

Millennium Minerals Annual Report 2017



CORPORATE INFORMATION

Directors

Gregory Bittar – Non-executive Chairman
Michael Chye – Non-executive Director
Timothy Kennedy – Non-executive Director
Peter Lester – Non-executive Director
Bruno Lorenzon – Alternate Non-executive Director

Company Secretary

Raymond Parry

Registered Office and Business Address

Ground floor, 10 Kings Park Road, West Perth WA 6005
P.O. Box 117 West Perth WA 6872
Tel: +61 8 9216 9011 Fax: +61 8 9481 2088
info@millenniumminerals.com.au

Share Register

Link Market Services Limited
Level 4, 152 St Georges Terrace, Perth WA 6000
Locked Bag A14 Sydney South NSW 1235
Tel: +61 1300 554 474 Fax: +61 2 9287 0303
www.linkmarketservices.com.au

Millennium Minerals Limited shares are listed on the Australian Stock Exchange (ASX).
Code: MOY

Solicitors

Bellanhouse Legal
Ground floor, 11 Ventnor Avenue, West Perth WA 6005

Auditors

KPMG
235 St Georges Terrace, Perth WA 6000

Millennium Minerals maintains a website where all announcements to the ASX are available.
www.millenniumminerals.com.au

CONTENTS

Chairman's Address	1
Operations Review	3
Corporate Governance Statement	21
Directors' Report	26
Remuneration Report	31
Auditors' Independence Declaration	41
Financial Statements	42
Directors' Declaration	70
Independent Auditor's Report	71
ASX Additional Information	75
Tenement Schedule	77



CHAIRMAN'S ADDRESS

Dear Shareholder,

While 2017 was not without its challenges, I am pleased to say that Millennium worked diligently to achieve its key operational targets while continuing to invest strongly in the growth of the business to realise our goal of becoming a +100,000oz per annum Australian gold producer in the near future.

The Nullagine Gold Project continued to perform positively during the year, despite the impact of an unusually severe wet weather event and other weather-related events in the first quarter. Our mining and operational teams responded admirably to these challenges, while maintaining our overriding focus on the highest possible safety standards for all our people.

Gold production of 72,848oz was achieved for the year at an all-in sustaining cost (AISC) of A\$1,372 per ounce, generating gold sales revenue of \$115.6 million and operating cash-flows of \$30.8 million.

These strong financial foundations, together with the Company's debt-free balance sheet, allowed us to continue to invest strongly in exploration and development during the year.

Over the course of 2017, Millennium implemented a series of strategic measures at Nullagine aimed at enhancing operational efficiency and reducing mining costs.

These measures included a decision to move away from mining smaller, shorter-term satellite open pits and instead focus on mining larger, longer-term ore sources. A single large cut-back was undertaken at the key Bartons deposit to replace multiple satellite deposits in the previous mining schedule, delivering approximately 20,000 ounces of high-grade material.

Plant and infrastructure improvements included an increased focus on plant maintenance and critical spares inventory in preparation for treating higher grade, fresh ores from Bartons and Majuba Hill, a \$6 million upgrade to the Tailings Storage Facility to accommodate mine life extensions and an expansion of the camp from 150 to 250 personnel.

These operational enhancements positioned the Company to capitalise on an aggressive exploration push over the past 12 months, aimed at delivering a step-change increase in production and mine life.

Exploration drilling totalled 246,000 metres for the year and delivered a number of exciting new discoveries, underpinning a 20 per cent increase in Ore Reserves to 221,600oz net of mining depletion for the year.

Our exploration team continues to apply lateral thinking to develop new geological theories. These new concepts have added significant momentum to Millennium's exploration and growth strategy over the past 12 months, and delivered a number of exceptional breakthroughs.

At the new Redbeard discovery, part of the Twenty Mile Sandy Mining Centre, Millennium has moved from discovery to maiden Mineral Resource estimate in less than two months, delivering a new high-grade source of gold production for 2018.

Deep drilling below existing deposits has also yielded new production areas. Of the 30 deep targets identified at Nullagine, only four have been tested to date, each delivering highly encouraging results.

Development of our first-ever underground mine at Nullagine will commence shortly at the Bartons deposit, with the underground mining contractor mobilising to site in late March to start the portal development. First production from Bartons Underground is scheduled for the December 2018 Quarter.



CHAIRMAN'S ADDRESS

Following the outstanding success at Bartons, Millennium has replicated this exploration approach at Shearers and Golden Gate, where impressive drilling results at depth have clearly established the potential for future underground mining. Conceptual underground mine designs have been prepared, and work is underway to define Ore Reserves.

The Company's strong commitment to organic growth through exploration will continue throughout 2018, with \$15 million budgeted for exploration for the coming year.

In parallel with our exploration efforts during 2017, Millennium also significantly progressed an Expansion Study aimed at identifying a suitable processing route for the Nullagine Project's substantial Sulphide Mineral Resource inventory, which represents an important component of the Company's growth strategy.

The Expansion Study was originally based on a preferred plant configuration comprising an integrated CIL and flotation circuit. This expansion pathway involved the integration of a flotation circuit capable of treating sulphide ore with the existing 2Mtpa CIL plant.

However, Millennium has recently identified an alternative processing configuration which offers the potential to substantially reduce capital and operating costs for the treatment of sulphide ore. The proposed new processing method encompasses the addition of a small modular concentrating circuit to the tail-end of the existing CIL plant.

Desktop studies indicate that this could result in a substantial reduction in capital requirements (from A\$40-46 million under the initial plan to A\$12-15 million under the revised processing route) and lower operating costs, delivering superior cash-flow compared to the flotation option. At the time of writing this letter, the results of the updated Expansion Study were imminent.

The ability to process sulphide ore would allow Millennium to re-optimize its entire Mineral Resource inventory and significantly expand its Reserve base, putting the Company firmly on track to realise its objective of establishing a five-year mine life with average annual gold production of 100,000oz per annum.

With a series of new deposits – including our first ever underground mine – coming on stream in 2018, and with a development pathway for our sulphide ore now nearing completion, the forthcoming year looks set to be a pivotal period in the Company's history.

Based on the existing oxide Ore Reserve inventory, production guidance for CY2018 is expected to be in the range of 75-80,000oz of gold at an all-in sustaining cost (AISC) in the range of A\$1280-A\$1350/oz.

Importantly, Millennium's mining schedule for 2018 also puts the Company on track to achieve an annualised production rate of 100,000 ounces per annum by the December 2018 Quarter, representing a key component of the Company's long-term growth strategy.

The significant achievements we have made over the past year are a reflection of the hard work and commitment of the entire Millennium team of staff and contractors, led by Peter Cash and our senior management team. I would like to sincerely thank the team for their outstanding efforts.

I would also like to thank you, our valued shareholders, for your ongoing support.



Greg Bittar
Non-Executive Chairman

OPERATIONS REVIEW

OPERATIONAL ACTIVITIES SUMMARY

Millennium Minerals Limited operates the Nullagine Gold Project (Project), located in the Pilbara Region in Western Australia (Figure 1).

The project continued to perform well with \$30.8 million produced from operating cashflows during the 2017 calendar year. Full year gold production was 72,848 ounces.

Key highlights for 2017:-

- A 20% increase in ore reserves to 221,600 ounces (after depletion)
- Mineral resources totalling 1,121,700 ounces of which 65% (738,400 ounces) are categorised in the higher confidence Measured and Indicated category
- Discovery of Redbeard with a maiden resource of 20,600 ounces and significant upside potential
- Exploration drilling totalled 246,000 metres for the year.
- Fresh ore feasibility processing study progressed with a significant reduction in both capital costs and operating costs from the original design.
- Bartons Underground feasibility study progressed with Board approval being granted in February 2018

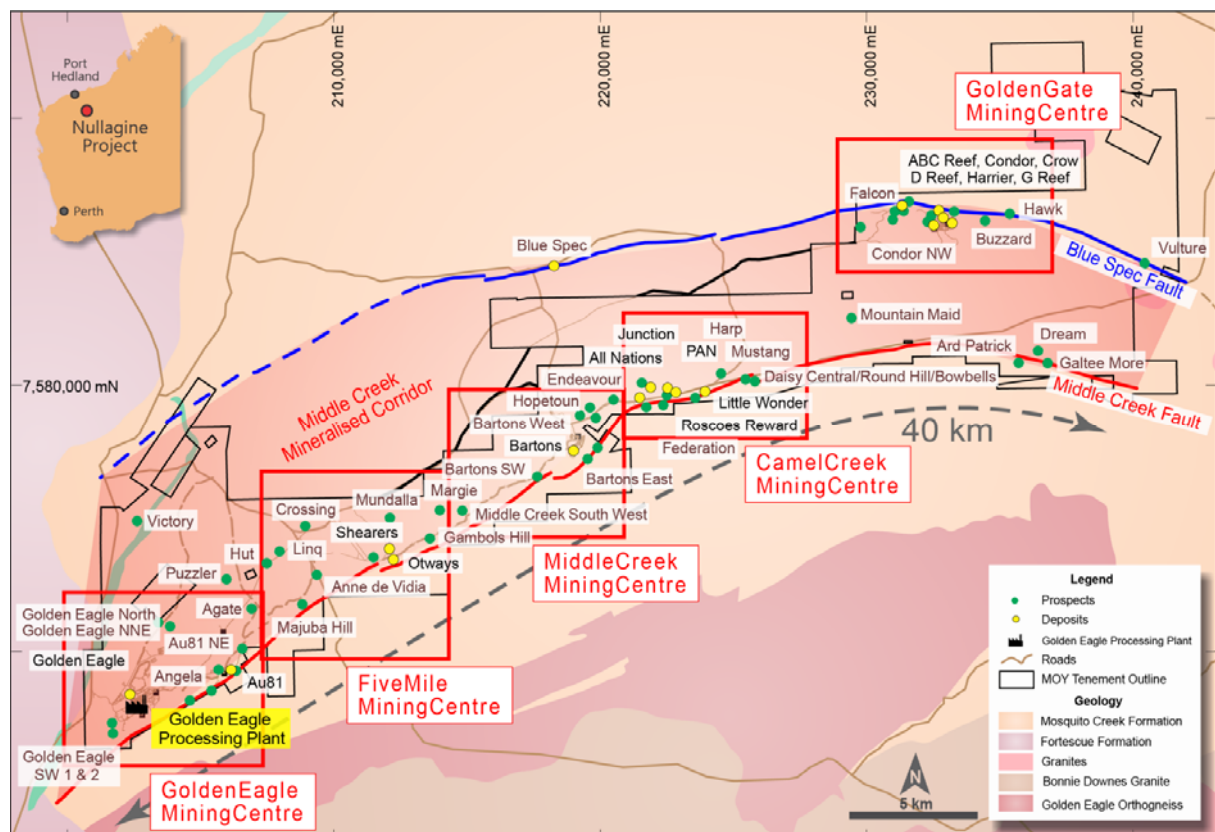


Figure 1 – Nullagine Deposit Location Plan over regional geology

Millennium's exploration strategy at its Nullagine Gold Project generated outstanding results in 2017. The 246,000m drilling campaign, resulted in the Project's Ore Reserves for the year increasing by 20 per cent to 221,600 ounces (after mining depletion of 69,000 ounces).

Millennium has earmarked a further \$15 million exploration campaign for 2018 across the Project area to grow its gold mineral inventory and mine life.

With growing free cash flow and a strong balance sheet, the Company has established an outstanding platform for future growth via exploration success, potential regional consolidation as well as acquisition opportunities.

OPERATIONS REVIEW

OPERATIONS

Production year 2017 – Production statistics are presented in Table 1 below.

Table 1: 2017 Key Production Summary Statistics

Quarter Dec17		Mar-17	Jun-17	Sep-17	Dec-17	Full Year 2017
Total volume mined	bcm	858,503	1,147,865	1,292,249	1,240,586	4,539,203
Ore mined	t	301,493	383,019	261,351	353,723	1,299,586
Ore processed	t	466,864	535,382	444,638	469,078	1,915,962
Head grade	g/t	1.32	1.24	1.25	1.6	1.35
Metallurgical recovery	%	83	89	90	89	88
Fine gold production	oz	16,543	18,897	16,007	21,401	72,848
Gold sold	oz	16,909	18,144	15,558	19,627	70,238
Gold sales revenue	\$M	27.3	30.3	25.4	32.6	115.6
Cash Operating Cost	\$/oz	1,232	1,217	1,286	1,081	1,196
All-in Sustaining Cost	\$/oz	1,354	1,396	1,470	1,290	1,372

On 19 March 2018 the Company announced a 2018 production guidance range of 75,000-80,000 ounces of gold at an All In Sustaining Cost (AISC) of between \$1,280-\$1,350 / ounce. This production guidance is based on a mine plan made up of 91% proven (57%) and probable (34%) reserves and indicated and inferred mineral resources of 9%. For more details, the reserves and resources statements and competent person statements are on Page 17 -20 of this report.

SAFETY

There was one lost time injury (LTI) recorded for the year. The Lost Time Injury Frequency Rate (LTIFR) has decreased slightly from 1.41 to 1.40 by year end, and the Total Reportable Injury Frequency Rate (TRIFR) at the end of December was 12.58.

A large number of new management plans, procedures and work instructions have been completed and rolled out including the addition of Golden Rules for site-based personnel to positively embrace and re-enforce safety behaviour. This has been formalised with online section 44 training and practical OHS awareness sessions to ensure Millennium Minerals Limited and all contractors based on site and in Head Office are working towards a common set of values.

The Nullagine Operations Emergency Response Team commenced formal training in Q3 and training will continue in early 2018 to include underground elements. In addition, an onsite medic has assisted with the care of two critical patients from the Mining Dept. with successful P1 evacuation via RFDS. During the December quarter, the project site ambulance was requested by DFES to respond to a vehicle rollover on the Marble Bar public road and subsequently assisted with RFDS evacuation of two critically injured patients from the local community.

ENVIRONMENT AND HERITAGE

During the reporting year, Mining Proposals and Native Vegetation Clearing Permit applications were approved for the Majuba and Round Hill resource areas, extensions to Little Wonder, Roscoes Reward, Junction and All Nations by the Department of Mines, Industry Regulation and Safety (previously the Department of Mines and Petroleum). Further Mining Proposals were also prepared and are well advanced within the assessment process for the Barton's underground and Mustang resource areas. Construction of the projects new Tailings and Storage facility also continued, with Cell two completed and commissioned during the reporting year. Ethnographic and archaeological heritage surveys by Traditional Owner groups continued across the Project during the year, with numerous areas cleared and approved for exploration and mining activities improving security of tenure and access across the operation.

OPERATIONS REVIEW

COMMUNITY

Millennium Minerals values its role as a proactive member of the Nullagine community and continues to foster and maintain strong relationships within the broader Nullagine community. The Company continued to work closely with several local services including schools, Police Force, Nursing Station and DFES as well as maintenance of the Nullagine air strip for community operational readiness (RFDS) and maintenance of the dual purpose public roads around the “5 mile” indigenous community.

During the year, Millennium facilitated a verge side pickup scheme within the Nullagine township, allowing residents to dispose of unused items and to facilitate a general tidy-up of the town. Further to this, Millennium supported and sponsored NAIDOC week celebrations at the Nullagine indigenous school, contributed significantly to several local and interstate indigenous events, involved in the Irrungadji Community Arts Program, the Company also initiated an employment business opportunity with Njamal elders to provide local staff to the Project. We continue to look at avenues of support or involvement so that we can contribute in a positive and proactive way to the Nullagine and close surrounding communities, including providing employment opportunities (both permanent and short term).

MINING AND MILLING

The Company focused on mining the Bartons, AU81, Anne De Vidia, Gambols Hill, Majuba, Little Wonder, Junction and Roscoes Reward open pits during 2017. These deposits provided predominantly oxide feed to the mill.

During the first quarter of 2017, mining operations were severely impacted by weather with 27 days lost due to rain and other weather related events. The impact of these events resulted in the low grade stockpile being a significant contributor to mill feed for this quarter.

The Bartons and AU81 open pits were still in production at the end of 2017 and will make up a large portion of ore mined in the first quarter of 2018.

The processing plant performed well above design capacity with a throughput for the year of 1.92 Mt processed at a head grade of 1.35 g/t Au for 72,848 ounces of fine gold produced. Processing plant utilisation averaged 92.9% and gold recovery averaged 88% for the year.

Gold sales revenue totalled \$115.6 million which was achieved at an average gold price of \$1,650/ounce, consisting of 18,210 ounces sold at an average spot price of \$1,634/ounce and 52,027 ounces delivered into our hedging program at an average price of \$1,655/ounce.

CORPORATE

On 9 February 2017 the Company announced that Chairman Richard Proctor would resign from the Board effective 1 March 2017 and be replaced by Executive Director Greg Bittar. It was also announced that highly experienced mining executive, Peter Lester would join the Board in a Non-Executive Director capacity. Peter Cash was promoted to Chief Executive Officer on the 20 March 2017.

As at 31 December 2017, the Company had 787,545,973 shares on issue.

EXPLORATION AND RESOURCE DEVELOPMENT

Millennium's corner stone asset is the 100% owned Nullagine Gold Project that covers ~ 276km² of the highly prospective and underexplored Mosquito Creek Basin (MCB), in the East Pilbara of Western Australia (Figure 1). The project is located 185km north of the regional mining centre of Newman.

In 2017, a concerted effort to explore all of five of the identified mining centres was carried out to help understand the full gold potential of the MCB. A total of 246,000m of drilling was carried out during 2017 across more than 50 targets that focussed on discovery and delineation of: oxide resources, sulphide resources and underground potential. Numerous outstanding results were observed in all of these mining centres from shallow oxide targets to assessing the underground potential at Bartons.

This strategy helped grow the existing oxide resources and lead to the discovery of new prospects. Examples of additional high-grade intersections to previously drilled prospects included Au81 West, Bartons, Billjim South, Condor Northwest and Majuba Hill. Other notable oxide prospects that were drilled in 2017 included Buzzard, Shearers North (new discovery), and Redbeard (new discovery).

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

Au81 West

This prospect is located 3km east of the Nullagine processing plant within the Golden Eagle Mining Centre (see Figure 1). In 2017, drilling identified a southern and northern extensions to the previously drilled mineralisation, in areas where surface geochemistry had previously delivered a subdued response. This was primarily due to the presence of 2-4m of alluvial cover obscuring the mineralisation. Throughout the year the mineralised zone at Au81 West had been defined over a strike length of 800m. Figure 2 shows the extents of the defined mineralisation. The most recent drill results prior to mining included:

- **14m @ 1.97g/t Au** from 23m (AUGC00104)
- **10m @ 2.23g/t Au** from 5m (ARC0422)
- **11m @ 11.69g/t Au** from 43m incl. **6m @ 19.62g/t Au** (AUGC00145)
- **13m @ 1.35g/t Au** from 17m incl. **2m @ 6.23g/t Au** (AUGC00146)
- **7m @ 3.9g/t Au** from 18m incl. **2m @ 8.93g/t Au** (AUGC00148)

Mining of this deposit commenced in September of 2017 and is ongoing.

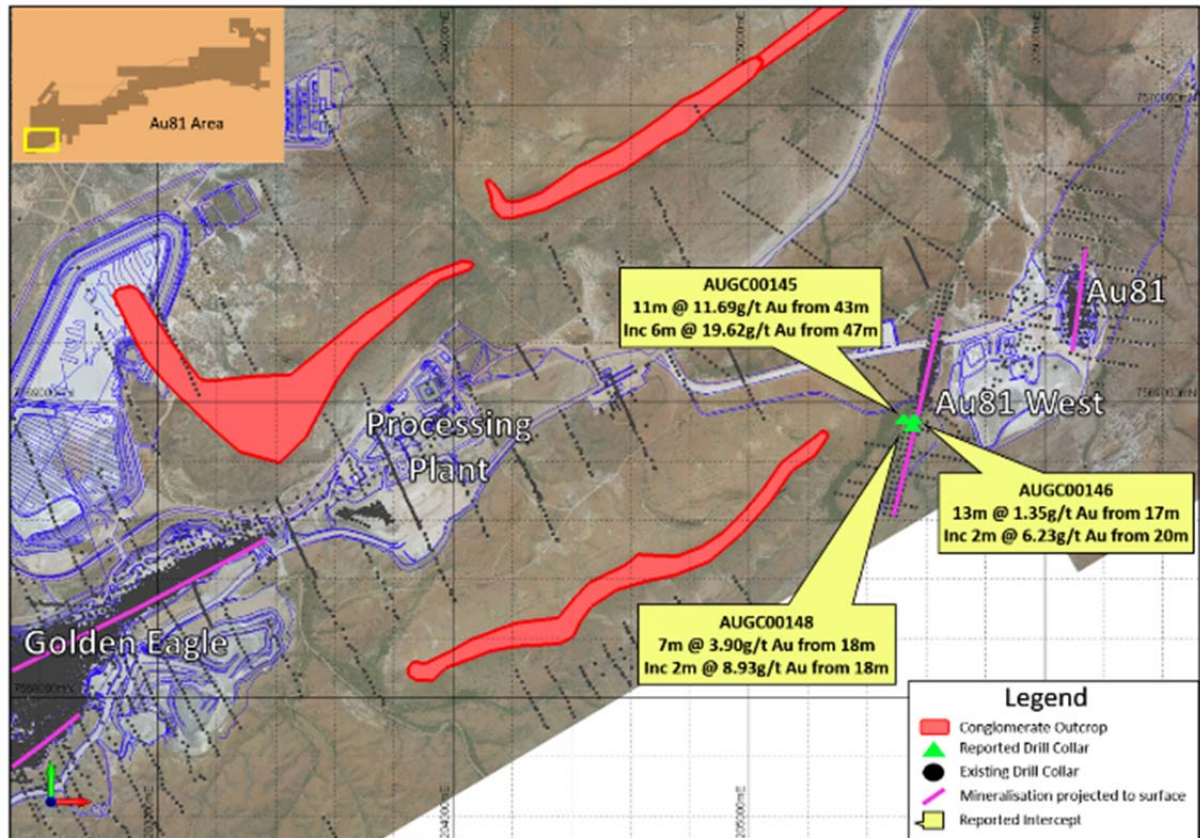


Figure 2: Plan view of the Golden Eagle mining centre showing the Au81 West prospect and the location of conglomerate outcrop in the immediate environs of the Nullagine processing plant

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

Bartons

Extensive drilling was conducted beneath the existing Bartons pit to assess the potential for a significant cut-back. Metallurgical test results released on 4 May 2017, confirmed fresh ore from the Bartons deposit could be economically processed through Millennium's existing CIL plant. Results from this drilling led to a re-optimisation of the existing resource that proved up the viability of the cut-back. In addition, further deeper drilling below the south west end of the pit intersected high grade gold mineralisation including the following (see Figure 3):

- **16m @ 5.91g/t Au** from 115m incl. **2m @ 31.95g/t Au** (BARD0104A)
- **8m @ 9.13g/t Au** from 118m incl. **3m @ 22.41g/t Au** (BARD0120)
- **8m @ 11.56g/t Au** from 87m incl. **3m @ 29.63g/t Au** (BARD0134)
- **6m @ 12.69g/t Au** from 115m incl. **2m @ 32.42g/t Au** (BARD0130)
- **4m @ 18.60g/t Au** from 65m incl. **2m @ 36.19g/t Au** (BARD0082)

Subsequently, mining of the Bartons cutback commenced in August 2017 along with the ongoing delineation of the underground Mineral Resource Estimate ("MRE").

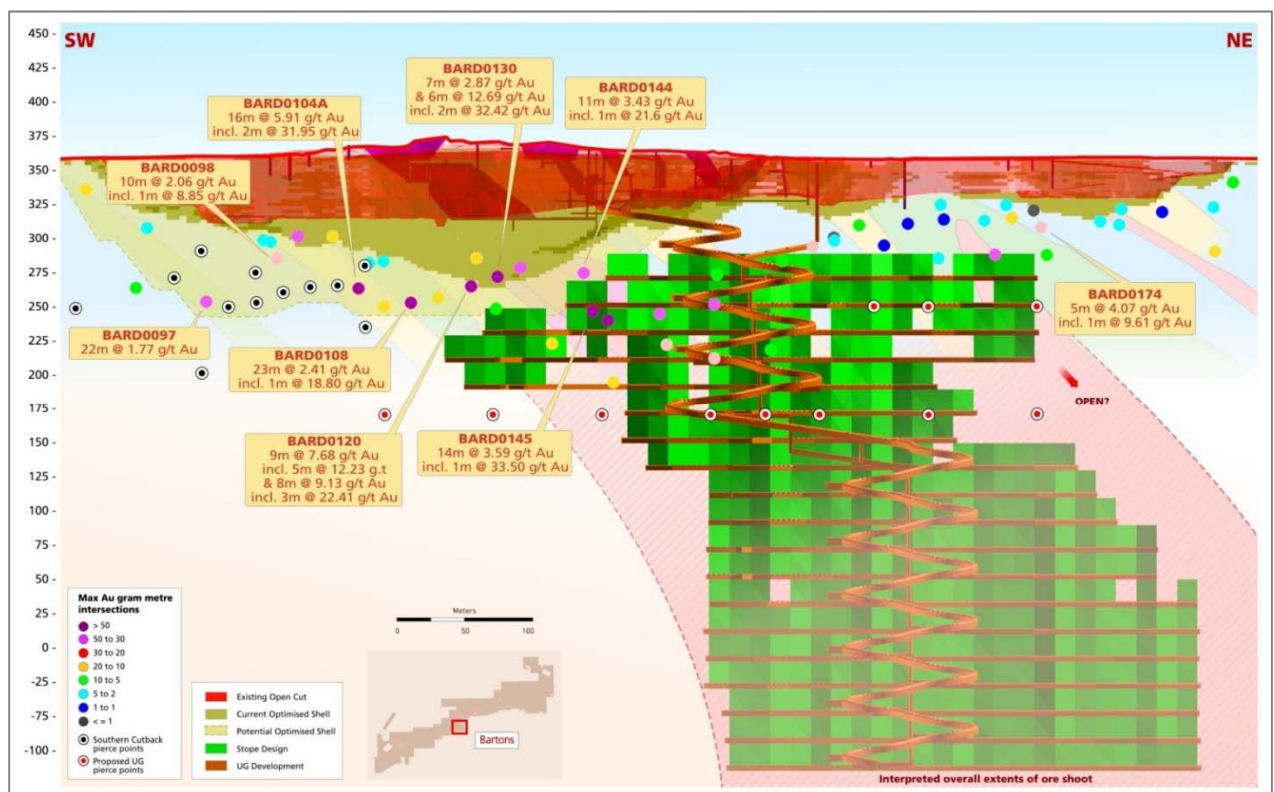


Figure 3: Long section with thicker and higher grade intersection that were considered for the larger conceptual cutback along with the conceptual underground mine design at Bartons

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

Billjim South

The Billjim South prospect is located within the Golden Gate Mining Centre (figure 1). Historic mining from a small open stope and minor test pits is evident, however, no previous gold production has ever been reported. In November 2016 Millennium reported results from an initial programme of drilling which consisted of 24 RC holes designed to follow up on strong historic RAB results (ASX release 3 November 2016). Significant results from this programme include:

- 7 m @ 8.50 g/t Au from 54 m incl. 2 m @ 24.75 g/t Au (BJSRD006)
- 8 m @ 4.19 g/t Au from 41 m incl. 1 m @ 12.95 g/t Au (BJSRD013)
- 15 m @ 2.13 g/t Au from 16 m incl. 1 m @ 9.88 g/t Au (BJSRD015)
- 3 m @ 8.91 g/t Au from 54 m incl. 2 m @ 13.10 g/t Au (BJSRD015)
- 2 m @ 10.63 g/t Au from 10 m incl. 1 m @ 16.55 g/t Au (BJSRD007)

In 2017, a further programme of infill and extensional drilling had been completed and returned the following significant intercepts (Figure 4):

- 20m @ 5.64 g/t Au from 6m incl. 13m @ 7.58 g/t Au (BJSRD043)
- 7m @ 14.86 g/t Au from 4m incl. 3m @ 31.57 g/t Au (BJSRD0035)
- 4m @ 12.51 g/t Au from 13m incl. 2m @ 23.43 g/t Au (BJSRD044)
- 4m @ 7.08 g/t Au from 5 m incl. 3m @ 8.98 g/t Au (BJSRD0039)

Further work continues on the geological interpretation of the Billjim South prospect and this will be integrated into the maiden MRE.

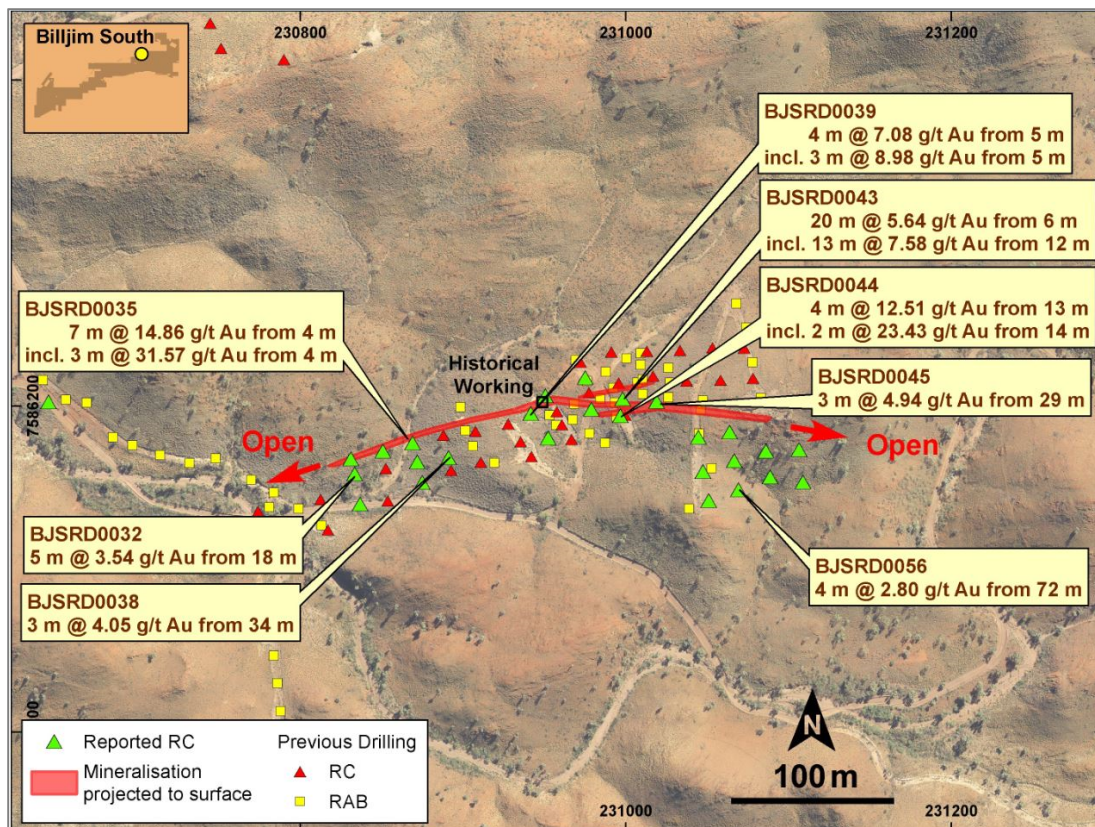


Figure 4: Billjim South location plan showing significant intercepts from recent RC drilling

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

Condor Northwest

The Condor Northwest project is located within the Golden Gate Mining Centre approximately 36km from the processing plant (Figure 1). Initial drill results from late-2016 activities were reported to the ASX on 25 January 2017. Follow up drilling in 2017 was carried out to infill the previously intersected mineralisation spacing, close-off mineralisation to the north-west and south-east as well as test critical areas with 10x10m holes. In addition, the proposed drilling tested for parallel veins in between those already defined. Significant intersections from the follow-up drilling included (Figure 5):

- 10m @ 14.52g/t Au from 9m including 5m @ 26.61g/t Au from 10m (CORD049).
- 7m @ 11.14g/t Au from 28m including 4m @ 18.33g/t Au from 29m (CORD050).
- 3m @ 25.16g/t Au from 18m including 1m @ 73.1g/t Au from 19m (CORD072).
- 8m @ 5.48g/t Au from 59m including 2m @ 7.37g/t Au from 60m (CORD041)
- 5m @ 7.43g/t Au from 12m including 3m @ 11.58g/t Au from 13m (CORD048)

These results confirm continuity of the near-surface mineralisation, and that orebodies are open at depth. All of the above results were included in the maiden MRE and maiden Ore Reserve. Further work is planned to close off the mineralisation along strike and down dip.

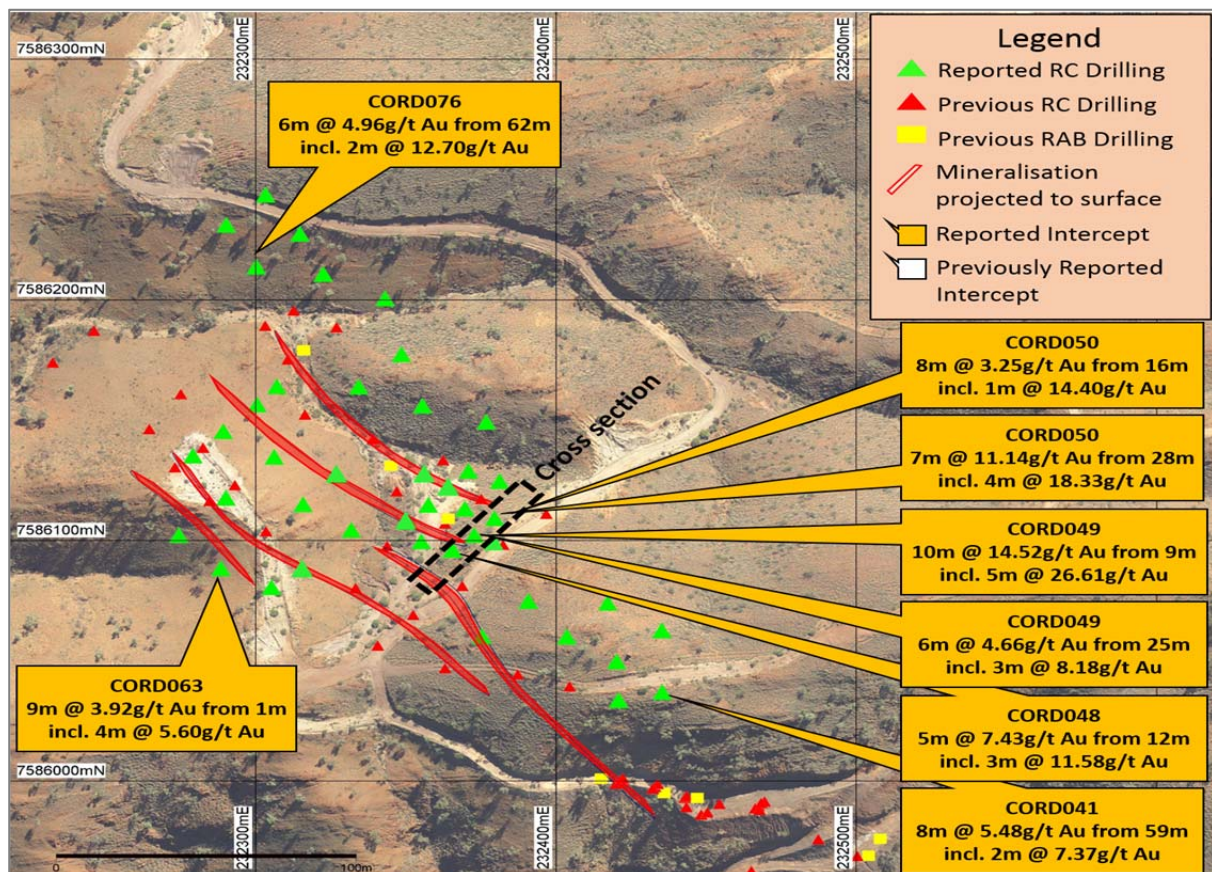


Figure 5: Condor Northwest location plan showing significant intercepts from RC drilling

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

Majuba Hill

Majuba Hill is located within the Five-Mile Mining Centre approximately 10 km from the processing plant (figure 1). Mineralisation occurs on both north-east and north-north-east trending quartz veins dipping to the north-west. Majuba Hill had been previously identified by historical workings, rock chip samples and limited RAB drilling before Millennium completed two initial RC drilling programs in 2016 (ASX release 29 July 2016).

A drill programme to test for parallel mineralised structures and extensions to the known mineralisation commenced during the 2016 December Quarter and was completed during January 2017. These results were released to the market on 25 January and 7 March 2017. Highlights included:

- **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)
- **18 m @ 2.47 g/t Au** from 36 m including **2 m @ 13.83 g/t Au** (FMX1269)
- **10 m @ 3.69 g/t Au** from 10 m including **5 m @ 6.09 g/t Au** (FMX1270)
- **2 m @ 12.67 g/t Au** from 61 m including **1 m @ 24.7 g/t Au** (FMX1254)
- **6 m @ 4.05 g/t Au** from 17 m including **1 m @ 19.45 g/t Au** (FMX1262)

A further programme of drilling to infill existing holes was completed in March 2017. This programme confirmed continuity of the gold mineralisation identified and progresses the project towards inclusion in the mining schedule. Encouragingly, mineralisation was open at depth and along strike towards the south west. Significant intercepts include (Figure 6):

- **3 m @ 12.37 g/t Au** from 52 m incl. **1 m @ 30.80 g/t Au** (FMX1422)
- **10m @ 13.42 g/t Au** from 19m incl. **7m @ 18.22 g/t Au** (FMX1423)
- **17m @ 5.54 g/t Au** from 41m incl. **5m @ 15.14 g/t Au** (FMX 1433)
- **4m @ 12.44 g/t Au** from 56m incl. **1m @ 48.20 g/t Au** (FMX1450)
- **7m @ 6.03 g/t Au** from 10m incl. **1m @ 26.40 g/t Au** (FMX1439)

All of the results from the 2017 drilling were included into the final MRE and optimised. Mining of the Majuba Hill deposit commenced in August 2017.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

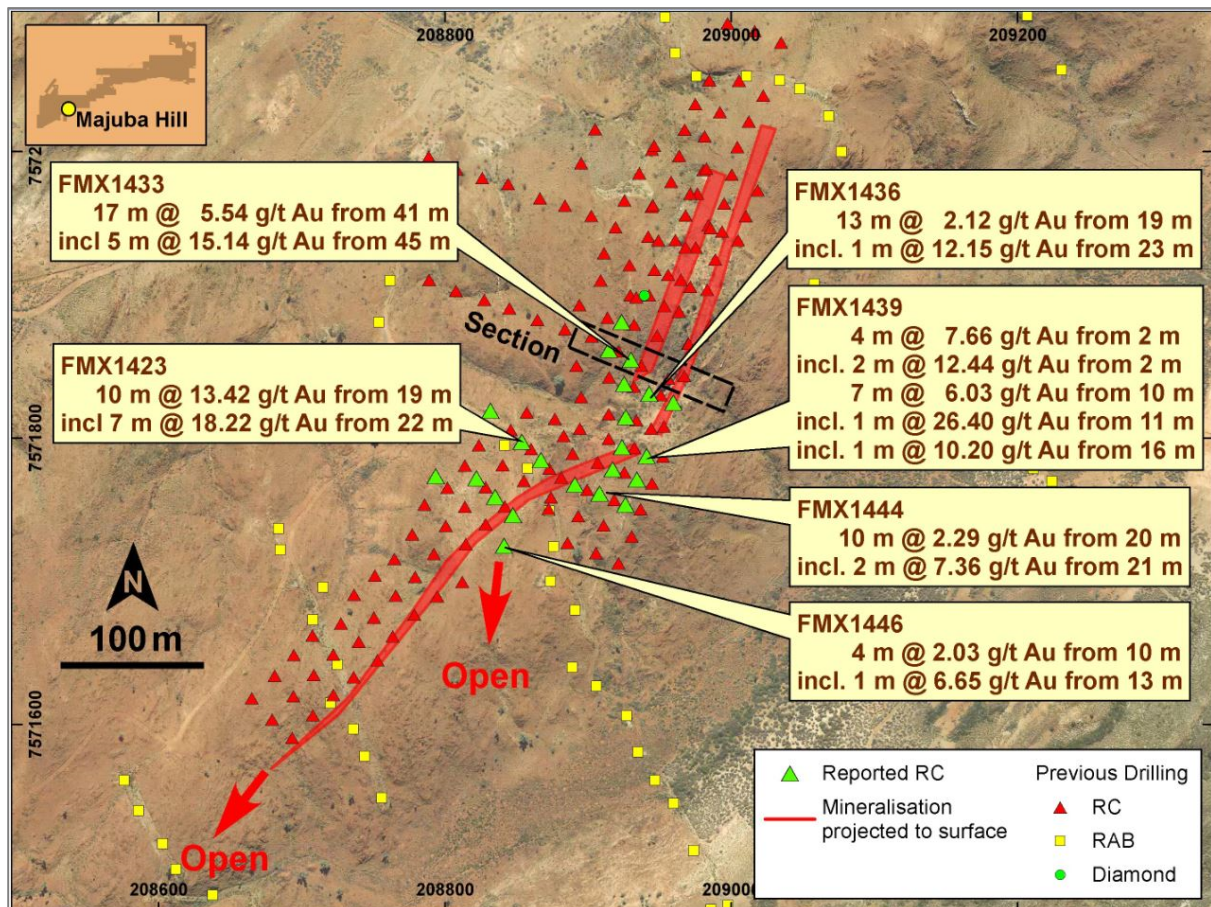


Figure 6: Majuba Hill location plan showing significant intercepts from RC drilling

Buzzard

The Buzzard prospect is also located within the Golden Gate Mining Centre approximately 38km by road from the processing plant (Figure 1). Minor prospecting pits had previously been developed at the site, however, there is no recorded gold production. Previous RC drilling had been carried out and returned significant intersections including: 3m @ 7.46 g/t Au, 8m @ 2.74g/t Au, 3m @ 6.14g/t, and 3m @ 5.99g/t.

Mineralisation at Buzzard is associated with two parallel north-west striking and steeply north-east dipping veins. These veins discontinuously outcrop over a strike length of ~250m each. A drill programme was designed to follow up on mineralisation that was defined in the previous drill holes. The most significant intersections returned include (Figure 7):

- **5m @ 5.02 g/t Au from 19m incl. 2m @ 9.64 g/t Au (BURD010)**
- **7m @ 3.70 g/t Au from 30m incl. 3m @ 5.67 g/t Au (BURD013)**
- **5m @ 3.57 g/t Au from 40m incl. 2m @ 6.42 g/t Au (BURD013)**
- **4m @ 4.02 g/t Au from 26m incl. 1m @ 6.14 g/t Au (BURD020)**

Further exploration is proposed for the prospect to extend the known strike length of the mineralisation as well as looking for further zones adjacent to the prospect.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

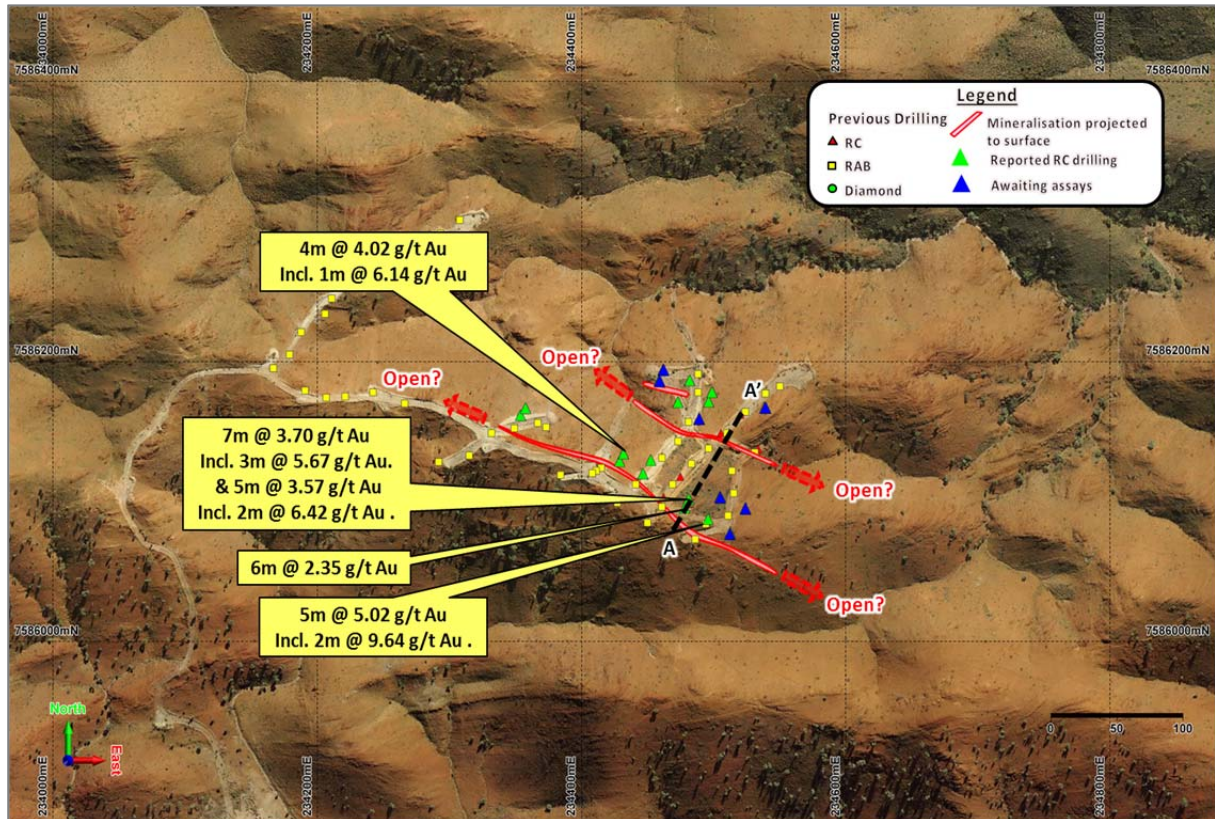


Figure 7: Buzzard location plan showing significant intercepts from RC drilling

Shearers North

The Shearers North prospect is located in the Five Mile Mining Centre, approximately 500m north of the Shearers pit. This prospect was discovered in 2017 through a mapping exercise over subdued terrain. Initial drilling at the prospect delivered a number of thick intercepts including some higher grade zones:

- **19m @ 1.10g/t Au** from 36m (FMX1740)
- **5m @ 3.02g/t Au** from 51m incl. **1m @ 8.75g/t Au** (FMX1753)
- **14m @ 1.76g/t Au** from 34m (FMX1759)
- **17m @ 2.89 g/t Au** from 21 m incl. 3m @ 7.55 g/t Au (FMX1848)

Follow up drilling to the initial phase returned results (Figure 8) including:

- **20m @ 1.42g/t Au** from 9m (FMX1874)
- **26m @ 1.47g/t Au** from 30m incl. **2m @ 5.81g/t Au** from 32m (FMX1871)
- **6m @ 2.01g/t Au** from 33m (FMX1864)
- **10m @ 1.48g/t Au** from 10m (FMX1866)
- **7m @ 1.48g/t Au** from 22m (FMX1870)

All of the results from the 2017 drilling were included into the maiden MRE that was optimised and included into the Ore Reserves. Further drilling is planned in 2018 to infill and close-off mineralisation prior to mining.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

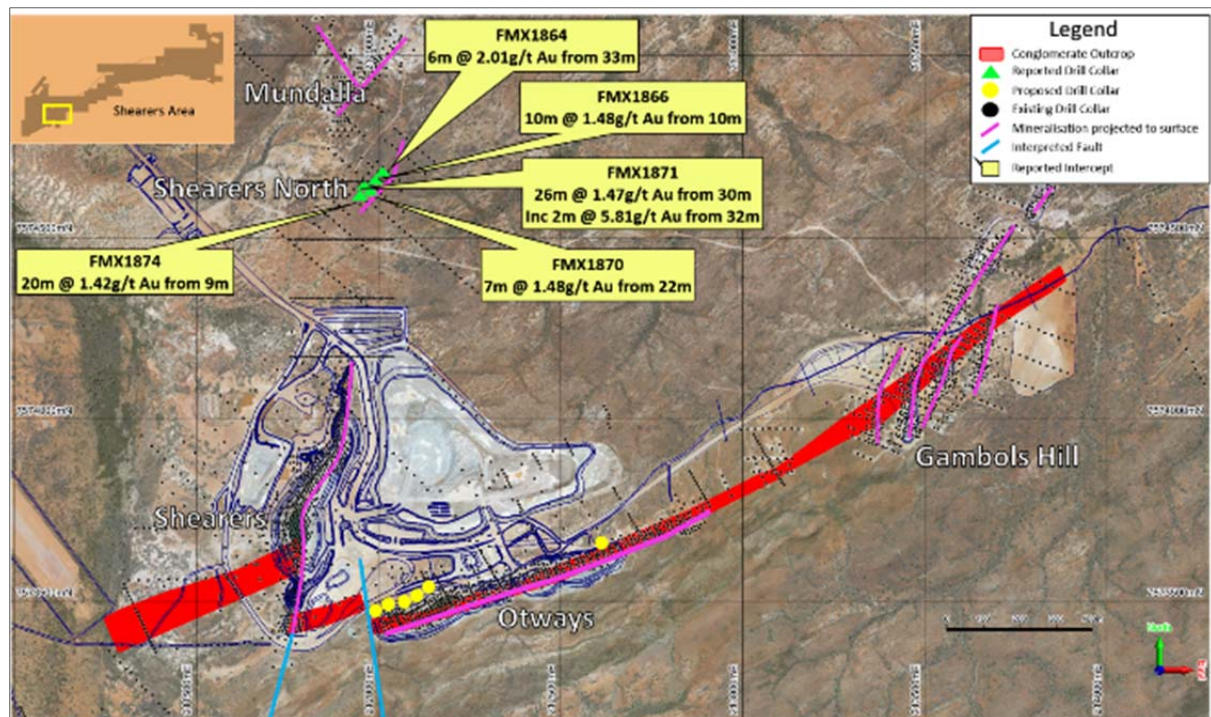


Figure 8: Five Mile Mining Centre showing outcropping conglomerate (in red), the location of some of the gold intercepts at Shearers North.

Redbeard

The Redbeard deposit is located within the emerging Twenty Mile Sandy Mining Camp (figure 1). This mineralisation trend was originally confirmed by a soil sampling programme that was carried out February of 2017 and subsequent rock chip sampling carried out in the fourth quarter of 2017 (see ASX announcement, 4 October 2017). An initial drill programme commenced in November 2017, with follow-up in-fill RC drilling immediately carried out to generate a maiden MRE. All the results from this drilling have now been returned with significant intercepts (see Figure 9) including:

- **9m @ 6.82g/t Au** from 10m including **5m @ 9.94g/t Au** (TMX197)
- **15m @ 7.83g/t Au** from 12m including **13m @ 8.67g/t Au** (TMX192)
- **8m @ 5.97g/t Au** from 8m including **5m @ 7.57g/t Au** (RBRC025)
- **14m @ 5.09g/t Au** from 11m including **9m @ 6.57g/t Au** (TMX189)
- **6m @ 6.33g/t Au** from 35m including **4m @ 8.06g/t Au** (TMX198)

All of the results from 2017 have been incorporated into the maiden MRE and Ore Reserve. Further drilling is planned in 2018 to expand deposit along strike and down dip.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

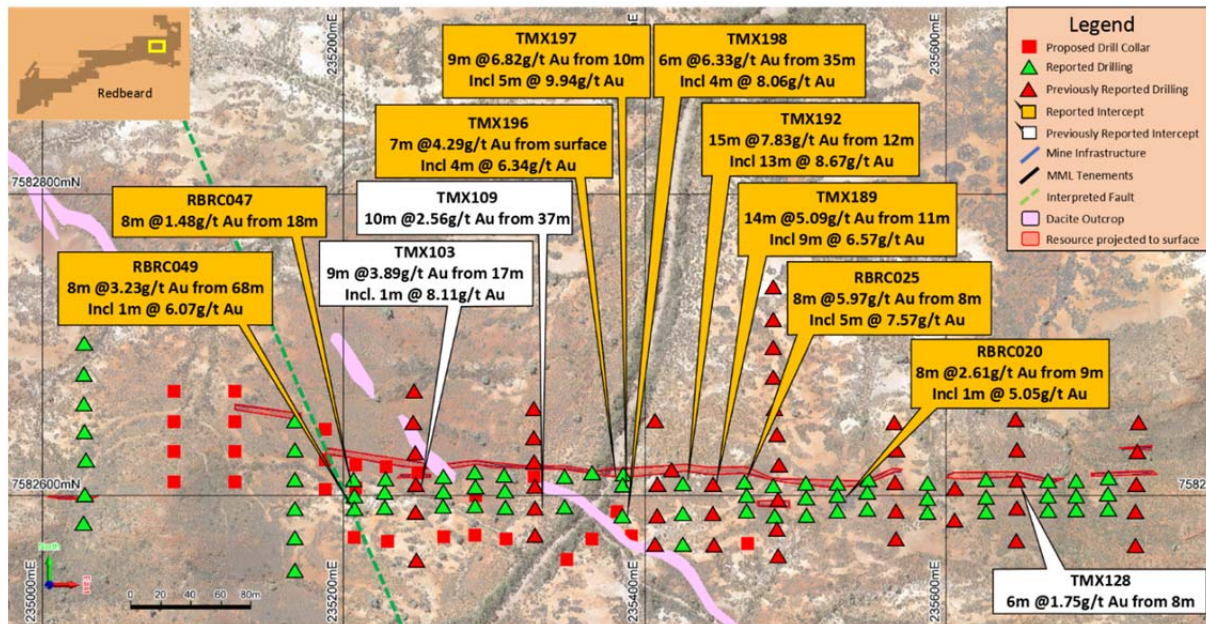


Figure 9: Redbeard drilling and extent of the maiden MRE (red shaded zone).

Field Mapping and Target Generation (Golden Gate Mining Centre)

During November, reconnaissance field mapping and rock chip sampling were undertaken at the Golden Gate Mining Centre, located approximately 36km north-east of the Nullagine processing plant (figure 1). This area has been a key focus for exploration, as deposits within the Golden Gate area have typically been amongst the highest-grade deposits discovered at Nullagine.

The reconnaissance exploration at Golden Gate has identified a new, high-priority target zone with rock chip results of up to 48.8g/t Au. This new target zone is located between two areas of established high-grade gold mineralisation at the previously-mined Golden Gate mining area and the recent Billjim, Billjim South and Falcon discoveries (Figure 10) and represents a walk-up drill target for 2018.

Drill permitting commenced at the end of 2017 with more field work planned for early-2018. Some of these identified targets will be drill tested in the second quarter of 2018.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

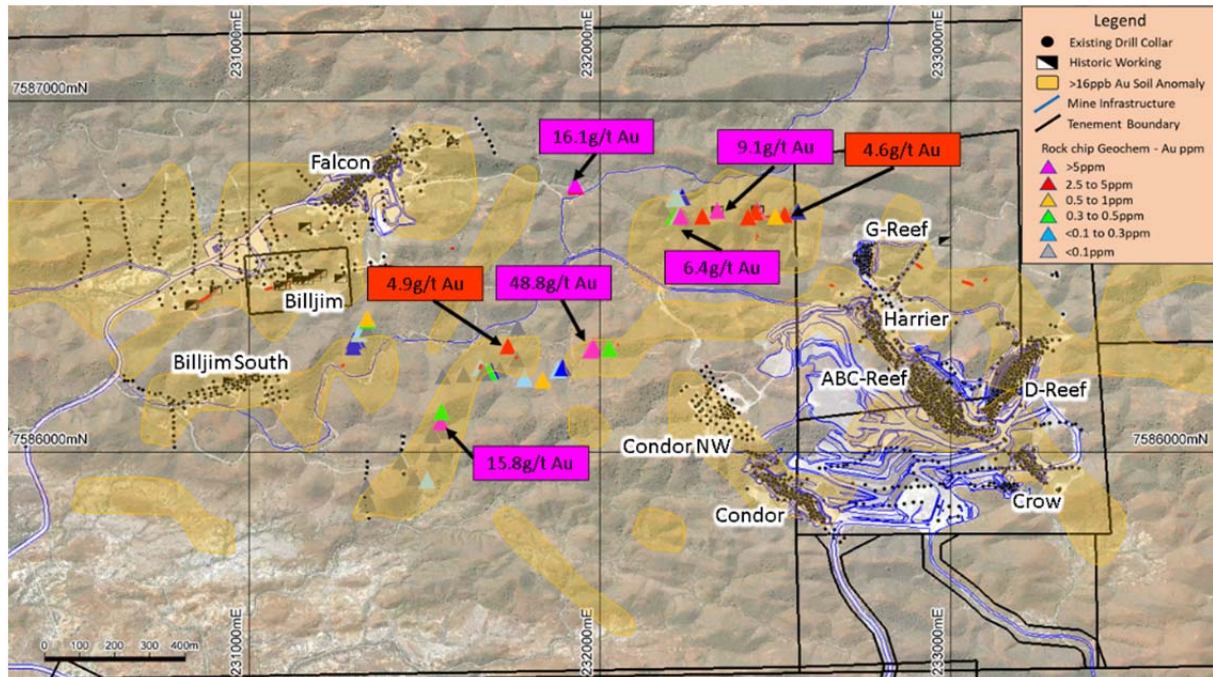


Figure 10: Golden Gate - Plan view showing recent high-grade rock chip results, located in the newly identified target zone between the Golden Gate mining centre and the Billjim, Billjim South and Falcon discoveries

Bartons Underground

Significant drilling occurred at Bartons, initially to prove up the potential cutback to the existing pit followed by the delineation of the maiden underground MRE. A high-level optimisation of this MRE supported the economics of the project. Subsequently, drilling was carried out to the 218m RL to upgrade the current Inferred Mineral Resource to Indicated status, as part of the ongoing Feasibility Study. This drilling has returned visible gold in core as well as a series of exceptional high-grade results (Figure 11) including:

- **41m @ 6.02g/t Au** from 129m including **2m @ 87.47g/t Au** (BARD0285);
- **17m @ 3.41g/t Au** from 211m including **1m @ 5.55g/t Au** (BARD0305);
- **10.5m @ 38.64g/t Au** from 164m including **5m @ 79.96g/t Au** (BARD0313A);
- **6m @ 7.72g/t Au** from 153m including **1m @ 38.80g/t Au** (BARD0314).

The underground MRE was updated and an economic optimisation was carried out to generate the maiden underground Ore Reserve. This demonstrated that there was an economic viable underground to the 218m RL and the decision was made to drill the depth extents of the ore body from an underground position. This will significantly reduce the drilling metres required to delineate the deeper portions of the orebody. Further drill testing of potential underground material above the 218m RL and outside the Indicated resource category will occur early-2018.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

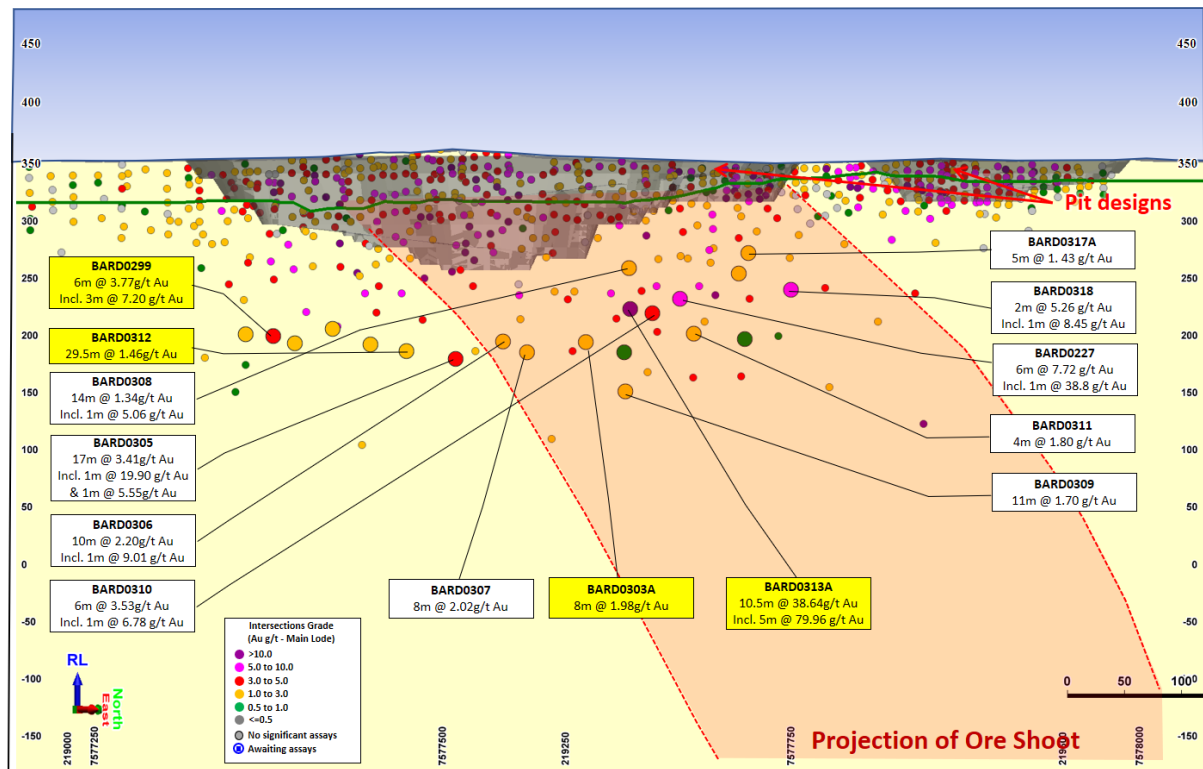


Figure 11: Bartons UG results on a long section with the cut-back design (grey shaded area)

Exploration Summary

The aggressive exploration activities carried out in 2017 delivered numerous outstanding results that have contributed to the increase in Ore Reserves from 185,000 to 221,600 ounces (Table 1) after mining depletion of 69,000 ounces. The Mineral Resources currently stands at 1.1 million ounces in the Inferred, Indicated and Measured Resource categories (Table 2).

Changes in the MRE and Ore Reserves are related to new discoveries (Au81 West, Redbeard and Shearers West), expansions to the existing deposits (Bartons, Bartons Underground, Golden Eagle, Little Wonder and Roscoes Reward), mining depletions and change in the interpretation of mineralisation at the deposits.

In addition to the outstanding drill results, mapping and rock chip assays have highlighted an emerging sixth Mining Centre (Twenty Mile Sandy) as well as generating high-grade drill targets in the Golden Gate Mining Centre. These targets will be focussed on in early-2018.

Ongoing test work for the sulphide ore study will help unlock the full potential of the fresh ore resources at Nullagine. This study includes a trade-off study for a lower capital and operating cost options that may enable for larger cutbacks to current pits.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

Table 1: Nullagine Gold Project – Ore Reserve Statement (31 December 2017)

Nullagine Gold Project – Ore Reserve Statement ¹								
Prospect	COG ²	Proved		Probable		Total		
	Au (g/t)	Ore (t)	Au (g/t)	Ore (t)	Au (g/t)	Ore (t)	Au (g/t)	Ounces
Shearers North	>0.54	-	-	117,800	1.3	117,800	1.3	4,800
Au81 West	>0.52	7,000	1.7	128,900	1.8	135,900	1.8	7,800
Red Beard	>0.64	-	-	118,800	3.3	118,800	3.3	12,600
Bartons Open Pit	>0.64	171,600	2.5	12,100	1.1	183,700	2.4	14,100
Golden Eagle ³	*	1,732,300	1.2	302,300	1.2	2,034,600	1.2	80,400
Mundalla	>0.53	-	-	24,200	1.6	24,200	1.6	1,200
Mustang	>0.60	-	-	63,200	2.2	63,200	2.2	4,400
Condor North West	>0.66	-	-	45,500	3.6	45,500	3.6	5,300
All Nations ⁴	>0.62	96,600	1.6	34,700	1.6	131,300	1.6	6,800
Roscoes Reward	>0.60	-	-	26,300	1.4	26,300	1.4	1,200
Gambols Hill ⁴	>0.60	-	-	7,200	1.7	7,200	1.7	400
Crossing ⁵	>0.54	-	-	92,600	1.2	92,600	1.2	3,500
Round Hill ⁵	>0.67	-	-	107,600	2.7	107,600	2.7	9,400
Hut ⁵	>0.56	-	-	115,800	1.2	115,800	1.2	4,300
Angela ⁵	>0.55	-	-	183,900	1.3	183,900	1.3	8,000
Hopetoun-Endeavour ⁵	>0.65	-	-	68,000	1.6	68,000	1.6	3,400
Bow Bells ⁵	>0.70	-	-	22,500	2.3	22,500	2.3	1,600
Agate ⁵	>0.56	-	-	102,400	1.3	102,400	1.3	4,200
Bartons Underground ⁶	>2.00	-	-	270,000	4.5	270,000	4.5	39,100
Sub-total		2,007,500	1.4	1,843,800	2.1	3,851,300	1.7	212,500
Stockpiles								
Golden Eagle		166,600	0.8			166,600	0.8	4,400
Au81 West		19,200	1.3			19,200	1.3	800
Otways		13,900	0.8			13,900	0.8	400
Roscoe Reward		2,200	0.7			2,200	0.7	100
Bartons		13,200	1.7			13,200	1.7	700
Little Wonder		7,100	2.0			7,100	2.0	500
Others		56,200	1.2			56,200	1.2	2,200
Sub-total		278,400	1.0			278,400	1.0	9,100
Total Ore Reserves		2,285,900	1.3	1,843,800	2.1	4,129,700	1.7	221,600

¹ Figures in table may not sum due to rounding.

² Cut-off grades vary due to variable haulage costs from pit to ROM.

³ Due to variable recoveries for each ore block in Golden Eagle deposit, the economical cut-off grades are built into each ore block in the model used for the optimisation.

⁴ Ore Reserve Estimate were updated for mining depletion.

⁵ Ore Reserve Estimate remained unchanged.

⁶ Bartons Underground deposits reported by Entech Pty Ltd.

OPERATIONS REVIEW

EXPLORATION AND RESOURCE DEVELOPMENT (CONTINUED)

Table 2: Nullagine Gold Project – Mineral Resource Statement (31 December 2017)

Nullagine Gold Project – Mineral Resource Statement ⁷									
Deposit	Measured		Indicated		Inferred		Total Remaining		
	Million tonnes	Grade g/t Au	Million tonnes	Grade g/t Au	Million tonnes	Grade g/t Au	Million tonnes	Grade g/t Au	Au Ounces
Agate ³			0.23	1.2	0.11	1.1	0.34	1.2	12,800
All Nations ³	0.26	1.6	0.44	1.2	0.27	1.1	0.97	1.3	39,900
Anne de Vidia ³	0.09	1.7	0.38	1.1	0.21	1.1	0.68	1.2	25,800
Angela ³			0.82	1.3	0.29	1.3	1.11	1.3	46,400
Au81 ²	0.15	1.6	0.28	1.2	0.89	0.9	1.32	1.0	44,300
Au81 West ³	0.04	1.3	0.24	1.6	0.19	1.2	0.47	1.4	21,400
Bartons Open Pit ³	0.16	2.7	0.17	1.5	0.11	1.2	0.44	1.9	26,400
Bartons UG ⁵			0.41	5.6	0.22	3.5	0.63	4.9	98,600
Bow Bells ³			0.21	1.5			0.21	1.5	10,200
Condor ⁴			0.06	4.3	0.02	4.0	0.08	4.2	10,500
Condor North-West ³			0.06	3.3	0.01	2.7	0.07	3.2	7,300
Crossing ³			0.30	1.2	0.06	1.3	0.36	1.2	14,100
Crow ⁴			0.04	5.0	0.02	5.3	0.06	5.1	9,900
Falcon ⁴	0.06	3.0	0.02	2.4			0.08	2.9	7,400
Gambols Hill ³			0.13	1.6	0.17	1.6	0.30	1.6	15,500
Golden Gate G Reef ⁴			0.01	3.6	0.001	2.4	0.011	3.5	1,300
Golden Eagle ³	3.34	1.3	2.16	1.3	2.02	1.5	7.52	1.4	327,300
Golden Gate ABC Reef +			0.08	6.4	0.11	4.6	0.19	5.4	32,800
Golden Gate D Reef ⁴			0.04	5.3	0.02	5.8	0.06	5.5	10,600
Hopetoun-Endeavour ³			0.17	1.4	0.5	1.4	0.67	1.4	30,200
Hut ³			0.29	1.2	0.09	1.0	0.38	1.2	14,100
Junction ³	0.05	1.9	0.06	1.5	0.04	1.5	0.15	1.6	7,900
Little Annie ³					0.12	1.4	0.12	1.4	5,500
Little Wonder ³	0.06	1.5	0.29	1.5	0.81	1.7	1.16	1.6	61,200
Majuba ³			0.31	1.4	0.05	1.5	0.36	1.4	16,400
Mundalla ³			0.13	1.4	0.18	1.3	0.31	1.3	13,400
Mustang ³			0.07	2.0	0.11	1.3	0.18	1.6	9,100
Otways ³	0.48	1.1	0.76	1.1	0.54	1.0	1.78	1.1	61,300
Red Beard ³			0.13	3.5	0.11	1.6	0.24	2.6	20,300
Roscoes Reward ³			0.58	1.4	0.32	1.3	0.90	1.4	39,500
Round Hill ³			0.30	2.0	0.10	2.1	0.40	2.0	26,100
Shearers ³			0.54	1.5	0.27	1.2	0.81	1.4	36,500
Shearers North ³			0.22	1.4	0.22	1.1	0.44	1.3	17,700
Total	4.69	1.4	9.93	1.7	8.18	1.5	22.80	1.5	1,121,700

¹ Figures in table may not sum due to rounding.

² The AU81 deposit was estimated using ordinary kriging methodology for grade estimation by CSA Global.

³ Agate, All Nations, Angela, Anne de Vidia, AU81 West, Bartons Open Pit, Bow Bells, Crossing, Condor North-West, Gambols Hill, Golden Eagle, Hopetoun-Endeavour, Hut, Junction, Little Annie, Little Wonder, Majuba, Mustang, Otways, Roscoes Reward, Round Hill, Shearers and Shearers North were estimated by ordinary kriging by Millennium Minerals Ltd.

⁴ Golden Gate satellite deposit and Falcon were estimated using ordinary kriging by Dampier Consulting.

⁵ Bartons Underground and Golden Gate open pit and underground deposits reported by Entech Pty Ltd.

OPERATIONS REVIEW

Competent Persons Statements – Mineral Resources

The information in this Report which relates to Agate, Angela, All Nations, Anne De Vidia, Au81, Au81 West, Bartons Open Pit and Underground, Bow Bells, Condor, Condor North-West, Crossing, Crow, D Reef, Falcon, Gambols Hill, Golden Eagle, Golden Gate (ABC Reef-Harrier, D Reef, Condor, Crow & G Reef), Hopetoun-Endeavour, Hut, Junction, Little Annie, Little Wonder, Majuba, Mundalla, Mustang, Otways, Red Beard, Roscoes Reward, Round Hill and Shearers Mineral Resource estimates accurately reflects information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves).

The Au81 West, Bartons Open Pit, Golden Eagle, Condor North West, Gambol Hills, Little Annie, Little Wonder, Majuba, Mundalla, Mustang, Red Beard, Roscoes Reward, Shearers, Shearers North Mineral Resource Estimates have been compiled and prepared by Graeme Thompson (MAUSIMM) who is a full time employee of Millennium Minerals Limited and is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Agate, Angela, Anne De Vidia, All Nations, Bow Bells, Hopetoun-Endeavour, Hut, Junction, Otways, and Round Hill Mineral Resource estimates have been compiled and prepared by Ms Christine Shore (MAusIMM) who was a full-time employee of Millennium Minerals Limited who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Au81 Mineral Resource estimate has been compiled and prepared by Mr Grant Louw, (MAIG, MGSSA) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Falcon Mineral Resource estimate have been compiled and prepared by Mr Andrew Paterson, (MAusIMM) of Dampier Consulting who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to the Sampling Techniques, Exploration Results and Data Quality underpinning the Mineral Resource Estimate for Golden Gate (ABC Reef-Harrier, D Reef, Condor, Crow & G Reef) and Bartons Underground Mineral Resource inclusive of sampling, collection, validation, storage and third party supplied drillhole data information is based upon information compiled by 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 mineralization 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.

The information in the report to which this statement is attached that relates to the Estimation and Reporting of Gold Mineral Resources for Golden Gate (ABC Reef-Harrier, D Reef, Condor, Crow & G Reef) and Bartons Underground Mineral Resource Estimates is based upon information compiled by Mr. Andrew Finch BSc., a Competent Person who is a member of the Australian Institute of Geoscientists (MAIG 3827). Mr Finch is Senior Consultant Geologist at Entech Pty Ltd. and an independent consultant to Millennium Minerals Ltd. Mr Finch has sufficient experience relevant to the style of mineralisation and deposit type under consideration and to the activities being undertaken 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 Finch consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

OPERATIONS REVIEW

Competent Persons Statements – Ore Reserves

The information in this Release which relates to the Ore Reserve estimates accurately reflect information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves).

The information in this public statement that relates to the Ore Reserves at the Nullagine Gold Project covering the Shearers North, Golden Eagle, Au81 West, Red Beard, Bartons open pit, Mundalla, Mustang, Condor North-West, All Nations, Roscoes Reward and Gambols Hill projects is based on information resulting from technical works carried out by Miss Asareh Mansoori, who is a member of the Australasian Institute of Mining and Metallurgy.

Miss Asareh Mansoori is a full-time employee of Millennium Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which she is undertaking 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”. Asareh Mansoori consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this public statement that relates to the Ore Reserves at the Nullagine Gold Project covering the Crossing, Round Hill, Hut, Angela, Agate, Hopetoun-Endeavour and Bow Bells projects is based on information resulting from technical works carried out by Mr Srinivasa Rao Gadi, who was a full-time employee of Millennium Minerals Limited who is a member of the Australasian Institute of Mining and Metallurgy and Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information contained in the report that relates to Ore Reserves for the Bartons underground mine is based on information compiled or reviewed by Matthew Keenan. Mr Keenan confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 JORC Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years’ experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which he is accepting responsibility. Mr Keenan is a Member of The Australasian Institute of Mining and Metallurgy, has reviewed the Report to which this consent statement applies and is a full-time employee working for Entech Pty Ltd having been engaged by Millennium Minerals Ltd to prepare the documentation for the Bartons underground mine on which the Report is based, for the period ended 31 December 2017. Mr Keenan has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Mr Keenan verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to Ore Reserves.

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.

INTRODUCTION

To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Company's needs. As the Company's activities develop in size, complexity, nature and scope, the size of the Board as well as the implementation of additional corporate governance structures will be given further consideration.

The Company's Board Charter, Code of Conduct, Share Trading Policy and Diversity Policy statements have been posted on the Company's website.

ROLE OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. To fulfil this role, the Board is responsible for setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals. Management is responsible for implementing the strategic objectives, within the risk parameters set by the Board, for providing the Board with accurate, timely and clear information and for all other day to day management activities of the Company.

The Company has a Remuneration and Nomination Committee and an Audit Committee while the full Board carries out the role of the Risk Committee.

BOARD COMPOSITION

Consistent with the Recommendations, the Company considers that the Board should have at least three directors and strives to have a majority of independent directors. Currently the Board has four directors, all are non-executive and two are classed as independent.

The Board has accepted the following definition of an Independent Director:

"An independent director is a director who is not a member of management (a non-executive director) and who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or been a director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company;
- is not a significant consultant, supplier or customer of the Company, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant relationship with the Company other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- is free from any interest and business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's to act in the interest of the Company."

The determination by the Board as to whether individual directors are independent is a matter of judgment. In making this determination, the Board has followed the guidance in Box 2.3 of the Recommendations and the Guide to Reporting on Principle 2.

The Board considers whether the relationships the directors have with the Company materially impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors, the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the directors to be independent if the interest is less than 5% of the base amount. Millennium considers a significant consultant, supplier or customer to be material and impacting on a director's independence if the total of their annual invoices amount to more than 5% of the Company's total expenditure in that category. In respect to the qualitative measures, the Board has considered the factors affecting the directors' relationship with the Company and considers whether these qualitative factors are immaterial in the assessment of their independence.

BOARD COMPOSITION (CONTINUED)

Mr Kennedy and Mr Lester are considered by the Board to be independent directors.

The Board does not consider Mr Chye to be independent by virtue of his prior employment by a substantial shareholder (the IMC Group) and the perceived influence this may have over him.

Mr Bittar is not considered to be independent as he was an Executive Director from 19 December 2014 till his appointment as Non-executive Chairman on 1 March 2017.

The number of directors is maintained at a level which optimises the spread of the workload and efficient decision making.

The composition of the Board is reviewed on an ongoing basis to ensure the Board has appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of its shareholders.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the financial report and their term of office are detailed in the Directors' Report. The current directors bring a range of skills and backgrounds to the Board including mining, geological, accountancy, finance, marketing, stockbroking and legal.

The Company has a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

PERFORMANCE OF DIRECTORS

The performance of the Board, its committees and individual directors is assessed through a formalised Board review process, including an overall Board performance survey as well as an individual peer evaluation by Board members. During 2017 the Board undertook a formal review of the structure and operation of the Board. The outcome of this review was that the composition and skill set of the Board was deemed to be appropriate for the Company.

In addition, the Board also conducts a review of the performance of the Company against budgeted targets on an ongoing basis.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered.

CORPORATE REPORTING

The Chief Executive Officer and the Chief Financial Officer have made the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards;
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and the Company's risk management and internal compliance and controls are operating efficiently and effectively in all material respects.

CODE OF CONDUCT

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all company personnel act with utmost integrity, objectivity, in the best interests of the Company, and in compliance with the spirit as well as the letter, of the law and company policies.

Any breaches of the Code are reported to the Chairman in the first instance for notification to the Board. The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has a policy that information concerning the Company that a reasonable person would expect to have a material effect on the share price of the Company's securities is continuously disclosed as required under the Australian Securities Exchange (ASX) Listing Rules.

The Company is committed to keeping shareholders fully informed of significant developments. In addition to public announcements of its financial statements and significant matters, the Company encourages shareholders to communicate with the Company and the Board. In addition, general meeting, provide a deeper insight into the Company and an opportunity for shareholders to have their questions answered.

The Company Secretary is accountable directly to the Board, through the Chairman and has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website (www.mmltd.com.au) and mailed to those shareholders who request a hard copy.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICES RECOMMENDATIONS

Principle 5 – Recommendation 5.2

Notification of departure:

The chair is not an independent director.

Explanation for departure:

Prior to becoming chairman, Mr Bittar was an executive director of the Company from 19 December 2014 through to 28 February 2017, and is not considered independent as he was an executive of the Company within the last three years. The Board recognises the importance of having an independent chair and of maintaining a board of appropriate size and composition. In the future, as the Company grows and increases in size and complexity, the Board will reconsider the appointment of an independent chairman.

Principle 7 – Recommendation 7.1 and 7.2

Notification of departure:

The full Board carries out the role of the risk committee.

Explanation for departure:

The full Board is responsible for ensuring that controls and procedures to identify, analyse, prioritise, monitor and manage risk are in place, being maintained and adhered to. The Board considers that no efficiencies or other benefits would be gained by establishing a separate risk committee. In the future, as the Company grows and increase in size and complexity, the Board will reconsider the establishment of a separate risk committee.

Principle 7 – Recommendation 7.3

Notification of departure:

The Company does not have an internal audit function.

Explanation for departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate internal audit function. The Chief Financial Officer provides monthly management accounts to the Board and it is reviewed and analysed in detail at each Board meeting, identifying potential areas of risk and considering any relevant mitigation strategies if applicable. In the future, as the Company grows and increases in size and complexity, the Board will reconsider the establishment of a separate internal audit function.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each director has the right to access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the Directors is made available to all other members of the Board.

REMUNERATION

The Board of Directors maintains remuneration policies which are aimed at attracting and retaining a motivated workforce and management team. The intention is to match the outcomes of the remuneration system with the performance of the Company and ultimately the value received by our shareholders on a long-term basis.

The Company embodies the following principles in its remuneration framework:

- retention and motivation of key executives;
- attraction of quality management to the Company; and
- performance incentives which allow executives to share the rewards of the success of the Company.

Disclosures as to the nature and amount of remuneration paid to the Directors and specified executives of the Company is included in the Remuneration Report and Related Parties disclosures note in the financial statements. The structure and objectives of the remuneration policy and links to the Company's performance is disclosed in the annual Directors Report.

The Company has a Remuneration and Nomination Committee chaired by an independent director and comprising majority of independent directors. The committee is responsible for undertaking appropriate checks before appointing a person or putting forward to security holders a candidate for election as director.

ETHICS

It is the policy of Millennium that all Directors, managers and employees are expected to act at all times with the utmost integrity and objectivity, striving to enhance the reputation and performance of the Company.

RISK MANAGEMENT

The Company has in place a framework to safeguard company assets and ensure that business risks are identified and properly managed. The Company has exposure to economic, environmental and social sustainability risks. The Company has in place a number of risk management controls which include the following:

- Budget controls;
- Policy stipulating authority limits for the commitment of funds for operating expenditure, capital expenditure and investments, as well as treasury and human resources functions;
- A comprehensive insurance programme;
- Monitoring the status of mining tenements;
- Compliance with continuous disclosure obligations; and
- Regular assessment and monitoring of key enterprise risks.

Management is required to provide to the Board regular reports on all these matters.

The Company has a formal risk management process, and the Board as a matter of course monitors risks at each Board meeting. Mitigation strategies for the highest level risks are considered and developed and responsibility for appropriate action is assigned and monitored.

The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound and this has been done in the period of review.

RISK MANAGEMENT (CONTINUED)

The Board receives regular reports about the financial position and operating results of the Company. The Chief Executive Officer and the Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

The Board has adopted a policy in relation to dealings in the Company's securities which applies to all directors and employees. Under the policy, directors are prohibited from short term or "active" trading in the Company's securities and directors and employees are prohibited from dealing in the Company's securities whilst in possession of price sensitive information. The Chairman and Company Secretary must be notified of any proposed transaction.

ROLE OF SHAREHOLDERS

The shareholders of the Company play an important role in corporate governance by virtue of their responsibilities for voting on the appointment of directors.

The Board ensures that shareholders are kept fully informed on developments affecting the Company through:

- the Annual Report;
- compliance with Australian Securities Exchange's continuous disclosures requirements (and subsequent shareholder announcements); and
- the annual general meeting and other meetings.

DIVERSITY – BOARD COMPOSITION

The mix of skills and diversity for which the Company is looking to achieve in membership of the Board is one that is as diverse as practicable given the size and scope of the Company's operations.

DIVERSITY – MEASURABLE OBJECTIVES

The Company's primary objectives with regard to diversity are as follows:

- the Company's composition of board, executives, management and employees to be as diverse as practicable; and
- to provide equal opportunities for all positions within the Company and continue the Company's commitment to employment based on merit.

Primary objectives set by the Company with regard to diversity in relation to the composition of the Board and Company are as follows:

- blend of skills – wide range of backgrounds: geology, mining, exploration, finance and corporate experience;
- cultural backgrounds;
- gender; and
- age.

DIVERSITY – ANNUAL REPORTING

The Company's annual reporting on the percentage of females in the organisation is as follows:

	Percentage of female
Employees	19%
Executives and board members	0%



DIRECTOR'S REPORT

The directors of Millennium Minerals Limited are pleased to present the Annual Financial Report for the year ended 31 December 2017.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period, unless otherwise stated.

Gregory Bittar

Non-executive Chairman (appointed 1 March 2017); Executive Director (resigned 28 February 2017)

Greg has a Bachelor of Economics and Bachelor of Laws (University of Sydney) and Masters in Finance (London Business School), and has over 15 years investment banking and mining resource sector experience in Australia and overseas – having worked for Bankers Trust, Baring Brothers Burrows and following the completion of his Masters in Finance in 2000, he joined Morgan Stanley, working in London, Melbourne and Sydney.

He has extensive 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. Since leaving Morgan Stanley in 2010, Greg has had a number of roles in the resources sector, in both management and consulting roles.

Greg is a member of the Audit Committee and the Remuneration and Nomination Committee.

During the past three years, Greg has also served on the board of following ASX listed companies:

Trek Metals Limited (previously Zambezi Resources Limited) – Non-executive Chairman – appointed March 2016

Horizon Oil Limited – Non-executive director – appointed March 2017

Michael Chye

Non-executive Director

Michael is Executive Vice President – Brand Investment Management at Thai Beverage Public Company Limited (SGX:THBEV). He was previously the Managing Director of IMC Investments Group and Head of Group Corporate Office of the IMC Pan Asia Alliance Group.

He has more than 25 years' experience in finance and investments. He commenced his career in academia and subsequently worked for the Singapore Government and multi-national companies before joining the TCC Group. He has also been an independent Director and Audit Committee Chairman of publicly listed companies in Singapore.

Michael graduated with a Bachelor of Business Studies (with First Class Honours) and a Masters (with Distinction) from Massey University, New Zealand. He is a Fellow of the Institute of Singapore Chartered Accountants, a member of the Singapore Institute of Directors and an Associate of the Singapore Association of the Institute of Chartered Secretaries and Administrators.

Michael is a member of the Audit Committee.

During the past three years, Michael has not served as a director of any other ASX listed companies.

Timothy Kennedy

Non-executive Director (appointed 2 May 2016)

Tim is a geologist with over 30 years' experience in the exploration, feasibility and development of gold, nickel, Platinum Group Elements (PGE), base metals and uranium projects throughout Australia.

His most recent role was with successful mid-tier miner Independence Group NL (ASX:IGO) where he spent 11 years as Exploration Manager.

Tim has also held positions with PNC Exploration, Hunter Resources, Resolute Resources and a senior role with Anglo American, and has been involved with a number of significant discoveries including Tropicana (gold), Bibra (gold), Ambassador North (uranium), Myrtle (zinc), Rosie (nickel-copper PGE), and Triumph (zinc).

Tim is the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

During the past three years, Tim has also served on the board of the following ASX listed companies:

Sipa Resources Limited – Non-executive director – appointed December 2016

Helix Resources Limited – Non-executive director – appointed 16 February 2018

DIRECTOR'S REPORT

Peter Lester

Non-executive Director (appointed 1 March 2017)

Peter is a mining engineer with more than 40 years' experience in the mining industry in various roles including construction and project management, operations, corporate and financial advisory services and in business development with responsibility for strategic planning and corporate development, predominantly in precious and base metals.

He has worked in operational roles in Mt Isa and Broken Hill, as well as senior executive positions with North Ltd, Newcrest Mining Limited, Oxiana/Oz Minerals Limited and Citadel Resources Group Limited.

Peter has also served on several ASX listed mining boards.

During the last three years, Peter has also served on the board of the following ASX listed companies:

Kidman Resources – Non-executive Chairman – appointed November 2015, retired November 2017

White Rock Minerals Limited – Non-executive Director – appointed April 2013

Doray Minerals Limited – Non-executive Chairman – retired January 2017

Bruno Lorenzon

Alternate Director to Michael Chye (appointed 2 May 2016)

Bruno is Head Group Corporate Finance at IMC Pan Asia Alliance Pte Ltd and has more than 15 years' experience in investment, strategy and corporate finance in the resources sector in both Australia and overseas.

He has worked for the IMC Group for the past eight years, and previously worked for Vale in Brazil and Rio Tinto in Australia in roles encompassing strategic planning, mergers and acquisitions and business development.

Bruno has an MBA, a bachelor degree in Civil Engineering and is a CFA chartholder.

COMPANY SECRETARY

Raymond Parry

Ray took up the role of Chief Financial Officer and Company Secretary with Millennium Minerals Limited on the 6 November 2017.

He has over 30 years' experience in banking, international business, oil and gas and mining where he has held senior financial and managerial positions. Ray has served as a non-executive director, chief financial officer and company secretary for various private and publicly listed resource companies in Australia.

Ray holds a Master of Business Administration (International Business), a Bachelor of Business (Accounting and Finance) and is a Fellow of the Certified Practising Accountants (FCPA). He is also a graduate of the Australian Institute of Company Directors (GAICD).

DIRECTORS' MEETINGS

	Board Meetings		Audit Committee Meetings		Remuneration & Nomination Committee Meetings	
	No. of meetings held whilst in office	No. of meetings attended	No. of meetings held whilst in office	No. of meetings attended	No. of meetings held whilst in office	No. of meetings attended
Directors						
G Bittar	12	12	3	3	1	1
M Chye	12	11	3	3	-	-
T Kennedy	12	12	3	3	1	1
P Lester	10	9	-	-	1	1
R Procter (retired 1/3/17)	2	2	-	-	-	-

DIRECTOR'S REPORT

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit Committee and a Remuneration and Nomination Committee.

Meeting acting on the committee of the board are as follows:

Audit Committee	Remuneration and Nomination Committee
T Kennedy (Chairman)	Peter Lester (Chairman)
G Bittar	G Bittar
M Chye	T Kennedy

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the options of the Company were unchanged from the holdings as at 31 December 2017 as disclosed in the Remuneration Report. The directors' interests in the shares of the Company at the date of this report are set out in the table below:

	Number of ordinary shares
G Bittar	2,700,000

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Company has paid a premium to insure the Directors and Officer of the Company. The Company has not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' liability and legal expense insurance contracts, as such disclosures is prohibited under the terms of the insurance contract.

DIVIDENDS

No dividends were paid during the financial year, nor have the directors recommended that any dividends be paid.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were exploration, mine development, mining and processing of gold.

There has been no significant change in the nature of those activities during the year.

SUMMARY OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION

- Revenue from operations (note 3) was \$115.6 million (inclusive of by-product revenue).
- Cash decreased by \$7.3 million to \$17.9 million with no debt.
- Exploration and evaluation assets went up to \$32.4 million with a \$23.3 million spent on exploration activities during the year.



DIRECTOR'S REPORT

REVIEW OF OPERATIONS

Full year 2017 production guidance for the financial year is 75,000 ounces to 80,000 ounces. The Company's gold production for the year was 72,848 ounces at an average realised gold price of \$1,650/ounce.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes to the state of affairs of the Company that occurred during the financial year not otherwise disclosed in the operations review or the financial statements.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On the 19 February 2018 the Company announced the Board approval of the Bartons underground mine development. It also announced the appointment of GBF Underground Mining as the successful mining contractor for this development.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

There are no likely developments of which the Directors are aware which could be expected to significantly affect the results of the Company's operations in subsequent financial years not otherwise disclosed in the Operations Review or the Significant Events after Balance Date section of the Directors' Report.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The operations of the Company are subject to environmental regulation under the laws of the Commonwealth and the State of Western Australia. The Company holds various environmental licences issued under these laws, to regulate its mining and exploration activities. These licences include conditions and regulations in relation to specifying limits on discharges into the air, surface water and underground, rehabilitation of areas disturbed during the course of mining and exploration activities and the storage of hazardous substances.

All environmental performance obligations are monitored by the Board of Directors and are subjected from time to time to Government agency audits and site inspections. There have been no material breaches of the Company's licences and all mining and exploration activities have been undertaken in compliance with relevant environmental regulations.

AUDITOR'S INDEPENDENCE

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 41.

NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, has performed other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its network firms for audit and non-audit services provided during the year are disclosed in note 25.

DIRECTOR'S REPORT

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) as permitted under the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

REMUNERATION REPORT

The Remuneration Report which has been audited is set out on pages 31 to 40 and forms part of the Directors Report.

Signed in accordance with a resolution of the Directors.



Gregory Bittar
Chairman
Perth, Western Australia

REMUNERATION REPORT (AUDITED)

The Remuneration Report for the year ended 31 December 2017 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its regulations. This Remuneration Report forms part of the Directors' Report and the disclosures contained within this report have been audited.

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

Details of the KMP are set out as below:

Name	Position	Term as KMP
DIRECTORS		
G Bittar	Non-executive Chairman	Full financial year
M Chye	Non-executive Director	Full financial year
T Kennedy	Non-executive Director	Full financial year
P Lester	Non-executive Director	Appointed 1 March 2017
B Lorenzon	Alternate Non-executive Director	Full financial year
OTHER EXECUTIVES		
P Cash	Chief Executive Officer	Appointed 17 March 2017
G Dovaston	Chief Executive Officer	Resigned 17 March 2017
D Will	Chief Operating Officer	Appointed 3 July 2017
R Parry	Chief Financial Officer	Appointed 6 November 2017
R Hill	Chief Financial Officer	Resigned 1 September 2017

PRINCIPLES OF REMUNERATION

The Board is responsible for ensuring that the Company's remuneration structures are aligned with long-term interests of the Company and its Shareholders. Accordingly, the Board has an established Remuneration and Nomination Committee to assist it in making decisions in relation to KMP remuneration.

The Remuneration and Nomination Committee currently comprises Messrs Kennedy, Lester and Bittar.

The Remuneration and Nomination Committee decisions on the appropriateness of the nature and amount of remuneration of Directors and senior executives are based on:

- ◆ Attraction of quality management to the Company;
- ◆ Retention of experienced and capable key executives;
- ◆ Performance incentives designed to motivate executives to achieve strategic objectives and which allow executives to share the rewards of the success of the Company;
- ◆ The competitive state of the employment market for different specific skill sets; and
- ◆ Independently sourced market surveys related to the resources sector.

REMUNERATION REPORT (AUDITED)

REMUNERATION STRUCTURE

FIXED REMUNERATION

The structure of non-executive Director and senior executive remuneration is separate and distinct.

Fixed remuneration of non-executive Directors comprises fees determined having regard to industry practice and the need to attract appropriately qualified persons. Fees do not contain any non-monetary elements.

Fixed remuneration of senior executives comprises base remuneration (including any fringe benefits tax charges related to employee benefits) and employer contributions to superannuation funds.

Remuneration levels are reviewed by the Remuneration and Nomination Committee and are determined after consideration is given to individual and overall performance of the Company, to competitive commercial rates of remuneration for similar levels of responsibility, industry practices and the need to retain appropriately qualified persons to fill the management positions necessary for the Company to meet its strategic objectives.

PERFORMANCE-LINKED REMUNERATION

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their objectives.

SHORT-TERM INCENTIVES

Each year the CEO of the Company reviews the performance of the key management personnel and makes recommendations to the Remuneration and Nomination Committee in relation to the awarding of any short-term incentives.

In addition, the Remuneration and Nomination Committee assesses the actual performance of the Company, the separate departments and the individuals' personal performance. A cash bonus may be recommended at the discretion of the Remuneration and Nomination Committee where Company and department objectives have been met or exceeded or individual personal performance expectations have been exceeded.

During the reporting period, a performance evaluation of key management personnel was undertaken in accordance with this process.

Under the STI Plan, all executives have the opportunity to earn an annual incentive which is delivered in cash. The STI recognises and rewards annual performance.

How is it paid?	Any STI award is paid in cash after the assessment of annual performance
How much can executive earn?	<p>In 2017, the CEO and COO had a maximum STI opportunity of 25% of fixed remuneration and other executives had a maximum STI opportunity of 17.5% of fixed remuneration.</p> <p>An overarching review by the Board of each individual's performance against agreed performance measures and a review of qualitative factors around the Company's performance and the macro economic environment will determine the achievable percentage (between 0% - 100%) of the maximum potential STI available to be awarded, subject further to the level of achievement against detailed KPI's listed below.</p>
How is performance measured?	<p>A combination of specific Company Key Performance Indicators (KPIs) are chosen to reflect the core drivers of short term performance and also to provide a framework for delivering sustainable value to the Company and its shareholders.</p> <p>The following KPIs were chosen for the 2017 financial year:</p> <ul style="list-style-type: none"> ▪ KPI 1: All-In-Sustaining Cost relative to stated guidance (between \$1,190 and \$1,220) ▪ KPI 2: Production relative to stated guidance (80,000 – 85,000 ounces) ▪ KPI 3: Safety performance targets (TRIFR)

REMUNERATION REPORT (AUDITED)

SHORT-TERM INCENTIVES (CONTINUED)

When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Remuneration and Nomination Committee. The Board approves the final STI award based on this assessment of performance and the award is paid in cash within three months after the end of the performance period.
What happens if executive leaves?	If an executive resigns or is terminated for cause before the end of the financial year, no STI is awarded for that year. If an executive ceases employment during the performance period by reason of redundancy, ill health, death or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year (subject to Board discretion).

Performance against STI measures

A combination of financial and non-financial measures is used to measure performance for STI rewards. Company performance against those measures is as follows for 2017:

KEY PERFORMANCE INDICATOR	METRIC	ACHIEVEMENT
KPI 1: All-In-Sustaining Cost	Between \$1,190 - \$1,220	Not achieved
KPI 2: Production	Production guidance of 80,000 – 85,000 ounces	Not achieved
KPI 3: Safety	Reduction in safety by 20% TRIFR	Not achieved

Although the KPIs were not achieved largely due to weather related events in Q1, the Board under its discretion awarded the following STI payments to the executives:

Name	Position	STI Awarded
P Cash	Chief Executive Officer	\$46,250
D Will	Chief Operating Officer	\$14,345
R Parry	Chief Financial Officer	\$5,752

LONG-TERM INCENTIVES

Prior to 2017 the Company issued options to employees as part of their remuneration package. These options had various vesting conditions and vesting dates.

On 31 May 2016, the Board recommended the issue of 2.4 million options to Mr Timothy Kennedy (Non-executive Director) on the same terms and conditions to employees, subject to shareholders' approval, which was obtained on 29 May 2017 at the Company's annual general meeting. Half of the options will vest after 2 years of continuous service and the remaining half vesting after 3 years of continuous service, subject to Board discretion and be exercisable on or before 3 June 2020.

Following the appointment of Mr Peter Lester as a Non-executive Director on 8 February 2017, the Board recommended the issue of 2.4 million options to him on the same terms and conditions to employees, subject to shareholders' approval, which was obtained on 29 May 2017 at the Company's annual general meeting. Half of the options will vest after 2 years of continuous service and the remaining half vesting after 3 years of continuous service, subject to Board discretion and be exercisable on or before 31 January 2021. The fair value of the options granted during the year are disclosed in the Remuneration Report.

REMUNERATION REPORT (AUDITED)

LONG-TERM INCENTIVES (CONTINUED)

The vesting of performance rights is subject to a number of vesting conditions. The performance rights issued in 2017 have the following vesting conditions:-

Tranche	Performance Condition	Weighting	Expiry Date
Tranche 1	ATSR 20% (from 1 July 2017) to 31 Dec 2018	50%	31/12/2018
	RTSR (from 1 July 2017) >75 th Percentile of Peer Group to 31 Dec 2018	50%	31/12/2018
Tranche 2	ATSR 20% (from 1 January 2019) to 30 June 2020	50%	30/6/2020
	RTSR (from 1 January 2019) >75 th Percentile of Peer Group to 30 June 2020	50%	30/6/2020

Should the Absolute Total Shareholder Return (ATSR) be above 20% for the performance period, 50% of the performance rights will vest. Pro rata vesting applies between ATSR 10-20% to a threshold of 10% where 25% of the performance rights will vest. Should the ATSR be less than 10%, the performance rights will lapse.

Relative Total Shareholder Return (RTSR) is a measure of investment returns against a select comparator group of peer companies. The peer group is made up of the following ASX listed companies (DCN, GCY, BLK, DRM, BDR, KIN, PNR, PRU, RMS, SLR). Should the Company be ranked at or above the 75th percentile, 50% of the performance rights will vest. If the Company is ranked between the 50th and 75th percentile, the performance rights will vest on a pro rata basis down to the 50th percentile where 25% of the performance rights would vest. The performance rights will lapse if the Company falls below the 50th percentile against its peers.

Should an executive leave the company due to resignation or termination for cause, any unvested performance rights will lapse. The Board reserves the right to use its discretion in the event of termination without cause.

Should there be a change of control of the Company, the Board at its discretion may determine the treatment and timing of any unvested performance rights.

Should there be a fatality during the vesting period, all performance rights will be forfeited.

No performance rights have vested in 2017 and therefore measurement against the performance criteria is not required.

DIRECTORS AND KEY MANAGEMENT REMUNERATION

Details of the nature and amount of each major element of remuneration of each Director of the Company and other executives are:

	Short Term			Post-Employment	Share-Based Payments		Long Term	Termination benefits	Total	Portion of remuneration Performance Related
	Salary and Fees	STI cash bonus	Non-monetary Benefits	Superannuation	Options	Rights	Long Service Leave			
2017	\$	\$	\$	\$	\$		\$	\$	\$	
Non-executive Directors										
R Procter ¹	15,000	-	-	-	180,612	-	-	-	195,612	92%
G Bittar	97,000	-	-	-	249,723	18,815	-	-	365,538	73%
M Chye	60,000	-	-	-	-	-	-	-	60,000	-
T Kennedy	60,000	-	-	-	106,000	18,815	-	-	184,815	68%
P Lester ²	50,000	-	-	-	70,775	18,815	-	-	139,590	64%
Executives										
P Cash ³	376,913	46,500	-	37,989	22,785	116,007	-	-	600,194	23%
D Will ⁴	193,808	20,000	-	17,100	-	95,384	-	-	326,292	29%
R Parry ⁵	48,781	-	-	4,309	-	13,074	-	-	66,164	20%
R Hill ⁶	197,676	31,000	-	20,779	31,415	-	4,635	173,590	459,095	7%
G Dovaston ⁷	80,167	-	-	25,191	82,609	-	2,752	185,000	375,719	22%
Total	1,179,345	97,500	-	105,368	743,919	280,910	7,387	358,590	2,773,019	

REMUNERATION REPORT (AUDITED)

DIRECTORS AND KEY MANAGEMENT REMUNERATION (CONTINUED)

2016	Short Term			Post-Employment	Share-Based Payments	Long Term	Termination benefits	Total	Portion of remuneration Performance Related
	Salary and Fees	Cash bonus	Non-monetary Benefits	Super-annuation	Options	Long Service Leave			
	\$	\$	\$	\$	\$	\$	\$	\$	
Non-executive Directors									
R Procter	90,000	-	-	-	158,908	-	-	248,908	64%
M Chye	60,000	-	-	-	-	-	-	60,000	-
T Kennedy	40,000	-	-	-	44,792	-	-	84,792	53%
R Gillon	35,000	-	-	-	254,640	-	-	289,640	88%
Executive Director									
G Bittar	171,000	-	-	-	302,918	-	-	473,918	64%
Executives									
G Dovaston	375,858	67,083	-	35,665	57,082	-	-	535,688	23%
R Hill	290,796	30,479	-	28,359	21,707	6,952	-	378,293	14%
P Cash	241,667	-	-	22,959	24,673	-	-	289,299	9%
P Manton	185,057	4,956	-	23,507	-	-	80,000	293,520	2%
Total	1,489,378	102,518	-	110,490	864,720	6,952	80,000	2,654,058	

Details of the nature and amount of each major element of remuneration of each Director of the Company and other executives are:

1. Mr Procter retired on 28 February 2017.
2. Mr Lester was appointed on 1 March 2017.
3. Mr Cash commenced with the Company on 1 March 2016 in the role of General Manager – Corporate Development and took on the role of Chief Executive Officer on 17 March 2017 and is determined to be a KMP on 1 March 2016.
4. Mr Will commenced with the company on 3 July 2017.
5. Mr Parry Joined the company on 6 November 2017.
6. Mr Hill resigned from the company on 1 September 2017. Under Mr Hill's Deed of Settlement and Release, as approved by the Board, he was provided with a termination benefit of 6 months' salary based on an annual salary of \$291,184.
7. Mr Dovaston resigned from his position as Chief Executive Officer on 17 March 2017. Under Mr Dovaston's Deed of Settlement and Release, as approved by the board, he was provided with a termination benefit of 6 months' salary based on an annual salary of \$370,000.

REMUNERATION REPORT (AUDITED)

EXECUTIVE EMPLOYMENT AGREEMENTS

The Company has entered into executive employment agreements with each Key Management Person (KMP). No service contract specifies a term of employment or entitlement to performance based incentives. The table below contains a summary of the key contractual provisions of the contracts of employment for the executive KMP.

Condition	Chief Executive Officer	Chief Operating Officer	Chief Financial Officer
Employer initiated termination			
- with reason	6 months	3 months	3 months
- incapacity (illness/injury)	6 months	3 months	3 months
- redundancy	6 months	3 months	3 months
- serious misconduct	Immediate	Immediate	Immediate
Employee initiated termination			
- resignation	3 months	3 months	3 months
Prescribed conditions – within one month of event occurring			
- change in control	50% of annual salary	50% of annual salary	50% of annual salary
- change to executive Conditions	25% of annual salary	25% of annual salary	25% of annual salary

NON-EXECUTIVE DIRECTORS

Total remuneration for all non-executive directors, last voted upon by the shareholders at the 2007 AGM, is not to exceed \$350,000 per annum. At the date of this report, total non-executive directors' base fees are \$282,000 per annum.

Non-executive directors' fees cover all main board activities and membership of board committees. Non-executive directors have a written agreement setting out terms of their appointment and do not receive any benefits on retirement.

SHARE-BASED PAYMENTS – OPTIONS AND RIGHTS GRANTED, VESTED AND OUTSTANDING DURING THE YEAR

	Granted		Terms and conditions for each grant				Vested	
	Number	Grant date	Fair value per option at grant	Exercise price per option	Expiry date	Vesting date	Number	% vested during the year
Non-executive Directors								
T Kennedy	1,200,000	29 May 2017	\$0.106	\$0.184	3 Jun 2020	31 May 2018	-	-
	1,200,000	29 May 2017	\$0.106	\$0.184	3 Jun 2020	31 May 2019	-	-
P Lester	1,200,000	29 May 2017	\$0.079	\$0.450	31 Jan 2021	8 Feb 2019	-	-
	1,200,000	29 May 2017	\$0.079	\$0.450	31 Jan 2021	8 Feb 2020	-	-
		Value of options granted during the year		Value of options exercised during the year		Value of options expired/forfeited during the year	Remuneration consisting of share options for the year	
		\$		\$		\$		
Non-executive Directors								
T Kennedy		254,400		-		-		64%
P Lester		189,600		-		-		59%

REMUNERATION REPORT (AUDITED)

SHARE-BASED PAYMENTS – OPTIONS GRANTED, VESTED AND OUTSTANDING DURING THE YEAR (CONTINUED)

No options were issued to the KMP during the year, other than those listed above.

The fair value of the options granted during the year has been estimated using the Black-Scholes option pricing formula, taking into account the terms and conditions upon which the options were granted. The inputs used to calculate the fair value of these options are set out below.

Grant date	29 May 2017	29 May 2017
Share price at grant date	\$0.190	\$0.190
Exercise price	\$0.184	\$0.450
Risk-free interest rate	1.69%	1.69%
Expected volatility	85%	85%
Expected life	3 – 4 years	3 – 4 years
Fair value per option at grant date	\$0.106	\$0.079

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

PERFORMANCE RIGHTS	GRANTED			NUMBER OF RIGHTS GRANTED DURING THE YEAR						% vested during the year	% forfeited during the year	
	Vesting condition	Grant date	Fair Value at Grant date	Test Date	P Cash	D Will	R Parry	G Bittar*	T Kennedy*			P Lester*
Tranche 1												
Relative TSR	18 Aug 17	\$0.1362	31 Dec 18	1,125,000	925,000						-	-
Absolute TSR	18 Aug 17	\$0.1216	31 Dec 18	1,125,000	925,000						-	-
Relative TSR	31 Oct 17	\$0.1085	31 Dec 18			312,500					-	-
Absolute TSR	31 Oct 17	\$0.0877	31 Dec 18			312,500					-	-
Relative TSR	31 Dec 17	\$0.1121	31 Dec 18				225,000	225,000	225,000		-	-
Absolute TSR	31 Dec 17	\$0.0958	31 Dec 18				225,000	225,000	225,000		-	-
Tranche 2												
Relative TSR	18 Aug 17	\$0.1359	30 Jun 20	1,125,000	925,000						-	-
Absolute TSR	18 Aug 17	\$0.1240	30 Jun 20	1,125,000	925,000						-	-
Relative TSR	31 Oct 17	\$0.1154	30 Jun 20			312,500					-	-
Absolute TSR	31 Oct 17	\$0.1038	30 Jun 20			312,500					-	-
Relative TSR	31 Dec 17	\$0.1205	30 Jun 20				225,000	225,000	225,000		-	-
Absolute TSR	31 Dec 17	\$0.1081	30 Jun 20				225,000	225,000	225,000		-	-
				4,500,000	3,700,000	1,250,000	900,000	900,000	900,000			
Value of rights granted during the year				\$582,413	\$478,873	\$129,813	\$98,212	\$98,212	\$98,212			

*Rights listed for the directors are subject to shareholders' approval. For accounting purposes under AASB 2 "Share Based Payments" where grant date occurs after year end, the estimated value of the grant is the end of the reporting period 31 December 2017. Once the grant has been established, the estimated fair value of the share-based payment shall be revised to use the fair value of the shares on the actual grant date. Grant date will be set at the next annual general meeting.

REMUNERATION REPORT (AUDITED)

SHARE-BASED PAYMENTS – OPTIONS GRANTED, VESTED AND OUTSTANDING DURING THE YEAR (CONTINUED)

The fair value at grant date of the Absolute Total Shareholder Return was estimated using a Monte Carlo simulation, while a correlated simulation that simultaneously calculates the Total Shareholder Return of the Company and each constituent of the Peer Group on a risk neutral basis as at the vesting date with regards to the performance period, was used to estimate the fair value at grant date of the Relative Total Shareholder Return.

The table below details the inputs used to calculate the fair value of the performance rights:

Grant date	18 August 2017		31 October 2017		31 December 2017	
	ATSR	RTSR	ATSR	RTSR	ATSR	RTSR
Tranche 1						
Share price at grant date	\$0.185	\$0.185	\$0.155	\$0.155	\$0.170	\$0.170
Performance commencement date	1 Jul 17	1 Jul 17	1 Jul 17	1 Jul 17	1 Jul 17	1 Jul 17
Performance measurement date	31 Dec 18	31 Dec 18	31 Dec 18	31 Dec 18	31 Dec 18	31 Dec 18
Vesting date	31 Dec 17	31 Dec 17	31 Dec 17	31 Dec 17	31 Dec 17	31 Dec 17
Performance period (years)	1.50	1.50	1.50	1.50	1.50	1.50
Remaining life (years)	1.37	1.37	1.17	1.17	1.00	1.00
Expected volatility	97%	97%	96%	96%	92%	92%
Risk free interest rate	1.76%	1.76%	1.82%	1.82%	2.00%	2.00%
Fair value per right at grant date	\$0.1216	\$0.1362	\$0.0877	\$0.1085	\$0.0958	\$0.1121
Total number of rights	4,382,558	4,382,558	312,500	312,500	675,000	675,000
Tranche 2						
Share price at grant date	\$0.185	\$0.185	\$0.155	\$0.155	\$0.170	\$0.170
Performance commencement date	1 Jan 19	1 Jan 19	1 Jan 19	1 Jan 19	1 Jan 19	1 Jan 19
Performance measurement date	30 Jun 20	30 Jun 20	30 Jun 20	30 Jun 20	30 Jun 20	30 Jun 20
Vesting date	30 Jun 20	30 Jun 20	30 Jun 20	30 Jun 20	30 Jun 20	30 Jun 20
Performance period (years)	1.50	1.50	1.50	1.50	1.50	1.50
Remaining life (years)	2.87	2.87	2.67	2.67	2.50	2.50
Expected volatility	97%	97%	96%	96%	92%	92%
Risk free interest rate	1.93%	1.93%	1.96%	1.96%	2.13%	2.13%
Fair value per right at grant date	\$0.1240	\$0.1359	\$0.1038	\$0.1154	\$0.1081	\$0.1205
Total number of rights	4,382,558	4,382,558	312,500	312,500	675,000	675,000

REMUNERATION REPORT (AUDITED)

SHARE-BASED PAYMENTS – OPTIONS GRANTED, VESTED AND OUTSTANDING DURING THE YEAR (CONTINUED)

Details of the performance criteria are included in the long term incentives discussion on page 32.

The movement during the reporting period, by number of options over ordinary shares in Millennium Minerals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

						VESTED AT 31 DECEMBER 2017	
	Held at start of period	Granted as remuneration	Exercised	Held at date of resignation	Held at end of period	Exercisable	Not exercisable
OPTIONS							
Non-executive Directors							
G Bittar	6,100,000	-	-	-	6,100,000	3,050,000	3,050,000
T Kennedy	-	2,400,000	-	-	2,400,000	-	-
P Lester	-	2,400,000	-	-	2,400,000	-	-
Executive							
P Cash	2,700,000	-	-	-	2,700,000	1,350,000	1,350,000
R Hill	2,700,000	-		2,700,000	2,700,000	2,700,000	-
G Dovaston	7,100,000	-	-	7,100,000	7,100,000	7,100,000	-
PERFORMANCE RIGHTS							
Non-executive Directors							
G Bittar*	-	900,000	-	-	900,000	-	-
T Kennedy*	-	900,000	-	-	900,000	-	-
P Lester*	-	900,000	-	-	900,000	-	-
Executive							
P Cash	-	4,500,000	-	-	4,500,000	-	-
D Will	-	3,700,000	-	-	3,700,000	-	-
R Parry	-	1,250,000	-	-	1,250,000	-	-

*Rights listed for the directors are subject to shareholders' approval. For accounting purposes under AASB 2 "Share Based Payments" where grant date occurs after year end, the estimated value of the grant is the end of the reporting period 31 December 2017. Once the grant has been established, the estimated fair value of the share-based payment shall be revised to use the fair value of the shares on the actual grant date. Grant date will be set at the next annual general meeting.

REMUNERATION REPORT (AUDITED)

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

As required by the *Corporations Act 2001*, the Company's financial performance across various indices over the past five years is set out as below:

	FY17	FY16	FY15	FY14	FY13
(Loss)/profit after income tax expense from continuing operations	(5,604)	17,059	22,885	(117,954)	41,689
Reported basic earnings per share from continuing operations (EPS) (cents)	(0.72)	2.25	10.81	(54.18)	1.54
Dividends paid (cents)	-	-	-	-	-
Share price at 31 December (cents)	17	22.5	3.9	3.7	19
Total Shareholder Return (TSR) (%)	(24)	477	5	(81)	(69)

Given the Company's profit performance in recent years the FY2018 STI plan is designed to incentivise the achievement of a much-improved EBIT target in that year. Similarly, the current LTI Plan is intended to drive growth in TSR, which will benefit shareholders through increases in the price of their shares and/or the payment of dividends.

MOVEMENTS IN SHARES

The movement during the reporting period in the number of shares in Millennium Minerals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 Jan 2017	Received on exercise of options	Other changes*	Held at time of resignation	Held at 31 Dec 2017
Non-executive Directors					
G Bittar	2,700,000	-	-	-	2,700,000
Executives					
P Cash	1,500,000	-	730,000	-	2,230,000
R Hill	186,665	-	-	186,665	-
G Dovaston	4,050,000	-	(700,000)	3,350,000	-

* Other changes represent shares that were purchased or sold during the year.

LOANS AND OTHER TRANSACTIONS

There were no related party transactions between the Company and key management personnel during the year.

Signed in accordance with a resolution of the Directors.



Gregory Bittar
Chairman
Perth, Western Australia



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Millennium Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Millennium Minerals Limited for the financial year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta', with a stylized flourish at the end.

R Gambitta
Partner

Perth

29 March 2018

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
Revenue	3	115,620	141,591
Cost of goods sold	4	(112,575)	(115,725)
Gross profit		3,045	25,866
Other income	3	337	162
Administrative and other expenses	5	(6,223)	(5,745)
Exploration expenditure impaired	11	(1,143)	(145)
Operating (loss)/ profit		(3,984)	20,138
Finance income	17	401	1,437
Finance costs	17	(2,021)	(4,516)
(Loss)/Profit before tax		(5,604)	17,059
Income tax expense	6	-	-
Net (loss)/profit attributable to members		(5,604)	17,059
Other comprehensive income			
Other comprehensive income		-	-
Income tax relating to items of comprehensive income		-	-
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(5,604)	17,059
Basic earnings per share (cents per share)	7	(0.72)	2.25
Diluted earnings per share (cents per share)	7	(0.72)	2.19

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	17,898	25,175
Trade and other receivables	9	3,123	2,601
Inventories	10	18,197	16,564
Other financial assets	19	130	1,395
Total current assets		39,348	45,735
Non-current assets			
Exploration and evaluation assets	11	32,387	20,120
Mine properties	12	18,472	17,040
Property, plant and equipment	13	19,458	23,123
Total non-current assets		70,317	60,283
Total assets		109,665	106,018
LIABILITIES			
Current liabilities			
Trade and other payables	15	19,561	10,030
Provisions	16	1,041	1,080
Lease liabilities	18	234	-
Other financial liabilities	19	198	-
Total current liabilities		21,034	11,110
Non-current liabilities			
Provisions	16	17,285	19,174
Lease liabilities	18	242	-
Total non-current liabilities		17,527	19,174
Total liabilities		38,561	30,284
Net assets		71,104	75,734
EQUITY			
Issued capital	20	165,281	165,152
Reserves	20	6,306	5,461
Accumulated losses		(100,483)	(94,879)
Total Equity		71,104	75,734

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued capital \$'000	Share option reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2017	165,152	5,461	(94,879)	75,734
Net loss for the year	-	-	(5,604)	(5,604)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(5,604)	(5,604)
Transactions with owners				
Share-based payments expense	-	845	-	845
Shares issued, net of transaction costs	129	-	-	129
Total transactions with owners	129	845	-	974
Balance at 31 December 2017	165,281	6,306	(100,483)	71,104
Balance at 1 January 2016	163,185	4,387	(111,938)	55,634
Net profit for the year	-	-	17,059	17,060
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	17,059	17,060
Transactions with owners				
Share-based payments expense	-	1,074	-	1,074
Shares issued, net of transaction costs	1,967	-	-	1,967
Total transactions with owners	1,967	1,074	-	3,041
Balance at 31 December 2016	165,152	5,461	(94,879)	75,734

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts in the course of operations		116,019	137,353
Payments in the course of operations		(85,505)	(95,445)
Interest received		315	155
Net cash from operating activities	8	30,829	42,063
Cash flows from investing activities			
Payments for acquisition of tenements	11	(15)	(1,807)
Payments for property, plant and equipment	13	(2,050)	(77)
Proceeds from sale of assets		-	10
Payments for mineral exploration areas and evaluation	11	(23,308)	(14,258)
Payments for development of mining properties	12	(12,740)	(10,041)
Net cash used in investing activities		(38,113)	(26,173)
Cash flows from financing activities			
Repayment of leases and borrowings		(81)	(3,997)
Interest paid		(8)	(98)
Proceeds from issue of shares		129	1,977
Payments for transaction costs		(33)	(11)
Net cash from/used in financing activities		7	(2,129)
Net (loss)/ increase in cash and cash equivalents		(7,277)	13,761
Cash and cash equivalents at 1 January		25,175	11,414
Cash and cash equivalents at 31 December	8	17,898	25,175

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

Millennium Minerals Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is:

Millennium Minerals Limited
Ground Floor
10 Kings Park Road
West Perth WA 6005

The nature of the operations and principal activities of the company are described in the Directors' Report.

(A) BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board (AASB) and complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost basis except for assets and liabilities which are required to be measured at fair value.

The financial statements were authorised for issue by the Board of Directors on 29 March 2017.

All amounts are presented in Australian dollars and the values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with ASIC Instrument 2016/191.

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

All new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of Company from the early adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 31 December 2017 are as follows:

AASB 9 Financial Instruments – Application date of standard 1 January 2018

This standard addresses the clarification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The adoption of AASB 9 did not have a material impact on the Company's financial statements and disclosure.

AASB 16 Leases – Application date of standard 1 January 2019

This standard removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expenses from most leases, even when they pay constant rentals.

The Company is currently assessing the impact of the new standard on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

AASB 15 Revenue from Contracts with Customers – Application date of standard 1 January 2018

This standard replaces AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principles that revenue is recognised when control of a good or service transfers to a customer. It permits either a full retrospective or a modified retrospective approach for the adoption.

The adoption of AASB 15 did not have a material impact on the Company's financial statements and disclosure.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(B) KEY ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial position reported in future periods.

Determination of Mineral Resources and Ore Reserves

The determination of mineral resources and ore reserves impacts the accounting for asset carrying values. Millennium Minerals Limited estimates its mineral resources and ore reserves in accordance with the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (the "JORC" code). The information on minerals resources and ore reserves was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the Mineral Resources and Ore Reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in ore reserves being restated.

This determination of mineral resources and ore reserves will impact the quantification of depreciation, amortisation and rehabilitation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) KEY ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

Recovery of Deferred Tax Assets

Judgment is required in determining whether the deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing laws in Australia.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in Australia could limit the ability of the Company to obtain tax deductions in future periods.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of non-current assets

The recoverable amount of the Company's non-current assets are reviewed at each reporting period to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit and loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, as well as the timing of the cash flows and expected life of the relevant area of interest, exchange rates, commodity prices, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the asset cash-generating unit, and accordingly could result in an adjustment to the carrying amount of that asset or cash-generating unit.

Factors that could impact the future recoverability of non-current assets include the level of reserves and resources, plant performance, costs of production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Impairment of exploration assets

The recoverable amount of the Company's exploration and evaluation assets are reviewed at each reporting period to determine if there is any indication of impairment.

Exploration and evaluation assets are tested for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability is unlikely, or (ii) facts and circumstances suggest the carrying value exceeds the recoverable amount. The application of this policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available and could have a material impact on the carrying value of exploration and evaluation assets. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is tested for impairment in the period when the new information becomes available.

Mine rehabilitation provision

The Company assesses its mine rehabilitation provision yearly in accordance with the accounting policy stated in note 16. Significant judgment is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect this liability include future development, changes in technology, changes in rehabilitation regulations, commodity price changes and changes in interest rates. When these factors change, or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known, which in turn would impact future financial results.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. SEGMENT INFORMATION

The Company operates predominantly in one operating segment, being the exploration, development, mining and processing of gold in the East Pilbara region of Western Australia. This operating segment is based on the internal reports that are reviewed by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

The Chief Operating Decision Makers review EBITDA (earnings before income tax, depreciation and amortisation) monthly. The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements. Additionally, the Company's customers are all located within Australia.

3. REVENUE

Accounting policies

GOLD AND CONCENTRATE SALES

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The specific recognition criteria for gold bullion and concentrate sales is when there has been a transfer of bullion from the Company's gold metal account to the customers, at which point the legal title passed from the Company to the customer and the selling price can be determined. Sales revenue represents gross proceeds receivable from the customer.

INTEREST

Interest revenue is accrued using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable.

	2017 \$'000	2016 \$'000
Revenue		
Sale of gold	115,502	141,423
Sale of silver	118	168
	115,620	141,591
Other income		
Interest	337	155
Gain on disposal of property	-	7
	337	162

4. COST OF GOODS SOLD

Accounting policies

COSTS OF PRODUCTION

Costs of production include direct costs incurred for mining, milling, maintenance, laboratory and mine site administration, net of costs capitalised to pre-strip and production stripping assets. This category also includes movements in the cost of inventory and net realisable value write downs.

DEPRECIATION

Depreciation of plant and equipment is calculated on a straight-line basis over each item's expected useful life to the Company.

The expected useful life of plant, equipment and buildings is the shorter of the life of the mine and the useful life of the individual item. The expected useful lives of plant and equipment are between 3 to 7 years.

The carrying amounts, useful lives and depreciation method are reviewed at each reporting date, with the effect of any changes recognised on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4. COST OF GOODS SOLD (CONTINUED)

AMORTISATION OF MINE DEVELOPMENT

Accumulated mine development costs are amortised on a unit-of-production (UOP) basis, over the economically recoverable life of the mine. These calculations require the use of estimates and assumptions in relation to reserves and resources. These estimates and assumptions are reviewed annually and changes to these estimates and assumptions may impact the amortisation charge in the Statement of Profit and Loss and Other Comprehensive Income and asset carrying values.

The UOP rate for the amortisation of mine development costs takes into account expenditures incurred to date. The Company uses ounces mined over mineable inventory as its basis of depletion of mine development.

	2017 \$'000	2016 \$'000
Cost of goods sold		
Costs of production	82,803	85,694
Royalties	4,458	8,092
Depreciation of plant and equipment	6,291	10,523
Amortisation of mine development	19,023	11,416
	112,575	115,725

5. ADMINISTRATIVE AND OTHER EXPENSES

Accounting policies

EMPLOYEE BENEFIT EXPENSES

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, and annual leave are recognised as employee benefits in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits on-costs

Employee benefit on-costs including payroll tax and superannuation guarantee charges are charged as expenses when incurred.

(iii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to a reporting date. The obligation is discounted using the high quality corporate bond rate at reporting date with maturity dates commensurate with the terms of the Company's obligations.

	2017 \$'000	2016 \$'000
Corporate expenses	1,423	1,769
Investors relations	238	297
Statutory compliance	94	164
Directors fees	282	396
Business development and projects	831	-
Employee benefit expenses	2,280	1,894
Impairment write-down of inventory	43	-
Superannuation	187	152
Share-based payments	845	1,073
	6,223	5,745

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

5. ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

SHARE-BASED PAYMENTS

Share-based compensation benefits are provided to employees and directors via a Share Option Plan and Performance Rights as discussed in note 21.

6. INCOME TAXES

Income tax comprises current and deferred tax.

Accounting policy

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted and substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	2017 \$'000	2016 \$'000
The major components of income tax expenses are:		
CURRENT INCOME TAX		
Current income tax expense	-	-
Adjustment in respect of income tax of previous years	-	-
Deferred income tax	-	-
Relating to the origination and reversal of temporary difference	-	-
Adjustment in respect of income tax of previous years	-	-
Income tax expense reported in the statement of comprehensive income	-	-
Numerical reconciliation of income tax expense to prima facie tax payable		
Accounting (loss)/profit before income tax	(5,604)	17,059
Tax at statutory income tax rate of 30%	(1,681)	5,118
Adjustments in respect of current year income tax		
Share-based payments	253	322
Other non-deductible expenses	15	2
Deferred tax assets not recognised	1,413	(3,361)
Recoupment of prior year losses not previously recognised	-	(2,081)
Income tax expense reported in the statement of comprehensive income	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

6. INCOME TAXES (CONTINUED)

	Balance Sheet 2017 \$'000	Balance Sheet 2016 \$'000	Net Movement 2017 \$'000	Net Movement 2016 \$'000
Deferred tax assets				
Property, plant and equipment	1,807	357	1,450	(2,149)
Mine properties	4,336	5,535	(1,199)	(2,060)
Trade and other payables	62	57	5	14
Provisions	5,511	6,076	(565)	2,381
R&D tax offsets carried forward	7,085	7,085	-	53
Tax losses carried forward	21,526	15,028	6,498	(2,096)
Borrowing costs	1	-	1	(360)
Derivative liabilities	59	-	59	-
Capital raising costs in equity	349	413	(64)	(111)
Gross deferred tax assets	40,736	34,551	6,185	(4,328)
Deferred tax liabilities				
Exploration & evaluation expenditure	(9,576)	(5,901)	(3,675)	(3,699)
Mine rehabilitation asset	(1,196)	(2,782)	1,586	(1,273)
Deferred Waste Asset	(1,372)	-	(1,372)	-
Fuel tax credits	(192)	(171)	(21)	(171)
Inventories	(366)	-	(366)	-
Prepayments	(19)	(13)	(6)	(13)
Derivative assets	(39)	(418)	379	(418)
Gross deferred tax liabilities	(12,760)	(9,285)	(3,475)	(5,574)
Net deferred tax assets not brought to account	27,976	25,266	2,710	(9,902)

The benefit of tax losses not brought to account for the 2017 year will only be obtained if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility is imposed by the tax legislation continue to be complied with; and
- (iii) the Company is able to meet the continuity of ownership and/or continuity of business tests.

Revenue tax losses of \$71.8 million (2016: \$50.1 million) and a R&D tax offset of \$23.6 million (2016: \$23.6 million) are available for offsetting against future taxable profits subject to continuing to meet the relevant statutory tests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

7. EARNINGS PER SHARE

Accounting policy

Earnings per share (EPS) is the amount of post-tax profits attributable to each share. The Company presents basic and diluted EPS data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise listed options and all unlisted share options granted but not necessarily exercised.

	2017 \$'000	2016 \$'000
Earnings used in calculating EPS		
Net (loss)/ profit attributable to ordinary shareholders	(5,604)	17,059
Weighted average number of shares		
	Number of shares	Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	781,349,242	758,013,916
Adjustments for calculation of diluted earnings per share:		
Options	-	20,425,381
Weighted average number of ordinary and potential shares used as the denominator in calculating diluted earnings per share	781,349,242*	778,439,297

*Potential ordinary shares were not considered to be dilutive as the Company made a loss for the year ended 31 December 2017 and the exercise of potential shares would not increase that loss.

8. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents include cash on hand and in banks.

	2017 \$'000	2016 \$'000
Cash at bank and on hand	17,898	25,175

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

8. CASH AND CASH EQUIVALENTS (CONTINUED)

Reconciliation to the statement of cash flows

Reconciliation of net (loss)/profit after tax to net cash flows from operating activities:

	2017 \$'000	2016 \$'000
(Loss)/Profit for the year	(5,604)	17,059
Non-Cash Expenses & Other Adjustments:		
Depreciation and amortisation	25,314	21,939
Impairment of exploration and evaluation asset	1,143	145
Unwinding of rehabilitation	520	161
Finance costs	38	116
Unrealised loss/(gain) on forward contracts	67	(1,437)
Realised loss on forward contracts	1,396	-
Gain on disposal of property and tenements	-	(7)
Share-based payments	845	1,073
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	(522)	(187)
(Increase)/decrease in inventories	(1,633)	1,822
(Increase)/decrease in other assets	(194)	252
Increase in trade and other payables	9,531	712
(Decrease)/increase in provision for employee benefits	(72)	415
Net cash from operating activities	30,829	42,063

9. TRADE AND OTHER RECEIVABLES

Accounting policies

RECEIVABLES

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The only material receivables at year end are for GST and fuel tax credits receivable from the Australian Taxation Office.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be approximate fair value.

	2017 \$'000	2016 \$'000
Current		
GST receivable	733	583
Diesel fuel credit receivable	640	569
Secured deposits	20	20
Refundable deposits	76	76
Sundry debtors	20	568
Prepayments	1,634	785
	3,123	2,601

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

10. INVENTORIES

Accounting policy

Finished goods, bullion, gold in circuit and stockpiles of unprocessed ore are valued at the lower of cost and net realisable value.

Cost is determined on the basis of weighted average costs and comprises the costs of direct materials and the costs of production which include:

- Labour costs, materials and contractor expenses and production overheads which are directly attributable to the extraction and processing of ore;
- Depreciation of property plant and equipment used in the extraction and processing of ore; and
- Amortisation of capitalised mine development for the area from which the ore is extracted.

Net realisable value tests are performed at each reporting date. Net realisable value is determined with reference to the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product, including royalties.

Consumables are valued at the lower of cost and net realisable value.

	2017 \$'000	2016 \$'000
Current		
Consumables	3,368	2,972
Critical spares	320	-
Ore stockpile at cost	7,426	10,176
Gold in circuit at cost	3,348	905
Bullion on hand at cost	3,735	2,511
	18,197	16,564

11. EXPLORATION AND EVALUATION ASSETS

Accounting policy

Exploration and evaluation assets include the costs of acquiring licences as well as the costs associated with exploration and evaluation activity. Exploration and evaluation expenditure is capitalised on an area of interest basis.

Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area are current and provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations, in, or relating to, the area are continuing.

Exploration and evaluation assets are tested for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability is unlikely, or (ii) facts and circumstances suggest the carrying value exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units (CGU) to which the exploration activity relates. The CGU is not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and extraction activities has commenced, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mine development.

The application of the above policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

11. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	2017 \$'000	2016 \$'000
Opening balance at 1 January	20,120	7,341
Expenditure capitalised for the year	23,308	14,258
Acquisition of tenements (i)	15	1,807
Reclassification to mine development	(9,913)	(3,141)
Impairment (ii)	(1,143)	(145)
Closing balance at 31 December	32,387	20,120

(i) *Acquisition of tenements*

In September 2017, the Company acquired a 100% interest in 2 tenements for \$15,000 from Wakeford Holdings Pty Ltd

(ii) *Impairment*

The impairment relates to the relinquishment of tenements in areas of interest where no future exploration and evaluation activities are expected, and the carrying amount of the exploration expenditure relating to these areas was written down to \$0.

12. MINE PROPERTIES

Accounting policies

MINE DEVELOPMENT COSTS

Mine development represents expenditure in respect of exploration, evaluation, feasibility and pre-production operating costs incurred previously and carried forward in relation to areas of interest in which mining has now commenced. Mine development is stated at cost, less accumulated amortisation and accumulated impairment losses.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, mine development costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for mine development costs.

Accumulated mine development costs are amortised on a unit-of-production (UOP) basis over the economically recoverable life of the mine. The UOP rate for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date. The UOP is ounces mined.

STRIPPING COSTS

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of-production (UOP) basis. These form part of mine development costs.

Stripping costs incurred subsequently during the production stage of operations are deferred to the extent that the current period strip ratio (i.e. the ratio of waste to ore) exceeds the life of mine strip ratio.

Such deferred costs are then charged to the Statement of Comprehensive Income to the extent, in subsequent periods, the current period ratio falls short of life of mine strip ratio. The calculated strip ratio and the remaining life of mine are reassessed annually. Changes are accounted for prospectively from the date of change.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

12. MINE PROPERTIES (CONTINUED)

STRIPPING COSTS (CONTINUED)

	Production Stripping cost \$'000	Other Mine Properties \$'000	Total \$'000
Net carrying amount at 1 January 2017	-	17,040	17,040
Additions	10,273	2,467	12,740
Transfers from exploration and evaluation assets	-	9,913	9,913
Rehabilitation provision adjustment	-	(2,198)	(2,198)
Amortisation expense	(5,698)	(13,325)	(19,023)
Net carrying amount at 31 December 2017	4,575	13,897	18,472
Net carrying amount at 1 January 2016	-	8,026	8,026
Additions	-	10,041	10,041
Transfers from exploration and evaluation assets	-	3,141	3,141
Transfers from work in progress	-	129	129
Rehabilitation provision adjustment	-	7,119	-
Amortisation expense	-	(11,416)	(11,416)
Net carrying amount at 31 December 2016	-	17,040	17,040

13. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Items of property, plant and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition, installation and commissioning of an item.

Costs subsequent to the initial recognition of an asset are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated on a straight-line basis over each item's expected useful life to the Company.

The expected useful life of property, plant and equipment is the shorter of the life of the mine and the useful life of the individual item.

The gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

	Plant and equipment \$'000	Land and buildings \$'000	Critical spares \$'000	Infra- structure \$'000	Leased Assets \$'000	Capital works in progress \$'000	Total \$'000
2017							
At cost	60,034	2,485	1,980	43	576	1,871	66,989
Accumulated Depreciation	(44,628)	(1,043)	(1,723)	(33)	(104)	-	(47,531)
Closing carrying amount	15,406	1,442	257	10	472	1,871	19,458
Reconciliation of carrying amounts							
Opening carrying amount	21,268	1,442	397	15	-	1	23,123
Additions	-	-	-	-	576	2,050	2,626
Transfer / reclassification	180	-	-	-	-	(180)	-
Depreciation expense	(6,042)	-	(140)	(5)	(104)	-	(6,291)
Closing carrying amount	15,406	1,442	257	10	472	1,871	19,458

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2016	Plant and equipment \$'000	Land and buildings \$'000	Critical spares \$'000	Infra- structure \$'000	Capital works in progress \$'000	Total \$'000
At cost	59,854	2,485	1,980	43	1	64,363
Accumulated depreciation	(38,586)	(1,043)	(1,583)	(28)	-	(41,240)
Closing carrying amount	21,268	1,442	397	15	1	23,123
Reconciliation of carrying amounts						
Opening carrying amount	30,410	1,900	817	35	546	33,708
Additions	-	-	-	-	77	77
Transfer / reclassification	355	72	60	-	(622)	(135)
Disposal	(4)	-	-	-	-	(4)
Depreciation expense	(9,493)	(530)	(480)	(20)	-	(10,523)
Closing carrying amount	21,268	1,442	397	15	1	23,123

14. IMPAIRMENT OF ASSETS

At each reporting date, the Company assesses whether there is an indication that an asset is impaired. When an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash inflows which are largely independent of the cash flows from other assets or group of assets (cash generating units). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

No impairment triggers were identified in current or prior period and therefore there was no impairment of assets in the current or prior period, other than as disclosed in note 11.

15. TRADE AND OTHER PAYABLES

Accounting policy

TRADE PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid, together with assets ordered before the end of the financial year. The amounts are unsecured and are generally paid within 30 days of recognition.

EMPLOYEE ENTITLEMENTS

Liabilities for wages and salaries, payroll tax and superannuation guarantee charges are recognised as employee entitlements in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

15. TRADE AND OTHER PAYABLES (CONTINUED)

	2017 \$'000	2016 \$'000
Trade payables	11,129	3,922
Royalties payable	1,006	1,100
Employee entitlements	879	248
Accruals	6,261	4,563
Other payables	286	197
	19,561	10,030

16. PROVISIONS

Accounting policies

Provisions are recognised when the Company has a present obligation and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and, when, where appropriate, the risks specific to the liability.

SITE REHABILITATION

The Company records the present value of the estimated cost of legal and constructive obligations to rehabilitate and restore the operating location for areas disturbed by mining activities. The nature of rehabilitative activities includes dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. The provision is the best estimate of the present value of the expenditure required to settle the rehabilitation obligation at the reporting date, based on current legal requirements and technology.

When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining asset. Over time, the liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. This increase in the provision due to the passage of time is recognised as a finance cost in the statement of comprehensive income. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation provision when incurred prospectively from the date of change.

EMPLOYEE BENEFITS

Liabilities for wages and salaries, annual leave and any other employee benefits are measured at the amounts expected to be paid when the liabilities are settled.

An amount is recognised in "Current Provisions" (for annual leave) and "Trade and other payables" (for all other employee benefits) in respect of employees' past service at reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

The liability for long service leave and other long-term benefits is measured at the present value of the estimated future cash flows resulting from employees' services provided up to the reporting date.

	2017 \$'000	2016 \$'000
Current		
Employee benefits	1,041	1,080
	1,041	1,080
Non-current		
Employee benefits	567	600
Rehabilitation	16,718	18,574
	17,285	19,174

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

16. PROVISIONS (CONTINUED)

	2017 \$'000	2016 \$'000
Provision for mine rehabilitation		
Balance at 1 January	18,574	11,052
Unwinding of discount	520	161
Provisions used during the year	(179)	(1,194)
Provisions made/re-measured during the year	(2,197)	8,555
Balance at 31 December	16,718	18,574

17. BORROWINGS AND NET FINANCE COSTS

Accounting policy

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

	2017 \$'000	2016 \$'000
Current		
Borrowings	-	-
NET FINANCE COSTS		
	2017 \$'000	2016 \$'000
Unrealised gain on gold forward contracts	-	1,437
Realised gain on gold forward contracts	401	-
Finance income	401	1,437
Interest expenses on borrowing and finance lease liabilities	(8)	(52)
Borrowing costs	(30)	(64)
Unwinding of rehabilitation	(520)	(161)
Unrealised loss on gold forward contracts	(67)	-
Realised loss on gold forward contracts	(1,396)	(4,239)
Finance costs	(2,021)	(4,516)
Net finance costs	(1,620)	(3,078)

18. LEASE LIABILITIES

Accounting policy

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

18. LEASE LIABILITIES (CONTINUED)

	2017 \$'000	2016 \$'000
Current		
Lease liabilities	234	-
	234	-
Non-current		
Lease liabilities	242	-
	242	-

19. OTHER FINANCIAL LIABILITIES

DERIVATIVES

Accounting policy

The Company uses derivative financial instruments such as gold forward sales contracts to manage the risk associated with commodity price fluctuations.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. The fair value of derivative financial instruments that are traded on an active market is determined using appropriate valuation techniques (refer note 23).

On 5 October 2016 the Company entered into a secured Common Terms Deed ("Deed") with BNP Paribas. All gold forward sales contracts at the reporting date were provided under the Deed.

The following table details the gold forward sale contracts outstanding as at the reporting date:

	Ounces of gold		Weighted Average		Fair Value	
	2017	2016	2017 \$/ounce	2016 \$/ounce	2017 \$'000	2016 \$'000
Current asset						
<i>0 – 6 months</i>						
Gold forwards	6,000	8,174	1,704.28	1,774.64	130	1,395
Current liabilities						
<i>0 – 6 months</i>						
Gold forwards	6,000	-	1,646.33	-	(198)	-

20. EQUITY

Accounting policy

The holders of ordinary shares are entitled to receive dividends as declared from time to time and, on a poll, are entitled to one vote per share at meetings of the Company. The Company does not have authorised capital or par value in respect of its issued shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

20. EQUITY (CONTINUED)

SHARE CAPITAL

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2017		2016	
	No. of shares	\$'000	No. of shares	\$'000
Ordinary shares – issued and fully paid	787,545,973	165,281	780,917,069	165,152
Movement in share capital				
Opening balance 1 January	780,917,069	165,152	742,695,372	163,185
Transaction costs	-	-	-	(10)
Exercise of employee share options (cashless)	4,998,904	-	-	-
Exercise of employee share options	1,630,000	129	38,000,000	1,902
Equity issued for tenement purchased (note 11)	-	-	221,697	75
Balance at 31 December	787,545,973	165,281	780,917,069	165,152

Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure that is appropriate for the Company's current and/or projected financial position.

The Board's policy in relation to capital management is to regularly and consistently monitor future cash flows against expected expenditures for a rolling period of up to 12 months in advance. The Board determines the Company's need for additional funding by way of either share issues or loan funds depending on market conditions at the time. The Board defines working capital in such circumstances as its excess liquid funds over liabilities, and defines capital as being the share capital of the Company, plus retained earnings, reserves and net debt.

RESERVES

Share option reserve

The share option reserve is used to record the value of share-based payments provided to employees, including KMP, as part of their remuneration, as well as non-employees.

	2017 \$'000	2016 \$'000
Opening balance at 1 January	5,461	4,387
Share based payments expense	845	1,074
Balance at 31 December	6,306	5,461

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

21. SHARE-BASED PAYMENTS

Accounting policy

The value of options/rights granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options/rights (the vesting period), ending on the date on which the relevant employees become fully entitled to the option/right (the vesting date).

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by management using a Black-Scholes option pricing model and the fair value of rights are estimated using a Monte Carlo simulation.

In valuing the equity-settled transactions, performance conditions are taken into account.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative change to the statement of comprehensive income is the product of:

- the grant date value of the option/right;
- the current best estimate of the number of options/rights that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- the expired portion of the vesting period.

Until an option/right has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

The dilutive effect, if any, of outstanding options/rights is reflected as additional share dilution in the computation of earnings per share.

EMPLOYEE SHARE OPTION PLAN (ESOP)

Options are issued under the Employee Share Options Plan (Option Plan). The objective of the Employee Share Option Plan is to link the achievement of the Company's operational targets with the remuneration received by employees charged with meeting those targets. Under the Option Plan, the board or Remuneration and Nomination Committee may issue eligible employees with options to acquire shares in future at an exercise price fixed by the board or Remuneration and Nomination Committee on grant of the options.

The vesting of all options is subject to service conditions being met whereby the recipient must meet the eligible employee criteria as defined in the Option Plan.

The fair value of the options granted during the year has been estimated using the Black-Scholes option pricing formula, taking into account the terms and conditions upon which the options were granted. The inputs used to calculate the fair value of these options are detailed in the table in the Remuneration Report on page 37.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

21. SHARE-BASED PAYMENTS (CONTINUED)

SUMMARY OF OPTIONS GRANTED

	No. of options
Opening balance 1 January 2016	64,600,000
Options issued under Employee Share Option Plan	17,400,000
Exercise of options	(38,000,000)
Options lapsed during the year	(4,200,000)
Balance at 31 December 2016	39,800,000
Options issued under Employee Share Option Plan	4,800,000
Exercise of options under Employee Share Option Plan (cashless)	(8,600,000)
Exercise of options under Employee Share Option Plan	(1,630,000)
Options lapsed during the year	(6,450,000)
Balance at 31 December 2017	27,920,000

	2017	2016
Weighted average share price at the date of exercise	\$0.19	\$0.28
Weighted average remaining contractual life	3.72 years	3.86 years
Range of exercise prices	\$0.079 - \$0.450	\$0.079 - \$0.435
Weighted average fair value of options granted during the year	\$0.08	\$0.07

Current unlisted options on issue	Expiry date	Exercise price (\$)	No. of options
Options issued under Employee Share Option Plan	18 Nov 2019	0.079	21,620,000
Options issued under Employee Share Option Plan	21 Oct 2020	0.435	1,500,000
Options issued under Employee Share Option Plan	3 June 2020	0.184	2,400,000
Options issued under Employee Share Option Plan	31 Jan 2021	0.450	2,400,000

PERFORMANCE RIGHTS

Performance Rights are used to attract, motivate and retain eligible participants and to provide them with an incentive to deliver growth and value to all shareholders.

The Performance Rights issued are split equally into two tranches. Tranche 1 has a vesting date of the 31 December 2018 and Tranche 2 has a vesting date of 30 June 2020.

The performance conditions that the Board has determined will apply to the Performance Rights are summarised below:

The fair value at grant date of the Absolute Total Shareholder Return was estimated using a Monte Carlo simulation, while a correlated simulation that simultaneously calculates the Total Shareholder Return of the Company and each constituent of the Peer Group on a risk neutral basis as at the vesting date with regards to the performance period, was used to estimate the fair value at grant date of the Relative Total Shareholder Return. The inputs used to calculate the fair value of these options are detailed in the table in the Remuneration Report on page 38.

Tranche	Performance Condition	Weighting
Tranche 1	Absolute Total Shareholder Return 20% (from 1 July 2017) to 31 Dec 2018	50%
	Relative Total Shareholder Return (from 1 July 2017) >75 th Percentile of Peer Group to 31 Dec 2018	50%
Tranche 2	Absolute Total Shareholder Return 20% (from 1 January 2019) to 30 June 2020	50%
	Relative Total Shareholder Return (from 1 January 2019) >75 th Percentile of Peer Group to 30 June 2020	50%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

21. SHARE-BASED PAYMENTS (CONTINUED)

In August 2017, the Board recommended the issue of a total of 2,700,000 Performance Rights to Messrs. G Bittar, T Kennedy and P Lester on the same performance conditions as the Company's Performance Rights Plan, subject to shareholders' approval.

22. RELATED PARTIES

KEY MANAGEMENT PERSONNEL COMPENSATION

	2017 \$	2016 \$
Short-term employee benefits	1,276,845	1,591,897
Post-employment benefits	105,368	110,489
Long-term benefits	7,387	6,952
Share-based payments	1,024,829	864,720
Termination benefits	358,590	80,000
Total compensation	2,773,019	2,654,058

INDIVIDUAL DIRECTORS AND EXECUTIVES COMPENSATION DISCLOSURES

Information regarding individual directors' and executives' compensation and equity instrument disclosures required s300A of the Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- (i) credit risk;
- (ii) liquidity risk; and
- (iii) market risk.

This note presents qualitative and quantitative information in relation to the Company's exposure to each of the above risks and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework and the development and monitoring of risk management policies. Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date, is the carrying amount of cash and cash equivalents, trade and other receivables and other financial assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Company trades only with recognised, creditworthy third parties and has adopted a policy of dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial risk from defaults.

Cash balances for the Company are held by three financial institutions who have credit ratings of AA or greater.

The Company does not have any material credit risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Company is able to meet its financial obligations through ensuring the Company has sufficient working capital and preserving the 15% share issue limit available to the Company under ASX Listing Rules.

The Company manages liquidity by monitoring present cash flows and ensuring that adequate cash reserves, financing facilities and equity raisings are undertaken to ensure that the Company can meet its obligations.

The following table analyses the Company's financial liabilities, including net and gross financial instruments, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. and hence will not necessarily reconcile with the amounts disclosed in the statement of financial position.

31 December 2017	Carrying amount \$'000	Total \$'000	2 months or less \$'000	2 – 12 months \$'000	Greater than 1 year \$'000
Trade and other payables	19,561	19,561	18,925	636	-
Finance lease liabilities	476	476	39	195	242
Derivative liabilities	198	198	152	46	-
Total	20,235	20,235	19,116	877	242

31 December 2016	Carrying amount \$'000	Total \$'000	2 months or less \$'000	2 – 12 months \$'000	Greater than 1 year \$'000
Trade and other payables	10,030	10,030	10,030	-	-
Total	10,030	10,030	10,030	-	-

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company is only exposed to interest rate risk through its cash deposits, which attract variable interest rates. The Company monitors interest rates of the major banks and invests appropriately.

At balance date, the Company had minimal exposure to interest rate risk, though its cash and cash equivalents held with financial institutions.

	Carrying amount 31 December 2017 \$'000	Carrying amount 31 December 2016 \$'000
Fixed rate instruments		
Financial assets	12,000	-
Variable rate instruments		
Financial assets	5,993	25,271

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

MARKET RISK (CONTINUED)

Fair value sensitivity analysis for fixed rate instruments

There was no material exposure to fixed rate instruments at balance date.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis in 2016.

	Profit or loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
Variable rate instruments				
31 December 2017	60	(60)	60	(60)
31 December 2016	253	(253)	253	(253)

Commodity price risk

The Company is exposed to movements in the gold price. As part of the risk management policy of the Company, it has entered into AUD gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. The following table summarised the gold hedging facilities held with BNP Paribas and MKS Precious Metals (Australia) Pty Ltd.

	Volume Ounces	Price \$	Value of committed sales \$'000
2017			
Not later than one year	12,000	1,675	20,104
Later than one year and not later than five	-	-	-
	12,000	1,675	20,104
2016			
Not later than one year	8,174	1,775	13,048
Later than one year and not later than five	-	-	-
	8,174	1,775	13,048

The forward sale programme is managed in accordance with policies approved by the Board. Performance under these policies is regularly reported to the Board.

Sensitivity analysis for commodities

The following table illustrates sensitivities of the Company's exposure to commodity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in particular variable is independent of other variables.

	Profit or loss		Equity	
	\$'000 Increase	\$'000 Decrease	\$'000 Increase	\$'000 Decrease
31 December 2017				
+/- AUD200/ounce GOLD	3,642	(3,642)	3,642	(3,642)
31 December 2016				
+/- AUD200/ounce GOLD	5,927	(5,927)	5,927	(5,927)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT

Valuation of financial instruments

For all fair value measurements and disclosures, the Company uses the following to categorise the method used:

- Level 1: the fair value is calculated using quoted prices in active markets. The Company does not have any financial assets or liabilities in this category.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The Company's derivative assets and liabilities (gold forwards) are classified as Level 2, as they were valued using valuation techniques that employed the use of market observable inputs. The most frequently applied valuation technique includes forward pricing using present value calculations.
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data. The Company does not have any financial assets or liabilities in this category.

Fair value of derivative instruments are determined using valuation techniques incorporating observable market data relevant to the hedge position.

	31 December 2017 \$'000	31 December 2016 \$'000
Financial assets		
- derivative instruments current	130	1,395
- derivative instruments non-current	-	-
	130	1,395
Financial liabilities		
- derivative instruments current	(198)	-
- derivative instruments non-current	-	-
	(198)	-

24. COMMITMENTS

OPERATING LEASE COMMITMENTS

The Company leases its corporate office under an operating lease, expiring within 12 months. The lease commenced 15 May 2013 with the end date being 30 September 2018. Lease payments are typically revised annually reflecting market conditions and inflation.

	2017 \$'000	2016 \$'000
Lease expenditure contracted:		
- due within one year	181	231
- due within one and five years	-	174
	181	405

FINANCE LEASE COMMITMENTS

The Company has entered into finance leases for the purchase of plant, property and equipment. The finance leases are for a term of 24 months and will expire on May 2019 and July 2019.

	2017 \$'000	2016 \$'000
Lease expenditure contracted and provided for:		
- due within one year	234	-
- due within one and five years	242	-
	476	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

24. COMMITMENTS (CONTINUED)

EXPLORATION EXPENDITURE COMMITMENTS

In order to maintain current rights of tenure to exploration permits, the Company has certain obligations to perform minimum exploration work and expend minimum amounts of money. These commitments may be varied as a result of renegotiations, relinquishments, farm-outs, sales or carrying out work in excess of the permit obligations. The following exploration expenditure requirements have not been provided for in the financial report and are payable:

	2017 \$'000	2016 \$'000
The minimum level of exploration commitments		
- due within one year	2,641	2,649
- due within one and five years	9,932	9,922
- due later than five years	23,292	25,535
	35,865	38,106

25. AUDITOR'S REMUNERATION

	2017 \$	2016 \$
KPMG		
Audit and review of Company's financial statements	91,200	80,000
Other audit services – prior year comparatives and opening balances	-	40,000
Other services – advisory	-	30,000
	91,200	150,000

26. CONTINGENCIES

The Company did not have any contingent assets or liabilities at 31 December 2017 (2016: Nil).

27. SUBSEQUENT EVENTS

On the 19 February 2018 the Company announced the Board approval of the Bartons underground mine development. It also announced the appointment of GBF Underground Mining as the successful mining contractor for this development.

DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - (a) The financial statements, notes and the Remuneration Report in the Directors' Report of the Company are in accordance with the Corporations Act 2001 including:
 - (i) Giving a true and fair view of the Company's financial position as at 31 December 2017 and on its performance for the year then ended; and
 - (ii) Complying with Australian Accounting Standards and Corporations Regulations 2001.
 - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 31 December 2017.
3. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

The declaration is signed in accordance with a resolution of the directors.



Gregory Bittar
Chairman
Perth, Western Australia
29 March 2018



Independent Auditor's Report

To the shareholders of Millennium Minerals Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Millennium Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2017
- Statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Capitalised exploration and evaluation assets; and
- Reserve and resource estimation

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalised exploration and evaluation ("E&E") assets

AU \$32,387 thousand

Refer to Note 11 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Assessing the presence of impairment indicators for the capitalised E&E assets was a key audit matter for us.</p> <p>Capitalised E&E is a significant asset recorded in relation to the Company's total assets (30%). The Company's capitalised E&E assets relate to the Nullagine Gold Project held via numerous licenses. The presence of impairment indicators would necessitate a detailed analysis by management of the value of E&E under relevant accounting standards. Therefore, given the criticality of determining the presence of impairment indicators to the scope and depth of our work, we involved senior team members to challenge management's determination that no impairment indicators existed. The key indicators we focused on were those that may draw into question the commercial continuation of exploration and evaluation activities (activities) for certain areas of interest where significant capitalised E&E exists. This involved assessing:</p> <ul style="list-style-type: none"> • The Company's compliance with key license conditions, in particular minimum expenditure requirements • The ability of the Company to fund the continuation of activities in the specific areas of interest, and • Management's assessments of prospectivity for areas of interest and the associated strategy and intentions of the Company for the continuation of E&E activities in those areas of interest. 	<p>For this key audit matter our audit procedures were influenced by the requirements of the specific accounting standard on exploration and evaluation and included:</p> <ul style="list-style-type: none"> • Testing the Company's compliance with minimum expenditure requirements for a sample of licenses • Obtaining project and corporate budgets which we compared for consistency to areas with capitalised exploration and evaluation expenditure, for evidence of the ability to fund continued activities • Evaluating Company documents for consistency with management's assessment of prospectivity and stated intentions for continuing activities in certain areas of interest. We also corroborated this through interviewing key operational and finance personnel. The documents included: <ul style="list-style-type: none"> ◦ internal management plans ◦ minutes of board and internal management meetings ◦ reports lodged with the relevant government authorities ◦ announcements made by the Company to the ASX

Reserve and resource estimation

Refer to Note 11, 12, 13 and 16 to the Financial Report

The key audit matter

The estimation of gold reserves and resources are conducted by the Company's internal experts and requires a number of significant assumptions and judgments to be made as disclosed in Note 1(B). Given the significant and pervasive impact the estimation of reserves and resources have across multiple items in the financial statements, we considered it a key audit matter and focused our audit effort accordingly.

The reserve and resource estimates influence the Company's plan for future mining activities which in turn have a significant impact on the following areas of the financial statements:

- Capitalisation and classification of expenditure as exploration and evaluation assets or mine properties;
- Calculation of depreciation and amortisation charges; and
- Calculation of the provision for mine rehabilitation.

How the matter was addressed in our audit

For this key audit matter our audit procedures included:

- Assessing the competence and objectivity of the Group's internal experts involved in the estimation process;
- Understanding the reasons for reserve and resource revisions or the absence of such revisions and the corresponding impact to the Company's plan for future mining activities; and
- Comparing reserve, resource and mine planning information for consistency with
 - the Company's classification of capitalised expenditure as exploration and evaluation or mine properties;
 - the calculations of depreciation and amortisation which utilise asset lives based on reserves and resource data; and
 - the calculation of the provision for mine rehabilitation for which the timing of certain rehabilitation activities take place after the mining of reserves and resources are completed.

Other Information

Other Information is financial and non-financial information in Millennium Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Millennium Minerals Limited for the year ended 31 December 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

R Gambitta
Partner

Perth

29 March 2018

ASX ADDITIONAL INFORMATION



The following additional information required by the ASX Listing Rules is current as at 28 March 2018.

EQUITY SECURITIES HOLDER INFORMATION

Ordinary shares

780,917,069 quoted fully paid ordinary shares (MOY). All ordinary shares carry one vote per share.

Distribution of fully paid ordinary shares	Number of holders	Number of shares	% of issued capital
1 – 1000	1,650	630,360	0.08 %
1001 – 5,000	1,622	4,746,299	0.60 %
5,001 – 10,000	816	6,726,658	0.85 %
10,001 – 100,000	2,028	74,890,621	9.46 %
100,000+	498	704,751,909	89.01 %
Total holders	6,614	791,747,847	100.00 %

The top 20 shareholders are as follows:

Twenty largest holders of Ordinary Fully Paid Shares		Number of shares	% issued capital
1.	J P Morgan Nominees Australia Limited	366,540,383	46.30 %
2.	IMC Resources Limited	48,020,094	6.07 %
3.	Citicorp Nominees Pty Limited	26,310,753	3.32%
4.	IMC Resources Gold Holdings Pte Ltd	22,000,000	2.78 %
5.	HSBC Custody Nominees (Australia) Limited	18,422,941	2.33 %
6.	Pershing Australia Nominees Pty Ltd <Q Account>	12,515,020	1.58 %
7.	Berne No. 132 Nominees Pty Ltd <656165 A/C>	8,534,228	1.08 %
8.	Mr Claude Cainero & Mr Hak Hau Kwok	7,972,434	1.01 %
9.	Mr Gregory John Bittar	4,732,539	0.60 %
10.	Mr Dylan Coles	3,572,977	0.45 %
11.	Coleco Nominees Pty Ltd <S & D Cole Super Fund>	3,500,000	0.44 %
12.	Neweconomy Com Au Nominees Pty Limited<900 Account>	3,306,513	0.42 %
13.	Mr Glenn Leslie Dovaston	3,146,891	0.40 %
14.	BNP Paribas Nominees Pty Ltd<IB AU Noms Retail Client DRP>	3,034,686	0.38 %
15.	Mr Adam John Menaglio	2,500,000	0.32 %
16.	Yandal Investments Pty Ltd	2,454,546	0.31 %
17.	Mrs Vicky Wei Min Teoh	2,399,626	0.30 %
18.	Ms Lay Kheng Ong	2,358,463	0.30 %
19.	AMSJ Cash Pty Ltd<Cash SF A/C>	2,265,000	0.29 %
20.	Mr Anthony John Andreatta & Mrs Helen Marion Andreatta	2,000,000	0.25 %
20.	LeeJames Nominees Pty Ltd<The Hepburn Super Fund A/C>	2,000,000	0.25 %
TOTAL		547,587,094	69.16 %

Unlisted options

27,920,000 unlisted options with various exercise prices and expiry dates (refer table below). Options do not carry a right to vote. Voting rights will be attracted to the unissued shares when the options have been exercised.

Expiry date	No. of options	Exercise price	No. of holders	Holding > 20%
18 Nov 2019	21,620,000	\$0.079	10	Issued under Employee Share Option Plan
21 Oct 2020	1,500,000	\$0.435	1	Issued under Employee Share Option Plan
3 Jun 2020	2,400,000	\$0.184	1	Issued under Employee Share Option Plan
31 Jan 2021	2,400,000	\$0.45	1	Issued under Employee Share Option Plan

Substantial shareholders

The substantial shareholders as disclosed in the substantial shareholding notices received by the Company are as follows:

Name	No. of shares	Holding
Heritas Capital Management (Perth)	309,006,003	39.24%
IMC Resources Limited	48,020,094	6.07%

TENEMENT SCHEDULE



Tenement	Registered Holder	Millennium Beneficial Interest	Tenement	Registered Holder	Millenniu Beneficial Interest
AREA OF INTEREST 1 – GOLDEN EAGLE AREA			AREA OF INTEREST 2 – FIVE MILE		
L46/45	MILLENNIUM MINERALS LIMITED	100%	L46/33	MILLENNIUM MINERALS LIMITED	100%
L46/88	MILLENNIUM MINERALS LIMITED	100%	P46/1874	MILLENNIUM MINERALS LIMITED	100%
L46/89	MILLENNIUM MINERALS LIMITED	100%	P46/1875	MILLENNIUM MINERALS LIMITED	100%
L46/90	MILLENNIUM MINERALS LIMITED	100%	M46/170	MILLENNIUM MINERALS LIMITED	100%
L46/91	MILLENNIUM MINERALS LIMITED	100%	M46/192	MILLENNIUM MINERALS LIMITED	100%
L46/92	MILLENNIUM MINERALS LIMITED	100%	M46/261	*MILLENNIUM MINERALS LIMITED	100%
L46/122	MILLENNIUM MINERALS LIMITED	100%	M46/262	*MILLENNIUM MINERALS LIMITED	100%
M46/138	*MILLENNIUM MINERALS LIMITED	100%	M46/264	*MILLENNIUM MINERALS LIMITED	100%
M46/186	*MILLENNIUM MINERALS LIMITED	100%	M46/265	*MILLENNIUM MINERALS LIMITED	100%
M46/263	*MILLENNIUM MINERALS LIMITED	100%	M46/266	*MILLENNIUM MINERALS LIMITED	100%
M46/267	*MILLENNIUM MINERALS LIMITED	100%	M46/445	*MILLENNIUM MINERALS LIMITED	100%
M46/300	*MILLENNIUM MINERALS LIMITED	100%	M46/446	*MILLENNIUM MINERALS LIMITED	100%
M46/432	MILLENNIUM MINERALS LIMITED	100%	M46/50	MILLENNIUM MINERALS LIMITED	100%
M46/436	*MILLENNIUM MINERALS LIMITED	100%			
M46/443	*MILLENNIUM MINERALS LIMITED	100%			
M46/444	*MILLENNIUM MINERALS LIMITED	100%			
P46/1755	MILLENNIUM MINERALS LIMITED	100%			
P46/1756	MILLENNIUM MINERALS LIMITED	100%			
P46/1759	MILLENNIUM MINERALS LIMITED	100%			
P46/1760	MILLENNIUM MINERALS LIMITED	100%			
P46/1761	MILLENNIUM MINERALS LIMITED	100%			
P46/1823	MILLENNIUM MINERALS LIMITED	100%			
P46/1878	MILLENNIUM MINERALS LIMITED	100%			
P46/1879	MILLENNIUM MINERALS LIMITED	100%			
P46/1880	MILLENNIUM MINERALS LIMITED	100%			
P46/1881	MILLENNIUM MINERALS LIMITED	100%			
P46/1882	MILLENNIUM MINERALS LIMITED	100%			

TENEMENT SCHEDULE



Tenement	Registered Holder	Millennium Beneficial Interest	Tenement	Registered Holder	Millennium Beneficial Interest
AREA OF INTEREST 3 – MIDDLE CREEK			AREA OF INTEREST 4 – GOLDEN GATE/TWENTY MILE		
G46/2	MILLENNIUM MINERALS LIMITED	100%	L46/105	MILLENNIUM MINERALS LIMITED	100%
M46/146	*MILLENNIUM MINERALS LIMITED	100%	L46/115	MILLENNIUM MINERALS LIMITED	100%
M46/164	MILLENNIUM MINERALS LIMITED	100%	L46/98	MILLENNIUM MINERALS LIMITED	100%
M46/166	*MILLENNIUM MINERALS LIMITED	100%	M46/129	MILLENNIUM MINERALS LIMITED	100%
M46/167	*MILLENNIUM MINERALS LIMITED	100%	M46/163	*MILLENNIUM MINERALS LIMITED	100%
M46/182	*MILLENNIUM MINERALS LIMITED	100%	M46/187	MILLENNIUM MINERALS LIMITED	100%
M46/198	*MILLENNIUM MINERALS LIMITED	100%	M46/189	MILLENNIUM MINERALS LIMITED	100%
M46/199	*MILLENNIUM MINERALS LIMITED	100%	M46/200	MILLENNIUM MINERALS LIMITED	100%
M46/225	*MILLENNIUM MINERALS LIMITED	100%	M46/245	TAYLOR, DAVID JOHN	100%
M46/272	*MILLENNIUM MINERALS LIMITED	100%	M46/278	*MILLENNIUM MINERALS LIMITED	100%
M46/273	*MILLENNIUM MINERALS LIMITED	100%	M46/279	*MILLENNIUM MINERALS LIMITED	100%
M46/274	*MILLENNIUM MINERALS LIMITED	100%	M46/283	MILLENNIUM MINERALS LIMITED	100%
M46/275	*MILLENNIUM MINERALS LIMITED	100%	M46/303	MILLENNIUM MINERALS LIMITED	100%
M46/276	*MILLENNIUM MINERALS LIMITED	100%	M46/426	*MILLENNIUM MINERALS LIMITED	100%
M46/277	*MILLENNIUM MINERALS LIMITED	100%	M46/427	*MILLENNIUM MINERALS LIMITED	100%
M46/282	MILLENNIUM MINERALS LIMITED	100%	M46/428	*MILLENNIUM MINERALS LIMITED	100%
M46/3	MILLENNIUM MINERALS LIMITED	100%	M46/429	*MILLENNIUM MINERALS LIMITED	100%
M46/302	MILLENNIUM MINERALS LIMITED	100%	M46/433	MILLENNIUM MINERALS LIMITED	100%
M46/430	MILLENNIUM MINERALS LIMITED	100%	M46/434	MILLENNIUM MINERALS LIMITED	100%
M46/431	MILLENNIUM MINERALS LIMITED	100%	M46/448	MILLENNIUM MINERALS LIMITED	100%
M46/441	MILLENNIUM MINERALS LIMITED	100%	M46/47	MILLENNIUM MINERALS LIMITED	100%
M46/442	*MILLENNIUM MINERALS LIMITED	100%	M46/56	TAYLOR, DAVID JOHN	100%
M46/447	*MILLENNIUM MINERALS LIMITED	100%	P46/1670	*MILLENNIUM MINERALS LIMITED	100%
M46/57	*MILLENNIUM MINERALS LIMITED	100%	P46/1671	*MILLENNIUM MINERALS LIMITED	100%
M46/64	*MILLENNIUM MINERALS LIMITED	100%	P46/1672	*MILLENNIUM MINERALS LIMITED	100%
M46/98	*MILLENNIUM MINERALS LIMITED	100%	P46/1673	*MILLENNIUM MINERALS LIMITED	100%
P46/1824	MILLENNIUM MINERALS LIMITED	100%	P46/1674	*MILLENNIUM MINERALS LIMITED	100%
P46/1922	MILLENNIUM MINERALS LIMITED	100%	P46/1675	*MILLENNIUM MINERALS LIMITED	100%
			P46/1676	*MILLENNIUM MINERALS LIMITED	100%
			P46/1703	*MILLENNIUM MINERALS LIMITED	100%
			P46/1704	*MILLENNIUM MINERALS LIMITED	100%
			P46/1705	*MILLENNIUM MINERALS LIMITED	100%
			P46/1706	*MILLENNIUM MINERALS LIMITED	100%
			P46/1707	MILLENNIUM MINERALS LIMITED	100%
			P46/1757	MILLENNIUM MINERALS LIMITED	100%
			P46/1758	MILLENNIUM MINERALS LIMITED	100%
			P46/1804	MILLENNIUM MINERALS LIMITED	100%
			P46/1855	MILLENNIUM MINERALS LIMITED	100%
			P46/1856	MILLENNIUM MINERALS LIMITED	100%

* Royalties applied.