

MOY at top of guidance; over 90koz at AISC of AUD 1175/oz, for 2015

Recommendation

Strong BUY, High Risk

Price

4.5c

Valuation

14.5c

Commodity

Gold

- **MOY reported a strong December quarter, with 22,503oz produced, giving 91,462oz for the year 2015. This compares with original guidance of 72 – 75koz and final, revised guidance of 88 – 93koz.**
- **All-In Costs were reported as AUD 1191/oz for the quarter and AUD 1175/oz for the year. This compares with original guidance of AUD 1275 - \$1325 and revised guidance of AUD 1190 - \$1240/oz.**
- **Beer & Co's valuation is based on lower grades in 2016 than we expect will be achieved and also MOY investing \$10m to find at least 2.0Mt/ at 1.5g/t, which is \$104/oz.**
- **Beer & Co expects MOY to produce more in 2016 than our model and find more gold at a lower cost, given its prospectivity and average industry finding costs c.\$25/oz.**

Snapshot

Market Cap	\$33.4m
Net Cash	\$6m
Shares on Issue	742.7m
52 Week High	7.9c
52 Week Low	2.3c
1 month / 6 month VWAP	4.1c / 4.7c

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.

Author : Pieter Bruinstroop
pbruinstroop@beerandco.com.au

MOY at top of upwardly revised guidance

In March 2015, MOY's guidance for 2015 was production of 72koz – 75koz at an All-In Sustainable Cost of \$A 1275 - \$A1325/oz.

On 12 August, 2015, MOY increased its guidance to 80koz – 83koz at an AISC of \$A 1200 - \$1250/oz.

On 13 October, MOY again increased guidance to 88koz – 93koz at \$1190 - \$1240/oz.

On 18 January, MOY reported that its actual production for 2015 was at the top of the guidance range with costs below the guided range, at \$1175/oz.

MOY pulled back on its potential !

Beer & Co's view is that MOY processed lower grade material in Q4 as our "back-calculation" suggests the average grade processed in the December quarter was around 1.58g/t, the lowest for the year.

Beer & Co's model projects 80koz at \$A 1267/oz for 2016

Beer & Co's model is based on MOY's reported Reserves, which grade about 1.4g/t, even though MOY has consistently processed higher grades.

But we think MOY will do better than our model

In our 21 December note ([click here](#)), Beer & Co highlighted MOY's drilling success, with significant intercepts grading higher than our modelled grade.

Beer & Co expects that MOY's 2016 results will be better than we have assumed in our modelling.

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.

This report was produced by Beer & Co Research, an independent research and advisory firm.
It is intended for wholesale investors ONLY.

If you do not wish to receive our research, please email to info@beerandco.com.au with "unsubscribe"
If you wish to receive, free of charge, Beer & Co research, please register at <http://beerandco.com.au/all-research/>

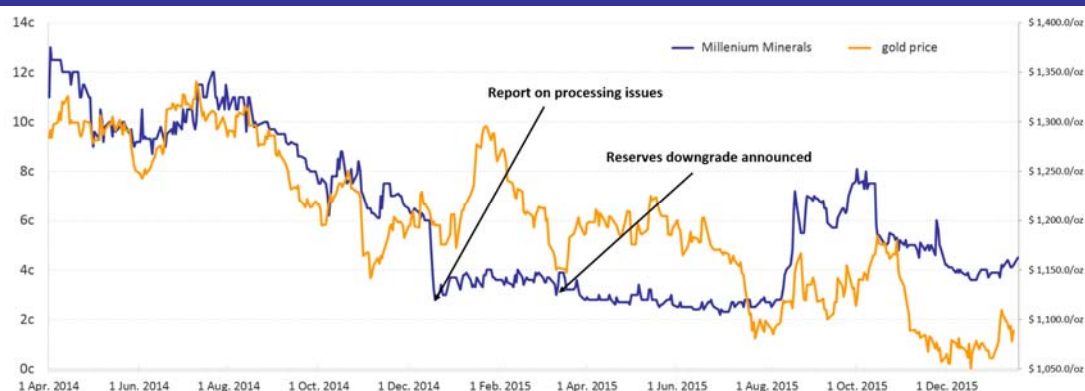
MOY : At Top of Guided range for 2015

MOY has been increasing guidance

In 2014, MOY guided production of 76koz for that year and produced 75,867oz.

As shown in Figure 1, MOY's share price had been drifting down through the third and fourth quarters of 2014, and fell sharply when MOY announced on 16 December 2014, its difficulties, in terms of both grades and recoveries, with the fresh ore at its main Golden Eagle deposit.

Figure 1 : MOY share price v. gold price (in USD)



Source : IRESS, Beer & Co

During 2015, MOY raised its guidance for production twice, and the actual result, of 91,462oz, came in at the upper end of the revised guidance.

During 2015, MOY lowered its guidance for overall costs two times, and the actual result came in at the very bottom of the revised guidance.

MOY changed its management late in 2014 and on 27 March 2015, MOY announced a significant down-grade of its reserves, as explained in Beer & Co's research report of 23 November 2015 (see : [MillenniumMinerals 2015November23](#))

At that time, MOY advised that its expected production for "the next 2½ years" (ie. to about October 2017) would be 75koz a year, or a total of about 187koz.

On 21 April 2015, MOY's guidance for 2015 was production of 72koz – 75koz at an All-In Sustainable Cost of \$A 1275 - \$A 1325/oz.

On 12 August, 2015, MOY increased its guidance to 80koz – 83koz at an AISC of \$A 1200 - \$A 1250/oz.

On 13 October, MOY again increased guidance to 88koz – 93koz at \$A 1190 - \$A 1240/oz.

On 18 January, MOY reported that its actual production for 2015 was at the top of the guidance range with costs below the guided range, at \$A 1175/oz.

MOY could have done even better !

Figure 2 shows MOY's reported quarterly results for March, June and September. It also shows the actual reported gold production for December, with Beer & Co's estimated parameters in italics.

Figure 2 : MOY's quarterly production through 2015

	Mar. Qtr 2015	Jun. Qtr 2015	Sep. Qtr 2015	Dec. Qtr 2015	2015 Total
Ore treated	409,818t	472,914t	483,280t	<i>482,500t</i>	1,848,512t
Gold grade	1.80 g/t	1.60 g/t	1.94 g/t	<i>1.57 g/t</i>	1.73 g/t
gold recovery	84.6 %	89.0 %	90.4 %	<i>92.4 %</i>	89.2 %
gold produced	20,057 oz	21,664 oz	27,238 oz	<i>22,503 oz</i>	91,462 oz

Source : MOY quarterly reports, Beer & Co estimates

The grade of ore mined and processed by MOY in the December quarter was the LOWEST for any quarter since early 2014

In Figure 2, Beer & Co has made estimates of recovery and volume of ore which determine the grade of ore processed in order to derive the reported gold produced.

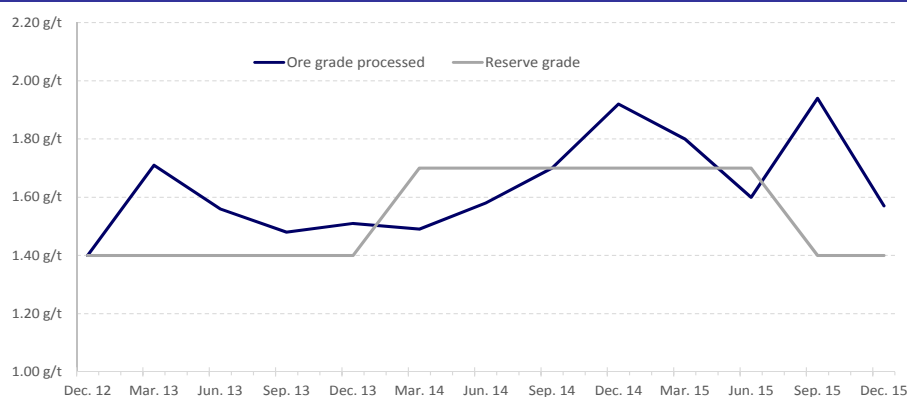
Figure 2 clearly shows that the grade of ore processed in the December quarter was the lowest quarter average for the year.

Why was the grade in the December quarter the lowest ?

This could be an expected outcome as MOY has been mining and processing ore at a grade higher than the reserve grade for much of its three years of operations, as shown in Figure 3 below.

MOY has generally mined and processed grades above the reserve grade

Figure 3 : ASX listed gold producers



Source : MOY quarterly reports, Annual Reports, Beer & Co

However, Beer & Co speculates that MOY made a decision to leave some higher grade material for 2016 to mitigate peakiness in production.

MOY : Projections

2016

Compared with 91.5koz in 2015, Beer & Co's modelling projects that MOY will produce only 82koz in 2016.

This is based on MOY's reported reserve grade.

Figure 4 Beer & Co's estimates of the operations for 2015 for MOY, based on the reported results for the first three quarters and Beer & Co's estimate for the December quarter. It compares this with the estimate in Beer & Co's model for 2016.

Figure 4 shows that Beer & Co projects that, in 2016, MOY will have lower production, at 82koz, at a higher cost than in 2015.

Figure 4 : Beer & Co's 2016 projection

	2015 Actual	2016 Projected
Waste moved	8,763 kt	8,550 kt
Ore processed	1,849 kt	1,900 kt
Gold head grade	1.73 g/t	1.46 g/t
Recovery	90.5 %	92.0 %
Gold produced	91,462 oz	82,041 oz
A I S C	\$A 1,191/oz	\$A 1,264/oz

Source : MOY ASX announcements, Beer & Co

Figure 4 shows that Beer & Co's projection for 2016 is driven by lower gold grades.

We have assumed that the March quarter is in line with the December 2015 quarter and the average grade is the remaining reserve grade for the remaining three quarters, of 1.35g/t.

Beer & Co expects that MOY will mine and process ore at grades above the reserve.

Beer & Co's model and valuation is driven by the reserve grade, while we expect that MOY will mine and process at above reserve grade.

There are 2 reasons we expect that MOY will mine and process at grades above reserve grade :

- (i) As shown in Figure 3, MOY has, in nearly every quarter, mined and processed grades above reserve grade; and
- (ii) As outlined in Beer & Co's note, [MillenniumMinerals_2015December21](#), MOY has reported many intercepts of good widths and grades above reserve grade.

Despite lower production, Beer & Co expects EBITDA for 2016 to be only slightly lower than for 2015.

In Beer & Co's view, MOY will process higher grade material without ever bringing it into a formally published reserve.

Figure 5 shows that despite the lower output and lower USD gold price, Beer & Co projects that EBITDA for 2016 will be only slightly lower than Beer & Co's expectation for 2015.

However, net cash will be much lower as Beer & Co expects MOY to spend \$10m on drilling in 2016, compared with about \$2m in 2015

Figure 5 also shows that we project that 2016 eps will be much lower than 2015.

Figure 5 : Beer & Co's financial projection

	2015	2016
	Actual	Projected
AUD/USD	0.753	0.700
Gold	\$ 1,161/oz	\$ 1,138/oz
AUD gold	\$A 1,542/oz	\$A 1,625/oz
Gold sold	91,587 oz	82,041 oz
Total Revenue	141	133
Cash Costs	(84)	(79)
Royalties	(4)	(6)
Corporate Costs	(5)	(5)
EBITDA	43	39
Exploration	(2)	(10)
Net Cash	41	29
Earnings per Share	5.0 c	1.7 c

Source : MOY ASX announcements, Beer & Co est.

This is due to the significant equity raising by MOY in early December, increasing the number of shares on issue from 271.7m to 742.7m. Hence, Beer & Co estimates that MOY's time weighted average number of shares on issue was 252.2m in 2015 compared with 742.7m in 2016.

Longer Term

Beer & Co's valuation is based on MOY proving up mining inventory of 2.0Mt each year, at a grade of 1.5g/t

Figure 5 also shows that Beer & Co projects a significant increase in the amount of cash invested in exploration in 2016, from \$2m in 2015 to \$10m in 2016.

In our modelling, as shown in Figures 6 and 7, Beer & Co projects that MOY is able to invest \$10m each year, generating 2.0Mt each year in mining inventory grading 1.50g/t.

Figure 6 : Beer & Co's operational projections for MOY, 2015 and future

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Waste moved	8,763 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	1,995 kt
waste : ore	4.7 : 1	4.5 : 1	4.5 : 1	4.5 : 1	4.5 : 1	4.5 : 1	4.5 : 1	4.5 : 1	4.5 : 1	4.5 : 1	4.5 : 1
Ore Mined	1,848 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	443 kt
Gold head grade	1.73 g/t	1.46 g/t	1.47 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.16 g/t
Recovery	90.5 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %
Gold produced	91,462 oz	82,041 oz	82,552 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz	37,273 oz

Source : Beer & Co estimates

Figure 6 also shows that Beer & Co's base case assumes that MOY is able to do this successfully for 7 years, given that production in 2016 and 2017 is based on the Reserves announced on 27 March 2015.

Figure 7 shows the financial outcomes from the operational projections shown in Figure 6.

Figure 7 : Beer & Co's financial projections for MOY

AUD m	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
AUD/USD	0.753	0.700	0.700	0.700	0.700	0.700	0.700	0.700	0.700	0.700	0.700
Gold	\$ 1,161/oz	\$ 1,138/oz	\$ 1,200/oz	\$ 1,200/oz	\$ 1,200/oz	\$ 1,200/oz	\$ 1,200/oz	\$ 1,200/oz	\$ 1,200/oz	\$ 1,200/oz	\$ 1,200/oz
	\$A 1,542/oz	\$A 1,625/oz	\$A 1,714/oz	\$A 1,714/oz	\$A 1,714/oz	\$A 1,714/oz	\$A 1,714/oz	\$A 1,714/oz	\$A 1,714/oz	\$A 1,714/oz	\$A 1,714/oz
Revenue	137.7	133.3	141.5	144.5	144.5	144.5	144.5	144.5	144.5	144.5	63.9
Cash Costs	(84.2)	(79.1)	(82.8)	(76.4)	(77.1)	(77.9)	(78.7)	(79.5)	(80.2)	(82.5)	(28.7)
Royalties	(4.0)	(6.0)	(5.4)	(4.2)	(4.2)	(4.2)	(4.2)	(4.2)	(4.2)	(4.2)	(1.9)
Dep'n & Amort'sn	(22.6)	(21.0)	(23.2)	(15.9)	(13.8)	(13.2)	(13.0)	(13.0)	(12.9)	(14.8)	(4.4)
E B I T	27.0	27.2	30.2	48.1	49.3	49.2	48.6	47.9	47.2	43.0	29.0
Sus Cap Ex - drilling	(2.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(5.0)	0.0
Sus Cap Ex - other	(3.5)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(0.8)
Project Cashflow, pre-tax	44.0	34.6	39.8	50.4	49.6	48.8	48.0	47.3	46.5	49.2	32.5
MOY after-tax cashflow	20.6	28.1	32.8	46.4	33.3	33.0	32.9	32.8	32.8	36.7	24.3
earnings per share	4.0 c	1.7 c	2.3 c	4.0 c	4.1 c	4.1 c	4.1 c	4.1 c	4.0 c	3.7 c	2.4 c

Source : Beer & Co estimates

Beer & Co expects MOY to generate, each year, net cash, after tax and exploration, GREATER than its current market capitalisation.

Figure 7 shows that Beer & Co's projections are based on a gold price that is about 10% higher than the current price.

Figure 7 then shows that Beer & Co projects that MOY will generate

- after-tax free cashflow each year that is greater than the current market capitalisation of the company; and
- earnings per share that is around the current share price, from 2018 onwards.

Conclusions

Beer & Co maintains a Strong BUY, High Risk, recommendation on MOY

Beer & Co's risked base case valuation remains 14.5c/share, which is more than 3x the current market price.

The value generated by Beer & Co's model at today's gold price and AUD-USD rate is 10.5c/share, or more than 2x the current share price.

Beer & Co believes there is significant upside potential for MOY to out-perform our base case assumption on exploration success. Given the prospectivity of MOY's tenements and the incidences of known, but inadequately tested, mineralisation, we expect that MOY will be able to achieve a much lower finding cost that \$A 104/oz.

Beer & Co maintains a Strong BUY, High Risk, rating on Millennium Minerals (MOY.ASX).

Beer & Co Research										
Millennium Minerals (MOY.ASX)										
January 2016										
Year ended December										
Section 1 - P&L										
Sales revenue	\$A m	107	138	133	142	145	145	145	145	145
Interest revenue	\$A m	0	0	0	0	1	1	1	2	2
Other revenue	\$A m	9	0	0	0	0	0	0	0	0
Total Revenue	\$A m	116	138	133	142	145	146	146	146	146
Cost of Goods Sold	\$A m	(88)	(84)	(79)	(83)	(76)	(77)	(78)	(79)	(79)
Royalties		(4)	(4)	(6)	(5)	(4)	(4)	(4)	(4)	(4)
Corporate Costs	\$A m	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Exploration Expense	\$A m	0	0	0	0	0	0	0	0	0
Other Operating Expenses	\$A m	(17)	(5)	(4)	0	0	0	0	0	0
Total Operating Expenses	\$A m	(114)	(98)	(94)	(93)	(86)	(86)	(87)	(88)	(88)
EBITDA	\$A m	2	40	39	49	60	59	59	58	58
Dep'n & Amort'n	\$A m	(27)	(23)	(21)	(23)	(16)	(14)	(13)	(13)	(13)
EBIT	\$A m	(25)	17	18	25	44	45	46	45	45
Interest Expense	\$A m	(5)	(3)	(0)	0	0	0	0	0	0
Other	\$A m	(1)	0	0	0	0	0	0	0	0
Pre-Tax Profit	\$A m	(31)	14	18	25	44	45	46	45	45
Tax Expense	\$A m	(12)	(4)	(5)	(8)	(13)	(14)	(14)	(14)	(14)
NPAT	\$A m	(43)	10	13	18	31	32	32	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	772.7	772.7
Fully diluted shares on issue	m	217.7	742.7	742.7	772.7	772.7	772.7	772.7	772.7	772.7
Weighted # shares	m	217.7	252.2	742.7	757.7	772.7	772.7	772.7	772.7	772.7
Earnings per Share	(2.1c)	4.0 c	1.7 c	2.3 c	4.0 c	4.1 c	4.1 c	4.1 c	4.1 c	4.1 c
Dividends Per Share	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c
Section 3 - Balance Sheet										
Cash	\$A m	2	5	4	30	64	87	108	129	129
Receivables	\$A m	2	9	11	12	11	11	11	11	11
Inventory	\$A m	17	14	14	12	13	13	13	13	13
Other	\$A m	2	2	2	2	2	2	2	2	2
CURRENT ASSETS	\$A m	23	30	31	56	90	112	134	155	155
Receivables	\$A m	0	0	0	0	0	0	0	0	0
P, P & E	\$A m	43	28	16	7	5	4	4	4	4
Mining Properties / Exploration	\$A m	8	6	11	10	10	10	11	11	11
Other	\$A m	0	0	0	0	0	0	0	0	0
NON-CURRENT ASSETS	\$A m	51	34	27	17	15	15	15	16	16
TOTAL ASSETS	\$A m	74	64	58	74	105	127	149	171	171
Payables	\$A m	16	7	7	6	6	6	6	6	6
Debt	\$A m	20	16	0	0	0	0	0	0	0
Other	\$A m	1	0	0	0	0	0	0	0	0
CURRENT LIABILITIES	\$A m	36	23	7	6	6	6	6	6	6
Long Term Debt	\$A m	17	0	0	0	0	0	0	0	0
Other	\$A m	2	2	2	2	2	2	2	2	2
Provisions	\$A m	6	6	6	6	6	6	6	6	6
NON-CURRENT LIABILITIES	\$A m	26	8	8	8	8	8	8	8	8
TOTAL LIABILITIES	\$A m	62	31	16	14	14	15	15	16	16
NET ASSETS	\$A m	12	33	42	59	91	113	135	155	155
Accumulated Profit (Loss)	\$A m	(135)	(125)	(112)	(94)	(64)	(32)	(0)	32	32
Reserves	\$A m	3	(7)	(10)	(11)	(10)	(20)	(30)	(40)	(40)
Contributed Equity	\$A m	144	165	165	165	165	165	165	165	165
Total Equity	\$A m	12	33	42	59	91	113	135	156	156
Section 4 - Cashflow										
Net Cashflow from operations	\$A m	19	45	43	49	60	59	59	58	58
Hedging	\$A m	(4)	0	0	0	0	0	0	0	0
Interest Paid	\$A m	(5)	(3)	(0)	0	1	1	1	2	2
Taxes Paid	\$A m	0	0	0	0	(1)	(13)	(14)	(14)	(14)
Change in Working Capital	\$A m	(4)	(16)	(1)	(2)	1	0	0	0	0
Other	\$A m									
OPERATING CASHFLOW	\$A m	7	26	42	46	60	47	47	46	46
Exploration Expenditures	\$A m	0	(2)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Maintenance Capex	\$A m	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Expansion Capex	\$A m	0	0	0	0	0	0	0	0	0
PPE Acquisitions (Total Capex)	\$A m	(3)	(6)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
PPE Divestments	\$A m	0	0	0	0	0	0	0	0	0
INVESTING CASHFLOW	\$A m	(3)	(6)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
Change in Equity	\$A m	0	21	0	1	0	0	0	0	0
Dividends Paid	\$A m	0	0	0	0	0	0	0	0	0
Change in Debt	\$A m	(2)	(21)	(16)	0	0	0	0	0	0
FINANCING CASHFLOW	\$A m	(2)	(0)	(16)	1	0	0	0	0	0
Free Cashflow	\$A m	3	21	28	33	46	33	33	33	33
Net Cashflow	\$A m	1	20	12	33	46	33	33	33	33
Commodity price assumptions										
Year ended December										
AUD-USD		0.753	0.700	0.700	0.700	0.700	0.700	0.700	0.700	0.700
Gold	US\$ / oz	1,161	1,138	1,200	1,200	1,200	1,200	1,200	1,200	1,200
	AUD / oz	1,542	1,625	1,714	1,714	1,714	1,714	1,714	1,714	1,714
Mine Production										
Nullagine										
Ore processed '000t		1,849	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Gold grade		1.73 g/t	1.46 g/t	1.47 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.50 g/t	1.50 g/t
Gold produced (ounces)		91,462	82,041	82,552	84,309	84,309	84,309	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	4.3 Mt	0.9 g/t	564 koz			
Bartons	1.7 Mt	1.2 g/t	1.4 Mt	1.2 g/t	0.6 Mt	1.1 g/t	141 koz			
Shearers	0.6 Mt	1.3 g/t	1.5 Mt	1.0 g/t	0.3 Mt	1.0 g/t	81 koz			
Otways	1.2 Mt	0.8 g/t	0.9 Mt	0.9 g/t	0.7 Mt	0.9 g/t	75 koz			
All Nations	1.3 Mt	1.4 g/t	0.6 Mt	1.1 g/t	0.4 Mt	1.0 g/t	90 koz			
Little Wonder	0.5 Mt	1.4 g/t	0.3 Mt	1.4 g/t	0.2 Mt	1.7 g/t	44 koz			
Golden Gate	0.2 Mt	3.0 g/t	0.1 Mt	2.9 g/t	0.1 Mt	2.4 g/t	42 koz			
Falcon	0.0 Mt	0.0 g/t	0.1 Mt	3.9 g/t	0.0 Mt	4.4 g/t	18 koz			
Condor	0.2 Mt	2.6 g/t	0.0 Mt	2.8 g/t	0.0 Mt	3.7 g/t	19 koz			
Harrier	0.0 Mt	0.0 g/t	0.1 Mt	1.7 g/t	0.0 Mt	1.8 g/t	8 koz			
Crow	0.0 Mt	3.1 g/t	0.0 Mt	2.6 g/t	0.0 Mt	2.3 g/t	11 koz			
G_Reef	0.0 Mt	0.0 g/t	0.0 Mt	4.0 g/t	0.0 Mt	3.9 g/t	5 koz			
Au 81	0.4 Mt	1.6 g/t	0.3 Mt	1.2 g/t	0.9 Mt	0.9 g/t	57 koz			
Camel Ck	1.2 Mt	1.3 g/t	0.7 Mt	1.2 g/t	0.7 Mt	1.1 g/t	105 koz			
TOTAL	17.7 Mt	1.1 g/t	10.5 Mt	1.1 g/t	8.4 Mt	1.0 g/t	1,259 koz			
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										
C 1 cash costs										
		LoM	2015	2016	2017	2018	2019	2020		
		942	920	964	1,002	906	915	924		
All-In		1,183	1,078	1,264	1,293	1,176	1,185	1,195		
Asset based Valuation										
discount rate = 12 %										
			31 December 2015			20-Jan-16				
		risk :	100%	Product	per share					
Nullagine Reserves	100%	\$ 47m	\$ 47m	6.1 c	5.9 c					
franking credits	60%	\$ 7m	\$ 4m	0.6 c	0.6 c					
Nullagine Extensions	60%	\$ 158m	\$ 95m	12.3 c	12.4 c					
franking credits	36%	\$ 37m	\$ 13m	1.7 c	1.8 c					
Exploration	90%	(\$ 51m)	(\$ 5m)	(0.7c)	(0.7c)					
Hedge	100%	(\$ 3m)	(\$ 3m)	(0.4c)	(0.4c)					
Corporate	100%	(\$ 28m)	(\$ 28m)	(3.7c)	(3.6c)					
Cash / Debt	100%	(\$ 11m)	(\$ 11m)	(1.5c)	(1.3c)					
Equity raisings	100%	\$ 0m	\$ 0m	0.1 c	0.1 c					
TOTAL		\$ 156m	\$ 113m	14.6 c	14.6 c					
Shares on issue		742.7m	F P O shares	32.0m	Options					
		0.0m	issued 2015	30.0m	Ops. Ex'd					
Financial Ratios										
Year ended December										
Revenue	\$A m	116	138	133	142	145	145	146		
EBITDA	\$A m	2	40	39	49	60	59	58		
EBIT	\$A m	(25)	17							

Important Information

Confidential

This document is for the confidential use of the recipients only and is not to be reproduced without the authority of Beer & Co Pty Ltd. It has been prepared at the request of Millennium Minerals Limited and Beer & Co Pty Ltd will receive a fee for its preparation.

Disclaimer

The persons involved in or responsible for the preparation and publication of this report believe that the information herein has been obtained from reliable sources and that any estimates, opinions, conclusions or recommendations are reasonably held at the time of compilation. No warranty is made as to the accuracy of the information in this document and, to the maximum extent permitted by law, Beer & Co Pty Ltd and its related entities, their respective directors and officers disclaim all liability for any loss or damage which may be suffered by any recipient through relying on anything contained or omitted from this document.

General Advice

The content is of a general nature and is based on a consideration of the securities alone, and as such is conditional and must not be relied upon without advice from a securities adviser as to the appropriateness to you given your individual investment objectives, financial situation and particular needs. Whilst this document is based on information and assessments that are current at the date of publication, Beer & Co Pty Ltd has not undertaken detailed due diligence on the information provided and has no obligation to provide revised assessments in the event of changed circumstances.

Disclosure

Beer & Co Pty Ltd has been engaged by Millennium Minerals Limited to prepare this research report and is being paid a fee for its preparation. In the future, Beer & Co Pty Ltd may provide capital raising services to Millennium Minerals Limited on commercial terms. Directors of Beer & Co or other associate companies may own securities in Millennium Minerals Limited. Beer & Co Pty Ltd seeks to do work with those companies it researches. As a result, investors should be aware that Beer & Co Pty Ltd may have a conflict of interest that could affect the objectivity of this report.

Analyst Certification

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

Report prepared by : Pieter Bruinstroop pbruinstroop@beerandco.com.au

BEER & CO PTY LTD ABN 88 158 837 186,
AUTHORISED REPRESENTATIVE MELBOURNE VENTURE SECURITIES PTY LTD AFSL No. 224 313

Melbourne Office:

Suite 4, Level 2, Bank House

11 - 19 Bank Place,

Melbourne, Vic, Australia 3000

Telephone: (+613) 9600 3599

Facsimile: (+613) 9602 2291

Email: info@beerandco.com.au

Web: www.beerandco.com.au