



MILLENNIUM

MINERALS LIMITED

ABN 85 003 257 556

27 March 2015

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

Via Electronic Lodgement

Dear Sir/Madam

ASX/Media Release

SALE OF BEATONS CREEK TENEMENTS FOR \$3.8 MILLION / IMC FACILITY

Millennium Minerals Limited (“Millennium”, the “Company”) is pleased to advise that it has signed an agreement for the sale of its 100% owned tenements covering the Beatons Creek conglomerates (Figure 1) to Novo Resources Corp (“Novo”). The tenements comprise Mining Leases 46/9, 46/10 and 46/11 (the “Tenements”) and were previously the subject of a Farm-in Agreement whereby Novo had the right to earn a 70% interest through completing a bankable feasibility study by August 2016.

The Tenements are not viewed as integral to the Company’s Nullagine operations.

Terms of the Sale

Novo will pay to Millennium \$3.8 million for the Tenements on completion. Foreign Investment Review Board approval has been received by Novo and completion will occur following the consent of Millennium’s senior lenders which is expected shortly. A condition subsequent to completion is obtaining the consent of the Minister for the transfer of the Tenements pursuant to the Mining Act 1978 (WA).

The effect of the transaction dissolves the Beatons Creek Farm-in and Joint Venture agreement, with Novo obtaining 100% title to the Tenements.

Use of Proceeds

The cash proceeds will be used to assist Millennium in reducing its debt obligations and provide additional working capital. Millennium has agreed with its senior lenders, BNP Paribas and National Australia Bank, to make repayments of \$4.4 million on 31 March 2015 to bring total repayments for Quarter 1 2015 to \$6.3 million. The agreed repayment schedule for Quarter 2 2015 is \$1.0 million and \$2.75 million on 31 May 2015 and 30 June 2015, respectively. At which point, Millennium’s senior debt will be reduced to \$11.4 million, with the balance amortising until a final maturity date of 31 May 2016.

At the request of Millennium, the Company’s major shareholder IMC Group (“IMC”), has agreed to provide a \$3.8 million bridge funding facility for the 31 March 2015 senior debt repayment in the event that the

Beatons Creek sale proceeds are not received by the completion date being 30 March 2015. In addition, IMC will provide an additional \$1.2 million short term standby facility. This will provide the Company flexibility as it continues to reduce its outstanding senior debt, reduce operating costs and consider the potential and further development of its Nullagine goldfield.

This additional support will be structured as an extension to the Amended and Restructured Facility Agreement between the Company and IMC. In consideration for this support, IMC (subject to FIRB approval) will be granted an additional 6 million options to acquire fully paid ordinary Millennium shares. Subject to shareholder approval, IMC will also be granted the right to convert any outstanding balance of the bridge funding facility and standby facility into ordinary Millennium shares on the same terms and conditions as the additional funding provided by IMC announced on 23 December 2014 (see summary below).

Summary of material terms of the increase in Facility

Conversion Rights

- Subject to requisite shareholder approvals, any amount drawn under the bridge funding facility and not repaid and any amount drawn under the \$1.2 million short term standby facility will be convertible (at IMC's election) into fully paid ordinary Millennium shares, at a price of \$0.03 per share.
- Based on the current capital structure of the Company and assuming IMC elects full conversion of the additional \$5 million provided by IMC in December 2014, conversion of the additional \$1.2 million would increase IMC's relevant interest in the Company from approximately 63% to approximately 67% (not including the shares that may be issued upon the conversion of the capitalised interest or other options that have been issued to IMC). If it is also assumed that the \$3.8 million bridge facility is utilised and not able to be repaid and IMC elects to convert this amount it would increase IMC's relevant interest in the Company from approximately 67% to 74% (again not including interest conversion and other options that have been issued to IMC).
- Further information regarding the conversion rights and the impact these may have on the control of the Company will be set out in the meeting materials (including an Independent Expert's Report) which will be prepared and sent to shareholders in April 2015.

Interest Rate and Term

- The interest payable on any additional amounts drawn shall be a rate of 15% per annum and shall be capitalised as per the existing Facility. In the event that shareholders approve IMC's conversion rights, the interest rate will revert to 10% per annum.
- Should the bridge funding facility amount be drawn it is repayable immediately upon receipt of the proceeds from the Beatons Creek sale. If the short term standby facility is drawn it will be repayable as per the terms of the Facility being 30 days after the repayment of the senior debt facility, unless repaid earlier or converted at IMC's election (subject to shareholder approval).

Options

Millennium will issue 6 million options to IMC (or its nominee) to acquire fully paid ordinary Millennium shares at an exercise price equal to the lower of:

- the 10 trading day VWAP calculated from the day Millennium announces an updated high-grade mine plan with shorter mine life;
- the lowest price at which Millennium shares are issued to raise, in a single transaction, a minimum of A\$1 million during the period commencing on the signing of the term sheet and ending on the applicable exercise date of the options; or
- 30% discount to the 10 trading day VWAP preceding the day which is 120 days following the date of grant of the options (this mechanic only applies in limited circumstance including in the event that Millennium has not produced an updated high-grade mine plan within 120 days).

Millennium will pay IMC other customary expenses in relation to the amendment of the Facility.

Glenn Dovaston
Chief Executive Officer

ENQUIRIES:

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Figure 1: Beatons Creek Joint Venture Tenements

