

Wide, high-grade, shallow intercepts

Upgrading our valuation

Recommendation

Accumulate, High Risk

Price

35.5c

Valuation

38c

Commodity

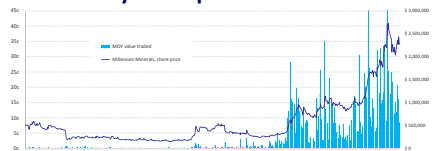
Gold

- On 12 September, MOY announced further drilling results from its operations at Nullagine, from drilling at 5 different operating sites, each near a mining operation. Each of the sites reported wide, shallow, high-grade intercepts.
- MOY expects to announce upgraded Resource and Reserve estimates in October.
- Consistent with the trend shown in the previous updates, in January and April 2016, Beer & Co expects that MOY will report more tonnes in Reserves, at a higher grade, for many more ounces.
- Beer & Co is upgrading our estimate of the grade for future mining, from 1.5g/t to 1.75g/t.
- As a result, Beer & Co is upgrading our risked, base case valuation to 38c/share.

Snapshot

Market Cap	\$264m
Net Cash (June 2016)	\$20.4m
Shares on Issue	742.7m
52 Week High	41.5c
52 Week Low	3.5c
1 month / 6 month VWAP	35.8c / 20.7c

MOY : daily share price v. value traded



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

Following a change in management in December 2014, the operations have been turned around. MOY is now debt free with significant free cash.

MOY has over 1.0Moz in Resources, but only 160koz in Reserves. In late 2015, MOY began a \$10m a year program to boost Reserves and mine life.

The Nullagine area has more than 30 further shallow oxide prospects as well as, and prospects for deeper mineralisation and refractory material in Resources as a possible later option.

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Many shallow, high grade intercepts

MOY reported shallow, high grade intercepts from 5 different sites

- Little Wonder : 25km from the plant
 - 8m at 101.4g/t gold, from 21m below surface;
 - 13m at 5.7g/t gold, from 35m;
 - 12m at 4.45g/t gold, from 34m; and
 - 8m at 6.29g/t gold, from 52m.
- Gambols Hill : 10km from the plant
 - 3m at 21.08g/t gold, from 8m below surface; and
 - 7m at 4.36g/t gold, from 50m.
- Roscoes Reward : 25km from the plant :
 - 16m at 2.82g/t gold, from 35m below surface;
 - 6m at 3.22g/t gold, from 45m
- Crossing : 8km from plant :
 - 2m at 47.69g/t, from 41m below surface
 - 7m at 5.75g/t gold, from 30m.

Beer & Co 's valuation upgraded

MOY is investing \$10m a year to increase Reserves. Beer & Co's valuation assumes that MOY adds 2.0Mt each year.

Beer & Co assumed that this extra material graded 1.5g/t, in line with the in-ground Reserves. Given the grade of these intercepts, and others reported, Beer & Co is increasing our estimate of the future grade, to 1.75g/t.

This raises Beer & Co's valuation to 38c/share

Further upside potential

MOY will report its Resource and Reserve upgrade in October.

Beer & Co expects MOY to upgrade production guidance.

Beer & Co affirms Accumulate recommendation.

Our valuation is above the share price, with further upside. Accumulate.

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Great results from drilling

Shallow Drilling : 3m at 265g/t from 21m

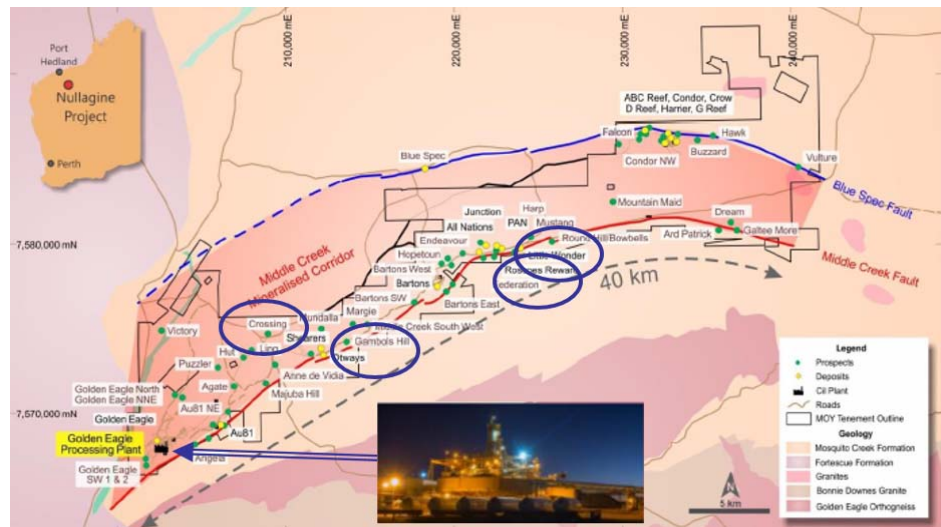
On 12 September 2016, MOY reported significant drilling results.

Spectacular drill results at Nullagine

The most spectacular was 3m at 265g/t gold, from 21m.

However, there were very many good results spread over 5 different sites, 4 of which were focussed on shallow drilling. Figure 1 shows the location of the MOY tenements and the drilling that was reported.

Figure 1 : MOY's Nullagine tenements



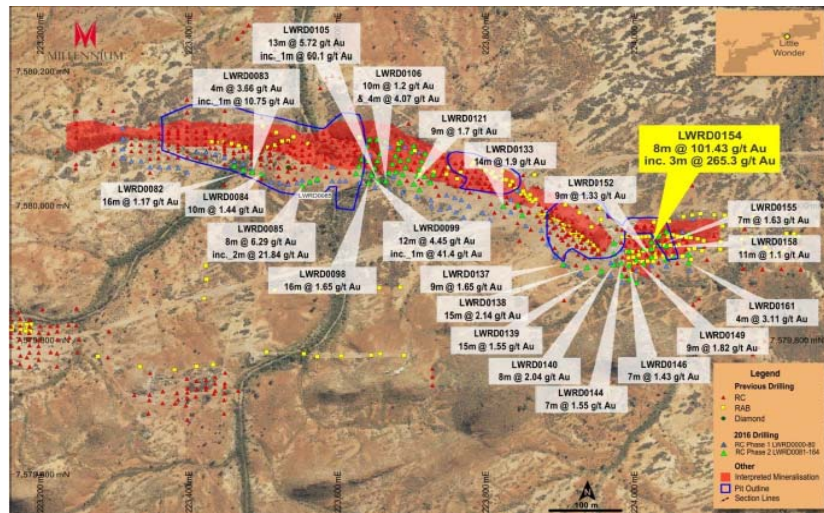
MOY has many deposits and prospectus at Nullagine

Source : MOY, 12 September 2016 ASX announcement, Beer & Co

Little Wonder

Figure 2 shows the interpreted mineralisation at Little Wonder and drill results. Mining from a series of small pits was executed from August 2015 to May 2016.

Figure 2 : Little Wonder – plan view



Little Wonder has had some mining

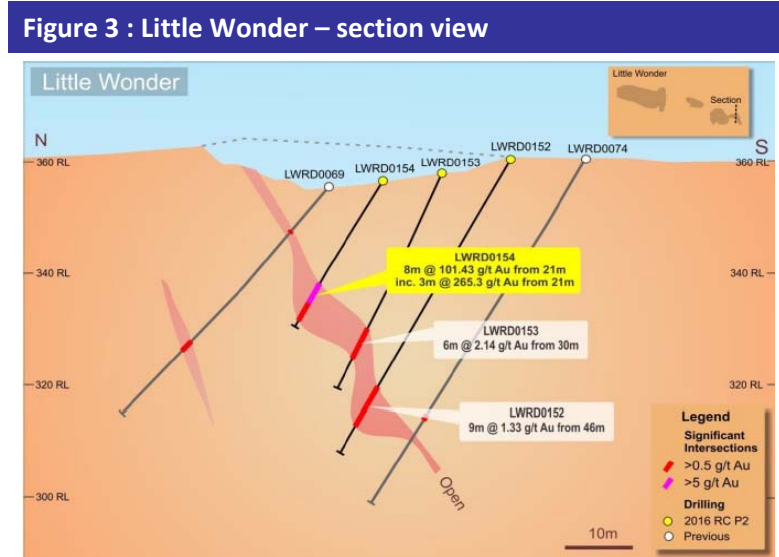
And many good recent drill results

Source : MOY, 12 September 2016 ASX announcement

Figure 2 shows many wide, high grade, shallow intercepts, with several high grade mineralised structures remain open at depth, below the existing pits, as well as between the pits and along strike.

Some results from this area were reported by MOY on 9 August 2016.

Figure 3 shows a section view.

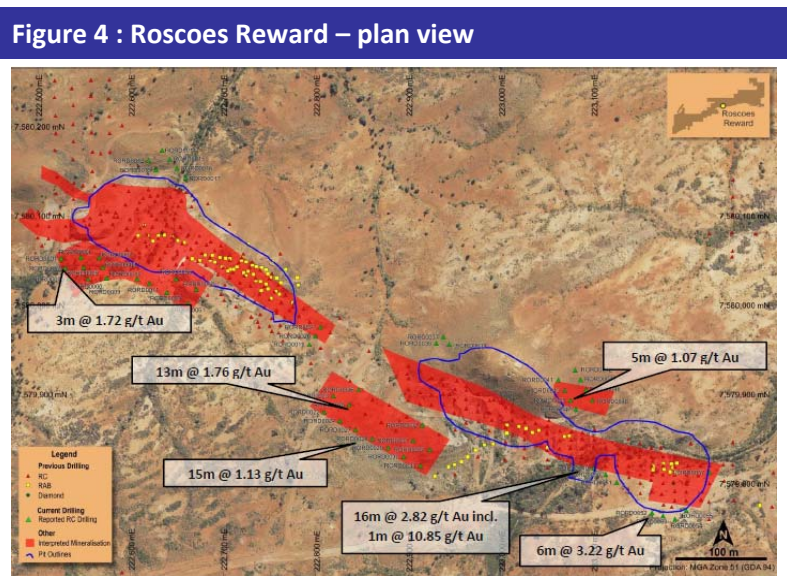


Source : MOY, 12 September 2016 ASX announcement

Roscoes Reward

Figure 1 shows that Roscoes Reward is adjacent to Little Wonder, about 25km from the plant.

Figure 4 shows the interpreted mineralisation and the present pit outlines, from mining from December 2015 until June 2015, together with shallow, good grade results.



Source : MOY, 12 September 2016 ASX announcement

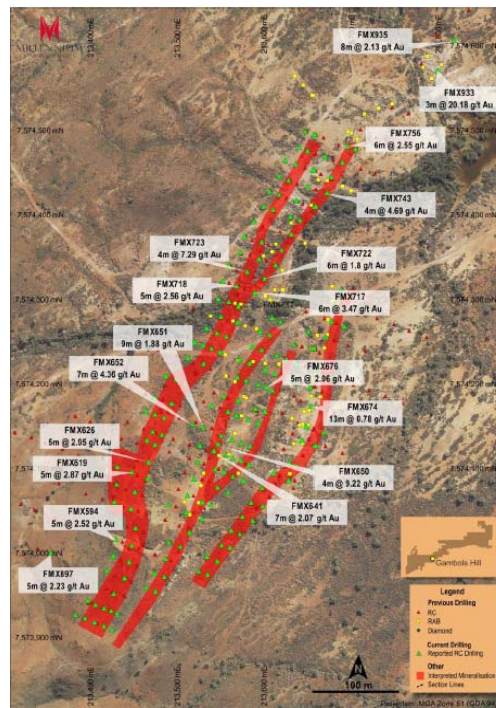
Roscoes Reward has had some mining recently

Any many good recent drill results

MOY have now completed in-fill drilling to delineate the strike and depth extent of newly identified parallel lodes.

Gambols Hill

Figure 5 : Gambols Hill drilling



Source : MOY, 12 September 2016 ASX announcement

Gambols Hill is near Shearers and Otways, which are presently being mined

Drilling at Gambols Hill has demonstrated mineralised structures

Figure 1 shows that Gambols Hill is about 10km from the plant, adjacent to the Middle Creek fault, and very near the Shearers and Otways deposits which are presently being mined.

Figure 5 is a plan view of interpreted mineralisation and the location of drilling.

It shows that MOY has largely completed a program of fences of drilling over the strike of the expected mineralisation.

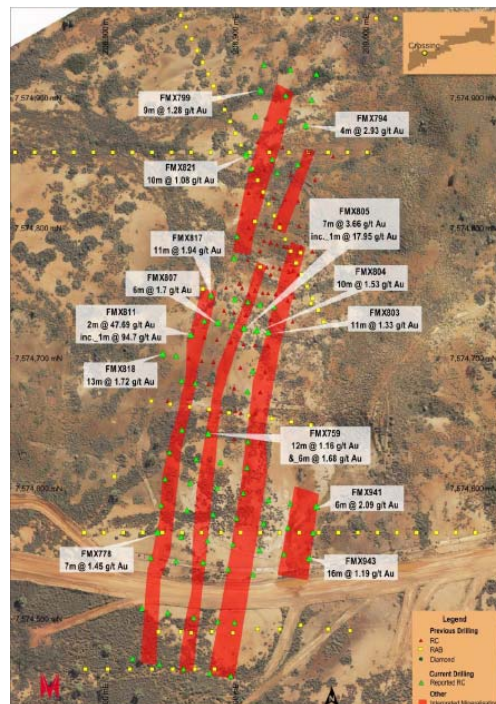
Figure 5 shows that many good intercepts are reported.

These are in addition to the results announced on 5 April and also 27 July, from previous drilling in 2016.

These will be incorporated into the Ore Reserve update which will be announced in October.

Crossing

Figure 6 : Crossing drilling



Source : MOY, 12 September 2016 ASX announcement

Crossing is a prospect, where drilling has shown good intercepts

Figure 1 shows that Crossing is about 8km from the plant, in a northerly direction.

MOY undertook a first pass RC drill programme in March to confirm historic RAB and RC drill results.

Further drilling was undertaken in June and reported on 27 July 2016.

The results shown in Figure 6 are from the follow-up programme. It shows many good intercepts, delineating down-dip and along strike mineralisation to a length of 400m.

These will be incorporated into the Ore Reserve update which will be announced in October.

Impact

Resources and Reserves

Figure 7 shows the current Mineral Resource Estimate for Nullagine. It shows a total Resource estimate of 27.2Mt grading 1.2g/t for just over 1.0Moz of contained gold.

Figure 7 : Current Mineral Resource Estimate, Nullagine, for 31 March 2016

Deposit	Measured Resources			Indicated Resources			Inferred Resources			TOTAL		
Golden Eagle	8.30 Mt	1.1 g/t	300 koz	3.67 Mt	1.0 g/t	122 koz	3.85 Mt	1.0 g/t	125 koz	15.82 Mt	1.1 g/t	546.3 koz
All Nations	0.36 Mt	1.6 g/t	19 koz	0.21 Mt	1.5 g/t	10 koz	0.08 Mt	1.2 g/t	3 koz	0.66 Mt	1.5 g/t	32.6 koz
Anne de Vidia				0.17 Mt	1.9 g/t	10 koz	0.02 Mt	1.4 g/t	1 koz	0.19 Mt	1.8 g/t	11.3 koz
Bartons	0.39 Mt	2.1 g/t	26 koz	0.89 Mt	1.5 g/t	43 koz	0.58 Mt	1.6 g/t	30 koz	1.86 Mt	1.7 g/t	98.7 koz
Junction	0.10 Mt	2.3 g/t	7 koz	0.06 Mt	1.5 g/t	3 koz	0.04 Mt	1.5 g/t	2 koz	0.20 Mt	1.9 g/t	12.2 koz
Otways	0.96 Mt	1.0 g/t	31 koz	0.83 Mt	0.9 g/t	24 koz	0.53 Mt	0.9 g/t	15 koz	2.32 Mt	0.9 g/t	70.2 koz
Roscoe's reward	0.74 Mt	1.3 g/t	31 koz	0.44 Mt	1.1 g/t	16 koz	0.31 Mt	1.1 g/t	11 koz	1.49 Mt	1.2 g/t	57.5 koz
Round Hill				0.03 Mt	4.6 g/t	4 koz	0.12 Mt	2.2 g/t	8 koz	0.15 Mt	2.7 g/t	12.9 koz
Shearers	0.95 Mt	1.4 g/t	43 koz	0.29 Mt	1.6 g/t	15 koz	0.26 Mt	1.6 g/t	13 koz	1.50 Mt	1.5 g/t	71.4 koz
Little Wonder	0.22 Mt	1.3 g/t	9 koz	0.29 Mt	1.4 g/t	13 koz	0.19 Mt	1.3 g/t	8 koz	0.70 Mt	1.3 g/t	30.1 koz
Golden Gate	0.18 Mt	2.8 g/t	16 koz	0.10 Mt	2.4 g/t	8 koz	0.07 Mt	1.6 g/t	4 koz	0.35 Mt	2.5 g/t	28.0 koz
'D' Reef	0.01 Mt	4.2 g/t	1 koz	0.04 Mt	4.4 g/t	5 koz	0.07 Mt	3.2 g/t	7 koz	0.11 Mt	3.7 g/t	13.3 koz
Falcon				0.07 Mt	3.9 g/t	9 koz	0.04 Mt	4.4 g/t	6 koz	0.12 Mt	4.0 g/t	15.2 koz
Condor	0.10 Mt	2.6 g/t	8 koz	0.03 Mt	2.7 g/t	2 koz	0.02 Mt	3.6 g/t	3 koz	0.15 Mt	2.7 g/t	12.8 koz
Harrier				0.07 Mt	1.6 g/t	4 koz	0.04 Mt	1.8 g/t	2 koz	0.11 Mt	1.7 g/t	6.1 koz
Crow	0.03 Mt	3.2 g/t	3 koz	0.03 Mt	2.6 g/t	3 koz	0.05 Mt	2.3 g/t	4 koz	0.11 Mt	2.6 g/t	9.5 koz
G_Reef				0.02 Mt	4.0 g/t	3 koz	0.02 Mt	3.9 g/t	2 koz	0.04 Mt	4.0 g/t	4.7 koz
Au 81	0.15 Mt	1.6 g/t	8 koz	0.28 Mt	1.2 g/t	11 koz	0.89 Mt	0.9 g/t	25 koz	1.32 Mt	1.0 g/t	43.0 koz
TOTAL	12.50 Mt	1.3 g/t	511 koz	7.53 Mt	1.2 g/t	294 koz	7.21 Mt	1.2 g/t	270 koz	27.24 Mt	1.2 g/t	1,076 koz

Source : MOY, 26 April 2016 ASX announcement

The colours in Figure 7 shows changes since the previous estimate, which was announced on 27 January, for 31 December, 2015. In this case :

MOY's latest resource estimate was at 31 March 2016

- Red denotes a lower value;
- Green denotes a high value;
- Blue is a new value; and
- Black means no change.

It had fewer tonnes at a higher grade than the previous estimate

We can also see that

- In nearly all cases, grades are up and tonnes are down, which is better definition;
- Additions to Resources can be expected from new areas at Gambols Hill, Crossing and Golden Eagle South (see 15 June announcement); and
- Deep drilling results at Bartons and Shearers can also be expected to add to Resources.

In-ground reserves totalled 2.91Mt grading 1.51g/t for 142koz

From the Resource in Figure 7, the Ore Reserve Estimate for Nullagine was announced, as shown in Figure 8. In summary, it shows an overall Reserve of 3.52Mt grading 1.40g/t for 159koz.

Subtracting the RoM stocks, the in-ground Reserve was estimated to be 2.91Mt, grading 1.51g/t of gold for 142koz of contained gold, as shown in Figure 9.

Figure 9 : Nullagine Reserves

Proved	2.53 Mt	1.5 g/t	121 koz
Probable	0.38 Mt	1.8 g/t	21 koz
Stockpiles	0.62 Mt	0.9 g/t	18 koz
TOTAL	3.52 Mt	1.40 g/t	160 koz

Source : MOY, 26 April 2016 ASX announcement

Figure 8 : Current Ore Reserve, Nullagine, for 31 March 2016

Deposit	Proven Reserves			Probable Reserves			TOTAL		
	Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
Golden Eagle	1.01	1.6	51	0.02	1.4	1	1.03	1.6	51.6
All Nations	0.25	1.6	13	0.06	1.5	3	0.31	1.5	15.5
Shearers	0.53	1.5	25	0.00	2.7	0	0.53	1.5	25.3
Otways	0.39	1.1	14	0.07	1.1	2	0.46	1.1	16.1
Roscoe's Reward	0.17	1.3	7	0.03	1.2	1	0.19	1.3	8.0
Junction	0.05	2.5	4	0.00	1.4	0	0.05	2.5	4.0
Bartons	0.11	1.3	5	0.06	1.4	3	0.18	1.4	7.8
Little Wonder	0.02	1.5	1	0.01	4.4	1	0.03	2.2	1.8
Anne de Vidia				0.10	1.9	6	0.10	1.9	6.3
Round Hill				0.03	4.5	4	0.03	4.5	4.2
ROM stocks							0.62	0.9	18.3
TOTAL	2.53	1.46	119	0.38	1.79	22	3.52	1.40	159

Source : MOY, 26 April 2016 ASX announcement

Beer & Co Valuation Basis

MOY is operating the plant at Nullagine at the rate of 1.9 – 2.0Mt/yr, implying a life of less than 2 years on total reserves.

However, given the extent of known mineralisation, including both deposits and prospects shown in Figure 1, Beer & Co is very firmly of the view that a sound geological understanding and a well-executed programme will increase the mine life at Nullagine.

MOY is committed to investing \$10m a year into such a programme.

The increase in Resources and Reserves reported on 26 April and also the drill results reported on many occasions gives Beer & Co confidence that MOY will continue to increase its Resources and Reserves.

Beer & Co's original valuation was based on :

- Investing \$10m a year for a period of 7 years;
- Yielding 2Mt/yr of Reserves;
- At a grade of 1.5g/t.

This gives a cost of \$A 104 per ounce of reserves.

Beer & Co has often pointed out that this is a high cost for incremental reserves, given the extent of identified mineralisation at Nullagine.

Beer & Co's valuation has been based on

- Investing \$10m a year, for 7 years
- Yielding 2Mt a year of reserves
- Grading 1.5g/t.

This gives a cost of \$A 104/oz of reserves,

Which is a high cost

Revising Beer & Co's valuation

Results of Drilling

Beer & Co is upgrading the basis of our valuation, from 1.5g/t to 1.75g/t

Figure 8 shows that where Reserves have been revised, they are nearly all 1.5g/t or higher.

MOY has reported many high grade hits.

Together, these lead Beer & Co to upgrade the basis of our valuation :

- From future mineralisation grading 1.5g/t;
- To future mineralisation grading 1.75g/t.

Due to quality of MOY's drilling results

Figure 10 shows the impact of changes in both the assumed grade as well as the gold prices.

This raises our risk, base case valuation from 28c to 38c

Figure 10 : Beer & Co valuation sensitivity

	1.50 g/t	1.75 g/t	2.00 g/t
US\$ 1,350/oz	28.7 c	38.0 c	47.4 c
US\$ 1,400/oz	31.3 c	41.0 c	50.7 c

Source : Beer & Co estimates

Figure 10 shows that Beer & Co's valuation is much more sensitive to grade than it is to price.

Conclusions

Coming Updates

Resources and Reserves

MOY have announced that updated Resource and Reserve estimates are to be expected in October.

Beer & Co expects that the grade of in-ground Reserves will rise from the 1.51g/t presently.

By June, MOY had invested \$5.8m in exploration and evaluation. This is ahead of the rate expected for \$10m during the year.

Beer & Co expects that the revised Reserves will show, in addition to an increase in grade, an increase in volume greater or more than 1.0Mt (for the 6 months period, which is, pro-rata, 2.0Mt for the 12 month period, which is the basis of our valuation), after allowing for depletion.

Production

MOY guided for production for 2016 of 80 – 85koz.

MOY has produced nearly 46koz for the 6 months to 30 June, 2016.

Beer & Co has been expecting, for many months now, an upgrade in expected production for 2016.

We still expect production guidance to be upgraded.

Recommendation

Beer & Co's revised valuation is a (small) premium to the share price.

There is still potential, though more speculative, upside to MOY.

Beer & Co's affirm our recommendation of Accumulate, High Risk.

MOY have stated that updated Resource and Reserve estimates will be announced in October.

Beer & Co expect more tonnes at a higher grade, due to the results of drilling announced by MOY

Beer & Co to upgrade production guidance, as the production to June was well ahead of the pro-rata guidance.

Beer & Co affirm our Accumulate, High Risk recommendation.

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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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Beer & Co Recommendation

Beer & Co provide general recommendations only and do not consider the specific interests of the recipient of this report. Beer & Co generally provides a 2 part recommendation and both need to be considered together.

Recommendation : Beer & Co's investment recommendation is driven by the difference between our base case, risked valuation and the share price at the time. A Strong BUY recommendation means a very large difference (eg. over 100%), while BUY means a significant difference and Accumulate means a small, but positive difference. The recommendation is not independent of the uncertainty in Beer & Co's valuation.

Risk : Risk relates to the potential, over the long run, for an investor to lose money; it is a function of both the difference between our base case valuation and the uncertainty in our valuation due to the degree of estimation and/or uncertainties about project execution. Speculative means a high chance of loss; High risk means a good chance of loss and medium means some chance of loss, given the company size.

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