MILLENNIUM
MINERALS LIMITED
ABN 85 003 257 556

CHAIRMAN'S ADDRESS

Good morning, ladies and gentlemen

My name is Richard Procter and I am the Chairman of your Company. On behalf of the Board of Directors, I warmly welcome you to the 2014 Millennium Annual General Meeting. To start, I introduce my fellow directors: Peter Rowe, Brian Rear our Managing Director, John Morton, Ross Gillon, Greg Bittar and Pierre Malherbe our Company Secretary. As you know, Peter is retiring from the board today and on behalf of my board colleagues, and the management team, I thank Peter for his service to the company these past 5 years and Peter you retire with our very best wishes for the future.

The first important area to address is health, safety and community. The Company has done well in this area, with only 2 lost time injuries since commencing work on site in 2011, and to date we have accumulated 196 days free of a lost time injury. Your Company has also been active within the community - through sponsorship of education initiatives and employment and business opportunities. Millennium has boosted the emergency services capability regionally - through upgrade of the Nullagine airstrip, full integration within the regional emergency services infrastructure, a fully equipped emergency response unit, and trained fire and rescue personnel.

Turning to the operation - mining and processing tracked to plan up until August / September last year when, as we encountered the fresh ore horizon within the stage 1 pit at Golden Eagle, we began experiencing challenging mining

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conditions. This material led to below plan grade of ore being delivered to the mill, primarily due to the complexity of the ore zone which adversely affected dilution. Model reconciliation is also a critical area we are expending a great deal of effort on at present. Some of these issues have largely been overcome with better definition of the different zones within the fresh ore blocks, providing a better planning base when mining and treating this material. The ore zone complexity experienced in stage 1 is currently not expected in the stage 2 and 3 pits. Other operational factors also contributing to the unacceptable performance apart from the lower grade, were limited water supply and delays with permitting for the preparatory work to begin at the higher grade Golden Gate deposits. I am pleased to report good progress has been made in resolving these matters, and we are well placed looking to the future. Some changes have also been made to the site organisational structure, which has lifted both technical and operational capability of the mine team and further changes will be made.

On the cost side, C1 operating costs were $910/oz and the all-in sustaining cost $1,071/oz which was on guidance. Capital expenditure amounted to $17.8 million mainly representing investment in infrastructure and exploration. Project development activities did continue into 2013, notably completion of the stage 1 tailings storage facility, construction of the haul road to the Golden Gate deposits' site, and the preparation of these 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. Considerable optimisation work in and around the mill was also carried out during the year, which has delivered material benefits to plant utilisation and running time, and given us more flexibility within the mining and processing operations - the benefits demonstrated in the recent March quarter production results.

Unfortunately, during the year we did need to limit exploration expenditure. Nonetheless, 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, a number of new exploration prospects were advanced that show historical gold intersections and other useful indicators of prospectivity. This work may materially extend the pipeline of targets to be addressed in future years. However, the focus this year is on Ore Reserve development, and continuing exploration along strike and at depth to exploit extensions in and around our existing deposits.

Financially, we reported an audited maiden after tax profit of $41.7 million for this our first year of commercial production. At the mine operating level, the gross profit was $22.5 million – and mine level EBITDA was $31.1 million. The average net income margin at mine level was $667 per ounce, whilst after all-in sustaining costs, the income margin was $293/oz. At 31 December 2013 the Company had repaid approximately 32% ($16.8 million) of the outstanding principal on the Senior project finance and equipment lease facilities. The remaining $31 million of the Senior project facility is to be repaid over the period 2014 to 2016.

After we consolidated the Company's shares during the year, we undertook a non-renounceable Rights Issue raising approximately $6 million. More recently, and to further bolster the balance sheet, the Company entered into a subordinated debt (working capital) facility with its major shareholder, the IMC Group. This facility provided the Company time to reach agreement with its senior lenders to re-structure its principal debt repayment schedule. The amended schedule now extends out to June 2016 – and better aligns with the mine's current gold production profile. As part of the restructure, further price protection hedging was put in place, now representing 116,500 ounces at an average sell price of $1513 per ounce.

In addressing the gold market environment, the Board makes no prediction about the future gold price. Rather, we manage the business so that in gold price terms, the Company's cash flow downside is protected, whilst positioning ourselves to participate in the revenue upside when the gold price does increase. To this end, your Company is in a better position to meet the challenges it may face, as we have greater operational flexibility, due to an improved understanding of the mine's performance characteristics. That said, we have underperformed as a company which is reflected in our share price - notwithstanding this performance relative to the gold mining industry in particular, and negative sentiment towards the resources industry generally. Despite this, we have made good progress, and continue to focus on having the mine produce at a rate of gold output, and at a cost, that maximises the cash flow margin. In achieving this, we expect the result to be reflected in a much improved share price.

Our board, management and the Company's share ownership is now structured and positioned so we can concentrate our attention on growth opportunities and thereby deliver the increase in Company value that shareholders expect.

In closing, I would like to sincerely thank the board, management team and employees, contractors and advisors for their dedication and support over the last year. Finally, on behalf of my fellow directors, I take this opportunity to thank shareholders for their support during the past 12 months. This includes the IMC Group, which has continued to strongly support the Company in its endeavours.
For those here today, we welcome the opportunity to take your questions either during Brian Rear's presentation following formal proceedings, or at the conclusion of the meeting.

Richard Procter
Chairman
Perth
28 April 2014