

## Corporate Details

**Ordinary Shares:**  
780,917,069

**Market Capitalisation:**  
~\$187 million

**Cash and bullion at 31 March 2017:**  
~\$27.7 million

**Debt:**  
NIL

**ASX Code:** MOY

## Board of Directors

**Greg Bittar**  
Non-Executive Chairman

**Michael Chye**  
Non-Executive Director

**Tim Kennedy**  
Non-Executive Director

**Peter Lester**  
Non-Executive Director

## Management

**Peter Cash**  
Chief Executive Officer

**Richard Hill**  
Chief Financial Officer

**Pierre Malherbe**  
Company Secretary

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# Millennium on track to meet CY2017 guidance despite impact of rain

***Production of 16,543 oz is only ~3,500oz short of Q1 budget despite significant rain disruption to mining and haulage***

## Key Points

- **March Quarter gold production 16,543 oz at AISC<sup>1</sup> of \$1,362/oz<sup>2</sup>**
- **Result was just ~3,500oz below budget despite 23 days of mining and haulage being lost to significant rain events; this performance reflected the ability to process low-grade stockpiles and the productivity and flexibility of Nullagine operations**
- **Success in limiting impact of rain means Millennium remains on track to meet CY17 guidance of 80,000-85,000oz at AISC of A\$1,190-A\$1,220/oz**
- **Free operating cash flow for the quarter of \$3.9 M<sup>3</sup>**
- **Cash and bullion down slightly to \$27.7 M (\$28.4 M at Dec 31) despite weather related set-backs, investment of \$2.9 M in exploration drilling and \$0.6 M in expansionary capital expenditure**
- **Appointment of Greg Bittar as Non-Executive Chairman, Peter Lester as Non-Executive Director and Peter Cash as CEO, setting up the company for the next chapter of growth**
- **Highly successful 2016 exploration program increased Ore Reserves for just A\$87/oz. Reserves up 48% and Resources up 14% after mining depletion of ~97koz.**
- **Drilling campaign to grow inventory and mine life continues to deliver thick, high-grade intersections**
- **Millennium included in the ASX All Ordinaries Index, effective 20 March 2017**
- **Initial results of scoping study to determine the optimum processing route for the large inventory of fresh material advancing with outcomes to be reported in the coming weeks**

<sup>1</sup> All-In Sustaining Cost (AISC) per ounce poured - represents: C1 Cash Costs; corporate costs; royalties; sustaining capital; development capital; tenement management; rehabilitation and reclamation accretion and employee share payments. It does not include expansionary development; or tenement acquisition expenditure; or exploration and evaluation expenditure of new deposits and projects; or business development costs.

<sup>2</sup> Unless otherwise denoted all currency units are Australian dollars.

<sup>3</sup> All data provided is unaudited.



**Millennium Minerals Limited (Millennium or Company - ASX: MOY)** is pleased to confirm that it succeeded in limiting the impact of extensive rain on its performance during the March quarter of 2017.

Millennium lost 23 days of mining and haulage as a result of the rain during the quarter. This equated to ~27% of production capacity.

However, the use of low-grade stockpiles, combined with the underlying productivity and flexibility of the Nullagine Project in WA's Pilbara, enabled Millennium to minimise the impact of rain.

This resulted in production for the quarter being just ~3,500oz (17.5%) short of budget at 16,543oz. All-in sustaining costs were A\$1,362/oz.

This result places Millennium on track to achieve its CY2017 production and cost guidance.

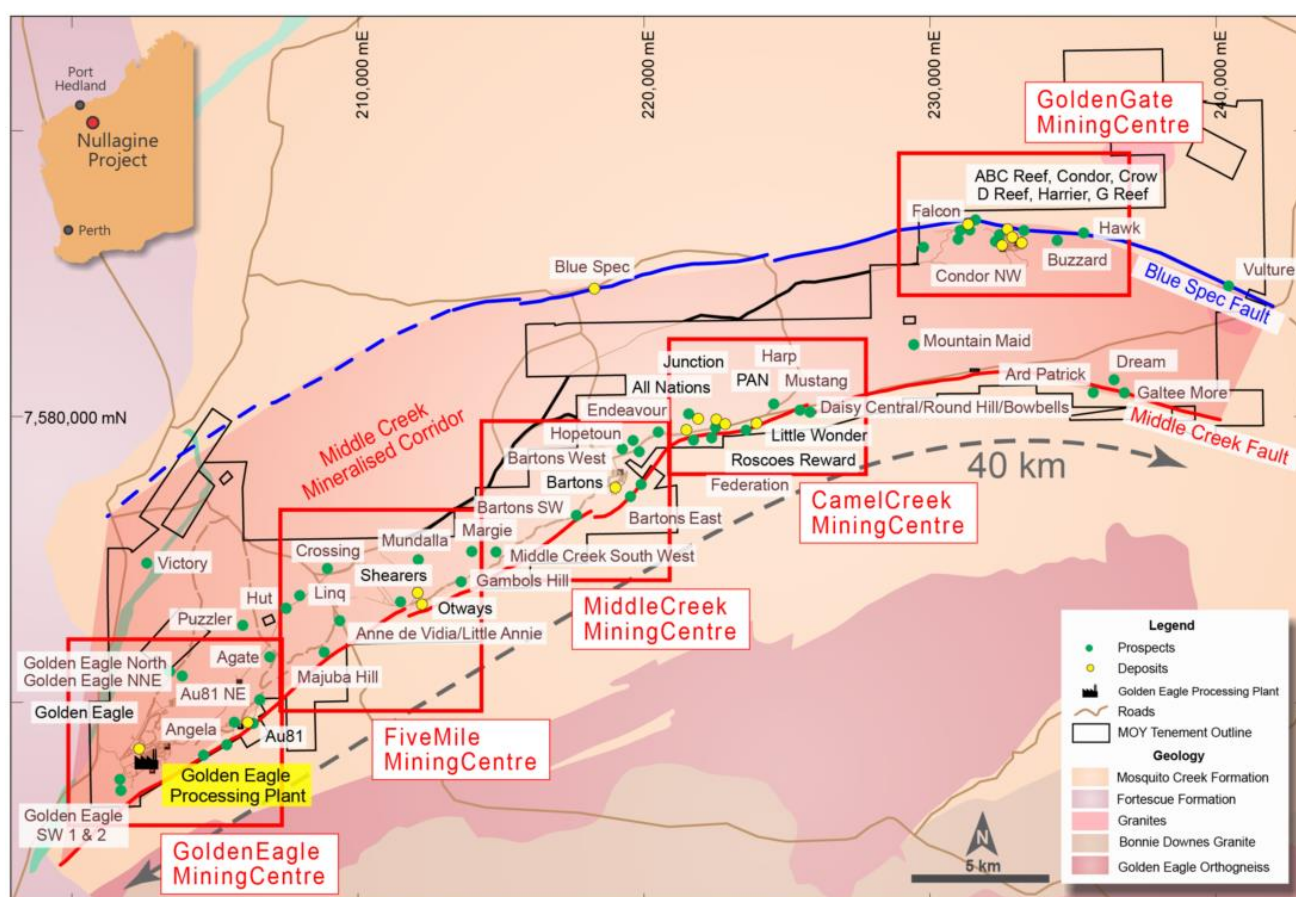


Figure 1: Nullagine Gold Project Location Plan over regional geology

The average realised gold price for the Quarter was A\$1,664/oz. At 31 March 2017, the Company had hedging of 21,049 ounces to be delivered by 29 December 2017 at an average price of A\$1,640/oz. Subsequent to the Quarter end an additional 7,500 ounces was hedged at an average price of A\$1,675/oz.

Millennium generated free operating cash-flow of \$3.9 million for the Quarter.

Cash, bullion and investments on hand at the end of the Quarter were down just slightly at \$27.7 million from \$28.4 million at 31 December 2016. This was despite investing \$2.9 million in exploration drilling, \$0.6 M on expansionary capital expenditure, and \$0.1 million on sustaining capital expenditure during the March Quarter. Millennium remains debt free.



Millennium Chief Executive Peter Cash said the rain which significantly impacted mining projects throughout WA during the March quarter had curtailed day-to-day operations at Nullagine.

But the Company's ability to overcome much of this impact was testimony to the high levels of productivity and flexibility now underpinning Nullagine.

"To lose 23 days, or 27%, of production capacity due to rain and then finish the quarter within 3,500oz, or 17.5%, of budget and remain on track to achieve annual guidance speaks volumes about the strength of the Nullagine project," Mr Cash said.

"At the same time, we continue to generate outstanding drilling results which will contribute to further increases in the mine life and inventory at Nullagine."

### **Board and Management Changes**

During the quarter, Executive Director Greg Bittar was appointed Non-Executive Chairman, Peter Lester appointed Non-Executive Director and Peter Cash appointed Chief Executive Officer of the Company (ASX Releases dated 9 February and 20 March 2017). These appointments set up Millennium for its next phase of growth.

Mr Bittar has a Bachelor of Economics and Bachelor of Laws (University of Sydney) and Masters in Finance (London Business School), and has extensive investment banking and resources sector experience in Australia and overseas.

He has experience in public and private markets mergers and acquisitions, capital markets and strategic advisory assignments across a range of sectors including general industrials, metals and mining, mining services and energy. Mr Bittar has played key advisory roles on numerous large transactions, including many in the resources sector.

As an Executive Director of Millennium, Mr Bittar has been actively involved in devising and implementing the strategies which have underpinned the recent strong turnaround in the Company's operational and financial performance.

Mr Lester is a mining engineer with 40 years of operational and corporate experience in the resources industry. Until recently, he was Chairman of ASX-listed Doray Minerals Limited, where he helped oversee the Company's transition from explorer to gold producer. He is also Chairman of ASX-listed Kidman Resources Limited, which last year discovered the world-class Earl Grey lithium deposit in WA.

Mr Lester served as Executive General Manager of Corporate Development at OZ Minerals Limited and Oxiana Limited from 2002 until July 2009. Prior to 2002, he held similar executive positions with North Ltd and Newcrest Mining Limited.

Mr Peter Cash held the position of General Manager, Corporate Development at Millennium for the past two years. During this time, he has played a pivotal role in the Company's highly successful turnaround, including its recapitalisation, strong operating performance and outstanding exploration results. He has also held positions with other ASX-listed mining companies, including CRA Exploration (now Rio Tinto), New Hampton Goldfields, Talisman Mining and Focus Minerals.

### **Reserves and Resources Update**

In February, 2017 the Company announced that Ore Reserves at Nullagine had increased by 48 per cent to 185,900 oz while Mineral Resources rose by 14 per cent to 1.28 M oz (ASX Release 15 February 2017).





The total Group Mineral Resource inventory now stands at 31.76 Mt @ 1.3 g/t Au for 1,280,400 ounces and Ore Reserves at 3.99 Mt at 1.4 g/t Au for 185,900 ounces. Importantly, around 70 per cent of the 1.28 M oz Mineral Resource base is in the Measured and Indicated category.

Exploration and Ore Reserve conversion programs are generating outstanding return on investment, generating new Ore Reserves at just A\$87/oz.

### Mineral Resources

The total Project Mineral Resource estimate as at 31 December 2016, depleted for mining, is set out in Table 1 below:

Table 1: 2016 Mineral Resource Estimate<sup>4</sup> by Resource Category

Mineral Resource Category	Million Tonnes	Grade (g/t Au)	Thousand Ounces
Measured	11.02	1.3	459.7
Indicated	11.37	1.3	470.1
Inferred	9.37	1.2	350.6
<b>Total</b>	<b>31.76</b>	<b>1.3</b>	<b>1,280.4</b>

### Ore Reserves

The total Project Ore Reserve estimate as at 31 December 2016, depleted for mining, is set out in Table 2 below:

Table 2: 2016 Total Ore Reserve Estimate<sup>2</sup> by Reserve Category

Ore Reserve Category	Million Tonnes	Grade (g/t Au)	Thousand Ounces
Proved	2.48	1.3	104.6
Probable	1.51	1.7	81.3
<b>Total</b>	<b>3.99</b>	<b>1.4</b>	<b>185.9</b>

## **Mine Safety, Environment and Community**

### Safety

There were zero lost time injuries (LTI), and three alternative duty injuries recorded for the Quarter.

The 12 month moving average for Lost Time Injury Frequency Rate is 0.00, the Total Reportable Injury Frequency Rate (TRIFR) is 11.29, and the Damage Frequency Rate (DAMFR) is 98.36 - which is under current industry averages for Western Australia (as reported by the Department of Mines & Petroleum (DMP)).

### **Environment and Heritage**

Works continued on Mining Proposals for Project One (extension to current mining areas at Little Wonder, All Nations, Roscoes Reward and new resource areas at Round Hill and Bow Bells).

<sup>4</sup> Figures may not sum due to rounding



Amended Native Vegetation Clearing Permit applications were submitted for the Project One area to the Department of Minerals and Petroleum (DMP) during the quarter and are currently under assessment.

Mining Proposal and Native Vegetation Clearing Permits for Project Two (Mujuba, Crossing, Hutt, Agate and Mundella) resource areas continue to be developed and will be submitted in the upcoming quarter.

The Nullagine Gold Project was inspected by officers of the Department of Environment and Regulation during the quarter, with an expected Licence review to be completed in June/July 2017. The DMP will visit the site in the following quarter to assess improvements and actions completed from last year's second quarter inspection.

Ethnographic and archaeological heritage surveys by Traditional Owner groups continued across the Project during the Quarter, with several areas cleared and approved for exploration and mining activities.

## **Community**

Millennium highly values its role as a proactive member of the Nullagine township community and also maintains strong relationships within the broader community. In this light, the Company continues to work closely with several local service groups including schools, Police Force, Nursing Station and DFES as well as maintenance of the Nullagine airstrip for community operational readiness (RFDS).

During the Quarter, the Company continued an employment business opportunity with Njamal elders to provide local staff to the Project. This employment program has provided opportunities for ongoing business development and learning for members of the community, while offering greater cross cultural awareness for both parties. The continuation of this program is designed to target both Native Title Groups, with a Palyku Staff member also joining the MML team during the quarter.

## **Operational Activities Summary**

The Company produced 16,543 ounces for the Quarter at a C1 cash cost of \$1,227/oz and an AISC of \$1,362/oz.

During this period, mining activity was relocated from Otways, Shearers and Golden Eagle, to the Company's new deposit, Anne de Vidia and within the cutbacks to both the All Nations and Little Wonder deposits.

Mining and haulage activity was heavily impacted by rain during the Quarter with 23 days lost resulting in a reduction of 13% in mining volumes from the prior quarter.

The processing plant continued to perform well above design capacity with a throughput of 466,864 tonnes (equating to more than 1.9 Mtpa).

The expansionary capital expenditure during the Quarter was primarily focused on permitting new mining areas and fresh ore test work towards an increased mine life at the Project.

A comparison of the operating results for the Quarter to the previous four quarters is provided in Table 3 below:



Table 3 – Quarterly Comparative Results

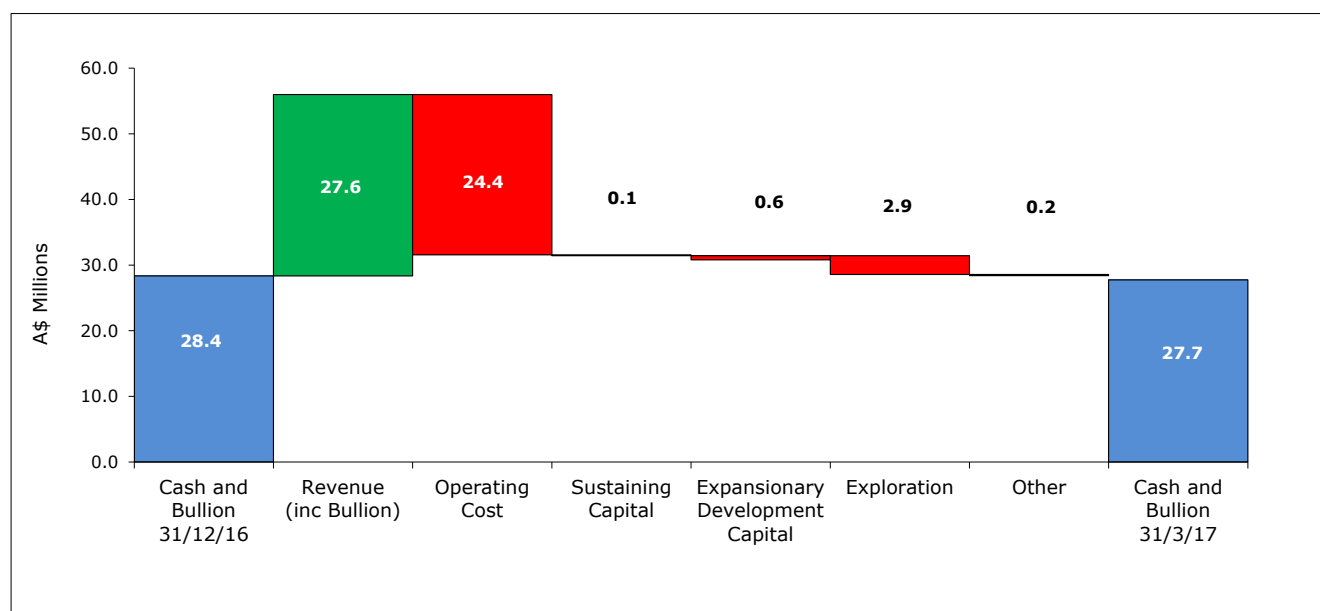
Quarter ended	Mar-16	Jun-16	Sept-16	Dec-16	Mar-17
Total volume mined (bcm)	777,365	886,640	1,408,746	987,764	<b>858,503</b>
Ore milled (tonnes)	507,206	462,108	507,847	510,529	<b>466,864</b>
Head grade (g/t Au)	1.46	1.65	1.32	1.73	<b>1.32</b>
Metallurgical recovery (%)	91	91	91	69 <sup>5</sup>	<b>83</b>
Fine gold production (ounces)	23,166	22,760	20,018	20,381	<b>16,543</b>
Gold sold (ounces)	23,060	22,908	19,006	19,488	<b>16,909</b>
Gold sales revenue (\$M)	34.4	36.8	32.9	33.1	<b>28.1</b>
C1 cash cost <sup>6</sup> (\$/ounce poured)	968	994	1,098	1,067	<b>1,227</b>
All-in sustaining cost <sup>7</sup> (\$/ounce poured)	1,195	1,193	1,249	1,219	<b>1,362</b>

## Corporate Activities

As at 31 March 2017, the Company held cash and bullion totaling \$27.7 million and remains debt free.

The Company generated \$3.9 million free cash flow for the Quarter before expenditure of \$2.9 million on exploration drilling, \$0.6 million on expansionary capital expenditure and \$0.1 M on sustaining capital expenditure.

Figure 2 – March 2017 quarter cash and bullion movements



Gold sales revenue for the Quarter totaled \$28.1 million, which was achieved at an average realised gold price of \$1,664/oz, consisting of 6,534 ounces sold at an average spot price of

<sup>5</sup> Lower recovery but higher grade due exploiting the transition / fresh material within the Golden Eagle pit

<sup>6</sup> C1 cash cost represents the costs for mining, processing, administration, by-product credits and accounting adjustments for movements in stockpiles, gold in circuit and waste stripping. It does not include capital expenditure, exploration, tenement management, royalties and corporate administration costs.

<sup>7</sup> All-In Sustaining Cost (AISC) per ounce poured - represents: C1 Cash Costs; corporate costs; royalties; sustaining capital; development capital; tenement management; rehabilitation and reclamation accretion and employee share payments. It does not include expansionary development; or tenement acquisition expenditure; or exploration and evaluation expenditure of new deposits and projects; or business development costs.



\$1,613/oz and 10,375 ounces delivered into the Company's hedge facility at an average price of \$1,697/oz. Bullion reduced during the period by \$0.6M from \$3.2M to \$2.6M.

At 31 March 2017, the Company's hedge book consists of 21,049 ounces to be delivered by 29 December 2017 at an average forward gold price of \$1,640/oz. Subsequent to the Quarter end an additional 7,500 ounces was hedged at an average price of A\$1,675/oz.

As at 31 March 2017, the Company had 780,917,069 shares on issue and on 20 March 2017 was added to the ASX All Ordinaries Index.

## Forward Guidance

Despite the weather disruption during the quarter, Millennium's 2017 full-year guidance is unchanged at 80,000-85,000 ounces at an AISC of A\$1,190-A\$1,220/oz.

## Exploration Activities

During the Quarter, Millennium continued to generate outstanding exploration results from all five designated Mining Centres at the Project as part of its ongoing drilling campaign aimed at growing the Project's gold inventory and mine life (ASX releases dated 23 and 25 January, and 7 March 2017).

Results from drilling completed in the March Quarter have yet to be incorporated into the Company's Mineral Resource and Ore Reserve statements (ASX release 15 February 2016). As results are received on individual deposits, the new drilling will progressively enable updated Mineral Resource estimates to be calculated and included in the Company's Mineral Resource and Ore Reserve inventories.

Highlights of activities carried out during the Quarter are provided below.

### Majuba Hill

Majuba Hill is located within the Five-Mile Mining Centre, ~1 km south-south-west of the Anne de Vrida deposit and approximately 10 km from the processing plant (Figure 1). Mineralisation occurs on both north-east and north-north-east trending quartz veins dipping moderately steeply to the north-west.

Majuba Hill had been previously defined by historical workings, rock chip samples and limited RAB drilling before the Company completed two initial RC drilling programs during 2016 (ASX release 29 June 2016).

A drill programme to test for parallel mineralised structures and extensions to the known mineralisation was completed in January 2017. The first results were received towards the end of January and contained several significant intersections including (refer ASX release 25 January 2017):

- **9 m @ 8.15 g/t Au** from 0 m including **1 m @ 60.4 g/t Au** (FMX1314)
- **9 m @ 4.98 g/t Au** from 29 m including **6 m @ 6.79 g/t Au** (FMX1267)
- **10 m @ 2.28 g/t Au** from 37 m (FMX1331) including **1 m @ 10.40 g/t Au** (FMX1331)

Final results from this programme were subsequently received, with significant intersections including (refer ASX release 7 March 2017):

- **18 m @ 2.47 g/t Au** from 36 m including **2 m @ 13.83 g/t Au** from 45m (FMX1269)
- **10 m @ 3.69 g/t Au** from 10 m including **5 m @ 6.09 g/t Au** from 12 m (FMX1270)
- **13 m @ 2.76 g/t Au** from surface including **1 m @ 27.8 g/t Au** from 5 m (FMX1300)



- **14 m @ 2.27 g/t Au** from 19 m including **1 m @ 6.88 g/t Au** from 16 m (FMX1265)
- **2 m @ 12.67 g/t Au** from 61 m including **1 m @ 24.7 g/t Au** from 61 m (FMX1254)
- **6 m @ 4.05 g/t Au** from 17 m including **1 m @ 19.45 g/t Au** from 19 m (FMX1262)

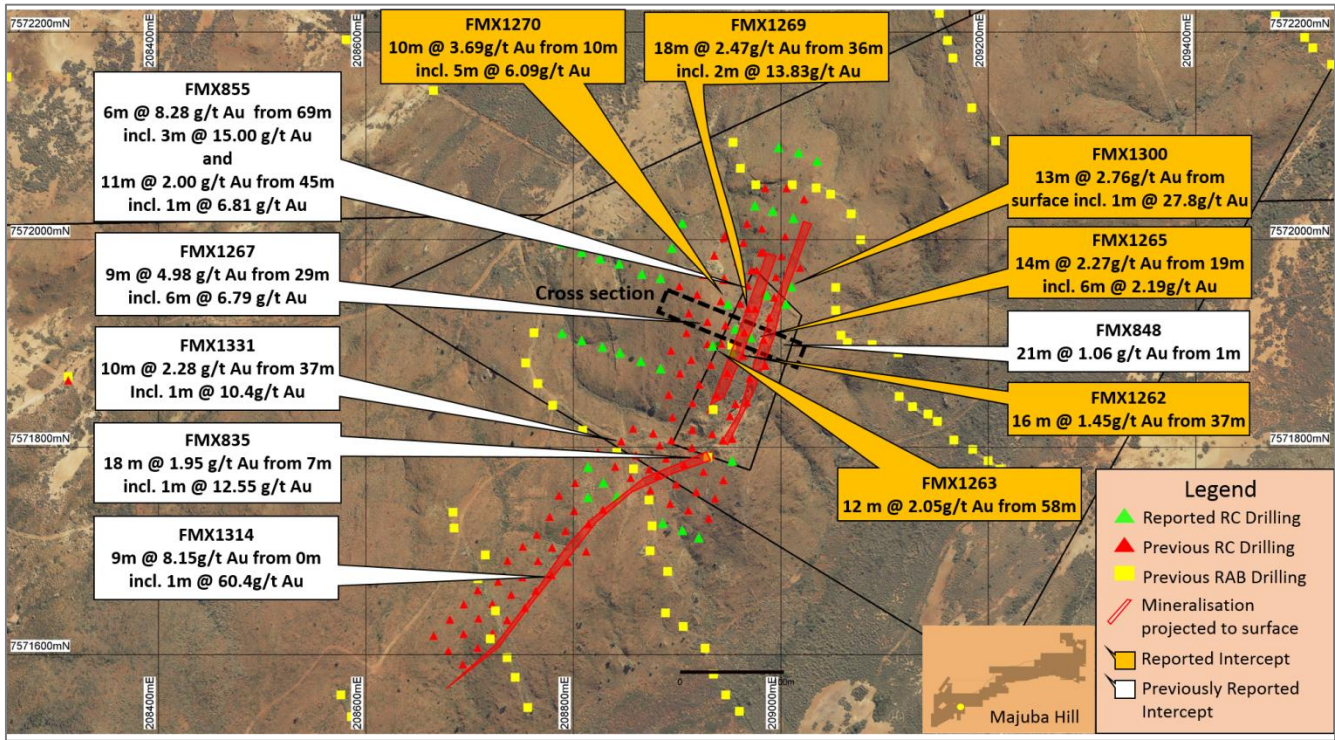


Figure 3: Majuba Hill location plan showing significant intercepts from RC drilling

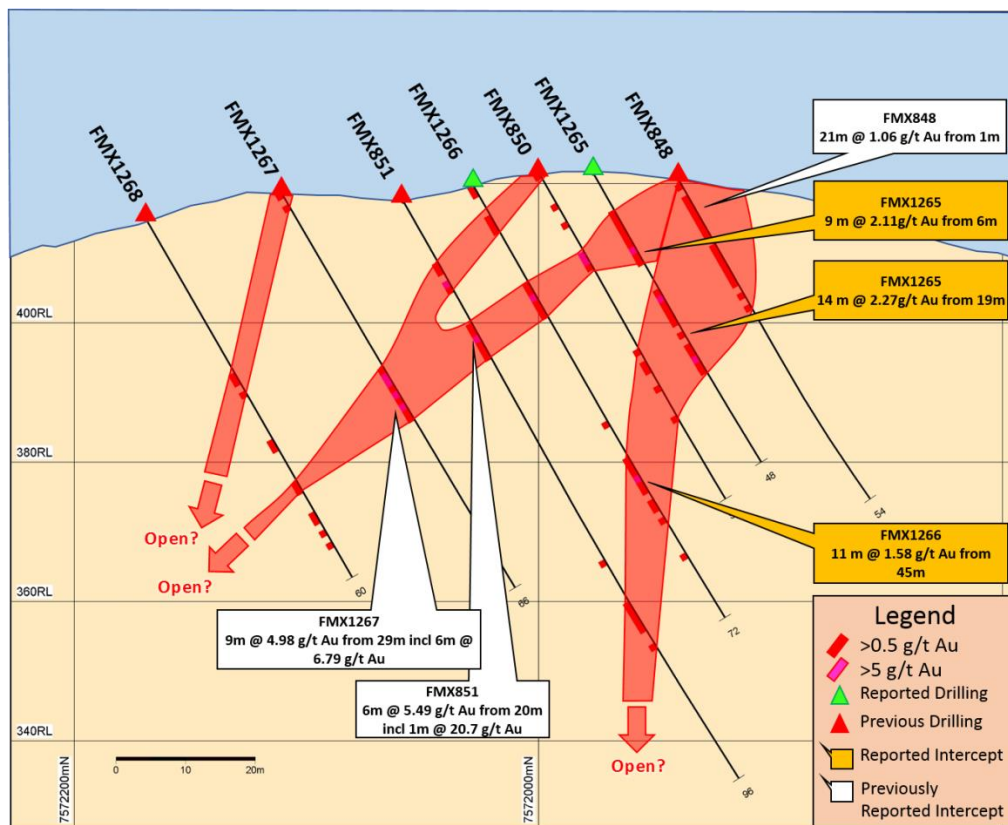


Figure 4: Section illustrates (location noted in Figure 3) results from the Majuba Hill prospect





These latest results are currently being incorporated into an updated Mineral Resource Estimate (MRE).

### **Little Annie**

The Little Annie prospect is located within the Five-Mile Mining Centre, 8 km from the processing plant and only 375 m north of the Anne De Vidia deposit (Figure 1).

The Little Annie prospect was identified by a coherent 1km long, north east trending, quartz stock work zone which is predominantly under thin cover. Field reconnaissance work conducted by the Company late in 2016 returned favourable rock chip results up to 22.1 g/t Au.

First pass RC drilling over the Little Annie target was completed in January 2017 on broad 160 m x 20 m spaced drill lines to test the tenor of mineralisation and structural characteristics of the mineralised trend below cover. This first pass drill program returned highly encouraging results and has delineated high-grade mineralisation over a strike length of 650m. Significant results include (Figures 5 & 6):

- **12 m @ 6.69 g/t Au** from 36 m including 9 m @ 8.62 g/t Au from 36 m (LARD0032)
- **12 m @ 2.06 g/t Au** from 43 m including 1 m @ 10.9 g/t Au from 53 m (LARD0020)
- **17 m @ 1.55 g/t Au** from 9 m (LARD0011)
- **2 m @ 5.50 g/t Au** from 4 m including **1 m @ 9.64 g/t Au** (LARD0030)
- **3 m @ 3.68 g/t Au** from 2 m including **1 m @ 8.08 g/t Au** (LARD0021)
- **4 m @ 2.19 g/t Au** from 55 m (LARD0010)

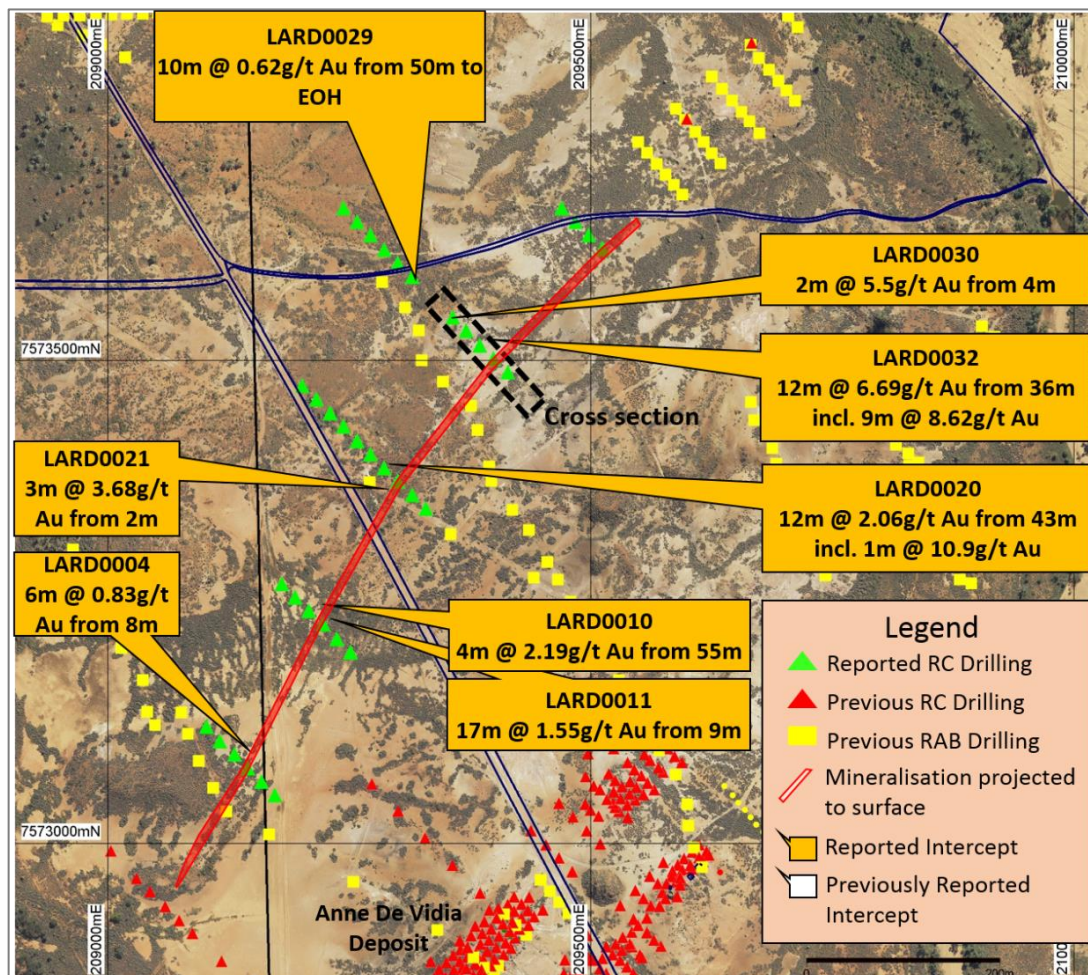


Figure 5: Little Annie location plan showing significant intercepts from RC drilling

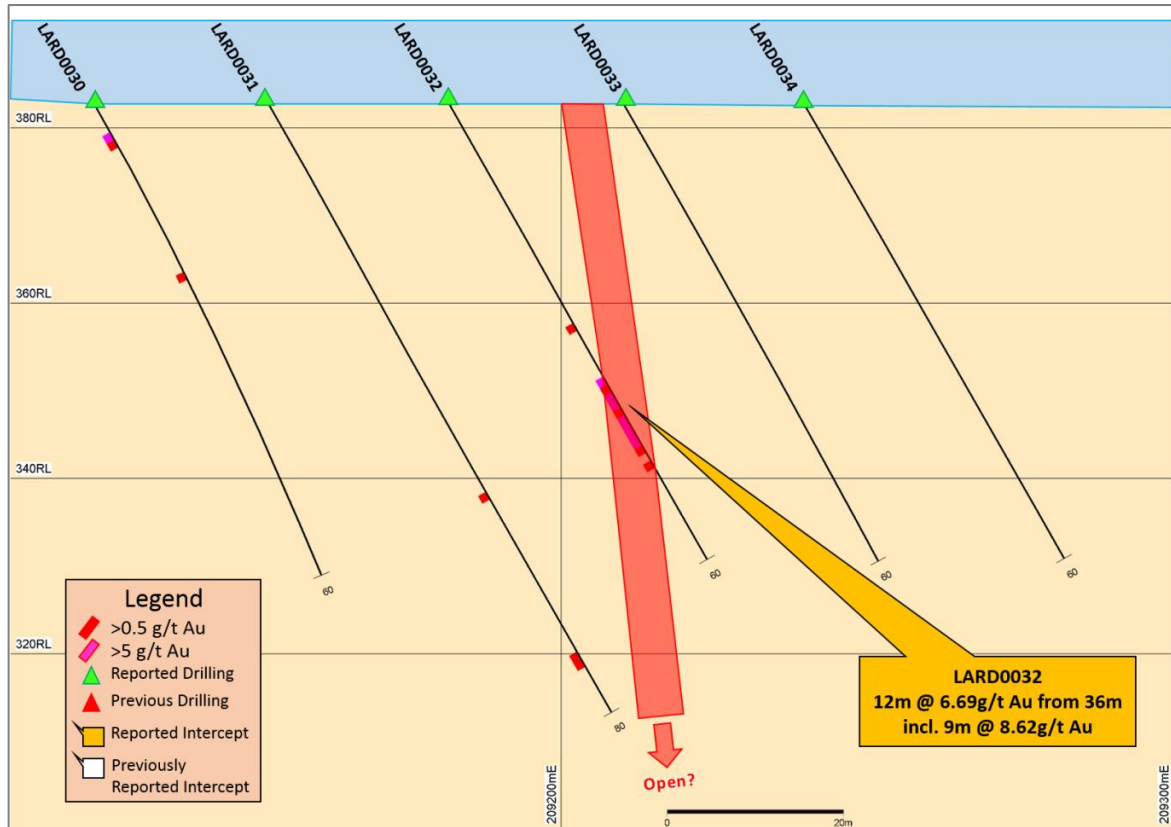


Figure 6: Section illustrates (location noted in Figure 5) results from the Little Annie prospect

Given these highly encouraging results from this first phase of RC drilling, follow up infill and extensional drill programs are now underway.

## ENDS

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## Competent Persons Statements – Exploration Results

Mr Andrew Dunn (MAIG), a geologist employed full-time by Millennium Minerals Limited, compiled the technical aspects of this Report. Mr Dunn is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to this style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dunn consents to the inclusion in the report of the matters in the form and context in which it appears.

## Qualifying Statement

This release may include forward-looking statements. These forward-looking statements are based on Millennium's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Millennium, which could cause actual results to differ materially from such statements. Millennium makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of this release.