

MILLENNIUM MINERALS LIMITED ACN 003 257 556

NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at the Celtic Club, 48 Ord Street, West Perth, WA on 27 August 2019 at 11.00am (WST).

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9216 9011.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 2 to the non-associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 2 is fair and reasonable to the non-associated Shareholders.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

MILLENNIUM MINERALS LIMITED

ACN 003 257 556

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Millennium Minerals Limited (Company) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia, on 27 August 2019 at 11.00am (WST) (Meeting).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 25 August 2019 at 11:00am (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 - Approval of issue of Consideration Options

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 60,000,000 Consideration Options to IMC or its nominees as partial consideration for the IMC Facility on the terms and conditions in the Explanatory Memorandum."

Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of IMC or its nominees or an associate of IMC or its nominees.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Approval of grant of Security to IMC

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 10.1 and for all other purposes, Shareholders approve the granting of the Security by the Company to IMC

in its capacity as financier under the IMC Facility, on the terms and conditions summarised in the Explanatory Memorandum."

Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of IMC or an associate of IMC.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD

Ray Parry

Company Secretary Dated:19 July 2019

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MILLENNIUM MINERALS LIMITED

ACN 003 257 556

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Celtic Club, 48 Ord Street, West Perth WA on 27 August 2019 at 11.00am (WST).

The Explanatory Memorandum forms part of the Notice, which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 4	Resolution 1 - Approval of issue of Consideration Options
Section 5	Resolution 2 - Approval to grant Security to IMC
Schedule 1	Definitions
Schedule 2	Material terms of IMC Facility
Schedule 3	Material terms of Consideration Options
Annexure A	Independent Expert's Report

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Background to the Resolutions

3.1 Overview

On 1 May 2019, the Company announced its report for the quarter ended 31 March 2019. This disclosed that production during the quarter had fallen below the budgeted forecast and that a review of the overall mine plans and schedule was underway (**Review**).

While completing the Review, it became apparent to the Company that additional interim funding would be required. Upon becoming aware of the funding requirement, the Company requested a trading halt from ASX to take effect from the commencement of trading on 17 May 2019, and on 21 May 2019 the Company requested its securities be suspended from quotation on ASX, pending the release of an announcement regarding this funding.

The Company's securities were reinstated to quotation on 24 May 2019, following release of an announcement disclosing that the Review had been completed and had confirmed that the key factors for the production shortfall had been identified as:

- (a) delays in the commencement and ramp-up of commercial stoping activities at Bartons and higher-than-planned dilution due to low underground productivity and a sub-optimal initial mining sequence; and
- (b) delays in the construction and commissioning of the Stage 1 sulphide expansion project, which has deferred the delivery of the first saleable gold doré from sulphide ore sources until the end of June.

The Company revised its production guidance as a result of the Review. The announcement also disclosed that the Company had entered into an in-principle agreement with its major Shareholder, IMC, pursuant to which it was proposed that IMC would provide funding of up to \$20 million for the purpose of interim working capital and capital investment in relation to the Nullagine Gold Project while the ramp-up of Barton's Underground and the sulphide plant expansion are completed.

On 5 June 2019, the Company announced that it had executed the definitive loan documentation with IMC for the IMC Facility, and completed the initial draw-down of \$10 million. On 9 July 2019, the Company announced that it had completed the second draw-down of \$5 million.

3.2 IMC Facility

The material terms of the IMC Facility are summarised in Schedule 2.

The IMC Facility provides for a \$20 million facility to be made available in the following three tranches, subject to the satisfaction of conditions precedent:

Tranche	Amount
1	\$10 million
2	\$5 million
3	\$5 million

The first two tranches have been provided. It is anticipated that, subject to the satisfaction of the remaining conditions precedent, the final tranche will be provided on or shortly after 31 July 2019.

The IMC Facility is secured by the same security over all assets of the Company as secures the Investec Facility (**Security**). Investec holds the Security on trust for each of Investec and IMC, with IMC ranking second and subordinated to Investec.

The Company elected to seek to enter into the facility with IMC, rather than a lender that is not an existing substantial Shareholder, as the Company's financial position required a source of funding to be provided in a short time frame. The Board considered that IMC was the only party that may be in position to make a firm commitment to provide the required funding within the required time frame. The ability and willingness of IMC to finalise the IMC Facility without delay and without an expensive due diligence process was considered by the Board as critical in deciding to progress the IMC Facility.

The Company is satisfied that its negotiations with IMC have been on an arm's length basis, with each of the Company and IMC having separate legal representation. Further, based on the Company's enquiries of potential alternative funding options, the terms agreed with IMC (including the applicable interest rates and the Consideration Options) are considered acceptable for facilities of the nature. It is also noted that the terms of the IMC Facility are largely aligned with the terms of the existing secured Investec Facility.

4. Resolution 1 - Approval of issue of Consideration Options

4.1 General

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 10.11 for the Company to issue the Consideration Options to IMC.

4.2 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, Equity Securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

The Company has previously been advised by ASX that IMC's relationship with the Company is such that approval should be obtained for the purposes of Listing Rule 10.11.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

4.3 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders in relation to the issue of the Consideration Options to IMC (or its nominee):

- (a) The Consideration Options are proposed to be issued to IMC (or its nominee).
- (b) The maximum number of Consideration Options to be issued is 60 million.
- (c) The Company intends to issue the Consideration Options as soon as practicable after the date of the Meeting and in any event, no later than 1 month after the date of the Meeting.
- (d) IMC is a substantial shareholder of the Company, with a current voting power of 47.36%. IMC has appointed a nominee to the Board of the Company, Bruno Lorenzon.
- (e) The Consideration Options are to be issued as partial consideration for the provision of the IMC Facility, and therefore will have an issue price of nil. The exercise price of the Consideration Options will be \$0.1218 each and the expiry date will be six years after the date of issue. The terms and conditions of the Consideration Options are in Schedule 3.
- (f) The Consideration Options will be issued for nil cash consideration and therefore no funds will be raised by the issue of the Consideration Options. The funds provided pursuant to the IMC Facility are intended to be applied towards interim working capital and capital investment in relation to the Nullagine Gold Project while the ramp-up of Barton's Underground and the sulphide plant expansion are completed.
- (g) A voting exclusion statement is included in the Notice.

4.4 Additional information

The Board (excluding Bruno Lorenzon, due to his position as a nominee of IMC) unanimously recommends that Shareholders vote in favour of Resolution 1.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

5. Resolution 2 - Approval to grant Security to IMC

5.1 Background

The background to Resolution 2 is set out within Section 3 above.

Resolution 2 seeks Shareholder approval for the grant of the Security to IMC pursuant to the IMC Facility terms.

Failure to obtain Shareholder approval of Resolution 2 by 30 August 2019 will constitute an event of default under the IMC Facility, and the Company may be required to immediately repay the Loan Facility and accrued interest in full (subject to Investec's consent under the intercreditor arrangements described in Schedule 2). It will also result in an increase in the interest rate as described in Schedule 2.

A summary of the material terms of the IMC Facility is set out in Schedule 2.

5.2 Listing Rule 10.1

Listing Rule 10.1 relevantly provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

An asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

ASX deems the granting of a security interest over an asset to be a disposal of that asset. As a result, the Company will be deemed to be disposing of its assets to IMC, a substantial Shareholder in granting the Security. Accordingly, Shareholder approval is being sought for the purposes of Listing Rule 10.1 to the grant of a security interest as security over the assets of the Company in favour of IMC.

In accordance with Listing Rule 10.1, accompanying this Notice is an Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd. The report concludes that the grant of the Security in favour of IMC is fair and reasonable to the non-associated Shareholders.

Please refer to the Independent Expert's Report at Annexure A for further details, and in particular the advantages and disadvantages of the transaction contemplated under this Resolution.

Shareholders may obtain a hard copy of the Independent Expert's Report at no cost by contacting the Company.

The Company announced on 5 June 2019 that it had been granted a waiver from Listing Rule 10.1 by ASX to the extent necessary for the Company to grant the Security to IMC without obtaining prior Shareholder approval. The terms and conditions of the waiver are included in that announcement. The effect of the approval of Resolution 2 is that the waiver will no longer be required.

5.3 Additional information

The Board (excluding Bruno Lorenzon, due to his position as a nominee of IMC) unanimously recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

Business Day means a day (not being a Saturday or Sunday) on which banks are open for general banking business in Perth, Western Australia.

Chairman means the person appointed to chair the Meeting of the Company convened by the Notice.

Company means Millennium Minerals Limited ACN 003 257 556.

Consideration Options means the Options to be issued to IMC as consideration for providing the IMC Facility, on the terms and conditions summarised in Schedule 3.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

IMC means IMC Resources Investments Pte Ltd, incorporated in Singapore with registration number 201027174C.

IMC Facility means the agreement between IMC and the Company in respect of IMC's provision of a \$20 million loan facility to the Company (as amended), including any security and intercreditor documents, on the terms and conditions summarised in Schedule 2.

Investec means any or all, as the case may be, of Investec Australia Limited ACN 140 381 184 as security trustee and hedge provider and Investec Australia Finance Pty Limited ACN 161 468 131 as facility agent and senior lender.

Investec Facility means the agreement entered into on 10 July 2018 between Investec and the Company (as amended) for a revolving loan facility of \$15 million, together with a hedging facility provided by Investec to the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of general meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Security has the meaning given in Section 3.2.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 - Material terms of IMC Facility

1.	Lender and facility agent	IMC Resources Investments Pte Ltd (IMC), or its permitted successors and assigns		
2.	Borrower	Company		
3.	Principal amount	\$20 million	1	
4.	Security	Fully secured over all present and after-acquired property of the Company, ranking second behind and subordinated to the amounts owing to Investec. The security has been provided by IMC being recognised by the security trustee under the security trust deed as another beneficiary.		
5.	Draw-down	The IMC tranches:	Facility is to	be made available in the following three
		Tranche	Amount	Details
		1	\$10 million	Satisfied.
		2	\$5 million	Satisfied.
		3	\$5 million	To be provided no earlier than 31 July 2019 and no later than 16 August 2019
				Subject to the satisfaction or waiver of the following remaining conditions precedent:
				 6,750 ounces of gold being produced in July or a combined June/July production of 13,500 ounces of gold;
				 Evidence that satisfactory progress is being made in obtaining the Shareholder approvals the subject of Resolutions 1 and 2, Foreign Investment Review Board approval for the issue of the Consideration Options and any other required regulatory approvals;
				 The representations and warranties provided by the Company remaining true in all material respects;
				 No event of default or potential event of default occurring;
				 The Company's production plan having a minimum of 9 months economic production beyond the Loan Facility maturity date; and
				 Payment of all fees, expenses and stamp duties due or reimbursable by

			the Company under the IMC Facility.		
6.	Maturity Date	31 December 2020			
7.	Repayment	 Bullet repayment on Maturity Date. All or part of the principal outstanding under the IMC Facility ma be prepaid at any time. Any such prepayments may not be redraw and will not attract any penalty, premium or fee. 			
		Mandatory prepayments will apply as follows:			
		 if the Company's aggregate cash and cash equivalents balan (Cash Balance) exceeds \$10 million, IMC may require mandatory prepayment of an amount equal to the Cash Balan exceeding \$10 million; and 			
		1	ndertakes a capital raising by an issue of Equity oceeds must be applied as a prepayment.		
		Immediate repayment occurring.	ent may be required upon an event of default		
8.	Interest	Interest will be payable	quarterly.		
		An interest rate of 13.5% per annum will apply, and will increase 18.5% per annum during any period after 30 August 2019 if Shareholder approvals sought in this Notice of Meeting have not be obtained.			
		If the Cash Balance on the relevant quarterly payment date is mo than \$5 million, such interest must be paid in cash.			
		If the Cash Balance on the relevant quarterly payment date is less than \$5 million, such interest shall be capitalised, but must then be paid in cash on the next date on which the Cash Balance is more than \$5 million.			
		Interest will accrue on a per annum.	any overdue amounts at the above rate plus 2%		
9.	Intercreditor arrangements	between IMC and the (s for payment of principal and interest apply as Company, and are subject to Investec's rights arrangements described below.		
		which regulates the sub Facility. This subordin intercreditor deed' which	ntered into a subordination deed with Invested bordination of the IMC Facility to the Invested action deed will be replaced by a 'final the will take effect from the date that the final ity has been provided by IMC to the Company.		
		deed (which has been extranche of the IMC Fadefault occurring the Inthe IMC Facility can be part of the IMC Facility can be pa	subordination deed, and the final intercreditor xecuted, but will not take effect until the final cility has been provided), upon an event of yestec Facility must be fully paid before any of paid. Also, IMC can only initiate enforcement of ad take other enforcement action in certain		
		repayments for so long a the IMC Facility may b	Investec's consent to receive cash principal as the Investec Facility is outstanding (although be satisfied by conversion to equity without estec can also lock up interest payments on the		

IMC Facility in certain circumstances.

Schedule 3 - Material terms of Consideration Options

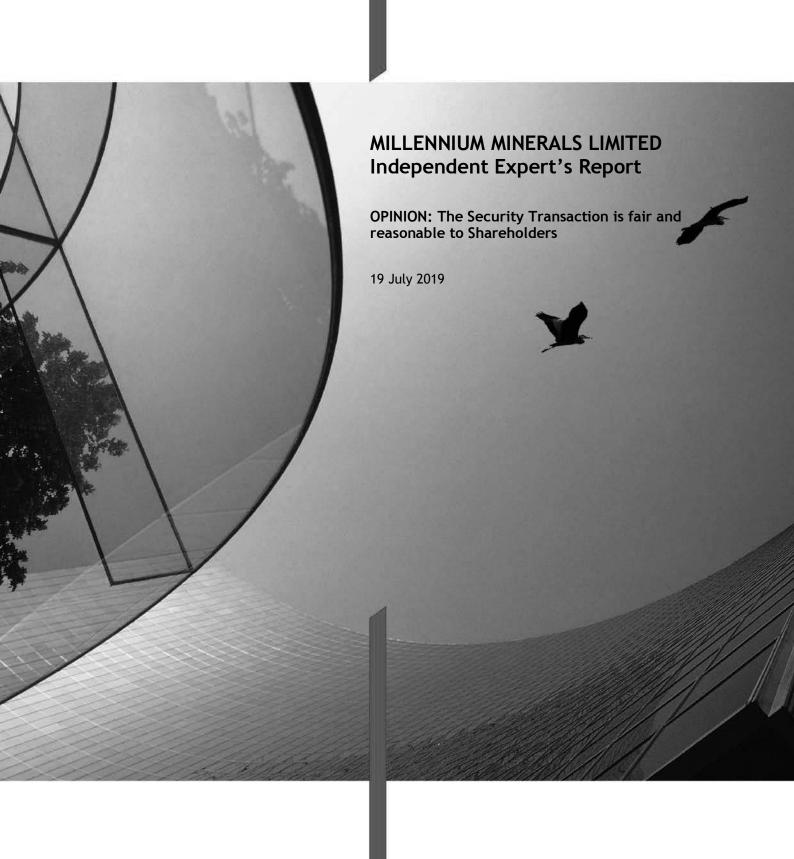
Issuer	Millennium Minerals Limited (Company)	
Options	Each Consideration Option (Option) entitles the holder (Optionholder) to subscribe for one Share.	
Option fee	The Options are issued for nil cash consideration.	
Exercise Price per Option	\$0.1218 per Option. This is the price equal to 120% of the 5-day volume weighted average price of Shares quoted on ASX prior to the date of first drawdown of funds under the IMC Facility.	
Expiry Date	Six years from the date of issue.	
Exercise Period	The Options may be exercised at any time after the date of issue and before 5.00pm (Perth time) on the Expiry Date. Options not exercised by this time will automatically lapse.	
Takeovers prohibition	The exercise of the Options is subject to and conditional upon the issue of the resultant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act.	
	 The Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Share on the exercise of Options. 	
How to exercise an Option	To exercise the Options, the Optionholder is required to deliver a duly completed notice of exercise, together with payment for the Exercise Price per Option, at any time prior to the Expiry Date.	
	Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.	
Issue of Shares	Within 10 Business Days after receipt of a Notice of Exercise and payment of the Exercise Price for each Option being exercised, the Company will:	
	 issue the new Shares pursuant to the exercise of the Options to the Optionholder; and 	
	 within 5 business days of the issue of the Shares, give ASX a notice that complies with sections 708A(5)(e) and 708A(6) of the Corporations Act or within 20 business days of the issue of the Shares, lodge a prospectus with ASIC that qualifies the Shares issued upon exercise of the Options for resale under section 708A(11) of the Corporations Act. 	

Nominee	The Optionholder may specify in the notice of exercise that the Shares to be issued on exercise of the Options be issued to a nominee, provided that nominee is a related body corporate of the Optionholder.	
Ranking	Shares issued on exercise of the Options will rank pari passu with all existing Shares.	
Quotation	Subject to the Company being admitted to the official list of the ASX at the time of issue of the Shares on exercise of the Options, application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.	
Listing of Options	The Options will not be quoted.	
Dividends	No entitlement to participate in dividends of the Company while the Options are not exercised.	
Transferability	Options may be transferred to any party without requiring the Company's consent, at any time before the Expiry Date provided that the transfer complies with section 707(3) of the Corporations Act. The Company is under no obligation to issue, or assist in preparing, a disclosure document for the purpose of ensuring a transfer of Options complies with section 707(3).	
Effect of corporate restructure following the issue of options	Following any reconstruction, consolidation, subdivision, reduction (by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled), return or pro rata cancellation of the issued capital of the Company:	
	the number and/or Exercise Price of Options will be adjusted in compliance with the Listing Rules; and	
	 subject to provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms of exercise of the Options will remain unchanged. 	
	This provision is subject to the Listing Rules and in the event of an inconsistency, the Listing Rules will prevail.	
Pro rata issues	If there is a pro rata issue (other than a bonus issue or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Exercise Price of an Option will be reduced in accordance with the following formula:	
	$O^{n} = \frac{O - E \left[P - (S + D)\right]}{N + 1}$	
	Where:	
	O ⁿ = the new exercise price of the Option	

	O = the old exercise price of the Option	
	E = the number of underlying securities into which one Option is exercisable	
	P = the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex-right date or the ex-entitlements date or if there is no such date then the date chosen by the Board	
	S = the subscription price for a security under the pro rata issue	
	D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue)	
	N = the number of securities with rights or entitlements that must be held to receive a right to one new security	
Bonus issues	If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment): • the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and	
	no change will be made to the Exercise Price.	
Participation in new issues	There are no participation rights or entitlements inherent in the Options. For the avoidance of doubt, this does not restrict any entitlement the Optionholder may have from its existing Shareholding.	
IMC Facility	If the Optionholder exercises any of the Options and the Optionholder is also the lender (or is an associate of the lender) under the IMC Facility, the lender under the IMC Facility will have the right, at its election, to offset the payment of the Exercise Price per Option by the Optionholder against any balance under the IMC Facility.	
Change in Option terms	The Option terms may not be changed to:	
	reduce the Exercise Price;	
	 increase the number of securities received on exercise of the Options; or 	
	increase any period for exercise of the Options.	

A change to terms which is not otherwise prohibited under this provision may only be changed with the approval of ordinary shareholders unless it has the effect of cancelling an option for no consideration or is made to comply with the Listing Rules, in which case such change can be made without obtaining the approval of ordinary shareholders.

Annexure A - Independent Expert's Report





Financial Services Guide

19 July 2019

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Millennium Minerals Limited ('Millennium') to provide an independent expert's report expressing our opinion as to whether the granting of security, pursuant to the loan agreement with its major shareholder, IMC Resources Investments Pte Ltd ('IMC') is fair and reasonable to the non-associated shareholders of Millennium. You are being provided with a copy of our report because you are a shareholder of Millennium and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act)' as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by Millennium to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ♦ Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

<u>|BDO</u>

Financial Services Guide

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Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$70,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Millennium.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Millennium for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45** days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001 AFCA Free call: 1800 931 678

Website: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary and copyright notice

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19 July 2019

The Directors
Millennium Minerals Limited
Unit 7, 140 Abernethy Road
Belmont, WA 6104

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 24 May 2019, Millennium Minerals Limited ('Millennium' or 'the Company') announced that it had entered into an in-principle agreement for a \$20 million secured debt facility from IMC Resources Investments Pte Ltd or any of its affiliates ('IMC'). The debt facility is currently subject to an interest rate of 13.5% per annum ('IMC Loan Facility'). On 5 June 2019, the Company announced that it had executed the definitive loan documentation with IMC for the funding package ('IMC Loan Agreement'), and completed the initial draw down of \$10 million. On 9 July 2019, Millennium announced that it had completed a second draw down of \$5 million and restructured the options to be issued to IMC.

The Loan Facility is secured against the assets of Millennium on the same terms as the loan facility that Millennium currently has with Investec Australia Limited ('Investec'). The security granted to IMC will rank second behind Investec. The Australian Securities Exchange ('ASX') deems the granting of a security interest over an asset to be a disposal of that asset. As such, for the purposes of applying ASX Listing Rule 10.1, in granting the security, the Company will be deemed to be disposing of its assets to IMC. Accordingly, Shareholder approval is being sought for the purposes of ASX Listing Rule 10.1 ('the Security Transaction').

Further details of the terms of the IMC Loan Agreement can be found in Section 4 of our Report.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Millennium have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Security Transaction is fair and reasonable to the Shareholders of Millennium ('Shareholders').

Our Report is prepared pursuant to ASX Listing Rule 10.1 and is to be included in the Notice of Meeting for Millennium in order to assist the Shareholders in their decision whether to approve the Security Transaction.



2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 74 'Acquisitions Approved by Members' ('RG 74'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Security Transaction as outlined in the body of this report. We have considered:

- how the value of the proceeds of the sale of assets that would be provided to IMC in the event of a
 default, compares to the value of the liabilities that would be settled;
- The likelihood of an alternative financing offer being made to Millennium;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Security Transaction; and
- The position of Shareholders should the Security Transaction not proceed.

2.3 Opinion

We have considered the terms of the Security Transaction as outlined in the body of this report and have concluded that the Security Transaction is fair and reasonable to Shareholders.

2.4 Fairness

We concluded that the value of the proceeds of the sale of the security that would be provided to IMC under the Security Transaction in the event of default is equivalent to, or lower than, the value of the liabilities that would be settled. This is detailed further in section 9 of our Report. Therefore, in the absence of any other relevant information the Security Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 10 of this report, in terms of both the:

- advantages and disadvantages of the Security Transaction; and
- other considerations, including the position of Shareholders if the Security Transaction does not proceed and the consequences of not approving the Security Transaction.

In our opinion, the position of Shareholders if the Security Transaction is approved is more advantageous than the position if the Security Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Security Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAC	GES AND DISADVANTAGES		
Section	Advantages	Section	Disadvantages
10.1.1	The Security Transaction is fair	10.2.1	Millennium will grant security over its assets to IMC



ADVANTA	ADVANTAGES AND DISADVANTAGES		
Section	Advantages	Section	Disadvantages
10.1.2	Security over the assets of a company is not unusual and would likely be required by other debt financiers		

The consequences of not approving the Security Transaction are summarised below:

Section	Description
10.3.1	If Shareholders do not approve the Security Transaction, an event of default will occur and the Company may be required to repay the amount owing under the IMC Loan Facility and it could also result in an increase in the interest rate from 13.5% per annum to 18.5% per annum

Other key matters we have considered include:

Section	Description
10.4	Alternative Proposal
10.5	Other considerations

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the latest published accounts. By entering into the Security Transaction, the Company is deemed to have disposed of a substantial asset, being the security granted over its assets as part of the funding package with IMC. Based on the audited accounts as at 31 December 2018, the value of the assets deemed to be disposed (\$20 million) represents approximately 31% of the equity interest of Millennium.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity. IMC is a substantial shareholder of Millennium and is therefore considered a related party of the Company. Further detail on the regulatory guidance can be found in section 3.2 below.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Security Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Millennium.

The directors of Millennium have commissioned this Independent Expert's Report to satisfy the above obligations.



3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Security Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Security Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered Security Transaction as if it were not a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

For the Security Transaction, the financial benefit provided by Millennium is cash or assets up to the equivalent cash amount sufficient to repay the outstanding liability to IMC in the case of default on the loan. The consideration being provided is the amount payable to IMC that would be settled by the sale of the secured assets, including the principal amount drawn down and related interest accrued. This is the primary consideration used to assess whether the Security Transaction is fair.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO's approach in assessing the Security Transaction is as follows:

- A comparison between the value of the proceeds of the sale of the security that would be provided to IMC under the Security Transaction in the event of default and the value of the liabilities that would be settled (fairness see Section 9 'Is the Security Transaction Fair?')
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 10 'Is the Security Transaction Reasonable?')

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



4. Outline of the Security Transaction

On 24 May 2019, Millennium announced that it had entered into an in-principle agreement for a \$20 million secured debt facility from its major shareholder, IMC. On 5 June 2019, the Company announced that it had executed the IMC Loan Agreement, and completed the initial draw down of \$10 million with the conditions precedent to this tranche being satisfied.

The key terms of the IMC Loan Facility are set out below:

- The second tranche of funding of \$5 million is to be provided no earlier than 30 June 2019 and no later than 16 August 2019 and is subject to 6,750 ounces of gold being produced in June and satisfaction of the conditions precedent as detailed below ('Tranche 2 Funding');
- The third tranche of funding of \$5 million is to be provided no earlier than 31 July 2019 and no later than 16 August 2019 and is subject to 6,750 ounces of gold being produced in July or a combined production of 13,500 ounces in June and July. The third tranche of funding is also subject to the satisfaction of the below conditions precedent ('Tranche 3 Funding');
- The IMC Loan Facility has a maturity date of 31 December 2020 ('Maturity Date');
- Repayment will be via a bullet repayment at the Maturity Date but may be prepaid at any time;
- Mandatory prepayments will occur if the Company's cash balance exceeds \$10 million, for an
 amount equal to the cash balance exceeding \$10 million. Further, any proceeds from the issue of
 equity securities must be applied as a prepayment; and
- Interest will be payable quarterly at an interest rate of 13.5% per annum. However, the interest rate will increase to 18.5% if any of the conditions precedent below have not been satisfied prior to 30 August 2019.

As part of the funding package, Millennium proposes to also issue 60 million options to IMC (or its affiliates), exercisable at \$0.1218 with an expiry date six years from issue ('the Options').

Pursuant to the IMC Loan Agreement, failure to obtain Shareholder approval in relation to the Security Transaction will constitute an event of default and the Company may be required to repay the IMC Loan Facility and accrued interest in full.

We note that the Company, Investec and IMC have entered into a Subordination Deed and an Intercreditor Deed, both of which requires IMC to obtain Investec's consent before demanding repayment upon an event of default occurring. The Intercreditor Deed will take effect from the date that the Tranche 3 Funding is provided, and will supersede the Subordination Deed.

Under both the Subordination Deed and the Intercreditor Deed, upon an event of default occurring the facility with Investec must be fully paid before any of the IMC Loan Facility can be paid. Further, IMC would also require Investec's consent to receive cash principal repayments for so long as the facility with Investec is outstanding (although the IMC Loan Facility may be satisfied by conversion to equity without Investec's consent).

As referred to above, the conditions precedent of the Tranche 2 Funding and Tranche 3 Funding are as follows:

- Finalisation of the Intercreditor Deed executed by Investec, the Company and IMC (now satisfied);
- Evidence that satisfactory progress is being made in obtaining:



- Shareholder approval of the Security Transaction and issue of the Options;
- Foreign Investment Review Board approval for the issue of the Options;
- o any other required regulatory approvals; and
- no event of default or potential event of default occurring.

On 9 July 2019, Millennium announced that it had completed the draw down of the Tranche 2 Funding. The Tranche 2 Funding was subject to 6,750 ounces of gold being produced in June. Actual gold production for June was 6,575 ounces, which was below the required production hurdle, however Millennium noted that it had received a waiver from IMC regarding this requirement.

The Company is seeking shareholder approval for the granting of security in relation to the IMC Loan Facility pursuant to ASX Listing Rule 10.1.

The security is granted over all present and after-acquired property of Millennium up to the principal and any accrued interest outstanding at the time of default (if it occurs). The security ranks second behind and is subordinated to the amount owing to Investec.

5. Profile of Millennium

5.1 Background

Millennium is an ASX-listed gold producer with operations located in the Pilbara region of Western Australia ('WA'). The Company's flagship asset is its 100% owned Nullagine Gold Project ('Nullagine Project'), located in the East Pilbara region of WA. The Nullagine Project hosts six operating mining centres, being the Golden Eagle Mining Centre ('Golden Eagle'), the Golden Gate Mining Centre ('Golden Gate'), the Middle Creek Mining Centre ('Middle Creek'), the Five Mile Mining Centre ('Five Mile'), the Camel Creek Mining Centre ('Camel Creek') and the Twenty Mile Sandy Mining Centre ('Twenty Mile Sandy'). Ore is sourced from each of the six mining centres, and treated at Golden Eagle Carbon-In-Leach ('CIL') Processing Plant ('Golden Eagle Plant'). The Company's head office is located in Belmont, WA.

The current board of directors and senior management comprises:

- Mr. Gregory Bittar Non-Executive Chairman;
- Mr. Bruno Lorenzon Non-Executive Director;
- Mr. Timothy Kennedy Non-Executive Director;
- Mr. Peter Lester Non-Executive Director;
- Mr Peter Cash Chief Executive Officer; and
- Mr. Raymond Parry Chief Financial Officer and Company Secretary.

5.2 The Nullagine Project

The Nullagine Project is located 10 kilometres ('km') south of the township of Nullagine, in the East Pilbara region of WA. The Project is comprised of several gold deposits.

In 2006, the Company completed a bankable feasibility study ('BFS') on the Project. An updated feasibility study was undertaken in 2009, which confirmed the technical and financial viability of a seven-



year mining operation, utilising a one million tonne per annum ('Mtpa') CIL processing facility located at Golden Eagle, to treat ore mined from several shallow open pit sites. Mining would be conducted using conventional drill and blast and load and load and haul with an excavator and large open pit mining equipment, while the processing facility would include a primary crusher, SAG mill, gravity circuit and CIL tankage.

Design work for the Golden Eagle Plant and associated infrastructure was carried out during 2010 and construction commenced in 2011. Construction was completed in September 2012 and commercial production was declared in January 2013.

In 2014, Millennium reviewed its Life of Mine Plan and brought forward development of its eastern satellite deposits. In 2015, the Company identified a pipeline of drill-ready, near-mine exploration targets within close proximity to the Golden Eagle Plant.

During 2016, the Company undertook an aggressive drilling and exploration campaign that resulted in an increase in the Company's Ore Reserves and Mineral Resources. The Company continued its drilling program into 2017, with the intention of growing the production profile and the mine life of the Nullagine Project.

In February 2019, the Company announced an increased Ore Reserve estimate, on the back of the exploration program carried out during 2018. The updated Ore Reserve delivered mine life visibility of approximately four years, based on a production rate of approximately 100,000 ounces ('oz') per annum

Golden Eagle Plant Upgrade

In May 2017, the Company released results of initial metallurgical testwork, which focused on optimising and improving recoveries from fresh ore and assessing potential processing options. The initial test work confirmed that sulphides were recoverable using conventional sulphide flotation techniques. In September 2017, the Company released results from an expansion study ('Expansion Study') which confirmed the viability of a new long-term processing configuration, which would involve an integrated flotation circuit capable of treating sulphide ores through the Company's Golden Eagle Plant. In 2018, the Company announced that it had identified a cheaper alternative processing route that would involve the scavenging of unleached sulphide concentrate from the Golden Eagle Plant, which would then be subject to an ultrafine grinding and intense cyanidation. In April 2018, the Company announced that a feasibility study had confirmed the economic and technical viability of the alternative processing route. In February 2019, the Company released metallurgical results which again confirmed the economic and technical viability of the Company's planned sulphide expansion strategy ('Sulphide Expansion'). The strategy would involve a two-staged expansion of the Golden Eagle Plant being:

- Stage 1a plant expansion ('Stage 1a') concentrator and fine grinding circuit (expected completion 2019);
- Stage 1b plant expansion ('Stage 1b') Installation of the Company's patented in-mill oxidisation ('INOX') process (expected completion 2019); and
- Stage 2 plant expansion ('Stage 2') pressurised in-mill oxidisation (expected completion 2020). In May 2019, the Company released an update on the progress of the Sulphide Expansion, in which it noted that commissioning had progressed well, following some initial construction delays.

Bartons Underground

In August 2017, the Company reported a maiden mineral resource estimate for Bartons Underground, located beneath the existing Bartons open pit ('Bartons Underground'). It was the first underground



resource to be reported by the Company. The Company noted that further drilling data would be incorporated into an updated resource estimate for Bartons Underground. In September 2017, the Company released the results of a scoping study ('Scoping Study'), which confirmed the economic viability of developing an underground mining operation at the Bartons deposit. An updated mineral resource for Bartons Underground was released in January 2018.

In February 2018, the Company awarded the Bartons Underground mining contract to GBF Underground Mining Company. Development of the Bartons Underground site continued throughout 2018, and into 2019.

The Company undertook a re-optimisation of its mine schedule at the Nullagine Project in early 2019, in addition to a review of the recent operational performance of its existing and new open pit mines at Bartons Underground mine. The review identified delays in the commencement, and ramp-up of commercial activities at Bartons Underground deposit.

Mining Centres

Golden Eagle Mining Centre

Golden Eagle hosts the Golden Eagle deposit, and is located approximately 10 km south of the town of Nullagine. Located adjacent to the Golden Eagle deposit is the Golden Eagle Plant, where ore is delivered and processed from multiple ore sources to a 150,000 tonne capacity stockpile. This project area also encompasses the Au81 deposit, positioned approximately 3 km east northeast of the Golden Eagle deposit.

The Golden Eagle Plant was commissioned in August 2012 and commercial production commenced in January 2013. In 2017, the Company undertook an Expansion Study to look at a new long-term alternative processing configuration that could treat sulphide concentrates. In 2019, development of the Stage 1 Sulphide Expansion commenced.

Golden Gate Mining Centre

Golden Gate is located approximately 35 km from the Golden Eagle Plant and comprises the ABC Reef-Harrier, D Reef, Condor, Crow and G Reef deposits. Most of the remaining mineralisation at Golden Gate is in sulphide ore. With the development of the Sulphide Expansion, Golden Gate has become a new target of Millennium's exploration efforts. Drilling completed during 2018, confirmed potential for Golden Gate to host the next underground mining operation ('Golden Gate Underground'). In early 2019, Millennium announced that mine development for Golden Gate Underground would commence in September 2019, with first ore set to coincide with the commissioning of the Stage 2 Sulphide Expansion.

Middle Creek Mining Centre

Middle Creek is located approximately 20 km northeast of the Golden Eagle Processing Plant and covers the Barton's Underground deposit and All Nations deposit.

Five Mile Mining Centre

Five Mile hosts the Shearers and Otway deposits, and is located approximately 11 km north-east of the Golden Eagle Processing Plant.

Camel Creek Mining Centre

Camel Creek was acquired from RSI (WA Gold) Pty Ltd ('RSI'), Joint Venture partner of Millennium in September 2015, for a gross royalty of 6.44% on the first 20,000 ounces of gold produced from the Camel Creek tenements and a gross royalty of 1.50% on all minerals produced thereafter. Camel Creek hosts the Litter Wonder, Junction and Roscoe's Reward deposits.



Twenty Mile Sandy Mining Centre

Twenty Mile Sandy is located approximately 40 km northeast of the Golden Eagle Plant and hosts the Redbeard oxide deposit, discovered in January 2018.

5.3 Financing Activities

On 5 June 2018, Millennium announced that it had secured a Revolving Loan Facility ('RLF') for the value of \$17.50 million with Investec, in addition to a Risk Management Facility ('RMF'). The funds enabled the acquisition of key plant and equipment and provided working capital for the expansion of the Golden Eagle Plant. The RLF had an initial tenor of 15 months and could be redrawn. Under the terms of the RMF, Millennium is required to undertake a hedging program of at least 25,000oz over a rolling 12-month period, commencing from the date of the first drawdown. At 31 March 2019, the Company's hedge book comprised 42,900oz, to be delivered over the period April 2019 to March 2020 at an average forward gold price of \$1,755/oz.

On 25 February 2019, the Company announced it had engaged in a fully-underwritten 1-for-8.8 renounceable rights issue at 16.5 cents per share to raise approximately \$15.0 million (before costs). The capital raising allowed Millennium to accelerate growth initiatives at the Nullagine Project. The rights issue comprised 90,623,720 shares at 16.5 cents per share and was underwritten by the Company's major shareholder, IMC.

On 24 May 2019, Millennium announced it entered into an in-principle agreement with IMC for a \$20.0 million loan facility. The funding is to be used for working capital purposes during works on Bartons Underground and the Sulphide Expansion. On 5 June 2019, Millennium announced that it had finalised and executed final definitive documentation for the loan and had drawn down the first tranche of funds. The key terms of the loan with IMC are outlined in Section 4 of our Report.

On 9 July 2019, Millennium announced that it had completed a second draw down of \$5 million and restructured the options to be issued to IMC.



5.4 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 31-Dec-18	Audited as at 31-Dec-17	Audited as at 31-Dec-16
CURRENT ASSETS	\$'000's	\$'000's	\$'000's
Cash and cash equivalents	5,296	17,898	25,175
Trade and other receivables	3,233	3,123	2,601
Inventories	19,036	18,197	16,564
Other assets	-	130	1,395
TOTAL CURRENT ASSETS	27,565	39,348	45,735
NON-CURRENT ASSETS	27,500	57,510	15,755
Exploration and evaluation assets	39,894	32,387	20,120
Mine properties	36,384	18,472	17,040
Property, plant and equipment	18,220	19,458	23,123
TOTAL NON-CURRENT ASSETS	94,498	70,317	60,283
TOTAL ASSETS	122,063	109,665	106,018
CURRENT LIABILITIES	·	•	, ,
Trade and other payables	31,874	19,561	10,030
Provisions	1,092	1,041	1,080
Borrowings	4,722	-	-
Lease liabilities	393	234	-
Other financial liabilities	-	198	=
TOTAL CURRENT LIABILITIES	38,081	21,034	11,110
NON-CURRENT LIABILITIES			
Provisions	19,916	17,285	19,174
Lease liabilities	31	242	-
TOTAL NON-CURRENT LIABILITIES	19,947	17,527	19,174
TOTAL LIABILITIES	58,028	38,561	30,284
NET ASSETS	64,035	71,104	75,734
EQUITY			
Issued capital	165,408	165,281	165,152
Reserves	8,553	6,306	5,461
Accumulated losses	(109,926)	(100,483)	(94,879)
TOTAL EQUITY	64,035	71,104	75,734

Source: Millennium's audited financial statements for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

Commentary on Historical Statements of Financial Position

- Cash and cash equivalents decreased from \$25.18 million at 31 December 2016 to \$17.90 million at 31 December 2017. The decrease in cash and cash equivalents of \$7.28 million was primarily the result of operating payments of \$85.50 million, payments for mineral exploration areas and evaluation of \$23.31 million, payments for the development of mining properties of \$12.74 million and the purchase of property, plant and equipment for \$2.05 million. This was partially offset by cash received from operations of \$116.02 million.
- Cash and cash equivalents decreased from \$17.90 million at 31 December 2017 to \$5.30 million at 31 December 2018. The decrease in cash and cash equivalents was primarily the result of operating payments of \$105.56 million, payments for mineral exploration areas and evaluation of \$25.57 million, payments for the development of mining properties of \$11.05 million, and the repayment of leases and borrowings of \$5.32 million. This was partially offset by cash received from operations of \$127.15 million and a \$10 million draw down of the loan from Investec.



- Inventories of \$19.04 million at 31 December 2018 comprised ore stockpiles at net realisable value of \$8.43 million, gold in circuit at cost of \$6.30 million, consumables of \$3.04 million, bullion on hand at cost of \$0.87 million and critical spares of \$0.39 million.
- Exploration and evaluation assets of \$39.89 million as at 31 December 2018, related to costs associated with exploration at the Nullagine Project as well as the cost of acquiring exploration licences.
- Mine properties of \$36.38 million as at 31 December 2018, comprised capitalised mine development costs and stripping costs for various pits at the Nullagine Project.
- Trade and other payables increased from \$19.56 million as at 31 December 2017 to \$31.87 million as at 31 December 2018, as a result of increased production at Nullagine. Trade and other payables at 31 December 2018 comprised, trade payables of \$18.00 million, accruals of \$11.40 million, royalties payable of \$1.47 million, employee entitlements of \$0.97 million and other payables of \$0.43 million.
- Borrowings of \$4.72 million as at 31 December 2018 related to the RLF and RMF the Company entered into on 5 June 2018 with Investec.
- Non-current provisions of \$19.92 million as at 31 December 2018, related to mine rehabilitation provisions of \$19.43 million and employee benefit provisions of \$0.49 million. The mine rehabilitation provision recorded is an estimate of the present value of expenditure required to settle the rehabilitation obligation at the reporting date.

5.5 Historical Statements of Profit or Loss and Other Comprehensive Income

	Audited for the	Audited for the	Audited for the
Statement of Profit or Loss and Other Comprehensive Income	year ended	year ended	year ended
	31-Dec-18	31-Dec-17	31-Dec-16
	\$'000's	\$'000's	\$'000's
Revenue			
Revenue	127,150	115,620	141,591
Cost of goods sold	(126,113)	(112,575)	(115,725)
Gross Profit	1,037	3,045	25,866
Other income	166	337	162
Administrative expenses	(7,928)	(6,223)	(5,745)
Exploration expenditure impaired	(1,463)	(1,143)	(145)
Operating loss	(8,188)	(3,984)	20,138
Finance income	68	401	1,437
Finance costs	(1,323)	(2,021)	(4,516)
Loss from continuing operations before income tax	(9,443)	(5,604)	17,059
Income tax expense	-	-	-
Net profit / (loss) attributable to members	(9,443)	(5,604)	17,059
Other comprehensive income	-	-	-
Income tax relating to items of comprehensive income	-	-	-
Other comprehensive (loss)/income for the period	(9,443)	(5,604)	17,059
Total comprehensive loss for the year	(9,443)	(5,604)	17,059

Source: Millennium's audited financial statements for the years ended 31 December 2018, 31 December 2017, and 31 December 2016.



Commentary on Historical Statements of Comprehensive Income

- Revenue increased from \$115.62 million for the year ended 31 December 2017 to \$127.15 million for the year ended 31 December 2018. The increase of \$11.53 million was primarily the result of an increase in gold production. The Company also accounted for a pre-production adjustment of \$10.71 million that related to the amount of gold recovered from the development of Bartons Underground deposit.
- Cost of goods sold of \$126.11 million for the year ended 31 December 2018 comprised costs of production of \$105.58 million, amortisation of mine inventory of \$12.39 million, royalties of \$4.83 million, depreciation of plant and equipment of \$3.21 million and an impairment write down of inventory of \$0.11 million.
- Administrative expenses increased from \$6.22 million for the year ended 31 December 2017 to \$7.93 million for the year ended 31 December 2018. The increase of \$1.71 million was primarily a result of an increase in share-based payments from \$0.85 million for the year ended 31 December 2017 to \$2.25 million for the year ended 31 December 2018. These payments were made to employees as part of the Company's long-term incentives schemes.
- Finance income of \$0.07 million for the year ended 31 December 2018 related to the realised gain on gold forward contracts. The Company entered into a gold forward contract to manage the gold price of a proportion of anticipated gold sales.

5.6 Capital Structure

The share structure of Millennium as at 17 June 2019 is outlined below:

	Number
Total ordinary shares on issue	891,186,531
Top 20 shareholders	575,778,507
Top 20 shareholders - % of shares on issue	64.61%

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 17 June 2019 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Auctus Resources Fund*	344,120,322	38.61%
IMC Resources Ltd*	53,476,922	6.00%
JP Morgan Nominees Australia Pty Ltd	50,764,760	5.70%
IMC Resources Gold Holdings Pte Ltd*	24,500,000	2.75%
Citicorp Nominees Pty Ltd	20,429,423	2.29%
HSBC Custody Nominees (Australia) Limited	15,357,994	1.72%
Mr David Teoh	12,515,020	1.40%
Subtotal	521,164,441	58.48%
Others	370,022,090	41.52%
Total ordinary shares on issue	891,186,531	100.00%

Source: Share registry information



*These beneficial holders are associates of IMC, therefore IMC (including its associates) holds 422,097,244 shares in Millennium, representing 47.36% of Millennium's issued capital.

The options on issue at 17 June 2019 are outlined below:

Current Options on Issue	Number
Expiry 18-Nov-19, Exercise Price \$0.079	8,520,000
Expiry 3-Jun-20, Exercise Price \$0.184	2,400,000
Expiry 31-Jan-21, Exercise Price \$0.450	2,400,000
TOTAL	13,320,000

We note that Millennium also has 22,433,125 unvested performance rights on issue at the date of this report. These performance rights have varying expiry dates and vesting conditions.

6. Profile of IMC

IMC is a Singapore incorporated company that invests in a range of Australian based resource companies, including those with a focus on coal, nickel, iron ore and gold. IMC is a subsidiary of the IMC Group.

The IMC Group has more than 10,500 employees worldwide, and a presence in China, Thailand, Malaysia, Indonesia, Australia, as well as representative offices in Japan, Korea, Hong Kong, India, and the Philippines. The IMC Group has four core divisions being an industrial division, an investment division, a lifestyle/real estate division and a not-for-profit division.



7. Economic analysis

Domestic growth

The Reserve Bank of Australia ('RBA') is expecting Gross Domestic Product ('GDP') growth of around 2.75% over both 2019 and 2020, which is lower than previously forecast. Growth is anticipated to be supported by increased investment in infrastructure and a pick-up in activity in the resources sector, as mining firms invest to sustain production levels and expand productive capacity. However, there remains some uncertainty around the outlook for household consumption and the housing market. Growth in household disposable income was 1.8% over the year to the March quarter, which is below the long run average. Consumption growth has slowed with low wages growth and declining housing prices.

In response, the RBA lowered interest rates in June 2019 for the first time since 2012 to 1.25%, before cutting rates further in July 2019 to a historic low of 1.0%. The easing of monetary policy aims to support employment growth and increase inflation to be closer to the medium-term target of 2.0%.

Conditions in the housing market remain soft, although prices in Sydney and Melbourne have stabilised tentatively. Growth in housing credit has also stabilised, with mortgage rates at record lows and the strong competition for borrowers of high credit quality. However, overall demand for credit by investors continues to be subdued, with credit conditions for small and medium-sized businesses remaining tight.

Inflation

Domestic inflation remains low, and suggests subdued inflationary pressures across the economy. Inflation forecasts have been revised lower, with the RBA expecting underlying inflation to be 1.75% for 2019 and 2.0% for 2020. However, inflation is anticipated to pick up with easing of monetary policy, with the central scenario for underlying inflation to reach 2.0% in 2020 and to increase further thereafter.

Employment

Strong employment growth has persisted despite a dampening in expectations for GDP growth, with labour force participation at a record level. Employment growth over 2018 was largely in three industries: healthcare and social assistance, construction, and professional scientific and technical services. The unemployment rate has been steady at approximately 5% for several months; however, it has risen slightly to 5.2% since April 2019. The strong employment growth has led to a pick-up in wages growth in the private sector, although overall wage growth remains low. The RBA continues to expect further wages growth in the near term.

Currency movements

The Australian dollar is currently at the low end of the narrow range that it has been trading recently. Movements in the Australian dollar tend to be related to developments in commodity prices and interest rate differentials. Since the start of the year, these two forces have been working in offsetting directions, with commodity prices in iron ore and gold increasing significantly in June 2019 and Australian bond yields declining relative to those in other major markets.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 2 July 2019 and Statement on Monetary Policy May 2019.



8. Industry analysis

Gold is a soft malleable metal which is highly desirable due to its rarity and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the supply of gold for the seven years through 2018 is provided in the table below:

Gold supply (tonnes)	2011	2012	2013	2014	2015	2016	2017	2018
Mine production	2,844	2,917	3,072	3,138	3,207	3,285	3,319	3,347
Net producer hedging	23	(45)	(28)	105	13	33	(28)	(29)
Recycled gold	1,656	1,672	1,249	1,187	1,121	1,281	1,156	1,173
Total supply	4,523	4,544	4,293	4,430	4,341	4,599	4,447	4,491

Source: World Gold Council

The gold ore mining industry ('the Industry') has performed steadily in recent years, with Australian gold producers recording revenue growth of 5.4% per annum for the five years through financial year ('FY') 2019. The increase in revenue was driven by higher prices resulting from a weak Australian dollar and global expectations of higher inflation, in addition to gold's status as a counter cyclical commodity. According to IBIS World, Industry revenue is projected to increase at an annualised 0.8% over the five years through FY24 to reach \$18.8 billion.

Key external drivers

Global gold prices have a significant impact on the revenue generated by Industry operators. When gold prices are low, gold miners are less likely to commit to projects with lower gold grades and higher production costs. Ultimately, a decline in gold prices reduces the viability of new and existing projects, which hinders Industry growth.

The global gold price is denominated in US dollars ('USD' or 'US\$') and therefore, the exchange rate directly affects the returns received by local Industry operators. A weaker Australian Dollar ('AUD') benefits the domestic industry by reducing prices in export markets and pushing up domestic prices, likely resulting in higher volumes.

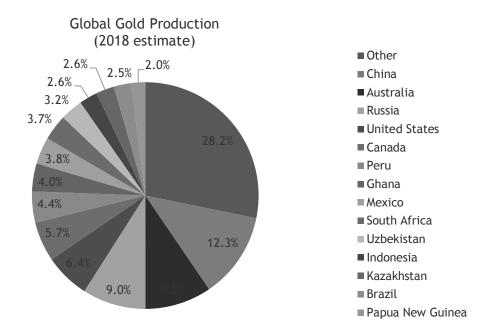
Global demand for gold is also inversely related to global economic performance. As gold is regarded as a store of value and is particularly sought after during periods of economic uncertainty, demand follows a counter-cyclical pattern. Strong global GDP growth can therefore have a negative impact on gold demand and the Industry. According to IBIS World, global economic performance is expected to improve in 2019, reducing demand for gold. This however is offset by slowing gold output growth. As a result, Industry revenue is projected to increase at an annualised 0.8% over the years through 2023-24.



Gold ore mining trends

Gold ore mining is a capital intensive and high cost process, which is becoming increasingly difficult and more expensive as the quality of ore reserves diminishes. The Industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of Industry operators' inability to significantly alter cost structures once a mine commences production.

Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the Industry has diversified geographically and China and Australia now dominate global gold production. According to the 2019 United States Geological Survey ('USGS'), total estimated global gold ore mined for 2018 was approximately 3,261 metric tonnes. The chart below illustrates the global gold production by country for 2018:

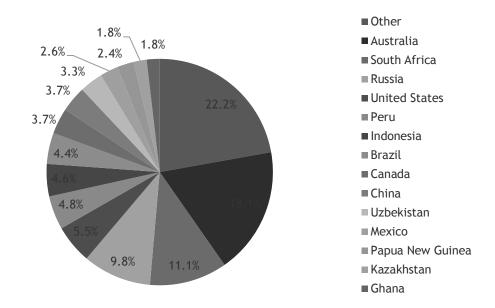


Source: United States Geological Survey and BDO analysis

Despite China being the largest gold producer, Australia and South Africa are endowed with the largest known gold mine reserves globally. As depicted in the graph below, collectively these two countries account for 40% of global gold reserves.



Global Gold Reserves (2018)



Source: United States Geological Survey and BDO analysis

Gold prices

The gold spot price since 2008 and forecast prices through to 2028 are depicted in the graph below:



Source: Bloomberg and Consensus Economics



The price of gold peaked at US\$1,900 on 5 September 2011, due largely to the debt market crisis in Europe and the Standard and Poor's downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw investors opt for the stability offered by gold.

The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Improved market sentiment and increased risk appetite from investors saw gold prices continue to decline throughout 2014 and 2015 to US\$1,051 in December 2015.

During 2016, gold prices strengthened, likely as a result of heightened uncertainty surrounding the US Presidential election and the United Kingdom's exit from the European Union. The price of gold reached US\$1,363 in late 2016 before stabilising around US\$1,200 to US\$1,300 throughout 2017.

The gold price fluctuated throughout 2018. In January 2018, the gold price strengthened, rising to approximately US\$1,360, spurred on by a weak US dollar. From April 2018 through to August 2018, the price of gold trended downwards. Prices remained flat through August and September of 2018, before increasing in October and November of 2018. The price of gold reached US\$1,341 in February 2019, before declining to US\$1,270 in May 2019. On 25 June 2019, the US dollar gold price reached a 17-month high of US\$1,423. The rise in the US dollar gold price, coupled with a weak Australia dollar, saw the Australian dollar spot price of gold reach an all-time high of \$2,046 per oz.

Global investors are expected to continue to favour gold as a safe haven asset throughout much of 2019, as higher levels of global risk and uncertainty persist, with instability in Europe, and the potential for higher inflation levels.

9. Is the Security Transaction fair?

The Security Transaction is fair if the value of the security provided is equal to or less than the liabilities to be settled in the event of default. Therefore, the Security Transaction is not fair if the security provided is greater than the liabilities to be settled.

We have considered the various scenarios which could occur in the event Millennium defaults on the IMC Loan Facility.

In a scenario where the value of the security provided is greater than or equal to the liabilities to be settled in the event of default, IMC would only be entitled to recover the principal and interest outstanding under the IMC Loan Facility.

Furthermore, in a scenario where the value of the security provided is less than the liabilities to be settled in the event of default, the secured assets would be sold and the proceeds provided to IMC.

These scenarios can be summarised as follows:

Scenario		Consequence	Fairness
Security Provided	> Liabilities To Be Settled	Security Provided = Liabilities To Be Settled	Fair
Security Provided	= Liabilities To Be Settled	Security Provided = Liabilities To Be Settled	Fair
Security Provided	< Liabilities To Be Settled	Security Provided < Liabilities To Be Settled	Fair

Source: BDO analysis

Under the terms of the IMC Loan Agreement, in the event of default, IMC is only entitled to be repaid the principal and interest outstanding under the IMC Loan Facility. If the proceeds of the sale of the security



assets are greater than the liabilities to be settled, the excess would be retained. Consequently, the value of the security provided is equal to or less than the value of the liabilities to be settled in all scenarios. Therefore, we consider the Security Transaction to be fair for Shareholders.

10. Is the Security Transaction reasonable?

10.1. Advantages of approving the Security Transaction

If the Security Transaction is approved, in our opinion the potential advantages to Shareholders include the following:

10.1.1 The Security Transaction is fair

As detailed in Section 9, the Security Transaction is fair. Pursuant to RG 111, an offer is reasonable if it is fair.

10.1.2 Security over the assets of a company is not unusual and would likely be required by other debt financiers

The provision of security enables the Company to obtain the debt funding that it requires. If Millennium was to seek debt funding from alternative sources, we would expect that the lender will require collateral to secure the debt. If security was not granted for the loan amount, then any potential debt financier would likely command a higher interest rate to compensate them for the additional risk involved with granting unsecured debt. Therefore, the provision of security for debt funding purposes is not unusual and would likely be required by other debt financiers.

- 10.2. Disadvantages of approving the Security Transaction
 - 10.2.1. Millennium will grant security over its assets to IMC

If the Company defaults on the IMC Loan Facility, IMC may enforce that Millennium sell the secured assets to repay the loan amount, which would be disruptive to operations. However, we note that the facility with Investec is already secured against the assets of Millennium, so the Company is not significantly worse off by granting security for the facility with IMC. As such, the Security Transaction effectively only results in an increase in the quantum of the liability that is secured against the assets of the Company.

- 10.3. Consequences of not approving the Security Transaction
 - 10.3.1. If Shareholders do not approve the Security Transaction, an event of default will occur and the Company may be required to repay the amount owing under the IMC Loan Facility

As detailed in section 4, failure to obtain Shareholder approval in relation to the Security Transaction, will constitute an event of default and the Company may be required to repay the IMC Loan Facility and accrued interest in full. However, we note that the Company, Investec and IMC have entered into a Subordination Deed and an Intercreditor Deed, both of which require IMC to obtain Investec's consent before demanding repayment upon an event of default occurring. Therefore, if Investec consents, failure



to obtain Shareholder approval will result in an event of default and the Company may be required to repay the amount owing under the facility.

In addition, if the Shareholder approval is not obtained by 30 August 2019, the interest rate applicable to the facility will increase from 13.5% per annum to 18.5% per annum.

10.4. Alternative Proposal

We are unaware of any alternative proposal which would be considered superior to the Security Transaction.

10.5. Other Considerations

We have analysed movements in Millennium's share price since the Security Transaction was announced. A graph of the Company's share price and trade volume leading up to and following the announcement of the Security Transaction is set out below.

0.250 18.0 16.0 **Volume (millions)** Announcement of 0.200 14.0 the Security Transaction Share Price (\$) 12.0 0.150 10.0 8.0 0.100 6.0 4.0 0.050 12:Jun 19 26.141.19 ■ Volume Closing share price

Millennium share price and trading volume history

Source: Bloomberg and BDO analysis

The closing price of a Millennium share from 1 February 2019 to 10 July 2019 has ranged from a low of \$0.056 on 18 June 2019, to a high of \$0.223 on 1 February 2019. The Security Transaction was announced on 24 May 2019. On this day, the share price closed at \$0.105 with 7,023,893 shares being traded, representing approximately 0.8% of the Company's current issued capital. Over the period from 27 May 2019 (the next trading day following the announcement of the Security Transaction), the share Company's closing share price has ranged from a low of \$0.056 to a high of \$0.115.

Over this period, the Company has made several announcements, including on 5 June 2019 when it announced that it had executed the IMC Loan Agreement and completed an initial drawdown of \$10.0 million. On the date of the announcement, the share price closed at \$0.063, a decrease of 23.8% from the previous close of \$0.078. The share price rebounded in the following trading day, closing at \$0.073 on 6 June 2019. Subsequently, on 26 June 2019 the Company announced that it had delivered its first sulphide ore from the Stage 1 expansion at Nullagine. Following the announcement, the share price increased to \$0.115, up 27.8% from the previous daily close of \$0.090. We consider this announcement to be unrelated



to the announcement of the Security Transaction and therefore should not be considered in Shareholders' assessment of whether to approve the Security Transaction.

11. Conclusion

We have considered the terms of the Security Transaction as outlined in the body of this report and have concluded that the Security Transaction is fair and reasonable to Shareholders.

12. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Millennium for the years ended 31 December 2016, 31 December 2017 and 31 December 2018;
- Unaudited management accounts of Millennium for the period from 1 January 2019 to 31 May 2019;
- Mezzanine Loan Facility Agreement
- Option Subscription Deed between Millennium and IMC
- Subordination Deed between Millennium, Investec and IMC;
- Share registry information;
- Bloomberg;
- S&P Capital IQ;
- IBIS World;
- Research and Broker Reports; and
- Discussions with Directors and Management of Millennium.

13. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$70,000 (excluding GST and reimbursement of out of pocket expenses). This includes the fees received in relation to a potential control element of the IMC Loan Agreement, which was no longer relevant once the terms of the options were restructured as announced on 9 July 2019. The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Millennium in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Millennium, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Millennium and IMC and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Millennium and IMC and their respective associates.



Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Millennium, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Millennium and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

14. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes, Adam Myers and Ashton Lombardo of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Natural Resources Leader for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants. Ashton has over eight years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

15. Disclaimers and consents

This report has been prepared at the request of Millennium for inclusion in the Notice of Meeting which will be sent to all Millennium Shareholders. Millennium engaged BDO Corporate Finance (WA) Pty Ltd to



prepare an independent expert's report to assess whether the Security Transaction is fair and reasonable to Shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Security Transaction. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Security Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Millennium, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director



Appendix 1 - Glossary of Terms

Reference	Definition		
The Act	The Corporations Act 2001 Cth		
AFCA	Australian Financial Complaints Authority		
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'		
ASIC	Australian Securities and Investments Commission		
ASX	Australian Securities Exchange		
AUD	Australian Dollar		
Bartons Underground	An underground mining operation at the Bartons Deposit		
BDO	BDO Corporate Finance (WA) Pty Ltd		
BFS	Bankable Feasibility Study		
Camel Creek	Camel Creek Mining Centre		
CIL	Carbon-In-Leach		
The Company	Millennium Minerals Limited		
Corporations Act	The Corporations Act 2001 Cth		
Expansion Study	Study assessing the viability of a new long-term processing configuration, involving an integrated flotation circuit capable of treating sulphide ores through the Gold Eagle Plant.		
Five Mile	Five Mile Mining Centre		
FOS	Financial Ombudsman Service		
FSG	Financial Services Guide		
FY	Financial year		
GDP	Gross Domestic Product		
Golden Eagle	Golden Eagle Mining Centre		



Reference	Definition			
Golden Eagle Plant	Golden Eagle Processing Plant			
Golden Gate	Golden Gate Mining Centre			
Golden Gate Underground	Golden Gate underground mining operation			
IMC	IMC Resources Investments Pte Led			
IMC Loan Agreement	Loan Agreement between IMC and Millennium			
IMC Loan Facility	\$20 million secured debt facility from IMC			
The Industry	Gold Ore Mining Industry			
INOX	Millennium's patented in-mill oxidisation process			
Intercreditor Deed	An intercreditor deed between Millennium, Investec, and IMC			
Investec	Investec Australia Limited			
Km	Kilometres			
Maturity Date	The maturity date of the IMC Loan Facility, being 31 December 2020			
Middle Creek	Middle Creek Mining Centre			
Millennium	Millennium Minerals Limited			
Mtpa	Million tonne per annum			
Nullagine Project	Nullagine Gold Project			
The Options	60 million options to IMC (or its affiliates), exercisable at \$0.1218 with an expiry date six years from issue			
OZ	Ounces			
QMP	Quoted market price			
RBA	Reserve Bank of Australia			
Regulations	Corporations Act Regulations 2001 (Cth)			
Our Report	This Independent Expert's Report prepared by BDO			
RG 74 Acquisitions approved by Members (December 2011)				



Reference	Definition		
RG 111	Content of expert reports (March 2011)		
RG 112	Independence of experts (March 2011)		
RLF	Revolving Loan Facility		
RMF	Risk Management Facility		
RSI	RSI (WA Gold) Pty Ltd		
Scoping Study	A scoping study undertaken to assess the economic and technical viability of an underground mining operation at the Bartons deposit.		
Security Transaction	Pursuant to the IMC Loan Agreement, the \$20 million facility from IMC will be secured against the assets of Millennium on the same terms as the loan facility that the Company has with Investec. The ASX deems the granting of a security interest over an asset to be a disposal of that asset. As such, for the purposes of applying ASX Listing Rule 10.1, in granting the security, the Company will be deemed to be disposing of its assets to IMC		
Shareholders	Shareholders of Millennium		
Stage 1a	Stage 1a of the Sulphide Expansion, which would involve the installation of a concentrator and fine grinding circuit		
Stage 1b	Stage 1a of the Sulphide Expansion, which would involve the installation of the Company's in-mill oxidisation process		
Stage 2	Stage 2 of the Sulphide Expansion, which would involve the installation of a pressurised in-mill oxidisation process		
Subordination Deed	A Deed entered into between Millennium, IMC and Investec which among other things, requires IMC to obtain Investec's consent before demanding repayment upon an event of default occurring		
Sulphide Expansion	A two staged expansion of the Golden Eagle Plant		
Tranche 2 Funding	The second tranche of funding of \$5 million to be provided no earlier than 30 June 2019 and no later than 16 August 2019, subject to 6,750 ounces of gold being produced in June and conditions precedent being satisfied		
Tranche 3 Funding	The third tranche of funding of \$5 million to be provided no earlier than 31 July 2019 and no later than 16 August 2019, subject to 6,750 ounces of gold being produced in July or a combined production of 13,500 ounces from June and July and conditions precedent being satisfied		



Reference	Definition
Twenty Mile Sandy	Twenty Mile Sandy Mining Centre
USD or US\$	US dollars
USGS	United States Geological Survey
WA	Western Australia

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For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia









LODGE YOUR VOTE

ONLINE

www.linkmarketservices.com.au

 \bowtie

BY MAIL

Millennium Minerals Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: 1300 554 474

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X9999999999

PROXY FORM

I/We being a member(s) of Millennium Minerals Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at 11:00 am (WST) on Tuesday, 27 August 2019 at The Celtic Club, 48 Ord Street, West Perth WA 6005 (the Meeting) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an \boxtimes

Resolutions

For Against Abstain*

- 1 Approval of issue of Consideration Options
- 2 Approval of grant of Security to IMC



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form.

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (WST) on Sunday, 25 August 2019,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Millennium Minerals Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am-5:00pm)







COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).