



MILLENNIUM

MINERALS LIMITED

ABN 85 003 257 556

16 December 2014

Manager Company Announcements
Company Announcements Office
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Golden Eagle Deposit – Mining Inventory

As mining operations have advanced into the fresh ore zones within the Golden Eagle deposit, the Company has experienced several problems from parts of the fresh ore zones, namely: reconciliation issues, lower grades and variable metallurgical recovery. Although the feasibility study work on these fresh ore zones indicated lower recovery and harder ore, and those factors were taken account of in mine planning, actual results have been more erratic and in some areas even lower than planned grades and recoveries have been achieved. To this end, reconciliation between resource models and grade control has been outside acceptable tolerances and although considerable investigation, by both internal personnel and external consultants, has been undertaken, the issues have not been completely resolved and work continues in this area.

Notwithstanding, the Project's ability to source mill feed from its multiple deposits has so far avoided any impact on gold production. However, the higher than planned operating cost being experienced is a result of the higher strip ratio being encountered to achieve this production.

Understanding the metallurgical processing requirements for all the fresh ore zones within the Golden Eagle deposit is critical, not only to be able to fully exploit the current mining inventory, but also the deposit at depth which is not closed out. Conceptual flow sheet testing, at laboratory scale, is in progress.

Future Planning

Mine planning from calendar 2015 onwards will see operations commence at the central deposits such as Bartons and for the foreseeable future those deposits will progressively replace Golden Eagle material as the primary source of mill feed in the medium term. This will allow the mine to defer mining of the refractory ore encountered in areas of Golden Eagle until assessment of the flow sheet work is completed.

The outcome on the processing flow sheet options for the future treatment of the Golden Eagle fresh material at depth is uncertain at this time. When the test work is completed the possible options will be assessed and reported on. However, until an

For personal use only

appropriate viable processing option for this material can be fully assessed, the materiality of this refractory material's impact on the Company's mining inventory is not known. The Company's next Ore Reserve update is expected by the end of the first calendar quarter in 2015.

About Millennium Minerals

Millennium Minerals Limited operates the Nullagine Gold Project, located in the East Pilbara Region of Western Australia. The Project comprises 7 deposits on granted mining leases. The largest deposit, Golden Eagle, is located approximately 10 km south of the township of Nullagine. The 1.5 Mtpa CIL process plant was commissioned at the end of 2012 and first gold was poured in September 2012.

For further information:

Millennium Minerals

Brian Rear, Chief Executive Officer

E: brian.rear@mmltd.com.au

W: (08) 92169011

Fowlstone Communications

Geoff Fowlstone

E: geoff@fowlstone.com.au

M: 0413 746 949

For personal use only