MILLENNIUM
MINERALS LIMITED

ABN 85 003 257 556

Annual Report
For the Year Ended 31 December 2012

CORPORATE DIRECTORY

DIRECTORS

Peter Rowe
Ross Gillon
Simon Durack
Richard Procter

COMPANY SECRETARY

Pierre Malherbe

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Ground Floor
17 Ord Street
WEST PERTH WA 6005
Telephone: +61 (0)8 9216 9011
Facsimile: +61 (0)8 9481 0288

SHARE REGISTRY

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009
Telephone: +61 (0)8 9389 8033
Facsimile: +61 (0)8 9389 7871

AUDITORS

Rothsay Chartered Accountants
152-158 St Georges Terrace
PERTH WA 6000
Telephone: +61 (0)8 6364 5076

Australian Securities Exchange

Home Branch: Perth
Code: MOY

Australian Business Number (ABN)

85 003 257 556

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to report to you that 2012 was a year of significant achievement for Millennium Minerals Limited. Construction of the Nullagine Gold Project was completed during the year, culminating in the announcement of practical completion of the construction of the 1.5 million tonnes per annum processing facilities in August 2012 and first gold being poured in September 2012. This was a considerable milestone for the Company transforming it from an explorer to a producer. Full credit goes to the Millennium construction team who delivered the project on time and on budget.

By the end of December 2012, the Company had produced 11,918 ounces of fine gold. This production output resulted from a very short and successful commissioning period followed by an accelerated ramp-up to full production status. Again, full credit goes to the Millennium operations team and the very effective interface between construction and operations during this period.

During 2012, the Company announced a number of significant transactions. The first was the signing of the definitive joint venture agreement with Northwest Resources Limited on its Camel Creek gold deposits located near the Company's All Nations deposit. This is a 50:50 joint venture entitling the Company to 50% of the gold won from these deposits. Currently, this represents about 50,000 ounces and with further exploration will see additional ounces added. In May 2012, the Company announced the purchase of a mining lease located 2km from Golden Eagle. This lease contains a gold deposit that whilst not yet JORC Mineral Resource compliant, represents potential shallow, oxide ore feed to the mill in the short to medium term. Both these transactions further strengthen Millennium's growth plans.

It is also pleasing to note that the Company commenced an aggressive exploration programme in December 2012. A 56,000 metre drill programme will target strike and depth extensions to known deposits as well as numerous gold anomalous geochemical targets. Results from drilling at Golden Gate received to date are excellent indicating near term potential to upgrade resources and reserves in this area. The target is to increase the Ore Reserve by 150,000 ounces by the end of 2013 supporting and underpinning the Company's plans to potentially expand the capacity of the processing facility. The medium term operational objective is to maximise the margin per gold ounce produced by the Company, which means increasing production to about 100,000 ounces of gold per annum.

Millennium's achievements over the past year are indeed significant and are the results of the efforts of the dedicated Millennium management team, staff and our contractors. On behalf of my fellow directors, I thank them very sincerely for achieving these significant milestones over the last 12 months and look forward to a very rewarding year for shareholders in 2013, whom I also thank for their strong support during the past year whilst we undertook capital raisings to place us in the very good position we find the Company in today. I also welcome the many new shareholders who have joined our share register.

Peter Rowe
Non-Executive Chairman

Perth, 18 March 2013

REVIEW OF OPERATIONS

Overview

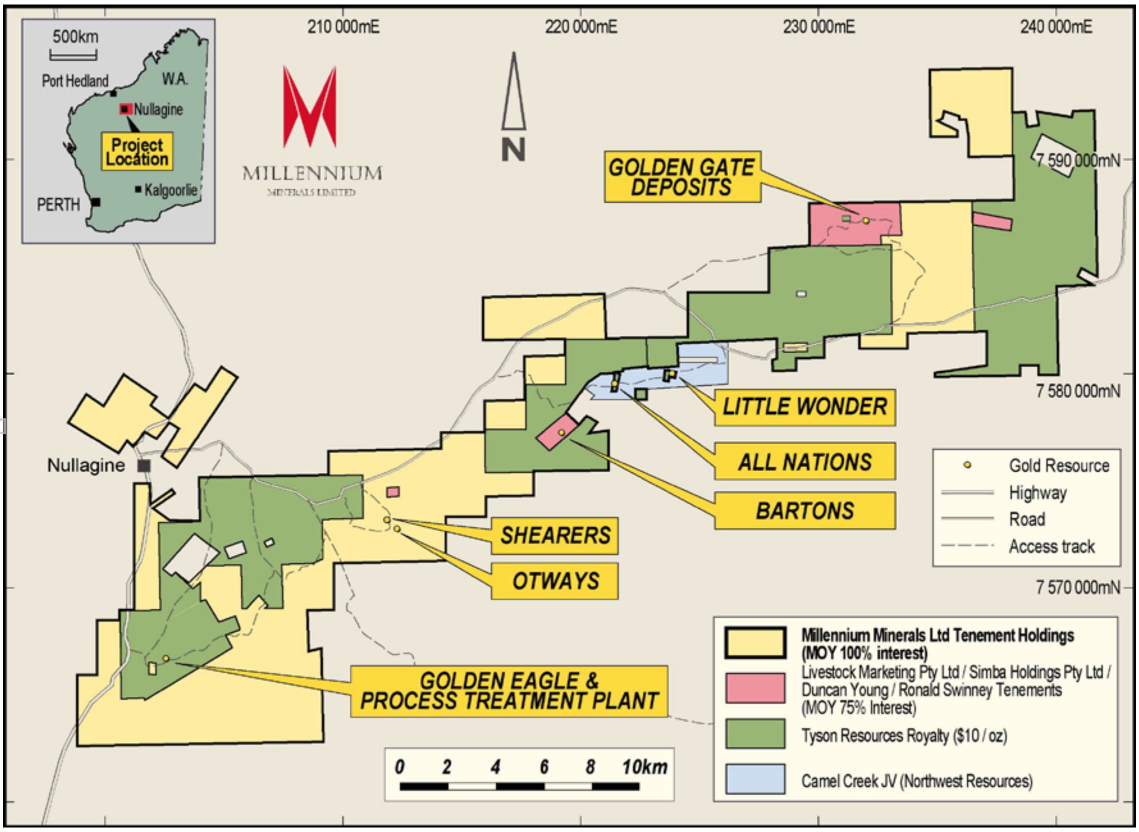
In September 2012, the Company completed construction of the 1.5 Mtpa CIL gold processing facility adjacent to the Golden Eagle deposit, 10km south of the township of Nullagine. First gold was poured at the end of September 2012. Plant commissioning was largely trouble free with ramp-up to full production completed in November 2012. Project construction was completed on time and on budget which was a major achievement for the Company considering the 15 month build period. For the period from the first gold pour to the end of December 2012, the project produced 11,918 ounces of fine gold from 14,083 ounces doré poured and proceeds from gold sales amounted to $15.6 million. In addition to this, the Company held bullion on hand of approximately $3.9 million at year end. Average gold metallurgical recovery of 93% was achieved during this period.

Guidance for FY2013 is for gold production of between 78,000 ounces and 83,000 ounces at the design ore throughput of 1.5 million tonnes milled. C1 unit cash costs*[1] for FY2013 are forecast to be $829 per ounce, which increases to $881 per ounce after royalty payments at the 78,000 ounce production level.

On a corporate basis, in March 2012, the Company announced a capital raising of $16.6 million and a restructured global debt facility that provided for an increase in plant design throughput from 1.25 Mtpa to 1.5 Mtpa and allowed the Company to fund an additional $2.5 million in capital cost reserve. In addition to this, in November 2012 the Company announced a $8.1 million capital raising to establish a working capital provision more suited to the rapid ramp-up to full production and to facilitate an accelerated exploration program.

Exploration continued during the year doubling the Mineral Resource inventory for the Camel Creek joint venture (CCJV) deposits. The CCJV is a 50:50 mining joint venture between the Company and Northwest Resources Limited, which has tenements located near the Company's wholly owned All Nations and Little Wonder deposits. Exploration drilling conducted by Novo Resources Corp also gathered momentum at the Company's Beatons Creek tenements. The Company recently commenced a 56,000 metre drill programme at Golden Gate, where high tenor gold intercepts recently announced to the market bode well for material increases in the Mineral Resource and Ore Reserve. The Nullagine Gold Project location is presented in Figure 1.

Figure 1: Nullagine Gold Project Location Plan



*[1] *C1 Unit Cash Costs represents the costs for mining, processing, administration, by-product credits and the accounting movements for stockpiles and gold-in-circuit. It does not include capital costs, mine development, exploration or royalty payments.*

REVIEW OF OPERATIONS

Construction

Construction of the Nullagine Gold Project commenced in July 2011 and was completed in September 2012 (15 month build time). Apart from the impact of a cyclone in March 2012, construction was relatively trouble free.

February 2012 - CIL Tank Installation

REVIEW OF OPERATIONS

May 2012 – Arrival of the Mining Fleet

June 2012 – Mill Installation (right) and Gold Room Construction (left)

REVIEW OF OPERATIONS

August 2012 – Process Plant Largely Complete. Thickener in foreground

September 2012 - CV2 to Mill – Crushed Ore and Lime to Mill. Crushed Ore Stockpile-Background

REVIEW OF OPERATIONS

Operations

Commissioning and Ramp-Up to Full Production

By the end of December 2012, the Company's Nullagine Gold Project (the Project) was at full production. Operating results for the Project for the ramp-up period to end December 2012 were as follows:

	Full Year 2012
Ore mined (tonnes)	372,459
Ore milled (tonnes)	321,327
Head grade (g/t Au)	1.38
Recovery (%)	93
Gold produced (fine ounces)	11,918

Mining

During the year, 0.17 million bcm of ore and 0.63 million bcm of waste were mined from the Golden Eagle pit for a total material movement of 0.80 million bcm. Most of the waste mined was used in the on-going construction of the tailings storage facility (TSF). The remainder either went to the waste dump or was used to develop the footprint of the ROM pad and haul roads.

Reconciliation between the Ore Reserve block model (20m x 20m spaced drilling) and grade control (10m x 10m drill spacing) has been excellent (+/-5%) reflecting the consistency of gold mineralisation within the ore body. It further demonstrates the geological and structural interpretation of the mineralised lodes is reasonably accurate and is being refined with detailed face mapping by the mine geologists as the pit is being developed. There has been some dilution of ore grades when mining the highly oxidised upper benches of the Golden Eagle deposit which has been largely overcome by optimising mining practices.

Milling

After commissioning and during the ramp-up period, the focus was on testing all components of the mine and processing operations at design production levels ahead of achieving planned production. Milled production achieved from mid September 2012 totalled 321,327 tonnes. There was a progressive ramp-up in tonnage to design of 125,000 tonnes per month achieved in December 2012.

SAG mill throughput and run time progressively improved during this time. Design throughput (1.5 Mtpa) is nominally 189 tonnes per hour (tph). During December, throughput of 230 tph (2.0 Mtpa) was consistently being achieved making up for mill downtime early in the month associated with unstable tailings thickener performance and some issues around the SAG mill lubrication systems. This is extremely encouraging given that there was little additional power draw (total 2,200 kW) which is still well below modelled power draw of 3,200 kW. A more suitable settling agent has solved the thickener settling issues resulting in a more stable water balance around the site. There are no residual issues remaining from the testing and ramp-up period as the mine heads into the new year.

Gold recovery has been consistent at 93% and is above modelled metallurgical recovery of 89% translating to a 5% increase in gold output.

For the period from the first gold pour in September 2012 to year end gold doré poured totalled 14,083 ounces of gold and silver. Fine gold totalled 11,918 ounces after refining. The remaining ounces reported as silver. Proceeds from gold sales amounted to $15.6 million at an average gold price of $1,637/oz. In addition to this, the Company held gold bullion of 2,421 oz with the approximate value of $3.9 million at year end.

REVIEW OF OPERATIONS

Expansion Study

The revised Ore Reserve, announced in December 2011, is 16.38 Mt at 1.4 g/t Au containing 741,000 ounces gold (Table 1 and 2). This represented a 57% increase in tonnes and a 31% increase in gold ounces. The increased Ore Reserve allows the Company to now study various production scale options. These options relate to assessing the feasibility of higher throughput rates, in the order of 1.7Mtpa to 2.5 Mtpa, to achieve minimum annual production rates of 90,000 ounces and possibly above 100,000 ounces gold over the current life of mine at a slightly lower head grade.

The current 1.5 Mtpa CIL process facility has been designed to meet design production rates under any combination of ore types being processed. Sustainable production above nameplate, irrespective of ore type, will require a review of actual milling capacity, CIL residence time, power supply and water supply capacities. The current plan is to settle the mill at planned production mode during the early part of FY2013 and then assess the potential capacity of the 'as built' plant. The indications are that throughput rates can be increased above the design throughput to 1.7 Mtpa as was evidenced in December 2012.

This additional throughput would add a further 10,000 to 20,000 ounces per annum to the current annualised production profile of 78,000 ounces per annum.

Gold Pour

REVIEW OF OPERATIONS

Corporate

Project Funding

During 2012, construction of the Project continued and was completed in September 2012. Progressively, equity funding and debt funding totalling $87 million including $6 million in contingency was fully drawn. Construction was completed on time and on budget. In March 2012, the Company announced a capital raising of $16.6 million and a restructured global debt facility that provided for an increase in plant design throughput from 1.25Mtpa to 1.5Mtpa and allowed the Company to fund an additional $2.5 million in capital cost reserve. In addition to this, in November 2012 the Company announced a $8.1 million capital raising to establish a working capital provision more suited to the rapid ramp-up to full production and to facilitate an accelerated exploration program..

Joint Ventures and Tenement Acquisitions

In March, 2012, the Company entered into a formal joint venture agreement (Heads of Agreement entered into with Northwest Resources Limited in October 2011) with Northwest Resources Limited on the Camel Creek gold deposits located near the Company's All Nations and Little Wonder deposits, approximately 20km to the northeast of Golden Eagle. Under the terms of the Camel Creek joint venture, gold produced from the JV deposits and all mining, processing and administration costs will be shared on a 50:50 basis. The Company will manage the joint venture.

In May 2012, the Company executed a tenement purchase agreement for the purchase of a granted mining lease M46/138 from Wakeford Holdings Pty Ltd. The tenement is located 2km from the Company's 1.5 million tonne per annum processing plant near Golden Eagle. The key terms of the outright purchase of M46/138 provide for a cash consideration of $150,000, share consideration to the value of $200,000 and a royalty amounting to $2.50 per tonne of ore mined.

M46/138 contains a gold prospect known as AU 81. The prospect contains 2 discrete zones of shallow gold mineralisation. Previous explorers completed mapping, costeaning and RC drilling. Resource modeling was also undertaken but due to lack of QA/QC data and density measurements, it cannot be reported as JORC compliant. Most of the drilling is shallow (<60m) as the original intent by the vendors was to establish a small heap leach operation. A total of 150 RC holes were completed for 6,000 metres.

Exploration

In late November 2012, a 56,000 metre drill programme commenced, designed to test strike and depth extensions at known gold deposits. Additionally, untested geochemical targets are planned to be drilled. The programme is targeting a significant increase in the Mineral Resource and Ore Reserve base. A total of 11 holes were completed in December 2012 for 1,758 metres in the Golden Gate area, 35km to the north east of Golden Eagle Figure 2).

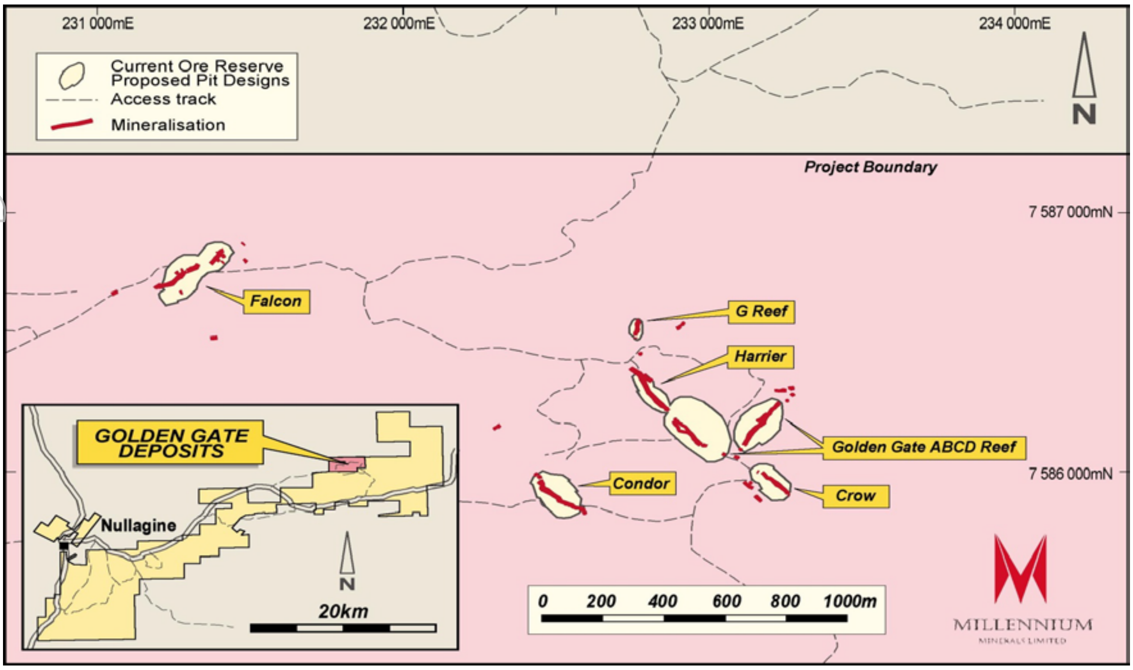
Multiple new medium to high grade intersections show that all the Golden Gate deposits are open along strike in existing, or in newly intersected lodes.

Significant gold intercepts include:

- 21 metres at 5.59 g/t Au from 27 metres (G Reef);
- 15 metres at 4.94 g/t Au from 37 metre (Condor);
- 9 metres at 5.70 g/t Au from 24 metres (G Reef);
- 6 metres at 5.88 g/t Au from 32 metres (G Reef);
- 3 metres at 11 g/t Au from 46 metres (Condor);
- 3 metres at 10 g/t Au from 50 metres (Condor);
- 7 metres at 4.18 g/t Au from 24 metres (Condor);
- 7 metres at 3.9 g/t Au from 24 metres (Crow);
- 8 metres at 3.36 g/t Au from 24 metres (Crow);

Moderate to high grade intersections occur adjacent to, along strike of, and immediately beneath all the current Golden Gate proposed pit designs, and show excellent potential to enlarge these with further drilling. Accordingly a further 5,700 metres follow up RC drilling is planned for the deposits during 2013. Once completed, updated Mineral Resource and Ore Reserve estimates will be carried out for all the Golden Gate deposits.

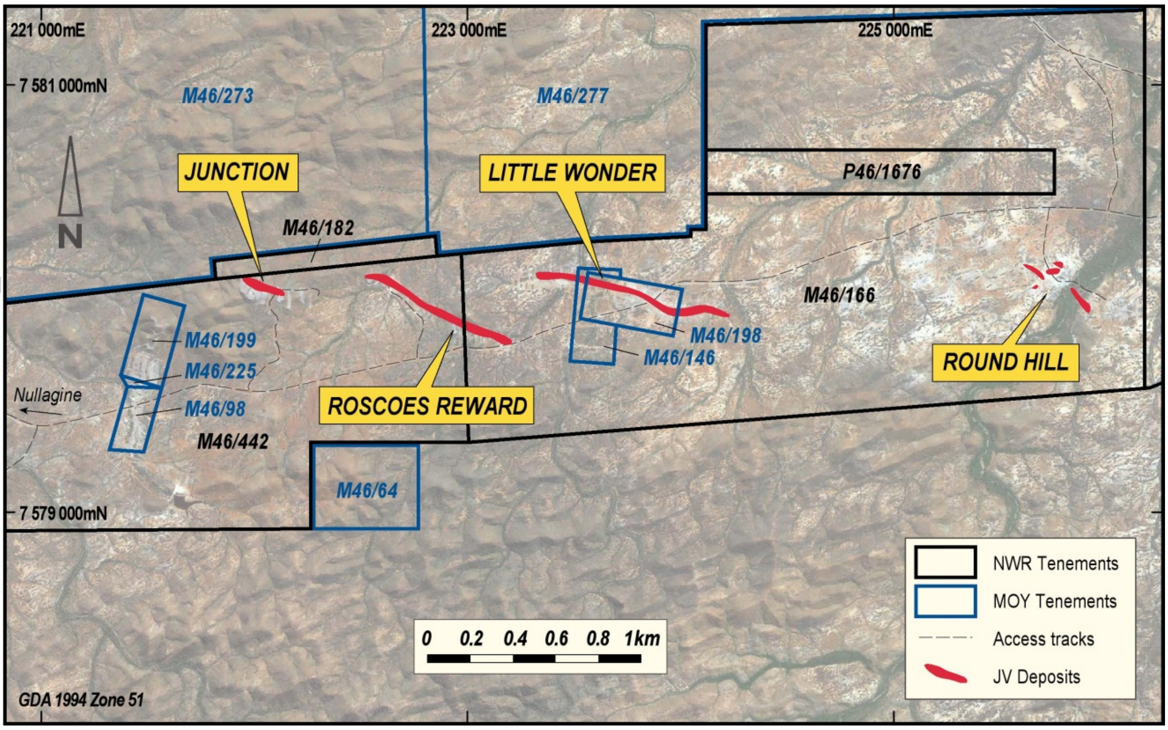
Figure 2: Golden Gate and Satellite Deposits Location Plan



Camel Creek Joint Venture

Resource definition drilling during late 2011 and early 2012 on the Camel Creek joint venture (CCJV) tenements resulted in a substantial increase to the mineral resource inventory (Figure 3). A 5,300 metre RC drilling campaign designed to test strike and depth extensions of mineralisation at the Junction, Roscoes Reward and Little Wonder deposits was completed, as well as providing infill drilling to improve resource categorization. Drilling at the Round Hill deposit was deferred to allow extra geological data to be collected to assist with drill program design. An extensional and infill program at Round Hill is planned in 2013.

Figure 3: Camel Creek Joint Venture Deposit Location Plan



REVIEW OF OPERATIONS

The JORC reported Mineral Resources at Junction, Roscoes Reward and Little Wonder were increased by 155% to 97,000 ounces contained gold of which 76% of the Mineral Resource now reports to the Measured and Indicated categories (Table 1).

Table 1. Joint Venture Mineral Resource Estimates

Deposit	Resource Category	Tonnage (t)	Grade (g/t Au)	Au (oz)
	2012 Mineral Resource Estimate (0.5g/t Au cut-off)			
Junction	Measured	202,000	1.65	10,800
	Indicated	60,000	1.18	2,300
	Inferred	52,000	1.15	1,900
	Total	**314,000**	**1.48**	**15,000**
Roscoes Reward	Measured	638,000	1.21	24,700
	Indicated	517,000	1.11	18,400
	Inferred	528,000	0.93	15,800
	Total	**1,683,000**	**1.09**	**58,900**
Little Wonder [4]	Measured	408,000	1.32	17,300
	Indicated	127,000	0.93	3,800
	Inferred	76,000	0.82	2,000
	Total	**611,000**	**1.18**	**23,100**
	2006 Mineral Resource Estimate (1.0 g/t Au cut-off)			
Round Hill	Measured	-	-	-
	Indicated	18,000	4.80	2,700
	Inferred	44,000	4.00	5,300
	Total	**62,000**	**4.30**	**8,000**
Global Joint Venture Mineral Resource		**2,670,000**	**1.23**	**105,000**

Notes:

1. Discrepancies in summations will occur due to rounding.
2. All deposits were estimated using ordinary kriging (OK) methodology for grade estimation.
3. Grade shell models were constrained to geological models for each deposit and are defined by quartz vein intensity, alteration and guided by assays. Wireframe models were stitched and validated using Datamine.
4. The Little Wonder Mineral Resource estimate above reflects the proportion of the combined Little Wonder Mineral Resource estimate attributable to the Camel Creek Joint Venture.

REVIEW OF OPERATIONS

Beatons Creek Farm Out (Novo Resources (NVO:CNX) earning 70%)

Novo Resources Corp (Novo) has an option to earn a 70% interest in the Company's Beatons Creek tenements, located immediately to the north of Nullagine township. The Beatons Creek Tenements cover extensive exposures of the Beatons Creek conglomerates, a series of Archaean age pyritic conglomerates hosting gold mineralization similar to that of the Witwatersrand Basin in the Republic of South Africa.

Novo completed Phase two RC drilling during the quarter. Drilling is designed to expand the area of gold bearing conglomerates (reefs) at Grants Hill as well as infill areas drilled during Phase One. The purpose of this drilling is to establish a NI43-101 compliant Mineral Resource within the 800 metre by 700 metre target area as defined by results from Phase 1 drilling. This will be done with the receipt of all analytical data in early 2013. Gold bearing reefs targeted by this drill programme lie within 100 metres of surface and may have the potential for open cut mining.

During the quarter, Novo announced Leachwell analytic results from thirty new reverse circulation drill holes from its Phase 2 program at Beatons Creek. Results include 4 metres at 10.09 grams per tonne (g/t) gold including 1 metre at 38.98 g/t Au in hole BCRC12-092 and 8 metres at 3.63 g/t Au including 1 metre at 27.19 g/t Au in hole BCRC12-111. The strong intercept from hole BCRC12-111 is particularly important because this hole is located along the far northwest perimeter of the targeted block and confirms that shallow, gold-bearing conglomerates (reefs) extend at least 500 metres out from the basin edge in this area.

One hundred and seven reverse circulation drill holes were completed as part of Phase Two drilling at Grants Hill to expand the area of gold-bearing reefs as well as infill areas drilled during Phase One (Table 2 and Figures 4 and 5). Highlights include:

- Hole BCRC12-111, a step-out hole at Grants Hill, encountered 8 metres at 3.63 g/t Au including 1 metre at 27.19 g/t Au. This hole is situated along the furthest limit of drilling into the basin thus far and confirms that reasonably shallow, gold-bearing reefs extend well out into the basin.
- Hole BCRC-092, an infill hole drilled in the north central part of the target area, encountered 4 metres at 10.09 g/t Au including 1 metre at 38.98 g/t Au. These results confirm the presence of a higher grade zone in this area.
- Hole BCRC12-099, an infill hole drill situated about 100 metres west of BCRC12-092, also encountered a significant interval of higher grade mineralization, 16 metres at 1.30 g/t Au including 1 metre at 10.59 g/t Au.
- Analyses from twenty-four holes are pending and expected back over the following few weeks. Metallic screen assays will be conducted on select mineralized intervals once all of the Leachwell analyses have returned. Once all analyses are complete, the Company plans to evaluate whether a resource can be established at Grants Hill.
- Phase Two drilling at Beatons Creek was completed on December 1, 2012. Once Novo has reviewed all data from this program, planning for Phase Three drilling will begin. It is expected that Phase Three drilling will resume by approximately April, 2013.

REVIEW OF OPERATIONS

Figure 4: MAP OF GRANT HILL UPDATED DRILLING

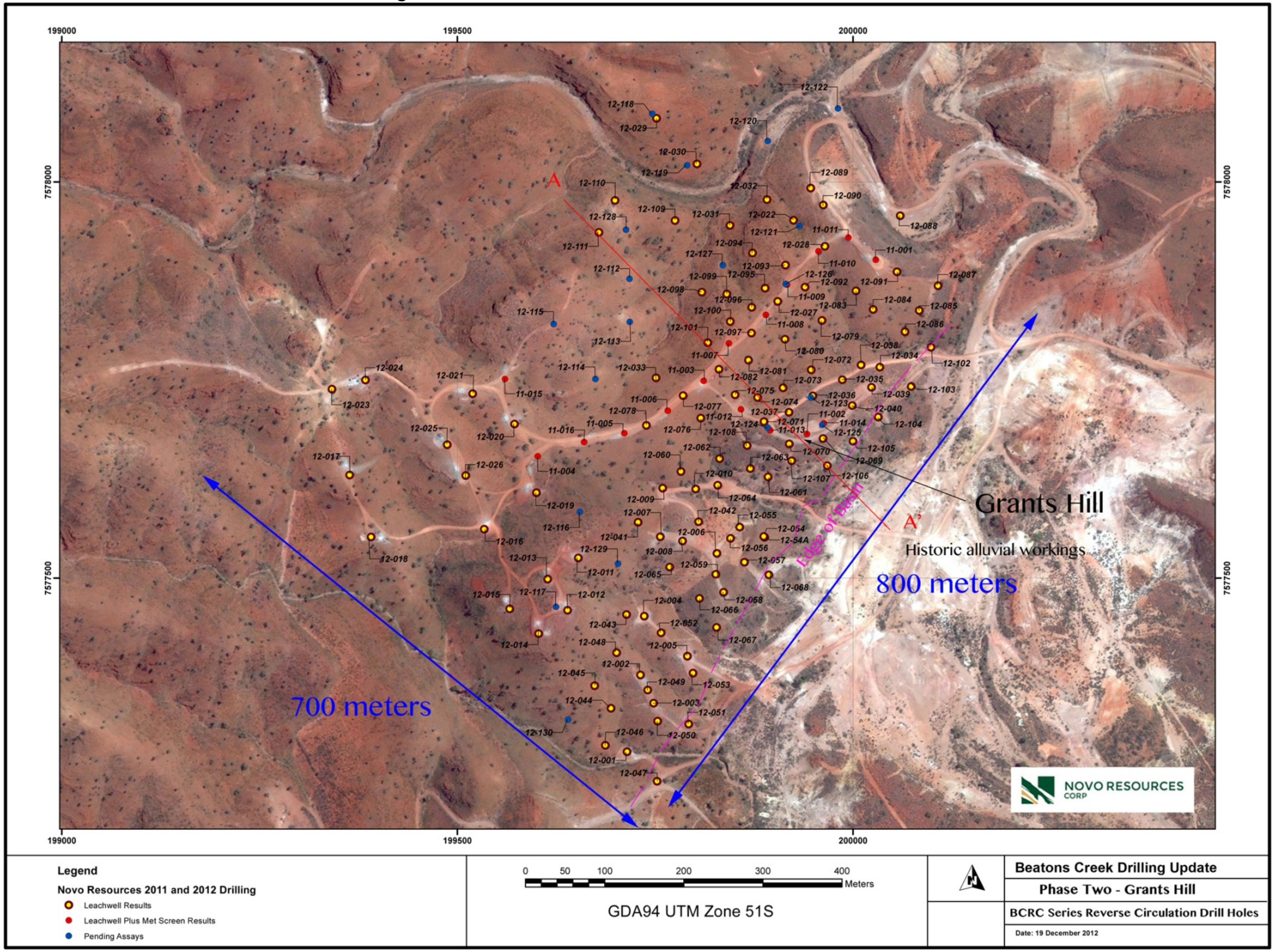
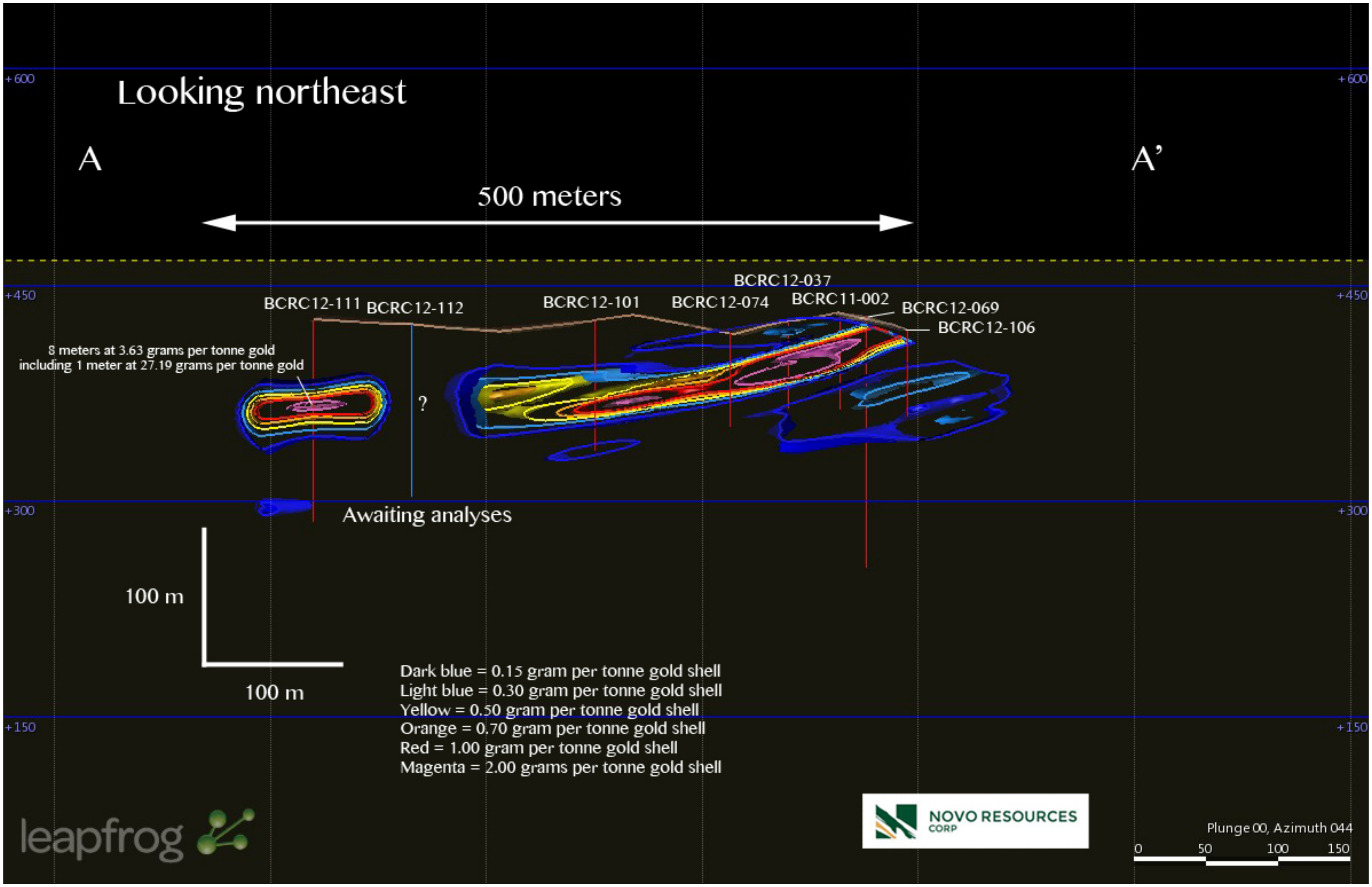


Figure 5: CROSS SECTIONS OF DRILLED HOLES



REVIEW OF OPERATIONS

Resources and Reserves

During 2012, there was a small increase in the global mineral Resource inventory with the addition of the Company's 50% interest in the Camel Creek Joint Venture gold deposits. The JORC compliant global Mineral Resource is now stated as 36.02 million tonnes at 1.19 g/t Au for 1.38 million contained gold ounces.

Table 2: Nullagine Gold Project – Mineral Resource Estimate 2011

	Measured		Indicated		Inferred		Total		
Deposit	**Mt**	**Grade**	**Mt**	**Grade**	**Mt**	**Grade**	**Mt**	**Grade**	**Ounces**
		g/t Au		g/t Au		g/t Au		g/t Au	Au
Golden Eagle	13.24	1.23	4.41	1.03	4.20	1.06	21.86	1.16	816,000
Shearers	0.59	1.27	1.48	1.01	0.26	1.00	2.33	1.1	81,000
Bartons	1.72	1.21	1.44	1.17	0.55	1.12	3.71	1.2	141,000
All Nations	1.30	1.13	0.42	0.95	0.21	0.92	1.93	1.10	66,000
Golden Gate (ABCD Reef)			0.58	3.24	0.11	2.60	0.68	3.12	69,000
Golden Gate Satellites			0.33	3	0.13	3.4	0.46	3.1	45,000
Otways	1.15	0.81	0.90	0.87	0.69	0.92	2.74	0.86	75,000
Little Wonder	0.17	1.20	0.38	1.20	0.01	1.30	0.56	1.20	22,100
CCJV (50%)	0.62	1.32	0.36	1.18	0.35	1.13	1.34	1.23	52,990
Totals	**18.79**	**1.20**	**10.28**	**1.23**	**6.52**	**1.11**	**35.61**	**1.19**	**1,368,000**

Notes:

1 Figures in Table may not sum due to rounding.

2 The Golden Eagle deposit was estimated using Multiple Indicator Kriging methodology for grade estimation by CSA Global.

3 The Bartons, Shearers, Otways, All nations and Little Wonder were estimated using Ordinary Kriging methodology for grade estimation by CSA Global.

4 The Mineral Resources at Golden Gate (ABCD reef) were estimated using Multiple Indicator Kriging methodology for grade estimation by Hellman and Schofield Pty Ltd.

5 The Mineral Resources at Golden Gate satellite deposits, namely Falcon, Harrier, Crow, G-Reef and Condor were estimated using Ordinary Kriging methodology for grade estimation by CSA Global.

6 The Mineral Resources at the Camel Creek JV were estimated using Ordinary Kriging methodology for grade estimation by CSA Global. Only Millennium's 50% interest is stated in the above table.

7 The Golden Gate and Bartons deposits are the subject of a mining licence agreement whereby Millennium has the sole and exclusive right to explore and mine gold and other minerals. Millennium then is required to pay 25% of the net proceeds to the tenement owners (Livestock Marketing Pty Ltd, Duncan Thomas Young, Simba Holdings Pty Ltd and Ronald Lane Swinney) after mining and processing cost deductions.

8 Mineral Resource estimates include stated Ore Reserves.

REVIEW OF OPERATIONS

Competent Persons Statements – Exploration Results

Mr Irvine Hay (MAIG), a geologist employed full-time by Millennium Minerals Limited, compiled the technical aspects of this Report. Mr Hay is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to this style of mineralization and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hay consents to the inclusion in the report of the matters in the form and context in which it appears.

Competent Persons Statements – Mineral Resources

*The information in this Report, which relates to the **Golden Eagle** Mineral Resource estimate accurately reflect information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The Golden Eagle deposit Mineral Resource estimate has been compiled and prepared by Dr Bielin Shi, (MAusIMM) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this Report, which relates to the **Shearers** Mineral Resource estimate accurately reflect information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The Shearers deposit Mineral Resource estimate has been compiled and prepared by Mr. David Williams (MAusIMM, MAIG) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this Report, which relates to the **Otways** Mineral Resource estimate accurately reflect information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The Otways deposit Mineral Resource estimate has been compiled and prepared by Mr. Shane Fieldgate (MAusIMM, MAIG) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this Report, which relates to the **CCJV** Mineral Resource estimate accurately reflect information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The Otways deposit Mineral Resource estimate has been compiled and prepared by Dr Bielin Shi (MAusIMM) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this Report, which relates to the **Little Wonder** and **Golden Gate Satellite** Mineral Resource estimates accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The Little Wonder and Golden Gate satellite deposits Mineral Resource estimate has been compiled and prepared by Steven Hodgson, (MAIG) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this Report, which relates to the **Bartons, All Nations** and **Golden Gate ABCD reef** Mineral Resource estimates accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The reported Mineral Resource as it relates to Bartons, All Nations, and Golden Gate ABCD reef has been compiled by Mr Nic Johnson. Mr Johnson is a Member of the Australian Institute of Geoscientists and is a former employee of Hellman & Schofield Pty Ltd. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. The Competent Persons listed consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

REVIEW OF OPERATIONS

Ore Reserves

The Ore Reserve during 2012 was depleted by mining activities. Golden Eagle was the only pit mined in 2012. The depleted Ore Reserve is now stated as at 31st December 2012.

Table 3: Ore Reserves Summary

Millennium Minerals Limited - Nullagine Project Reserves Dec 2012							
	Proven		Probable		Total		
Prospect	Ore (t)	Grade (g/t)	Ore (t)	Grade (g/t)	Ore (t)	Grade (g/t)	Ounces
Golden Eagle	9,981,000	1.3	1,510,000	1.2	11,491,000	1.3	480,000
Bartons	1,144,000	1.4	498,000	1.4	1,642,000	1.4	73,000
All Nations	536,000	1.4	38,000	1.2	574,000	1.4	26,000
Golden Gate			464,000	3.4	464,000	3.4	51,000
Shearers	532,000	1.3	388,000	1.2	920,000	1.2	37,000
Otways	336,000	1.0	78,000	1.0	414,000	1.0	13,000
Little Wonder	145,000	1.2	113,000	1.3	258,000	1.3	10,400
Falcon[2]	-	-	76,000	3.9	76,000	3.9	9,500
Condor[2]	-	-	72,000	3.1	72,000	3.1	7,300
Harrier[2]	-	-	38,000	2.0	38,000	2.0	2,400
Crow[2]	-	-	19,000	4.1	19,000	4.1	2,500
Greef[2]	-	-	11,000	2.0	11,000	2.0	700
Total	**12,674,000**	**1.3**	**3,305,000**	**1.7**	**15,979,000**	**1.4**	**712,800**

Notes:

1. Numbers may not sum due to rounding.
2. These deposits are collectively known as the Golden Gate Area deposits.

Competent Persons Statements – Ore Reserves

The information in this Report which relates to the Ore Reserve estimates accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The information in this public statement that relates to the Ore Reserves at the Millennium Minerals Nullagine Project is based on information compiled by Mr Steve Lampron and Mr. Daniel Tuffin. The Ore Reserve estimate was completed by Mr. Daniel Tuffin of Auralia Mining Consulting. Mr Daniel Tuffin is a Member of the Australasian Institute of Mining and Metallurgy (#228649) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify him as a Competent Person as defined in accordance with the Australasian Joint Ore Reserves Committee (JORC).

REVIEW OF OPERATIONS

Going Forward

The Company during 2013, intends to optimise production of its 1.5Mtpa processing facility and undertake mine planning studies based on reaching a sustained mill throughput rate of 1.7Mtpa or higher. The mill has already demonstrated that this rate can be achieved over short periods.

The Company further intends to maximise cash flow and profit by optimising gold output from existing infrastructure, plant and manpower without introducing additional fixed costs and by maintaining a small corporate structure.

Based on the exploration success achieved in 2011, an intensive exploration programme for 2013 has begun, initially targeting strike and depth extensions to the Golden Gate, All Nations and Bartons gold deposits. The target is to materially increase the Mineral Resources such that an Ore Reserve can be defined that provides 100,000 ounces of gold per annum over a 10 year mine life.

The Company's tenements cover 40 kilometres of strike length, with the potential for 30 kilometres of this to be prospective. The length between Golden Eagle and Bartons has not been systematically drilled. Broad spaced (>200 m) RAB traverses produced a series of robust intercepts, including 13 m at 3.55 g/t Au at Angela, 6 m at 4.7 g/t Au at Geisha and 13 m at 1.12 g/t Au at Five Mile. Further work is planned for the coming year in and around existing deposits and on the abovementioned targets.

Brian Rear
Chief Executive Officer

Perth, 18 March 2013

DIRECTORS' REPORT

The Directors of Millennium Minerals Limited ("Company" or "Millennium") present their report on the Company for the financial year ended 31 December 2012.

DIRECTORS

The names and details of the Directors of the Company in office during or since the end of the financial year are:

Peter Rowe – BSc(ChemEng) (Non-Executive Chairman)

Mr Rowe has broad international mining industry experience gained over a 35 year career based mainly in Australia and South Africa. Following 20 years with Anglo American and De Beers, he moved to Australia in the early 1990s. Mr Rowe was Project Director of the Fimiston Expansion (Kalgoorlie Superpit), General Manager of the Boddington Gold Mine and of the Boddington Expansion Project and Managing Director and CEO of Bulong Nickel. He headed up AngloGold Ashanti Australia and then moved to Johannesburg where he retired from his position there as Executive Vice President. He is currently a non-executive director with one other ASX listed company.

Mr Rowe holds a chemical engineering degree and is a Fellow of the AusIMM and of the Australian Institute of Company Directors.

Ross Gillon – BJuris, LLB (Non-Executive Director)

Mr Gillon, principal of the legal firm Lawton Gillon, has been in legal practice for over 30 years and has previously been a Director of a number of exploration companies.

Simon Durack – B.Comm, FCA, Post GradDip Bus, FCIS, JP (Non-Executive Director)

Mr Durack is an experienced Chartered Accountant, practicing Company Secretary and Director, and brings to the Company over 30 years commercial experience gained working in Australia, South East Asia and Europe. Mr Durack has held many senior Financial, Secretarial and Director positions with both large public and private entities in a diverse range of industries.

Richard Procter – BSc (Eng) MBA C Eng MIMMM (Non-Executive Director)

Mr Procter is a mining professional with over 35 years broad international experience encompassing corporate, operations, contracting, consulting and project development roles. He has held senior industry positions that have demonstrated leadership and management of base and precious metal mining companies (including both underground and open pit operations); assessment and development of projects including definitive / bankable feasibility studies; conversion of studies into mining operations; and managed teams undertaking mining asset evaluations and valuations (for M & A transactions).

Companies with which Mr Procter has worked include Union Carbide, Lonrho, Bateman, Nedpac Engineering, Minproc Engineers, Avocet Mining, WMC Resources, BHP Billiton, Tri Origin and Mirabela. He has also been involved in many mining operation start-ups (both small and large scale), as well as the re-engineering of companies. Mr Procter's regional exposure includes projects and / or operations in South America, Middle East, Central Europe, North America, Central and Southern Africa, Eastern Europe and Australasia.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other Australian listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	**Company**
Peter Rowe	IronClad Mining Limited (appointed February 2009), Adamus Resources Limited (resigned December 2011), Red 5 Limited (resigned March 2010), Ammtec Limited (resigned November 2010), Kimberley Rare Earths Limited (resigned November 2011) and ENK plc (resigned November 2012).
Ross Gillon	Condor Metals Limited (resigned 18 May 2012), Kalnorth Gold Mines Limited (appointed 12 May 2010), Telezon Limited (appointed 10 June 2010, resigned 22 November 2010) and Red River Resources Limited (resigned 4 March 2011).
Simon Durack	Zambezi Resources Limited (appointed 3 August 2009), Minrex Resources NL (appointed 30 May 2011) and Continental Coal Limited (resigned December 2009).
Richard Procter	Zambezi Resources Limited (appointed September 2009), Intercept Minerals Limited (appointed September 2007), and Minrex Resources NL (appointed May 2011).

DIRECTORSHIPS INTERESTS AND BENEFITS

As at the date of this report, the interests of the Directors and their associates in the shares of the Company are:-

	Ordinary Shares	**Options over Ordinary Shares**					
		Listed	**Expiry**	**Exercise price ($)**	**Un-Listed**	**Expiry**	**Exercise price ($)**
Peter Rowe	-	-	-	-	-	-	-
Simon Durack	-	-	-	-	-	-	-
Ross Gillon	5,004,296	-	-	-	-	-	-
Richard Procter	1,500,000	-	-	-	-	-	-

Payments:

Mr Simon Durack is a director of Advanced Management Services Australia Pty Ltd, a company owned and controlled by him, which was paid a total of $60,000 (2011: $60,000) for company secretarial services.

These fees and disbursements exclude benefits which have been included in the aggregate amount of emoluments received or due and receivable by Directors as director's fees and shown in the financial statements, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee.

DIRECTORS' REPORT

COMPANY SECRETARY

Pierre Malherbe – BCom(Acc), BCom(InvMgt), MCom (Company Secretary – Appointed 16 April 2010)

Mr Malherbe served as Chief Financial Officer of the Company since February 2009 before being appointed Company Secretary on 16 April 2010 and has a sound knowledge of the Company and its operations. Mr Malherbe's experience both in South Africa and Australia includes 24 years in the Investment Banking, Finance and Mining industries gained with some of the major banks in South Africa where he held senior financial and managerial positions within these Banks and was responsible for managerial, transactional and financial input across all spectrums, including: mining, construction, aviation and other capital intensive projects as well as senior management positions within mining and financial industries in Australia. In addition, Mr Malherbe holds a Master of Business Management (Master of Commerce) postgraduate degree from the University of Johannesburg, an Honours degree majoring in Accounting - Bachelor of Commerce (Hons)(Acc) and a Bachelor of Commerce Investment Management degree from the University of Johannesburg.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the continued exploration for gold and development of the Nullagine Gold Project in Western Australia.

RESULT

The loss after income tax for the financial year was $16.756m (2011: loss of $8.842m).

DIVIDENDS

No dividend was paid during the financial year and the directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

The prime activity of the Company during the 2012 financial year was the continued exploration for gold and the development of the Nullagine Gold Project in the Pilbara region northern Western Australia.

STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes to the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to year end, 26,477,587 ordinary shares have been issued as a result of the exercise of listed options for proceeds of $796,480.

On 5 January 2013, 1,469,266,909 listed options of $0.03 lapsed on expiry.

On 19 February 2013, the Company announced it had achieved commercial production.

On 28 February 2013, 67,474,196 listed options of $0.075 lapsed on expiry.

Annual General Meeting scheduled for 18 April 2013.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company expects to achieve commercial production in the first quarter of the forthcoming year while continuing exploration for gold at its existing tenements at Nullagine.

REMUNERATION REPORT

The Remuneration Report outlines the remuneration arrangements of the Company which were in place during the year ended 31 December 2012, and remain in place at the date of this report.

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

The information provided within the remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 'Related Party Disclosures'. These disclosures have been transferred from the financial report and have been audited.

Key Management Personnel (KMP)

Details of KMPs of the Company are set out below:

DIRECTORS

P Rowe

R Gillon

R Procter

S Durack

KEY MANAGEMENT PERSONNEL

B Rear

S Pooley

P O'Connor

R Hill

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Principles of Remuneration

Remuneration Philosophy

The performance of the Company depends on the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of the Company.

Remuneration Committee

The Company's remuneration committee comprises Messrs Rowe, Procter and Gillon.

The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to the competitive state of the employment market for different specific skill sets and independently sourced market surveys related to the resources sector.

The remuneration structures are designed by the Committee to attract and retain Directors and executives of the highest calibre, reinforce the imperative to meet strategic objectives, and achieve the broader outcome of creation of value for shareholders.

Remuneration Structure

Fixed Remuneration

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

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

Remuneration of senior executives is determined after consideration is given to individual and overall performance of the Company, to competitive commercial rates of remuneration for similar levels of responsibility, industry practices and the need to obtain appropriately qualified persons to fill the executive positions necessary for the Company to meet its strategic objectives.

Performance Linked Remuneration

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

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Remuneration Structure (continued)

Short Term Incentives

Each year the executives of the Company review the performance of the key management personnel and make recommendations to the Remuneration Committee in relation to the awarding of any short-term incentives.

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

Long-Term Incentives

Performance rights are issued under the Performance Rights Plan. Performance rights are rights to acquire ordinary shares subject to the satisfaction of specified performance conditions in a specified performance period. The objective of the Performance Rights Plan is to link the achievement of the Company's operational targets with the remuneration received by the key management personnel charged with meeting those targets. The total potential long term incentive available is set at a level so as to provide sufficient incentive to the key management personnel to achieve the operational targets such that the cost to the Company is reasonable in the circumstances.

Each year the Remuneration Committee reviews the objectives of the company for the following year and makes a recommendation to the Board to grant rights to acquire ordinary shares subject to the satisfaction of specified performance conditions within a specified performance period.

Criteria used by the Remuneration Committee to set performance conditions for rights and to assess the performance of directors and executives may include historical and current earnings, gold production, operating costs and safety performance, execution of development projects, exploration success and growth of the business through acquisitions. As the Company is transitioning to production, historical earnings are not yet an accurate reflection of Company performance. Consideration of the Company's earnings will be more relevant as the Company matures.

The Remuneration Committee recommends the rights to be granted to executives for approval by the Board. The Board grants the rights by giving further consideration to the seniority of the employee's position, the ability of the employee to impact the achievement of the company's objectives and the need to retain highly qualified employees and executive team. The granting of rights is in substance a performance incentive which allows employees to share the rewards of the success of the Company.

After the specified performance period an assessment is made by the Remuneration Committee regarding the achievement of the performance conditions and a recommendation is provided to the Board detailing the number of rights to vest into ordinary shares that is commensurate with the level of achievement of the predetermined performance conditions. The Board approves the vesting of rights into shares and all unvested rights are subsequently cancelled.

During the current year rights were granted to key management personnel with the performance condition governed by the timing and total capital cost associated with the successful achievement of practical completion of the Nullagine Gold Process Plant. The performance conditions and specified performance period was set at the commencement of the Nullagine Gold Process Plant development and construction project.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and Key Management Remuneration

Details of remuneration of each Director of Millennium, including their personally-related entities, for the year ended 31 December 2012 are set out as follows:

	Year	Short Term		Post Employment	Equity Compensation	
		Cash, salary and fees	Cash Bonus	Superannuation	Value of share options	Total
Directors		$	$	$	$	$
Mr P Rowe	**2012**	**75,688 (91%)**	**-**	**6,812 (9%)**	**-**	**82,500**
	2011	68,807 (91%)	-	6,193 (9%)	-	75,000
Mr S Durack	**2012**	**55,000 (100%)**	**-**	**-**	**-**	**55,000**
	2011	50,000 (100%)	-	-	-	50,000
Mr R Gillon	**2012**	**55,000 (100%)**	**-**	**-**	**-**	**55,000**
	2011	50,000 (100%)	-	-	-	50,000
Mr R Procter	**2012**	**55,000 (100%)**	**-**	**-**	**-**	**55,000**
	2011	50,000 (100%)	-	-	-	50,000

REMUNERATION REPORT (continued)

Directors' and Key Management Remuneration (continued)

Details of remuneration of other executives ("specified executive") with authority for the strategic direction and management of the Company during the year ended 31 December 2012 are as follows:

	Year	Short Term		Post Employment	Equity Compensation	
		Cash, salary and fees	Cash Bonus	Superannuation	Value of share options	Total
Executives		$	$	$	$	$
Mr B Rear	**2012**	**392,250 (91%)**	**-**	**28,817 (9%)**	**538,953**	**960,020**
	2011	360,893 (91%)	50,000	32,480 (9%)	-	443,373
Mr S Pooley	**2012**	**347,630 (91%)**	**72,883**	**31,287 (9%)**	**320,208**	**772,008**
	2011	299,850 (91%)	-	26,986 (9%)	-	326,836
Mr P O'Connor	**2012**	**341,330 (91%)**	**-**	**30,720 (9%)**	**320,208**	**692,258**
	2011	326,881 (91%)	-	29,419 (9%)	-	356,300
Mr R Hill (appointed 9 Jan 2012)	**2012**	**226,529 (91%)**		**20,387 (9%)**	**231,016**	**477,932**
	2011	**-**		-		-

Key Management Employment Contracts

Peter Rowe, Director:

- Term of agreement – no fixed term.
- An annual fee for the period ended 31 December 2012 of $82,500 (inclusive of superannuation), to be reviewed annually by the Board.

Ross Gillon, Director:

- Term of agreement – no fixed term.
- Directors Fees to be reviewed annually by the Board. Total directors fees of $55,000 were paid for the period ended 31 December 2012.

Simon Durack, Director:

- Term of agreement – no fixed term.
- Directors Fees to be reviewed annually by the Board. Total directors fees of $55,000 were paid for the period ended 31 December 2012.

REMUNERATION REPORT (continued)

Key Management Employment Contracts (continued)

Richard Procter, Director:

- Term of agreement – no fixed term.
- Directors Fees to be reviewed annually by the Board. Total directors fees of $55,000 were paid for the period ended 31 December 2012.

Brian Rear, Chief Executive Officer

- Term of agreement – The consultancy contract commenced on July 2009 and may be terminated with six months notice.
- A fee of $421,900 per annum plus superannuation benefit is payable.
- Total consulting fees of $421,067 (2011: $443,373) were paid for the period ended 31 December 2012.

Simon Pooley, General Manager – Operations

- Term of agreement – The employment contract commenced on 11 February 2010 and may be terminated with three months notice.
- A salary of $362,600 per annum plus superannuation benefit is payable.

Paul O'Connor, General Manager – Projects

- Term of agreement – The employment contract commenced on 18 January 2010 and may be terminated with one month notice.
- A salary of $350,000 per annum plus superannuation benefit is payable.

Richard Hill, Chief Financial Officer

- Term of agreement – The employment contract commenced on 9 January 2012 and may be terminated with one month notice.
- A salary of $275,000 per annum plus superannuation benefit is payable.

MEETINGS OF DIRECTORS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	Directors Meetings	
	No. of Meetings Held Whilst in Office	Meetings Attended
Peter ROWE	12	12
Simon DURACK	12	12
Ross GILLON	12	11
Richard PROCTER	12	25

INSURANCE OF DIRECTORS AND OFFICERS

The Company agreed to pay a premium in respect of a contract insuring the Directors and Officers of the Company. Full details of the cover and premium are not disclosed as the insurance policy prohibits the disclosure. No liability has arisen under this indemnity as at the date of this report. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify any officer or auditor of the Company or of any related body corporate, against a liability incurred as such by an officer or auditor.

SHARE OPTIONS

Options on Issue

At 31 December 2012 unissued shares of the Company under option are:

Expiry Date	Number of Options	Exercise Price
5 February 2013 (listed)	1,495,696,649	3.0 cents
28 February 2013 (listed)	67,522,043	7.5 cents
31 December 2014 (unlisted)	25,000,000	3.25 cents

SHARE OPTIONS (continued)

	2012 Number	2011 Number
Options - listed		
Balance at beginning of year	1,567,410,882	65,010,958
Issued during year	-	1,502,895,643
Exercised during year	(4,192,190)	(495,719)
Expired during year	-	-
Balance at end of year	**1,563,218,692**	**1,567,410,882**
Options - unlisted		
Balance at beginning of year	25,000,000	28,700,000
Issued during year	-	25,000,000
Expired or cancelled during year	-	(28,700,000)
Balance at end of year	**25,000,000**	**25,000,000**

No options were issued to Directors during the year.

CORPORATE GOVERNANCE

Introduction

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

The Company's Board Charter, Code of Conduct, Trading Policy, and Company Securities policy documents have been posted on the website.

DIRECTORS' REPORT

Board Composition and Remuneration

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the financial report and their term of office are detailed in the Directors' Report.There is no formal policy or procedure regarding the taking of professional advice by the independent directors; however no restrictions are placed on the independent directors to take advice on matters arising from their roles as independent directors of the company, or the reimbursement of the costs incurred by the Company.

Mr Rowe is considered by the Board to be an independent director. The determination by the Board as to whether individual directors are independent is a matter of judgement. In making this determination the Board has followed the guidance in Box 2.1 of the Recommendations and the Guide to Reporting on Principle 2. The Board considers the relationships the independent directors have with the company do not materially impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the independent directors in the case of shareholders and suppliers, the Board considers that the independent directors' interest is less than 5% of the base amount. In respect to the qualitative measures the Board has considered the factors affecting the independent directors' relationship with the Company and consider these qualitative factors to be immaterial in the assessment of their independence.

There is an agreed procedure by the board of directors to take independent professional advice at the expense of the Company.

Disclosure as to the nature and amount of remuneration paid to the Directors of the Company is included in the Directors report and notes to the financial statements in the Company's annual report each year. The structure and objectives of the remuneration policy and its links to the Company's performance is disclosed in the annual Directors' Report. The only form of retirement benefit to which non-executive directors are entitled, is superannuation.

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

"An Independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

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

Millennium considers a significant consultant, supplier or customer to be material if the total of their annual invoices amounts to more than 5% of the Company's total expenditure in that category.

DIRECTORS' REPORT

Board Composition and Remuneration (continued)

Consistent with the Corporations Act the Company considers that the Board should have at least three Directors and strives to have a majority of Independent Directors. Currently the Board has four directors, with all four being non-executives. Messrs Procter, Durack and Gillon are not considered to be independent as Mr Procter and Mr Durack are officers of a substantial shareholder and Mr Gillon is a principal of a professional advisor to the Company. The number of Directors is maintained at a level which optimises the spread of the workload and efficient decision making.

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

Performance of Directors

The performance of Directors is assessed through review by the Board as a whole of director's attendance at and involvement in Board meetings, his performance and other matters identified by the Board or other directors. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a director's performance.

The Company has not conducted a performance evaluation of the members of the Board during the reporting period. However, the Board conducts a review of the performance of the Company against budgeted targets on an ongoing basis.

Conflict of Interest

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

Details of Directors related entity transactions with the Company are set out in the related parties note in the financial statements.

Corporate Reporting

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

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

Code of Conduct

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

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

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

Continuous disclosure and shareholder communication

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

The Company encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

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

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX.

Annual and half yearly reports are made available on the company's website and mailed to those shareholders who request a hard copy.

Explanations for Departures from Best Practice Recommendations

Principle 1 recommendation 1.1, 1.2,1.3

Notification of Departure:
The Company has not: (1) formally disclosed the functions reserved to the Board and those delegated to management; (2) the process for evaluating the performance of senior executives, and; (3) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process which is to be disclosed.

Explanation for Departure:
The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management, and evaluating the performance of senior executives. The Board has established a framework for the management of the Company and the roles and responsibilities of the Board and management. Previously, due to the small size of the Board and of the Company, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1

Notification of Departure:
The Board does not have a majority of independent Directors.

Explanation for Departure:
The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint independent directors as it deems appropriate.

As of the date of this report the company has 1 independent director.

Principle 2 Recommendation 2.4

Notification of Departure:
The full Board carries out the role of a nomination committee. The Board has not adopted a charter relevant to the specific functions of a nomination committee. The Board does have a separate remuneration committee to oversee recruitment, performance and remuneration at CEO and senior management levels.

Explanation for Departure:
The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee. In the future, as the company grows and increases in size and level of activity including through the Nullagine Gold Project, the Board will reconsider the establishment of a separate nomination committee.

Explanations for Departures from Best Practice Recommendations (continued)

Principle 2 Recommendation 2.5

Notification of Departure:
The Company has not disclosed the process for evaluating the performance of the board and of individual directors.

Explanation for Departure:
The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the company grows and increases in size and activity, the Board will consider the establishment of formal board and individual director evaluation processes.

Principle 2 Recommendation 2.6

Notification of Departure:
The Company has not disclosed whether a performance evaluation for the board and directors has taken place in the reporting period and whether it was in accordance with a disclosed process.

Explanation for Departure:
The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the Company grows and increases in size and activity, the Board will consider the establishment of formal board and individual director evaluation processes.

Principle 6 Recommendation 6.1,6.2

Notification of Departure:
The Company does not have a formal documented Shareholder communication policy.

Explanation for Departure:
The Company strongly encourages communication between shareholders, the Company and the Board. All general meetings include briefings by board members to provide a deeper insight into the Company, opportunities for shareholders to have their questions answered, and following all general meetings, the directors encourage shareholders to chat informally with them. As the Company grows in size, the board is very keen to develop more formal and expansive communications with shareholders.

Principle 7 Recommendation 7.1

Notification of Departure:
The Company has not disclosed its risk management policies and assessment framework.

Explanation for Departure:
While the Company has informal risk management policies and frameworks, it is in the process of formalizing these, and they will then be placed on the Company's website.

Independent Professional Advice and Access to Company Information

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

Remuneration

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

The Company embodies the following principles in its remuneration framework:

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

Full details of Directors' and specified executives' remuneration is set out in the Directors' Report and in the Directors' and Executives' Disclosures note in the financial statements.

Ethics

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

Risk Management

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

- Performance and funding of exploration activities;
- Budget controls;
- Guidelines and limits for the approval of capital expenditure and investments;
- A comprehensive insurance programme;
- Status of Mining Tenements; and
- Continuous disclosure obligations.

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

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

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

Group Strategic Planning

The Company has adopted a formal and dynamic process of strategic planning. The Board reviews and endorses strategies designed to ensure the long term successful outcome for the Company.

Trading in the Company's Securities by Directors and Employees

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

Role of Shareholders

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

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

- the Annual Report and Millennium newsletters which are available to shareholders on the Company's website;
- compliance with Australian Securities Exchange's continuous disclosure requirements (and subsequent shareholder announcements); and
- the annual general meeting and other meetings called to obtain approval for Board action.

Diversity – Board Composition

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

Diversity – Measurable Objectives

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

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

Primary objectives set by the company with regard to diversity have been met, as described below:

- blend of skills – wide range of backgrounds: geology, mining, exploration, finance and corporate experience
- cultural backgrounds – Australian, Asians and European
- gender – both male and female employees
- age – the age range spans over 40 years

The above points relate to the composition of the board and the company.

Diversity – Annual Reporting

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

	% Female
Employees	18%
Executives & Board Members	-

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulation under the laws of the Commonwealth and of the State, with specific conditions relating to rehabilitation.

In the case of Approved Notices of Intent to Mine, bonds are held by the Company's bank which may be released to the Company when Department of Minerals and Energy is satisfied that conditions imposed on those licences have been met.

Notices of Intent to Mine incorporate environmental conditions, including those related to noise, dust, water run-off, rare and endangered flora and fauna, sites of historical and aboriginal significance as well as rehabilitation criteria.

The Directors advise that during the year ended 31 December 2012, no claim has been made by any competent authority that any environmental issues condition of licence or notice of intent have been breached, or any bond forfeited.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 39.

Non-Audit Services

There are no non-audit services provided by the Auditors.

The following amounts were paid to the auditors:

	2012	2011
Auditors' Remuneration		
Auditing accounts	$50,000	$30,000
Non-audit Services		
Independent report	-	-

Signed at Perth this 18th day of March 2013 in accordance with a resolution of the Directors.

Peter Rowe
Director

ROTHSAY

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

The Directors
Millennium Minerals Ltd
17 Ord St
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2012 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 18 March 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $'000	2011 $'000
Continuing Operations			
Revenue	3	550	683
Administration and other expenses	4	(7,500)	(5,368)
Exploration expenditure written off		(41)	(1,501)
Finance costs		(4,213)	(2,711)
Mine site depreciation and amortisation during commissioning	4	(4,677)	(53)
Unrealised gain / (loss) on gold forward contracts	4	(1,574)	-
(Loss) before tax		(17,455)	(8,950)
Income tax credit	5	699	468
Net (loss) attributable to the members of Millennium Minerals Limited		(16,756)	(8,482)
Other comprehensive income/(loss)			
Other comprehensive income		-	-
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income/(loss) for the year, net of tax		**-**	**-**
Total comprehensive (loss) for the year		(16,756)	(8,482)
Earnings per share (cents per share)			
Basic (loss) for the year	26	(0.4485)	(0.2500)
Diluted (loss) for the year	26	(0.4485)	(0.2500)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 $'000	2011 $'000
Current Assets			
Cash and cash equivalents	6	2,831	10,763
Trade and other receivables	7	2,556	658
Inventories	8	5,806	-
Other assets	9	2,857	1,435
Other financial asset	25e	202	-
Total Current Assets		**14,252**	**12,856**
Non-Current Assets			
Deferred mining costs	10	3,225	-
Mineral exploration and evaluation expenditure	11	13,099	29,470
Mine development	12	37,631	2,982
Property plant and equipment	13	87,704	29,481
Total Non-Current Assets		**141,659**	**61,933**
Total Assets		**155,911**	**74,789**
Current Liabilities			
Trade & other payables	14	14,820	4,524
Borrowings	15	24,075	-
Lease liabilities	16	2,634	-
Provisions	17	392	94
Total Current Liabilities		**41,921**	**4,618**
Non-Current Liabilities			
Borrowings	15	22,495	-
Lease liabilities	16	4,928	-
Provisions	17	3,869	-
Other financial liabilities	25e	1,777	-
Total Non-Current Liabilities		**33,069**	**-**
Total Liabilities		**74,990**	**4,618**
Net Assets		**80,921**	**70,171**
Equity			
Contributed equity	18	137,399	109,893
Reserves		2,081	2,081
Accumulated losses		(58,559)	(41,803)
Total Equity		**80,921**	**70,171**

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $'000	2011 $'000
Cash Flows From Operating Activities			
Rental and other income		751	468
Payments to suppliers and employees		(8,767)	(4,592)
Interest and distributions received		203	683
Net Cash Used In Operating Activities	24b	**(7,813)**	**(3,441)**
Cash Flows From Investing Activities			
Proceeds from sale of investments		812	-
Payments for property, plant and equipment		(59,460)	(25,591)
Payments for development and production		(12,719)	(1,795)
Payment for mineral exploration areas and development		(1,691)	(4,436)
Payments for mineral exploration deposits and security deposits		(281)	(77)
Net Cash Used In Investing Activities		**(73,339)**	**(31,899)**
Cash Flows From Financing Activities			
Proceeds from loans and borrowings		54,119	-
Payment of loans and borrowings		(962)	(5,794)
Interest paid		(3,131)	-
Gross proceeds from shares issued		23,194	48,783
Net Cash Provided By Financing Activities		**73,220**	**42,989**
Net Increase / (Decrease) In Cash Held		**(7,932)**	**7,649**
Cash Held At The Beginning Of Period		10,763	3,114
Cash Held At The End Of The Financial Year		**2,831**	**10,763**

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Issued capital	Accumulated losses	Other reserves	Total Equity
At 1 January 2011	64,193	(33,321)	2,081	32,953
Total income / (expense) for the period	-	(8,482)	-	(8,482)
Issue of share capital (net of issue costs)	45,700	-	-	45,700
Balance at 31 December 2011	**109,893**	**(41,803)**	**2,081**	**70,171**
At 1 January 2012	109,893	(41,803)	2,081	70,171
Total income / (expense) for the period	-	(16,756)	-	(16,756)
Issue of share capital (net of issue costs)	27,506	-	-	27,506
Balance at 31 December 2012	**137,399**	**(58,559)**	**2,081**	**80,921**

The accompanying notes form part of the financial statements.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. CORPORATE INFORMATION

Millennium Minerals Limited ("Millennium" or the "Company") is a public listed limited Company that is incorporated and domiciled in Australia.

During the year, the principal activity of Millennium was gold exploration and development of the Nullagine gold project in Western Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

This is a general purpose financial report of the Company that has been prepared in accordance with applicable accounting standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001. The accounting policies have been consistently applied. All amounts are presented in Australian dollars.

The financial statements have been prepared on the basis of historical costs, except where stated certain current and non-current assets and liabilities are held at current valuation.

(b) Statement of Compliance

The full year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the full year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Company has recorded a net accounting loss of $16.76 million for the 2012 financial year and shows a net working capital deficiency of $27.67 million as at the reporting date. The Directors believe the going concern basis is appropriate for the following reasons:

- The Company generated proceeds of $15.6 million on gold production of 11,918 ounces in the three months to 31 December 2012. Gold production for the financial year ended 31 December 2013 is forecast to be between 78,000 ounces and 83,000 ounces at a cash cost $881 per ounce after including royalties, indicating ongoing profitable mining operations; and
- The net working capital deficiency is predominantly due to the repayment of $24 million of borrowings (note 15). The current liability is unlikely to be realised in full as the repayment profile is subject to review and may be re-negotiated.

(d) Income Tax

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant and Equipment

Cost and valuation

Items of property, plant and equipment comprising a class of non-current assets are carried at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at cost less any impairment in value. Cost includes expenditure that is directly attributable to the acquisition, installation and commissioning of an item.

The carrying amounts are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows is discounted to their net present values in determining recoverable amounts.

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

Depreciation

Depreciation of plant and equipment is calculated on a straight line basis to write off the net cost of each item over its expected useful life to the Company. The expected useful lives are as follows: 5 – 10 years. The directors review the carrying amounts and depreciation method annually, with the effect of any changes recognised on a prospective basis.

Buildings and Capital works in progress will be depreciated over the production life of the mine. The directors review the carrying amounts annually for impairment prior to, and during production.

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

(f) Exploration and evaluation expenditure

Areas in exploration and evaluation

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits related to an area of interest are likely.

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

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

This policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in full in the period when the new information becomes available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation expenditure

Areas in development

Areas in development represent the costs incurred in preparing mines for production. The costs are carried forward to the extent that these costs are expected to be recouped through the successful exploitation of the Company's mining leases.

All exploration, evaluation and development expenditure incurred by or on behalf of the entity in relation to areas of interest, in which economic mining of a mineral reserve has commenced, is amortised on the units of production method, which separate calculations being made for each mineral resource. The unit of production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, that excess is fully provided against in the financial year in which it is determined.

(g) Mine development costs

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

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

(h) Deferred mining costs

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

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

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

(i) Investments and other financial assets

The Company classifies its investments in the following categories: financial assets at fair value through profit and loss, loan and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Inventories

Finished goods, gold concentrate, gold in circuit and stockpiles of unprocessed ore have been valued at the lower of cost and estimated net realisable value.

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

- Labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- Depreciation of property plant and equipment used in the extraction and processing or ore; and
- Production overheads directly attributable to the extraction and processing of ore.

Where the time value of money is material, these future prices and costs to complete are discounted. Net realisable value tests are performed at each reporting date.

Consumables are valued at cost less an appropriate provision for obsolescence.

(k) Leases

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

Operating leases

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

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

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the economic entity are capitalised at the present value of the minimum lease payments. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the estimated useful life of the assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Comprehensive Income.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(l) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash Flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Trade Payables, Other Creditors and Provisions

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

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

Site rehabilitation

The Company records the present value of the estimated cost of legal and constructive obligations to restore the operating location in the period in which the obligation is incurred. The nature of rehabilitation activities includes dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. Typically the obligation arises when the assets are installed at the production location. The provision is the best estimate of the present value of the expenditure required to settle the rehabilitation obligation at the reporting date, based on current legal requirements and technology.

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

(o) Trade Receivables and Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of any outstanding bank overdraft.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(r) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at cost. Any accrued interest is recorded in payables.

(s) Revenues

Revenue is recognised and measure at fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Gold bullion and concentrate sales

Revenue is recognised when the bullion is sold from the Company's gold metal account, at which point the risk has passed from the Company to an external party and the selling price can be determined. Sales revenue represents gross proceeds receivable from the customer.

Interest

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(t) Share Based Payment Transactions

The Company provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- Tax Exempt Share Plan
- The Performance Rights Plan

which provide benefits to Directors, senior executives, employees and consultants.

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

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

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 26).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee Entitlements

(i) Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including annual leave expected to be settled within twelve months of the reporting date are recognised in the provision for employee benefits up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee Benefit on-costs

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

(v) Impairment of Assets

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash generating units).

(w) Mineral Tenements

The Company's activities in the mining industry are subject to regulations and approvals including mining heritage, environmental regulation, the implications of the High Court of Australia decision in what is known generally as the "Mabo" case and any State of Federal legislation regarding native and mining titles. Approvals, although granted in most cases, is discretionary. The question of native title has yet to be determined and could affect any mining title area whether granted by the State or not.

(x) Ore reserve and mineral resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth,shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Ore reserve and mineral resource estimates

The Company estimates and reports ore reserves in line with the principles contained in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (December 2004), which is prepared by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, known as the "JORC Code." The JORC Code requires the use of reasonable investment assumptions, including:

- Future production estimates — which include proved and probable reserves, resource estimates and committed expansions
- Expected future commodity prices, based on current market price, forward prices and the Company's assessment of the long-term average price
- Future cash costs of production, capital expenditure and rehabilitation obligations

Consequently, management will form a view of forecast sales prices, based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate reserves under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Company's reported financial position and results which include:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change
- Capitalised stripping costs recognised in the statement of financial position as either deferred stripping or as part of inventory or charged to profit or loss may change due to changes in stripping ratios
- Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Derivatives

The Company uses derivative financial instruments such as gold call options to manage the risk associated with commodity price fluctuations.

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

Changes in fair value are recognised in the statement of comprehensive income, net of any transaction costs.

(z) Critical accounting estimates and judgements

In preparing this Financial Report the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

i) Significant accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

<u>Capitalisation of exploration and evaluation expenditure</u>

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

ii) Significant accounting estimates and assumptions

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

<u>Impairment of capitalised exploration, evaluation and development expenditure</u>

The future recoverability of capitalised exploration and evaluation expenditure is dependent on an number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. As at 31 December 2012, the carrying value of exploration expenditure of the Company was $13.099m (2011: $29.470m).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Critical accounting estimates and judgements

ii) Significant accounting estimates and assumptions

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Impairment of non-financial assets other than goodwill

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include economic and political environments and the future exploration and development expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Mine rehabilitation provision

The consolidated entity assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy stated in note 2(n). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known, which in turn would impact future financial results.

Fair valuations of derivative financial instruments

The Company assesses the fair value of its forward gold sale agreements and foreign exchange contracts in accordance with the accounting policy note stated in note 2 (y). Fair values have been determined based on well-established valuation models and market conditions existing at the balance date. These calculations require the use of estimates and assumptions. Changes in the assumptions concerning interest rates, gold prices and volatilities could have significant impact on the fair value attributed to the Company's forward gold sale agreements and foreign exchange contracts. When these assumptions change or become known in the future, such differences will impact asset/liability carrying values and profit and loss in the period in which they become known.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Critical accounting estimates and judgements

ii) Significant accounting estimates and assumptions

Life of mine stripping ratio

The Company has adopted a policy of deferring production stage stripping costs and amortising them in accordance with the life of mine strip ratio. Significant judgement is required in determining this ratio for each mine. Factors that are considered include:

- Any proposed changes in the design of the mine;
- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure

(aa) Comparatives

Certain comparatives have been reclassified where necessary to be consistent with the current year's disclosures.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 $'000	2011 $'000
3. REVENUE FROM ORDINARY ACTIVITIES		
Interest received	203	683
Rental & others	347	-
	550	**683**

4. EXPENSES

	2012 $'000	2011 $'000
Administrative and other expenses		
Corporate	1,694	2,008
Statutory compliance	152	129
Directors costs	248	210
Investor costs	291	395
Personnel costs	1,857	2,322
Diminution of Investments Provision	150	-
Assets written off	82	-
Share-based payment expense	3,026	-
Obsolete Equipment	-	304
	7,500	**5,368**
Mine site depreciation and amortisation during commissioning		
Depreciation of mine plant and equipment	4,573	53
Mine development amortisation	1,179	-
Depreciation of rehabilitation assets	35	-
Inventory capitalised	(1,110)	-
	4,677	**53**
Unrealised gain/(loss) on gold forward contracts		
Gain/Loss on deriviatives	**1,574**	**-**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 $'000	2011 $'000
5. INCOME TAX		
Loss before income tax expense	(16,756)	(8,482)
Prima facie tax on operating loss	(5,027)	(2,544)
Tax effect of permanent and timing differences		
Non-deductible expenses	912	612
Deferred tax assets	4,115	1,932
Research and development tax incentive refund	699	468
Income tax credit attributable to Operating Loss	699	468

The Company has approximately $62.8 million (2011: $60.7 million) in losses for income tax purposes un-recouped at balance date (subject to confirmation by the Commissioner of Taxation). The aggregate future income tax benefit of $26.8 million (2011: $17.3 million) has not been carried forward as an asset in the Statement of Financial Position as realisation of the benefit is not regarded as virtually certain and will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the exploration expenditure and tax losses to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the tax losses.

	2012 $'000	2011 $'000

6. CASH AND CASH EQUIVALENTS

	2012 $'000	2011 $'000
Cash at bank and on hand	2,831	10,763
	2,831	**10,763**

7. TRADE & OTHER RECEIVABLES

	2012 $'000	2011 $'000
Gold bullion awaiting settlement	1,540	-
GST refundable	726	658
Diesel fuel rebate	290	-
	2,556	**658**

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

The maximum exposure to credit risk is the fair value of receivables and no collateral is held as security.

8. INVENTORIES

	2012 $'000	2011 $'000
Consumables	824	-
Ore stockpile at cost	580	-
Gold in circuit at cost	1,615	-
Bullion on hand at cost	2,787	-
	5,806	**-**

9. OTHER ASSETS

	2012 $'000	2011 $'000
Prepayments	1,210	68
Secured deposit	1,647	1,367
	2,857	**1,435**

10. DEFERRED MINING COSTS

	2012 $'000	2011 $'000
Deferred mining costs	3,225	-
	3,225	**-**

These costs represent mining expenses deferred in accordance with the accounting policy disclosed in Note 2(h).

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. MINERAL EXPLORATION AND EVALUATION

	2012 $'000	2011 $'000
Exploration and evaluation		
Balance at beginning of year	29,470	26,427
Expenditure during the year	2,945	4,544
Written offs	(41)	(1,501)
Reclassifications / transfers	(19,275)	-
Carrying amount at end of year	**13,099**	**29,470**

Recoverability of the carrying value of interests in mineral projects is subject to the successful development and exploitation of the exploration properties or alternatively, the sale of these tenements at amounts at least equal to the book values. The directors have assessed the Mineral Exploration, Evaluation and Development Expenditure asset for impairment as at balance date as required by AASB6, and concluded that the asset is not impaired, and that the carrying amount does not exceed the recoverable amount.

12. MINE DEVELOPMENT

	2012 $'000	2011 $'000
Balance at beginning of year	2,982	1,187
Addition to rehabilitation assets	3,850	-
Expenditure during the year	12,719	1,795
Reclassifications / transfers	19,275	-
Amortisation charge for year	(1,195)	-
Carrying amount at end of year	**37,631**	**2,982**

13. PROPERTY PLANT AND EQUIPMENT

	2012 $'000	2011 $'000
Plant and Equipment		
Plant and Equipment – at cost	59,643	839
Less Accumulated Depreciation	(3,133)	(461)
Written down value	**56,510**	**378**
Motor Vehicles		
Motor Vehicles – at cost	1,200	129
Less Accumulated Depreciation	(95)	(2)
Written down value	**1,105**	**127**

13. PROPERTY PLANT AND EQUIPMENT (continued)

	2012 $'000	2011 $'000
Land and Buildings		
Land and Buildings – at cost	15,872	424
Less Accumulated Depreciation	(744)	-
Written down value	**15,128**	**424**
Critical Spares		
Critical spares - at cost	1,863	-
Less Accumulated Depreciation	(90)	-
Written down value	**1,773**	**-**
Infrastructure		
Infrastructure - at cost	9,038	-
Less Accumulated Depreciation	(436)	-
Written down value	**8,602**	**-**
Capital Works in Progress		
Capital Works – Nullagine project	3,480	28,552
Less Accumulated Depreciation	-	-
Written down value	**3,480**	**28,552**
Leased Assets		
Leased assets - at cost	1,337	-
Less Accumulated Depreciation	(231)	-
Written down value	**1,106**	**-**
Total written down value at end of year	**87,704**	**29,481**

Reconciliation of the carrying amounts of the property, plant and equipment at the beginning and the end of the financial year:

	2012 $'000	2011 $'000
Plant and Equipment		
Carrying amount at beginning of year	378	381
Additions at cost	42,689	51
Transfer / reclassification	16,323	-
Disposals	(82)	(3)
Less Depreciation	(2,978)	(51)
Carrying amount at end of year	**56,330**	**378**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. PROPERTY PLANT AND EQUIPMENT (continued)

	2012 $'000	2011 $'000
Motor Vehicles		
Carrying amount at beginning of year	127	-
Additions at cost	1,072	129
Disposals	-	-
Less Depreciation	(94)	(2)
Carrying amount at end of year	**1,105**	**127**
Land and Buildings		
Carrying amount at beginning of year	424	424
Additions at cost	7,317	-
Transfer / reclassification	8,131	-
Less Depreciation	(744)	-
Carrying amount at end of year	**15,128**	**424**
Critical Spares		
Carrying amount at beginning of year	-	-
Additions at cost	687	-
Transfer / reclassification	1,176	-
Less Depreciation	(90)	-
Carrying amount at end of year	**1,773**	**-**
Infrastructure		
Carrying amount at beginning of year	-	-
Additions at cost	6,117	-
Transfer / reclassification	2,921	-
Less Depreciation	(436)	-
Carrying amount at end of year	**8,602**	**-**
Capital Works in Progress		
Carrying amount at beginning of year	28,551	824
Additions at cost	3,660	27,728
Transfer / reclassification	(28,551)	-
Transfer / reclassification	-	-
Carrying amount at end of year	**3,660**	**28,552**
Leased Assets		
Carrying amount at beginning of year	-	-
Additions at cost	1,337	-
Less Depreciation	(231)	-
Carrying amount at end of year	**1,106**	**-**
Total carrying amount at end of year	**87,704**	**29,481**

	2012 $'000	2011 $'000

14. TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
Trade payables	8,642	862
Accrued expenses	4,025	3,476
Employee entitlements	501	186
Other payables	1,652	-
	14,820	**4,524**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

15. BORROWINGS

	2012 $'000	2011 $'000
Current		
Secured bank loans	**24,075**	**-**
Non-current		
Secured bank loans	20,925	-
Secured bond facility	1,570	-
	22,495	**-**

The Company announced on 30 March 2012 that is had achieved financial close of the Syndicated Debt Facilities entered into with BNP Paribas and National Australia Bank. At 31 December 2012, the Company had drawn down $46.57 million with a remaining balance available for drawdown of $3.43 million under the bond facility. The loan repayment schedule requires full repayment by September 2015 with the first repayment commencing March 2013. The profile of the loan repayment schedule is subject to review and may be re-negotiated. The loans attract a variable interest rate.

16. LEASE LIABILITIES

	2012 $'000	2011 $'000
Current		
Hire purchase liabilities	381	-
Finance lease liabilties	2,253	-
	2,634	**-**
Non-current		
Hire purchase liabilities	571	-
Finance lease liabilties	4,357	-
	4,928	**-**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 $'000	2011 $'000
17. PROVISIONS		
Current		
Employee entitlements	**392**	**94**
Non-current		
Rehabilitation (a)	**3,869**	**-**
(a) Provision for Rehabilitation		
Balance at beginning of year	-	-
Changes in estimates	3,850	-
Unwinding of discount	19	-
Balance at end of year	**3,869**	**-**

Nature and purpose of provision for rehabilitation

The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mine, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.Typically the obligation arises when the asset is installed at the production location.When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets.Over time, the liability is increased for the change in present value based on the discounted rates that reflect the current market assessment and the risks specific to the liability. Additional disturbances or changes in rehabilitation cost estimates will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18. CONTRIBUTED EQUITY

	2012 $'000	2011 $'000
(a) Issued Capital		
Ordinary shares - issued and fully paid	**137,399**	**109,893**

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

(b) Movement In Issued Capital

	No. shares	$'000
At 1 January 2011	749,524,243	64,194
Issued on exercise of listed options	495,719	37
Rights Issue on 18 February 2011	749,919,431	23,247
Rights Issue on 29 August 2011	1,499,895,643	25,498
Transaction costs	-	(3,083)
As at 31 December 2011	**2,999,835,036**	**109,893**
Issued on exercise of listed options	4,192,190	126
Issued on placement in March 2012	876,370,100	16,651
Issued on placement in Novemeber 2012	300,000,000	8,100
Issued as consideration under a Joint Venture Agreement with Northwest Resources Limited	52,531,579	1,051
Issue as consideration under tenement purchase agreement with Wakeford Holdings Pty Ltd	10,638,298	202
Issued under the shareholder approved Tax Exempt Share Plan	1,764,708	33
Issued under conversion of Performance Rights	100,872,448	3,026
Transaction costs	-	(1,683)
As at 31 December 2012	**4,346,204,359**	**137,399**

18. CONTRIBUTED EQUITY (continued)

(c) Options on Issue

	2012 Number	2011 Number
Options - listed		
Balance at beginning of year	1,567,410,882	65,010,958
Issued during year	-	1,502,895,643
Exercised during year	(4,192,190)	(495,719)
Expired during year	-	-
Balance at end of year	**1,563,218,692**	**1,567,410,882**
Options - unlisted		
Balance at beginning of year	25,000,000	28,700,000
Issued during year	-	25,000,000
Expired or cancelled during year	-	(28,700,000)
Balance at end of year	**25,000,000**	**25,000,000**

19. ACCUMULATED LOSSES AND RESERVES

	2012 $'000	2011 $'000
(a) Accumulated Losses		
Opening balance at the beginning of year	(41,803)	(33,321)
Net profit/(loss) attributable to members of Millennium	(16,756)	(8,482)
Closing balance at the end of year	**(58,559)**	**(41,803)**
(b) Share-based payments Reserve		
Opening balance at the beginning of year	2,081	2,081
Closing balance at the end of year	**2,081**	**2,081**

(c) Nature and Purpose of Reserves

The share based payments reserve is used to recognise the fair value of options issued to employees but not exercised, and equity-settled benefits issued in settlement of share costs and part consideration, in lieu of cash payment, for acquisition of mineral interests.

20. SEGMENTAL INFORMATION

The Company operated for the financial year within Australia. The principal activity of the Company was mineral exploration and development of the Nullagine Gold Project in Western Australia.

21. EXPENDITURE COMMITMENTS

(a) Exploration

Due to the nature of the Company's activities, it is difficult to accurately forecast the amount of future expenditure that will be necessary to incur in order to maintain present interests. Expenditure contracts on mineral tenure can be reduced by selective relinquishment of exploration tenements, or by the re-negotiation of expenditure commitments.

	2012 $'000	2011 $'000
The minimum level of exploration commitments:		
- Not later than one year is	1,520	1,608
- later than one year and not later than five years is	5,838	5,522
- later than five years is	17,436	17,437
	24,794	24,567

(b) Operating Lease Commitments

	2012 $'000	2011 $'000
The minimum level of operating lease commitments:		
- Not later than one year is	175	175
- later than one year and not later than five years is	-	-
	175	175

(c) Finance Lease Commitments

	2012 $'000	2011 $'000
The minimum level of finance lease commitments:		
- Not later than one year is	2,634	-
- later than one year and not later than five years is	4,928	-
	7,562	-

22. REMUNERATION OF AUDITOR

Amounts received, or due and receivable by the auditor for:

	2012 $'000	2011 $'000
Auditing accounts	50	30
Other services	-	-
	50	**30**

The auditor of the Company is Rothsay Chartered Accountants.

The Company has received notification from the Company's auditor that he satisfies the independence criterion and that there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct in relation to the audit.

23. KEY MANAGEMENT PERSONNEL DISCLOSURE

(a) Names Of Directors and Key Management Personnel

The persons holding positions as Directors and key management of the Company during the financial year were:

P Rowe
S Durack
R Gillon
R Procter
B Rear
S Pooley
P O'Connor
R Hill (appointed 9 January 2012)

(b) Executives' Remuneration

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the directors' interests disclosures to the Directors' Report. The relevant information can be found within the directors' interests and benefits section of the Directors' Report.

(c) Key management personnel compensation

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in the remuneration report within the Directors' Report.

(d) Directors' Interests as at 10 January 2013

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the directors' interests disclosures to the Directors' Report. The relevant information can be found within the directors' interests and benefits section of the Directors' Report.

(e) Other Transactions With Specified Directors

Mr Simon Durack is a director of Advanced Management Services Australia Pty Ltd, a company owned and controlled by him, which was paid a total of $60,000 (2011: $60,000) for corporate secretarial services.

These fees and disbursements exclude benefits included in the aggregate amount of emoluments received or due and receivable by Directors as director's fees and shown in the financial statements, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee.

(f) Related Party transactions

Other than the transactions disclosed above there are no other transactions between related parties that require disclosure.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

24. NOTES TO THE STATEMENT OF CASH FLOWS

	2012 $'000	2011 $'000

(a) Reconciliation Of Cash

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2012 $'000	2011 $'000
Cash at bank	2,831	10,763

(b) Reconciliation Of Net Cash Provided/(Used) By Operating Activities To Operating Loss After Income Tax

	2012 $'000	2011 $'000
(Loss) after income tax	(16,756)	(8,482)
Exploration written off	41	1,501
Assets written off	-	304
Depreciation	4,677	53
Share-based payment expense	3,026	-
Gain on sale of nvestments	(341)	-
Diminution of investments provision	150	-
Provisions	298	76
Movement in assets and liabilities		
Receivables and other assets	(3,320)	(645)
Inventories	(5,806)	-
Trade creditors and accruals	10,218	3,752
Net Cash Used In Operating Activities	(7,813)	(3,441)

(c) Non-Cash Investing Activities

There were no non-cash investing activities.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's accounting policies, including the terms and conditions of each class of financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Short Term Deposits

Short term deposits are stated at the lower of cost and net realisable value. Interest is recognised in the Statement of Comprehensive Income when earned.

Trade Payables and Accruals

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade liabilities are normally settled on 30 day terms.

(a) Interest Rate Risk

The Company monitors interest rates to obtain the best terms and mix of cash flow. Its exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on these financial assets, is as follows:

2012	Weighted Average Effective Interest %	Floating Interest $'000	Fixed Interest $'000	Maturing $'000 1 – 5 years	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Interest bearing deposits			-	-	-	-
Cash at bank	2.07%	2,831	-	-	-	2,831
Security deposits	4.99%	1,647	-	-	-	1,647
Total Financial Assets		**4,478**	**-**	**-**	**-**	**4,478**
Financial Liabilities						
Payables		-	1,652	-	13,168	14,820
Hire purchase liabilities		-	952	-	-	952
Finance lease liabilities		-	6,610	-	-	6,610
Borrowings		46,570	-	-		46,570
Total Financial Liabilities		**46,570**	**9,214**	**-**	**13,168**	**68,952**
Net Financial Liabilities		**(42,092)**	**(9,214)**	**-**	**(13,168)**	**(64,474)**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2011	Weighted Average Effective Interest %	Floating Interest $'000	Fixed Interest $'000	Maturing $'000 1 – 5 years	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash at bank	4.63%	10,763	-	-	-	10,763
Security deposits	4.99%	1,367	-	-	-	1,367
Total Financial Assets		**12,130**	**-**	**-**	**-**	**12,130**
Financial Liabilities						
Payables		-	-	-	4,524	4,524
Total Financial Liabilities		**-**	**-**	**-**	**4,524**	**4,524**
Net Financial Assets		**12,130**	**-**	**-**	**(4,524)**	**7,606**

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

	Carrying Amount 31 December 2012 $'000	Carrying Amount 31 December 2011 $'000
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets	**4,478**	**12,130**

Fair value sensitivity analysis for fixed rate instruments:
There was no exposure to fixed rate instruments at balance date.

Fair value sensitivity analysis for variable rate instruments:
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012.

	Profit or loss 100bp increase	100bp decrease	Equity 100bp increase	100bp decrease
31 December 2012				
Financial assets	**45**	**(45)**	**45**	**(45)**
31 December 2011				
Financial assets	121	(121)	121	(121)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date, to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and notes to the financial statements.

The Company does not have any material risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

(c) Liquidity Risk

Prudent liquidity management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the board to ensure that the Company is able to meet its financial obligations through ensuring the Company has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules.

(d) Net Fair Values

Methods and assumptions used in determining net fair value.

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

(e) Financial risk management

	2012 $'000	2011 $'000
Financial assets		
- derivative instruments current	202	-
Financial liabilities		
- derivative instruments non-current	1,777	-

Fair values of derivative instruments are being determined using valuation techniques incorporating observable market data relevant to the hedged position.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(f) Commodity price risk

The Company is exposed to movements in the gold price. As part of the risk management policy of the Company and in compliance with the conditions required by the Company's financier, the Company enters into gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. It is management's intention to settle each contract through physical delivery of gold. The following table summarised the gold hedging facilities held with BNP Paribas and National Australia Bank.

	2012		
	Volume	Price	Value of Committed Sale
	Ounces	$	$'000s
Not later than one year is	32,000	1,646	52,679
Later than one year and not later than five years is	62,100	1,687	104,733
	94,100	1,673	157,412

	2011		
	Volume	Price	Value of Committed Sale
	Ounces	$	$'000s
Not later than one year is	-	-	-
Later than one year and not later than five years is	-	-	-
	-	-	-

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

26. LOSS PER SHARE

	2012	2011
	$ per share	$ per share
Basic loss per share	-0.4485	-0.2500
Weighted Average number of ordinary shares outstanding during the year calculation of basic LPS	3,736,328,626	3,393,356,890

Diluted loss per share are not considered to be materially different from basic loss per share and accordingly are not disclosed.

27. CONTINGENT LIABILITIES

Bonds are held with respect to mining licences for which Notices of Intent have been lodged. Bonds are set by the Department of Minerals and Energy however there is no certainty that such bonds will be adequate to cover any environmental damage in the event of mining. The Company is not able to determine the nature or extent of any further requirement in respect of changing environmental requirements.

28. COMMITMENTS

Royalty and joint venture payments are subject to change from year to year and dependent on production and financial outcomes related to each joint venture and royalty agreement. For the full year 2013 estimated payments of $960,000 per annum is payable under three existing royalty agreements. Under these agreements, payments are calculated based on production and or cost of production.

29. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end, 26,477,587 ordinary shares have been issued as a result of the exercise of listed options for proceeds of $796,480.

On 5 January 2013, 1,469,266,909 listed options of $0.03 lapsed on expiry.

On 19 February 2013, the Company announced it had achieved commercial production.

On 28 February 2013, 67,474,196 listed options of $0.075 lapsed on expiry.

Annual General Meeting scheduled for 18 April 2013.

DIRECTORS' DECLARATION

In the opinion of the Directors of Millennium Minerals Limited:

a) The financial statements and notes are in accordance with the Corporations Act 2001 including:

   i) giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

   ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

c) The audited remuneration disclosures set out within the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and Corporations Regulations 2001.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

Peter Rowe
Director

Perth, 18 March 2013

ROTHSAY

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MILLENNIUM MINERALS LTD

We have audited the accompanying financial report of Millennium Minerals Ltd (the Company") which comprises the balance sheet as at 31 December 2012 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration..

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the Corporations Act 2001.

Audit opinion

In our opinion the financial report of Millennium Minerals Ltd is in accordance with the Corporations Act 2001, including:

a) (i) giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the remuneration report included in the Directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

Audit Opinion

In our opinion the Remuneration Report of Millennium Minerals Ltd for the year ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.

Matters Relating to the Electronic Presentation of the Audited Financial Report
This auditor's report relates to the financial report of Millennium Minerals Ltd for the year ended 31 December 2012 included on Millennium Minerals Ltd's website. The company's directors are responsible for the integrity of the website. We have not been engaged to report on the integrity of the website. This auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.

Rothsay

Rothsay

Graham Swan
Partner

Dated 18 March 2013

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Project	Registered Holder	Millennium Beneficial Interest
ALL NATIONS	M46/199	**MILLENNIUM MINERALS LIMITED	100%
	M46/225	**MILLENNIUM MINERALS LIMITED	100%
	M46/98	**MILLENNIUM MINERALS LIMITED	100%
BARTONS	G46/02	LIVESTOCK MARKETING	* 75.00%
	M46/164	LIVESTOCK MARKETING	* 75.00%
	M46/3	LIVESTOCK MARKETING	* 75.00%
	M46/441	YOUNG, DUNCAN THOMAS	* 75.00%
BEATONS CREEK	M46/10	MILLENNIUM MINERALS LIMITED	100%
	M46/11	MILLENNIUM MINERALS LIMITED	100%
	M46/9	MILLENNIUM MINERALS LIMITED	100%
BEATONS CREEK EAST	M46/263	MILLENNIUM MINERALS LIMITED	100%
CADJEBUT	M46/432	MILLENNIUM MINERALS LIMITED	100%
DAVIS RIVER	L46/41	MILLENNIUM MINERALS LIMITED	100%
EASTERN CREEK	M46/245	TAYLOR, DAVID JOHN	100%
	M46/56	TAYLOR, DAVID JOHN	100%
FEDERATION	M46/64	**MILLENNIUM MINERALS LIMITED	100%
FIVE MILE	L46/33	MILLENNIUM MINERALS LIMITED	100%
	M46/192	MILLENNIUM MINERALS LIMITED	100%
	M46/261	**MILLENNIUM MINERALS LIMITED	100%
	M46/262	**MILLENNIUM MINERALS LIMITED	100%
	M46/264	**TYSON RESOURCES PTY LTD	100%
	M46/265	**TYSON RESOURCES PTY LTD	100%
	M46/266	**TYSON RESOURCES PTY LTD	100%
	M46/445	MILLENNIUM MINERALS LIMITED	100%
	M46/446	MILLENNIUM MINERALS LIMITED	100%
	M46/50	SIMBA HOLDINGS PTY LTD	* 75%
	P46/1123	MILLENNIUM MINERALS LIMITED	100%
	P46/1604	MILLENNIUM MINERALS LIMITED	100%
	P46/1605	MILLENNIUM MINERALS LIMITED	100%
TWENTY MILE SANDY	M46/433	MILLENNIUM MINERALS LIMITED	100%
	M46/434	MILLENNIUM MINERALS LIMITED	100%

SCHEDULE OF INTERESTS IN MINING TENEMENTS

GOLDEN EAGLE	E46/394	**MILLENNIUM MINERALS LIMITED	100%
	L46/45	MILLENNIUM MINERALS LIMITED	100%
	M46/186	**MILLENNIUM MINERALS LIMITED	100%
	M46/267	**MILLENNIUM MINERALS LIMITED	100%
	M46/300	MILLENNIUM MINERALS LIMITED	100%
	M46/436	MILLENNIUM MINERALS LIMITED	100%
	M46/443	MILLENNIUM MINERALS LIMITED	100%
	M46/444	MILLENNIUM MINERALS LIMITED	100%
	P46/1759	MILLENNIUM MINERALS LIMITED	100%
	P46/1760	MILLENNIUM MINERALS LIMITED	100%
	P46/1761	MILLENNIUM MINERALS LIMITED	100%
GOLDEN GATE	L46/98	MILLENNIUM MINERALS LIMITED	100%
	M46/129	SIMBA HOLDINGS PTY LTD	* 75%
	M46/163	MILLENNIUM MINERALS LIMITED	100%
	M46/187	SIMBA HOLDINGS PTY LTD	*75%
	M46/189	SIMBA HOLDINGS PTY LTD	*75%
	M46/200	SIMBA HOLDINGS PTY LTD	*75%
	M46/448	LIVESTOCK MARKETING	100%
	M46/47	SIMBA HOLDINGS PTY LTD	* 75%
	P46/1707	MILLENNIUM MINERALS LIMITED	100%
	P46/1757	MILLENNIUM MINERALS LIMITED	100%
	P46/1758	MILLENNIUM MINERALS LIMITED	100%
LITTLE WONDER	M46/146	**MILLENNIUM MINERALS LIMITED	100%
	M46/198	**MILLENNIUM MINERALS LIMITED	100%
MIDDLE CREEK	E46/391	**MILLENNIUM MINERALS LIMITED	100%
	M46/272	MILLENNIUM MINERALS LIMITED	100%
	M46/273	**MILLENNIUM MINERALS LIMITED	100%
	M46/274	**MILLENNIUM MINERALS LIMITED	100%
	M46/275	MILLENNIUM MINERALS LIMITED	100%
	M46/276	MILLENNIUM MINERALS LIMITED	100%
	M46/277	MILLENNIUM MINERALS LIMITED	100%
	M46/282	MILLENNIUM MINERALS LIMITED	100%
	M46/302	MILLENNIUM MINERALS LIMITED	100%
	M46/430	MILLENNIUM MINERALS LIMITED	100%
	M46/431	MILLENNIUM MINERALS LIMITED	100%
	M46/447	MILLENNIUM MINERALS LIMITED	100%
	P46/1270	**MILLENNIUM MINERALS LIMITED	100%

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Project	Registered Holder	Millennium Beneficial Interest
MOSQUITO CREEK	E46/452	**MILLENNIUM MINERALS LIMITED	100%
	M46/278	MILLENNIUM MINERALS LIMITED	100%
	M46/279	MILLENNIUM MINERALS LIMITED	100%
	M46/283	MILLENNIUM MINERALS LIMITED	100%
	M46/303	MILLENNIUM MINERALS LIMITED	100%
	M46/426	MILLENNIUM MINERALS LIMITED	100%
	M46/427	MILLENNIUM MINERALS LIMITED	100%
	M46/428	MILLENNIUM MINERALS LIMITED	100%
	M46/429	MILLENNIUM MINERALS LIMITED	100%
NULAGINE	L46/89	MILLENNIUM MINERALS LIMITED	100%
	L46/90	MILLENNIUM MINERALS LIMITED	100%
	L46/91	MILLENNIUM MINERALS LIMITED	100%
	L46/92	MILLENNIUM MINERALS LIMITED	100%
NULLAGINE SOUTH	P46/1557	MILLENNIUM MINERALS LIMITED	100%
	P46/1558	MILLENNIUM MINERALS LIMITED	100%
	P46/1559	MILLENNIUM MINERALS LIMITED	100%
	P46/1560	MILLENNIUM MINERALS LIMITED	100%
	P46/1561	MILLENNIUM MINERALS LIMITED	100%
	P46/1562	MILLENNIUM MINERALS LIMITED	100%
	P46/1563	MILLENNIUM MINERALS LIMITED	100%
	P46/1564	MILLENNIUM MINERALS LIMITED	100%
	P46/1565	MILLENNIUM MINERALS LIMITED	100%
	P46/1566	MILLENNIUM MINERALS LIMITED	100%
	P46/1567	MILLENNIUM MINERALS LIMITED	100%
	P46/1568	MILLENNIUM MINERALS LIMITED	100%
	P46/1569	MILLENNIUM MINERALS LIMITED	100%
	P46/1570	MILLENNIUM MINERALS LIMITED	100%
	P46/1571	MILLENNIUM MINERALS LIMITED	100%
	P46/1572	MILLENNIUM MINERALS LIMITED	100%
	P46/1573	MILLENNIUM MINERALS LIMITED	100%
	P46/1574	MILLENNIUM MINERALS LIMITED	100%
	P46/1575	MILLENNIUM MINERALS LIMITED	100%
	P46/1576	MILLENNIUM MINERALS LIMITED	100%

* The percentage noted is not a beneficial ownership interest in the tenements or the ore contained within the tenements, but the percentage of the net proceeds from the sale of product Millennium Minerals is entitled to retain on sale of product derived from the tenements. Millennium Minerals Limited has an interest under a Mining Licence Agreement with Livestock Marketing Pty Ltd, Duncan Thomas Young, Simba Holdings Pty Ltd and Ronald Lane Swinney (the Tenement Owners") whereby Millennium has the sole and exclusive right to enter upon the tenements, conduct exploration and extract gold and other minerals. Millennium is then required to pay 25% of the net proceeds to the Tenement Owners after deductions relating to mining and processing costs. ** Royalties apply

SUPPLEMENTARY INFORMATION

Stock Exchange Listing

Millennium Minerals Limited shares are listed on the Australian Securities Exchange. The Company's ASX code is MOY.

Substantial Shareholders (Holding not less than 5%)

As at 7th March 2013

Name of Shareholder	Total Number of Voting Share in the Company in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
RBC Dexia Investor Services Australia Nominees Pty Ltd	766,248,914	17.52
Citigroup Nominees Pty Ltd	387,797,500	8.87
Merrill Lynch (Australia) Nominees Pty Ltd	328,061,588	7.50
Pershing Australia Nominees Pty Ltd <Petra Account>	275,330,423	6.30
Merrill Lynch (Australia) Nominees Pty Ltd <Nom1 Account>	254,695,663	5.82

Class of Shares and Voting Rights

As at 7th March 2013 there were 5,311 holders of 4,372,781,946 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

c) on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to the options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

Distribution of Security Holders

Number of Shares Held	Number of Shareholders
1 – 1,000	188
1,001 – 5,000	427
5,001 – 10,000	561
10,001 – 100,000	2,380
100,001 and over	1,755
Total	**5,311**

The number of shareholders holding less than a marketable parcel is 1,843

SUPPLEMENTARY INFORMATION

Cash Usage

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

Listing of 20 Largest Shareholders

	Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held (%)
1	RBC Investor Services Australia Nominees Pty Limited <RVGAF2 A/C>	766,248,914	17.52
2	Citicorp Nominees Pty Limited	387,797,500	8.87
3	Merrill Lynch (Australia) Nominees Pty Limited	328,061,588	7.50
4	Pershing Australia Nominees Pty Ltd <PETRA ACCOUNT>	275,330,423	6.30
5	Merrill Lynch (Australia) Nominees Pty Limited <NOM1 A/C>	254,695,663	5.82
6	J P Morgan Nominees Australia Limited	233,618,373	5.34
7	Focus Asset Management Pty Ltd <KEY GRAND SUPER FUND A/C>	199,901,221	4.57
8	HSBC Custody Nominees (Australia) Limited	88,965,304	2.03
9	Oakajee Corporation Limited	70,000,000	1.60
10	Dog Meat Pty Ltd <DM A/C>	65,000,000	1.49
11	Yandal Investments Pty Ltd	54,000,000	1.23
12	Equitas Nominees Pty Limited <RVGAF2 A/C>	52,791,760	1.21
13	Worldpower Pty Ltd	49,000,000	1.12
14	Nefco Nominees Pty Ltd	32,480,000	0.74
15	Mr Shane Teoh	21,750,000	0.50
16	Mr Michael William Ridley	21,646,914	0.50
17	Tierra De Suenos SA	21,300,000	0.49
18	JMTL Investments Pty Ltd <JMTL SUPER FUND A/C>	20,000,001	0.46
19	Mr Garry William Thomas + Mrs Nancy-Lee Thomas <THOMAS FAMILY SUPER A/C>	20,000,000	0.46
20	Success Concept Investment Ltd	20,000,000	0.46
	Total	**2,982,587,661**	**68.21**

Listing of 20 Largest MOYOA Options Holders

	Name of Ordinary Shareholder	Number of Options Held	Percentage of Options Held (%)
1	Grand Spectrum Asset Limited	12,222,222	18.11
2	Merrill Lynch (Australia) Nominees Pty Ltd	11,111,111	16.47
3	J P Morgan Nominees Australia Limited	8,394,806	12.44
4	Goffacan Pty Ltd <KMM Family A/C>	3,556,184	5.27
5	BGF Equities Pty Ltd	3,000,000	4.45
6	IE Properties Pty Ltd	2,750,000	4.08
7	Talex Investments Pty Ltd	2,445,000	3.62
8	Mr Christopher Paul Saxton	2,409,375	3.57
9	Twynam Agricultural Group Pty Ltd	2,250,000	3.34
10	Clodene Pty Ltd	1,655,453	2.45
11	Goffacan Pty Ltd	1,371,696	2.03
12	Financial & Business Planning Super Fund Pty Ltd	1,370,000	2.03
13	Mr Tan Ching Khoon	1,283,333	1.90
14	BT Portfolio Services Ltd <FastKenny S/F A/C>	1,111,111	1.65
15	Ms Janet Irene Foster and Mr Daniel Marino	1,000,000	1.48
16	Mr Brett James Rudd	928,311	1.38
17	Mr Howard Thin Sang Huin	700,000	1.04
18	Clodene Pty Ltd	625,000	0.93
19	Mr Christopher Paul Saxton	600,000	0.89
20	Dr Peter David Freckleton	503,501	0.75
	Total	**59,287,103**	**87.87**

SUPPLEMENTARY INFORMATION

Listing of 20 Largest MOYOB Options Holders

	Name of Ordinary Shareholder	Number of Options Held	Percentage of Options Held (%)
1	RBC Investor Services Australia Nominees Pty Limited <RVGAF2 A/C>	252,941,177	17.22
2	J P Morgan Nominees Australia Limited	69,303,779	4.72
3	Quotidian No 2 Pty Limited	67,523,235	4.60
4	Merrill Lynch (Australia) Nominees Pty Ltd	64,291,420	4.38
5	Citicorp Nominees Pty Limited	62,630,586	4.26
6	B&G Properties Pty Ltd <Power Mgmt Super Fund A/C>	60,000,000	4.08
7	Pershing Australia Nominees Pty Ltd <PETRA ACCOUNT>	52,000,000	3.54
8	Mr David Teoh	45,000,002	3.06
9	Michael Barakat Holdings Pty Ltd <M&L Barakat Super Fund A/C>	44,000,000	3.00
10	HSBC Custody Nominees (Australia) Limited	35,882,600	2.44
11	Mr Michael Wayne Beard <Michael Beard Super Fund A/C>	29,000,000	1.97
12	Yandal Investments Pty Ltd	27,000,000	1.84
13	Mr Constantinos Santis	20,176,765	1.37
14	Mr Micahel Wayne Beard <Executor G E Beard A/C>	20,000,000	1.36
15	UBS Nominees Pty Ltd	19,138,400	1.30
16	Mr Francis Peter Corrigan & Mrs Debra Kaya Corrigan <The Siesta A/C>	15,000,000	1.02
17	Mr Adrain Oon-Arn Koit	11,705,474	0.80
18	Mr John Rodda & Mrs Kathryn Rodda	11,300,000	0.77
19	Aveimore Capital Pty Ltd	10,748,700	0.73
20	JMTL Investments Pty Ltd <JMTL Super Fund A/C>	10,000,001	0.68
	Total	**927,642,139**	**63.14**

Unquoted Securities on Issue

Securities issued by the Company which are not listed on the ASX are as follows:

Securities	Number	Holders	Name of Holders >80%	Number Held
Options exercisable at 3.25 cents on or before 31 December 2014	25,000,000	2	-	-