



MILLENNIUM
MINERALS LIMITED
ABN 85 003 257 556

16 March 2020

MILLENNIUM MINERALS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 003 257 556 (the Company)

Addendum to the Explanatory Statement and Expert Report

We refer to the announcement of 26 February 2020 attaching the Explanatory Statement and Expert's Report in relation to the application for orders under section 444GA of the Corporations Act 2001 (Cth) (Corporations Act).

As a consequence of correspondence from shareholders regarding the increase in the price for gold, the Deed Administrators instructed SRK to review the opinions expressed in SRK's independent specialist report as to the value of the Company's mineral assets.

SRK has provided the Deed Administrators with an addendum (SRK Addendum) to its independent specialist report, revising the value of the Company's mineral assets in light of the increased gold price. Consequently, the Deed Administrators have also prepared an addendum to the Expert's Report (Addendum).

The Addendum contains updated information as to the valuation of the Company's shares, including a revision to the Company's asset position on a low, high and preferred basis and the corresponding deficiency to shareholders. Other than as set out in the Addendum, the opinions expressed by the Deed Administrators in the Explanatory Statement and Expert's Report remain unchanged.

In summary, after accounting for the effect of the gold price movement on the Company's mineral reserve assets as described in the SRK Addendum, the Deed Administrators are satisfied that on each of a low, high and preferred basis, the Company's total indebtedness still exceeds its total asset value in a liquidation. For the reasons set out in the Addendum, the Deed Administrators remain of the view that there is no residual value in the Company's shares. Accordingly, they intend to seek orders allowing them to transfer shares in the Company under section 444GA of the Corporations Act as detailed in the Explanatory Statement and Expert Report.

Given the limited matters addressed in the Addendum, the Deed Administrators do not intend to seek any extension of the timetable for the section 444GA process as detailed in the Explanatory Statement and Expert's Report, because this would result in the Company incurring further unnecessary costs.

The deadline for shareholders wishing to file an appearance is 4:00 PM (Perth time) on 18 March 2020. Shareholders should refer to the Addendum and section 5 of the Explanatory Statement for further information on the Section 444GA Application and steps they need to take to participate in the Court hearing if they wish to oppose the Section 444GA Application.

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Addendum to the Explanatory Statement
and Expert Report dated 25 February 2020
Millennium Minerals Limited
(Subject to Deed of Company Arrangement)
(Receivers and Managers Appointed)
ACN 003 257 556

1.1 Background to the Addendum

This Addendum (Addendum) should be read in conjunction with the Explanatory Statement (Explanatory Statement) and Expert Report (Expert Report) dated 25 February 2020 and issued to the shareholders of Millennium Minerals Limited (ASX: MOY) (the Company or MOY) on 26 February 2020. The Explanatory Statement and Expert Report were issued to shareholders via an announcement on the Deed Administrators' website (<https://www2.deloitte.com/au/en/pages/finance/articles/millennium-minerals-limited.html>) and the ASX Company Announcements Platform.

For background, a Deed of Company Arrangement (DOCA) was entered into by the Company, the Deed Administrators, and IMC Resources Investments Pte Ltd (IMC or the Proponent) on 21 January 2020.

The DOCA requires the transfer to IMC (and/or its nominees) of all of the issued shares in the Company not already registered in the name of IMC (or such other persons as IMC may specify) with no consideration payable to the existing shareholders. An application for leave of the Court has been made by the Deed Administrators under Section 444GA of the Corporations Act 2001 (the Act) to enable that transfer to occur (Section 444GA Application). The Deed Administrators are pursuing the Section 444GA Application because they are satisfied that the shares in the Company have no value and the proposal to recapitalise the Company pursuant to the DOCA is in the best interests of the creditors.

This is an important document. Shareholders (and their advisors and any other interested parties) should read this Addendum, the Explanatory Statement and the Expert Report in their entirety before making a decision regarding whether or not to take any action in respect of the Section 444GA Application. If you have any questions on the information in this document, you should consult your legal or other professional advisor.

1.2 What is the purpose of the Addendum?

The purpose of the Addendum is to provide information to the Company's shareholders as a consequence of the movement in the gold price in Australian Dollar terms since the issuance of the Explanatory Statement and Expert Report, and in particular to address the question of whether this movement in the Australian dollar gold price has any relevant impact on the Company's total asset value, and therefore the Section 444GA Application.

In order to ascertain the effect of the movement in gold price since the issuance of the Explanatory Statement and Expert Report, the Deed Administrators' instructed SRK Consulting (Australasia) Pty Ltd (SRK) to review the opinions expressed in their Independent Specialist Report dated 1 January 2020 (SRK Report) as to the value of the Company's mineral reserve assets. As a consequence, SRK have provided an addendum (SRK Addendum) dated 13 March 2020 outlining their updated valuation which is enclosed at Appendix A.

For the purposes of this Addendum, no other details or assumptions which were relied upon in the Explanatory Statement and Expert Report have changed.

1.3 What is the conclusion of the SRK Addendum?

After accounting for the effect of the gold price movement on the Company's mineral reserve assets as described in the SRK Addendum, the Company's total indebtedness still exceeds its total asset value in a liquidation.

A summary of the values ascribed on a former low, high and preferred basis in the Expert Report, compared with the value on a low, high and preferred basis by reference to SRK's Addendum, are tabled below:

	Previous Low (Expert Report dated 25 February 2020)	Updated Low (Addendum dated 16 March 2020)	Previous High (Expert Report dated 25 February 2020)	Updated High (Addendum dated 16 March 2020)	Previous Preferred (Expert Report dated 25 February 2020)	Updated Preferred (Addendum dated 16 March 2020)
\$000 (Excl. GST)						
Total assets	7,039	7,454	97,243	103,943	50,195	57,595
Total indebtedness	106,765	106,765	104,065	104,065	105,290	105,290
Surplus/(Deficiency) to shareholders	(99,726)	(99,311)	(6,823)	(123)	(55,095)	(47,695)

For reference, the equivalent table above and associated details can be found at Section 1.1 of the Explanatory Statement.

As was set out in the Explanatory Statement and Expert Report, the Deed Administrators instructed third parties to provide independent valuations of the Company's assets. Those values formed the basis of the Deed Administrators' opinion of value as set out in this Addendum, and the Explanatory Statement and Expert Report.

1.4 Valuation summary

Based on updated mineral reserve valuation as detailed the SRK Addendum, in conjunction with the details and assumptions set out at Section 7 of the Expert Report, the updated value range of the Company's assets is \$7.5 million to \$103.9 million (preferred valuation of \$57.6 million). The updated mineral reserve asset valuation represents an increase in the valuation range of \$0.4m (low value) to \$6.7m (high value).

Set out below is a summary of the valuation range of the Company's assets as a consequence of the receipt of the SRK Addendum. The former version of this table, notes and further details regarding the Company's total assets, are provided at Section 2.2 of the Explanatory Statement and Section 7 of the Expert Report.

\$000 (Excl. GST)	Expert Report Note	Previous Low	Updated Low	Previous High	Updated High	Previous Preferred	Updated Preferred
<i>Non-circulating assets</i>							
Plant and equipment	7.3.2	5,424	5,424	52,043	52,043	11,395	11,395
Mine minerals and reserves	7.3.3	1,615	2,030	43,200	49,900	37,800	45,200
Total non-circulating assets		7,039	7,454	95,243	101,943	49,195	56,595
<i>Other assets</i>							
Voidable Transactions	7.3.5	-	-	2,000	2,000	1,000	1,000
Total other assets		-	-	2,000	2,000	1,000	1,000
Total Assets		7,039	7,454	97,243	103,943	50,195	57,595

The updated high value presented above has been provided for illustrative purposes only and, in our opinion, is not a realistic assessment of value for the following reasons:

- The valuation has been prepared on a Fair Market Value in Continued Use and does not have regard to the cost of restarting the plant or the fact that the Company is insolvent and does not have capacity to fund ongoing operations; and
- Care and maintenance expenses have been estimated through to 31 March 2020, however, a sale process would likely take at least an additional 3 months to complete, which would result in a further dilution of value.

Further details regarding the asset valuation summary can be found in section 7 of the Expert Report, and in the SRK Addendum.

1.5 Total indebtedness

The Company's total indebtedness is estimated to be in the range of \$104.1 million to \$106.8 million (adopted Total Indebtedness of \$105.3 million). In circumstances where the Section 444GA Application and DOCA implementation has, to date, proceeded as anticipated, the Company's total indebtedness has not materially changed from the estimates outlined in the Explanatory Statement and Expert Report.

Set out below is an estimate of the Company's total indebtedness as at March 2020 in a liquidation scenario. This table, and further details regarding the Company's total indebtedness, are provided at Section 2.2 of the Explanatory Statement and Section 5.1 of the Expert Report.

\$000 (Excl. GST)	Note	Low	High	Preferred
IMC debt (secured portion)	5.1.1	56,204	55,954	55,954
Employee entitlements	5.1.2	5,100	5,100	5,100
Deed Administrators' fees and costs	5.1.3	250	100	175
Unsecured (trade) creditors	5.1.4	36,083	34,459	35,271
IMC debt (subordinated)	5.1.1	3,178	3,178	3,178
Total Indebtedness as at 31 March 2020		100,815	98,790	99,677

In addition to the above, we anticipate the following additional costs will be incurred in a liquidation scenario:

Estimated Liquidators' fees and costs	5.1.5	675	500	588
Estimated Receivers' (or Liquidators') costs of realisation	5.1.6	1,000	500	750
Care and Maintenance costs and IMC interest	5.1.7	4,275	4,275	4,275
Sub-total		5,950	5,275	5,613
Total Liquidation Indebtedness		106,765	104,065	105,290

1.6 Critical assumptions of the Addendum, Explanatory Statement and Expert Report

This Addendum, the Explanatory Statement and the Expert Report, should be read with the understanding that the Company is insolvent and without cash to fund any ongoing activities.

The high case valuation is provided for illustrative purposes only, and is not a realistic assessment of achievable value. The assets are currently subject to care and maintenance, and any purchaser would have regard to the likely costs to restart the plant, which would further decrease the value above. Given the timing and progression of the DOCA and Section 444GA application, it is likely that the costs and time required to restart the plant and mining operations have only further increased. In that regard, even on the highest theoretical value of assets, the Company's existing indebtedness exceeds the Company's asset value, and consequently, we have concluded that, having regard to the increase in the Australian Dollar gold price since the Explanatory Statement and Expert Report, as reflected in the SRK Addendum, that the shares in the Company have no value.

Further, on a preferred value basis, the asset value would be consumed almost entirely by the Secured Creditor's existing indebtedness and therefore, in on the basis of our preferred value, there would only be a limited return for unsecured creditors (ie less than under the DOCA) and no return for shareholders, in the event of liquidation.

1.7 Conclusion of the Addendum

There has been no change to the conclusion of the Explanatory Statement and Expert Report, namely that, where the Company's total indebtedness exceeds the Company's total asset value in a liquidation scenario, the Company's shares have no value and the criteria for the Section 444GA Application to succeed are present.

1.8 Issuance of the Addendum

On the date the Addendum is issued, the Deed Administrators will release an announcement on their website (<https://www2.deloitte.com/au/en/pages/finance/articles/millennium-minerals-limited.html>) and the ASX Company Announcements Platform containing a copy of this Addendum and the enclosed SRK Addendum.

1.9 Status of the Section 444GA Application

As noted in the Explanatory Statement and Expert Report, a Directions Hearing relating to the Section 444GA Application has been listed for hearing at the Supreme Court of Western Australia at 9:45am (Perth time) on 19 March 2020.

Given the limited matters addressed in the Addendum, the Deed Administrators do not intend to seek any extension of the timetable for the section 444GA process, as detailed in the Explanatory Statement and Expert's Report, because this would result in the Company incurring further unnecessary costs.

If shareholders wish to appear at the Directions Hearing to make submissions and/or if shareholders intend to oppose the Section 444GA Application at the Final Hearing, they may do so by filing with the Court, and serving on the Deed Administrators, an appearance in the prescribed Court form by 4:00pm (Perth time) on 18 March 2020.

If you do not enter an appearance by the deadline of 18 March 2020, the Court may determine that you are not entitled to be heard at any subsequent hearings.

The Final Hearing for the Section 444GA Application has currently been listed for hearing at the Supreme Court of Western Australia at 9:45am (Perth time) on 31 March 2020.

1.10 Further information

If you have further questions, it is recommended that you:

- contact your stockbroker, solicitor, accountant and/or other professional adviser
- read all reports/notifications issued (past and future) by the Deed Administrators relating to the Company which are available for download from:
<https://www2.deloitte.com/au/en/pages/finance/articles/millennium-minerals-limited.html>.
- Contact Sam Ierino of our office on +61 8 9365 8145 or sierino@deloitte.com.au.



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13 March 2020

Mr Matthew James Donnelly as Administrator of Millennium Minerals Limited
Tower 2, Brookfield Place
123 St Georges Terrace
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Dear Matthew

Addendum to the SRK Independent Specialist Report on the Mineral Assets of Millennium Minerals Limited

In light of the recent increase in the gold price in Australian Dollar terms, SRK Consulting (Australasia) Pty Ltd (**SRK**) has, at your request, prepared an addendum to its Independent Specialist Report (**ISR**) dated 14 February 2020. The ISR provides SRK’s estimate of the market value of the mineral assets ultimately to be held by Millennium Minerals Limited (**Millennium**). The ISR has an effective valuation date of 1 January 2020 and adopted an Australian Dollar gold price of AU\$2,165/oz.

This letter updates SRK’s ISR and should be read together with, and not independently of, the ISR.

Gold Price Movement

The Australian Dollar gold price has been rising since late-2019, up 6.9% in the last 30-days and up 14.2% in the last 6-months, as a result of safe-haven buying in the wake of global economic uncertainty led by the coronavirus outbreak, a fall in the oil price and the resulting global equity market and interest-rate corrections. The Australian Dollar gold price has however been highly volatile due to speculation around quantitative easing by the United States Treasury and profit-taking in the speculative markets (Figure 1).



Figure 1: Australian Dollar Gold Price History

Source: goldprice.org

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Given the recent volatility in the Australian Dollar gold price, together with the uncertainty surrounding the futures markets in light of the current macro-economic environment, SRK has elected to update its market value estimate of Millennium's mineral assets by applying the trailing average 30-day Australian Dollar gold price of AU\$2,427/oz to the valuation presented in Section 4 of the ISR. In SRK's opinion the use of trailing average 30-day Australian Dollar gold price best represents the current market environment and the price trend. The use of a spot price for valuation purposes during periods of volatility is misrepresentative as the price on any given day may represent a price extreme.

Update to Table 4-2

The normalised comparable market transaction metrics noted in Table 4-2 of the ISR have been updated to reflect the selected AU\$2,427 price.

Table 4-1: Resource-based transaction multiple analysis

	Resource Multiple – Raw (AU\$/oz Au)	ISR Resource Multiple – Normalised (AU\$/oz Au)	Updated Resource Multiple – Normalised (AU\$/oz Au)
Projects in Operation or under Construction			
Minimum	13.7	18.8	21.1
Median	60.2	79.7	89.3
Average	113.7	151.7	170.1
Maximum	265.0	361.3	405.0
Weighted average	45.2	57.0	63.9
Projects in Care and Maintenance to Pre-Development			
Minimum	1.3	1.6	1.8
Median	11.4	15.5	17.4
Average	19.9	25.1	28.1
Maximum	68.4	83.3	93.4
Weighted average	22.9	28.1	31.5
Advanced Exploration			
Minimum	0.9	1.2	1.3
Median	6.0	7.7	8.6
Average	12.4	15.8	17.7
Maximum	55.4	68.7	77.0
Weighted average	8.8	11.5	12.9

Source: SRK analysis

Update to Table 4-3

The Mineral Resource valuation presented in Table-4.3 of the ISR has been updated to reflect changes to SRK's comparable transaction analysis given by the normalised resource multiples in light of the updated Australian Dollar gold price assumption. SRK considers that the market is likely to pay between AU\$65/oz Au and AU\$85/oz Au for the Project's Measured Mineral Resources, between AU\$35/oz Au and AU\$40/oz Au for the Project's Indicated Mineral Resources, and between AU\$14/oz Au and AU\$17/oz Au for the Project's Inferred Mineral Resources, based on the average and mean ranges of SRK's comparable transaction analysis. Adopting these values, the implied values of the Project's Mineral Resources on a comparable basis are provided in Table 4-3.

Table 4-2: Mineral Resource valuation – comparable transaction method

	Multiple Low	Multiple High	Contained Au (troy ounces)	Value Low (AU\$M)	Value High (AU\$M)	Value Preferred (AU\$M)
Value by Category – Pre-Development Resources						
Measured	65	85	287,600	18.7	24.4	21.6
Indicated	35	40	461,600	16.2	18.5	17.3
Inferred	14	17	409,900	5.7	7.0	6.4
Total			1,159,100	40.6	49.9	45.2

Note: Any discrepancy between table values is due to rounding.

Update to Table 4-4

SRK's Mineral Resource valuation presented in Table-4.3 of the ISR has also been updated to reflect the Yardstick analysis following the revision to the Australian Dollar gold price.

Table 4-3: Mineral Resource valuation – Yardstick method

	Yardstick Factor Low	Yardstick Factor High	Contained Au (troy ounces)	Value Low (AU\$M)	Value High (AU\$M)	Value Preferred (AU\$M)
Value by Category – Pre-Development Resources						
Measured	2.0%	5.0%	287,600	14.0	34.9	24.4
Indicated	1.0%	2.0%	461,600	11.2	22.4	16.8
Inferred	0.5%	1.0%	409,900	5.0	9.9	7.5
Total			1,159,100	30.1	67.3	48.7

Note: Any discrepancy between table values is due to rounding.

Salvage and Re-start valuation estimates

SRK has not updated its salvage and re-start estimates as SRK considers these estimates to be current.

Update to Table 4-5

SRK's valuation summary outlined in Table 4-5 of the ISR has been updated to reflect the revised Australian Dollar gold price analysis. On this basis, SRK estimates that the value of a 100% interest in the Mineral Resources at the Project lies in the range between AU\$40.6M and AU\$49.9M, with a preferred value of AU\$45.2M, which is the mid-point of the valuation range (Table 3-12).

Table 4-4: Summary valuation

Method	Low (AU\$M)	High (AU\$M)	Preferred (AU\$M)
Comparable market transactions	40.6	49.9	45.2
Yardstick	30.1	67.3	48.7
Selected	40.6	49.9	45.2

Update to Table 5-1

SRK's valuation summary given in Table 5-1 and in the Executive Summary of the ISR has been updated to reflect the revised valuation opinion resulting from an update to the Australian Dollar gold price.

Table 5-5: Valuation summary

Stage	Low (AU\$M)	High (AU\$M)	Preferred (AU\$M)
Mineral Resource estimates	40.6	49.9	45.2
Salvage Value Estimate (Process and Non-Process Infrastructure)	11.4 +/- 30%		

Note: Any discrepancies between values in the table are due to rounding.

In selecting its overall preferred value, SRK has adopted the mid-point of the valuation range given it has no particular preference for either end of the range.

Yours faithfully



Karen Lloyd

SRK Consulting (Australasia) Pty Ltd