

## More good drill hits : We raise our production target for 2016

Many wide, high grade, shallow hits, near mining

### Recommendation

**Strong BUY, High Risk**

### Price

**12.0c**

### Valuation

**20c**

### Commodity

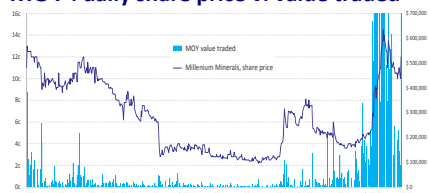
**Gold**

- **MOY has announced many wide, high grade, shallow drill intercepts at Anne de Vidia (11 March), Round Hill, All Nations and Gambol Hill (all 5 April).**
- **Beer & Co expects MOY will mine the reported intercepts during 2016, as they are near existing operations.**
- **As a result, Beer & Co is now projecting MOY will produce 87koz for 2016, above MOY guidance, at \$A 1120/oz.**
- **While the USD gold price has traded in a band above \$1200/oz over the last 8 weeks, the AUD has risen. Beer & Co has adjusted our AUD to 0.750. Our valuation remains 20c/share.**

### Snapshot

Market Cap	\$89m
Net Cash	\$7.7m
As at 31 December 2015	
Shares on Issue	742.7m
52 Week High	15.5c
52 Week Low	2.3c
1 month / 6 month VWAP	12.3c / 8.8c

### 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 and the debt has been re-paid.

MOY is now showing success in converting known mineralisation into mining inventory, which will drive further share price growth.

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### MOY has reported many wide, high grade, shallow drill intercepts

MOY's Proven plus Probable Reserves grade 1.44g/t. Beer & Co's 2016 production is based on Reserves, and future production assumes 1.5g/t.

On 11 March 2016, MOY reported intercepts of 11m grading 3.78g/t, 5m at 4.06g/t, 7m at 2.86g/t and 10m at 2.0g/t, at Anne de Vidia.

On 5 April, MOY reported intercepts of

- 19m at 8.06g/t, from surface, 5m at 5.5g/t, 3m at 6.75g/t, 3m at 6.66g/t and 4m at 3.9g/t, at Round Hill;
- 10m at 12.15g/t from 9m, 14m at 2.74g/t from 6m, 11m at 2.78g/t, and 18m at 1.87g/t at All Nations; and
- 6m at 6.0g/t, from 11m, 4m at 3.67g/t, 2m at 9.59g/t and 11m at 2.64g/t at Gambols Hill

### Beer & Co is upgrading our production

On 19 February, MOY guided for production of 80koz – 85koz at an all-in cost of \$A 1180 - \$A 1220/oz; Beer & Co estimated 82.2koz at \$A 1202/oz.

All the intercepts that MOY has announced are either at or near existing mine developments, so can be brought into production quickly.

As a result, Beer & Co is upgrading our projection for 2016 production to 87koz, from 1.9Mt of ore grading 1.55g/t and 92% recovery. Our resulting cash cost is now \$A 1122/oz.

### Higher production, Higher AUD, valuation remains 20c/share

The gold price has ranged about \$1200/oz, which was Beer & Co's long-term price, for the last 8 weeks or so. However, the AUD has risen to above 0.750. Beer & Co raise our Long Run AUD-USD rate to 0.750 and gold price to \$1250/oz, though the AUD price falls from \$A 1714 to \$A 1666/oz. Higher production at a lower price means our valuation remains 20c.

### Beer & Co's affirm our Strong BUY, High Risk, recommendation.

Beer & Co expect continued exploration success.

We affirm our Strong BUY, High Risk, recommendation

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# MOY Drilling

## Resources and Reserves

On 27 March 2015, MOY announced their Resources and Reserves as at 31 December 2014.

MOY announced their updated Resources and Reserves estimates for 31 December 2015 on 25 January 2016, comparatively 2 months quicker than the previous year. This suggests that MOY now has its systems in place to update estimates in a timely manner.

Figure 1 shows the Mineral Resource Estimate, as at 31 December 2015, while Figure 2 shows the Ore Reserves Estimate, as at 31 December 2015.

**MOY has 1.1Moz in resources, but only 127koz in reserves**

**Figure 1 : MOY Mineral Resources**

Measured	13.65 Mt	1.2 g/t	523 koz
Indicated	9.37 Mt	1.1 g/t	329 koz
Inferred	7.84 Mt	1.1 g/t	270 koz
<b>TOTAL</b>	<b>30.86 Mt</b>	<b>1.13 g/t</b>	<b>1,121 koz</b>

Source : MOY ASX announcement, 25 January 2016, Beer & Co

**Figure 2 : MOY Ore Reserves**

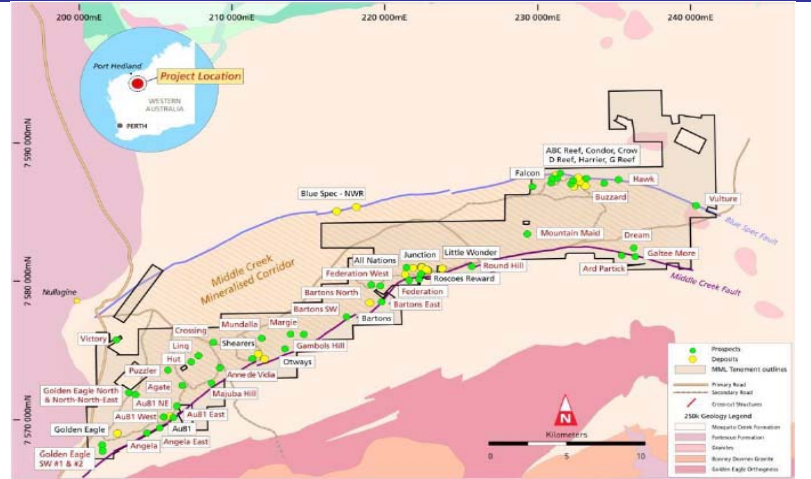
Proved	1.94 Mt	1.5 g/t	93 koz
Probable	0.34 Mt	1.3 g/t	13 koz
Stockpiles	0.63 Mt	1.0 g/t	20 koz
<b>TOTAL</b>	<b>2.91 Mt</b>	<b>1.34 g/t</b>	<b>127 koz</b>

Source : MOY ASX announcement, 25 January 2016, Beer & Co

Comparing Figure 1 and Figure 2 shows that MOY's Reserves are only a small part of its Resources, while Figure 3 shows MOY's tenement area holds many prospects that are not included in the Mineral Resources Estimate.

**MOY has many are of known mineralisation, and many further prospects within its Nullagine tenements**

**Figure 3 : Deposits and prospects in MOY's Nullagine tenements**



Source : MOY, ASX announcement, 5 April 2016

**MOY is investing \$10m in drilling to increase reserves**

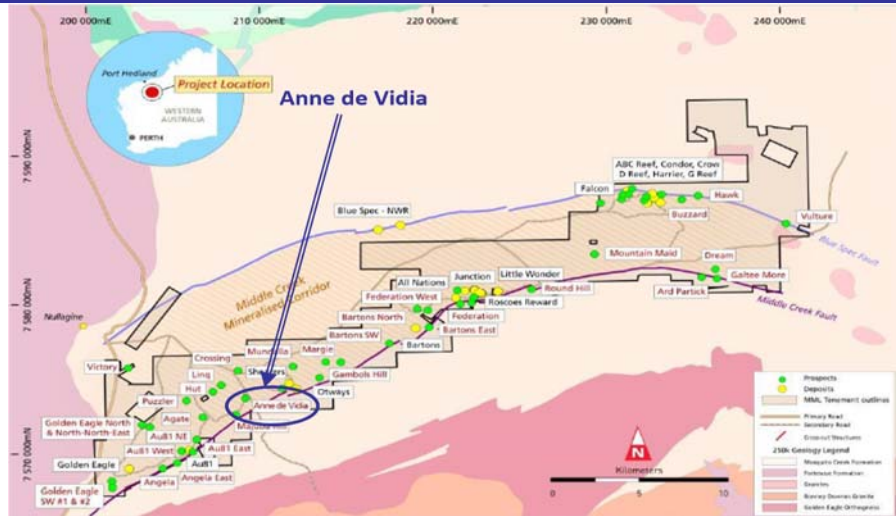
Late in 2015, MOY began a programme of investing \$10m a year to increase Reserves and Resources.

MOY has made a series of announcements on results from their drill programmes.

## Anne de Vidia

Figure 4 shows that Anne de Vidia is a prospect approx. 10km from the plant, along established haul roads.

**Figure 4 : Anne de Vidia, 10km from the process plant**



MOY has reported a number of good grade, good width, relatively shallow intercepts at Anne de Vidia

Source : MOY, ASX announcement, 11 March 2016, Beer & Co

On 22 February, 2016, MOY announced the first set of results from its drill programmes at Anne de Vidia, including

- 8m at 6.84g/t;
- 4m at 24.49g/t;
- 7m at 5.03g/t; and
- 12m at 12.2g/t.

On 11 March 2016, announced further results from its drilling at Anne de Vidia, including :

- 11m at 3.78g/t
- 5m at 4.06g/t;
- 7m at 2.86g/t; and
- 10m at 2.0g/t.

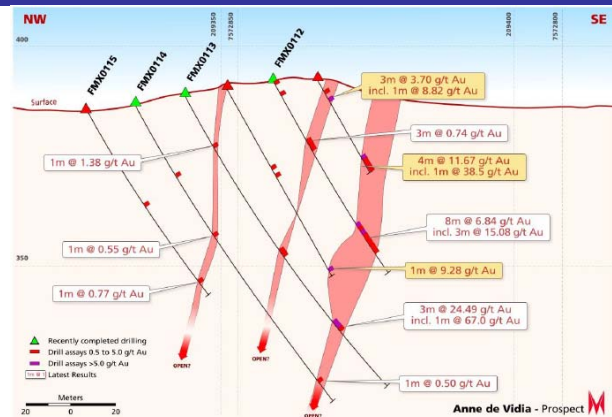
As shown in Figure 5, these drill intercepts are relatively shallow, and intercept structures that either outcrop or come very near to the surface.

Anne de Vidia is near existing mining infrastructure and can be quickly brought into production

Also, the intercept reports are of very viable mining widths.

As the prospect is near infrastructure and can be easily mined as an open cut and has grades above the reserve grade, Beer & Co expects it will be mined during 2016.

**Figure 5 : Anne de Vidia drilling**



Source : MOY, ASX announcement, 11 March 2016

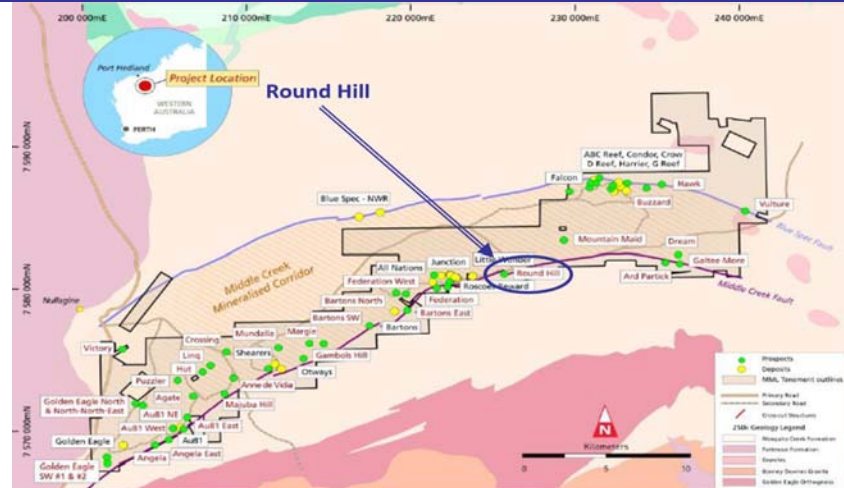
As the grade is higher than the reserve grade, as shown in Figure 2, mining and processing this material will lead to an increase in gold produced.

### Round Hill

As shown in Figure 6, Round Hill is near Roscoe’s Reward, Junction and Little Wonder, which have had mining operations, and is about 35km from the process plant.

MOY has reported a number of good grade, good width, relatively shallow intercepts at Round Hill

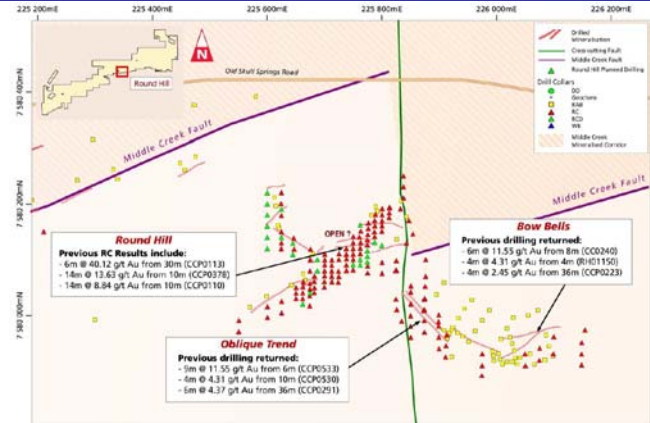
Figure 6 : Round Hill, near Roscoe’s Reward



Source : MOY, ASX announcement, 5 April 2016, , Beer & Co

While Figure 6 shows that Round Hill is adjacent to the Middle Creek fault, which appears to define Nullagine mineralisation, Figure 7 shows that is bound by a fault that cross-cuts the Middle Creek fault.

Figure 7 : Round Hill, near Middle Creek fault



Source : MOY, ASX announcement, 5 April 2016

Figure 6 also shows results from earlier RC drilling :

- 6m at 40.12g/t
- 14m at 13.63g/t, from 10m below surface; and
- 14m at 8.84g/t, from 10m below surface.

On 5 April 2016, MOY announced further results from drilling at Round Hill, of

- 19m at 8.06g/t; from surface
- 5m at 5.5g/t, from 21m below surface;
- 3m at 6.75g/t, from 28m below surface;
- 3m at 6.66g/t; from 37m below surface; and
- 4m at 3.91g/t.

The grades are many times higher than reserve grade, with good to very wide intercepts, with most near surface.

Round Hill is about 1km from mining infrastructure, so Beer 7 Co expects it will be mined during 2016.

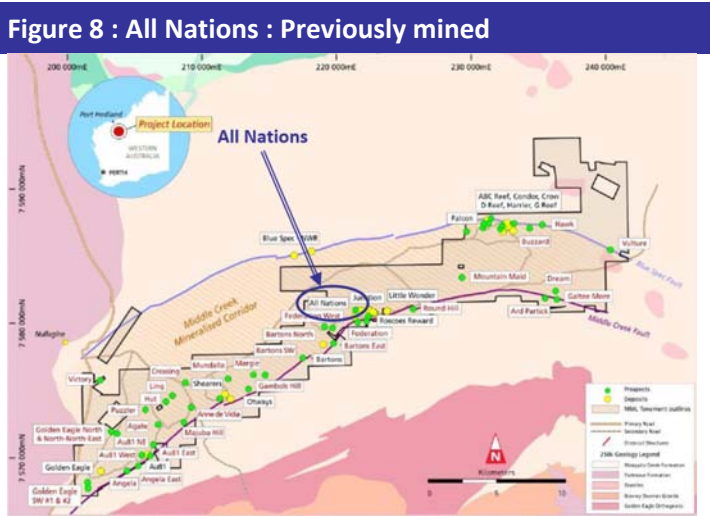
Round Hill is near existing mining infrastructure and can be quickly brought into production



## All Nations

Figure 8 shows the location of the All Nations deposit within MOY’s Nullagine’s tenements, about 2km to the west of Round Hill.

MOY has reported a number of good grade, good width, relatively shallow intercepts at All Nations



Source : MOY, ASX announcement, 5 April 2016, , Beer & Co

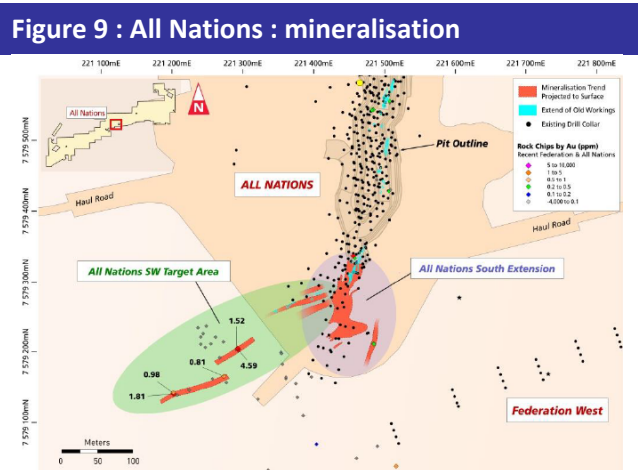
All Nations is an extension of an existing mining area that can be quickly brought back into production

Figure 9 shows that MOY’s reported drilling results relate to an extension to the south of mineralisation that has been mined.

Figure 9 also shows a potential extension of mineralisation to the S-W.

MOY has reported intercepts from drilling at All Nations of :

- 10m at 10.15g/t, from 9m depth;
- 11m at 2.78g/t, from 27m below surface;
- 14m at 2.74g/t, from 6m below surface; and
- 21m at 1.7g/t from 5m below surface.



Source : MOY, ASX announcement, 5 April 2016

## Gambols Hill

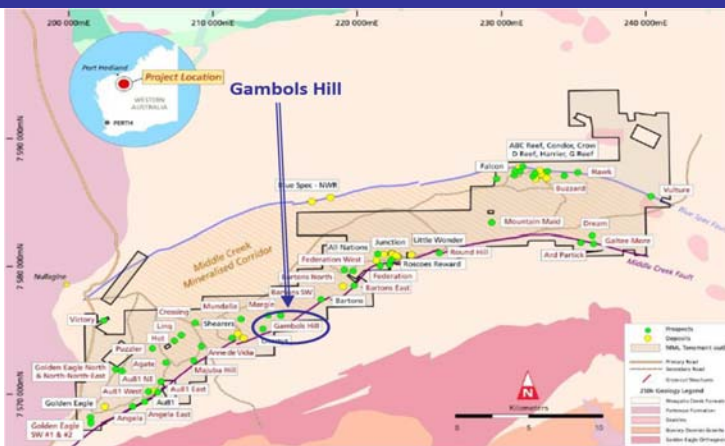
Figure 10 shows the location of Gambols Hill, less than 1km to the east of Otways pit, which has been mined recently.

MOY has reported results from drilling at Gambols Hill including :

- 6m grading 6.0g/t, from 11m below surface;
- 2m grading 9.59g/t, from 25m below surface
- 4m grading 3.67g/t, form 11m below surface; and
- 11m grading 264g/t, from 10m below surface.

MOY has reported a number of good grade, good width, relatively shallow intercepts at Gambols Hill

Figure 10 : Gambols Hill, near Shearers-Otways



Gambols Hill is near existing mines, at Shearers and Otways, and can be quickly brought into production

Source : MOY, ASX announcement, 5 April 2016, , Beer & Co

## Impact of MOY's drill results

MOY has reported results from about 8 weeks of drilling. These results :

- Have had wide, easily mineable intercepts;
- Have reported grades well above MOY's current reserve grade; and
- Are near existing mining infrastructure.

As a result, Beer & Co expects that these areas will be mined during 2016.

All these prospects have grade much higher than that used in Beer & Co's modelling.

On 19 February, MOY guided for production of 80koz – 85koz at an all-in cost of \$A 1180 - \$A 1220/oz; Beer & Co's modelling had estimated 82.2koz at \$A 1202/oz.

This was based on :

- Processing 1.9Mt of ore (and moving about 8.1Mt of waste material, for a waste : ore ratio of about 4.5 : 1);
- Average processed grade of 1.46g/t, which compares with, as shown in Figure 2, Proved plus Probable Reserves totalling 2.28Mt grading 1.44g/t; and
- Metallurgical recoveries of 92%, which compares with MOY reporting recovery of 93% in the second half of 2015.

Beer & Co expects some production from these sources during 2016, leading to a higher average grade

Due the significant intercepts at grades much higher than the reserve grade, Beer & Co is now increasing our expected average grade for 2016 from 1.46g/t to 1.55g/t, which

And higher gold production

- Increases our expected production from 82.2koz to 87.1koz; and
- Reduces out estimate for All-In Costs, from \$A 1202/oz to \$A 1122/oz.

## Commodity Prices

Over the last 8 weeks or so, the gold price has traded in a band above US\$ 1250/oz., as shown in Figure 11.

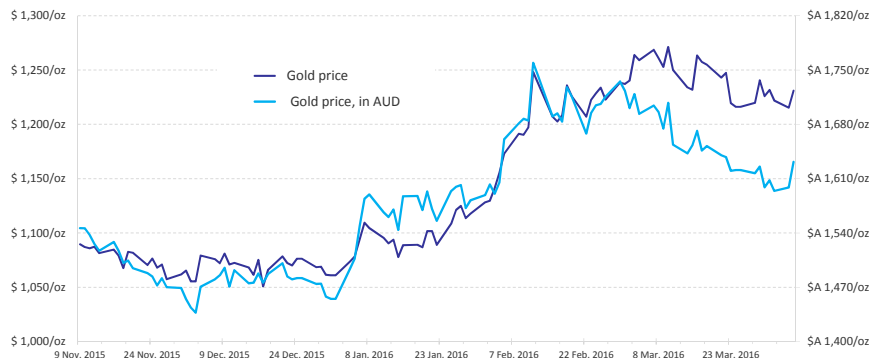
From late August 2015 until the end of February 2016, the AUD-USD rate was around 0.700, despite most market economists calling for it to fall further.

However, since the end of February, the AUD has strengthened, so that against a relatively flat gold price, the gold price in AUD terms has fallen, as shown in Figure 11.

The gold price has bounced around above \$1250/oz

But the AUD has been rising, so the gold price in AUD terms has been a little soft over the last few weeks

**Figure 11 : Gold price, USD v AUD**



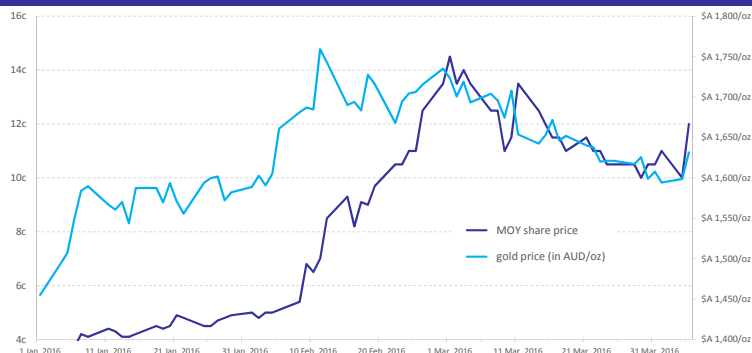
Source : IRESS, Beer & Co

Figure 12 shows that the MOY share price had a sharp run-up during February 2016. It also shows that since the end of February 2016, the gold price has softened in AUD terms, due to the rising AUD-USD rate rather than any real change in the gold price.

Further the MOY share price has softened with the gold price in AUD terms.

The MOY share price has, since early February, softened with the gold price in AUD terms

**Figure 12 : MOY share price v. gold price, in AUD**



Source : IRESS, Beer & Co

## Beer & Co's revised Valuation of MOY

### Production Revision

**Figure 13 : Revised production**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Waste moved	6,779 kt	8,778 kt	8,564 kt	8,550 kt	8,127 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	8,550 kt	7,538 kt
waste : ore	4.2 : 1	5.5 : 1	4.6 : 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	1,615 kt	1,583 kt	1,848 kt	1,900 kt	1,806 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,900 kt	1,675 kt
Gold head grade	1.56 g/t	1.66 g/t	1.78 g/t	1.55 g/t	1.48 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
Recovery	88.2 %	87.1 %	91.1 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %	92.0 %
Gold produced	63,247 oz	74,375 oz	91,462 oz	87,119 oz	82,997 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz	84,309 oz

Source : Beer & Co estimates

Beer & Co explained that we have revised upwards our projection for production in 2016. However, Figure 13 shows we have not changed any projections in future years, despite MOY continuing to report intercepts of good widths at grades well above the 1.5g/t assumed by Beer & Co in our analysis.

**Beer & Co is revising up our expected production for 2016, from 82koz to 87koz, which is above MOY's guidance.**

## Revised Cashflows

Figure 14 shows that, with the strong AUD, we are now using 0.750 as our Long-Run assumption. Figure 14 also shows that our Long-Run gold price assumption is \$1250/oz.

This gives a lower AUD gold price than we had previously used in our valuation.

**Figure 14 : Revised cashflows**

AUD m	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AUD/USD	0.968	0.903	0.753	0.741	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750
Gold	\$ 1,411/oz	\$ 1,272/oz	\$ 1,161/oz	\$ 1,233/oz	\$ 1,250/oz	\$ 1,250/oz	\$ 1,250/oz	\$ 1,250/oz	\$ 1,250/oz	\$ 1,250/oz	\$ 1,250/oz	\$ 1,250/oz
	\$A 1,457/oz	\$A 1,409/oz	\$A 1,542/oz	\$A 1,664/oz	\$A 1,667/oz	\$A 1,667/oz	\$A 1,667/oz	\$A 1,667/oz	\$A 1,667/oz	\$A 1,667/oz	\$A 1,667/oz	\$A 1,667/oz
Revenue	92.4	106.9	142.1	144.9	138.3	140.5	140.5	140.5	140.5	140.5	140.5	140.5
Cash Costs	(62.3)	(72.6)	(81.0)	(74.9)	(74.1)	(74.3)	(74.9)	(75.4)	(76.0)	(76.6)	(77.2)	(74.2)
Royalties	(2.7)	(3.1)	(4.1)	(4.2)	(5.9)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)
Dep'n & Amort'sn	(22.0)	(27.2)	(22.6)	(21.0)	(29.4)	(15.7)	(13.2)	(13.0)	(12.9)	(12.9)	(12.9)	(13.6)
E B I T	5.4	4.0	34.4	44.8	28.9	46.4	48.3	48.0	47.5	46.9	46.4	48.6
Sus Cap Ex - drilling	0.0	0.0	(2.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(5.0)
Sus Cap Ex - other	(3.1)	(3.0)	(3.5)	(3.6)	(3.4)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)	(3.2)
Project Cashflow, pre-tax	24.4	28.2	51.5	52.2	44.9	48.5	48.0	47.4	46.8	46.2	45.7	54.0
MOY after-tax cashflow			26.5	46.5	42.2	38.0	32.8	32.7	32.8	32.9	32.9	40.5
earnings per share			6.1 c	3.2 c	2.3 c	3.9 c	4.1 c	4.1 c	4.0 c	4.0 c	4.0 c	4.2 c

Source : Beer & Co estimates

Figure 14 shows that, despite investing \$10m each year in exploration, Beer & Co expects MOY to generate good earnings per share.

**Higher gold production nets out the valuation impact of lower gold prices.**

## Revised Valuation

Beer & Co has revised up our production for 2016 (only; not for later years) and revised down our long run AUD gold price assumption.

As shown in Figure 15, the net of these 2 conflicting changes is a trivial negative, so that the valuation remains at 20c/share.

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

VALUATION					
discount rate = 12.0 %	risk :	31 December 2015			6-Apr-16
		100%	Product	per share	
Nullagine Reserves	100%	\$ 75m	\$ 75m	9.6 c	8.1 c
franking credits	60%	\$ 13m	\$ 8m	1.0 c	1.1 c
Nullagine Extensions	60%	\$ 138m	\$ 83m	10.7 c	11.0 c
franking credits	36%	\$ 35m	\$ 12m	1.6 c	1.7 c
Exploration	90%	(\$ 51m)	(\$ 5m)	(0.7c)	(0.7c)
Hedge	100%	(\$ 5m)	(\$ 5m)	(0.7c)	(0.5c)
Corporate	100%	(\$ 27m)	(\$ 27m)	(3.5c)	(3.4c)
Cash / Debt	100%	\$ 8m	\$ 8m	1.0 c	2.1 c
Equity raisings	100%	\$ 0m	\$ 0m	0.1 c	0.1 c
<b>TOTAL</b>		<b>\$ 185m</b>	<b>\$ 148m</b>	19.2 c	19.6 c
Shares on issue		742.7m	F P O shares	32.0m	Options
				30.0m	Ops. Ex'd

Source : Beer & Co estimates

**Beer & Co's revised valuation is 20c/share, the same as it was before.**



## Conclusions

**Beer & Co affirms our  
Strong BUY, High Risk  
recommendation on  
MOY**

Beer & Co believes that, over time, we will revise up our valuation of MOY as :

- Further good drill results will lead to higher production than we have assumed in our modelling;
- At the current rate of spend, MOY will increase their mining inventory, so either less needs to be spent to maintain production or more production / longer mine life will result, either of which will increase our valuation;
- As reserves increase, MOY will be progressively de-risked and the impact of Beer & Co's risk weighting will be reduced.

Beer & Co affirms our Strong BUY, High Risk rating on MOY.

**Beer & Co Research**  
Millennium Minerals (MOY.ASX) April 2016

Year ended December	2014	2015	2016	2017	2018	2019	2020	2021
<b>Section 1 - P&amp;L</b>								
Sales revenue	\$A m	107	142	145	138	141	141	141
Interest revenue	\$A m	0	0	0	1	1	2	2
Other revenue	\$A m	9	0	0	0	0	0	0
<b>Total Revenue</b>	\$A m	<b>116</b>	<b>142</b>	<b>145</b>	<b>139</b>	<b>142</b>	<b>142</b>	<b>143</b>
Cost of Goods Sold	\$A m	(88)	(81)	(75)	(74)	(74)	(75)	(76)
Royalties		(4)	(4)	(4)	(6)	(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)	(6)	0	0	0	0
<b>Total Operating Expenses</b>	\$A m	<b>(114)</b>	<b>(95)</b>	<b>(90)</b>	<b>(85)</b>	<b>(83)</b>	<b>(85)</b>	<b>(85)</b>
<b>EBITDA</b>	\$A m	<b>2</b>	<b>47</b>	<b>55</b>	<b>54</b>	<b>58</b>	<b>58</b>	<b>58</b>
Dep'n & Amort'n	\$A m	(27)	(23)	(21)	(29)	(16)	(13)	(13)
<b>EBIT</b>	\$A m	<b>(25)</b>	<b>25</b>	<b>34</b>	<b>25</b>	<b>43</b>	<b>45</b>	<b>45</b>
Interest Expense	\$A m	(5)	(3)	0	0	0	0	0
Other	\$A m	(1)	0	0	0	0	0	0
<b>Pre-Tax Profit</b>	\$A m	<b>(31)</b>	<b>22</b>	<b>34</b>	<b>25</b>	<b>43</b>	<b>45</b>	<b>45</b>
Tax Expense	\$A m	(12)	(7)	(10)	(7)	(13)	(13)	(13)
<b>NPAT</b>	\$A m	<b>(43)</b>	<b>15</b>	<b>24</b>	<b>17</b>	<b>30</b>	<b>31</b>	<b>31</b>

<b>Section 2 - Key Data</b>								
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	252.2	742.7	757.7	772.7	772.7	772.7
Earnings per Share		(2.9c)	6.1 c	3.2 c	2.3 c	3.9 c	4.1 c	4.0 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

<b>Section 3 - Balance Sheet</b>								
Cash	\$A m	2	11	39	71	97	118	139
Receivables	\$A m	2	10	11	11	11	11	11
Inventory	\$A m	17	13	12	12	12	12	13
Other	\$A m	2	2	2	2	2	2	2
<b>CURRENT ASSETS</b>	\$A m	<b>23</b>	<b>37</b>	<b>65</b>	<b>96</b>	<b>123</b>	<b>144</b>	<b>165</b>
Receivables	\$A m	0	0	0	0	0	0	0
P, P & E	\$A m	43	28	16	4	2	2	3
Mining Properties / Exploration	\$A m	8	6	11	7	6	7	8
Other	\$A m	0	0	0	0	0	0	0
<b>NON-CURRENT ASSETS</b>	\$A m	<b>51</b>	<b>34</b>	<b>27</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>10</b>
<b>TOTAL ASSETS</b>	\$A m	<b>74</b>	<b>71</b>	<b>92</b>	<b>106</b>	<b>131</b>	<b>153</b>	<b>174</b>
Payables	\$A m	16	6	6	6	6	6	6
Debt	\$A m	20	4	0	0	0	0	0
Other	\$A m	1	0	0	0	0	0	0
<b>CURRENT LIABILITIES</b>	\$A m	<b>36</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
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
<b>NON-CURRENT LIABILITIES</b>	\$A m	<b>26</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>TOTAL LIABILITIES</b>	\$A m	<b>62</b>	<b>18</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>NET ASSETS</b>	\$A m	<b>12</b>	<b>53</b>	<b>78</b>	<b>92</b>	<b>117</b>	<b>138</b>	<b>160</b>

Accumulated Profit (Loss)	\$A m	(135)	(119)	(95)	(78)	(48)	(17)	15
Reserves	\$A m	3	8	8	6	1	(9)	(19)
Contributed Equity	\$A m	144	165	165	165	165	165	165
<b>Total Equity</b>	\$A m	<b>12</b>	<b>53</b>	<b>78</b>	<b>92</b>	<b>117</b>	<b>138</b>	<b>160</b>

<b>Section 4 - Cashflow</b>								
Net Cashflow from operations	\$A m	19	52	61	54	58	58	58
Hedging	\$A m	(6)	0	0	0	0	0	0
Interest Paid	\$A m	(5)	(3)	0	1	1	2	2
Taxes Paid	\$A m	0	0	0	0	(8)	(13)	(13)
Change in Working Capital	\$A m	(4)	(17)	(1)	1	0	0	0
Other	\$A m							
<b>OPERATING CASHFLOW</b>	\$A m	<b>4</b>	<b>32</b>	<b>60</b>	<b>56</b>	<b>52</b>	<b>46</b>	<b>46</b>
Exploration Expenditures	\$A m	0	(2)	(10)	(10)	(10)	(10)	(10)
Maintenance Capex	\$A m	(3)	(4)	(4)	(3)	(4)	(4)	(4)
Expansion Capex	\$A m	0	0	0	0	0	0	0
<b>PPE Acquisitions (Total Capex)</b>	\$A m	<b>(3)</b>	<b>(6)</b>	<b>(14)</b>	<b>(13)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>
PPE Divestments	\$A m	0	0	0	0	0	0	0
<b>INVESTING CASHFLOW</b>	\$A m	<b>(3)</b>	<b>(6)</b>	<b>(14)</b>	<b>(13)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>
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)	(34)	(4)	0	0	0	0
<b>FINANCING CASHFLOW</b>	\$A m	<b>(2)</b>	<b>(13)</b>	<b>(4)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Free Cashflow</b>	\$A m	<b>1</b>	<b>26</b>	<b>46</b>	<b>42</b>	<b>38</b>	<b>33</b>	<b>33</b>
<b>Net Cashflow</b>	\$A m	<b>(1)</b>	<b>14</b>	<b>43</b>	<b>43</b>	<b>38</b>	<b>33</b>	<b>33</b>

<b>Commodity price assumptions</b>							
Year ended December		2015	2016	2017	2018	2019	2020
AUD-USD		0.753	0.741	0.750	0.750	0.750	0.750
Gold	US\$ / oz	1,161	1,233	1,250	1,250	1,250	1,250
	AUD / oz	1,542	1,663	1,667	1,667	1,667	1,667

<b>Mine Production</b>							
<b>Nullagine</b>							
Ore processed '000t		1,824	1,900	1,900	1,900	1,900	1,900
Gold grade		1.78 g/t	1.55 g/t	1.48 g/t	1.50 g/t	1.50 g/t	1.50 g/t
Gold produced (ounces)		91,462	87,119	82,997	84,309	84,309	84,309

<b>Resources</b>								
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	
<b>TOTAL</b>	<b>17.7 Mt</b>	<b>1.1 g/t</b>	<b>10.5 Mt</b>	<b>1.1 g/t</b>	<b>8.4 Mt</b>	<b>1.0 g/t</b>	<b>1,259 koz</b>	

<b>Reserves, as at 31 December 2015</b>						
Proved	1.9 Mt	1.5 g/t	91 koz			
Probable	0.3 Mt	1.3 g/t	14 koz			
Stockpiles	0.6 Mt	1.0 g/t	20 koz			
<b>TOTAL</b>	<b>2.9 Mt</b>	<b>1.34 g/t</b>	<b>126 koz</b>			

<b>Costs, AUD / oz</b>							
LoM	2015	2016	2017	2018	2019	2020	
<b>C 1 cash costs</b>	<b>903</b>	<b>885</b>	<b>859</b>	<b>893</b>	<b>881</b>	<b>888</b>	<b>895</b>
<b>All-in</b>	<b>1,141</b>	<b>1,044</b>	<b>1,121</b>	<b>1,186</b>	<b>1,150</b>	<b>1,157</b>	<b>1,164</b>

<b>Asset based Valuation</b>					
discount rate = 12 %	risk :	100%	Product	per share	6-Apr-16
Nullagine Reserves	100%	\$ 74m	\$ 74m	9.6 c	8.1 c
franking credits	60%	\$ 13m	\$ 8m	1.0 c	1.1 c
Nullagine Extensions	60%	\$ 138m	\$ 83m	10.7 c	11.0 c
franking credits	36%	\$ 35m	\$ 12m	1.6 c	1.7 c
Exploration	90%	(\$ 51m)	(\$ 5m)	(0.7c)	(0.7c)
Hedge	100%	(\$ 5m)	(\$ 5m)	(0.7c)	(0.5c)
Corporate	100%	(\$ 27m)	(\$ 27m)	(3.5c)	(3.4c)
Cash / Debt	100%	\$ 8m	\$ 8m	1.0 c	2.1 c
Equity raisings	100%	\$ 0m	\$ 0m	0.1 c	0.1 c
<b>TOTAL</b>		<b>\$ 185m</b>	<b>\$ 148m</b>	<b>19.2 c</b>	<b>19.6 c</b>
Shares on issue		742.7m	F P O shares	32.0m	Options
		0.0m		30.0m	Ops. Ex'd

<b>Financial Ratios</b>							
Year ended December		2014	2015	2016	2017	2018	2019
Revenue	\$A m	116	142	145	139	142	142
EBITDA	\$A m	2	47	55	54	58	58
EBIT	\$A m	(25)	25	34	25	43	45
NPAT (reported)	\$A m	(43)	15	24	17	30	31
Adjusted EPS (cps)		(2.9c)	6.1 c	3.2 c	2.3 c	3.9 c	4.1 c
EPS Growth (%)				(47%)	(30%)	70 %	5 %
DPS (c)		0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c
Dividend Yield (%)		0 %	0 %	0 %	0 %	0 %	0 %
PE adj. (x)	x	(1.3)	2.0	3.7	5.3	3.1	3.0
EV / EBITDA (x)	x	19.4	1.7	0.9	0.4	(0.1)	(0.4)
EV / EBIT (x)	x	(1.7)	3.3	1.5	0.9	(0.1)	(0.6)
Gearing (%)		50 %	5 %	0 %	0 %	0 %	0 %
Return on Assets		(34%)	35 %	37 %	23 %	33 %	29 %
Return on Equity		(350%)	29 %	31 %	19 %	26 %	23 %
EBITDA Margin (%)		2 %	33 %	38 %	39 %	42 %	41 %
Interest Cover (x)	x	n/a	n/a	n/a	n/a	n/a	n/a

<b>Major shareholders</b>				
<b>IMC Resource Holdings</b>				
			<b>fully diluted</b>	
existing		75.4m	34.6 %	91.4m
new		281.6m	53.6 %	281.6m
<b>Total</b>		<b>357.0m</b>	<b>48.1 %</b>	<b>373.0m</b>

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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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