

23 January 2014

## December 2013 Quarterly Activities Report



MILLENNIUM

MINERALS LIMITED

ABN 85 003 257 556

### HIGHLIGHTS

#### Nullagine Gold Project – Operational Performance

- Gold production for the December quarter was 14,067 ounces<sup>1</sup>. This was down on forecast primarily due to permitting delays (that affected haulage capacity and hence treatment of the planned higher grade Golden Gate ore) and lower grades from Golden Eagle. Throughput tonnage was also down 8% on the previous quarter due to increased water demand prior to the commissioning of the Eastern bore field and volumes of harder ore from the Golden Eagle fresh ore zone.
- Full year gold production of 63,247 ounces was just below the revised guidance of 64,000 ounces.
- Gold sales revenue for the quarter was \$20.7 million<sup>2</sup>, generated from 13,240 ounces sold at an average price received of \$1,564/oz, benefitting from the Company's hedging at \$1,590/oz and an average spot price received of \$1,368/oz.
- For the quarter, C1 unit cash costs were \$1,069/oz, higher than budget of \$675/oz and "all in sustaining cash cost" for the quarter was \$1,271/oz (includes site cash costs, royalties, corporate expenses and site sustaining capital), against a budget of \$789/oz. Both metrics were unfavourable to budget due to the production issues mentioned above and higher mining costs associated with greater material movement.
- C1 unit cash costs were \$888/oz poured for calendar year 2013; gross operating margin was \$689/oz poured, generating a mine level EBITDA of \$28.7 million for the year (unaudited and accordingly may be subject to impairment or other adjustments). The sustaining cash cost for the year was \$1,049/oz.
- A further 2 parcels of higher grade Golden Gate oxide ore are expected to be mined and milled in the March 2014 quarter amounting to approximately 90,000 tonnes ore.
- Production guidance for the March 2014 quarter is between 16,000 ounces and 18,000 ounces. Production guidance for the full 2014 year will be provided in February 2014 when the updated life of mine plan has been completed.

#### Corporate

- "In the money" hedge book was valued at \$14.6 million as at 31 December 2013 (mark-to-market at a gold spot price of AUD1,352/oz) based on remaining 62,100 ounces hedged at an average price of AUD1,627/oz.
- \$3.2 million repayments were made against debt and lease facilities during the quarter. As of 31 December 2013, the Company had repaid approximately 32% (\$16.7 million) of the outstanding principal on the senior project finance facility and equipment lease facilities.

<sup>1</sup> Unless otherwise denoted, all ounces refer to fine troy units of measurement

<sup>2</sup> Unless otherwise denoted, all reference to \$ and AUD means Australian currency

Subject to various conditions (such as an acceptable updated life-of-mine plan), the Company's debt providers agreed to vary the timing of the December 2013 \$7.0 million principal debt repayment with \$2.7 million paid and the balance payable at March 2014. Going forward, Millennium will need to agree an amended schedule of principal repayments with its debt providers, following the update of the life-of-mine plan scheduled for February 2014.

## OPERATIONAL ACTIVITIES

Operational performance in the December quarter was below expectations due to permitting delays (that affected haulage capacity and hence treatment of the planned higher grade Golden Gate ore), lower grades mined out of the Golden Eagle fresh ore zone in October and November 2013, harder ore type being processed and carryover of gold in circuit at quarter end. Generally, the ore grade mined from the fresh ore zone in the Golden Eagle pit was in line with planned grades during December 2013, although some harder ore from the fresh zones limited mill throughput at times. Opening up the Golden Eagle stage 2 pit mid-December 2013, has allowed the mine to schedule a better blend of Golden Eagle ore types restoring milling rates back to plan.

Approximately 46,000 tonnes of ore was milled during December from the Golden Gate deposit. No process issues were encountered during the milling campaign with gold recovery between 92% and 93%.

Unaudited operating results for the Project for the December quarter and the full year are as follows:

Quarter ended	Dec-13	Sep-13	Jun-13	Mar-13	FY December 31
Total bcm mined	879,410	696,943	672,808	591,483	2,840,644
Ore milled (tonnes)	339,234	369,244	373,449	346,396	1,428,323
Head grade (g/t Au)	1.51	1.48	1.56	1.71	1.56
Metallurgical recovery (%)	88	85	89	91	88
Doré gold production (ounces)	18,179	19,549	19,704	20,058	77,490
Fine gold production (ounces)	14,067	15,650	16,441	17,089	63,247
Revenue (AUD) (million)	\$20.7	\$25.4	\$28.6	\$25.3	\$100.2
C1 Cash Cost (AUD/ounce poured)	1069	924	761	826	888
Gross Operating Margin (AUD/ounce poured)	494	618	826	784	689

### Mining

During the quarter, 134,547 bank cubic metres (bcm) of ore and 518,812 bcm of waste were mined from the Golden Eagle pit and 30,765 bcm of ore and 195,286 bcm of waste were mined from the Golden Gate pit for a total material movement of 879,410 bcm, an increase of 26% over the previous quarter. The increased total material movement is primarily a result of the introduction of a night shift at Golden Eagle to mine waste in the Stage 1 and 2 pits.

### Ore Haulage

During the quarter, some 53,000 tonnes of ore was hauled from Golden Gate to the Golden Eagle process facility.

### Milling

Mill production achieved during the quarter totalled 339,234 tonnes, 8% lower than the previous quarter as a result of harder ore types. In December, gold recovery was higher at 90% reflecting the higher recoveries when treating Golden Gate oxide ore and the Golden Eagle fresh ore. For the quarter, gold doré production totalled 18,179 ounces, consistent with previous quarters. Fine gold totalled 14,067 ounces, which was below guidance of 16,000 ounces, due to lower tonnage milled and increased gold in circuit at year end.

## Forward Guidance

Subject to weather events, two further milling campaigns of Golden Gate oxide ore are expected to be milled during the March Quarter, amounting to approximately 90,000 tonnes in total.

Better understanding of the fresh ore zones, improved dilution control from mining activity and the availability of oxide and transition material from development of the stage 2 pit in Golden Eagle is expected to produce better performance going forward.

Production guidance and projected C1 unit cash costs for the FY2014 year will be provided in February 2014 after finalisation of a new life-of-mine schedule and financial model.

The Company currently expects gold production for the March 2014 quarter to be between 16,000 ounces and 18,000 ounces. This includes an allowance for weather impacts.

## CORPORATE

Gold sales for the quarter totalled \$20.7 million at an average gold price of AUD1,564/oz.

At 31 December 2013, the Company's "in the money" hedge book had a mark-to-market valuation of \$14.6 million based on the spot price of AUD1,352/oz at that time. The remaining hedge structure requires 62,100 ounces to be delivered by September 2015 at an average forward price of AUD1,627/oz.

During the quarter, \$3.2 million in repayments were made against debt and lease facilities. As at 31 December 2013 the Company had repaid approximately 32% (\$16.7 million) of the outstanding principal on the senior project finance facility and on the equipment lease facilities.

The current outstanding balance of the senior project finance facility is \$31.0 million. Millennium will need to agree an amended schedule of principal repayments following agreement on the updated life-of-mine plan, scheduled for February 2014. The Company is also currently reviewing its ongoing working capital requirements.

As at 31 December 2013 the Company had approximately 217.7 million shares on issue.

## MINERAL RESOURCE/ORE RESERVE

During the quarter, the Golden Eagle Mineral Resource was re-estimated by CSA Global based on the Company's improved geological understanding of the orebody through the course of the last 12 months of mining. The original Mineral Resource estimate used multiple indicator kriging (MIK) for resource block estimation. The new estimate uses ordinary kriging (OK) which provides a more robust estimation methodology for this style of mineralisation.

A comparison between the two estimates indicates a less than 5% change in Mineral Resource tonnes, grade and ounces after accounting for differences in kriging methods which is within an acceptable confidence level.

The OK based Mineral Resource estimate will be used to update the Ore Reserve for Golden Eagle. The new Golden Eagle Ore Reserve will be incorporated into the updated life of mine plan that will be discussed in February 2014.

The new Ore Reserve estimate will allow for a direct comparison on a bench by bench scale with the more detailed grade control model, which also uses OK for resource block estimation.

## EXPLORATION ACTIVITIES

### Nullagine Exploration

During the quarter, exploration planning was nearing completion with field work due to commence in April 2014 after the wet season. The 2014 exploration budget is still to be finalised and approved by the Board.

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

No field work was undertaken during the quarter. Field work is expected to commence in April 2014 after the wet season.

## TENEMENTS

Millennium's tenement schedule is presented in Table 1.

## BACKGROUND - NULLAGINE GOLD PROJECT

Millennium operates the Nullagine Gold Project, located in the Pilbara region in Western Australia (Figure 1). The project comprises 7 deposits located on granted mining leases. The largest deposit, Golden Eagle, is located 10 km south of the township of Nullagine. A 1.5 Mtpa CIL gold processing facility situated next to Golden Eagle was commissioned in August 2012 and first gold was poured in September 2012. Commercial production was declared in January 2013.

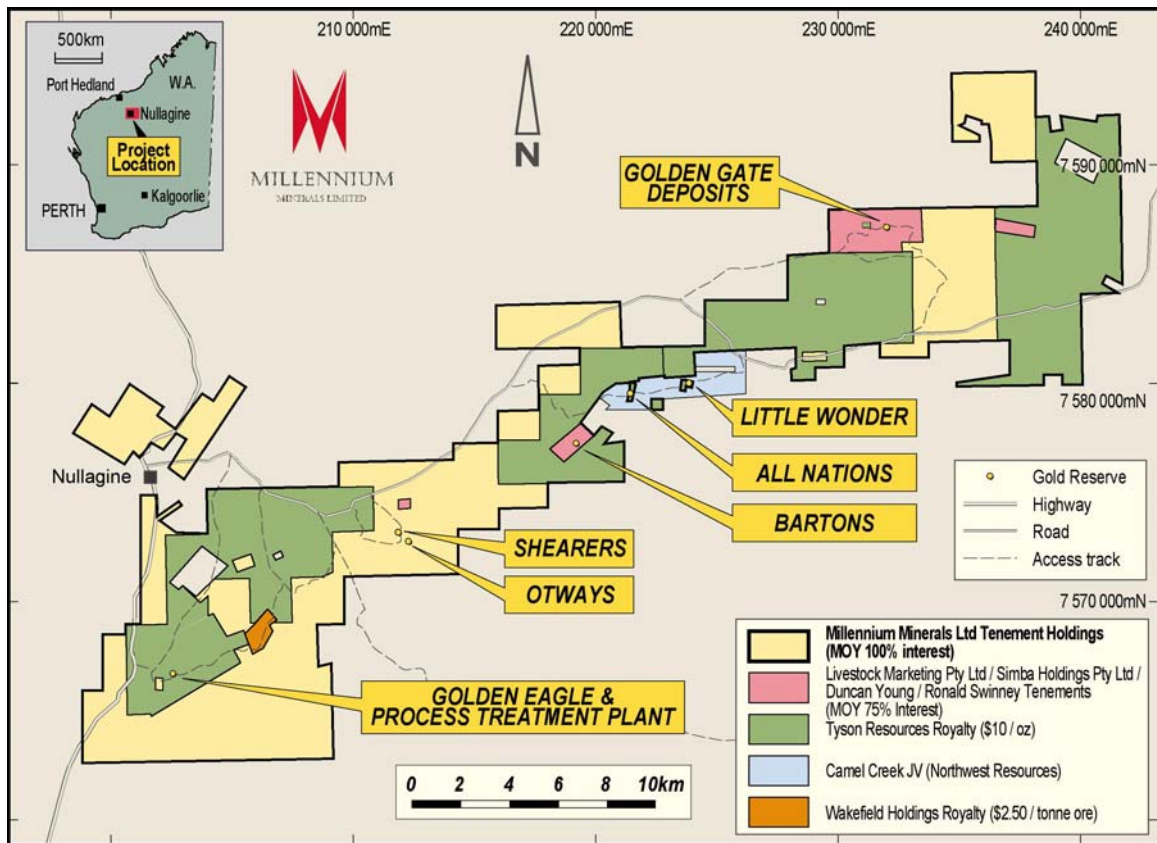


Figure 1: Nullagine Deposit Location Plan

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**Table 1: Schedule of Interests in Mining Tenements**

<b>Tenement</b>	<b>Project</b>	<b>Registered Holder</b>	<b>Millennium Beneficial Interest</b>
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%
	P46/1604	MILLENNIUM MINERALS LIMITED	100%
	P46/1605	MILLENNIUM MINERALS LIMITED	100%
	TWENTY MILE SANDY	M46/433	MILLENNIUM MINERALS LIMITED
M46/434		MILLENNIUM MINERALS LIMITED	100%

Tenement	Project	Registered Holder	Millennium Beneficial Interest
GOLDEN EAGLE	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	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%	
MOSQUITO CREEK	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%	

Tenement	Project	Registered Holder	Millennium Beneficial Interest
NULLAGINE	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 Limited 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