

Why so Cheap? Solvency risk gone

Longevity risk is going

Recommendation

Strong BUY, High Risk

Price

3.5c

Valuation

14.5c

Commodity

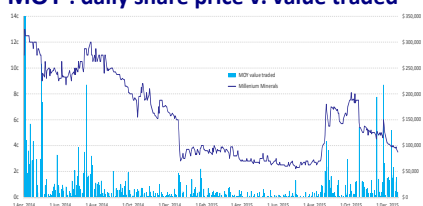
Gold

- **MOY is cheap on a risked NPV basis and a EV / Resource Ounce basis due to solvency risk and longevity risk.**
- **MOY's equity raising has extinguished its solvency risk**
- **The recent drill results show that MOY is actively and successfully reducing its longevity risk.**
- **MOY's operations are generating net cash, after \$2.5m exploration spend each quarter, at current gold prices.**
- **Beer & Co's valuation is based on annual exploration spending of \$10m, generating 2.0Mt of ore each year, grading 1.5g/t.**

Snapshot

Market Cap	\$26.0m
Net Cash	\$6m
	(after \$21m equity raising)
Shares on Issue	742.7m
52 Week High	7.9c
52 Week Low	2.3c
1 month / 6 month VWAP	4.4c / 4.8c

MOY : daily share price v. value traded



MOY began mining operations at Nullagine in September 2012. The operations were declared commercial in February 2013.

While the operations generated cash, the cash generated was, for 2014 and the first half of 2015, not enough to meet the required debt repayments.

The operations have been turned around, which facilitated a major equity raising which will be used to extinguish debt subject to a bullet repayment.

Success in converting known mineralisation into mining inventory is essential, and Beer & Co expects MOY to out-perform.

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Equity raising has eliminated MOY's solvency risk

During 2013 and 2014, MOY was not able to generate sufficient cash to pay its all in cash costs and also service project finance debt. To get over these cashflow issues, MOY borrowed funds from its major shareholder, IMC Resources. This debt will be about \$15m - \$16m when it is due to be re-paid in July 2016.

The raising of \$21m, before costs, in equity eliminates the risk of being unable to repay this debt.

Operations turned around

MOY was only able to raise the equity as its operations, including \$10m/yr on drilling to provide resources and reserves, are able to generate about \$200/oz at current spot prices, over about 85koz/yr.

IMC increased its holding

MOY's equity raising was under-written by its Board and management and related parties, to \$3.6m, and IMC, its major shareholder, to \$17.4m. IMC elected to increase its holding in MOY to 48% as IMC sees the opportunity to profit.

Drill results as expected, or better, reducing longevity risk

MOY has been drilling 2 areas that are extensions to existing mines and another that has had historical mining. MOY has now reported results from this drilling. The reported results show wide intercepts of ore grade material with some high grade sections.

The overall results are in line with, or better than, Beer & Co expected.

Beer & Co valuation and conclusions confirmed

Beer & Co's risked, base case, valuation of MOY is 14.5c/share is based on MOY spending \$10m a year to delineate 2.0Mt of ore at 1.5g/t. Results to date suggest a much lower spend for the volume of ore, and grades at or better than 1.5g/t.

Beer & Co upgrades our recommendation to Strong BUY, High Risk.

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MOY : Why so Cheap ?

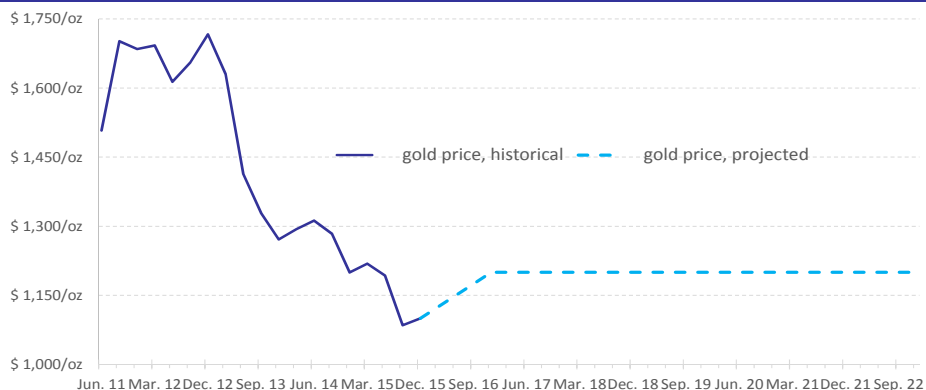
MOY is cheap

Beer & Co’s initiation research report on Millennium Minerals (MOY.ASX) gave a base case valuation of 14.5c/share. This was based on gold prices climbing to \$1,200/oz, as shown in Figure 1.

Beer & Co’s risked, base case valuation of MOY is 14.5c/share.

This assumes a modest recovery in gold price

Figure 1 : Gold price, historical v. projected



Source : MOY quarterly reports, Beer & Co estimates

As Figure 2 shows, while our valuation is sensitive to the gold price assumed, the investment conclusion is not, with Beer & Co’s valuation of MOY being a significant premium to the current prices, even at much lower gold prices.

However, our investment conclusion does not require any increase in the gold price

Figure 2 : MOY Sensitive to gold price

USD / oz	\$ 1,200/oz	\$ 1,100/oz	\$ 1,200/oz	\$ 1,250/oz	\$ 1,300/oz
AUD-USD = 0.700	Spot	\$A 1,571/oz	\$A 1,714/oz	\$A 1,786/oz	\$A 1,857/oz
Reserves	1.9 c	3.0 c	4.2 c	4.4 c	4.7 c
Exploration	5.5 c	6.0 c	10.4 c	12.6 c	14.6 c
TOTAL	7.5 c	9.0 c	14.6 c	17.0 c	19.3 c

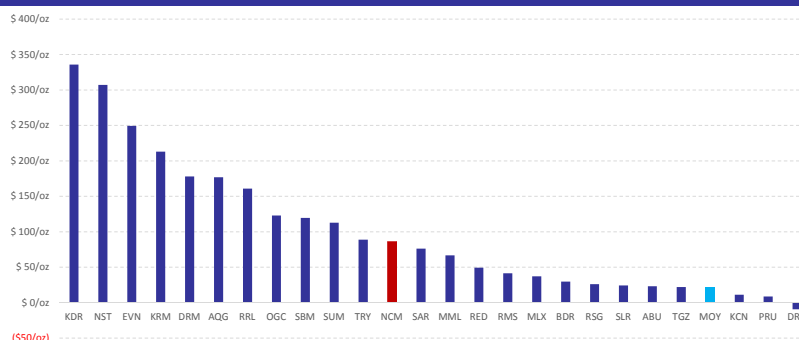
Source : Beer & Co estimates

Figure 2 suggests that, even at today’s gold price, the current share price reflects only limited success from the current drill programme.

Figure 3 compares the valuation, on an Enterprise Value per ounce of Measured and Indicated Resources for the 26 ASX listed gold producers.

MOY is very cheap on the basis of Enterprise Value to ounces of (Measured + Indicated) Resources

Figure 3 : ASX listed gold producers



Source : MOY quarterly reports, Beer & Co estimates

In Figure 3, Beer & Co has highlighted NCM, which accounts for over 35% of total production, and more than the next 6 put together.

In our view, those with a valuation much higher than NCM have share prices that reflect a more optimistic view of Resources than has been published; 2 of the 4 highest rating stocks do not have published reserves.

Figure 3 shows that MOY is the cheapest of all those with Australian based production and is in a group of producers that have had, or are having, major corporate issues, or face significant perceived sovereign risk.

MOY's Corporate Risks are Gone !

MOY had solvency risk

Figure 4 shows the cashflows reported by MOY in their quarterly Appendix 5B.

Figure 4 : MOY's reported cashflows

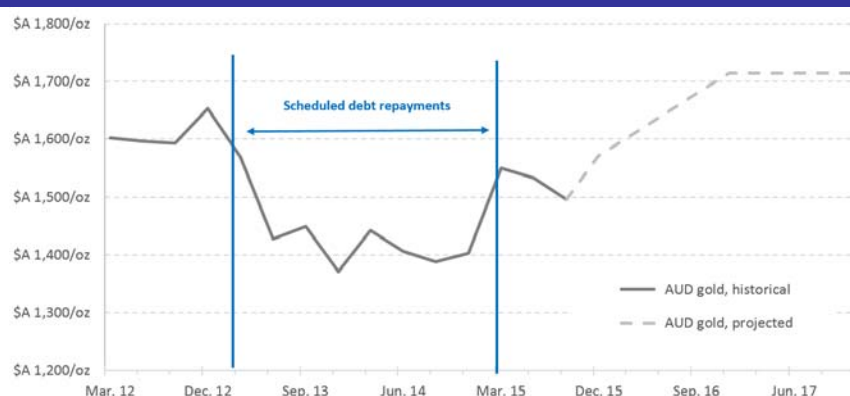
AUD m	Dec. 12	Mar. 13	Jun. 13	Sep. 13	Dec. 13	Mar. 14	Jun. 14	Sep. 14	Dec. 14	Mar. 15	Jun. 15	Sep. 15
AUD gold	\$ 1,653/oz	\$ 1,570/oz	\$ 1,427/oz	\$ 1,450/oz	\$ 1,371/oz	\$ 1,442/oz	\$ 1,406/oz	\$ 1,387/oz	\$ 1,403/oz	\$ 1,550/oz	\$ 1,533/oz	\$ 1,496/oz
gold produced	11,918 oz	17,089 oz	16,441 oz	15,650 oz	14,067 oz	18,762 oz	17,788 oz	18,126 oz	19,699 oz	20,057 oz	21,664 oz	27,238 oz
Receipts	19.5	27.7	27.6	25.5	21.7	27.6	27.8	27.5	33.0	30.3	33.5	42.1
Production	(23.9)	(15.4)	(16.4)	(17.7)	(18.2)	(23.9)	(21.8)	(21.5)	(29.0)	(22.7)	(26.4)	(29.8)
Capital., Etc	(4.9)	(6.9)	(8.5)	(6.3)	(3.6)	(3.6)	(4.8)	(4.9)	(0.6)	(2.9)	(2.6)	(2.7)
Admin, etc	(1.9)	(1.3)	(1.5)	(0.5)	(1.9)	(1.2)	(1.1)	(1.2)	(1.5)	(1.3)	(1.1)	(1.3)
Cash generated	(11.2)	4.1	1.2	1.1	(2.1)	(1.0)	0.1	(0.2)	1.9	3.3	3.5	8.4
Repay borrowings	5.5	(1.0)	(7.9)	(2.5)	(2.7)	(1.5)	(1.6)	(3.3)	(6.0)	(6.2)	(4.0)	(5.1)
	(5.7)	3.1	(6.6)	(1.4)	(4.7)	(2.5)	(1.4)	(3.5)	(4.1)	(2.9)	(0.5)	3.3
Equity Raising	7.8	0.8		5.8	(0.1)							(0.2)
New borrowings		0.5		1.3		7.0			5.0			0.0

Source : MOY Quarterly Reports (App 5B), Beer & Co

Figure 4 shows that MOY did not generate significant cash from operations and the September 2015 quarter was the first in which is generated net cash after servicing its debt.

Figure 4 implies that this lack of free cashflow is due to the poor AUD gold price, which fell at the time MOY was due to repay debt, as shown in Figure 5.

Figure 5 : AUD gold price



Source : MOY Quarterly Reports (App 5B), Beer & Co

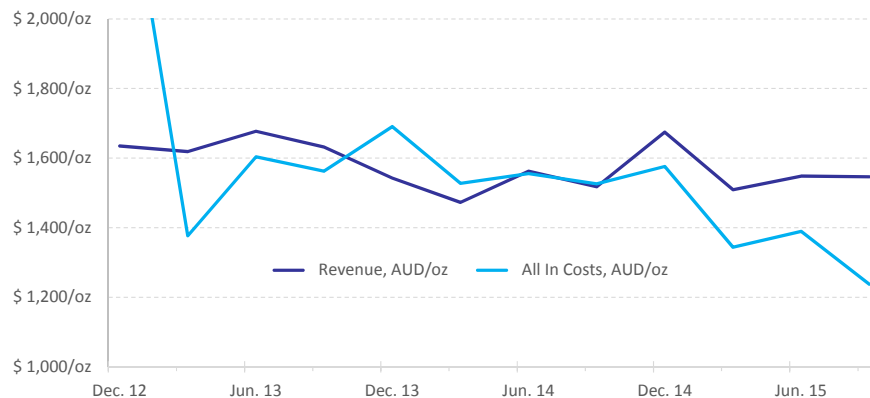
While MOY generated cash from its operations, it did not generate enough cash to pay back its project finance, despite the benefit to revenue from hedging

There are 2 key take-aways from figure 5

- (i) While the gold price fell, it took until late in 2014, with the new CEO being appointed, before MOY responded by increasing gold production and hence lowering unit costs, as shown in Figure 6; and
- (ii) The net cash generated by MOY's operations was nowhere near that required to service its project finance / debt obligations.

MOY's revenue has been relatively stable, but total cash costs have only been below revenue since the end of 2014, when the CEO was changed

Figure 6 : MOY's All In operating costs v. revenue, AUD/oz



Source : MOY Quarterly Reports (App 5B), Beer & Co

Figure 6 shows that MOY's revenue, in AUD/oz terms, has been relatively stable, in contrast to that shown in Figure 5. This shows the impact of the hedging taken on as part of the project finance package.

MOY "survived" by selling assets, raising equity and raising new debt

Figure 4 shows that, as MOY struggled to generate net cash from operations, it was not able to service its committed debt repayments; MOY was able to "survive" by :

- Selling an asset, for \$3.8m;
- Raising a total of \$14.3m in new equity; and
- Raising a total of \$12m in new debt.

This extra debt, which was from MOY's largest shareholder, IMC Resources, required repayment, together with accrued interest, by July 2016.

MOY has raised \$21m in new equity which eliminates the solvency risk taken on with the new debt

In the absence of improved AUD gold prices, it appears that MOY would not have been able to make this payment and hence would have been insolvent.

MOY's Solvency Risk is GONE !

Due to lower costs and increased production, MOY has enough cash to eliminate the project finance debt.

About \$15m was required to pay back the extra borrowings.

Raising \$21m in equity ensures that that MOY is able to pay back this cash.

Solvency risk is now eliminated.

MOY's Longevity Risk is going

MOY had longevity risk

One of the issues faced by MOY in its operations was the poor geological and metallurgical performance of its Golden Eagle deposit, which comprised about 65% of the original reserves and still accounted for over half of the reserves as at 31 December 2013.

MOY had operational issues that led to a write-down on its Reserves

On 27 March, 2015, MOY announced a write-down of its Reserves, as shown in Figure 7.

Leaving a mine life of less than 2 years

Figure 7 : MOY's revisions to Reserves estimates

	10 March 2014			27 March 2015			Change
Proved	6.95 Mt	1.6 g/t	374.6 koz	2.99 Mt	1.5 g/t	143.3 koz	(61%)
Probable	1.28 Mt	1.9 g/t	78.4 koz	0.54 Mt	1.5 g/t	25.5 koz	(67%)
Stockpiles	0.45 Mt	0.8 g/t	11.4 koz	0.64 Mt	0.9 g/t	19.0 koz	66 %
TOTAL	8.7 Mt	1.66 g/t	464 koz	4.16 Mt	1.40 g/t	188 koz	(59%)

Source : MOY ASX announcement, 27 March 2015, Beer & Co

As production was increased from 1.5Mt/yr to nearly 2.0Mt/yr, the revision to reserves meant that the mineable reserves were due to be exhausted in about October 2016, with the operation going a further 4 months or so processing lower grade stockpiles.

MOY has a significant resource base

MOY Drilling reduces longevity risk

Beer & Co's analysis, as shown in Figure 2, highlights this longevity risk, as our valuation of MOY's reserves, using spot prices, is a discount to the current share price.

A perception of longevity risk exists despite having a significant resource inventory, as shown in Figure 8.

Figure 8 : MOY's Mineral Resource Estimate, as at 31 December 2015

Deposit	Measured Resources			Indicated Resources			Inferred Resources			TOTAL		
Golden Eagle	10.56 Mt	0.9 g/t	310 koz	4.37 Mt	0.9 g/t	128 koz	4.29 Mt	0.9 g/t	126 koz	19.22 Mt	0.9 g/t	564 koz
Bartons	1.72 Mt	1.2 g/t	66 koz	1.44 Mt	1.2 g/t	56 koz	0.55 Mt	1.1 g/t	19 koz	3.71 Mt	1.2 g/t	141 koz
Shearers	0.59 Mt	1.3 g/t	25 koz	1.48 Mt	1.0 g/t	48 koz	0.26 Mt	1.0 g/t	8 koz	2.33 Mt	1.1 g/t	81 koz
Otways	1.15 Mt	0.8 g/t	29 koz	0.90 Mt	0.9 g/t	26 koz	0.69 Mt	0.9 g/t	20 koz	2.74 Mt	0.9 g/t	75 koz
All Nations	1.26 Mt	1.4 g/t	57 koz	0.55 Mt	1.1 g/t	19 koz	0.42 Mt	1.0 g/t	14 koz	2.23 Mt	1.3 g/t	90 koz
Little Wonder	0.47 Mt	1.4 g/t	21 koz	0.25 Mt	1.4 g/t	11 koz	0.22 Mt	1.7 g/t	12 koz	0.94 Mt	1.4 g/t	43.7 koz
Golden Gate	0.19 Mt	3.0 g/t	18 koz	0.14 Mt	2.9 g/t	13 koz	0.14 Mt	2.4 g/t	11 koz	0.47 Mt	2.8 g/t	42 koz
Falcon	0.00 Mt	0.0 g/t	0 koz	0.09 Mt	3.9 g/t	12 koz	0.04 Mt	4.4 g/t	6 koz	0.14 Mt	4.0 g/t	18 koz
Condor	0.15 Mt	2.6 g/t	12 koz	0.04 Mt	2.8 g/t	4 koz	0.03 Mt	3.7 g/t	4 koz	0.22 Mt	2.7 g/t	19 koz
Harrier	0.00 Mt	0.0 g/t	0 koz	0.10 Mt	1.7 g/t	6 koz	0.04 Mt	1.8 g/t	2 koz	0.14 Mt	1.8 g/t	8 koz
Crow	0.04 Mt	3.1 g/t	4 koz	0.04 Mt	2.6 g/t	3 koz	0.05 Mt	2.3 g/t	4 koz	0.12 Mt	2.7 g/t	10.5 koz
G_Reef	0.00 Mt	0.0 g/t	0 koz	0.02 Mt	4.0 g/t	3 koz	0.02 Mt	3.9 g/t	3 koz	0.04 Mt	4.0 g/t	5 koz
Au 81	0.35 Mt	1.6 g/t	18 koz	0.34 Mt	1.2 g/t	13 koz	0.90 Mt	0.9 g/t	26 koz	1.59 Mt	1.1 g/t	57 koz
Camel Ck	1.25 Mt	1.3 g/t	52 koz	0.73 Mt	1.2 g/t	28 koz	0.71 Mt	1.1 g/t	25 koz	2.68 Mt	1.2 g/t	105 koz
TOTAL	17.72 Mt	1.1 g/t	612 koz	10.49 Mt	1.1 g/t	369 koz	8.35 Mt	1.0 g/t	278 koz	36.57 Mt	1.1 g/t	1,259 koz

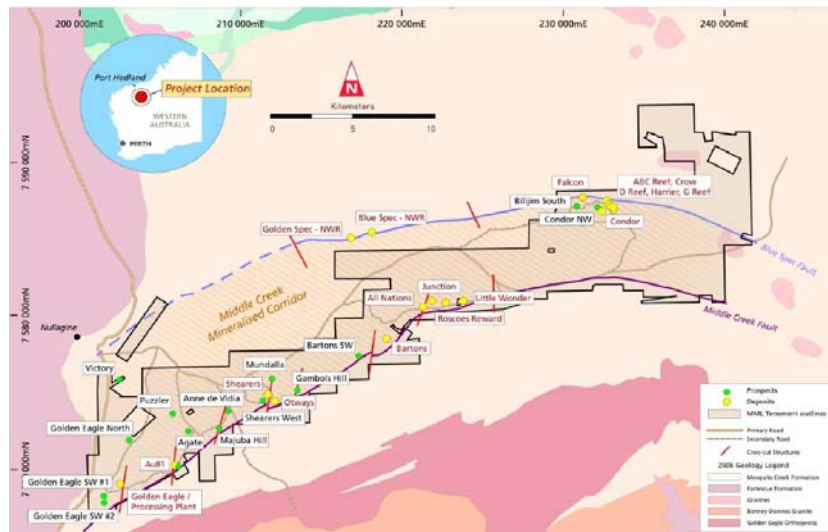
Source : MOY ASX announcement, 27 March 2015, Beer & Co

Figure 9 shows MOY's tenement area and the location of each of the deposits.

It shows that the identified gold deposits and prospects are mostly immediately to the north of the Middle Creek fault, or on splays off this fault.

Figure 9 : MOY's tenements, Nullagine Gold Project

MOY has many deposits, included in the resource estimate, and prospects, not in its resource estimate, in its tenement area



Source : MOY's ASX announcement, 23 November 2015

MOY began a drill programme in September, in advance of the equity raising.

Shearer's

Figure 9 shows that Shearer's is about 10km north-east of the Golden Eagle processing plant, which is near the south-west corner of the tenement area.

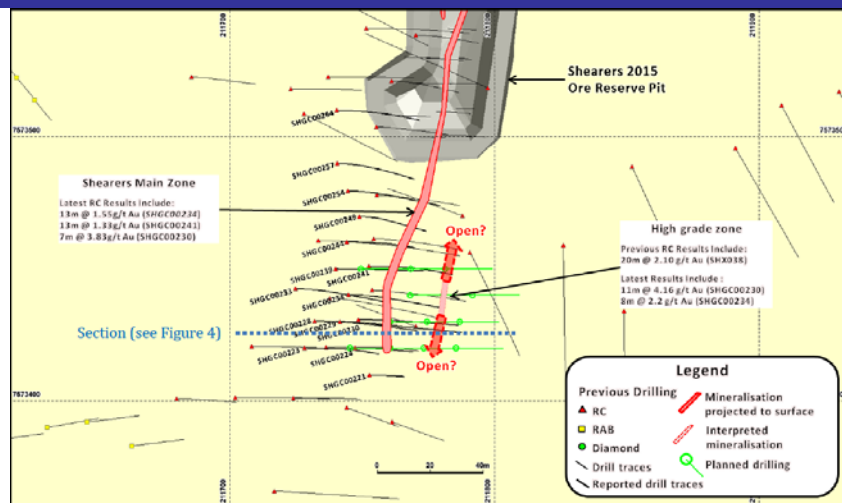
Drilling near Shearer's has extended the mineralisation beyond the reserves, with significant intercepts of ore grade material.

The first results from this programme, which related to Shearer's, were reported on 23 November, 2015. The results reported included :

- 11m at 4.16g/t, from 40m, including 4m at 6.7g/t;
- 7m at 3.83g/t from 15m;
- 13m at 1.55g/t, from 54m.

Figure 10 shows that these results represent extension of the mineralisation in Reserves at Shearer's.

Figure 10 : Drilling at Shearer's extends mineralisation from pit



Source : MOY's ASX announcement, 23 November 2015

More recently announced results at Shreer's included :

- 10m @ 1.48g/t Au from 21m;
- 6m @ 1.71g/t Au from 8m;
- 7m @ 1.37g/t Au from 2m;

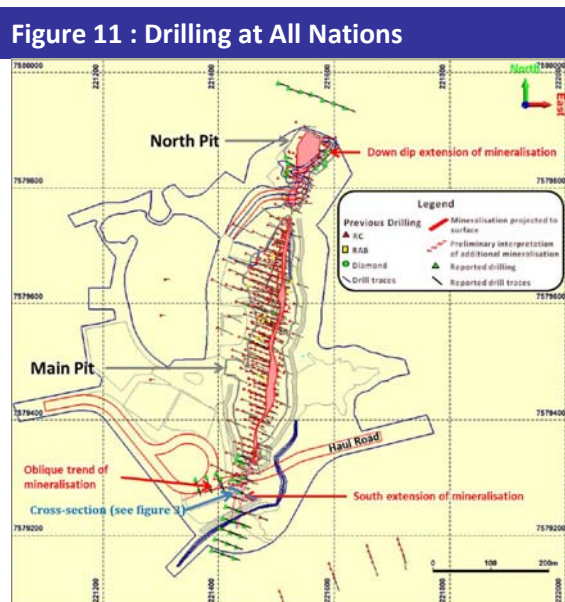
Drilling near All Nations has extended the mineralisation beyond the reserves, with significant intercepts of ore grade material.

All Nations

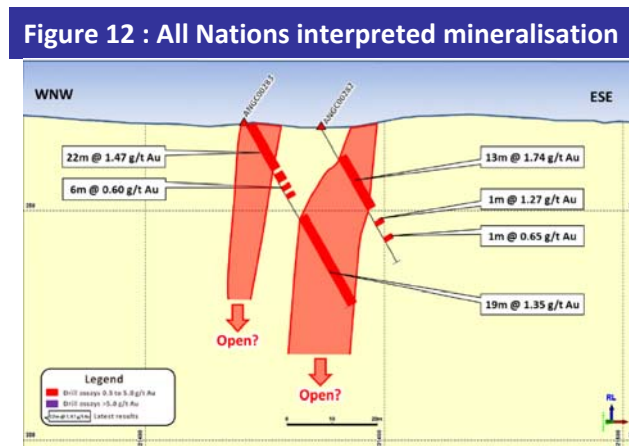
On 9 December, 2015, MOY announced more drilling results, this time from drilling at All Nations and Bartons, which Figure 9 shows is in about the geographical middle of MOY's tenement area, about 24km to the north-east of the Golden Eagle processing plant.

Results from the drilling at All Nations included :

- 22m at 1.61g/t, from 9m
- 22m at 1.47g/t, finishing in mineralisation;
- 19m at 1.35g/t, from surface; and
- 9m at 2.66g/t, from 28m.



Source : MOY's ASX announcement, 9 December 2015



Source : MOY's ASX announcement, 9 December 2015

Figure 11 shows that the reported drill results are extensions of mineralisation defined in reserves, while Figure 12 show the size of the interpreted mineralisation.

Bartons

Results from the drilling at Bartons included :

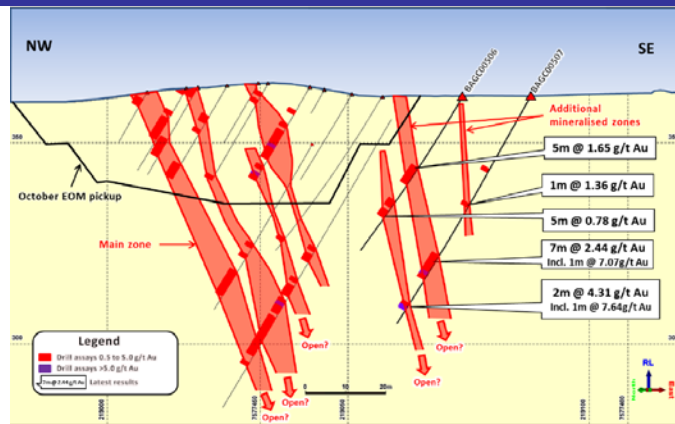
Drilling near Bartons has extended the mineralisation beyond the reserves, with significant intercepts of ore grade material

- 6m at 3.9g/t, from 22m;
- 7m at 2.44g/t, from 46m;
- 3m at 4.95g/t from 55m; and
- 24m at 1.25g/t, from 8m.

Figure 13 shows that this drilling is both :

- Depth extensions of the existing reserves, as mineralisation extends below the current pit; and
- Extensions to newly identified structures adjacent to the existing pit and defined in reserves.

Figure 13 : Drilling at Bartons



Source : MOY's ASX announcement, 9 December 2015

Other

The third part of MOY's current programme will be at Anne de Vidia, which is about 9km from the Golden Eagle plant. Mineralisation at Anne de Vidia has been identified over a strike length of 280m from a combination of historic RAB and RC drilling, as shown in Figure 14.

MOY has many more prospects

Figure 14 : Anne de Vidia and Castlemaine



Source : MOY's ASX announcement, 21 December 2015

Recently announced results at Anne de Vidia included :

- 4m @ 11.67 g/t Au from 20m including 1m @ 38.50g/t;
- 5m @ 10.84 g/t Au from surface including 3m @ 15.99g/t Au;
- 7m @ 2.88 g/t Au from 5m including 2m @ 7.96g/t Au; and
- 7m @ 1.96 g/t Au from 25m including 1m @ 8.02g/t Au.

The first round of drilling at Castlemaine, which could be an off-set of Anne Di Vidia, or a parallel trend, yielded a result of •6m @ 2.02 g/t Au from 10m including 1m @ 7.57g/t A.

Drilling HAS reduced Longevity Risk

Beer & Co believes that the results of the first 2 months of drilling support our positive view of MOY's expected exploration success

MOY's drilling has delineated ore grade intersections of mineable widths adjacent to existing reserves, which means that no further capital is required to bring them into production.

Beer & Co's indicative analysis suggests that the results of about 2 months of drilling, for a guesstimated cost of about \$1.5m to date has added about 6 to 9 months of ore grade mill feed.

However, we expect the early targets to be the best targets, but we also expect there to be much more to come.

Conclusions

In Beer & Co's view, MOY is cheap, on a number of different metrics

In Beer & Co's view, MOY is a cheap gold stock, on the bases of :

- P/E, as Beer & Co estimates that MOY is currently trading at only 1.2x our expected earnings for 2015;
- Enterprise Value per Resource ounce, as Figure 3 shows that MOY is one of the cheapest of all gold producers
 - the other very cheap stocks has easily identified risks, in terms of political environment, geology or operations
- Beer & Co's risked valuation, which is 14.5c/share.

Beer & Co's risked valuation, as shown in Figure 2, shows that, at current spot gold price and AUD-USD rate, MOY's current price is a (small) premium to our valuation based on reserves. However, in Beer & Co's view :

- MOY's exploration programme, spending \$10m a year, will be successful; and
- The gold price can be expected to increase, over time, modestly and slowly and, as shown in Figure 1, still be at a significant discount to prices in recent history.

Figure 15 shows the detail of Beer & Co's base case valuation.

Figure 15 : Detail of Beer & Co's valuation of MOY

discount rate = 12.0 %	risk :	31 December 2014		18-Dec-15		
		100%	Product	per share		
	Nullagine Reserves	100%	\$ 82m	\$ 82m	10.6 c	6.1 c
	franking credits	60%	\$ 7m	\$ 4m	0.5 c	0.6 c
	Nullagine Extensions	60%	\$ 141m	\$ 85m	11.0 c	12.2 c
	franking credits	36%	\$ 33m	\$ 12m	1.6 c	1.7 c
	Exploration	85%	(\$ 46m)	(\$ 7m)	(0.9c)	(1.0c)
	Hedge	100%	(\$ 8m)	(\$ 8m)	(1.0c)	(0.6c)
	Corporate	100%	(\$ 30m)	(\$ 30m)	(3.8c)	(3.7c)
	Cash / Debt	100%	(\$ 36m)	(\$ 36m)	(4.6c)	(1.0c)
	Equity raisings	100%	\$ 19m	\$ 19m	2.4 c	0.1 c
	TOTAL		\$ 163m	\$ 121m	15.7 c	14.6 c
	Shares on issue		217.7m	F P O shares	32.0m	Options
			525.0m	issued 2015	30.0m	Ops. Ex'd

Source : Beer & Co estimates

Beer & Co affirms our risked base case valuation of 14.5c/share

Beer & Co affirms our BUY, High Risk, recommendation.

The recent drill results support Beer & Co's positive view of the value of MOY's exploration.

Beer & Co upgrades our recommendation to Strong BUY, High Risk. .

Beer & Co Research

Millennium Minerals (MOY.ASX)

December 2015

Year ended December	2014	2015	2016	2017	2018	2019	2020	2021
Section 1 - P&L								
Sales revenue	\$A m	107	137	132	141	145	145	145
Interest revenue	\$A m	0	0	0	0	1	1	2
Other revenue	\$A m	9	0	0	0	0	0	0
Total Revenue	\$A m	116	137	132	142	145	146	146
Cost of Goods Sold	\$A m	(88)	(84)	(79)	(83)	(76)	(77)	(78)
Royalties		(4)	(4)	(6)	(5)	(4)	(4)	(4)
Corporate Costs	\$A m	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Exploration Expense	\$A m	0	0	0	0	0	0	0
Other Operating Expenses	\$A m	(17)	(5)	(5)	0	0	0	0
Total Operating Expenses	\$A m	(114)	(98)	(95)	(93)	(86)	(87)	(88)
EBITDA	\$A m	2	39	37	48	60	59	58
Dep'n & Amort'n	\$A m	(27)	(22)	(20)	(22)	(16)	(14)	(13)
EBIT	\$A m	(25)	17	17	26	44	45	45
Interest Expense	\$A m	(5)	(3)	(0)	0	0	0	0
Other	\$A m	(1)	0	0	0	0	0	0
Pre-Tax Profit	\$A m	(31)	14	17	26	44	45	45
Tax Expense	\$A m	(12)	(4)	(5)	(8)	(13)	(14)	(14)
NPAT	\$A m	(43)	10	12	18	31	32	32
Section 2 - Key Data								
Ordinary shares - year end	m	217.7	742.7	742.7	772.7	772.7	772.7	772.7
Fully diluted shares on issue	m	217.7	742.7	742.7	772.7	772.7	772.7	772.7
Weighted # shares	m	217.7	348.9	742.7	757.7	772.7	772.7	772.7
Earnings per Share		(2.1c)	2.8c	1.6c	2.4c	4.0c	4.1c	4.1c
Dividends Per Share		0.0c	0.0c	0.0c	0.0c	0.0c	0.0c	0.0c
Section 3 - Balance Sheet								
Cash	\$A m	2	5	6	31	67	89	110
Receivables	\$A m	2	9	11	12	11	11	11
Inventory	\$A m	17	13	14	12	13	13	13
Other	\$A m	2	2	2	2	2	2	2
CURRENT ASSETS	\$A m	23	30	33	58	92	115	136
Receivables	\$A m	0	0	0	0	0	0	0
P, P & E	\$A m	43	28	16	7	5	4	4
Mining Properties / Exploration	\$A m	8	4	10	10	10	10	11
Other	\$A m	0	0	0	0	0	0	0
NON-CURRENT ASSETS	\$A m	51	32	26	17	15	15	16
TOTAL ASSETS	\$A m	74	62	59	75	107	129	173
Payables	\$A m	16	7	7	6	6	6	6
Debt	\$A m	20	12	0	0	0	0	0
Other	\$A m	1	0	0	0	0	0	0
CURRENT LIABILITIES	\$A m	36	18	7	6	6	6	6
Long Term Debt	\$A m	17	0	0	0	0	0	0
Other	\$A m	2	2	2	2	2	2	2
Provisions	\$A m	6	6	6	6	6	6	6
NON-CURRENT LIABILITIES	\$A m	26	8	8	8	8	8	8
TOTAL LIABILITIES	\$A m	62	27	16	14	14	15	15
NET ASSETS	\$A m	12	35	43	61	93	115	158
Accumulated Profit (Loss)	\$A m	(135)	(125)	(113)	(95)	(64)	(33)	(1)
Reserves	\$A m	3	(4)	(8)	(9)	(8)	(17)	(27)
Contributed Equity	\$A m	144	165	165	165	165	165	165
Total Equity	\$A m	12	35	43	61	93	115	158
Section 4 - Cashflow								
Net Cashflow from operations	\$A m	19	44	42	48	60	59	58
Hedging	\$A m	(5)	0	0	0	0	0	0
Interest Paid	\$A m	(5)	(3)	(0)	0	1	1	2
Taxes Paid	\$A m	0	0	0	0	(1)	(14)	(14)
Change in Working Capital	\$A m	(4)	(16)	(1)	(2)	1	0	0
Other	\$A m							
OPERATING CASHFLOW	\$A m	5	25	40	47	60	47	47
Exploration Expenditures	\$A m	0	0	(10)	(10)	(10)	(10)	(10)
Maintenance Capex	\$A m	(3)	(3)	(4)	(4)	(4)	(4)	(4)
Expansion Capex	\$A m	0	0	0	0	0	0	0
PPE Acquisitions (Total Capex)	\$A m	(3)	(3)	(14)	(14)	(14)	(14)	(14)
PPE Divestments	\$A m	0	0	0	0	0	0	0
INVESTING CASHFLOW	\$A m	(3)	(3)	(14)	(14)	(14)	(14)	(14)
Change in Equity	\$A m	0	21	0	1	0	0	0
Dividends Paid	\$A m	0	0	0	0	0	0	0
Change in Debt	\$A m	(2)	(25)	(12)	0	0	0	0
FINANCING CASHFLOW	\$A m	(2)	(5)	(12)	1	0	0	0
Free Cashflow	\$A m	2	22	27	33	47	33	33
Net Cashflow	\$A m	0	17	15	34	47	33	33

Commodity price assumptions

Year ended December	2015	2016	2017	2018	2019	2020
AUD-USD	0.747	0.700	0.700	0.700	0.700	0.700
Gold	US\$ / oz	1,149	1,163	1,200	1,200	1,200
	AUD / oz	1,537	1,661	1,714	1,714	1,714

Mine Production

Year ended December	2015	2016	2017	2018	2019	2020
Ore processed '000t	1,841	1,900	1,900	1,900	1,900	1,900
Gold grade	1.68 g/t	1.41 g/t	1.47 g/t	1.50 g/t	1.50 g/t	1.50 g/t
Gold produced (ounces)	88,631	79,231	82,534	84,309	84,309	84,309

Resources

Deposit	Measured	Indicated	Inferred	Gold
Golden Eagle	10.6 Mt	0.9 g/t	4.4 Mt	0.9 g/t
Bartons	1.7 Mt	1.2 g/t	1.4 Mt	0.6 Mt
Shearers	0.6 Mt	1.3 g/t	1.5 Mt	1.0 g/t
Otways	1.2 Mt	0.8 g/t	0.9 Mt	0.7 Mt
All Nations	1.3 Mt	1.4 g/t	0.6 Mt	1.1 g/t
Little Wonder	0.5 Mt	1.4 g/t	0.3 Mt	1.4 g/t
Golden Gate	0.2 Mt	3.0 g/t	0.1 Mt	2.9 g/t
Falcon	0.0 Mt	0.0 g/t	0.1 Mt	3.9 g/t
Condor	0.2 Mt	2.6 g/t	0.0 Mt	2.8 g/t
Harrier	0.0 Mt	0.0 g/t	0.1 Mt	1.7 g/t
Crow	0.0 Mt	3.1 g/t	0.0 Mt	2.6 g/t
G_Reef	0.0 Mt	0.0 g/t	0.0 Mt	4.0 g/t
Au 81	0.4 Mt	1.6 g/t	0.3 Mt	1.2 g/t
Camel Ck	1.2 Mt	1.3 g/t	0.7 Mt	1.2 g/t
TOTAL	17.7 Mt	1.1 g/t	10.5 Mt	1.1 g/t

Reserves (includes 100% of Camel Ck JV)

Proved	3.7 Mt	1.5 g/t	174 koz
Probable	0.6 Mt	1.5 g/t	30 koz
Stockpiles	0.6 Mt	0.9 g/t	19 koz
TOTAL	5.0 Mt	1.4 g/t	223 koz

Costs, AUD / oz

	LoM	2015	2016	2017	2018	2019	2020
C 1 cash costs	947	948	997	1,003	906	915	924
All-In	1,188	1,088	1,307	1,295	1,176	1,185	1,195

Asset based Valuation

discount rate = 12 %	risk :	100%	Product	per share
Nullagine Reserves	100%	\$ 82m	\$ 82m	10.6 c
franking credits	60%	\$ 7m	\$ 4m	0.5 c
Nullagine Extensions	60%	\$ 141m	\$ 85m	11.0 c
franking credits	36%	\$ 33m	\$ 12m	1.6 c
Exploration	85%	(\$ 46m)	(\$ 7m)	(0.9c)
Hedge	100%	(\$ 8m)	(\$ 8m)	(1.0c)
Corporate	100%	(\$ 30m)	(\$ 30m)	(3.8c)
Cash / Debt	100%	(\$ 36m)	(\$ 36m)	(4.6c)
Equity raisings	100%	\$ 19m	\$ 19m	2.4 c
TOTAL		\$ 163m	\$ 121m	15.7 c
Shares on issue		217.7m	F P O shares issued 2015	32.0m
		525.0m		Options Op. Ex'd

Financial Ratios

Year ended December	2014	2015	2016	2017	2018	2019
Revenue	\$A m	116	137	132	142	145
EBITDA	\$A m	2	39	37	48	60
EBIT	\$A m	(25)	17	17	26	44
NPAT (reported)	\$A m	(43)	10	12	18	31
Adjusted EPS (cps)		(2.1c)	2.8c	1.6c	2.4c	4.0c
EPS Growth (%)				(45%)	53%	66%
DPS (c)		0.0c	0.0c	0.0c	0.0c	0.0c
Dividend Yield (%)		0%	0%	0%	0%	0%
PE adj. (x)		(1.8)	1.2	2.2	1.5	0.9
EV / EBITDA (x)		19.4	0.8	0.5	(0.1)	(0.7)
EV / EBIT (x)		(1.7)	1.9	1.2	(0.2)	(0.9)
Gearing (%)		50%	19%	0%	0%	0%
Return on Assets		(34%)	27%	29%	35%	41%
Return on Equity		(350%)	28%	27%	30%	33%
EBITDA Margin (%)		2%	29%	28%	34%	41%
Interest Cover (x)		n/a	n/a	n/a	n/a	n/a

Major shareholders

IMC Resource Holdings	75.4m	34.6%	91.4m	39.1%
existing				
new	281.6m	53.6%	281.6m	53.6%
Total	357.0m	48.1%	373.0m	48.3%

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The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

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