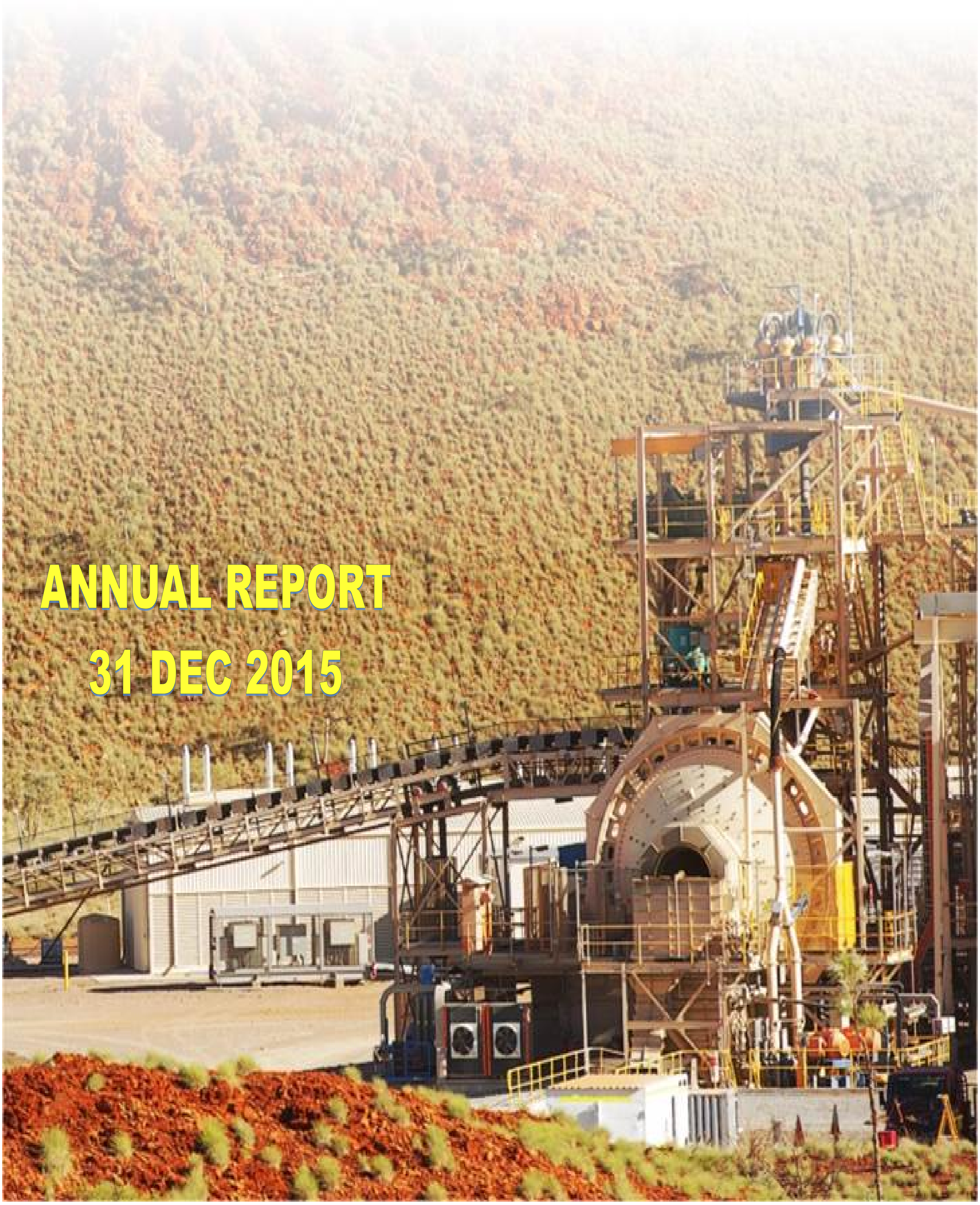
MILLENNIUM
ASX Code: MOY



ANNUAL REPORT
31 DEC 2015

Corporate Directory

The Board

Richard Procter – Non-executive Chairman
Gregory Bittar – Executive Director
Ross Gillon – Non-executive Director
Michael Chye – Non-executive Director
Pierre Malherbe – Company Secretary

Registered Office and Business Address

Ground Floor 10 Kings Park Road
West Perth WA 6005
P.O. Box 117 West Perth WA 6872
Tel: +61 8 9216 9011   Fax: +61 8 9481 2088

Email: info@millenniumminerals.com.au

Millennium Minerals maintains a website where all announcements to the ASX are available:
www.millenniumminerals.com.au

Share Registry

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009
Tel: +61 8 9389 8033   Fax: +61 8 9389 7871

Stock Exchange
Australian Stock Exchange Limited
2 The Esplanade Perth   WA 6000
ASX ticker code: **MOY**

Auditors

Rothsays Chartered Accountants
Level 1 Lincoln House
4 Ventnor Avenue
West Perth WA 6005

Solicitors

Bellanhouse Legal
Ground Floor 11 Ventnor Avenue
West Perth WA 6005

CONTENTS

MILLENNIUM MINERALS LIMITED
ASX Code: MOY

CHAIRMAN'S LETTER

Dear Shareholder

It is pleasing to report a very improved financial performance this year compared to last year. From revenue of $139.5[1] million ($115.9 million)[2] (inclusive of by-products) the Company reported an after tax profit of $22.9 million ($118.0 million loss). As at 31 December 2015 the Company had repaid 92% of the outstanding amount of the senior debt facility, with only $3.7 million ($21.4 million) to be repaid by 31 March 2016. This repayment schedule was twice accelerated and then entirely extinguished in February 2016, thus leaving the Company debt free at a time when the gold price had recovered strongly - a momentous position for the Company.

The operations produced full year gold output of just over 91,400 ounces (being at the upper end of guidance of 88,000 ounces – 93,000 ounces), achieved at an AISC of A$1,175/ounce (3% below mid guidance). This was by any measure a great turnaround for the Company and Glenn and his very capable management team and staff deserve the kudos for this outcome. Last year's production was approximately74,300 ounces.

Operationally, 2015 was a critical year for the Company – having ended 2014 with a high level of debt that was difficult to service, exacerbated by both poor mine performance and cash flow. Nonetheless, methodical implementation of the many steps necessary to rectify the various challenges facing the Company, including receiving vital support from our major shareholder, IMC, and management changes such as Glenn taking over as CEO. This resulted in a raft of significant technical and operational changes being made at the end of 2014 and into 2015 (as alluded to at the last AGM).

Subsequently, the various changes made started to bear positive results, and twice over the course of the year we announced improved production and cost guidance as management succeeded in increasing mined ore tonnages, milled head grades and processing plant throughput. Additionally, by year end, annualised savings of more than $12 million had been achieved.

The latter part of 2015 provided evidence that the faith we had in our flagship project was beginning to be realised – and by the end of the year the Nullagine project had good operational momentum.

The turnaround, at the Nullagine operation was remarkable. The early exploration results, gold production and financial performance improvements during the year, enabled the Company to enter the capital markets in December and raise $21 million. This raising (to use the funds to accelerate eliminating our debt and initiate an aggressive brownfields exploration program on our highly prospective tenements), was well supported by both current and new shareholders alike. And true to this investment philosophy, we did slash our debt and begin the aggressive brownfields exploration program, which is currently ongoing.

Turning to health, safety environment and community, we are very pleased to report that site wide improvements of hazard reporting from May 2015 saw average monthly reporting increase from less than 20 to approximately 200 hazards being reported monthly. The efforts in reporting hazards has been a strong contributor to the decrease in total reportable injury frequency rate (TRIFR) from 12 to as low as 6 in 2015. A key focus of the site in the coming year will be to cement these improvements and maintain a TRIFR of less than 6.

Your Company continues to be a strong supporter of its local community throughout the year. The Company has been actively involved with the local police, health services, schools and the shire generally. We continue to look at avenues of support or involvement so that we can contribute in a positive and proactive way to the Nullagine and close surrounding communities, including providing employment opportunities (both permanent and short term).

The production and cash flow outperformance we have had, slashing our debt and embarking on our exploration program have all coincided well with a positive change to the sentiment in the gold market. This is a good result for our shareholders, especially those that supported the December 2015 raising at $0.04/share. The uplift in share appreciation since then has been significant. However, we are very aware that there remain many shareholders that invested in the Company at relatively higher prices – and to this end we remain determined to ensure the Company has in place those critical elements to deliver real value for all shareholders.

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

[2] *Data in brackets represent previous corresponding period.*

As mentioned, the proceeds of the capital raising have been used to reshape your Company by retiring the $14 million debt owed to our major shareholder, IMC Group, and underpinning the extensive exploration program being undertaken to increase the Mineral Resources and mine life at Nullagine. In terms of exploration results, we recently released the very exciting gold deposit discovered at Anne De Vidia (which is only one of our typical brownfields targets).

The Company's focus now is on maintaining the production and cost performance at Nullagine to maximise our free cash flow - taking full advantage of the fact that we no longer have balance sheet debt. At the same time, we are driving the exploration programs hard to grow the project's gold inventory and mine life. Success on this front will further strengthen the market's confidence in the Company. It will also, essentially, demonstrate that we can sustain our strong cash flows over the longer term.

Finally, on behalf of the Board, I thank Glenn and his highly capable team for their outstanding work over the past year. I also thank all our shareholders for your critical support as we sought to reposition the Company. Given the unique position we find ourselves in, we look forward to delivering more strong results as the next phase of our growth strategy is executed.

Richard Procter
Chairman
Perth
17 March 2016

OPERATIONS REPORT

OPERATIONAL ACTIVITIES SUMMARY

Millennium Minerals Limited operates the Nullagine Gold Project (Project), located in the Pilbara Region in Western Australia (Figure 1).

The 2015 financial year has been a watershed year for the Company on all fronts, enabling it to enter 2016 in a strong financial and operational position.

The Company is very pleased that site wide improvements of hazard reporting from May 2015 saw average monthly reporting increase from less than 20 to approximately 200 hazards being reported monthly. The efforts in reporting hazards has been a strong contributor to the decrease in TRIFR from 12 to as low as 6 in 2015. A key focus of the site in the coming year will be to cement in place these improvements and maintain a TRIFR of less than 6.

Your Company continues to be a strong supporter of its local community throughout the year. The Company has been actively involved with the local police, health services, schools and the shire generally. We continue to look at avenues of support or involvement so that we can contribute in a positive and proactive way to the Nullagine and close surrounding communities, including providing employment opportunities (both permanent and short term).

The strong performance at the Project resulted in the Company generating approximately $28 million in free cash flow (before financing costs) during the year. This stemmed from the production of 91,462 ounces (being at the upper end of guidance of 88,000 ounces – 93,000 ounces) at an AISC of $1,175/ounce (below AISC guidance of $1,190/ounce - $1,240/ounce) for the financial year[3].

Millennium increased production guidance and reduced cost guidance twice during 2015 as it succeeded in improving mined ore tonnages, milled head grade and processing plant throughput – while also delivering annualised savings of more than $12 million.

This strong result enabled Millennium to reduce its senior bank debt to only $3.7 million by 31^{st} December 2015 with its subordinated debt repaid in full following a $21 million capital raising in December 2015. The combination of the strong operational cash flow left the Company with $11.4 million cash on hand as at December 31, 2015.

Subsequent to the end of the reporting period, the Company reported it is now debt-free after repaying the balance of its senior debt facility ahead of schedule in February 2016. The Company has repaid a total of $37.1 million of debt since January 2015.

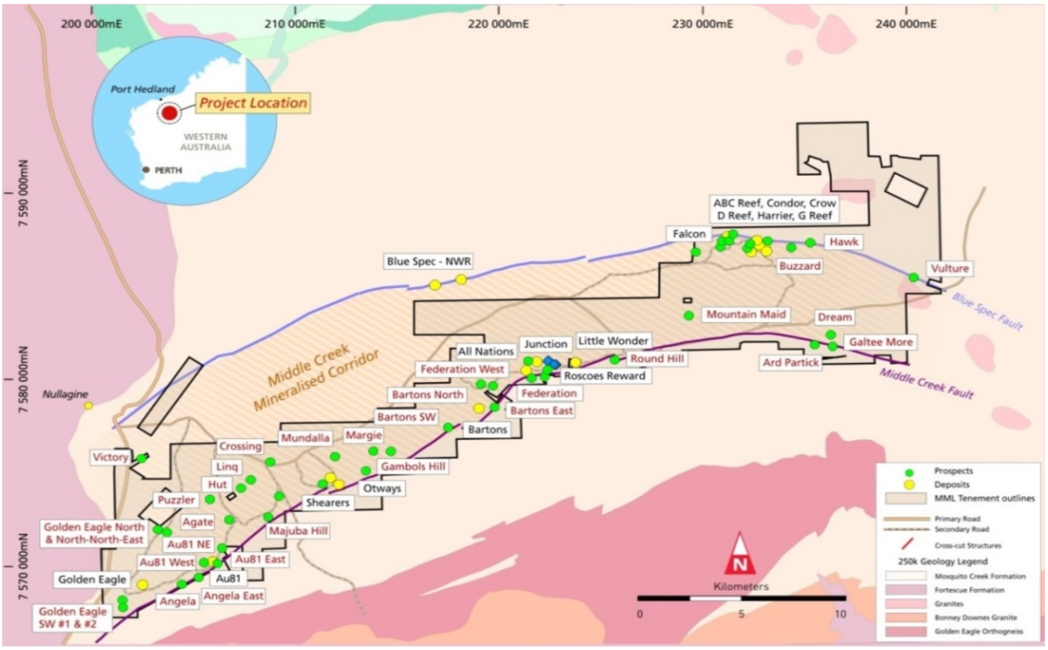


Figure 1 – Nullagine Deposit Location Plan over regional geology

---

[3] *Company's financial year ends December – based on unaudited data.*

With the operation continuing to perform extremely well, the Company can expect another year of strong production at very competitive operating costs with forecast production of 80,000 ounces – 85,000 ounces at an AISC of $1,180/ounce - $1,220/ounce for 2016.

As indicated in the recent capital raising prospectus, Millennium has earmarked a $10 million exploration campaign across the Project area to grow its gold mineral inventory and mine life. The Company plans to complete over 110,000 metres of RC drilling, operating 3 – 4 rigs at any one time during 2016.

The Company continues to make significant inroads with these ongoing drilling programs which have already delivered early success, with excellent drilling results returned from the first four prospects to be drilled at the Project during the December quarter (ASX release December 22, 2015).

Millennium is on track to commence work on updated Mineral Resources estimates during the March quarter 2016.

With growing free cash flow and a strong balance sheet, the Company has established an outstanding platform for future growth via exploration success, potential regional consolidation as well as acquisition opportunities.

OPERATIONS

Production year 2015 – Production statistics are presented in Table 1 below.

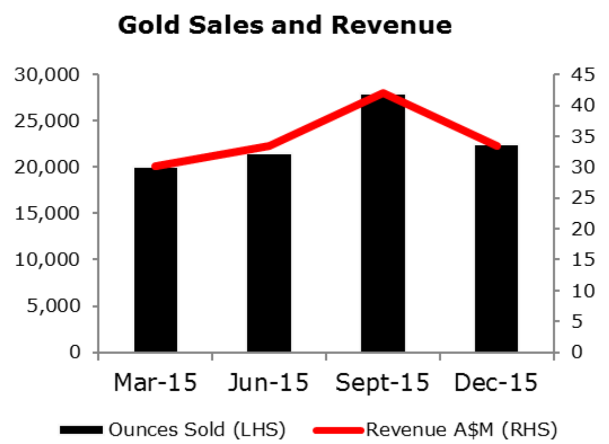
Table 1: 2015 Key Production Summary Statistics

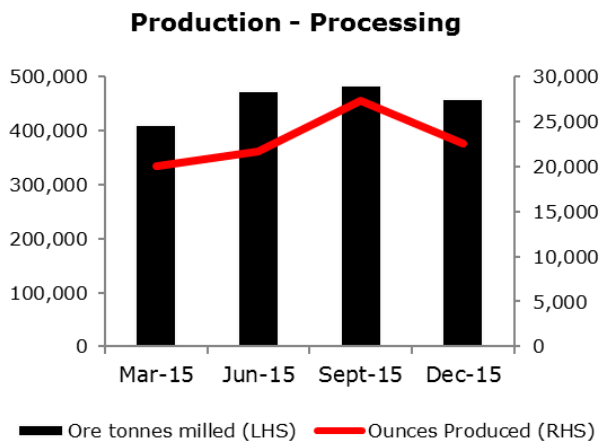
	Quarter ended				Year ended
	Mar-15	**Jun-15**	**Sep-15**	**Dec-15**	**Dec-15**
Total volume mined (bcm)	799,102	999,587	976,923	812,483	3,588,095
Ore milled (tonnes)	409,818	472,914	483,280	458,294	1,824,306
Head grade (g/t Au)	1.80	1.60	1.94	1.77	1.78
Metallurgical recovery (%)	87	91	93	93	91
Fine gold production (ounces)	20,057	21,664	27,238	22,503	91,462
Gold sold (ounces)	20,037	21,538	28,012	22,495	92,082
Gold sales revenue ($ million)	30.2	33.5	42.1	33.5	139.3
C1 cash cost ($/ounce poured)[4]	1,024	987	801	890	916
All-in sustaining cost ($/ounce poured)[5]	1,281	1,254	1,020	1,191	1,175
Cash flow before financing activities ($ million)	8.4	5.0	9.4	5.2	28.0

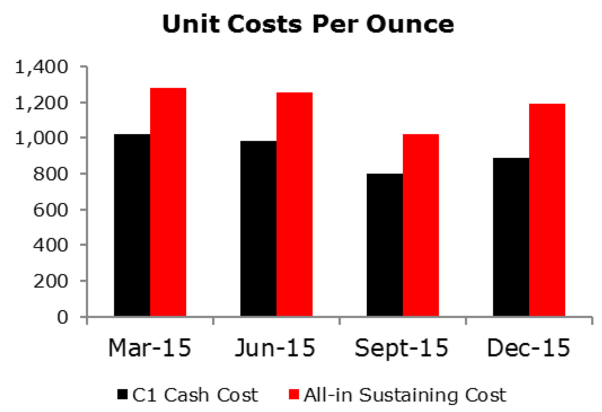
[4] *C1 cash cost represents the costs for mining, processing, administration , by-products credits and accounting adjustments for movements in stockpiles, gold in circuit and waste stripping. It does not include capital expenditure, exploration, royalties and corporate administration costs.*

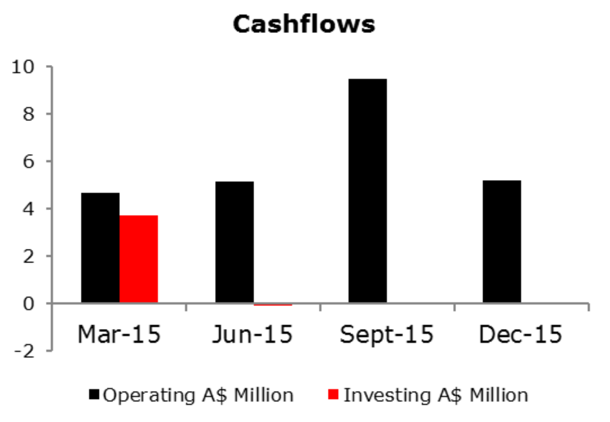
[5] *All-in sustaining cost represent C1 cash costs plus sustaining and development capital expenditure, royalties, exploration overheads, corporate administration costs and reclamation & remediation accretion & amortisation.*

Comparative Operational Results









MINING AND MILLING

The Company focused on mining of eastern satellite deposits, namely Bartons, All Nations, Little Wonder and the Camel Creek deposits during the year. These deposits provided predominantly oxide feed to the mill. Mining will continue in these deposits in 2016 with the remaining Ore Reserves from Shearers, Otways and Golden Eagle to be mined thereafter.

During the first quarter of 2015, mining activities ceased at the Golden Eagle pit and activities shifted to Au81, whilst concurrently mining the Golden Gate deposits. Development of the Bartons pit including haul roads, grade control, site establishment and pre-strip was also completed during the first quarter.

During the June quarter, mining activities ceased at the Golden Gate and Au81 deposits with mining and haulage commencing at Bartons and All Nations pits. In preparation for mining during the September quarter, development commenced at the Little Wonder and Shearers pits.

During the September quarter, mining and haulage activities concentrated on Bartons and All Nations deposits with preliminary mining activities commencing at the Little Wonder and Camel Creek deposits. In preparation for mining in early 2016, development activities continued at the Shearers and Otways deposits.

Total of 0.73 million bcm of ore and 2.86 million bcm of waste were mined from the above deposits during 2015.

Milled production for the year was 1.82 Mt processed at a head grade of 1.78 g/t Au for 94,881 ounces of fine gold produced. Processing plant utilisation averaged 93.1%. with throughput marginally impacted by water restrictions during the latter half of 2015.

This was mitigated by the establishment of 7 new production bores during the year. The additional water capacity now enables throughput to be well above design, and in the range of 200 tph to 230 tph (1.8 Mtpa – 1.9 Mtpa).

Gold recovery averaged 91% for the year.

Full year gold production totalled 91,462 ounces which was at the upper end of guidance of 88,000 ounces – 93,000 ounces at an AISC of $1,175/ounce (below AISC guidance of $1,190/ounce - $1,240/ounce) for the financial year. Gold sales revenue totalled $139.3 million which was achieved at an average gold price of $1,512/ ounce, consisting of 40,066 ounces sold at an average spot price of $1,545/ounce and 52,015 ounces delivered into the hedge at an average price of $1,487/ounce.

CORPORATE

On 27 March 2015, the Company announced that it had signed agreement for the sale of its 100% owned tenements covering the Beatons Creek conglomerates to Novo Resources Corp (Novo) for the consideration of $3.8 million. The sale completed with proceeds received on 31 March 2015.

On 8 September 2015, Millennium announced that it had signed a binding agreement with RSI (WA Gold) Pty Ltd (RSI) to acquire RSI's interest in 16 tenements (Tenements) which brings 100 per cent ownership to the highly prospective Camel Creek mineralised trend located within the greater Nullagine Gold Project region. In consideration, RSI will be paid a gross royalty of 6.44 per cent on the first 20,000 ounces of gold produced from these Tenements and a gross royalty of 1.5 per cent on all gold produced thereafter. Some of the tenements were subject to a joint venture with RSI and the acquisition simplifies the ownership structure of the Tenements.

During the year, the Company successfully completed a $21 million capital raising (Raising) to retire the bulk of its debt and fund an aggressive exploration drive at the Nullagine Gold Project.

The Raising was conducted via a Shareholder Participation Offer (SPO) under which existing Millennium shareholders could subscribe for up to $20 million shares at $0.04 per share. Millennium could choose to accept an additional $1 million in oversubscriptions, taking the maximum total which could be raised to $21 million.

Millennium's contractors, directors and management agreed to a conditional priority sub-underwriting of the Raising to a maximum total of $2.4 million. Millennium's largest shareholder, IMC Group, agreed to a conditional general sub-underwriting of the Raising to a further $17.6 million.

The Raising, the IMC sub-underwriting and the issues of shares to Millennium's directors under the Raising was approved by shareholders at a meeting held on 17 November 2015.

The Company received valid acceptances for 525,000,000 fully-paid ordinary shares in total from eligible shareholders and sub-underwriters. This strong demand from investors resulted in the sub-underwriters, comprising contractors, directors, management and major shareholder IMC Resources Gold Holdings Pte Ltd, taking up just $3.3 million worth of shares under its sub-underwriting commitments.

The funds raised through the Raising were used to retire Millennium's subordinated debt leaving the Company on track to eliminate the remainder of its senior bank debt using internally generated cash flow by the end of March 2016.

The proceeds from the Raising are now being used to fund the major exploration program already underway at the Nullagine Gold Project aimed at extending mine life by targeting near-mine Mineral Resources.

As at 31 December 2015, the Company had 742,695,372 shares on issue.

The current composition of the Board and senior management is as follows:

Richard Procter	Independent Non-Executive Chairman
Gregory Bittar	Executive Director
Ross Gillon	Independent Non-Executive Director
Michael Chye	Non-Executive Director
Glenn Dovaston	Chief Executive Officer
Richard Hill	Chief Financial Officer
Pierre Malherbe	Company Secretary
Peter Cash	General Manager, Corporate Development
Peter Manton	General Manager, Operations
Hardy Cierlitza	Chief Geologist

EXPLORATION AND RESOURCE DEVELOPMENT

Millennium holds 264 km^2 of highly prospective tenements at Nullagine, 185 km north of Newman (Figure 1). These tenements have seen limited exploration drilling over the past five years.

During the second half of 2015, the Company identified a pipeline of drill-ready, near-mine exploration targets defined within close proximity to the processing plant. Drilling of these targets will initially focus on extensions to existing mineralisation and pits as well as numerous new targets with a priority focus on the endowed Middle Creek line.

These targets range from advanced Mineral Resource drill-out opportunities through to brownfield targets which can be rapidly brought into the current mine production schedule upon exploration success.

During the latter part of 2015, Millennium commenced an aggressive exploration program across several of these near-mine target areas as well as several highly prospective exploration prospects across its land holdings.

This comprehensive exploration strategy is at the core of the Company's plan to grow its gold inventory and mine life and will in turn enable the Company to further leverage its extensive infrastructure, including the Project's ore processing facility, which is currently operating at well above nameplate capacity at just under 2 Mtpa.

Anne de Vidia

Anne de Vidia is located approximately 9 km from the Project's processing plant (Figure 1). Mineralisation at Anne de Vidia has been identified over a strike length of over 240 m from a combination of historic RAB and RC drilling (Figure 2).

Current interpretation of historic drilling and trenching results indicate that two north-east striking and steeply north-west dipping mineralised zones are evident either side of a prominent quartz outcrop.

Historic RAB and RC drilling intersections at Anne de Vidia include:

- 8 m @ 32.2 g/t Au (MIRB0042)
- 16 m @ 5.5 g/t Au (S9502)
- 4 m @ 1.3 g/t Au (S9502)
- 6 m @ 4.8 g/t Au (FMX001)
- 7 m @ 1.1 g/t Au (FMX001)
- 2 m @ 4.7 g/t Au (FMX002)

A multi-phase 40 m x 20 m pattern RC drill program totalling 16 holes for 560 m was completed late in November 2015 across the full 240 m strike length to establish the extent and potential economics of the mineralisation. In addition, a 20 m x 20 m drill pattern was completed across the previously identified high grade zone to confirm historic high grade intercepts.

Significant high grade intercepts from this program included (ASX Release 22 December 2015):

- 4 m @ 11.67 g/t Au from 20 m including 1 m @ 38.5 g/t Au (FMX017)
- 5 m @ 10.84 g/t Au from surface including 3 m @ 15.99 g/t Au (FMX021)
- 7 m @ 2.88 g/t Au from 5 m including 2 m @ 7.96 g/t Au (FMX023)
- 7 m @ 1.96 g/t Au from 25 m including 1 m @ 8.02 g/t Au (FMX022)

The early success from this first phase of drilling at Anne de Vidia clearly demonstrates that the main Anne de Vidia high grade mineralised structure is continuous over at least 240 m and more importantly, has not been closed off along strike.

A parallel mineralised zone (Figures 2 and 3) has also been identified over a strike length of approximately 130 m immediately to the south-east of the main zone. Field mapping indicates at least two additional sub-parallel mineralised zones to the north-west and south-east of the main zone.

A drill program to infill the entire known mineralised strike with RC drilling on a 20 m x 20 m for the purpose of establishing a maiden Mineral Resource as well as to test for strike extensions to the south-west and north-east commenced during January 2016.

Castlemaine

The Castlemaine prospect is interpreted as either the offset of the Anne de Vidia mineralisation or potentially a parallel trend (Figure 2). Reported historic production from three shafts at Castlemaine totalled approximately 1,326 ounces with only broad spaced sporadic drilling completed to date.

The first phase of drilling at Castlemaine was completed during December 2015 with 5 RC holes drilled for 198 m across three lines on 40 m centres to gain better controls on the orientation of mineralisation. Assays from the Castlemaine drilling have confirmed that the mineralisation has a sub-vertical to very steep south-east dip (Figure 2). Results include 6 m @ 2.02 g/t Au from 10 m including 1 m @ 7.57 g/t Au (FMX029). Follow up infill drilling to test for further high grade shoots and parallel lodes will be completed commencing in January 2016 in conjunction with the Anne de Vidia drilling program.

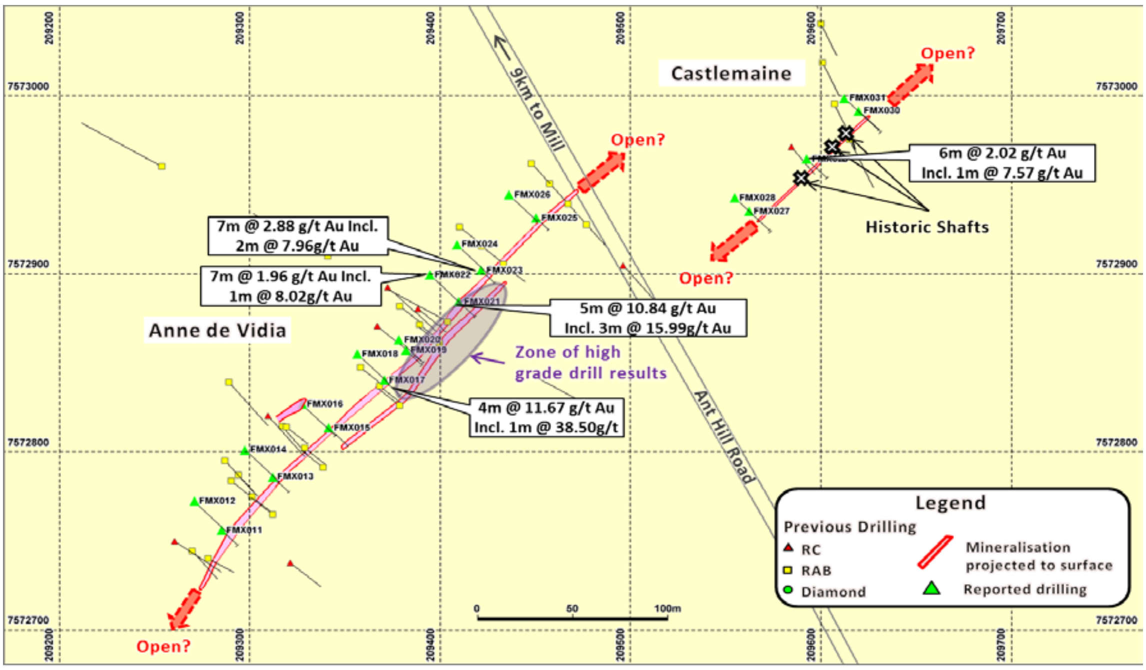


Figure 2 – Anne de Vidia and Castlemaine Projects showing historic and recent drilling

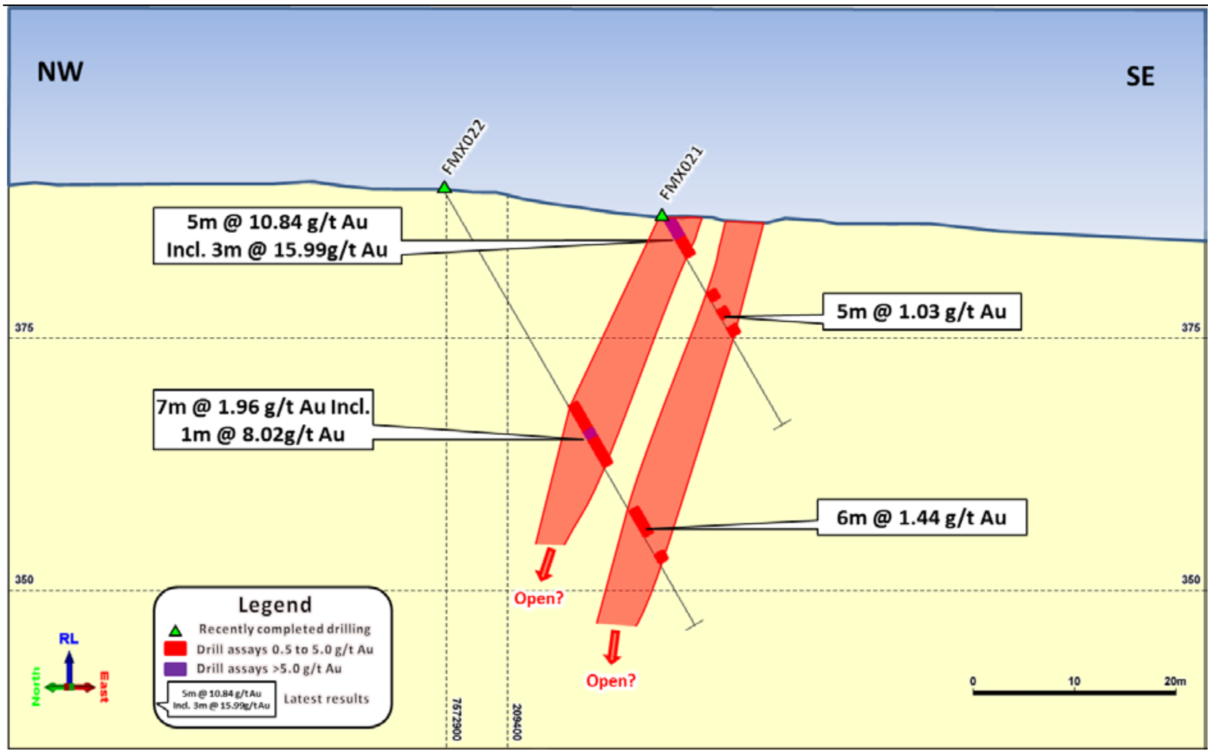


Figure 3 – Anne de Vidia and Castlemaine Projects showing historic and recent drilling

Shearers and Otways

The Shearers gold deposit forms part of the Nullagine Gold Project and is located approximately 9 km north-east of the Project's gold processing facility (Figure 1).

A review of historical drilling at the Shearers and Otways deposits highlighted the potential for significant extensions to known mineralisation (Figure 4), as well as the narrowing gap between the known Shearers and Otways mineralisation, indicating that the Otways and Shearers deposits could be part of a combined or linked system.

A first phase RC drilling program was completed in October with 15 holes drilled for 909 m on broadly 20 m by 10 m spacing over a strike length of 90 m. This drill program was designed to test the continuity of the Shearers south main lode outside of the current pit design (Figure 4).

Results received in November (ASX Release 23 November 2015) indicated that the Shearers mineralisation extends approximately 80 m to the south of the existing Ore Reserve pit. In addition, further high grade mineralisation was intersected to the east of the main zone (Figure 5) which may represent a structural offset or potentially new zone of mineralisation.

Significant intercepts include (ASX Release 23 November 2015):

- 11 m @ 4.16 g/t Au from 40 m including 4 m @ 6.7 g/t Au (SHGC00230)
- 7 m @ 3.83 g/t Au from 15 m including 1 m @ 20.00 g/t Au (SHGC00230)
- 13 m @ 1.55 g/t Au from 54 m including 1 m @ 9.88 g/t Au (SHGC00234)
- 13 m @ 1.33 g/t Au from surface (SHGC00241)

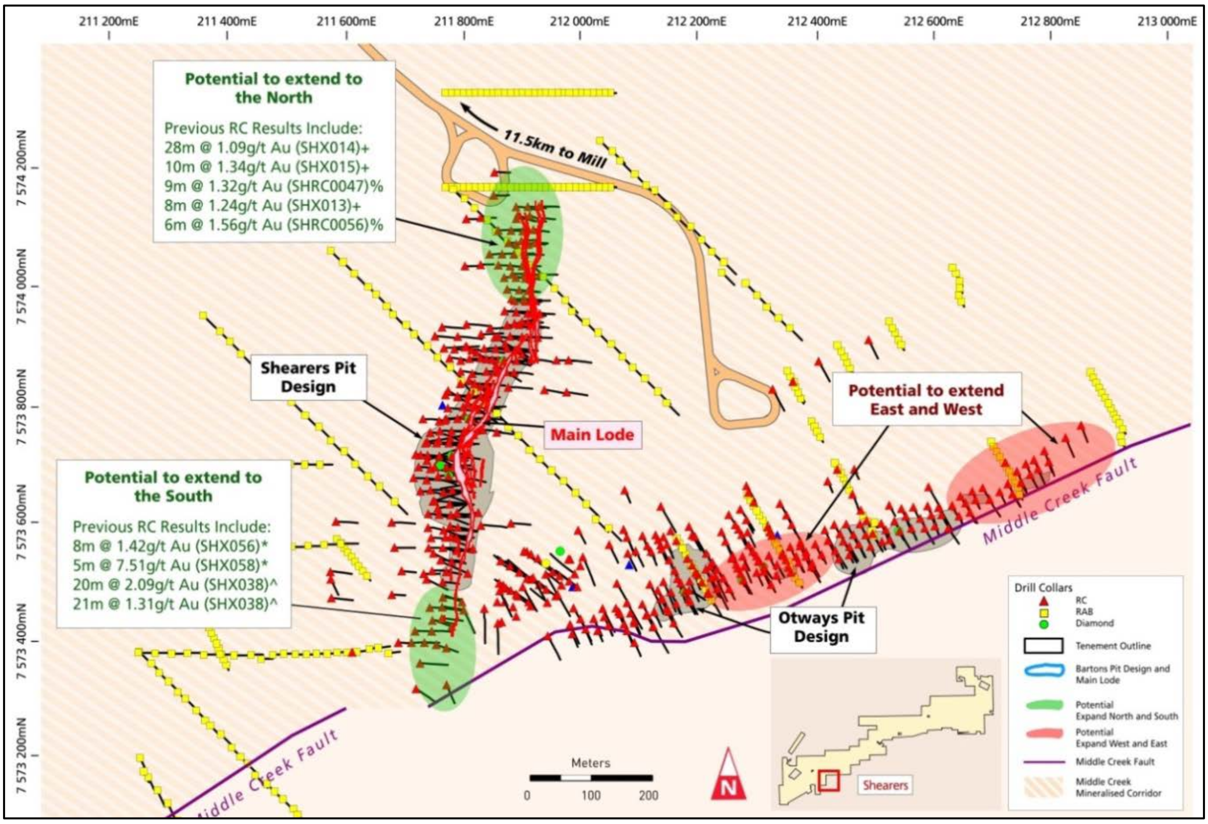


Figure 4 – Shearers and Otways deposits showing historical intercepts and high priority targets

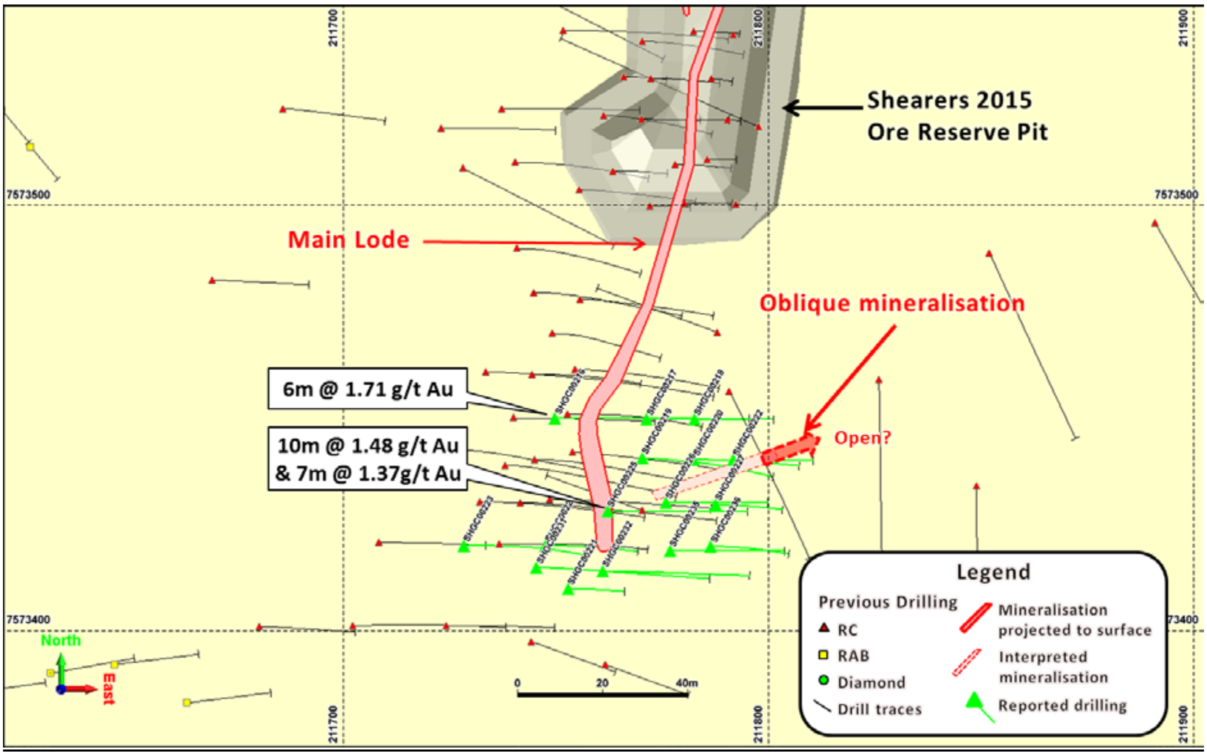


Figure 5 – Shearers prospect showing southern extent of current pit design, extension of mineralisation with historic and recent drill hole locations/intercepts

This early round of drilling did not constrain the extent and orientation of these newly identified mineralised zones and follow-up drilling of 13 RC holes for 674 m was completed to follow-up these highly encouraging results. Significant results from this latest phase of drilling include (ASX Release 22 December 2015):

- 10 m @ 1.48 g/t Au from 21 (SHGC00225)
- 6 m @ 1.71 g/t Au from 8 m (SHGC00216)
- 7 m @ 1.37 g/t Au from 2 m (SHGC00225)

Drilling has now also been completed to test for extensions of mineralisation in the gaps between the optimised pit designs at the Otways deposit. Assay results from this first phase of drilling at Otways were scheduled to be received during January 2016.

All Nations

The All Nations deposit is located approximately 24 km north-east of the Project's processing facility (Figure 1). A recent review of All Nations historical geological data including historical workings, mapping and previous drilling demonstrates the potential for additional mineralisation to be delineated to the south and north of the current pit design.

It is interpreted that the main lode continues along strike and suggests the presence of a zone of discordant mineralisation through an area of historical workings (Figure 6).

A total of 48 holes for 1,716 m were drilled during November 2015, to test for extensions to the main lode and to drill underneath historic workings interpreted to represent a potential splay off the main All Nations mineralised lode to the south (Figure 6).

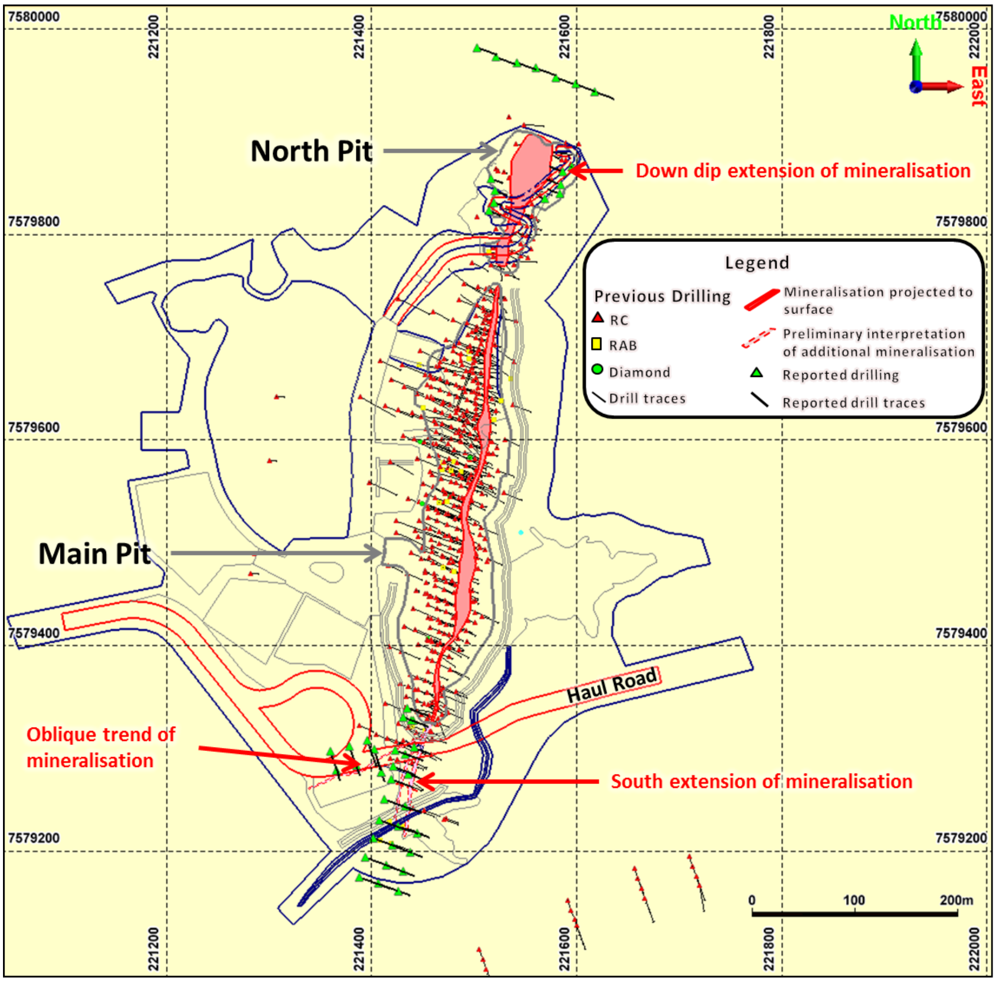


Figure 6 – All Nations deposit showing current pit design and high priority target areas

Assayed results returned broad mineralised intercepts including ANGC00283 (22 m @ 1.47 g/t Au) finishing in mineralisation which clearly demonstrates that the strike length of the All Nations mineralised main lode continues for at least 100 m to the south of the current pit design. Significant results included (ASX Release 9 December 2015):

- 22 m @ 1.61 g/t Au from 9 m including 1 m @ 5.90 g/t Au (ANGC00288)
- 19 m @ 1.35 g/t Au from surface (ANGC00283)
- 22 m @ 1.47 g/t Au from 24 m (ANGC00283)
- 19 m @ 1.37 g/t Au from 25 m including 1 m @ 8.30 g/t Au (ANGC00281)
- 9 m @ 2.66 g/t Au from 28 m including 2 m @ 6.89 g/t Au (ANGC00289)

Importantly a second mineralised trend has now been identified, coincident with historic workings, and interpreted as an oblique splay off the main All Nations lode to the south (Figure 6), as well as a down-dip extension to known mineralisation at the north end of All Nations pit.

Detailed mapping will be conducted early in 2016 to ground truth several additional drill targets along the newly identified splay. A detailed follow-up RC drilling program will commence during the first quarter of 2016, to test for further extensions to the main lode and to test the highly promising targets along the interpreted splay to the south west.

Bartons

The Bartons gold deposit is located approximately 17 km north-east of the Project's processing plant (Figure 1). A desktop review aimed at identifying additional extensions to known mineralisations, understanding the regional controls and potential targets in areas poorly tested by historical drilling at Bartons identified priority targets for immediate follow-up drilling (Figure 7).

An RC drilling program was completed in November 2015 consisting of 40 holes for 2,449 m with a focus on extending the North Eastern high grade lode and testing for additional stacked hangingwall lodes external to current Ore Reserve pit design (Figure 8).

Significant results included (ASX Release 9 December 2015):

- 24 m @ 1.25 g/t Au from 8 m (BAGC00504)
- 6 m @ 3.91 g/t Au from 22 m (BAGC00516)
- 7 m @ 2.44 g/t Au from 46 m including 1 m @ 7.07 g/t Au (BAGC00507)
- 3 m @ 4.95 g/t Au from 55 m including 1 m @ 13.2 g/t Au (BAGC00508)

While these results are considered encouraging, existing commercial arrangements (including a royalty and a profit share agreement) and pit optimisations based on existing data indicates that a cutback at Bartons provides marginal returns to Millennium when ranked against other promising prospects currently under evaluation by the Company. These include Anne de Vidia, All Nations and Shearers South.

Therefore the Bartons target has now been displaced by higher priority projects and until such time as commercial arrangements can be improved, no further drilling will be undertaken on the Bartons leases.

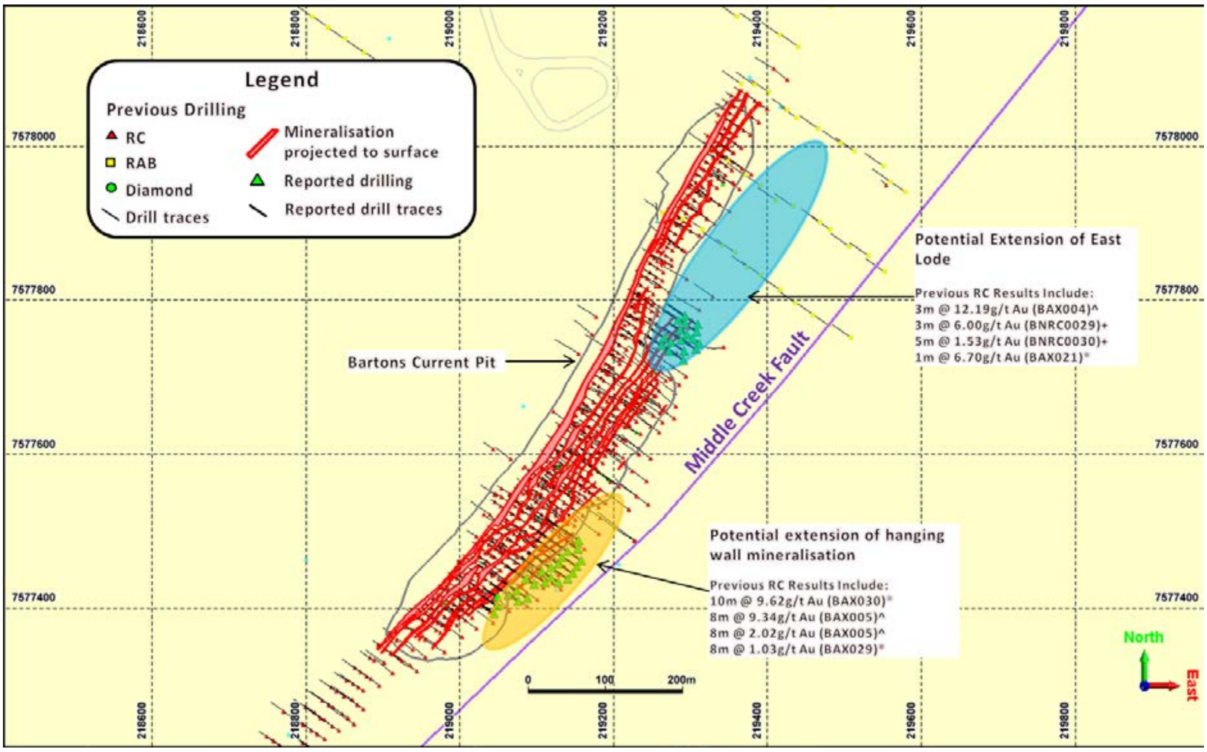


Figure 7 – Bartons deposit showing current pit design and high priority target areas

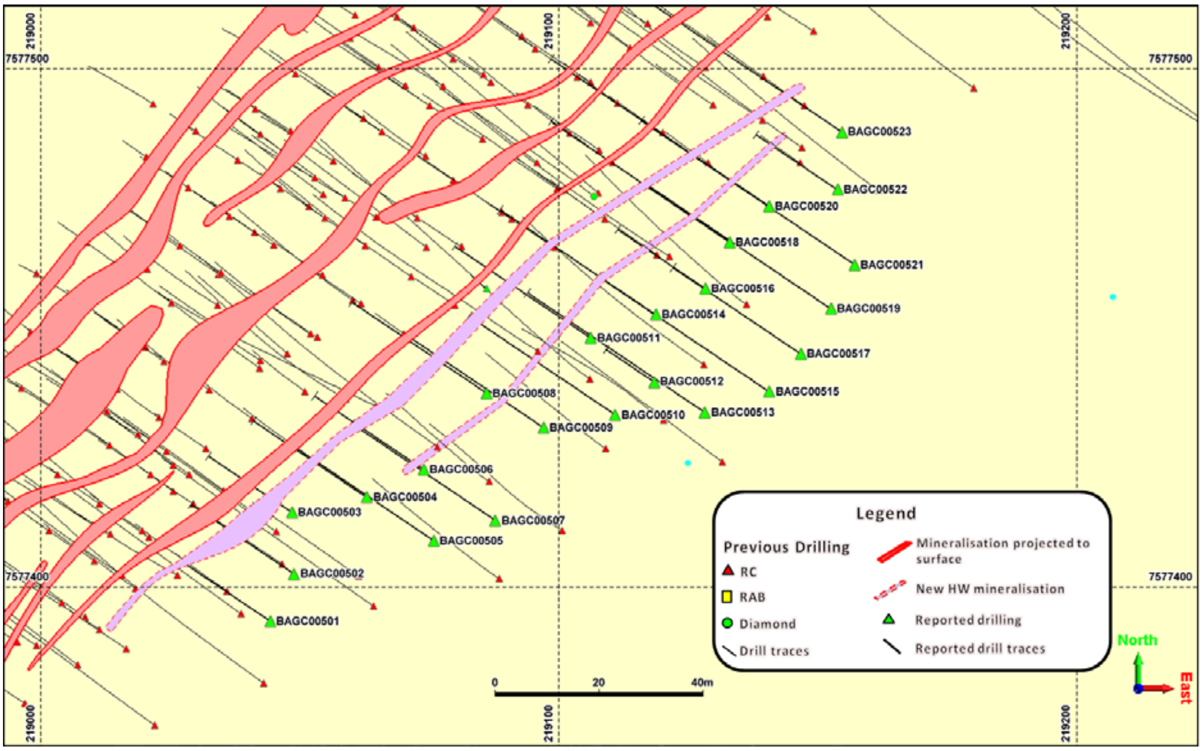


Figure 8 – Bartons drilling showing the recent drilling immediately east of the current pit outline and the two newly identified mineralised zones

Table 2: Nullagine Gold Project – Mineral Resource Statement [1] (31 December 2015)

Deposit	Measured		Indicated		Inferred		Total Remaining		
	Million Tonnes	Grade g/t Au	Million Tonnes	Grade g/t Au	Million Tonnes	Grade g/t Au	Million Tonnes	Grade g/t Au	Au ounces
Golden Eagle [2]	8.30	1.1	3.67	1.0	3.85	1.0	15.82	1.1	546,300
Bartons [3]	0.89	1.1	1.24	1.2	0.55	1.1	2.68	1.1	97,700
Shearers [3]	0.59	1.3	1.48	1.0	0.26	1.0	2.33	1.1	81,000
Otways [3]	1.15	0.8	0.9	0.9	0.69	0.9	2.74	0.9	75,000
All Nations [3]	0.86	1.2	0.49	1.1	0.42	1.0	1.76	1.1	63,900
Little Wonder[5]	0.57	1.3	0.37	1.3	0.30	1.5	1.24	1.3	52,900
Golden Gate ABC Reef [4]	0.18	2.8	0.10	2.4	0.07	1.6	0.35	2.5	28,000
Golden Gate D Reef [4]	0.01	4.2	0.04	4.4	0.07	3.2	0.11	3.7	13,300
Falcon [4]			0.07	3.9	0.04	4.4	0.12	4.1	15,000
Condor [4]	0.10	2.6	0.03	2.7	0.02	3.6	0.15	2.8	12,900
Harrier [4]			0.07	1.6	0.04	1.8	0.11	1.7	6,100
Crow [4]	0.03	3.2	0.03	2.6	0.05	2.3	0.11	2.6	9,500
G Reef [4]			0.02	4.0	0.02	3.9	0.04	4.0	4,700
Au81 [3]	0.15	1.6	0.28	1.2	0.89	0.9	1.32	1.0	43,000
Roscoes Reward [5]	0.62	1.2	0.52	1.1	0.52	0.9	1.65	1.1	57,500
Junction [5]	0.20	1.7	0.06	1.2	0.05	1.2	0.31	1.5	15,000
Total	**13.65**	**1.2**	**9.37**	**1.1**	**7.84**	**1.1**	**30.84**	**1.2**	**1,121,800**

Notes:

1. *Figures in table may not sum due to rounding*
2. *The Golden Eagle deposit was estimated using Multiple Indicator Kriging methodology for grade estimation by CSA Global*
3. *The Bartons, Shearers, Otways, All Nations, Little Wonder and Au81 deposits were estimated using Ordinary Kriging methodology for grade estimation by CSA Global*
4. *The Golden Gate (ABCD reef), and Golden Gate satellite deposits, namely Falcon, Condor, Harrier, Crow and G Reef were estimated using Ordinary Kriging.*
5. *Roscoes Reward, Junction and a portion of Little Wonder previously reported as part of the Camel Creek JV (CCJV) are now 100% owned by Millennium Minerals and were estimated using Ordinary Kriging methodology by CSA Global*

Table 3: Nullagine Gold Project – Ore Reserve Statement [1] (31 December 2015)

Prospect	Proven Ore (t)	Grade g/t Au	Probable Ore (t)	Grade g/t Au	Total Ore (t)	Grade g/t Au	Ounces
Golden Eagle	1,009,100	1.6	20,300	1.4	1,029,400	1.6	51,600
Bartons	174,000	1.3	79,900	1.4	246,900	1.3	10,700
All Nations	5,800	1.1	800	1.6	6,600	1.2	300
Shearers	218,400	1.4	123,700	1.2	342,000	1.3	14,300
Otways	206,400	1.1	68,500	1.0	274,900	1.0	9,200
Little Wonder	81,200	1.6	9,100	4.6	90,300	1.9	5,400
Roscoes Reward	201,200	1.3	27,400	1.2	228,600	1.3	9,400
Junction	48,400	2.4	6,800	2.5	55,200	2.4	4,200
Total	**1,944,500**	**1.5**	**329,500**	**1.3**	**2,273,900**	**1.4**	**105,100**
Stockpiles ROM:					632,900	1.0	20,300
Total					**2,906,800**	**1.3**	**125,400**

1. *Figures in table may not sum due to rounding*

Competent Persons Statements – Exploration Results

Mr Andrew Dunn (MAIG), a geologist employed full-time by Millennium Minerals Limited, compiled the technical aspects of this Report. Mr Dunn is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to this style of mineralization and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dunn consents to the inclusion in the report of the matters in the form and context in which it appears.

Competent Persons Statements – Mineral Resources

The information in this Report which relates to the Golden Eagle, Bartons, Shearers, Otways, All Nations, Little Wonder, Golden Gate ABC and D Reef, Falcon, Condor, Harrier, Crow, G Reef, Au81, Roscoes Reward, Junction Mineral Resource estimates accurately reflects information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves).

The Golden Eagle, Bartons, Shearers, Otways, All Nations, Little Wonder, Golden Gate ABC and D reef, Condor & Crow, Junction and Roscoes Reward Mineral Resource estimates have been compiled and prepared by Dr Bielin Shi, (MAusIMM) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Au81 deposit Mineral Resource estimate has been compiled and prepared by Grant Louw, (MAIG, MGSSA) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Golden Gate G reef deposit Mineral Resource estimate has been compiled and prepared by Dmitry Pertel, (MAIG, MGSSA) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Golden Gate Falcon & Harrier satellite deposits Mineral Resource estimates have been compiled and prepared by Steven Hodgson, (MAIG) formerly of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Competent Persons Statements – Ore Reserves

The information in this Release which relates to the Ore Reserve estimates accurately reflect information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The information in this public statement that relates to the Ore Reserves at the Nullagine Gold Project is based on information resulting from technical works carried out by Mr Angus Phelps of Millennium Minerals Limited and Mr Steve Lampron of Auralia Mining Consulting. Mr Daniel Tuffin (Auralia Mining Consulting) completed the Ore Reserve estimate. Mr Daniel Tuffin is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify him as a Competent Person as defined in accordance with the 2012 Edition of the Australasian Joint Ore Reserves Committee (JORC). Mr Tuffin consents to the inclusion in the document of the information in the form and context in which it appears

Qualifying Statement

This release may include forward-looking statements. These forward-looking statements are based on Millennium's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Millennium, which could cause actual results to differ materially from such statements. Millennium makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of this release.

Corporate Governance Statement

Introduction

The Company has systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council. As the Company's activities develop in size, nature and scope, including through the Nullagine Gold Project, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Company's Board Charter, Code of Conduct, Trading Policy, and Company Securities policy statements have been posted on the Company's website.

Board Composition and Remuneration

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the financial report and their term of office are detailed in the Directors' Report. There is no formal procedure regarding the taking of professional advice by the independent directors, however no restrictions are placed on the independent directors to take advice on matters arising from their roles as independent directors of the company, or the reimbursement of the costs incurred by the Company.

Mr Procter and Mr Gillon are considered by the Board to be independent directors. The determination by the Board as to whether individual directors are independent is a matter of judgement. In making this determination the Board has followed the guidance in Box 2.3 of the Recommendations and the Guide to Reporting on Principle 2. The Board considers the relationships the independent directors have with the company do not materially impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the independent directors in the case of shareholders and suppliers, the Board considers that the independent directors' interest is less than 5% of the base amount. In respect to the qualitative measures the Board has considered the factors affecting the independent directors' relationship with the Company and consider these qualitative factors to be immaterial in the assessment of their independence.

There is an agreed procedure by the board of directors to take independent professional advice at the expense of the Company.

Disclosure as to the nature and amount of remuneration paid to the Directors of the Company is included in the Directors report and notes to the financial statements in the Company's annual report each year. The structure and objectives of the remuneration policy and its links to the Company's performance is disclosed in the annual Directors' Report. The only form of retirement benefit to which non-executive directors are entitled, is superannuation.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

BOARD COMPOSITION AND REMUNERATION (CONTINUED)

Millennium considers a significant consultant, supplier or customer to be material if the total of their annual invoices amounts to more than 5% of the Company's total expenditure in that category.

Consistent with the Corporations Act the Company considers that the Board should have at least three Directors and strives to have a majority of Independent Directors. Currently the Board has four directors, with three being non-executives. The board does not consider Mr Chye to be independent by virtue of his employment by a substantial shareholder (the IMC Group) and the perceived influence this may have over him. Mr Bittar is not considered to be independent as he was providing consulting services to a substantial shareholder (the IMC Group) up to 18 December 2014 and subsequently became an Executive Director. The number of Directors is maintained at a level which optimises the spread of the workload and efficient decision making.

The composition of the Board is reviewed on an ongoing basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

PERFORMANCE OF DIRECTORS

The performance of Directors is assessed through a formalised Board review process at least once a year, including an overall Board performance survey as well as an individual peer evaluation by Board members.

The Company has conducted a formal performance evaluation of the members of the Board during the reporting period. In addition, the Board also conducts a review of the performance of the Company against budgeted targets on an ongoing basis.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered.

CORPORATE REPORTING

The Chief Executive Officer and Chief Financial Officer have made the following certifications to the board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards;
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and controls are operating efficiently and effectively in all material respects.

CODE OF CONDUCT

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity, in the best interests of the Company and in compliance with the letter and the spirit of the law and company policies.

Any breaches of the Code are reported to the Chairman in the first instance for notification to the Board. The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has a policy that information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities is continuously disclosed as required under the Australian Securities Exchange (ASX) listing rules.

The Company encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

The Company Secretary is accountable directly to the Board, through the chair and has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co-coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX.

Annual and half yearly reports are made available on the company's website and mailed to those shareholders who request a hard copy.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

Principle 1 recommendation 1.1 & 1.7

Notification of Departure:
The Company has not:

(1) formally disclosed the functions reserved to the Board and those delegated to management;

(2) the process for evaluating the performance of senior executives; and

(3) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process which is to be disclosed.

Explanation for Departure:
The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management, and evaluating the performance of senior executives. The Board has established a framework for the management of the Company and the roles and responsibilities of the Board and management. Due to the small size of the Board and of the Company, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1

Notification of Departure:
The full Board carries out the role of a nomination committee. The Board has not adopted a charter relevant to the specific functions of a nomination committee. The Board does have a remuneration and nomination committee to oversee recruitment, performance and remuneration at CEO and senior management levels.

Explanation for Departure:
The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee. In the future, as the company grows and increases in size and level of activity, the Board will reconsider the establishment of a separate nomination committee.

Principle 6 Recommendation 6.2 & 6.3

Notification of Departure:
The Company does not have a formal documented Shareholder communication policy.

Explanation for Departure:
The Company encourages shareholders to communicate with the Company and the Board. General meetings provide a deeper insight into the Company and an opportunity for shareholders to have their questions answered. As the Company grows in size, the board is very keen to develop more formal and expansive communications with shareholders.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS (CONTINUED)

Principle 7 Recommendation 7.3

Notification of Departure:
The Company does not have an internal audit function.

Explanation for Departure:
The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit function. The Chief Financial Officer provides monthly management accounts to the Board and it is reviewed and analysed in detail at each Board meeting, identifying potential areas of risk and considering any relevant mitigation strategies if applicable. In the future, as the Company grows and increases in size and level of activity, the Board will reconsider the establishment of a separate internal audit function.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

REMUNERATION

The Board of Directors maintains remuneration policies which are aimed at attracting and retaining a motivated workforce and management team. The intention is to match the outcomes from the remuneration system with the performance of the Company and ultimately the value received by our shareholders on a long-term basis.

The Company embodies the following principles in its remuneration framework:

- retention and motivation of key executives;
- attraction of quality management to the Company; and
- performance incentives which allow executives to share the rewards of the success of the Company.

Full details of Directors' and specified executives' remuneration is set out in the Directors' Report and in the Directors' and Executives' Disclosures note in the financial statements.

ETHICS

It is the policy of Millennium that all Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Millennium.

RISK MANAGEMENT

The Company has in place a framework to safeguard company assets and ensure that business risks are identified and properly managed. The Company has in place a number of risk management controls which include the following:

- Budget controls;
- Guidelines and limits for the commitment of funds for operating expenditure, capital expenditure and investments;
- A comprehensive insurance programme;
- Monitoring the status of Mining Tenements;
- Compliance with continuous disclosure obligations; and
- Regular assessment and monitoring of key enterprise risks.

Management is required to provide to the Board regular reports on all these matters.

The Company has a formal risk management process, and the Board as a matter of course examines the current risk register at each Board meeting. Actions are reviewed and mitigation strategies for the highest level risks considered and developed for execution at these meetings.

The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound and this has been done in the period of review.

The Board receives regular reports about the financial position and operating results of the Company. The Chief Executive Officer and the Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

The Board has adopted a policy in relation to dealings in the Company's securities which applies to all directors and employees. Under the policy, directors are prohibited from short term or "active" trading in the Company's securities and directors and employees are prohibited from dealing in the Company's securities whilst in possession of price sensitive information. The Chairman or Company Secretary must be notified of any proposed transaction.

ROLE OF SHAREHOLDERS

The shareholders of the Company play an important role in corporate governance by virtue of their responsibilities for voting on the appointment of directors.

The Board ensures that shareholders are kept fully informed on developments affecting the Company through:

- the Annual Report;
- compliance with Australian Securities Exchange's continuous disclosure requirements (and subsequent shareholder announcements); and
- the annual general meeting and other meetings called to obtain approval for Board action.

DIVERSITY – BOARD COMPOSITION

The mix of skills and diversity for which the company is looking to achieve in membership of the Board is one that is as diverse as practicable given the size and scope of the company's operations.

DIVERSITY – MEASURABLE OBJECTIVES

The company's primary objectives with regard to diversity are as follows:

- the company's composition of board, executive, management and employees to be as diverse as practicable; and
- to provide equal opportunities for all positions within the company and continue the company's commitment to employment based on merit.

Primary objectives set by the company with regard to diversity have been met, as described below:

- blend of skills – wide range of backgrounds: geology, mining, exploration, finance and corporate experience;
- cultural backgrounds;
- gender; and
- age

The above points relate to the composition of the board and the company.

DIVERSITY – ANNUAL REPORTING

The company's annual reporting on the percentage of females in the organisation is as follows:

	Percentage of Females
Employees	17%
Executives and Board Members	-

DIRECTORS REPORT

The Directors of Millennium Minerals Limited ("Company" or "Millennium") present the report on the Company for the financial year ended 31 December 2015.

DIRECTORS

The names and details of the Directors of Millennium Minerals Limited in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

RICHARD PROCTER
(INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN)

Mr Richard Procter is a mining engineer with over 35 years broad international experience encompassing roles in the corporate, operations, contracting, consulting, funds management and corporate advisory areas.

He has held senior industry positions that have demonstrated leadership and management of base and precious metal mining companies (both underground and open pit); development of project assessments including definitive/bankable feasibility studies and their conversion into mining operations; managed teams undertaking mining asset evaluations and valuations, including technical and operational audits (encompassing complete mining asset due diligence, mergers & acquisitions and industry expert reports).

He also has been involved in many mining operation start-ups (both small and large) - as well as the re-engineering of large ongoing operations.

Mr Procter has an MBA, is a Chartered Engineer (MIMMM) and has a BSc(Eng).

Mr Procter is a member of the Audit Committee and the Remuneration and Nomination Committee.

Mr Procter is currently a non-executive director at ABM Resources NL.

During the past three years, Mr Procter has also served as a non-executive director of the following ASX listed companies:

Zambezi Resources Limited – resigned May 2013
Minrex Resources NL – resigned February 2014
LinQ Resources Fund – resigned March 2013

ROSS GILLON
(NON-EXECUTIVE DIRECTOR)

Mr Ross Gillon, principal of the legal firm Lawton Gillon, has been in legal practice for over 30 years and has previously been a Director of a number of exploration companies.

Mr Gillon has a B.Juris, LLB

Mr Gillon is the chairman of both the Audit Committee and the Remuneration and Nomination Committee.

During the past three years, Mr Gillon has also served as a non-executive director of the following ASX listed companies:

Kalnorth Gold Mines Limited – resigned March 2013

DIRECTORS (CONTINUED)

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES (CONTINUED)

MICHAEL CHYE
(NON-EXECUTIVE DIRECTOR)

Mr Chye is the Managing Director of IMC Investments Group and Head of Group Corporate Office of the IMC Pan Asia Alliance Group since April 2012. In this capacity, he oversees the strategic development of IMC Investments and is also responsible for the Group's various corporate functions.

Mr Chye has more than 25 years' experience in finance and investments. He commenced his career in academia and subsequently worked for the Singapore Government and multi-national companies before joining the TCC Group. He has also been an independent Director and Audit Committee Chairman of publicly listed companies in Singapore.

Mr Chye graduated with a Bachelor of Business Studies (with First Class Honours) and a Masters (with Distinction) from Massey University, New Zealand. He is a Fellow of the Institute of Singapore Chartered Accountants, a member of the Singapore Institute of Directors and an Associate of the Singapore Association of the Institute of Chartered Secretaries and Administrators.

During the past three years, Mr Chye has not served as a director of any other ASX listed companies.

GREGORY BITTAR
(EXECUTIVE DIRECTOR)

Mr Bittar has a Bachelor Economics and Bachelor of Laws (University of Sydney) and Masters in Finance (London Business School), and has over 15 years investment banking and mining resource sector experience in Australia and overseas - having worked for Bankers Trust, Baring Brothers Burrows and following the completion of his Masters in Finance in 2000, he joined Morgan Stanley, working in London, Melbourne and Sydney.

He has extensive experience in public and private markets mergers and acquisitions, capital markets and strategic advisory assignments across a range of sectors including general industrials, metals and mining, mining services and energy. Since leaving Morgan Stanley in 2010, Mr Bittar has had a number of roles in the resources sector, in both management and consulting roles.

Mr Bittar is a member of the Audit Committee and the Remuneration and Nomination Committee.

During the past three years, Mr Bittar has also served as a non-executive director of the following ASX listed companies:

Zambezi Resources Limited – appointed 4 March 2016

COMPANY SECRETARY

PIERRE MALHERBE

Mr Malherbe previously served as Chief Financial Officer of the Company before being appointed Company Secretary on 16 April 2010 and has a sound knowledge of the Company and its operations. Mr Malherbe's experience both in South Africa and Australia includes 25 years in the Investment Banking, Finance and Mining industries gained with some of the major banks in South Africa where he held senior financial and managerial positions within these Banks and was responsible for managerial, transactional and financial input across all spectrums, including: mining, construction, aviation and other capital intensive projects as well as senior management positions within mining and financial industries in Australia. In addition, Mr Malherbe holds a Master of Business Management (Master of Commerce) postgraduate degree from the University of Johannesburg, an Honours degree majoring in Accounting - Bachelor of Commerce (Hons)(Acc) and a Bachelor of Commerce Investment Management degree from the University of Johannesburg.

DIVIDENDS

No dividends were paid during the financial year, nor have the directors recommended that any dividends be paid.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

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

FINANCIAL POSITION AND PERFORMANCE

- Revenue from operations was $139.4[6] million (inclusive of by-product revenue).
- C1 cash cost[7] during the year was $916 per ounce and all-in sustaining cost[8] was $1,175 per ounce.
- Reported after tax profit of $22.9 million inclusive of an unrealised gain on gold forward contracts of $2.4 million.
- As of 31 December 2015, the Company has repaid approximately 92% of the outstanding principal on the senior project finance facility, with $3.7 million outstanding requiring repayment by 31 March 2016.
- In December 2015, the Company successfully raised $21 million through a Shareholders Participation Offer and fully retired the subordinated debt facility with its major shareholder, the IMC Group.
- Net financing outflows of $18.2 million included $19.3 million net proceeds from the Shareholders Participation Offer, debt and lease facilities repayments of $36.6 million and interest payments of $0.9 million.

REVIEW OF OPERATIONS

The Company's gold production for the year was 91,462 ounces.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes to the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 19 February 2016, the Company announced its 2016 guidance showing it is set for another year of strong production and free cash flow. The Company expects to produce 80,000 ounces to 85,000 ounces of gold at an all-in sustaining cost of between $1,180 per ounces and $1,220 per ounce for the 2016 financial year.

On 26 February 2016, the Company announced it has fully eliminated all outstanding debt from its balance sheet following the final repayment of $2.5 million against the syndicated loan facility.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

There are no likely developments of which the Directors are aware which could be expected to significantly affect the results of the Company's operations in subsequent financial years not otherwise disclosed in the Operations Review or the Significant Events after Balance Date section of the Directors' Report.

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

[7] *C1 cash cost represents the costs for mining, processing, administration, by-product credits and accounting adjustments for movements in stockpiles, gold-in-circuit and waste stripping. It does not include capital expenditure, exploration, royalties and corporate administration costs.*

[8] *All-in sustaining cash costs represents C1 cash costs plus sustaining and development capital expenditure, royalties, exploration overheads, corporate administration costs and reclamation & remediation accretion and amortisation.*

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company's operations are subject to environmental regulation under the laws of the Commonwealth and of the State, with specific conditions relating to rehabilitation.

In the case of Approved Notices of Intent to Mine, bonds are held by the Company's bank which may be released to the Company when Department of Minerals and Energy is satisfied that conditions imposed on those licences have been met.

Notices of Intent to Mine incorporate environmental conditions, including those related to noise, dust, water run-off, rare and endangered flora and fauna, sites of historical and aboriginal significance as well as rehabilitation criteria.

The Directors advise that during the year ended 31 December 2015, no claim has been made by any competent authority that any environmental issues condition of licence or notice of intent have been breached, or any bond forfeited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's operations are subject to environmental regulation under the laws of the Commonwealth and of the State, with specific conditions relating to rehabilitation.

Notices of Intent to Mine incorporate environmental conditions, including those related to noise, dust, water run-off, rare and endangered flora and fauna, sites of historical and aboriginal significance as well as rehabilitation criteria.

The Directors advise that during the year ended 31 December 2015, no claim has been made by any competent authority that any environmental issues condition of licence or notice of intent have been breached.

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

ATTENDANCE OF MEETINGS

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

	Board Meetings		Audit Committee		Remuneration Committee	
	No. of meetings held whilst in office	Meetings attended	No. of meetings held whilst in office	Meetings attended	No. of meetings held whilst in office	Meetings attended
Richard Procter	10	10	2	2	2	2
Ross Gillon	10	8	2	2	2	2
Michael Chye	10	9	-	-	-	-
Gregory Bittar	10	9	2	2	2	2

DIRECTORS' INTEREST

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

	Fully Paid Ordinary Shares
Richard Procter	1,667,726
Ross Gillon	2,749,133
Gregory Bittar	2,700,000

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 31 December 2015 is set out immediately following the end of the Directors' Report.

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

ROUNDING OF AMOUNTS

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

REMUNERATION REPORT

The Remuneration Report which has been audited is set out on pages 28 to 32 and forms part of the Directors Report.

Signed in accordance with a resolution of the Directors.

RICHARD PROCTER
CHAIRMAN
PERTH
18 MARCH 2016

Remuneration Report (Audited)

The Remuneration Report for the year ended 31 December 2015 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its regulations. This Remuneration Report forms part of the Directors Report and the disclosures contained within this report have been audited.

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

Details of the KMP are set out as below:

Directors	
R Procter	Chairman
G Bittar	Executive Director
R Gillon	Non-executive Director
M Chye	Non-executive Director

Key Management Personnel	
G Dovaston	Chief Executive Officer
R Hill	Chief Financial Officer
S Pooley	General Manager – Operations (resigned 1 April 2015)
P Manton	General Manager – Operations (appointed 6 October 2015)

Principles of Remuneration

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

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

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

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

REMUNERATION STRUCTURE

FIXED REMUNERATION

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

Fixed remuneration of non-executive Directors comprises fees determined having regard to industry practice and the need to attract appropriately qualified persons. Fees do not contain any non-monetary elements.

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

Remuneration levels are reviewed by the Remuneration Committee and are determined after consideration is given to individual and overall performance of the Company, to competitive commercial rates of remuneration for similar levels of responsibility, industry practices and the need to retain appropriately qualified persons to fill the management positions necessary for the Company to meet its strategic objectives.

PERFORMANCE LINKED REMUNERATION

Performance linked remuneration includes both short term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their objectives.

SHORT TERM INCENTIVES

Each year the executives of the Company review the performance of the key management personnel and make recommendations to the Remuneration and Nomination Committee in relation to the awarding of any short-term incentives.

In addition, the Remuneration and Nomination Committee assesses the actual performance of the Company, the separate departments and the individuals' personal performance. A cash bonus may be recommended at the discretion of the Remuneration Committee where Company and department objectives have been met or exceeded or individual personal performance expectations have been exceeded.

LONG TERM INCENTIVES

Options are issued under the Employee Share Options Plan. Options are rights to acquire ordinary shares subject to the satisfaction of specified performance conditions in a specified performance period. The objective of the Employee Share Options Plan is to link the achievement of the Company's operational targets with the remuneration received by the key management personnel charged with meeting those targets. The total potential long term incentive available is set at a level so as to provide sufficient incentive to the key management personnel to achieve the operational targets such that the cost to the Company is reasonable in the circumstances.

Each year the Remuneration Committee reviews the objectives of the company and makes a recommendation to the Board to grant rights to acquire ordinary shares subject to the satisfaction of specified performance conditions within a specified performance period.

Criteria used by the Remuneration and Nomination Committee to set performance conditions for rights and to assess the performance of directors and executives may include historical and current earnings, gold production, operating costs and safety performance, execution of development projects, exploration success and growth of the business through acquisitions.

The Remuneration Committee recommends the rights to be granted to executives for approval by the Board. The Board grants the rights by giving further consideration to the seniority of the employee’s position, the ability of the employee to impact the achievement of the Company’s objectives and the need to retain highly qualified employees and executive team. The granting of rights is in substance a performance incentive which allows employees to share the rewards of the success of the Company.

Assessment is made by the Remuneration and Nomination Committee regarding the achievement of the performance conditions and a recommendation is provided to the Board detailing the number of rights to vest into ordinary shares that is commensurate with the level of achievement of the predetermined performance conditions. The Board approves the vesting of rights into shares and all unvested rights are subsequently cancelled.

REMUNERATION STRUCTURE (CONTINUED)

LONG TERM INCENTIVES (CONTINUED)

In November 2015, 26.6 million options were issued to employees under the Employee Share Option Plan. The options were granted at nil consideration with an exercise price of each option being $0.079. 50 per cent of the options will vest upon the holder providing the Company with 2 years of continuous service and 50 per cent of the options will vest upon the holder providing the Company with 3 years of continuous service. The expiry date of each option is the earlier to occur of 18 November 2019 and the options lapsing and being forfeited under the Plan.

DIRECTORS AND KEY MANAGEMENT REMUNERATION

Details of remuneration of each Director of Millennium, including their personally-related entities, for the year ended 31 December 2015 are set out as follows:

		Short Term			Post Employment	Long Term	Equity Compensation	
	Year	Cash salary and fees	Cash bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Value of share options	**Total**
		$	$	$	$	$	$	$
Executive Director								
Mr B Rear [(1)]	**2015**	-		-	-	-	-	-
	2014	808,794		-	47,500	75,692	-	931,986
		87%			*5%*	*8%*		
Mr G Bittar [(2)]	**2015**	**195,196**	-	-	-	-	-	**195,196**
		100%						
	2014	**10,196**	-	-	-	-	-	**10,196**
		100%						
Non-Executive Directors								
Mr P Rowe [(3)]	**2015**	-		-	-	-	-	-
	2014	27,460		-	2,540	-	-	30,000
		91.53%			*8.47%*			
Mr R Gillon	**2015**	**60,000**	-	-	-	-	-	**60,000**
		100%						
	2014	60,000	-	-	-	-	-	60,000
		100%						
Mr R Procter	**2015**	**90,000**	-	-	-	-	-	**90,000**
		100%						
	2014	80,000	-	-	-	-	-	80,000
		100%						
Mr J Morton [(4)]	**2015**	-	-	-	-	-	-	-
	2014	25,000	-	-	-	-	-	**25,000**
		100%						
Mr M Chye	**2015**	**60,000**	-	-	-	-	-	**60,000**
		100%						
	2014	**35,000**	-	-	-	-	-	**35,000**
		100%						
Mr G Bittar [(2)]	**2015**	-	-	-	-	-	-	-
	2014	**41,767**	-	-	-	-	-	**41,767**
		100%						

DIRECTORS AND KEY MANAGEMENT REMUNERATION (CONTINUED)

	Year	Short Term			Post Employment	Long Term	Equity Compensation	
		Cash salary and fees	Cash bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Value of share options	Total
		$	$	$	$	$	$	$
Key Management Personnel								
Mr R Hill	**2015**	**291,184**	**-**	**-**	**27,663**	**41,370**	**-**	**360,217**
		81%			*8%*	*11%*		
	2014	287,794	-	-	27,186	-	-	314,980
		91%			*9%*			
Mr S Pooley(5)	**2015**	**177,011**	**-**	**-**	**9,118**	**-**	**-**	**186,130**
		95%			*5%*			
	2014	410,224	-	-	35,846	-	-	446,070
		92%			*8%*			
Mr G Dovaston	**2015**	**374,305**	**-**	**-**	**35,559**	**-**	**-**	**409,864**
		91%			*10%*			
	2014	321,781	-	-	27,751	-	-	349,532
		91%			*9%*			
Mr P Manton (6)	**2015**	**79,416**	**-**	**-**	**7,545**	**-**	**-**	**86,960**
	2014	-	-	-	-	-	-	-

(1) Mr Rear resigned from the Company in the role of Managing Director and Chief Executive Officer on 31 December 2014

(2) Mr Bittar commenced with the Company in the role of Non-executive Director on 19 March 2014 and commenced as Executive Director on 18 December 2014

(3) Mr Rowe resigned from the Company in the role of Non-executive Chairman on 28 April 2014.

(4) Mr Morton resigned from the Company in the role of Non-executive Director on 30 May 2014.

(5) Mr Pooley resigned from the Company in the role of General Manager Corporate on 1 April 2015.

(6) Mr Manton commenced with the Company in the role of General Manager Operations on 6 October 2015.

KEY MANAGEMENT EMPLOYMENT CONTRACTS

Mr Dovaston (Chief Executive Officer) is employed under a standard rolling employment contract. He was General Manager – Nullagine Gold Operations from 29 January 2014 till his appointment as CEO on 18 December 2014. His current employment contract commenced on 18 December 2014 and there is no termination date. Under the terms of the contract:

- Mr Dovaston may resign from his position and thus terminate this contract by giving 12 weeks written notice.
- The Company may terminate this employment agreement by providing 12 weeks written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Dovaston's remuneration)
- Mr Dovaston accrues 4 weeks of annual leave entitlements per year and 8.7 weeks of long service leave entitlements after 7 years and 1.24 weeks per every year thereafter.

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

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

Mr Bittar (Executive Director - Corporate) is employed on a consultancy basis. His current employment contract commenced on 18 December 2014 and there is no termination date. Under the terms of the contract:

- Mr Bittar may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company may terminate this employment agreement by providing 4 weeks written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Bittar's remuneration)
- Mr Bittar accrues no annual leave or long service leave.

NON-EXECUTIVE DIRECTORS

Non-executive directors' fees cover all main board activities and membership of board committees. Non-executive directors have a written agreement setting out the terms of their appointment and do not receive any benefits on retirement. From time to time, non-executive directors may provide consulting services to the Company and in these cases they are paid consulting fees in line with industry rates.

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

Signed in accordance with a resolution of the Directors.

RICHARD PROCTER
CHAIRMAN
PERTH

17 MARCH 2016

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

The Directors
Millennium Minerals Ltd
10 Kings Park Rd
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2015 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda (Lead auditor)

Rothsay Auditing

Dated 17 March 2016

Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31 December 2015 $'000	31 December 2014 $'000
Revenue from operations	3	139,464	115,918
Cost of sales	4	(111,132)	(118,789)
Gross (loss)/profit		**28,332**	**(2,871)**
Administration expenses	5	(4,751)	(5,278)
Impairment losses	8	-	(75,811)
Other income	6	36	48
Profit/(loss) before treasury, tax and finance costs		**23,617**	**(83,912)**
Finance costs		(5,076)	(5,460)
Gain on disposal of property		90	-
Gain on disposal of tenements	13	1,902	-
Unrealised (loss)/gain on gold forward contracts		2,352	(16,990)
Profit/(loss) before tax		**22,885**	**(106,362)**
Income tax expense	7	-	(11,592)
Net profit/(loss) attributable to the members of Millennium Minerals Limited		**22,885**	**(117,954)**
Other comprehensive income/(loss)			
Other comprehensive income		-	-
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income for the year, net of tax		**-**	**-**
Total profit and loss and comprehensive income for the year		**22,885**	**(117,954)**
Earnings per share		**Cents**	**Cents**
Basic earnings per share		10.81	-54.18
Diluted earnings per share		10.40	-

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

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31 December 2015 $'000	31 December 2014 $'000
Assets			
Current Assets			
Cash and cash equivalents	8	11,414	1,663
Trade and other receivables	9	1,379	2,316
Inventories	10	18,386	16,817
Other assets	11	1,035	1,739
Deferred mining costs	12	-	667
Total current assets		32,214	23,202
Non-current assets			
Mineral exploration and evaluation expenditure	13	7,341	7,746
Mine development	14	8,026	-
Property, plant and equipment	15	33,708	43,417
Total non-current assets		49,075	51,163
Total Assets		**81,289**	**74,365**
Liabilities			
Current liabilities			
Trade and other payables	16	9,318	15,593
Provisions	17	868	844
Borrowings	18	3,689	16,740
Lease liabilities	19	289	3,283
Total current liabilities		14,164	36,460
Non-current liabilities			
Provisions	17	11,449	6,043
Borrowings	18	-	17,273
Other financial liabilities	20	42	2,394
Total non-current liabilities		11,491	25,710
Total Liabilities		**25,655**	**62,170**
Net Assets		**55,634**	**12,195**
Equity			
Contributed equity	21	163,185	143,940
Reserves	22	4,388	3,079
Accumulated losses	22	(111,939)	(134,824)
Total Equity		**55,634**	**12,195**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Contributed equity $'000	Accumulated Losses $'000	Share-based payments reserve $'000	Total equity $'000
At 1 January 2015	143,940	(134,824)	3,079	12,195
Comprehensive income				
- Profit for the year, after tax	-	22,885	-	22,885
Total comprehensive income for the year	-	22,885	-	22,885
Transactions with owners				
Contributions of equity, net of transaction costs	19,245	-	-	19,245
Options valuation	-	-	1,309	1,309
At 31 December 2015	**163,185**	**(111,939)**	**4,388**	**55,634**
At 1 January 2014	143,940	(16,870)	2,081	129,151
Comprehensive income				
- Loss for the year, after tax	-	(117,954)	-	(117,954)
Total comprehensive income for the year	-	(117,954)	-	- 117,954
Transactions with owners				
Options valuation	-	-	998	998
At 31 December 2014	**143,940**	**(134,824)**	**3,079**	**12,195**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31 December 2015 $'000	31 December 2014 $'000
Cash flows from operating activities			
Receipts in the course of operations		139,464	115,918
Payments in the course of operations		(108,834)	(101,056)
Interest received		36	49
Other receipts		-	-
Net cash provided by/(used in) operating activities	23	30,666	14,911
Cash flows from investing activities			
Return of/payment for security deposits		-	2,830
Payments for property plant and equipment	15	(581)	(1,197)
Proceeds from sale of assets		3,889	-
Payments for mineral exploration areas and evaluation	13	(1,494)	(2,528)
Payments for development of mining properties	14	(4,532)	(7,894)
Net cash used in investing activities		(2,718)	(8,789)
Cash flows from financing activities			
Proceeds from leases and borrowings		-	12,000
Repayment of leases and borrowings		(36,550)	(16,595)
Interest paid		(941)	(2,095)
Net proceeds from equity raising		19,294	-
Net cash (used in)/provided by financing activities		(18,197)	(6,690)
Net increase/(decrease) in cash and cash equivalents		9,751	(568)
Cash and cash equivalents at the beginning of the period		1,663	2,231
Cash and cash equivalents at the end of the period	8	11,414	1,663

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

1. Corporate Information

Millennium Minerals Limited ("Millennium" or the "Company") is a public listed limited Company that is incorporated and domiciled in Australia.

During the year, the principal activities of Millennium were gold production and exploration at the Nullagine Gold Project in Western Australia.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

The financial statements have been prepared on a historical cost basis unless otherwise stated and a going concern basis.

(b) Statement of Compliance

The full year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the full year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Adoption of New and Revised Standards

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the early adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

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

There is no material impact for the Company.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

There is no material impact for the Company.

2. Summary of Significant Accounting Policies (continued)

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

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

There is no material impact for the company.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

There is no material impact for the company.

(d) Income Tax

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment

Cost and valuation

Items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment in value. Cost includes expenditure that is directly attributable to the acquisition, installation and commissioning of an item.

The carrying amounts are reviewed annually by directors to ensure that they are not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows are discounted to their net present values in determining recoverable amounts.

Costs subsequent to the initial recognition of an asset are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment is calculated on a straight line basis to write off the net cost of each item over its expected useful life to the Company.

The expected useful life of plant, equipment and buildings is the shorter of the life of the mine and the useful life of the individual item.

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

(f) Exploration and Evaluation Expenditure

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

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits related to an area of interest are likely.

Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area are current and provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

This policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off to the statement of comprehensive income in full in the period when the new information becomes available.

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

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

2. Summary of Significant Accounting Policies (continued)

(g) Mine Development Costs

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

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, mine development costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for mine development costs.

Accumulated mine development costs are amortised on a unit-of-production (UOP) basis over the economically recoverable reserves of the mine. The UOP rate for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date.

Mine development expenditure on pits with less than 12 months life are expensed as incurred.

(h) Deferred Mining Costs

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of-production basis.

Stripping costs incurred subsequently during the production stage of operations are deferred to the extent that the current period strip ratio (i.e. the ratio of waste to ore) exceeds the life of mine strip ratio.

Such deferred costs are then charged to the Statement of Comprehensive Income to the extent that, in subsequent periods, the current period ratio falls short of the life of mine strip ratio. The calculated strip ratio and the remaining life of mine are reassessed by the directors annually. Changes are accounted for prospectively from the date of change.

Deferred mining costs are only calculated for pits that have a life in excess of 12 months.

(i) Investments and Other Financial Assets

The Company classifies its investments in the following categories: financial assets at fair value through profit and loss, loan and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(j) Derivatives

The Company uses derivative financial instruments such as gold call options to manage the risk associated with commodity price fluctuations.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. The fair value of derivative financial instruments that are traded on an active market is determined using appropriate valuation techniques.

Changes in fair value are recognised in statement of comprehensive income net of any transaction costs.

(k) Inventories

Finished goods, gold concentrate, gold in circuit and stockpiles of unprocessed ore are valued at the lower of cost and estimated net realisable value.

Cost is determined on the basis of weighted average costs and comprises the costs of direct materials and the costs of production which include:

- Labour costs, materials and contractor expenses and production overheads which are directly attributable to the extraction and processing of ore;
- Depreciation of property plant and equipment used in the extraction and processing or ore; and
- Amortisation of capitalised mine development for the area of interest from which the ore is extracted.

2. Summary of Significant Accounting Policies (continued)

(k) Inventories (continued)

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

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

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the economic entity are capitalised at the present value of the minimum lease payments. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the estimated useful life of the assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Comprehensive Income.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(m) Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

(n) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (“GST”), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash Flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Trade Payables, Other Creditors and Provisions

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid, together with assets ordered before the end of the financial year. Because of their short term nature, trade payables and other creditors are not discounted.

Provisions are recognised when the Company has a present obligation and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2. Summary of Significant Accounting Policies (continued)

(o) Trade Payables, Other Creditors and Provisions (continued)

Site rehabilitation

The Company records the present value of the estimated cost of legal and constructive obligations to restore the operating location in the period in which the obligation is incurred. The nature of rehabilitation activities includes dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. The provision is the best estimate of the present value of the expenditure required to settle the rehabilitation obligation at the reporting date, based on current legal requirements and technology.

When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining asset. Over time, the liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. This increase in the provision due to the passage of time is recognised as a finance cost in the statement of comprehensive income. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation provision when incurred.

(p) Trade Receivables and Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other debtors are recognised at the amount receivable and are usually due for settlement within 30 days from the end of the month in which services were provided.

(q) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of any outstanding bank overdraft.

(r) Borrowing Costs

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

(s) Interest Bearing Loans and Borrowings

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

(t) Revenues

Revenue is recognised and measure at fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Gold bullion and concentrate sales

Revenue is recognised when the bullion is sold from the Company's gold metal account, at which point the risk has passed from the Company to an external party and the selling price can be determined. Sales revenue represents gross proceeds receivable from the customer.

Interest

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2. Summary of Significant Accounting Policies (continued)

(u) Share Based Payment Transactions

The Company provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently a plan in place to provide these benefits which provide benefits to Directors, senior executives, employees and consultants:

- Share Option Plan

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using a Black-Scholes options pricing model.

In valuing equity-settled transactions, performance conditions are taken into account.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 2(x)).

(v) Employee Entitlements

(i) Wages, salaries and annual Leave

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

(ii) Employee benefits on-costs

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

(iii) Long service leave

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

(w) Impairment of Assets

At each reporting date, the Company assesses whether there is an indication than an asset is impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash generating units). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (see note 8).

2. Summary of Significant Accounting Policies (continued)

(x) Earnings per share

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

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

(y) Critical Accounting Estimates and Judgements

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

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

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

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

(i) Significant Accounting Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of Mineral Resources and Ore Reserves

The determination of Mineral Resources and Ore Reserves impacts the accounting for asset carrying values. Millennium Minerals Ltd estimates its Minerals Resources and Ore Reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012)(JORC Code). The information on Minerals Resources and Ore Reserves was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the Mineral Resources and Ore Reserves determined under the JORC Code.
There are numerous uncertainties inherent in estimating Minerals Resources and Ore Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in Ore Reserves being restated.

Recovery of deferred tax assets

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

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

2. Summary of Significant Accounting Policies (continued)

(y) Critical Accounting Estimates and Judgements (continued)

(i) Significant Accounting Judgements (continued)

Capitalisation of exploration and evaluation expenditure

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

(ii) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of non-current assets

Factors that could impact the future recoverability of non-current assets include the level of reserves and resources, plant performance, costs of production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Impairment of non-financial assets other than goodwill

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include economic and political environments and the future exploration and development expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Mine rehabilitation provision

The Company assesses its mine rehabilitation provision yearly in accordance with the accounting policy stated in note 2(p). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known, which in turn would impact future financial results.

Fair valuations of derivative financial instruments

The Company assesses the fair value of its forward gold sale agreements in accordance with the accounting policy note stated in note 2(k). Fair values have been determined based on well-established valuation models and market conditions existing at the reporting date. These calculations require the use of estimates and assumptions. Changes in the assumptions concerning interest rates, gold prices and volatilities could have significant impact on the fair value attributed to the Company's forward gold sale agreements and foreign exchange contracts. When these assumptions change or become known in the future, such differences will impact asset / liability carrying values and profit and loss in the period in which they become known.

2. Summary of Significant Accounting Policies (continued)

(y) Critical Accounting Estimates and Judgements (continued)

(ii) Significant Accounting Estimates and Assumptions (continued)

Life of mine stripping ratio

The Company has adopted a policy of deferring production stage stripping costs and amortising them in accordance with the life of mine strip ratio. Significant judgement is required in determining this ratio for each mine. Factors that are considered include:

- any proposed changes in the design of the mine;
- estimates of the quantities of Ore Reserves and Mineral Resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices; and
- future cash costs of production and capital expenditure.

(z) Comparatives

Certain comparatives have been reclassified where necessary to be consistent with the current year's disclosures.

	31 December 2015 $'000	31 December 2014 $'000
3. Revenue		
Gold sales	142,239	106,535
Silver sales	211	230
Realised (loss)/gain on gold forward contracts	(2,986)	9,153
	139,464	**115,918**
4. Cost of sales		
Mining expenses	39,892	43,254
Haulage expenses	10,634	6,092
Processing expenses	30,088	33,109
Site administration expenses	6,118	7,517
Royalties	12,249	3,930
Mining rehabilitation fund	88	68
Changes in inventories	92	(419)
Deferred mining cost	-	(2,107)
Depreciation and amortisation	11,971	27,345
	111,132	**118,789**
5. Administrative expenses		
Corporate expenses	4,217	4,661
Investors relations	72	266
Statutory compliance	51	67
Directors' fees	411	278
	4,751	**5,272**
6. Other income		
Interest received	36	48
	36	**48**

7. Income Tax Expense

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

	Opening balance as at 1 Jan 2015	Current period	Prior period adjustment	Write-off deferred assets	Closing balance as at 31 Dec 2015
	$'000	$'000	$'000	$'000	$'000
Deferred tax assets comprise temporary differences attributable to the following items:					
Provisions and accruals	398	423	(398)	(423)	-
Inventory	-	-	-	-	-
Mine development asset	10,297	(3,123)	420	(7,594)	-
Deferred waste asset	2,725	-	(2,725)	-	-
Borrowing costs	825	(465)		(360)	-
Blackhole expenditure	310	213		(523)	-
R&D tax offset credit	910		6,122	(7,032)	-
Property, plant & equipment	1,488	1,678	(660)	(2,506)	-
Mine rehabilitation asset	1,763	3,315	(1,763)	(3,315)	-
Prior priod tax losses	22,490	(4,609)	(757)	(17,124)	-
Total deferred tax assets	41,206	(2,568)	239	(38,877)	-
Deferred tax liabilities comprise temporary differences attributable to the following items:					
Exploration asset	(2,323)	(448)	569	2,202	-
Mine rehabilitation asset - restporation asset		(1,509)	-	1,509	-
Total deferred tax liabilities	(2,323)	(1,957)	569	3,711	-

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

	31 December 2015	31 December 2014
	$'000	$'000
Profit/(loss) before income tax	22,885	(106,362)
Prima facie tax on operating profit/(loss)	6,866	(31,909)
Tax effect on permanent and timing differences		
Non-deductible expenses	395	304
Deductble expenses	(706)	-
Income tax benefit		-
Current year income tax expense	**6,555**	**(31,605)**
Net timing differences not recognised	35,168	38,889
Prior period adjustment	(35,168)	4,308
Utilisation of carried forward losses	(6,555)	-
Income tax credit attributable to operating profit/(loss)	-	**11,592**

	31 December 2015 $'000	31 December 2014 $'000

8. Cash and cash equivalents

	31 December 2015 $'000	31 December 2014 $'000
Cash at bank and on hand	11,414	1,663

9. Trade and other receivables

	31 December 2015 $'000	31 December 2014 $'000
Gold bullion awaiting settlement	-	794
Sundry debtors	-	4
GST refundable	888	1,035
Diesel fuel rebate	491	483
	1,379	2,316

10. Inventories

	31 December 2015 $'000	31 December 2014 $'000
Consumables	3,184	2,197
Ore stockpile at cost	10,944	12,808
Gold in circuit at cost	4,140	750
Bullion on hand at cost	118	1,062
	18,386	16,817

11. Other assets

	31 December 2015 $'000	31 December 2014 $'000
Secured deposits	20	20
Refundable deposits	76	76
Prepaid royalties	401	1,467
Prepayments	538	176
	1,035	1,739

12. Deferred mining costs

	31 December 2015 $'000	31 December 2014 $'000
Current	-	667
Non-current	-	-
	-	667

13. Mineral exploration and evaluation expenditure

Geological, geophysical, drilling and other costs for exploration and purchased mine properties - at cost

The costs carried forward above have been determined as follows:

	31 December 2015 $'000	31 December 2014 $'000
Opening balance	7,746	11,762
Costs incurred during the period	1,494	2,511
Share of Camel Creek JV exploration costs	-	17
Disposal of Beatons Creek tenements*	(1,899)	-
Impairment	-	(6,544)
	7,341	7,746

*Sale of non-core Beatons Creek tenements for consideration of $3.8 million, resulting in a net gain of $1.9 million

14. Mine development

	31 December 2015 $'000	31 December 2014 $'000
Opening balance	-	38,443
Addition to rehabilitation asset	5,030	1,371
Expenditure during the period	4,532	8,240
Amortisation charge for the period	(1,536)	(12,099)
Impairment	-	(35,955)
	8,026	-

15. Property, plant and equipment

2015	Plant and equipment $'000	Motor vehicles $'000	Land and buildings $'000	Critical spares $'000	Infrastructure $'000	Capital works in progress $'000	Total $'000
At cost	59,509	-	2,413	1,921	43	546	64,432
Accumulated depreciation	(29,099)	-	(513)	(1,104)	(8)	-	(30,724)
Closing carrying amount	30,410	-	1,900	817	35	546	33,708
Reconciliation of carrying amounts							
Opening carrying amount	39,174	-	2,410	1,284	-	549	43,417
Additions	327	-		-	-	254	581
Transfer / reclassification	211	-	3	-	43	(257)	-
Depreciation expense	(9,302)	-	(513)	(467)	(8)	-	(10,290)
Closing carrying amount	30,410	-	1,900	817	35	546	33,708
2014							
At cost	58,971	-	2,410	1,921	-	549	63,851
Accumulated depreciation	(19,797)	-	-	(637)	-	-	(20,434)
Closing carrying amount	39,174	-	2,410	1,284	-	549	43,417
Reconciliation of carrying amounts							
Opening carrying amount	48,693	955	14,212	1,504	15,311	904	81,579
Additions	-	-	-	-	-	1,197	1,197
Transfer / reclassification	920	-	149	57	426	(1,552)	-
Depreciation expense	(9,507)	(173)	(2,475)	(277)	(2,700)	-	(15,132)
Impairment	(932)	(782)	(9,476)	-	(13,037)	-	(24,227)
Closing carrying amount	39,174	-	2,410	1,284	-	549	43,417

	31 December 2015 $'000	31 December 2014 $'000
16. Trade and other payables		
Trade payables	2,835	12,627
Royalties payable	1,396	690
Employee entitlements	212	403
Accruals	4,422	1,812
Other payables	453	61
	9,318	15,593
17. Provisions		
Current		
Employee benefits	868	844
Non-current		
Employee benefits	397	164
Rehabilitation	11,052	5,879
	11,449	6,043
Employee benefits		
Movements in provisions		
Balance at beginning of year	1,008	973
Additional provisions	257	35
Balance at end of year	1,265	1,008
Mine rehabilitation		
Movements in provisions		
Balance at beginning of year	5,879	4,394
Unwinding of discount	143	114
Additional provisions	5,030	1,371
Balance at end of year	11,052	5,879
18. Borrowings		
Current		
Syndicated loan facilities (i)	3,689	16,740
Non-current		
Syndicated loan facilities (i)	-	4,689
Subordinated debt facility (ii)	-	12,584
	-	17,273

(i) The syndicated loan facility is scheduled to be fully repaid on 31 March 2016 and attracts a variable interest rate.

(ii) The subordinated debt facility provided by the IMC Group, is subordinated to the syndicated loan facilities Millennium has with BNP Paribas and National Australia Bank. The facilty is unsecured and attracts fees and an interest rate typical for a facility of this nature. The maturity date of the facility is 30 days following the repayment in full of the syndicated loan facilities unless repaid earlier as a result of refinancing. Interest is capitalised monthly.

In December 2015, with the successful raising of $21 million through a Shareholders Participation Offer, Millennium fully retired the subordinated debt facility provided by the IMC Group.

	31 December 2015 $'000	31 December 2014 $'000
19. Lease liabilities		
Current		
Hire purchase liabilities	189	191
Finance lease liabilities	100	3,092
	289	3,283
20. Other financial liabilities		
Current		
Derivative instruments	42	2,394

At 31 December 2015, the Company had gold forward forward contracts 26,838 ounces with an average price of $1,465 per ounce. The gold forward contracts for the 3 months ended 31 March 2016 amounts to 13,970 ounces at an average price of $1,508 and has a mark to market value of $0.611 million. The remaining gold forward contracts expires 30 June 2016 and amount to 12,868 ounces at an average price of $1,418, and has a out of the money mark to market value of $0.653 million.

21. Contributed equity

Share capital

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares - fully paid	742,695,372	217,695,372	163,185	143,940

The holders of ordinary shares are entitled to receive dividends as declared from time to time and, on a poll, are entitled to one vote per share at meetings of the Company. The Company does not have authorised capital or par value in respect of its issued shares.

Movement in ordinary share capital

	Number of shares	$'000
At 1 January 2014	217,695,372	143,940
Fully underwritten shareholders participation offer	525,000,000	21,000
Transaction costs		(1,755)
	742,695,372	163,185

In December 2015, the company successfully raised $21 million through a Share Offer Participation Offer at 4 cents a share.

Capital management

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

Options on issue

Unlisted options	Number of options 2015	Number of options 2014
At beginning of year	12,000,000	1,136,364
Issued during year	68,600,000	12,000,000
Expired during year	(16,000,000)	(1,136,364)
At end of year	64,600,000	12,000,000

On 25 November 2015, following shareholders approval in relation to its employee share option plan, Millennium issued a collective pool of 38.3 million unlisted options exerciable at 7.9 cents per option to employees, contractors and directors. The options issued will vest 50% after 2 years of continuous service and 50% after 3 years of continuous service, subject to Board discretion and be exerciseable on or before 18 November 2019.

On 11 December 2015, Argonaut Capital Limited was issued 14 million unlisted options exercisable at 5.8 cents per option, as consideration for its role as lead manager in the shareholders participation offer raising.

	31 December 2015 $'000	31 December 2014 $'000
22. Reserves and accumulated losses		
Share-based payment reserve		
Movements in reserve are as follows:		
Balance at beginning of year	3,079	2,081
Options valuation	1,309	998
Balance at end of year	4,388	3,079
Accumulated losses		
Movements in accumulated losses are as follows:		
Balance at beginning of year	(134,824)	(16,870)
Net profit/(loss) for the year	22,885	(117,954)
Balance at end of year	(111,939)	(134,824)

23. Reconciliation of net loss after tax to net cash flows from operating activities

	31 December 2015 $'000	31 December 2014 $'000
Profit/(loss) after tax	22,885	(117,954)
Income tax (expense)/benefit	-	11,592
Depreciation and amortisation	11,971	27,345
Impairment	-	75,811
Finance costs	5,076	5,460
Changes in deferred mining costs	-	(2,107)
Gain on forward contracts	(2,352)	16,990
Gain on disposal of property and tenements	(1,992)	-
Changes in assets and liabilities		
Trade and other receivables	937	(1,048)
Inventories	92	(419)
Other assets	67	1,717
Trade and other payables	(6,275)	(2,511)
Provision for employee benefits	257	35
	30,666	**14,911**

24. Commitments

(a) Exploration expenditure commitments

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

	31 December 2015 $'000	31 December 2014 $'000
The minimum level of exploration commitments:		
- due within one year	2,557	2,565
- due between one and five years	9,570	9,824
- due later than five years	26,472	28,972
	38,599	41,361

	31 December 2015 $'000	31 December 2014 $'000
24. Commitments (continued)		
(b) Finance lease commitments		
Lease expenditure contracted and provided for:		
- due within one year	339	3,283
- due between one and five years	-	-
	339	3,283
(c) Operating lease commitments		
Lease expenditure contracted:		
- due within one year	223	214
- due between one and five years	390	589
	613	803

(d) Contractual commitments

On 31 October 2011, the Company entered into an agreement with Pacific Energy Pty Ltd for the supply of electricity to the Nullagine Gold Project. The terms of the agreement commit the Company to purchasing a minimum amount of electricity per month for a 5 year period commencing 1 July 2012. The Company has the ability to terminate at any timeby providing 21 days notice subject to paying a break fee. As at 31 December 2015, the break fee was $3.09 million (31 December 2014: $3.93 million).

25. Remuneration of auditors

	31 December 2015 $'000	31 December 2014 $'000
Amounts received, due and receivable by Rothsays Chartered Accountants for:		
- Auditing services	63	62
- Other services	-	-
	63	62

26. Financial instruments and risk management

The Company's accounting policies, including the terms and conditions of each class of financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows:

Short term deposits

Short term deposits are stated at the lower of cost and net realisable value. Interest is recognised in the Statement of Comprehensive Income when earned.

Trade payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade liabilities are normally settled on 30 day terms.

(a) Interest rate risk

The Company monitors interest rates to obtain the best terms and mix of cash flow. Its exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on these financial assets, is as follows:

	Weighted Average Effective Interest	Floating interest	Fixed interest	Maturing 1 - 5 years	Non-interest bearing	Total
2015	%	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash at bank	1.87%	11,414	-	-	-	11,414
Security deposits	3.35%	96	-	-	-	96
Total financial assets		**11,509**	**-**	**-**	**-**	**11,509**
Financial liabilities						
Payables			452	-	8,817	9,269
Hire purchase liabilities			188	-	-	188
Finance lease liabilities			100	-	-	100
Borrowings		3,689	-	-	-	3,689
Total financial liabilities		**3,689**	**740**	**-**	**8,817**	**13,247**
Net financial liabilities		**7,821**	**(740)**	**-**	**(8,817)**	**(1,737)**
2014	%	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash at bank	1.59%	1,663	-	-	-	1,663
Security deposits	3.49%	96	-	-	-	96
Total financial assets		**1,759**	**-**	**-**	**-**	**1,759**
Financial liabilities						
Payables			750		14,843	15,593
Hire purchase liabilities			191			191
Finance lease liabilities			3,092			3,092
Borrowings						-
Total financial liabilities		**-**	**4,033**	**-**	**14,843**	**18,876**
Net financial liabilities		**1,759**	**(4,033)**	**-**	**(14,843)**	**(17,117)**

26. Financial instruments and risk management (continued)

(a) Interest rate risk (continued)

At balance date the Company had minimal exposure to interest rate risk, through its cash and cash equivalents held with financial institutions.

	Carrying Amount 31 December 2015 $'000	Carrying Amount 31 December 2014 $'000
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets	11,509	1,759

<u>Fair value sensitivity analysis for fixed rate instruments</u>

There were no exposure to fixed rate instruments at balance date.

<u>Fair value sensitivity analysis for variable rate instruments</u>

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis in 2013.

	Profit or Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
Financial Assets				
31 December 2015	115	(115)	115	(115)
31 December 2014	18	(18)	18	(18)

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date, to recognised fixed assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and notes to the financial statements.

The Company does not have any material risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

(c) Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash, marketable securities, commited credit facilities and access to capital markets. It is the policy of the Board to ensure that the Company is able to meets its financial obligations through ensuring the Company has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Lisitng Rules.

26. Financial instruments and risk management (continued)

(d) Net fair values

Methods and assumptions used in determining net fair value:

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the fnancial statements.

(e) Financial risk management

	31 December 2015 $'000	31 December 2014 $'000
Financial assets		
- derivative instruments current	-	-
- derivative instruments non-current	-	-
	-	-
Financial liabilities		
- derivative instruments current	42	
- derivative instruments non-current	-	2,394
	42	2,394

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

(f) Commodity price risk

The Company is exposed to movements in the gold price. As part of the risk management policy of the Company and in compliance with the conditions required by the Company's financier, the Company has entered into AUD gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. It is management's intention to settle each contract through physical delivery of gold. The following table summarised the gold hedging facilities held with BNP Paribas and National Australia Bank.

2015	Volume ounces	Price $	Value of committed sales $'000
Not later than one year	26,838	1,465	39,318
Later than one year and not later than five	0	0	0
	26,838	1,465	39,318
2014	ounces	$	$'000
Not later than one year	52,026	1,574	81,904
Later than one year and not later than five	26,270	1,637	43,011
	78,296	1,595	124,915

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

26. Financial instruments and risk management (continued)

(f) Commodity price risk (continued)

Sensitivity analysis for commodities

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

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

	Profit or Loss		Equity	
	$'000 Increase	$'000 Decrease	$'000 Increase	$'000 Decrease
31 December 2015				
+/- $200 per ounce Gold	10,102	(10,102)	10,102	(10,102)
31 December 2014				
+/- $200 per ounce Gold	3,984	(3,984)	3,984	(3,984)

27. Earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share. The Company presents basic and diluted EPS data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted avearge number of ordinary shares outstanding during the period.

Diluted EPS takes into account the dilutive effect of all potential ordinary share being unlisted employee share options on issue and options issued to Argonaut as consideration for their role as lead manager in December capital raising. In the prior year, these potential ordinary shares were not considered dilutive as their exercise would reduce the loss per share.

	31 December 2015 $'000	31 December 2014 $'000
Earnings used in calculation EPS		
Net profit/(loss) attributable to ordinary equity holders	22,885	(117,954)
Weighted average number of shares	**Number of shares**	**Number of shares**
Weighted average number of ordinary shares outstanding during the year calculation of basic earnings (loss) per share	211,772,566	217,695,372
Weighted average number of ordinary shares adjusted for dilution	220,095,643	217,695,372
	S/share	**$/share**
Basic earnings (loss) per share	0.1081	(0.5418)
Diluted earnings per share	0.1040	-

28. Contingencies

As at 31 December 2015, the Company did not have any contingent assets or liabilities.

29. Key management personnel

(a) Names of Directors and key management personnel

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

Directors

R Procter	Non-executive Chairman
R Gillon	Non-executive Director
M Chye	Non-executive Director
G Bittar	Executive Director

Key management personnel

G Dovaston	Chief Executive Officer
R Hill	Chief Financial Officer
P Manton	General Manager Operations
S Pooley	General Manager Operations (resigned 1 April 2015)

(b) Executives remuneration

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the directors' interest disclosures to the Directors' Report. The relevant nformation can be found within the Remuneration Report section within the Directors' Report.

(c) Key management personnel remuneration

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevany information can be found in the Remuneration Report within the Directors' Report.

(d) Director's interests

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the directors' interest disclosures to the Directors' Report. The relevant nformation can be found within the Remuneration Report section within the Directors' Report.

(e) Related party transactions

Other than the transactions disclosed above there are no other transactionsbetween related parties that require disclosure.

30. Segment reporting

Management has determined the operating segments are based on the reportsreviewed by the Board that are used to make strategic decisions.

1. In the opinion of the Directors:

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

      (i) Giving a true and fair view of the Company's financial position as at 31 December 2015 and on its performance for the year then ended; and

      (ii) Complying with Australian Accounting Standards (including Australian Accounting Interpretations) and Corporations Regulations 2001.

   (b) The remuneration disclosures that are contained in the audited remuneration report set out within the Directors Report comply with Australian Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year 31 December 2015.

The declaration is signed in accordance with a resolution of the Board of Directors.

RICHARD PROCTER
CHAIRMAN
PERTH

17 MARCH 2016

ROTHSAY

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MILLENNIUM MINERALS LTD

We have audited the accompanying financial report of Millennium Minerals Ltd (the Company") which comprises the balance sheet as at 31 December 2015 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration..

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the Corporations Act 2001.

Audit opinion

In our opinion the financial report of Millennium Minerals Ltd is in accordance with the Corporations Act 2001, including:

a) (i) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the remuneration report included in the Directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

Audit Opinion

In our opinion the Remuneration Report of Millennium Minerals Ltd for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Millennium Minerals Ltd for the year ended 31 December 2015 included on Millennium Minerals Ltd's website. The company's directors are responsible for the integrity of the website. We have not been engaged to report on the integrity of the website. This auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.

Rothsay

Rothsay Auditing

Garda

Rolf Garda
Partner

Dated 17 March 2016

Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

Project	Tenement	Registered Holder	Millennium Beneficial Interest
NULLAGINE	M46/138	**MILLENNIUM MINERALS LIMITED	100%
	M46/186	**MILLENNIUM MINERALS LIMITED	100%
	M46/170	MILLENNIUM MINERALS LIMITED	100%
	M46/264	MILLENNIUM MINERALS LIMITED	100%
	M46/265	MILLENNIUM MINERALS LIMITED	100%
	M46/267	**MILLENNIUM MINERALS LIMITED	100%
	M46/300	MILLENNIUM MINERALS LIMITED	100%
	M46/432	MILLENNIUM MINERALS LIMITED	100%
	M46/436	MILLENNIUM MINERALS LIMITED	100%
	M46/443	MILLENNIUM MINERALS LIMITED	100%
	M46/444	MILLENNIUM MINERALS LIMITED	100%
	L46/33	MILLENNIUM MINERALS LIMITED	100%
	L46/45	MILLENNIUM MINERALS LIMITED	100%
	L46/88	MILLENNIUM MINERALS LIMITED	100%
	L46/89	MILLENNIUM MINERALS LIMITED	100%
	L46/90	MILLENNIUM MINERALS LIMITED	100%
	L46/91	MILLENNIUM MINERALS LIMITED	100%
	L46/92	MILLENNIUM MINERALS LIMITED	100%
	L46/115	MILLENNIUM MINERALS LIMITED	100%
	P46/1759	MILLENNIUM MINERALS LIMITED	100%
	P46/1760	MILLENNIUM MINERALS LIMITED	100%
	P46/1761	MILLENNIUM MINERALS LIMITED	100%
	P46/1823	MILLENNIUM MINERALS LIMITED	100%
5 MILE	M46/50	SIMBA HOLDINGS PTY LTD	* 75%
	M46/261	**MILLENNIUM MINERALS LIMITED	100%
	M46/262	**MILLENNIUM MINERALS LIMITED	100%
	M46/266	MILLENNIUM MINERALS LIMITED	100%
	M46/445	MILLENNIUM MINERALS LIMITED	100%
	M46/446	MILLENNIUM MINERALS LIMITED	100%
	M46/192	MILLENNIUM MINERALS LIMITED	100%
MIDDLE CREEK	M46/64	**MILLENNIUM MINERALS LIMITED	100%
	M46/199	**MILLENNIUM MINERALS LIMITED	100%
	M46/225	**MILLENNIUM MINERALS LIMITED	100%
	M46/98	**MILLENNIUM MINERALS LIMITED	100%
	G46/02	LIVESTOCK MARKETING	* 75%
	M46/164	LIVESTOCK MARKETING	* 75%
	M46/3	LIVESTOCK MARKETING	* 75%
	M46/441	YOUNG, DUNCAN THOMAS	* 75%
	M46/146	**MILLENNIUM MINERALS LIMITED	100%
	M46/198	**MILLENNIUM MINERALS LIMITED	100%
	M46/272	MILLENNIUM MINERALS LIMITED	100%
	M46/273	**MILLENNIUM MINERALS LIMITED	100%
	M46/277	MILLENNIUM MINERALS LIMITED	100%
	M46/282	MILLENNIUM MINERALS LIMITED	100%
	M46/302	MILLENNIUM MINERALS LIMITED	100%
	M46/430	MILLENNIUM MINERALS LIMITED	100%
	M46/431	MILLENNIUM MINERALS LIMITED	100%
	M46/447	MILLENNIUM MINERALS LIMITED	100%
GOLDEN GATE	L46/98	MILLENNIUM MINERALS LIMITED	100%
	L46/105	MILLENNIUM MINERALS LIMITED	100%
	M46/129	SIMBA HOLDINGS PTY LTD	* 75%
	M46/163	MILLENNIUM MINERALS LIMITED	100%
	M46/187	SIMBA HOLDINGS PTY LTD	*75%
	M46/189	SIMBA HOLDINGS PTY LTD	*75%

Project	Tenement	Registered Holder	Millennium Beneficial Interest
GOLDEN GATE	M46/200	SIMBA HOLDINGS PTY LTD	*75%
	M46/283	MILLENNIUM MINERALS LIMITED	100%
	M46/448	LIVESTOCK MARKETING	* 75%
	M46/47	SIMBA HOLDINGS PTY LTD	* 75%
	P46/1707	MILLENNIUM MINERALS LIMITED	100%
	P46/1757	MILLENNIUM MINERALS LIMITED	100%
	P46/1758	MILLENNIUM MINERALS LIMITED	100%
	P46/1804	MILLENNIUM MINERALS LIMITED	100%
	M46/274	**MILLENNIUM MINERALS LIMITED	100%
	M46/275	MILLENNIUM MINERALS LIMITED	100%
	M46/276	MILLENNIUM MINERALS LIMITED	100%
	M46/278	MILLENNIUM MINERALS LIMITED	100%
	M46/279	MILLENNIUM MINERALS LIMITED	100%
	M46/303	MILLENNIUM MINERALS LIMITED	100%
	M46/426	MILLENNIUM MINERALS LIMITED	100%
	M46/427	MILLENNIUM MINERALS LIMITED	100%
	M46/428	MILLENNIUM MINERALS LIMITED	100%
	M46/429	MILLENNIUM MINERALS LIMITED	100%
	M46/433	MILLENNIUM MINERALS LIMITED	100%
	M46/434	MILLENNIUM MINERALS LIMITED	100%
	P46/1824	MILLENNIUM MINERALS LIMITED	100%
EASTERN CREEK	M46/245	TAYLOR, DAVID JOHN	100%
	M46/56	TAYLOR, DAVID JOHN	100%
BEATONS CREEK EAST	M46/263	MILLENNIUM MINERALS LIMITED	100%
CAMEL CREEK	P46/1670	**RSI (WA Gold)	100%
	P46/1671	**RSI (WA Gold)	100%
	P46/1672	**RSI (WA Gold)	100%
	P46/1674	**RSI (WA Gold)	100%
	P46/1675	**RSI (WA Gold)	100%
	P46/1676	**RSI (WA Gold)	100%
	P46/1673	**RSI (WA Gold)	100%
	P46/1703	**RSI (WA Gold)	100%
	P46/1704	**RSI (WA Gold)	100%
	P46/1705	**RSI (WA Gold)	100%
	P46/1706	**RSI (WA Gold)	100%
	M46/182	**RSI (WA Gold)	100%
	M46/166	**RSI (WA Gold)	100%
	M46/167	**RSI (WA Gold)	100%
	M46/442	**RSI (WA Gold)	100%
	M46/57	**RSI (WA Gold)	100%

* The percentage noted is not a beneficial ownership interest in the tenements or the ore contained within the tenements, but the percentage of the net proceeds from the sale of product Millennium Minerals is entitled to retain on sale of product derived from the tenements. Millennium Minerals Limited has an interest under a Mining Licence Agreement with Livestock Marketing Pty Ltd, Duncan Thomas Young, Simba Holdings Pty Ltd and Ronald Lane Swinney (the Tenement Owners") whereby Millennium has the sole and exclusive right to enter upon the tenements, conduct exploration and extract gold and other minerals. Millennium is then required to pay 25% of the net proceeds to the Tenement Owners after deductions relating to mining and processing costs.

** Royalties apply

As at 15 March 2016, the following information applied:

Capital

Share capital comprised 742,695,372 fully paid ordinary shares. The Company shares are quoted on the Australian Securities Exchange using the code MOY.

Shareholder details

The Company had 5,163 holders of ordinary fully paid shares.

Distribution of equity security holders

Spread of Holdings	Number of investors	Number of shares	Issued capital (%)
1 – 1,000	1,713	681,444	0.092
1,001 – 5,000	1,300	3,370,032	0.454
5000 – 10,000	471	3,654,800	0.492
10,001 – 100,000	1,211	48,126,502	6.480
100,001 and over	468	686,862,594	92.482

Substantial shareholders (holdings not less than 5%)

Registered holder	Number of shares	Issued capital (%)
Citicorp Nominees Pty Limited	161,414,284	21.73
RBC Investor Services Australia Nominees Pty Limited <RVGAF2 A/C>	151,390,773	20.38
IMC Resources Limited	48,020,094	6.47

Voting rights

The voting rights attached to the ordinary shares are in accordance with the Company's Constitution being that:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

Top 20 Holders of quoted securities

Registered Holder	Number of shares	Issued capital (%)
Citicorp Nominees Pty Limited	161,414,284	21.73
RBC Investor Services Australia Nominees Pty Ltd <RVGAF2 A/C>	151,390,773	20.38
IMC Resources Limited	48,020,094	6.47
Western Enterprises (WA) Pty Limited	25,000,000	3.37
J P Morgan Nominees Australia Limited	23,633,357	3.18
Berne No 132 Nominees Pty Limited	18,750,000	2.52
Blurred Vision Investments Pty Limited <Blurred Vision A/C>	15,000,000	2.02
Pershing Australia Nominees Pty Limited <Q A/C>	12,515,020	1.69
Pacific Energy (KPS) Pty Limited	12,500,000	1.68
HSBC Custody Nominees (Australia) Limited	9,290,581	1.25
Argonaut Equity Partners Pty Limited	7,412,500	1.00
National Nominees Limited	5,557,085	0.75
Mr Glenn Leslie Dovaston	4,050,000	0.55
Mr Dylan Coles	3,814,396	0.51
Coleco Nominees Pty Limited <S & D Cole Super Fund A/C>	3,500,000	0.47
ABN Amro Clearing Sydney Nominees Pty Limited <Custodian A/C>	3,193,110	0.43
Mr Gregory John Bittar	2,700,000	0.36
Maniciti Pte Limited	2,500,090	0.34
Mr Alexander John Timbs	2,500,000	0.34
Mr Adam John Menaglio	2,500,000	0.34

Unquoted securities on issue

Securities issued by the Company which are not listed on the ASX are as follows:

Expiry date	Exercise price	Number	Holders
30 September 2016	$0.15	1,000,000	BNP Paribas
30 September 2016	$0.20	1,000,000	BNP Paribas
18 March 2017	$0.04	10,000,000	IMC Resources
10 December 2017	$0.058	14,000,000	Argonaut Equity Partners
7 December 2018	$0.02834	12,000,000	IMC Resources
18 November 2019	$0.079	26,600,000	Employee Share Options