MILLENNIUM

MINERALS LIMITED

ANNUAL REPORT

2013

ABN 85 003 257 556

Contents

Corporate Directory

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02 CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to report to you that despite a challenging year Millennium delivered an audited maiden after tax profit of $41.7 million in what was its first year of commercial production. Following a rapid ramp up period late 2012 the Company declared commercial production as of 1 January 2013. By the end of December 2013, the Company had poured 63,247 ounces of fine gold for the financial year and 75,000 ounces since commissioning in September 2012.

At the mine operating level, the gross profit for calendar year 2013 was $22.5 million based on revenue from operations of $103.3 million and cost of sales of $80.8 million. Mine level EBITDA was $31.1 million. The average net income margin at the mine level was $667 per gold ounce poured.

A number of Project development activities continued into 2013, notably completion of the stage 1 tailings storage facility, construction of the Golden Gate haul road and preparation of the Golden Gate deposits in readiness for mining. The augmentation of the source of water supply was a further key development with the establishment of the Eastern bore field late in the year.

Gold production and performance was below guidance in the December 2013 quarter due to a number of operational factors, including water restriction, lower grades achieved from Golden Eagle, and delays with permitting for works to begin at Golden Gate. I am pleased to report, however that by year-end management had overcome most of those issues and the operation is better placed heading into 2014 and beyond.

Despite a limited exploration budget our exploration team achieved notable success across most of our current deposits that were drilled and the results of that activity are set out in the Operations Report. In addition to the drilling results the team advanced a number of new exploration prospects that show historical gold intersections and other useful indicators of prospectivity that materially extends the pipeline of targets to be addressed in future years. The exploration focus in the year ahead is Ore Reserve development and continuing exploration along strike and at depth to exploit extensions in and around our existing deposits.

Looking ahead

Ongoing volatility in the financial markets in general and the gold market in particular provides a challenging business environment. Nonetheless your Company is now better prepared to weather this environment than it was last year in terms of technical and operational flexibility, as well as better understanding the performance characteristics of the project.

The results achieved in calendar year 2013, despite the setbacks, are due to the efforts of our dedicated management, staff and those service providers who work with us. On behalf of my fellow directors, I thank them very sincerely for delivering a profitable year in trying circumstances and look forward to another rewarding year in 2014. I also thank very much our many loyal shareholders for their strong support over past year.

Peter Rowe
Chairman
Perth
28 March 2014

03 Operations Review

Overview

Millennium operates the Nullagine Gold Project, located in the Pilbara Region in Western Australia (Figure 1). The Project comprises 7 deposits on granted mining leases. The largest deposit, Golden Eagle, is located approximately 10 km south of the Nullagine Township. The 1.5 Mtpa CIL processing plant was commissioned in August 2012 and first gold was poured in September 2012. Commercial production was declared effective from January 2013.

The end of calendar year 2013 marks the end of the first full year of production for the Company. For the 12 month period, the Project produced 63,247 ounces of fine gold and proceeds from gold sales amounted to $100.2[1] million. In addition to this, the Company held bullion on hand of approximately $3.08 million at year end. The Company declared an audited net profit of $41.7 million for the 12 month period ended 31 December 2013.

Guidance for calendar year 2014 is for gold production of 76,000 ounces at a processing throughput rate of 1.6 million tonnes milled. C1 cash cost[2] for calendar year 2014 is forecast to be $975 per ounce and sustaining cash cost[3] of $1,140 per ounce.

Corporately, the Company had repaid approximately 32% ($16.8 million) of the senior project finance and equipment lease facilities. The current outstanding balance of the senior project finance facility is $31.0 million Subject to final documentation and various conditions, the Company's senior debt providers have agreed to extend the waiver period and to reschedule debt so that it is repaid progressively over the period from 2014 to the maturity date of June 2016. In August 2013, the Company restructured its share capital by consolidating its shares on a 22:1 basis (pre consolidation / post consolidation). Post the consolidation, the Company undertook a non-renounceable 2 for 21 Rights Issue at $0.32 per share raising approximately $6 million. As at 31 December 2013, the Company had approximately 217.7 million shares on issue.

Exploration continued during the first half of the year with approximately 18,900 metres drilled throughout the Company's tenement holding. High tenor gold intercepts announced to the market during the year bode well for material increases in the Mineral Resource and potentially Ore Reserve inventories. In addition, the Beatons Creek Inferred Mineral Resource was added to the Mineral Resource inventory (subject to the Novo Resources earn-in) as was the AU81 Inferred Mineral Resource.

The Company intends to continue exploration activities during 2014 in order to convert a high proportion of a large Mineral Resource inventory of 1.9 million ounces into the Ore Reserve.

[1] *All currency amounts are Australian dollars unless otherwise denoted*

[2] *C1 Cash Costs represents the costs for mining, processing, administration, by-product credits and the accounting movements for stockpiles, gold-in-circuit and waste stripping. It does not include sustaining capital costs, mine development, exploration, royalties or corporate administration costs.*

[3] *Sustaining cost per ounce includes C1 cash cost, royalties, sustaining capital expenditure and corporate administration costs. It does not include exploration or mine development expenditure.*

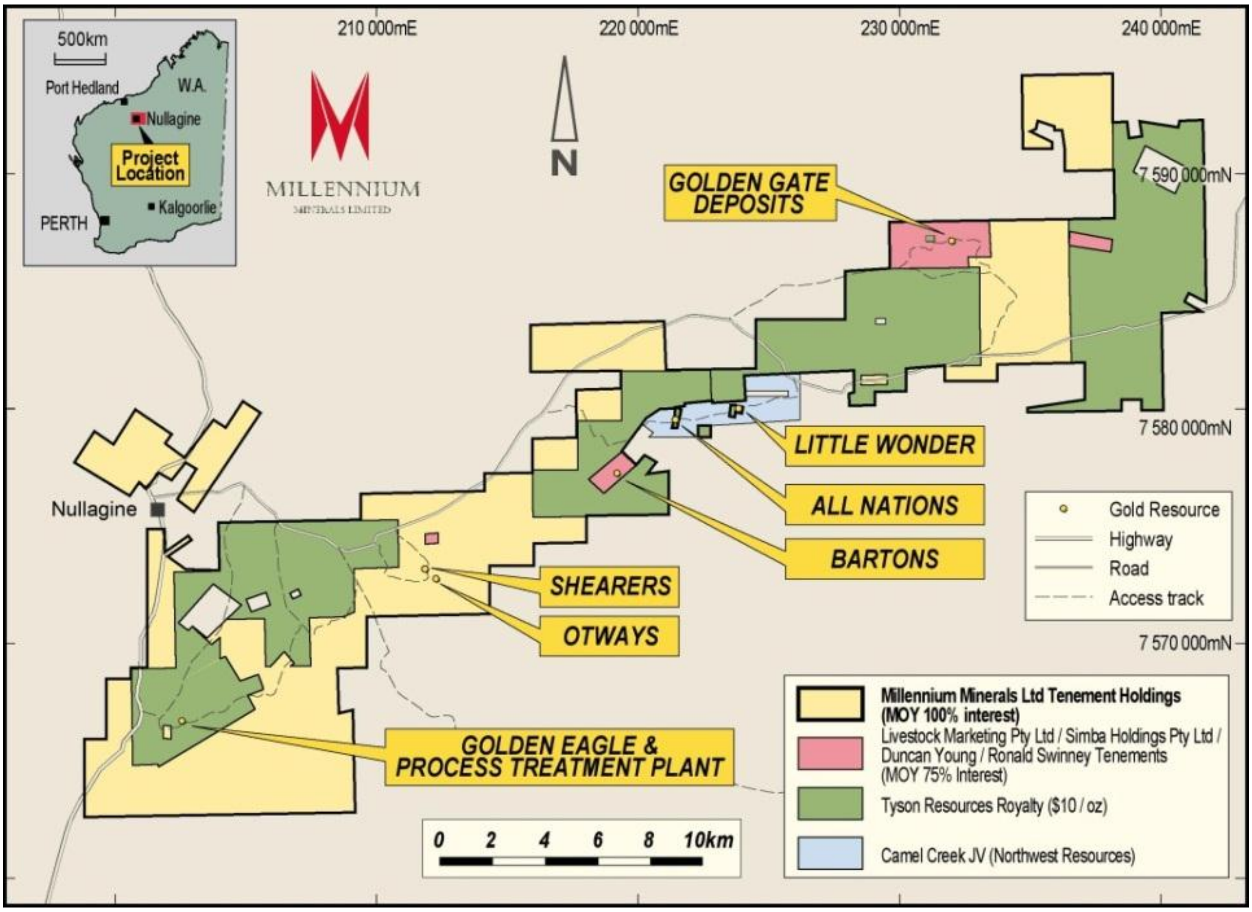

Figure 1: Nullagine Gold Project Location Plan

OPERATIONS

First Full Production Year 2013

Calendar year 2013 heralded the first full year of production for the Nullagine Gold Project (the Project). Production statistics are presented in Table 1.

Table 1: 2013 Production Physicals

	Quarter ended				Year ended
	Dec-13	Sep-13	Jun-13	Mar-13	Dec-13
Total volume mined (bcm)	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**
Gold Sales Revenue (million)	$20.7	$25.4	$28.6	$25.3	**$100.2**
C1 Cash Cost ($/ounce poured)	1,171	924	761	826	**910**
Sustaining Cost ($/ounce poured)	1,373	1,051	938	970	**1,071**
Gross Operating Margin[1] ($/ounce poured)	393	618	826	784	**667**

[1] *Mine operating margin per ounce is calculated as realised gold price less C1 cash cost that measures the gross operating margin at the mine level.*

Mining

During the year, 0.73 million bcm of ore and 2.11 million bcm of waste were mined from the Golden Eagle and the ABC and D Reef pits at Golden Gate for a total material movement of 2.84 million bcm. A large proportion of the waste mined was used in the construction of the tailings storage facility (TSF) which was completed in August 2013.

Reconciliation between the Ore Reserve block model (20m x 20m spaced drilling) and grade control (10m x 10m drill spacing) at the Golden Eagle deposit was within acceptable limits (+/-5%) reflecting the consistency of gold mineralisation within the ore body. It further demonstrates that 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 was higher than expected dilution of ore tonnes and grades within the stage 1 starter pit when mining the fresh ore benches of the Golden Eagle deposit. The complexity of the higher grade ore zones in the fresh ore in this pit created some difficulties in maintaining practical mining widths and control of dilution. This complexity is not observed in the stage 2 pit, nor is it expected to be an issue when mining eventually commences in the stage 3 pit. Nevertheless, a better understanding of the geological domains which exhibit different metallurgical and recovery characteristics, coupled with changes to mining practices, is showing improved performance of mining related dilution in this pit. The knowledge gained over the latter part of 2013 will allow for planning a better blend of fresh and oxide feed to the mill.

OPERATIONS (CONTINUED)

Milling

Milled production for the year was 1.428Mt processed at a head grade of 1.56 g/t Au for 63,247 ounces of fine gold poured. Plant utilisation averaged 93.5% which contributed to lower plant throughput for the year. This is not unusual during the first year of operation as the processing plant is tuned to accept the material fed to it. Due to excessive wear on certain plant components as a result of feeding more abrasive fresh ore, 2 extra shutdowns were conducted during the year, specifically to change out worn mill liners and lifters. This excessive wear problem has been largely mitigated by liner design changes that are demonstrating longer wear life. Going forward mine scheduling will ensure the mill feed will be a blend of ore types that will not only even out wear but will also allow average mill throughput rates to be maintained at a higher rate. As a result, plant utilisation will increase further and the budget assumption for mill run time is now set at 96%. Throughput was also impacted by water restrictions during the latter half of 2013 where tonnes per hour were restricted at times in order to conserve water. This was alleviated in December 2013 when the new Eastern Bore field was successfully commissioned. The additional water capacity now supports throughput performance well above design in the range of 200tph to 230tph.

Gold metallurgical recovery averaged 88% for the year but importantly reflects the lower recoveries achieved from feeding fresh ore alone over the last 5 months of the year. A blend of oxide (50%) and fresh ore (50%) now being targeted should see recoveries improve to at least 90% on average for 2014.

Full year gold production totalled 63,247 ounces. Gold sales revenue for the year was $100.2 million, generated from 63,446 ounces sold at an average price received of $1,576 per ounce, benefitting from the Company's hedging at $1,612 per ounce and an average spot price received of $1,458 per ounce.

CORPORATE

Debt Funding

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 $1,352 per ounce at that time. The hedge structure at 31 December 2013 requires 62,100 ounces to be delivered by September 2015 at an average forward price of $1,627 per ounce.

For calendar year 2013, the Company had repaid approximately 32% ($16.8 million) of the outstanding principal on the senior project finance and on the equipment lease facilities.

The current outstanding balance of the senior project finance facility is $31.0 million Subject to final documentation and various conditions, the Company's senior debt providers have agreed to extend the waiver period and to reschedule debt so that it is repaid progressively over the period from 2014 to the maturity date of June 2016.

CORPORATE (CONTINUED)

Maiden Profit Declared

The Company reported an audited after tax profit of $41.7 million for the twelve month period ended 31 December 2013.

The after tax profit includes an unrealised derivative gain of $16.2 million related to the valuation of the Company's hedge book on 31 December 2013 and the recognition of deferred tax assets resulting in an income tax benefit of $11.6 million. The underlying profit before treasury, tax and finance for the twelve month period was $17.9 million.

At the mine operating level, the gross profit for calendar year 2013 was $22.5 million based on revenue from operations of $103.3 million and cost of sales of $80.8 million. The cost of sales includes depreciation, amortisation, waste stripping, stockpile adjustments and revaluations of $8.6 million. Mine level EBITDA was $31.1 million.

Share Capital Restructure

At the General Meeting on 23 July 2013, the shareholders of the Company approved a one for twenty two consolidation of the Company's shares. The consolidation involved the conversion of every 22 fully paid pre consolidated ordinary shares on issue into one fully paid post consolidated ordinary share. The purpose of this was to bring its total number of shares on issue more int line with its peers.

While the share consolidation had no effect on the underlying value of the Company, the effect on the Company share price at the time of conversion was to trade at 22 times the price at which it previously traded.

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

Capital Raising

In August 2013, the Company undertook a fully underwritten non-renounceable rights issue of 2 fully paid ordinary shares for every 21 shares held at $0.32 per share to raise approximately $6 million before raising costs. The proceeds were used to fund the Debt Service Reserve Account as part of the Company's senior debt facility and for general working capital purposes and exploration.

EXPLORATION

For the year ended 31 December 2013, a total of 18,947 metres of RC drilling was completed on the Company's tenements. Drilling was specifically targeting strike and depth extensions to the known gold deposits (Figures 2 -8). This programme of drilling was successful in adding a further 36,000 ounces to the Ore Reserve, principally from around the deposits at Golden Gate. A breakdown of drilled metres is given in Table 2.

EXPLORATION (CONTINUED)

Table 2: RC Drilling completed in 2013

Prospect	Holes	Metres
ABC Reef	9	910
D Reef	18	1,277
G Reef	14	922
Crow	26	1,658
Condor	21	1,663
Falcon	18	1,086
Harrier	22	1,375
Shearers	10	552
Otways	13	912
Au81	18	1,078
Golden Eagle	21	2,224
All Nations	30	1,256
Sterilisation	73	4,034
Totals	**293**	**18,947**

Significant results were achieved at all deposits drilled. The best intersections are given in Table 3.

Table 3: Significant drill intersections in 2013

Prospect	From (m)	To (m)	Width (m)	Av. Grade (g/t Au)	Hole_ID
Au81	14	36	22	12.21	ARC0189
Au81	17	54	37	6.15	ARC0186
Harrier	6	27	21	6.96	GGX207
G Reef	27	48	21	5.59	GGX042
All Nations	57	76	19	5.75	ANX056
D Reef	57	66	9	10.92	GGX171
ABC Reef	70	81	11	7.58	GGX176
Au81	22	38	16	4.91	ARC0187
ABC Reef	115	124	9	6.65	GGX178
G Reef	40	49	9	6.52	GGX212

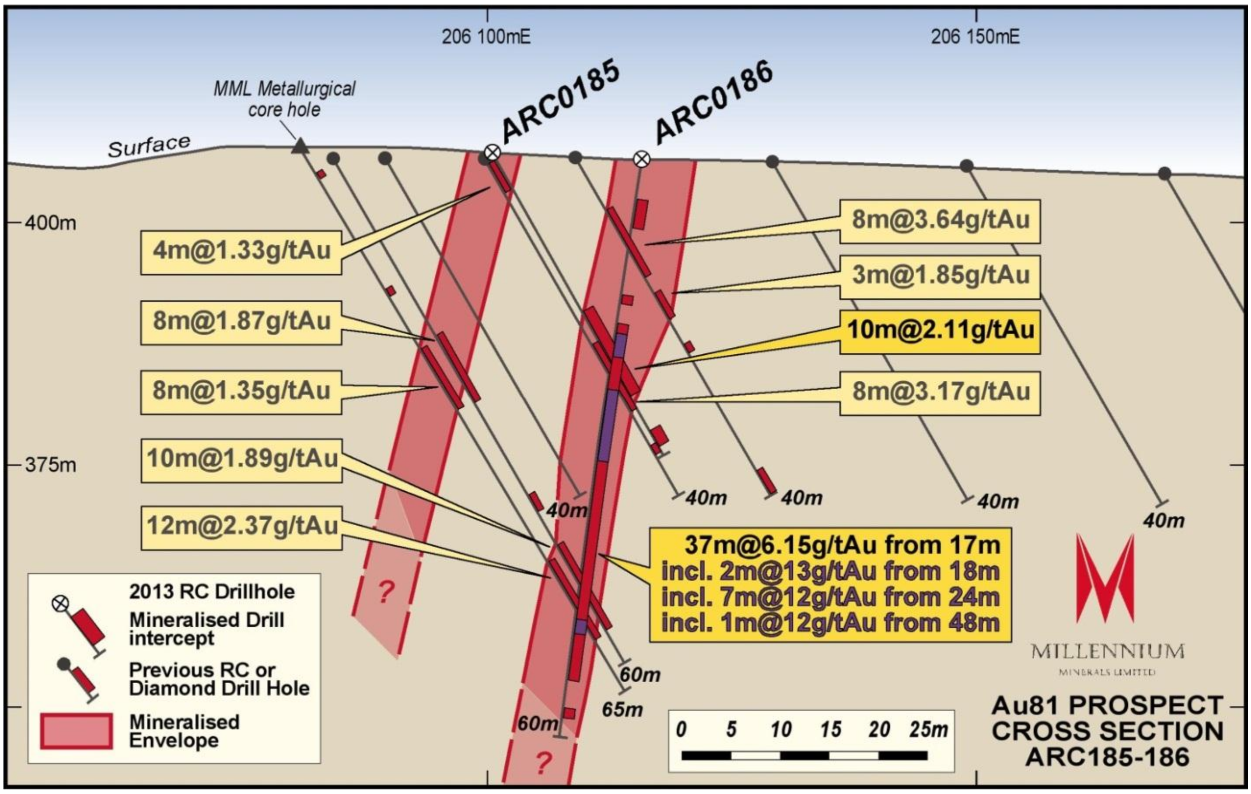

Figure 2: Cross Section Au81

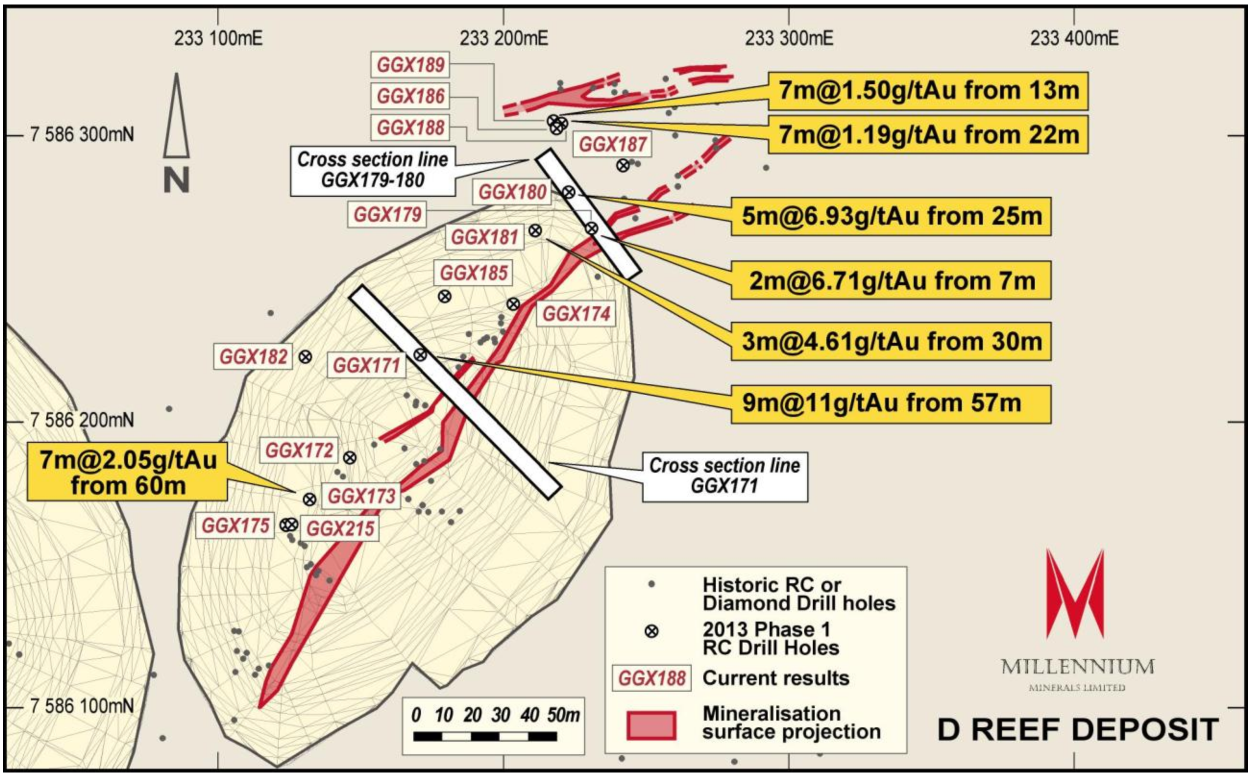

Figure 3: D Reef Deposit Drill Hole Layout Insert (Plan)

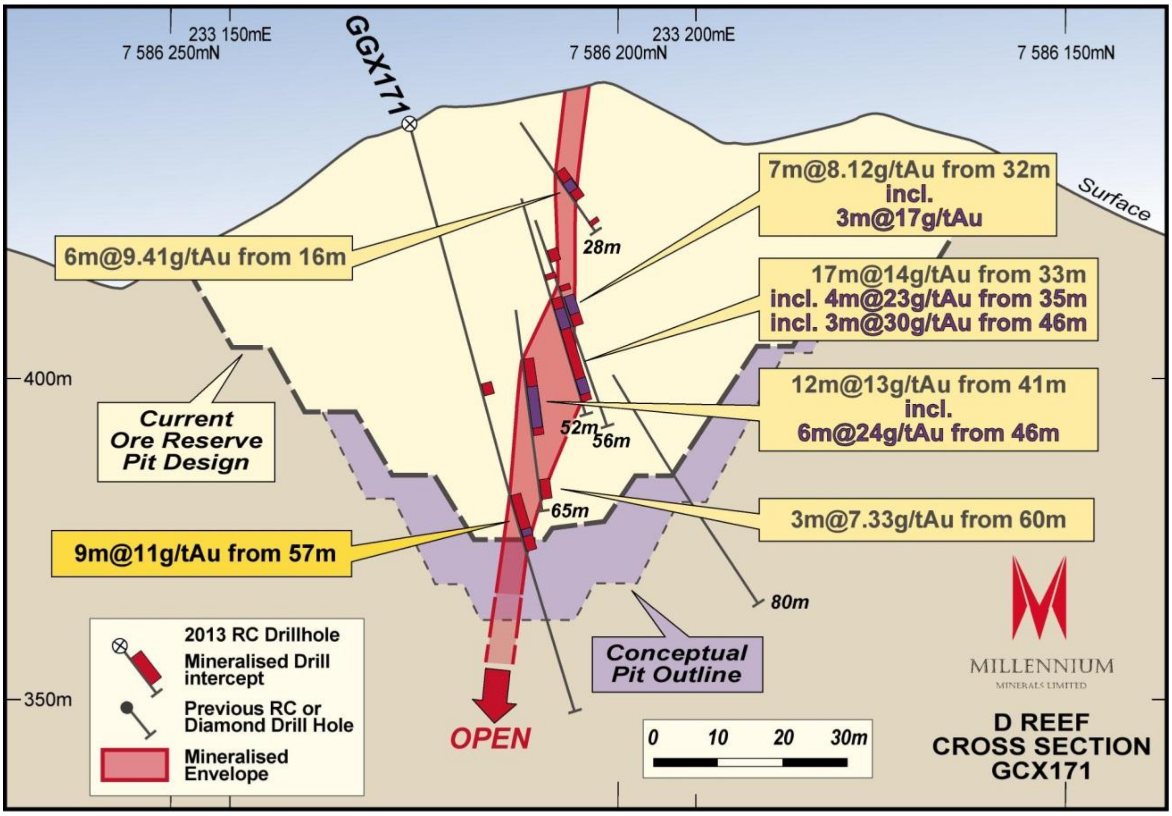

Figure 4: D Reef Cross Section GGX171

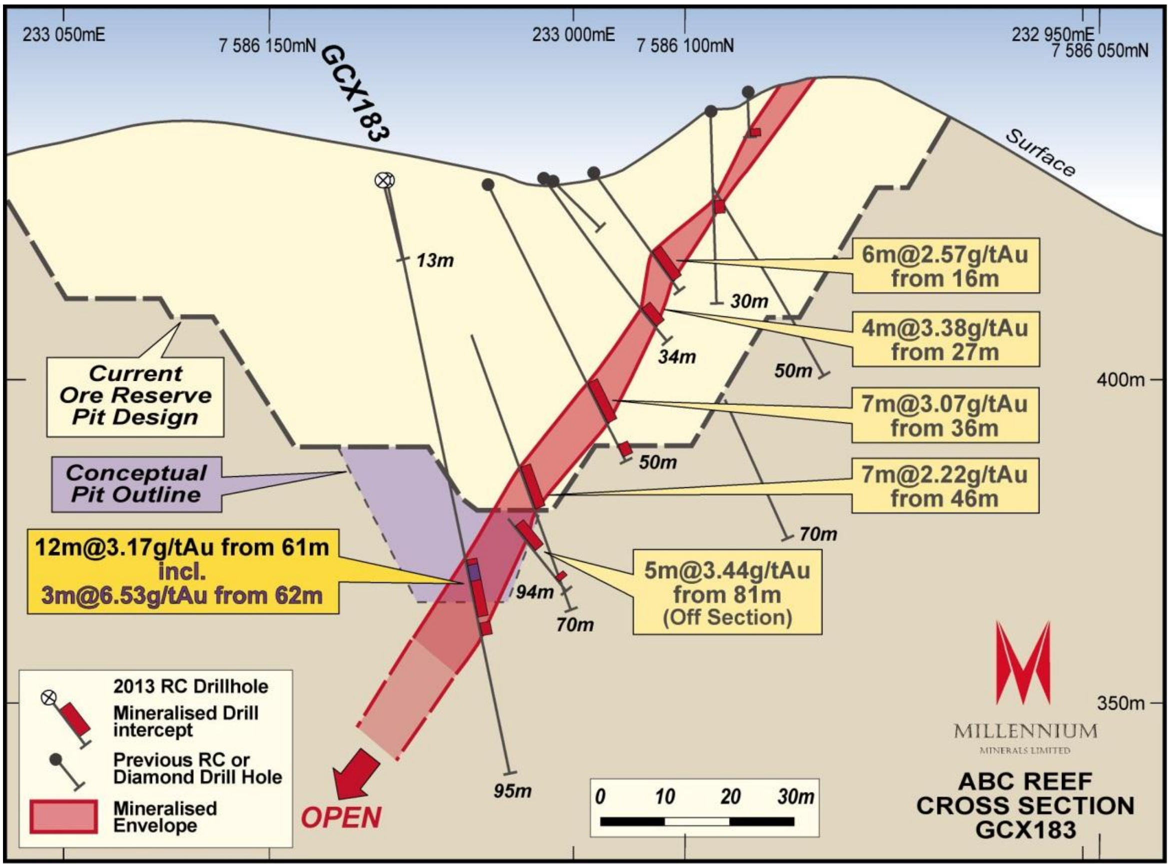

Figure 5: ABC Reef Cross Section GGX183

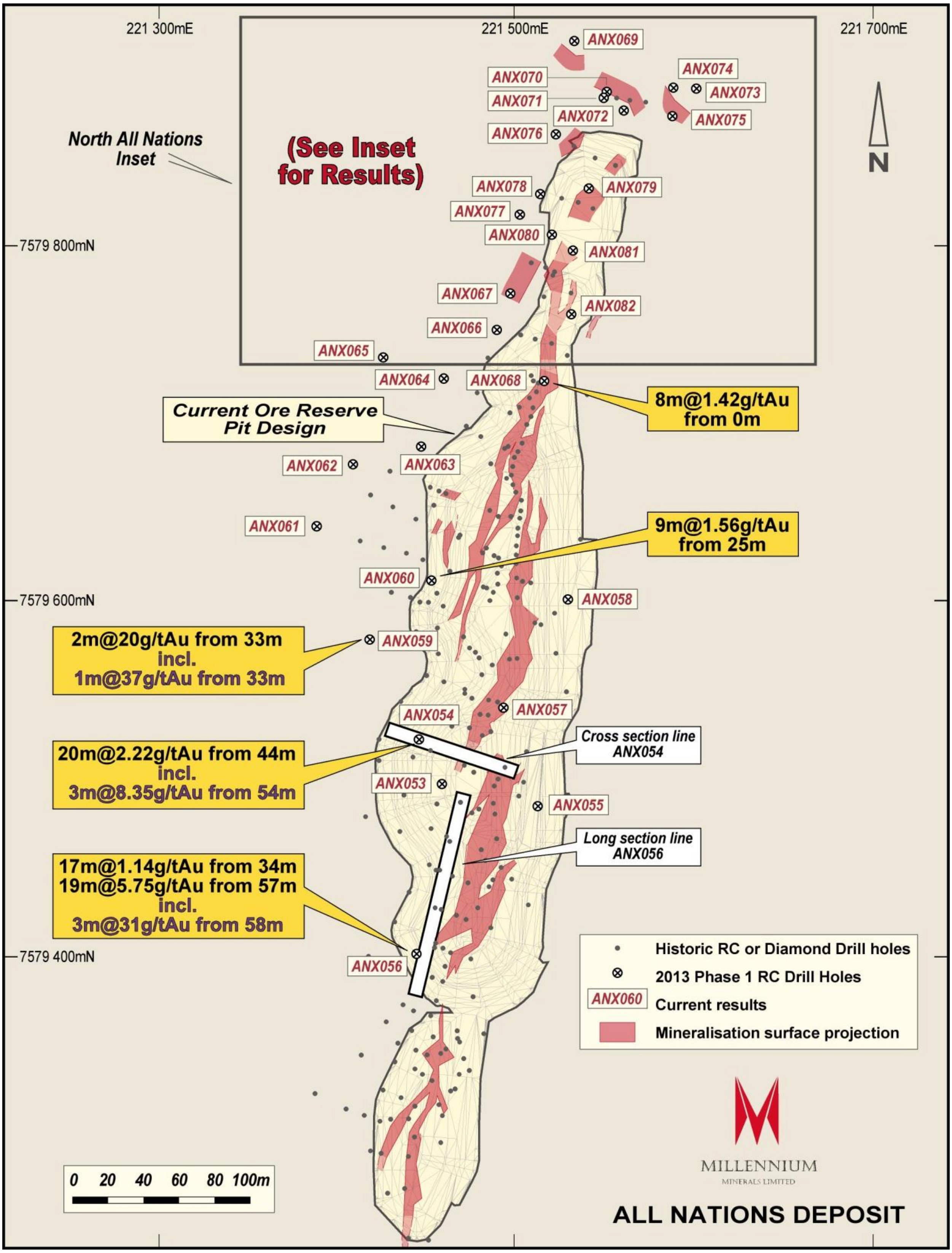

Figure 6: All Nations Deposit Drill Hole Layout (Plan)

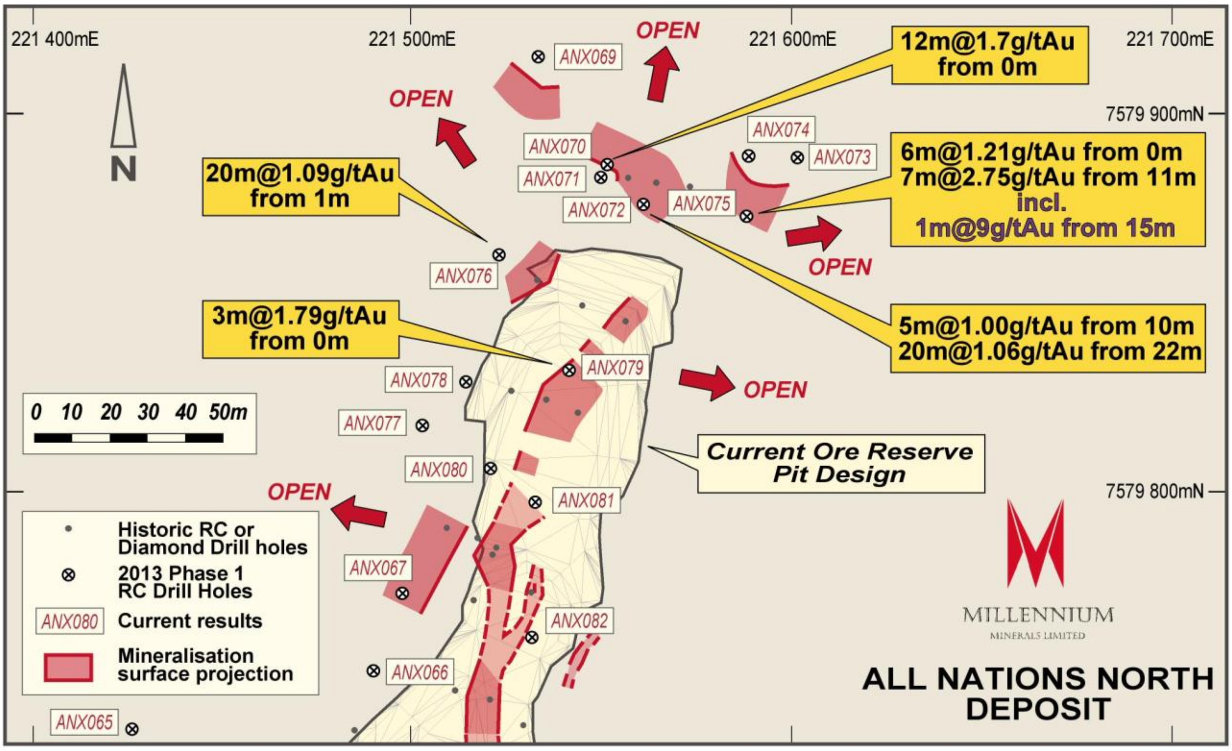

Figure 7: Northern All Nations Deposit Drill Hole Layout Insert (Plan)

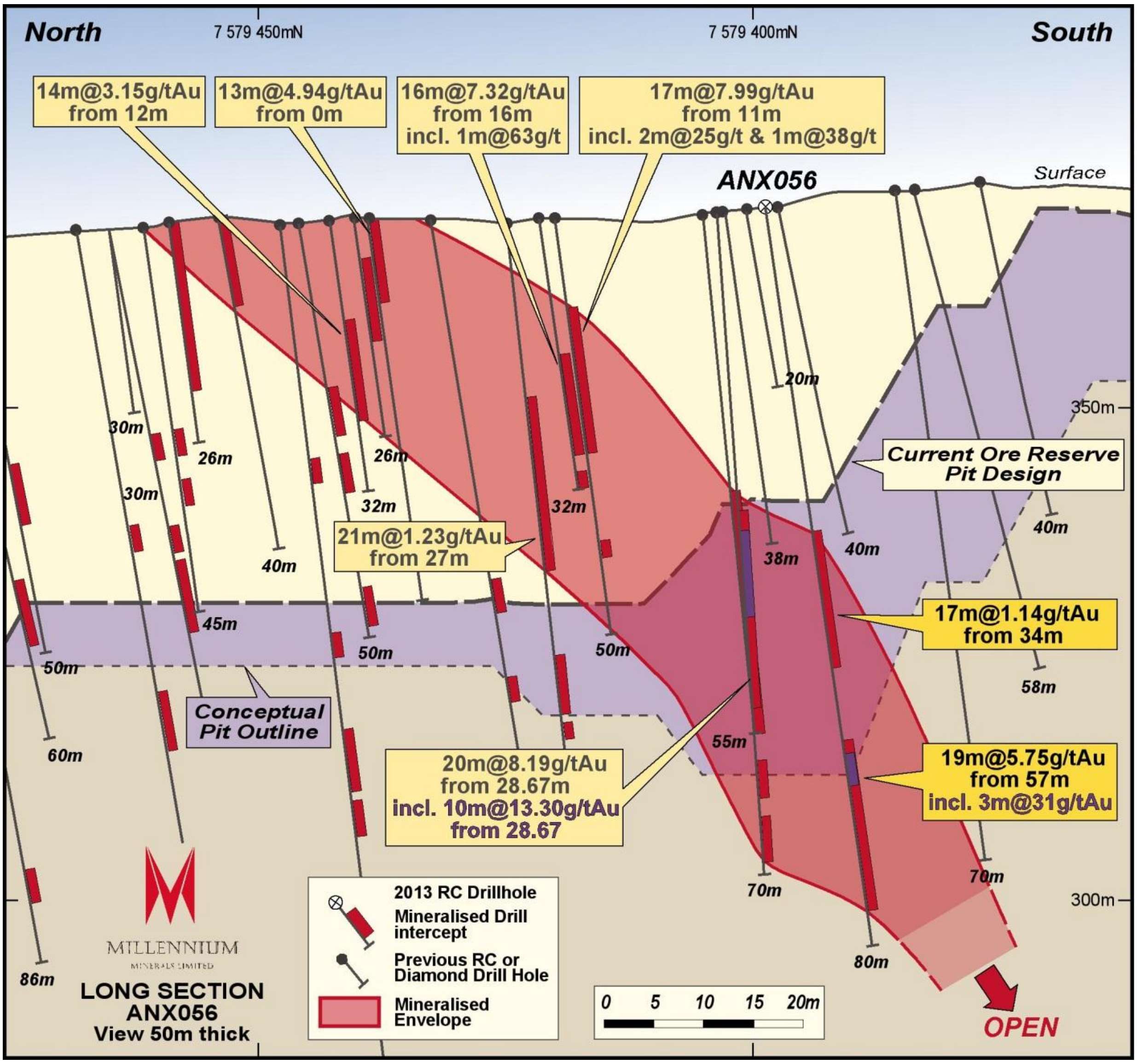

Figure 8: All Nations Long Section ANX056

CAMEL CREEK JOINT VENTURE

During 2013, a maiden Ore Reserve[1] was estimated for the Camel Creek Joint Venture deposits (Little Wonder East and West, Junction and Roscoes Reward) using a $1,400 per ounce gold sell price and current operating costs and recoveries from the Company's operation. The Ore Reserve was estimated at 1.075 Mt @ 1.40 g/t Au for 48,300 oz of gold. This was revised in March 2014 to reflect higher processing unit cost assumptions and lower recovery assumptions. The Ore Reserve for the CCJV is now estimated at 0.66 Mt @ 1.57 g/t Au for 35,400 contained gold ounces.

The Camel Creek Joint Venture is a 50:50 mining joint venture between Northwest and Millennium. Under the joint venture, the parties are each entitled to 50% of physical gold produced from the initial four joint venture deposits (Junction, Roscoes Reward, Little Wonder and Round Hill). Ore from the joint venture deposits will be mined and processed by Millennium through its Golden Eagle treatment plant and the parties will share equally the joint venture mining, processing and rehabilitation costs. Millennium is the manager of the joint venture.

The maiden Ore Reserve was prepared by Auralia Mining Consultants Pty Limited (Auralia) and includes estimates for the Junction and Roscoes Reward deposits, and the joint venture component of the Little Wonder deposit (Table 4). The Ore Reserve estimate is based on the 2012 Mineral Resource estimate for the Junction, Roscoes Reward and Little Wonder deposits prepared by CSA Global Pty Limited (CSA Global). A location map of the joint venture deposits is provided in Figure 9. The Ore Reserve numbers given in Table 1 are reported in full with 50% being attributable to the Company.

Table 4: Ore Reserves for the Camel Creek Joint Venture

	Proven		Probable		Total		
Deposit	**Ore (t)**	**Grade (g/t Au)**	**Ore (t)**	**Grade (g/t Au)**	**Ore (t)**	**Grade (g/t Au)**	**Metal (oz Au)**
Little Wonder	211,800	1.61	4,900	1.60	216,700	1.61	11,200
Junction	86,000	2.31	8,800	2.38	94,800	2.32	7,000
Roscoes Reward	306,500	1.35	46,500	1.33	352,900	1.35	15,300
Total	**604,300**	**1.58**	**60,100**	**1.5**	**664,400**	**1.57**	**35,400**

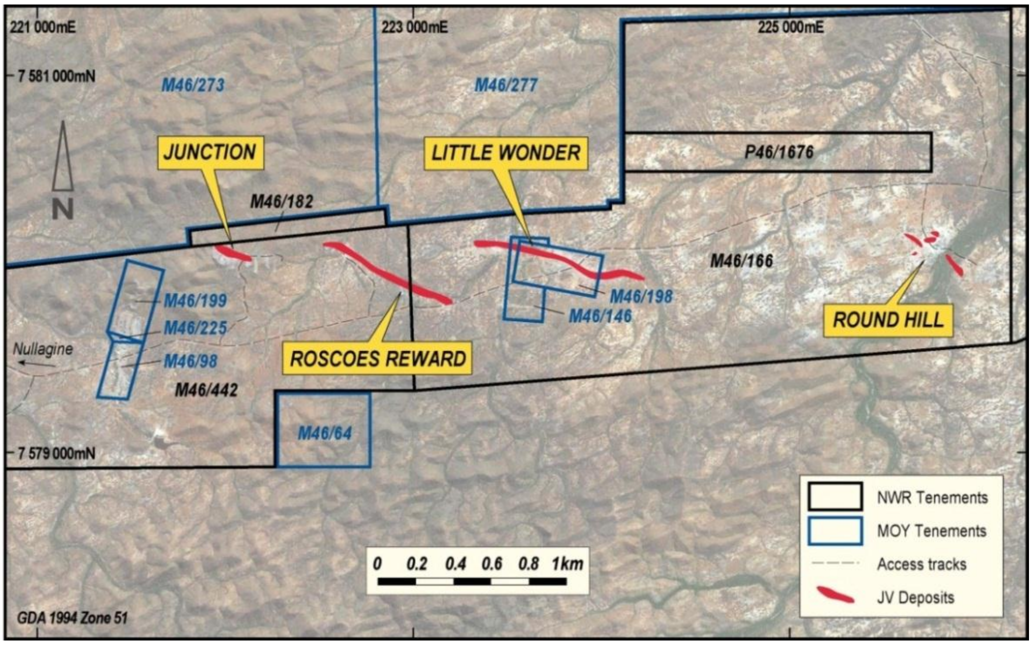

Figure 9: Camel Creek Joint Venture Deposit Location Plan

[1] All references to Mineral Resource or Ore Reserve are reported under the 2012 JORC Code

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.

During the year, Novo established a NI43-101 compliant Mineral Resource within the 800 metre by 700 metre target area as defined by results from drilling during 2011 and 2012. Gold bearing reefs targeted by this drill programme lie within 100 metres of surface and may have the potential for open cut mining.

The Mineral Resource estimate was classified as Inferred and contains 421,000 ounces gold within 8.9 million tonnes at a grade of 1.47 g/t Au.

This Inferred Mineral Resource was defined by 16,107 meters of vertical RC drilling. Density measurements were taken from core samples from eight diamond drill holes totalling 478 meters. Costs related to drilling totalled approximately $2.5 million making the cost of discovery about $6 per ounce gold.

Most of this Mineral Resource is contained within two shallow, sub-horizontal gold-bearing conglomerate horizons (reefs) displaying strong lateral continuity.

Mineralization remains open to the north, west and south into the basin. There is a good potential for expanding this Mineral Resource through further drilling given the strong sub-surface continuity of these reefs as demonstrated by drilling coupled with Novo's success in tracing their surface expression along the northern and northwestern perimeter of the basin.

This Inferred Mineral Resource enables the undertaking of a preliminary economic assessment planned for 2014. It is expected that upgrading this Mineral Resource to the Indicated category can be accomplished by drilling approximately 3,710 meters more infill RC holes. Doing so would enable advancement towards a prefeasibility study.

The Beatons Creek NI 43-101 Mineral Resource estimate is summarized in Table 5.

Table 5: Beatons Creek Inferred Mineral Resource

Classification	Au Cut-off (g/t)	Tonnage (Mt)	Au Grade (g/t)	Contained Au (troy ounces)
Inferred	0.2	9.2	1.44	424,000
	0.3	9.2	1.44	424,000
	0.5	8.9	1.47	421,000
	0.6	8.6	1.50	415,000
	0.8	7.1	1.67	381,000
	1.0	5.5	1.89	334,000
	1.5	3.0	2.43	236,000
	2.0	1.6	3.02	160,000
	2.5	0.9	3.71	106,000
	3.0	0.6	4.22	78,000

RESOURCES AND RESERVES

During 2013, there was a significant increase in the global Mineral Resource inventory with the addition of the Beatons Creek Inferred Mineral Resource and the inclusion of the mineralisation defined at the Au81 deposit. The JORC compliant global Mineral Resource is now stated as 47.1 million tonnes at 1.26 g/t Au for 1.91 million contained gold ounces (Table 6). This represents an increase of 6% in grade, 36% in tonnes and 44% in ounces over the previous declared totals.

Table 6: Nullagine Gold Project – Mineral Resource Estimate 2014 (JORC, 2012)

Deposit	Measured		Indicated		Inferred		Total		
	Mt	Grade g/t Au	Mt	Grade g/t Au	Mt	Grade g/t Au	Mt	Grade g/t Au	Ounces
Golden Eagle[2]	13.24	1.21	4.40	1.03	4.17	1.06	21.82	1.15	805,000
Bartons[3]	1.72	1.21	1.44	1.17	0.55	1.12	3.71	1.20	141,000
Shearers[3]	0.59	1.27	1.48	1.01	0.26	1.00	2.33	1.10	81,000
Otways[3]	1.15	0.81	0.90	0.87	0.69	0.92	2.74	0.86	75,000
All Nations[3]	1.26	1.36	0.55	1.08	0.42	1.04	2.23	1.23	88,000
Little Wonder[3]	0.47	1.35	0.25	1.43	0.22	1.68	0.94	1.45	43,700
Golden Gate (ABCD)[4]	0.66	3.30	0.16	2.99	0.14	2.29	0.95	3.10	95,000
Falcon[4]	-	-	0.09	3.90	0.04	4.40	0.14	4.00	18,000
Condor[4]	0.15	2.61	0.05	2.83	0.03	3.71	0.22	2.80	20,000
Harrier[4]	-	-	0.10	1.80	0.04	1.80	0.14	1.80	8,000
Crow[4]	0.04	3.14	0.04	2.62	0.05	2.34	0.12	2.65	10,500
G_Reef[4]	-	-	0.03	3.71	0.02	3.69	0.05	3.70	6,200
Au81[3]	-	-	-	-	1.50	1.00	1.50	1.00	47,900
Camel Creek JV[6]	0.62	1.32	0.36	1.17	0.35	1.11	1.34	1.23	52,500
Beatons Creek Earn In[7]					8.90	1.47	8.90	1.47	421,000
Total	**19.90**	**1.29**	**9.85**	**1.14**	**17.38**	**1.30**	**47.13**	**1.26**	**1,912,800**

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, Little Wonder and Au81 were estimated using ordinary kriging methodology for grade estimation by CSA Global.
4. The Golden Gate (ABCD reef), and Golden Gate satellite deposits, namely Falcon, Condor, Harrier, Crow and G Reef were estimated using ordinary kriging.
5. 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.
6. The Mineral Resources at the Camel Creek JV (CCJV) were estimated using ordinary kriging methodology by CSA Global. Only Millennium's 50% interest is stated in the above table.
7. The Mineral Resources at Beatons Creek deposit estimated using ordinary kriging methodology for grade estimation by Tetra Tech Inc. Beatons Creek is subject to a farmin- Joint Venture with Novo Resources Corp (Novo) (CSE:NVO; OTCQX:NSRPF). Under the Farm-In agreement Novo may earn a 70% interest in the Beatons Creek tenements by delivering a bankable Feasibility Study on the property within 5 years of commencement of the Agreement which was executed in August 2011. “As Novo has yet to earn an interest in the Beatons Creek tenements, the Company accounts for 100% of the Mineral Resource on the Beatons Creek tenements.

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 2012 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, Bartons, Shearers, Otways, All Nations, Little Wonder, CC JV, Golden Gate ABCD reef, and satellites Condor & Crow 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 Golden Eagle, Bartons, Shearers, Otways, All Nations, Little Wonder, Golden Gate ABCD reef, and Condor & Crow Golden Gate satellite deposits Mineral Resource estimates have 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) 2012 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 **Au81 Mineral Resource estimate** accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The Au81 deposit Mineral Resource estimate has been compiled and prepared by Grant Louw, (MAIG, MGSSA) 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, 2012) 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 **Golden Gate G reef Mineral Resource estimate** accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The Golden Gate G reef deposit Mineral Resource estimate has been compiled and prepared by Dmitry Pertel, (MAIG, MGSSA) 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, 2012) 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 **Golden Gate Falcon and Harrier 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 Golden Gate Falcon & Harrier satellite deposits Mineral Resource estimates have been compiled and prepared by Steven Hodgson, (MAIG) formerly 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) 2012 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.*

*Patrick Huxtable of Tetra Tech, Perth, Australia, has prepared the Mineral Resource Estimate for the **Beatons Creek Gold Project**, and is independent of Novo Resources Corporation for purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Huxtable (RPGeo MAIG) is a Qualified Person as defined by NI 43-101. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category. The mineral resources in this news release were estimated using current Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards, definitions and guidelines.*

ORE RESERVES

In February 2014, Ore Reserves for the Project were re-estimated. As a result of the fall in the price of gold during 2013, the Company also took the view that it would be prudent to re-estimate the Ore Reserve using a more conservative gold sell price assumption of $1,400 per ounce as opposed to the previous assumption of $1,500 per ounce. The depleted Ore Reserve is now stated as at 31st December 2013 (Table 7).

A new Life of Mine (LOM) schedule and financial model has been developed around the re-estimated Ore Reserves which is expected to deliver approximately 426,000 ounces over the 6 year life of the project.

Table 7: Ore Reserves Summary – depleted to 31 December 2013 (JORC, 2012)

Prospect	Proven		Probable		Total		
	Ore (t)	Grade g/t Au	Ore (t)	Grade g/t Au	Ore (t)	Grade g/t Au	Ounces
Golden Eagle	4,305,200	1.5	522,100	1.6	4,827,400	1.5	237,500
Bartons	802,000	1.5	230,000	1.6	1,032,100	1.6	51,800
All Nations	354,100	1.8	13,000	1.5	367,100	1.8	21,300
Shearers	411,300	1.5	200,400	1.4	611,700	1.4	28,100
Otways	169,700	1.3	54,600	1.2	224,400	1.3	9,000
Little Wonder (MML)	105,500	1.9	11,700	4.9	117,300	2.2	8,500
Golden Gate ABC and D	434,300	3.4	38,600	4.1	473,000	3.5	53,100
Condor	66,900	2.5	18,900	3.2	85,800	2.7	7,300
Crow	18,600	2.6	13,700	2.5	32,400	2.5	2,600
Falcon	-	-	75,600	3.9	75,600	3.9	9,400
Harrier	-	-	39,300	2	39,300	2	2,500
G Reef	-	-	31,900	3.5	31,900	3.5	3,600
Little Wonder (CCJV)	92,100	1.5	2,400	1.6	94,500	1.5	5,600
Roscoes Reward	153,200	1.4	23,200	1.3	176,400	1.4	7,600
Junction	43,000	2.3	4,300	2.4	47,400	2.3	3,500
Total	**6,955,900**	**1.7**	**1,279,700**	**1.9**	**8,236,300**	**1.7**	**453,000**
Stockpiles: ROM							
LG					420,700	0.7	9,400
HG					37,300	1.7	2,000
Total					**8,694,300**	**1.7**	**464,400**

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 2012). 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).

COMPANY STRATEGY

A feature of the updated Life of Mine plan is the greater flexibility available to the Company due to the recent establishment of multiple ore sources and associated mining operations. Future mining and processing operations have available oxidised, transition and fresh ore from the Golden Eagle deposit, higher grade oxidised ore at Golden Gate deposit and substantial medium grade stockpiles located at the process plant. Proper blending of these materials will allow for more uniform head grades, gold recovery and mill throughput over the currently planned life of the Project. In addition, the remaining deposits included in the mining schedule yet to be developed will largely add oxidised and transition ore types to the mining and milling plan so the proportion of fresh ore included in the mill feed blend will progressively decrease from around 50% in 2014 -2015, to below 30% for the remaining production plan.

The Company views the current mine life of six years more than adequate as an Ore Reserve base to allow for the future development of additional Ore Reserves from the 1.9 million ounce Mineral Resource inventory it now has. Beyond this near term period, the Company has a highly prospective pipeline of walk-up targets within its mining leases that show potential for further Mineral Resource development. These targets need to be drilled out over the next two years and assessed before that potential can be determined. The benchmark is to materially increase the Mineral Resources such that an Ore Reserve can be defined that provides the basis for an operating scale of 100,000 ounces of gold per annum over a 10 year mine life at no less than a gross operating margin of $400/ounce. There is no guarantee that this objective will be achieved.

The Company's tenements cover 40 kilometres of strike length, with the potential for 30 kilometres of this to be prospective. The interval 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
Managing Director and Chief Executive Officer
Perth
28 March 2014

06 Corporate Governance Statement

Introduction

The Company has 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 Company's website.

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, Mr Procter and Mr Gillon are considered by the Board to be independent directors. 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.

BOARD COMPOSITION AND REMUNERATION (CONTINUED)

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.

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 five directors, with four being non-executives. The board does not consider Mr Morton to be independent by virtue of his employment by a substantial shareholder (the IMC Group) and the perceived influence this may have over him. Mr Bittar is not considered to be independent as he is providing consulting services to a substantial shareholder (the IMC Group). 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 ongoing 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.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION (CONTINUED)

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 2.4

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:
A performance evaluation for the board and directors has not taken place in the reporting period.

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 encourages shareholders to communicate with the Company and the Board. General meetings provide a deeper insight into the Company and an opportunity for shareholders to have their questions answered. 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:

- Budget controls;
- Guidelines and limits for the commitment of funds for operating expenditure, capital expenditure and investments;
- A comprehensive insurance programme;
- Monitoring the status of Mining Tenements; and
- Compliance with 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. The Chief Executive Officer 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.

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;
- 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
- gender
- age

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:

	Percentage of Females
Employees	17.5%
Executives and Board Members	-

16 Financial Reports

Contents

The Directors of Millennium Minerals Limited ("Company" or "Millennium") present their report on the Company for the financial year ended 31 December 2013.

DIRECTORS

The names of the Company's directors in office during the financial year and up to the date of this report are as below. Directors were in office for this entire period unless otherwise indicated.

Peter Rowe (Non-executive Chairman)

Brian Rear (Managing Director and Chief Executive Officer) appointed as Managing Director on 21 June 2013

Ross Gillon (Non-executive Director)

John Morton (Non-executive Director), appointed on 21 June 2013

Richard Procter (Non-executive Director)

Simon Durack (Non-executive Director) retired on 30 June 2013

Gregory Bittar (Non-executive Director), appointed 19 March 2014

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were mining and processing of gold, undertaking exploration activities and development of mining projects.

There has been no significant change in the nature of those activities during the year.

FINANCIAL POSITION AND PERFORMANCE

- Revenue from operations was $103.3[1] million.
- C1 cash cost[2] during the year was $910 per ounce and sustaining cash cost[3] was $1,071 per ounce.
- Reported net profit after tax attributable to members of $41.7 million.
- "In the money" hedge book was value at $14.6 million as at 31 December 2013 (mark-to-market at a gold spot price of $1,352 per ounce) based on remaining 62,100 ounces hedged at an average price pf $1,627per ounce.
- As of 31 December 2013, the Company has repaid approximately 32% of the outstanding principal on the senior project finance facility and equipment lease facilities.
- Net financing outflows of $11.9 million included $6.6 million raised in a fully underwritten rights issue. Repayments of $16.8 million made against debt and lease facilities and interest payments of $3.4 million.

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[1] *All currency amounts are Australian dollars unless otherwise denoted*

[2] *C1 Cash Costs represents the costs for mining, processing, administration, by-product credits and the accounting movements for stockpiles, gold-in-circuit and waste stripping. It does not include sustaining capital costs, mine development, exploration, royalties or corporate administration costs.*

[3] *Sustaining cost per ounce includes C1 cash cost, royalties, sustaining capital expenditure and corporate administration costs. It does not include exploration or mine development expenditure.*

DIVIDENDS

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

REVIEW OF OPERATIONS

The Company gold production for the year was 63,247 ounces.

SIGNIFICANT CHANGES IN THE 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 REPORTING DATE

On 10 March 2014, the Company announced an updated ore reserve of 464,000 ounces. This represented a reduction from the previously released ore reserve due to mining depletion and the use of a lower gold price of $1,400 vs $1,500 previously.

On 19 March 2014, the Company announced updated Life of Mine plan metrics and provided guidance for calendar year 2014. The Life of Mine plan forecasts 426,000 ounces of gold production over a six year mine life at a C1 cash cost of $989 per ounce and a sustaining cash cost of $1,160 per ounce. Guidance for calendar year 2014 is 76,000 ounces at a processing throughput rate of 1.6 million tonnes milled. C1 cash costs for calendar year 2014 are forecast to be $975 per ounce and sustaining unit cash cost of $1,140 per ounce.

On 19 March 2014 the Company announced that a $7 million subordinated working capital facility (Facility) had been agreed with major shareholder, the IMC Group (IMC). The Facility is subordinated to the Senior Facility Agreement (the “Senior Facility”) that Millennium currently has with BNP Paribas and National Australia Bank and to the Finance Lease facility provided by National Australia Bank. The Facility is unsecured and attracts fees and an interest rate typical for a facility of this nature. In consideration of the provision of the Facility, Millennium will issue 10 million three year options to IMC. The exercise price will be the lower of the ten day VWAP following the release by Millennium of the updated Life of Mine (LOM) metrics and 2014 guidance and the price of any substantial capital raising undertaken by Millennium in the future. The maturity date of the Facility is 30 days following the repayment in full of the Senior Facility unless repaid earlier as a result of a refinancing.

On 19 March 2014 the Company announced the appointment of Gregory Bittar as a Non-Executive Director. Mr Bittar’s appointment was proposed by IMC Group, the company’s major shareholder. Mr Bittar is an advisor to IMC in relation to its investment in Millennium, including in relation to the Facility.

On 28 March 2014, the Company’s senior debt providers agreed an extension to the previous waiver and subject to final documentation and various conditions, to revise the schedule of principal repayments and the maturity date of the Senior Facility. The revised schedule of principal repayments for 2014, 2015 and 2016 is $13.0 million, $11.9 million and $6.1 million respectively. The previous repayment profile that was in existence at 31 December 2014 that governed the current versus non-current classification of the liability in the statement of financial position was $26.4 million for 2014 and $4.6 million for 2015. This restructure significantly improves the working capital position of the company. The restructure incorporates an extension of the facility by 9 months to June 2016 and up to 70,000 ounces of additional hedging over the life of the facility. After the additional hedging, the company will have approximately 130,000 ounces hedged which represents approximately 28% for the Company’s ore reserve.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Subject to weather events, two further milling campaigns of Golden Gate oxide ore are expected to be milled during the March 2014 Quarter, amounting to approximately 75,000 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 improve future operating performance.

Guidance for calendar 2014 is for gold production of 76,000 ounces at a processing throughput rate of 1.6 million tonnes milled. C1 cash costs for calendar year 2014 are forecast to be $975 per ounce and sustaining unit cash cost of $1,140 per ounce.

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 that occurred during January and February this year.

ENVIRONMENTAL REGULATIONS 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 2013, 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.

INFORMATION ON DIRECTORS AND OFFICERS

Particulars of the qualifications and experience of each person who was a Director during the year ended 31 December 2013 and up to the date of this report are set out below:

Director	Experience and expertise	Listed entity directorship in last three years	Special responsibilities
Peter Rowe Independent Non-Executive Chairman Appointed on 21 July 2009	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.	Non-Executive Director of Adamus Resources Limited – resigned December 2011 Non-Executive Director of Ammtec Limited – resigned November 2010 Non-Executive Director of Kimberley Rare Earths Limited – resigned November 2011	Member of the Audit Committee Member of the Remuneration Committee

INFORMATION ON DIRECTORS AND OFFICERS (CONTINUED)

Director	Experience and expertise	Listed entity directorship in last three years	Special responsibilities
Peter Rowe (continued)	He headed up AngloGold Ashanti Australia and recently retired from his position as executive vice president - business effectiveness based In South Africa. Mr Rowe holds a chemical engineering degree and is a Fellow of the AusIMM and of the Australian Institute of Company Directors.	Non-Executive Director of ENK plc – resigned November 2012	
Brian Rear Managing Director and Chief Operating Officer Appointed on 21 June 2013	Mr Rear is a graduate of the Western Australian School of Mines (AWASM Metallurgy), The Royal School of Mines (MSc London, Mineral Process Design, DIC) and holds a Masters Degree in Business Leadership from the Business School of the University of South Africa. He is a member of the Australian Institute of Company Directors. He has extensive international experience in process engineering, project development and company management having successfully developed three green-field projects and the turnaround of a fourth covering base metals and thermal coal. His career includes stints with Rio Tinto, Anglo Vaal Limited, Straits Resources (founding director and CEO) and CopperCo Limited covering commodities as diverse as thermal coal, gold, uranium, base metals and industrial minerals. Mr Rear has accumulated significant experience in the development and in the operation of copper heap leach SX-EW projects, feasibility studies and project finance. He has work experience in Papua New Guinea, Indonesia, Southern Africa, United Kingdom, East Asia and Australia.	Non-Executive Director of Queensland Mining Corporation Limited – resigned April 2013	None

INFORMATION ON DIRECTORS AND OFFICERS (CONTINUED)

Director	Experience and expertise	Listed entity directorship in last three years	Special responsibilities
Ross Gillon Independent Non-Executive Director Appointed on 16 June 2003	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.	Non-Executive Director of Condor Metals Limited – resigned May 2012 Non-Executive Director of Telezon Limited – resigned November 2010 Non-Executive Director of Red River Resources Limited – resigned March 2011 Non-Executive Director of Kalnorth Gold Mines Ltd – resigned March 2013	Member of the Audit Committee Member of the Remuneration Committee
John Morton Non-Executive Director Appointed on 21 June 2013	Mr Morton is Chief Portfolio Manager of Heritas Capital Management (Australia), where he has worked for the past six years. He has more than 17 years' experience in investments, strategy and corporate finance both in Australia and abroad having previously worked with Rio Tinto and Ernst & Young Corporate Finance. He has a Master of Applied Finance, Bachelor of Arts and Bachelor of Commerce and is a member of the Institute of Chartered Accountants (ICAA).	Non-Executive Director of Kairiki Energy Limited – resigned September 2010	Member of the Audit Committee
Richard Procter Independent Non-Executive Director Appointed on 28 April 2010	Mr Procter is a mining engineer with over 35 years broad international experience encompassing roles in the corporate, operations, contracting, consulting, funds management and advisory.	Non-Executive Director of Zambezi Resources Limited, resigned May 2013 Non-Executive Director of Intercept Minerals Limited, retired November 2012 Non-Executive Director of LinQ Capital Limited, resigned March 2013 Non-Executive Director of Minrex Resources NL resigned February 2014	Member of the Remuneration Committee

INFORMATION ON DIRECTORS AND OFFICERS (CONTINUED)

Director	Experience and expertise	Listed entity directorship in last three years	Special responsibilities
Richard Procter (continued)	He has held senior industry positions that have demonstrated leadership and management of base and precious metal mining companies (both underground and open pit); development of project assessments including definitive/bankable feasibility studies and their conversion into mining operations; managed teams undertaking mining asset evaluations and valuations, including technical and operational audits (encompassing complete mining asset due diligence, M & A and expert reports). He also has been involved in many mining operation start-ups (both small and large) - as well as the re-engineering of large ongoing operations. Mr Procter has an MBA, is a Chartered Engineer (MIMMM) and has a BSc(Eng)		
Gregory Bittar Independent Non-Executive Director Appointed on 19 March 2014	Mr Bittar has a Bachelor Economics and Bachelor of Laws (University of Sydney) and Masters in Finance (London Business School), and has over 15 years investment banking and mining resource sector experience in Australia and overseas - having worked for Bankers Trust, Baring Brothers Burrows and following the completion of his Masters in Finance in 2000, he joined Morgan Stanley, working in London, Melbourne and Sydney. He has extensive experience in public and private markets mergers and acquisitions, capital markets and strategic advisory assignments across a range of sectors including general industrials, metals and mining, mining services and energy. Since leaving Morgan Stanley in 2010, Mr Bittar has had a number of roles in the resources sector, in both management and consulting roles.	Managing Director of Sherwin Iron Limited – resigned July 2011	None

INFORMATION ON DIRECTORS AND OFFICERS (CONTINUED)

Director	Experience and expertise	Listed entity directorship in last three years	Special responsibilities
Simon Durack Non-Executive Director Appointed on 2 February 2009 Resigned on 30 June 2013	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.	Non-Executive Director of Minrex Resources NL – appointed May 2011	Member of the Audit Committee

COMPANY SECRETARY

Mr Pierre Malherbe

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

Mr Malherbe previously served as Chief Financial Officer of the Company 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 25 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.

ATTENDANCE OF MEETINGS

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

	Board Meetings		Audit Committee		Remuneration Committee	
	No. of meetings held whilst in office	Meetings attended	No. of meetings held whilst in office	Meetings attended	No. of meetings held whilst in office	Meetings attended
Peter Rowe	15	14	2	2	1	1
Brian Rear[1]	9	9	-	-	-	-
Ross Gillon	15	15	2	2	1	1
John Morton[2]	9	8[3]	1	1	-	-
Richard Procter	15	13	-	-	1	1
Simon Durack	7	7	1	1	-	-

DIRECTORS' INTEREST

The relevant interests on each director in the ordinary shares of Millennium Minerals at the date of this report are set out below:

	Fully Paid Ordinary Shares
Brian Rear	1,342,787
Ross Gillon	249,133
Richard Procter	74,676

INSURANCE AND INDEMNITY

The Company has, during or since the end of the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the directors, secretaries, executive officers and employees of the Company. The insurance grants indemnity against liabilities permitted to be indemnified by the Company under Section 199B of the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 31 December 2013 is set out immediately following the end of the Directors' Report.

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

[1] *Brian Rear commenced as Director on 21 June 2013*
[2] *John Morton commenced as Director on 21 June 2013*
[3] *John Morton was present at meeting, but excused himself due to conflict of interest*

ROUNDING OF AMOUNTS

The Company has applied the relief available to it In Australian Securities and investments Commission (ASIC) Class Order 98/0100 and accordingly certain amounts in the financial report and the Directors' Report have been rounded to the nearest $1,000.

REMUNERATION REPORT

The Remuneration Report which has been audited is set out on pages 38 to 43 and forms part of the Directors Report.

Signed in accordance with a resolution of the Directors.

Peter Rowe
Chairman
Perth
28 March 2014

Brian Rear
Managing Director and Chief Executive Officer
Perth
28 March 2014

The Remuneration Report for the year ended 31 December 2013 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its regulations. This Remuneration Report forms part of the Directors Report and the disclosures contained within this report have been audited.

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) 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.

KEY MANAGEMENT PERSONNEL

Details of the KMP are set out as below:

DIRECTORS	
P Rowe	Chairman
B Rear	Managing Director and Chief Executive Officer (appointed as Managing Director on 21 June 2013)
R Gillon	Non-executive Director
R Procter	Non-executive Director
J Morton	Non-executive Director (appointed on 21 June 2013)
S Durack	Non-executive Director (resigned on 30 June 2013)

KEY MANAGEMENT PERSONNEL	
R Hill	Chief Financial Officer
S Pooley	General Manager - Operations
G Dovaston	General Manager - Projects (appointed on 29 January 2014)
P O'Connor	General Manager – Projects (resigned on 31 December 2013)

PRINCIPLES OF REMUNERATION

The Company's Remuneration Committee comprises Messrs Rowe, Procter and Gillon.

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

The Remuneration Committee decisions on the appropriateness of the nature and amount of remuneration of Directors and senior executives are based on:

- Attraction of quality management to the Company;
- Retention of experienced and capable key executives;
- Performance incentives designed to motivate executives to achieve strategic objectives and which allow executives to share the rewards of the success of the Company;
- The competitive state of the employment market for different specific skill sets; and
- Independently sourced market surveys related to the resources sector.

REMUNERATION STRUCTURE

FIXED REMUNERATION

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

Fixed 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.

Fixed remuneration of senior executives comprises base remuneration (including any fringe benefits tax charges related to employee benefits) and employer contributions to superannuation funds.

Remuneration levels are reviewed by the Remuneration Committee and are 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 retain appropriately qualified persons to fill the management 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.

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 or individual personal performance expectations have been 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 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.

REMUNERATION STRUCTURE (CONTINUED)

LONG TERM INCENTIVES (CONTINUED)

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.

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.

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 no rights were granted to key management personnel.

DIRECTORS AND KEY MANAGEMENT REMUNERATION

Details of remuneration of each Director of Millennium, including their personally-related entities, for the year ended 31 December 2013 are set out as follows:

		Short Term			Post Employment	Long Term	Equity Compensation	
	Year	Cash salary and fees	Cash bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Value of share options	**Total**
		$	$	$	$	$	$	$
Executive Director								
Mr B Rear (1)	**2013**	**464,090**	**45,100**	**-**	**25,000**	**-**	**-**	**534,190**
		95%			*5%*			
	2012	392,250	-	-	28,817	-	538,953	960,020
		93%			*7%*			

DIRECTORS AND KEY MANAGEMENT REMUNERATION (CONTINUED)

		Short Term			Post Employment	Long Term	Equity Compensation	
	Year	Cash salary and fees	Cash bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Value of share options	**Total**
		$	$	$	$	$	$	$
Non-Executive Directors								
Mr P Rowe	**2013**	**82,474**	**-**	**-**	**7,526**	**-**	**-**	**90,000**
		92%			*8%*			
	2012	75,688	-	-	6,812	-	-	82,500
		91%			*9%*			
Mr R Gillon	**2013**	**60,000**	**-**	**-**	**-**	**-**	**-**	**60,000**
	2012	55,000	-	-	-	-	-	55,000
Mr R Procter	**2013**	**60,000**	**-**	**-**	**-**	**-**	**-**	**60,000**
	2012	55,000	-	-	-	-	-	55,000
Mr J Morton (2)	**2013**	**30,000**	**-**	**-**	**-**	**-**	**-**	**30,000**
	2012		-	-	-	-	-	-
Mr S Durack (3)	**2013**	**30,000**	**-**	**-**	**-**	**-**	**-**	**30,000**
	2012	55,000	-	-	-	-	-	55,000
Key Management Personnel								
Mr R Hill (4)	**2013**	**275,000**	**13,750**		**26,331**			**315,081**
		91%			*9%*			
	2012	226,529			20,387		231,016	477,932
		91%			*9%*			
Mr S Pooley	**2013**	**362,600**			**33,087**			**395,687**
		92%			*8%*			
	2012	347,630	72,883		31,287		320,208	772,008
		91%			*9%*			
Mr P O'Connor (5)	**2013**	**454,262**	**26,705**		**32,820**	**50,689**		**564,476**
		93%			*7%*			
	2012	341,330			30,720		320,208	692,258
		91%			*9%*			

(1) Mr Rear was appointed to the role of Managing Director and Chief Executive Officer on 21 June 2013.

(2) Mr Morton commenced with the Company in the role of Non-Executive Director on 21 June 2013.

(3) Mr Durack resigned from the Company in the role of Non-Executive Director on 30 June 2013.

(4) Mr Hill commenced with the Company in the role of Chief Financial Officer on 9 January 2012.

(5) Mr O'Connor resigned from the Company in the role of General Manager Projects on 31 December 2013.

KEY MANAGEMENT EMPLOYMENT CONTRACTS

The Chief Executive Officer, Brian Rear, is employed under contract. His current employment contract commenced on May 2009 and there is no termination date. Under the terms of the contract:

- Mr Rear may resign from his position and thus terminate this contract by giving 6 months written notice.
- The Company may terminate this employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Rear's remuneration)
- Mr Rear accrues 4 weeks of annual leave entitlements per year and 8 weeks of long service leave entitlements after 5 years, with an entitlement to a pro-rata amount if the employment is terminated after 3 years. Long service leave will accrue at the rate of 1.6 weeks per every year thereafter.

Mr Hill (Chief Financial Officer) is employed under a standard rolling employment contract. His current employment contract commenced on 9 January 2012 and there is no termination date. Under the terms of the contract:

- Mr Hill may resign from his position and thus terminate this contract by giving 4 weeks written notice.
- The Company may terminate this employment agreement by providing 4 weeks written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Hill's remuneration)
- Mr Hill accrues 4 weeks of annual leave entitlements per year and 8.7 weeks of long service leave entitlements after 7 years and 1.24 weeks per every year thereafter.

Mr Pooley (General Manager - Operations) is employed under a standard rolling employment contract. His current employment contract commenced on 1 March 2010 and there is no termination date. Under the terms of the contract:

- Mr Pooley may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company may terminate this employment agreement by providing 3 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Pooley's remuneration)
- Mr Pooley accrues 4 weeks of annual leave entitlements per year and 8 weeks of long service leave entitlements after 5 years, with an entitlement to a pro-rata amount if the employment is terminated after 3 years.

Mr O'Connor (General Manager - Projects) was employed under a standard rolling employment contract. His current employment contract commenced on 18 January 2010 and there is no termination date. Under the terms of the contract:

- Mr O'Connor may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company may terminate this employment agreement by providing 4 weeks written notice or provide payment in lieu of the notice period (based on the fixed component of Mr O'Connor's remuneration)
- Mr O'Connor accrues 4 weeks of annual leave entitlements per year and 3 calendar months of long service leave entitlements after 7 years, with an entitlement to a pro-rata amount if the employment is terminated after 3 years.
- Mr O'Connor resigned from the Company on 31 December 2013.

Mr Dovaston (General Manager – Nullagine Gold Operations) was employed under a standard rolling employment contract. His current employment contract commenced on 29 January 2014 and there is no termination date. Under the terms of the contract:

- Mr Dovaston may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company may terminate this employment agreement by providing 4 weeks written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Dovaston's remuneration)
- Mr Dovaston accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 7 years, with an entitlement to a pro-rata amount if the employment is terminated after 3 years.

NON-EXECUTIVE DIRECTORS

Non-executive directors' fees cover all main board activities and membership of board committees. Non-executive directors do not receive any benefits on retirement other than superannuation. From time to time, non-executive directors may provide consulting services to the Company and in these cases they are paid consulting fees in line with industry rates.

At the date of this report, base fees for the non-executive chairman is $90,000 per annum and $60,000 per annum for the other non-executive directors.

Signed in accordance with a resolution of the Directors.

Brian Rear
Managing Director and Chief Executive Officer
Perth
28 March 2014

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Millennium Minerals Ltd
10 Kings Park Rd
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 2013 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 28th March 2014

Chartered Accountants

MILLENNIUM
MINERALS LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 $'000	31 December 2012 $'000
Revenue from operations	3	103,284	-
Cost of sales	4	(80,789)	-
Gross profit		**22,495**	**-**
Administration expenses	5	(5,366)	(7,500)
Mine site depreciation and amortisation during commissioning	6	-	(4,677)
Exploration expenditure written off		-	(41)
Other income	7	810	1,249
Profit/(loss) before treasury, tax and finance costs		**17,939**	**(10,969)**
Finance costs		(4,015)	(4,213)
Unrealised gain on gold forward contracts		16,171	(1,574)
Profit/(loss) before tax		**30,095**	**(16,756)**
Income tax benefit/(expense)	8	11,594	-
Net profit/(loss) attributable to the members of Millennium Minerals Limited		**41,689**	**(16,756)**
Other comprehensive income/(loss)			
Other comprehensive income		-	-
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income for the year, net of tax		**-**	**-**
Total profit and loss and comprehensive income for the year		**41,689**	**(16,756)**
Earnings per share		**Cents**	**Cents**
Basic earnings per share		0.0154	(0.4485)
Diluted earnings per share		0.0154	-

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 $'000	31 December 2012 $'000
Assets			
Current Assets			
Cash and cash equivalents	9	2,231	2,831
Trade and other receivables	10	1,268	2,556
Inventories	11	16,219	5,806
Other assets	12	6,761	2,857
Other financial assets	13	9,739	202
Total current assets		36,218	14,252
Non-current assets			
Deferred mining costs	14	7,645	3,225
Mineral exploration and evaluation expenditure	15	11,762	13,099
Mine development	16	38,443	37,631
Property, plant and equipment	17	81,579	87,704
Other financial assets	13	4,858	-
Deferred tax asset	8	21,043	-
Total non-current assets		165,330	141,659
Total Assets		**201,548**	**155,911**
Liabilities			
Current liabilities			
Trade and other payables	18	18,104	14,820
Provisions	19	813	392
Borrowings	20	26,394	24,075
Lease liabilities	21	2,789	2,634
Total current liabilities		48,100	41,921
Non-current liabilities			
Provisions	19	4,554	3,869
Borrowings	20	7,423	22,495
Lease liabilities	21	2,871	4,928
Other financial liabilities	13	-	1,777
Deferred tax liabilities	8	9,449	-
Total non-current liabilities		24,297	33,069
Total Liabilities		**72,397**	**74,990**
Net Assets		**129,151**	**80,921**
Equity			
Contributed equity	22	143,940	137,399
Reserves	23	2,081	2,081
Accumulated losses	23	(16,870)	(58,559)
Total Equity		**129,151**	**80,921**

The above statement of financial position should be read in conjunction with the accompanying notes.

MILLENNIUM MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Contributed equity $'000	Accumulated Losses $'000	Share-based payments reserve $'000	Total equity $'000
At 1 January 2013	137,399	(58,559)	2,081	80,921
Comprehensive income				
- Profit for the year, after tax	-	41,689	-	41,689
Total comprehensive income for the year	-	41,689	-	41,689
Transactions with owners				
Contributions of equity, net of transaction costs	6,541	-	-	6,541
At 31 December 2013	**143,940**	**(16,870)**	**2,081**	**129,151**
At 1 January 2012	109,893	(41,803)	2,081	70,171
Comprehensive income				
- Loss for the year	-	(16,756)	-	(16,756)
Total comprehensive income for the year	-	(16,756)	-	(16,756)
Transactions with owners				
Contributions of equity, net of transaction costs	27,506	-	-	27,506
At 31 December 2012	**137,399**	**(58,559)**	**2,081**	**80,921**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 $'000	31 December 2012 $'000
Cash flows from operating activities			
Receipts in the course of operations		103,285	751
Payments in the course of operations		(73,681)	(8,767)
Interest received		63	203
Other receipts		746	-
Net cash provided by/(used in) operating activities	24	30,413	(7,813)
Cash flows from investing activities			
Proceeds from sale of investments		-	812
Payment for security deposits		(1,278)	-
Payments for property plant and equipment		(8,528)	(59,460)
Payments for mineral exploration areas and evaluation		(5,727)	(1,972)
Payments for development of mining properties		(3,574)	(12,719)
Net cash used in investing activities		(19,107)	(73,339)
Cash flows from financing activities			
Proceeds from leases and borrowings		1,705	54,119
Repayment of leases and borrowings		(16,772)	(962)
Interest paid		(3,380)	(3,131)
Gross proceeds from equity raising		6,541	23,194
Net cash (used in)/provided by financing activities		(11,906)	73,220
Net increase/(decrease) in cash and cash equivalents		(600)	(7,932)
Cash and cash equivalents at the beginning of the period		2,831	10,763
Cash and cash equivalents at the end of the period		2,231	2,831

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 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.

Note 2 Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial report is a general purpose financial report of the Company that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The accounting policies have been consistently applied.

All amounts are presented in Australian dollars and the values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The financial statements have been prepared on a historical cost basis, unless otherwise stated

(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) Adoption of New and Revised Standards

(i) Early adoption of accounting standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 January 2013.

(ii) New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2013 affected any of the amounts recognised in the current year or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting years. The Company's assessment of the impact of these new and amended standards and interpretations that may have an impact on the Company is set out below:

AASB 9 Financial Instruments (effective 1 January 2015)
AASB 9 includes requirements for the classification and measurement of financial assets.

There is no material impact for the Company.

AASB 11 Joint Arrangements (effective 1 January 2013)
This standard establishes requirements for financial reporting by entities that have interests in arrangements which are controlled jointly.

There is no material impact for the company.

Note 2 Summary of Significant Accounting Policies (continued)

(c) Adoption of New and Revised Standards (continued)

(ii) New and amended standards adopted by the Company (continued)

AASB 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
This standard sets out the disclosures required for entities that have interests in joint arrangements and associates.

There is no material impact for the company.

AASB 128 Investments in Associates and Joint Ventures (effective 1 January 2013)
This standard sets out the requirements when accounting for investments in associates and joint ventures.

There is no material impact for the company.

AASB 2011-4 Amendments to AASB 1024 KMP Disclosures (effective from 1 January 2014)
This Standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)
These amendments relate to the accounting treatment and disclosures for arrangements that are jointly controlled, associates or consolidated.

There is no material impact for the company.

(d) 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 profit of $41.7 million incorporating a mine level EBITDA of $31.1 million for the 2013 financial year. The statement of financial position displays a net working capital deficiency of $11.9 million as at the reporting date. The Directors believe the going concern basis is appropriate for the following reasons:

- Gold production for the financial year ended 31 December 2014 is forecast to be 76,000 ounces at a C1 cash cost of $975 per ounce and sustaining cash cost of $1,140 per ounce indicating ongoing profitable mining operations; and
- Subsequent to year end, the Company's senior debt providers agreed to extend the previous waiver and subject to final documentation and various conditions, to revise the schedule of principal repayments and the maturity date of the Senior Facility. The revised schedule of principal repayments for 2014 is $13.0 million. The previous repayment profile that was in existence at 31 December 2014 that governed the current versus non-current classification of the liability in the statement of financial position required repayments of $26.4 million for 2014 (note 20). This restructure significantly improves the working capital position of the company.
- Subsequent to year end, the Company has entered into a $7 million subordinated loan agreement with IMC Resources Gold Holdings Pte Ltd and on 21 March 2014 and had drawn down the funds.

Note 2 Summary of Significant Accounting Policies (continued)

(e) 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 reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted and substantively enacted by the reporting date.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Property, Plant and Equipment

Cost and valuation

Items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated 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 life of mine specific plant, equipment and buildings is the shorter of the life of the mine and the useful life of the individual item.

The expected useful life of non-mine specific plant, equipment and buildings is the useful life of the individual item as follows: 5-10 years.

The directors review the carrying amounts, useful lives and depreciation method annually, with the effect of any changes recognised on a prospective basis.

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.

Note 2 Summary of Significant Accounting Policies (continued)

(g) Exploration and Evaluation Expenditure

Exploration and evaluation assets include the costs of acquiring licences, costs associated with exploration and evaluation activity. Exploration and evaluation expenditure is capitalised on an area of interest basis.

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 the reporting 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 to the statement of comprehensive income in full in the period when the new information becomes available.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest the carrying value exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and extraction activities has commenced, exploration and evaluation assets attributable to the area of interest are reclassified to mine development.

(h) Mine Development Costs

Mine development represents expenditure in respect of exploration, evaluation, feasibility and pre-production operating costs incurred previously and carried forward in relation to areas of interest in which mining has now commenced. Mine development is stated at cost, less accumulated amortisation and accumulated impairment losses.

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

Accumulated mine development costs are 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.

Note 2 Summary of Significant Accounting Policies (continued)

(i) 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.

(j) 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.

(k) 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 statement of comprehensive income net of any transaction costs.

(l) Inventories

Finished goods, gold concentrate, gold in circuit and stockpiles of unprocessed ore are 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 and production overheads 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
- Amortisation of capitalised mine development for the area of interest from which the ore is extracted.

Net realisable value tests are performed at each reporting date. Net realisable value is determined with reference to the estimated selling price in the ordinary course of business, less estimated costs to completion and costs of selling the final product.

Consumables are valued at the lower of cost and net realisable value.

Note 2 Summary of Significant Accounting Policies (continued)

(m) 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.

(n) 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.

(o) 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.

Note 2 Summary of Significant Accounting Policies (continued)

(p) 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. Because of their short term nature, trade payables and other creditors are not discounted.

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.

(q) 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 usually due for settlement within 30 days from the end of the month in which services were provided.

(r) 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.

(s) Borrowing Costs

Borrowing costs are expensed as finance costs when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(t) Interest Bearing Loans and Borrowings

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

Note 2 Summary of Significant Accounting Policies (continued)

(u) 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.

(v) 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 which provide benefits to Directors, senior executives, employees and consultants:

- Tax Exempt Share Plan
- The Performance Rights Plan

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 28).

Note 2 Summary of Significant Accounting Policies (continued)

(w) Employee Entitlements

(i) Wages, salaries and annual Leave

Liabilities for wages and salaries, and annual leave are recognised as employee benefits in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits on-costs

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

(iii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to a reporting date.

(x) Impairment of Assets

At each reporting date, the Company assesses whether there is an indication than an asset is impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to 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). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(y) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise listed options and all unlisted share options granted but not necessarily exercised.

(z) Critical Accounting Estimates and Judgements

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Note 2 Summary of Significant Accounting Policies (continued)

(z) Critical Accounting Estimates and Judgements (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(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:

Determination of Mineral Resources and Ore Reserves

The determination of mineral resources and ore reserves impacts the accounting for asset carrying values. Millennium Minerals Ltd estimates its minerals resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012). The information on Minerals Resources and Ore Reserves was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the Mineral Resources and Ore Reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating Minerals Resources and Ore Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based in forecast cash flows from operations and the application of existing tax laws in Australia.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in Australia could limit the ability of the Group to obtain tax deductions in future periods.

Capitalisation of exploration and evaluation expenditure

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.

Note 2 Summary of Significant Accounting Policies (continued)

(z) Critical Accounting Estimates and Judgements (continued)

(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:

Impairment of capitalised exploration, evaluation and development expenditure

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 2013, the carrying value of exploration expenditure of the Company was $11.762m (2012: $13.099m).

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 Company assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy stated in note 2(p). 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.

Note 2 Summary of Significant Accounting Policies (continued)

(z) Critical Accounting Estimates and Judgements (continued)

(ii) Significant Accounting Estimates and Assumptions (continued)

Fair valuations of derivative financial instruments

The Company assesses the fair value of its forward gold sale agreements in accordance with the accounting policy note stated in note 2(k). Fair values have been determined based on well-established valuation models and market conditions existing at the reporting 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.

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.

Note 3 Revenue

	31 December 2013 $'000	31 December 2012 $'000
Gold sales	92,485	-
Silver sales	264	-
Realised gain on gold forward contracts	10,535	-
	103,284	-

Note 4 Cost of sales

Mining expenses	30,106	-
Processing expenses	31,799	-
Site administration expenses	7,437	-
Royalties	2,892	-
Changes in inventories	(9,775)	-
Deferred mining costs	(4,420)	-
Depreciation and amortisation	22,177	-
Net realisable value adjustment to inventory	573	
	80,789	-

Note 5 Administrative expenses

Corporate expenses	4,312	3,549
Diminution of investments	-	150
Assets written off	-	82
Investors relations	592	291
Statutory compliance	197	154
Share-based payments	-	3,026
Directors' fees	265	248
	5,366	**7,500**

Note 6 Mine site depreciation and amortisation during commissioning

Changes in inventories	-	(1,110)
Depreciation and amortisation	-	5,787
	-	**4,677**

Note 7 Other income

Interest received	63	203
Rental & others	4	347
Research and development tax incentive refund	743	699
	810	**1,249**

Note 8 Income Tax Expense

(a) Major components of the income tax expense are:

	Current period $'000	Prior period adjustment $'000	Closing balance $'000
Deferred tax assets comprise temporary differences attributable to the following items:			
Provisions and accruals	357	1,272	1,629
Inventory	172	-	172
Property plant & equipment	1,233	-	1,233
Borrowing costs	(254)	1,122	868
Blackhole expenditure	(239)	712	473
Prior period tax losses	(9,789)	26,457	16,668
Total deferred tax asset	(8,520)	29,563	21,043
Deferred tax liabilities comprise temporary differences attributable to the following items:			
Prepayments	(60)	-	(60)
Exploration asset	(922)	(2,606)	(3,528)
Mine development asset	719	(5,411)	(4,692)
Mine rehabilitation asset	(25)	(1,144)	(1,169)
Total deferred tax liabilities	(288)	(9,161)	(9,449)
TOTAL	(8,808)	20,402	11,594

(b) Reconciliation of income tax expense to prima facie tax payable

	31 December 2013 $'000	31 December 2012 $'000
Profit/(Loss) before income tax	30,095	(16,756)
Prima facie tax on operating profit/(loss)	9,029	(5,027)
Tax effect of permanent and timing differences		
Non-deductible expenses	3	912
Income tax benefit	(224)	4,115
Current year income tax expense	8,808	-
Prior period adjustment	(20,402)	-
Income tax credit attributable to OperatingProfit/(Loss)	(11,594)	-

(c) Carried forward tax losses

The total carried forward tax losses available as at 30 June 2012 was $71.4 million

Estimated taxable income for the 2013 tax year is $2.87 million, which would reduce the available carried forward tax losses to $68.5 million

Note that the accounting year end is not aligned to the tax year end.

Note 9 Cash and cash equivalents

	31 December 2013 $'000	31 December 2012 $'000
Cash at bank and on hand	**2,231**	**2,831**

Note 10 Trade and other receivables

Gold bullion awaiting settlement	-	1,540
Sundry debtors	1	-
GST refundable	900	726
Diesel fuel rebate	367	290
	1,268	**2,556**

Note 11 Inventories

Consumables	2,018	824
Ore stockpile at cost	8,687	580
Gold in circuit at fair value	1,885	1,615
Bullion on hand at fair value	3,629	2,787
	16,219	**5,806**

Note 12 Other assets

Secured deposits*	2,924	1,590
Refundable deposits	2	57
Prepaid royalties	2,382	-
Prepayments	1,453	1,210
	6,761	**2,857**

*Secured deposits are unconditional performance bonds held by the Department of Mines in respect of exploration licences and mining leases.

Note 13 Other financial assets

Financial assets		
- derivative instruments current	9,739	202
- derivative instruments non-current	4,858	-
	14,597	**202**
Financial liabilities		
- derivative instruments non-current	-	(1,777)
	-	**(1,777)**

At 31 December 2013, the Company had gold forward contracts amounting to 62,100 ounces with an average price of $1,627 per ounce.

Note 14 Deferred mining costs

	31 December 2013 $'000	31 December 2012 $'000
Deferred mining costs	**7,645**	**3,225**

These costs represent mining expenses, deferred in accordance with the accounting policies disclosed in 2(i).

Note 15 Mineral exploration and evaluation expenditure

Geological, geophysical, drilling and other costs for exploration and purchased mine properties - at cost	**11,762**	**13,099**
The costs carried forward above have been determined as follows:		
Opening balance	13,099	29,470
Costs incurred during the year	5,319	2,554
Share of Camel Creek JV exploration costs*	407	391
Transfer to capitalised mining costs	(7,063)	(19,275)
Costs written off during the year	-	(41)
	11,762	**13,099**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. The directors have assessed the carrying amount of the asset for impairment as at balance date as required by AASB 6, and concluded that the asset is not impaired, and that the carrying amount does not exceed the recoverable amount.

* These tenements are owned by Northwest Resources Limited and $15,700 was expended on these tenements in 2013.

Note 16 Mine development

Opening balance	37,631	2,982
Addition to rehabilitation assets	429	3,850
Expenditure during the year	3,574	12,719
Reclassifications / transfers	7,063	19,275
Recognition of prepaid royalties	(2,824)	-
Amortisation charge for the year	(7,430)	(1,195)
	38,443	**37,631**

Note 17 Property plant and equipment

2013	Plant and equipment $'000	Motor vehicles $'000	Land and buildings $'000	Critical spares $'000	Infrastructure $'000	Capital works in progress $'000	Leased assets $'000	Total $'000
At cost	59,970	1,201	17,411	1,863	18,276	904	1,337	100,962
Accumulated depreciation	(11,945)	(246)	(3,199)	(359)	(2,965)	-	(669)	(19,383)
Closing carrying amount	48,025	955	14,212	1,504	15,311	904	668	81,579
Reconciliation of carrying amounts								
Opening carrying amount	56,510	1,105	15,128	1,773	8,602	3,480	1,106	87,704
Additions	132	-	-	-	-	8,396	-	8,528
Transfer / reclassification	195	-	1,539	-	9,238	(10,972)	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	(8,812)	(150)	(2,455)	(269)	(2,529)	-	(438)	(14,653)
Closing carrying amount	48,025	955	14,212	1,504	15,311	904	668	81,579
2012								
At cost	59,643	1,200	15,872	1,863	9,038	3,480	1,337	92,433
Accumulated depreciation	(3,133)	(95)	(744)	(90)	(436)	-	(231)	(4,729)
Closing carrying amount	56,510	1,105	15,128	1,773	8,602	3,480	1,106	87,704
Reconciliation of carrying amounts								
Opening carrying amount	378	127	424	-	-	-	-	929
Additions	42,689	1,072	7,317	687	6,117	28,551	1,337	87,770
Transfer / reclassification	16,421	-	8,131	1,176	2,921	(25,071)	-	3,578
Depreciation expense	(2,978)	(94)	(744)	(90)	(436)	-	(231)	(4,573)
Closing carrying amount	56,510	1,105	15,128	1,773	8,602	3,480	1,106	87,704

Note 18 Trade and other payables

	31 December 2013 $'000	31 December 2012 $'000
Trade payables	10,778	8,642
Royalties payable	482	497
Insurance premium funding	1,185	1,032
Employee entitlements	764	502
Accruals	4,626	4,026
Other payables	269	121
	18,104	**14,820**

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

Note 19 Provisions

Current		
Employee benefits	**813**	**392**
Non-current		
Employee benefits	160	-
Rehabilitation	4,394	3,869
	4,554	**3,869**

Employee benefits

Movements in provisions		
Balance at beginning of year	392	94
Additional provisions	581	298
Balance at end of year	**973**	**392**

Mine rehabilitation

Movements in provisions		
Balance at beginning of year	3,869	-
Unwinding of discount	94	19
Additional provisions	431	3,850
Balance at end of year	**4,394**	**3,869**

Note 20 Borrowings

Current		
Syndicated loan facilities (i)	**26,394**	**24,075**
Non-current		
Syndicated loan facilities	4,600	20,925
Syndicated bond facility	2,823	1,570
	7,423	**22,495**

(i) As at 31 December 2013, the Company had repaid $14 million which represents approximately 31% of the principal amount of the syndicated loan facilities.

Subsequent to year end, the Company's senior debt providers agreed, an extension to the previous waiver and subject to final documentation and various conditions, to revise the schedule of principal repayments and the maturity date of the syndicated loan facilities. The revised schedule of principal repayments for 2014 is $13.0 million. The previous repayment profile that governed the current versus non-current classification of the liability within the statement of financial position as disclosed above required repayments of $26.4 million for 2014.

The revised loan repayment schedule requires full repayment by June 2016. The loan attracts a variable interest rate.

Note 21 Lease liabilities

	31 December 2013 $'000	31 December 2012 $'000
Hire purchase liabilities	389	381
Finance lease liabilities	2,400	2,253
	2,789	**2,634**
Non-current		
Hire purchase liabilities	187	571
Finance lease liabilities	2,684	4,357
	2,871	**4,928**

Note 22 Contributed equity

(a) Contributed equity

Contributed equity	**143,940**	**137,399**

These are ordinary shares issued and fully paid.

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.

	No. of shares '000s	$'000
Movement in ordinary shares on issue		
At 1 January 2012	2,999,835	109,893
Issued on exercise of listed options	4,192	126
Issued on placement in March 2012	876,370	16,651
Issued on placement in November 2012	300,000	8,100
Issued as consideration under a Joint Venture Agreement with Northwest Resources Limited	52,532	1,051
Issue as consideration under tenement purchase agreement with Wakeford Holdings Pty Ltd	10,638	202
Issued under the shareholder approved Tax Exempt Share Plan	1,765	33
Issued under conversion of Performance Rights	100,872	3,026
Transaction costs		(1,683)
At 31 December 2012	4,346,204	137,399
Issued on exercise of listed options	26,578	796
Reduction due to share consolidation	(4,174,017)	-
Non-renounceable Rights Issue @ $0.32	18,930	6,058
Transaction costs		(313)
At 31 December 2013	217,695	143,940

Note 22 Contributed equity (continued)

(a) Contributed equity (continued)

Share consolidation

Millennium Minerals Limited completed its one for twenty two share consolidation in August 2013 following approval by shareholders in July 2013. The share consolidation involved the conversion of every twenty two fully paid ordinary shares on issue into one fully paid ordinary share. Where the share consolidation resulted in a shareholder having a fractional entitlement to a share, the entitlement was rounded up to the next whole number of shares. Upon the completion of the share consolidation in August 2013, the number of Millennium Minerals Limited shares on issue reduced from 4,372,781,946 shares to 198,765,340 shares as at the date.

Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure that is appropriate for the Company's current and/or projected financial position.

(b) Options on issue

	No. of options	
	31 December 2013 '000s	31 December 2012 '000s
Listed options		
At beginning of year	1,563,219	1,567,411
Exercised during year	-	(4,192)
Expired during year	(1,563,219)	
At end of year	**-**	**1,563,219**
Unlisted options		
At beginning of year	25,000	25,000
Reduction due to share consolidation	(23,864)	-
At end of year	**1,136**	**25,000**

Note 23 Reserves and accumulated losses

	31 December 2013 $'000	31 December 2012 $'000
(a) Reserves		
Share-based payment reserve	**2,081**	**2,081**
(b) Accumulated losses		
Movements in accumulated losses are as follows:		
Balance at beginning of year	(58,559)	(41,803)
Net profit/(loss) for the year	41,689	(16,756)
Balance at end of year	**(16,870)**	**(58,559)**

Note 24 Reconciliation of profit after tax to net cash flows from operating activities

	31 December 2013 $'000	31 December 2012 $'000
Profit/(loss) after tax	41,689	(16,756)
Exploration written off	-	41
Income tax benefit	(11,594)	-
Depreciation and Amortisation	22,177	4,677
Share-based payment expense	-	3,026
Gain on sale of investment	-	(341)
Finance costs	4,015	4,213
Diminution of investments	-	150
Changes in deferred mining costs	(4,420)	-
NPV adjustment	573	-
Gain on forward contracts	(16,171)	-
Changes in assets and liabilities		
Trade and other receivables	1,288	(1,898)
Inventories	(9,775)	(5,806)
Other assets	(1,522)	(1,422)
Trade and other payables	3,572	6,005
Provision for employee benefits	581	298
Net cash inflows/(outflows) from operating activities	**30,413**	**(7,813)**

Note 25 Commitments

(a) Exploration expenditure commitments

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Expenditure commi8tments on mineral tenure by selective relinquishment of exploration tneure or by renegotiation of expenditure commitments.

The minimum level of exploration commitments:

- due within one year	2,571	1,520
- due between one and five years	9,949	5,838
- due later than five years	31,144	17,436
	43,664	**24,794**

(b) Finance leases commitments

Lease expenditure contracted and provided for:

- due within one year	2,789	2,634
- due between one and five years	2,871	4,928
	5,660	**7,562**

Note 25 Commitments (continued)

	31 December 2013 $'000	31 December 2012 $'000
(c) Operating leases commitments		
Lease expenditure contracted and provided for:		
- due within one year	221	175
- due between one and five years	80	-
	301	**175**

(d) Contractual commitments

On 31 October 2011, the Company entered into an agreement with Pacific Energy (KPS) Pty Ltd for the supply of electricity to the Nullagine Gold Project. The terms of this agreement commit the Company to purchasing a minimum amount of electricity per month for a 5 year period commencing 1 July 2012. The Company has the ability to terminate at any time by providing 21 days notice subject to paying a break fee. As at 31 December 2013, the break fee was $4.4 million (31 December 2012: $4.5 million).

Note 26 Remuneration of auditors

	31 December 2013 $'000	31 December 2012 $'000
Amounts received, due and receivable by Rothsays Chartered Accountants for:		
- Auditing services	60	50
- Other services	-	-
	60	**50**

Note 27 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 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.

Note 27 Financial instruments and risk management (continued)

(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:

2013	Weighted Average Effective Interest %	Floating interest $'000	Fixed interest $'000	Maturing 1 - 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets						
Cash at bank	1.87%	2,231	-	-	-	2,231
Security deposits	3.35%	2,926	-	-	-	2,926
Total financial assets		**5,157**	**-**	**-**	**-**	**5,157**
Financial liabilities						
Payables			1,936	-	16,168	18,104
Hire purchase liabilities			576	-	-	576
Finance lease liabilities			5,084	-	-	5,084
Borrowings		33,817	-	-	-	33,817
Total financial liabilities		**33,817**	**7,596**	**-**	**16,168**	**57,581**
Net financial liabilities		**(28,660)**	**(7,596)**	**-**	**(16,168)**	**(52,424)**
2012						
Financial assets						
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	-	13,173	14,825
Hire purchase liabilities		-	952	-	-	952
Finance lease liabilities		-	6,610	-	-	6,610
Borrowings		46,570	-	-	-	46,570
Total financial liabilities		**46,570**	**9,214**	**-**	**13,173**	**68,957**
Net financial liabilities		**(42,092)**	**(9,214)**	**-**	**(13,173)**	**(64,479)**

Note 27 Financial instruments and risk management (continued)

(a) Interest rate risk (continued)

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 2013 $'000	Carrying Amount 31 December 2012 $'000
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets	5,157	4,478

Fair value sensitivity analysis for fixed rate instruments

There were 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 in 2012.

	Profit or Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
Financial Assets				
31 December 2013	52	(52)	52	(52)
31 December 2012	45	(45)	45	(45)

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date, to recognised fixed 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, commited credit facilities and access to capital markets. It is the policy of the Board to ensure that the Company is able to meets 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 Lisitng Rules.

Note 27 Financial instruments and risk management (continued)

(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 fnancial statements.

(e) Financial risk management

	31 December 2013 $'000	31 December 2012 $'000
Financial assets		
- derivative instruments current	9,739	202
- derivative instruments non-current	4,858	-
	14,597	202
Financial liabilities		
- derivative instruments non-current	-	1777

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

(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 has entered into AUD 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.

2013	Volume ounces	Price $	Value of committed sales $'000
Not later than one year	50,008	1,574	78,727
Later than one year and not later than five	22,050	1,637	36,102
	72,058	1,594	114,829
2012			
Not later than one year	32,000	1,646	52,679
Later than one year and not later than five	62,100	1,687	104,733
	94,100	1,673	157,412

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

Note 27 Financial instruments and risk management (continued)

(f) Commodity price risk (continued)

Sensitivity analysis for commodities

The following table illustrates sensitivities of the Company's exposures to commodity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit or Loss		Equity	
	$'000	$'000	$'000	$'000
	Increase	Decrease	Increase	Decrease
31 December 2013				
+/- $200 per ounce Gold	2,954	(2,954)	2,954	(2,954)
31 December 2012				
+/- $200 per ounce Gold	1900	(1,900)	1900	(1,900)

Note 28 Earnings per share

	31 December 2013 $ per share	31 December 2012 $ per share
Basic earnings (loss) per share	0.0154	(0.4485)
Weighted Average number of ordinary shares outstanding during the year calculation of basic earnings (loss) per share	2,714,816,426	3,736,328,626

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

Note 29 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.

Note 30 Key management personnel

(a) Names of Directors and key management personnel

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

Directors

P Rowe	Chairman
B Rear	Managing Director and Chief Executive Officer (appointed as Managing Director on 21 June 2013)
R Gillon	Non-executive Director
R Procter	Non-executive Director
J Morton	Non-executive Director (appointed on 21 June 2013)
S Durack	Non-executive Director (retired on 30 June 2013)

Key management personnel

R Hill	Chief Financial Officer
S Pooley	General Manager - Operations
G Dovaston	General Manager - Projects (appointed on 29 January 2014)
P O'Connor	General Manager – Projects (retired on 31 December 2013)

(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 Remuneration Report section of the Directors' Report.

(c) Key management personnel 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 Remuneration Report section of the Directors' Report.

(d) Director's interest

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 Remuneration Report section of the Directors' Report.

(e) Other transactions with specific 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 $14,286 (2012: $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.

Note 31 Events subsequent to balance date

On 19 March 2014 the Company announced that a $7 million subordinated working capital facility (Facility) had been agreed with major shareholder, the IMC Group (IMC). The Facility is subordinated to the Senior Facility Agreement (the “Senior Facility”) that Millennium currently has with BNP Paribas and National Australia Bank and to the Finance Lease facility provided by National Australia Bank. The Facility is unsecured and attracts fees and an interest rate typical for a facility of this nature. In consideration of the provision of the Facility, Millennium will issue 10 million three year options to IMC. The exercise price will be the lower of the ten day VWAP following the release by Millennium of the updated Life of Mine (LOM) metrics and 2014 guidance and the price of any substantial capital raising undertaken by Millennium in the future. The maturity date of the Facility is 30 days following the repayment in full of the Senior Facility unless repaid earlier as a result of a refinancing.

Subsequent to year end, the Company’s senior debt providers agreed to extend the previous waiver and subject to final documentation and various conditions, to revise the schedule of principal repayments and the maturity date of the Senior Facility. The revised schedule of principal repayments for 2014 is $13.0 million. The previous repayment profile that was in existence at 31 December 2014 that governed the current versus non-current classification of the liability in the statement of financial position required repayments of $26.4 million for 2014 (note 20). This restructure significantly improves the working capital position of the company.

DIRECTORS DECLARATION

In accordance with a resolution of the Directors of Millennium Minerals Limited, we state that:

1. In the opinion of the Directors:

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

      (i) giving a true and fair view of the financial position as at 31 December 2013 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 Australian 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 Report set out within the Directors' Report complies with Accounting Standard AASB 124 Related Party Disclosures and Corporations Regulations 2001.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 31 December 2013.

On behalf of the Board

Peter Rowe	Brian Rear
Chairman	Managing Director and Chief Executive Officer
Perth	Perth
28 March 2014	28 March 2014

ROTHSAY

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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 2013 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 2013 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 paragraph (d) in the financial report which indicates the basis for preparing the accounts on a going concern basis. We note the company had a net working capital deficiency of $11.9 million at 31 December 2013. In the event the company is unable to complete the matters described in Note 2 (d) there is a material uncertainty as to whether the company could continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in the Directors' report for the year ended 31 December 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham Swan
Partner

Dated 28th March 2014

Chartered Accountants

Tenement	Project	Registered Holder	Millennium Beneficial Interest
ALL NATIONS	M46/98	**MILLENNIUM MINERALS LIMITED	100%
	M46/199	**MILLENNIUM MINERALS LIMITED	100%
	M46/225	**MILLENNIUM MINERALS LIMITED	100%
BARTONS	G46/2	LIVESTOCK MARKETING	* 75.00%
	M46/3	LIVESTOCK MARKETING	* 75.00%
	M46/164	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%
	M46/263	MILLENNIUM MINERALS LIMITED	100%
CADJEBUT	M46/432	MILLENNIUM MINERALS LIMITED	100%
DAVIS RIVER	L46/41	MILLENNIUM MINERALS LIMITED	100%
EASTERN CREEK	M46/56	TAYLOR, DAVID JOHN	100%
	M46/245	TAYLOR, DAVID JOHN	100%
FEDERATION	M46/64	MILLENNIUM MINERALS LIMITED	100%
FIVE MILE	M46/50	SIMBA HOLDINGS PTY LTD	* 75%
	M46/261	MILLENNIUM MINERALS LIMITED	100%
	M46/262	MILLENNIUM MINERALS LIMITED	100%
	M46/264	MILLENNIUM MINERALS LIMITED	100%
	M46/265	MILLENNIUM MINERALS LIMITED	100%
	M46/266	MILLENNIUM MINERALS LIMITED	100%
	M46/445	MILLENNIUM MINERALS LIMITED	100%
	M46/446	MILLENNIUM MINERALS LIMITED	100%
	P46/1123	MILLENNIUM MINERALS LIMITED	50%
	L46/33	MILLENNIUM MINERALS LIMITED	100%
GOLDEN EAGLE	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%
	L46/45	MILLENNIUM MINERALS LIMITED	100%

Tenement	Project	Registered Holder	Millennium Beneficial Interest
GOLDEN GATE	M46/47	SIMBA HOLDINGS PTY LTD	* 75%
	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%
	P46/1757	MILLENNIUM MINERALS LIMITED	100%
	P46/1758	MILLENNIUM MINERALS LIMITED	100%
	P46/1804	MILLENNIUM MINERALS LIMITED	100%
	L46/98	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%
	M46/448	LIVESTOCK MARKETING	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%
NULLAGINE	M46/138	MILLENNIUM MINERALS LIMITED	100%
	M46/170	MILLENNIUM MINERALS LIMITED	100%
	P46/1604	MILLENNIUM MINERALS LIMITED	100%
	P46/1605	MILLENNIUM MINERALS LIMITED	100%
	P46/1707	MILLENNIUM MINERALS LIMITED	100%
	L46/88	MILLENNIUM MINERALS LIMITED	100%
	L46/89	MILLENNIUM MINERALS LIMITED	100%
	L46/90	MILLENNIUM MINERALS LIMITED	100%
	L46/91	MILLENNIUM MINERALS LIMITED	100%
	L46/92	MILLENNIUM MINERALS LIMITED	100%

Tenement	Project	Registered Holder	Millennium Beneficial Interest
TWENTY MILE SAN	**M46/433**	MILLENNIUM MINERALS LIMITED	100%
	M46/434	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

*** Under the Farm-In agreement Novo may earn a 70% interest in the Beatons Creek tenements by delivering a bankable Feasibility Study on the property within 5 years of commencement of the Agreement which was executed in August 2011. As Novo has yet to earn an interest in the Beatons Creek tenements, the Company accounts for 100% of the Beatons Creek tenements

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 11th March 2014

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 INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <RVGAF2 A/C>	44,374,951	20.38
CITICORP NOMINEES PTY LIMITED	24,524,070	11.27
J P MORGAN NOMINEES AUSTRALIA LIMITED	14,380,904	6.61
IMC RESOURCES LTD	14,075,424	6.47
PERSHING AUSTRALIA NOMINEES PTY LTD <PETRA ACCOUNT>	12,515,020	5.75

Class of Shares and Voting Rights

As at 11th of March 2014 there were 5,028 holders of 217,695,372 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	1,792
1,001 - 5,000	1,570
5,001 - 10,000	528
10,001 - 100,000	986
100,001 and over	152
	5,028

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>	44,374,951	20.384
2	CITICORP NOMINEES PTY LIMITED	24,524,070	11.265
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	14,380,904	6.606
4	IMC RESOURCES LTD	14,075,424	6.466
5	PERSHING AUSTRALIA NOMINEES PTY LTD	12,515,020	5.749
6	FOCUS ASSET MANAGEMENT PTY LTD <KEY GRAND SUPER FUND A/C>	6,623,685	3.043
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,249,806	2.871
8	DOG MEAT PTY LTD <DM A/C>	3,800,000	1.746
9	OAKAJEE CORPORATION LTD C/- GDA CORPORATE	3,484,850	1.601
10	YANDAL INVESTMENTS PTY LTD	2,454,546	1.128
11	EQUITAS NOMINEES PTY LIMITED <2952441 A/C>	2,399,626	1.102
12	GLENEAGLE SECURITIES NOMINEES PTY LIMITED	2,000,000	0.919
13	PATICOA NOMINEES PTY LTD	1,806,870	0.83
14	NEFCO NOMINEES PTY LTD	1,702,555	0.782
15	MS ELIZA SIMPSON CLAPIN	1,400,863	0.643
16	CHEMCO SUPERANNUATION FUND PTY LTD	995,672	0.457
17	MR SHANE TEOH	988,637	0.454
18	MR MICHAEL WILLIAM RIDLEY	983,951	0.452
19	JMTL INVESTMENTS PTY LTD <JMTL SUPER FUND A/C>	977,273	0.449
20	TIERRA DE SUENOS SA	968,182	0.445
		146,706,885	67.392

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	1,136,000	2	-	-