

Stock Data

Share Price: 24.5p
Market Cap.: £86.7m
Shares in issue: 353.7m

Company Profile

Sector: Mining
Ticker: HUM.L
Exchange: AIM

Activities

Hummingbird Resources is a gold production company with two significant projects in West Africa. It currently operates the high-grade Yanfolila gold mine in Mali and a large undeveloped gold deposit in Liberia.

Share price performance



Source: LSE. Note that past performance is not a reliable indicator of future performance.

Turner Pope contact details

Turner Pope Investments (TPI) Ltd
8 Fredrick's Place
London
EC2R 8AB

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

Attention is drawn to the disclaimers and risk warnings at the end of this document.

Retail clients (as defined by the rules of the FCA) must not rely on this document.

This is a non-independent marketing communication. The analyst who has prepared this report is aware that TPI has a relationship with the company covered in this report. Accordingly, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Hummingbird Resources plc is a client of TPI

Sheldon Modeland, P.Geo.
Research analyst
Tel: 0203 657 0050
sheldon.modeland@turnerpope.com

Zoe Alexander,
Corporate Broking & Sales
Tel: 0203 657 0050
zoe.alexander@turnerpope.com

Andrew Thacker,
Corporate Broking & Sales
Tel: 0203 657 0050
andy.thacker@turnerpope.com

Hummingbird Resources plc

Undervalued African gold producer, developer and explorer

Hummingbird Resources (HUM.L) is a gold production, development and exploration company. The Group has two core gold projects, the relatively high-grade Yanfolila open-pit mine in Mali and the large (4.2Moz) undeveloped Dugbe gold project in Liberia. Yanfolila produced its first gold bar on time and on budget in December 2017. Following the recent installation of a second ball mill, full year guidance is set for 110-125koz. Pre-production probable reserves of 710koz grading 3.14g/t Au, total resources of 1.8Moz and an additional 390koz of non-compliant exploration offer mine life upside. The Dugbe Gold Project has a large resource currently totalling 4.2Moz and a NI43-101 compliant PEA demonstrates a 43% IRR and US\$337m NPV₁₀ based on US\$1,500/oz gold price. On a relative perspective, we note that Hummingbird trades below its West African gold production peers on several financial measures. We see additional upside with the continued development of Dugbe and Hummingbird's exposure to junior explorer Cora Gold.

Producing gold asset, built on time and on budget

The Yanfolila gold project, located in the prolific Birimian Gold Belt, is a relatively high-grade open-pit mine with a pre-production reserve base of 710koz grading 3.14g/t Au and more than 2Moz resource. A second ball mill has been installed in Q2 19 also on time and on budget which should increase plant throughput from 1.2Mtpa to 1.4Mtpa. Management expects full-year guidance of between 110koz and 125koz with AISC of US\$998/oz (in Q2 19) to improve in Q3 19. Operational update for Q3 19 is expected before the end of October.

Development of Dugbe: large-scale resource with attractive economics

Dugbe is one of the largest gold deposits in West Africa not owned by a mid-tier producer with a total resource of 4.2Moz grading 1.4g/t Au. A 2013 Preliminary Economic Study (PEA) demonstrated attractive economics at US\$1,300/oz with IRR of 29% and NPV₁₀ of US\$186m. This increases to NPV₁₀ of US\$337m and IRR of 43.4% based on a US\$1,500/oz over a 20-year life of mine. A 25-year Mineral Development Agreement (MDA) has been signed with the government of Liberia providing the necessary long-term stability and framework for the development of Dugbe. Management is now focused on strategy to develop the project in the best interests of all stakeholders.

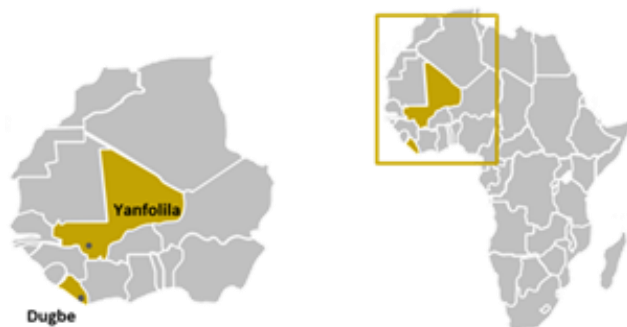
Exploration: over 1Moz outside of current mine plan and Cora Gold

HUM has over 1Moz of indicated and inferred resources outside of its current mine plan and has a historical resource to reserve conversation rate of 55%. Moreover, HUM is a significant shareholder (18%) of Cora Gold, whose Tekeledougou project is located only 8km from Yanfolila. Significant intercepts include 56m grading 2.2g/t Au, 17m grading 6.8g/t Au and 1m grading 35.7g/t Au. Other prospects, Farassabe III, Tagan and Siranikele are also within hauling distance to Yanfolila. Furthermore, Cora's Sanankoro gold discovery has the potential for 1-2Moz standalone gold mine, based on a study by SRK.

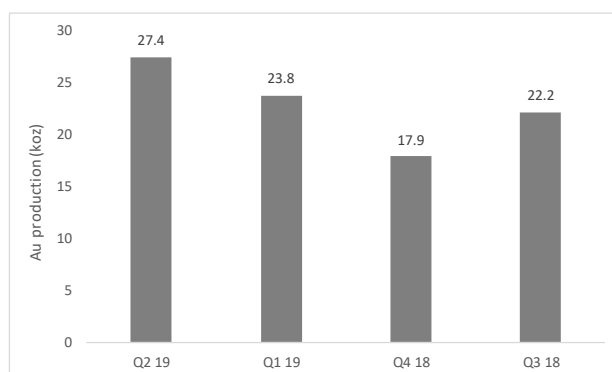
Peer comparison: relatively undervalued on several measures

On a relative perspective, we note that HUM trades well below the average of its peers on several valuation measures including EV/EBITDA and P/E, when considering both 2019e and 2020e consensus (see table 1 on page 2). We expect this gap to narrow as production increases at Yanfolila following ramp-up of throughput with the recently installed second ball mill. We also see additional upside potential given HUM's exposure to junior explorer Cora Gold and through continued development of its Dugbe project.

Hummingbird's project locations



Yanfolila quarterly gold production



Source: Hummingbird Resources

Production peers: HUM trades below average

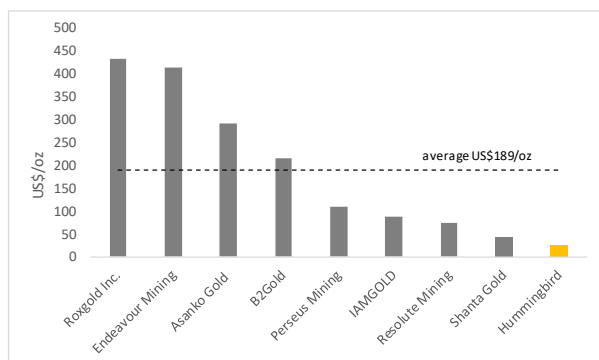
Company	Mkt Cap	Cash	Debt	Net Debt	EV	EV/EBITDA		P/E	
	USD	USDm	USDm	USDm	USDm	2019e	2020e	2019e	2020e
Centamin	1,829	283	0	-283	1,546	5.2	4.5	21	17
B2Gold	3,611	103	455	377	3,988	6.4	4.7	17	10
Endeavor Mining	2,318	124	619	519	2,836	8.0	6.1	29	14
Perseus	625	88	26	-56	568	4.5	4.1	28	18
Asanko Gold	236	10	0	-10	226	13.6	5.2	17	7
IAMGOLD	1,854	615	399	-336	1,519	6.2	4.5	495	24
Shanta Gold	80	9	18	38	118	2.6	2.2	15	5
average						7	4	89	14
Hummingbird	107	8	51	43	150	3.9	3.0	7	6

Development peers: average EV/Res of US\$17.7/oz

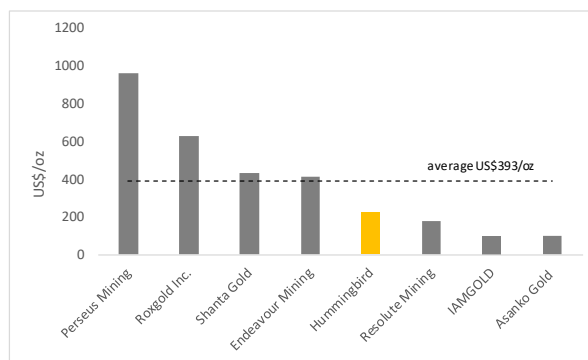
Company	EV	Shares	Price	P&P	M&I	Total Rsrc	EV/P&P	EV/M&I	EV/Total	Grade
	USDm	m	USD/sh	Moz	Moz	Moz	USD/oz	USD/oz	USD/oz	g/t Au
Tietto Minerals	40.9	272	0.17	-	-	1.7	-	-	23.7	1.4
Cardinal	151.2	410	0.34	4.8	6.5	7.0	31.8	23.3	21.5	1.1
Orezone	100.2	213	0.62	-	4.6	5.5	-	22.0	18.1	0.7
ORCA Gold	49.4	211	0.28	2.0	3.3	2.8	24.7	14.8	17.4	1.3
Algold	8.0	27	0.02	-	0.1	0.7	-	55.5	11.5	1.9
African Gold Group	20.2	62	0.34	-	1.3	2.3	-	16.1	8.7	1.1
Golden Rim	10.6	1,150	0.01	-	0.2	1.4	-	47.8	7.5	1.4
Sarama	20.4	251	0.07	-	0.3	2.8	-	72.3	7.3	1.7
Azumah	16.9	979	0.02	1.0	1.6	2.5	16.4	10.5	6.8	1.8
KEFI	10.3	750	0.01	1.0	2.1	1.7	9.9	4.9	6.0	2.7
wtd average							30.8	22.9	17.7	1.5

Source: SNL, Bloomberg and Turner Pope Investments, priced as at 25/09/2019

Producers' EV/Resources contained gold



Producers' EV/Reserve contained gold



Source: SNL, Bloomberg and Turner Pope Investments, priced as at 25/09/2019

THIS DOCUMENT IS NOT FOR PUBLICATION, DISTRIBUTION OR TRANSMISSION INTO THE UNITED STATES OF AMERICA, JAPAN, CANADA OR AUSTRALIA.

Conflicts

This is a non-independent marketing communication under the rules of the Financial Conduct Authority (“FCA”). The analyst who has prepared this report is aware that Turner Pope Investments (TPI) Limited (“TPI”) has a relationship with the company covered in this report. Accordingly, the report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing by TPI or its clients ahead of the dissemination of investment research.

TPI manages its conflicts in accordance with its conflict management policy. For example, TPI may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese wall. Accordingly, information may be available to TPI that is not reflected in this document. TPI may have acted upon or used research recommendations before they have been published.

Risk Warnings

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Any opinions expressed in this document are those of TPI’s research analyst. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price.

The value of securities, particularly those of smaller companies, can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of smaller company securities may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than those of the Official List of the UK Listing Authority; consequently AIM investments may not be suitable for some investors. Liquidity may be lower and hence some investments may be harder to realise.

Specific disclaimers

Hummingbird Resources plc, which is listed on the AIM Market of the London Stock Exchange (“AIM”), is a client of TPI. TPI’s private and institutional clients may hold, subscribe for or buy or sell Hummingbird Resources’ securities.

This document has been produced by TPI independently of Hummingbird Resources. Opinions and estimates in this document are entirely those of TPI as part of its internal research activity. TPI has no authority whatsoever to make any representation or warranty on behalf of Hummingbird Resources.

General disclaimers

This document, which presents the views of TPI's research analyst, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, express or implied, is given as to their accuracy or completeness. Any opinion reflects TPI's judgement at the date of publication and neither TPI nor any of its directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price. TPI does not undertake to provide updates to any opinions or views expressed in this document. TPI accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by applicable law).

The information in this document is published solely for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The material contained in the document is general information intended for recipients who understand the risks associated with equity investment in smaller companies. It does not constitute a personal recommendation as defined by the FCA or take into account the particular investment objectives, financial situation or needs of individual investors nor provide any indication as to whether an investment, a course of action or the associated risks are suitable for the recipient.

This document is approved and issued by TPI for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. This document may not be published, distributed or transmitted to persons in the United States of America, Japan, Canada or Australia. This document may not be copied or reproduced or re-distributed to any other person or organisation, in whole or in part, without TPI's prior written consent.

Copyright © 2019 Turner Pope Investments (TPI) Limited, all rights reserved.