



6 September 2019

Corporate Details

Ordinary Shares:
891,470,031

Market Capitalisation:
~\$94 million

ASX Code: MOY

Board of Directors

Greg Bittar
Non-Executive Chairman

Warren Hallam
Managing Director

Tim Kennedy
Non-Executive Director

Peter Lester
Non-Executive Director

Bruno Lorenzon
Non-Executive Director

Management

Ray Parry
Chief Financial Officer and
Company Secretary

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Millennium refines guidance to reflect optimisation study

Key Points:

- Transformation of the Nullagine operations has significantly advanced over the last six months with the Bartons Underground now in full production and the sulphide plant operating within design parameters.
- Recent delays in open pit mining approvals, combined with the cumulative impact of previously announced delays in the ramp-up at Bartons and the commissioning of the sulphide plant, have resulted in revised production guidance for CY2019 of 70-75koz (previously 80-90koz).
- An optimisation study initiated in June found ~20,000oz to be the optimum quarterly production rate for the Nullagine mining and processing operation based on sustainable operating parameters.
- While this targeted production rate is considered sustainable, Millennium will not make-up the production shortfalls incurred in previous quarters, hence the revised guidance for CY2019.
- Millennium is now focusing on cost reduction measures to help offset the impact of lower production on unit costs. These measures include a switch to an owner-operator business model for open pit mining load and haul operations, which is likely to occur in October 2019.
- Opportunity identified to further enhance recoveries within the existing CIL circuit, potentially delaying the requirement to undertake future planned plant expansions.
- Mining is now underway from multiple stoping areas at Bartons Underground, with a continued focus on reducing unplanned dilution.

Millennium Minerals (ASX: MOY) advises that initial results from an ongoing strategic operational review of its 100%-owned **Nullagine Gold Project** in the Pilbara region of Western Australia have confirmed the potential to enhance operational performance and improve cash flow.

The review has also identified an optimised production profile for Nullagine of ~80,000 ounces per annum, reflecting more conservative operating parameters and a revised mining schedule.

The mining schedule for the next six months is based predominantly on ore feed from Golden Eagle, Bartons Underground and either the Golden Gate or Camel Creek Mining centres.



On the basis of the revised schedule, production guidance for CY2019 has been revised to 70-75,000oz. This compares with previously published guidance of 80-90koz.

Production for the September Quarter is expected to be ~18,000 ounces, increasing to ~20,000 ounces in the December Quarter.

Strategic Operational Review

The review commenced during the June 2019 Quarter, with recent results confirming that strong cost savings can be achieved by moving away from the current owner-operator hybrid model at the open pits at Nullagine, to an owner-operator model for load and haul operations.

As a result, Millennium intends to move to an owner-operator model in October 2019 when the current open pit load and haul mining contract expires. Bartons Underground will continue as a full Contractor operation.

The cost savings that can be achieved through this change are expected to be significant, and will be quantified in the Company's December 2019 Quarterly Report once the new operating model has been fully implemented.

Operations Update

Sulphide plant

The Stage 1a upgrade to the Nullagine processing plant is complete and delivering improved ore recoveries as anticipated.

Recent testwork has indicated the potential to further improve gold recoveries by adding oxygen to the existing CIL tanks. This low-cost enhancement to the processing route (estimated capital cost of ~\$0.5M), would potentially delay the current requirement to implement the Stage 1b and Stage 2 processing plant expansions (estimated capital cost of \$4-5M) assisting with near-term cash flow.

These studies are ongoing, with results to be announced in due course.

Bartons Underground

Production from Bartons Underground is also continuing to grow, with multiple stoping areas now in operation. Mining studies are ongoing to minimise unplanned dilution.

Bartons Underground is expected to form a key long-term ore source for Millennium, and exploration programs are planned to define Ore Reserves within the next 100m of depth extensions.

Golden Gate

The Golden Gate Mining Centre forms a significant part of the Company's medium-term production schedule. Development of the new Condor and Crow open pits will be scheduled once mining approvals are obtained.



Management Comment

Millennium Managing Director Warren Hallam said the updated guidance reflected a conservative approach to the mine plan which was aimed at putting the Nullagine operation on a sustainable footing.

"Having now spent some time at site, I am encouraged by the strong fundamentals of the Nullagine Project in terms of the quality of the infrastructure, the people on site and the enormous exploration upside in the field," he said.

"With the advancement of the transformation of Nullagine operations over the last six months through the addition of Bartons Underground and the Sulphide plant, my first priority will be to optimise our existing production base and implement the outcomes of the Strategic Operational Review – which has indicated that a quarterly production rate of ~20,000oz is the optimum operating level for the Project – reduce the cost base and introduce a number of other operating efficiencies."

Forward-looking statements

This announcement includes forward-looking statements. Forward-looking statements include but are not limited to statements concerning the Company's planned activities, including but not limited to mining and exploration programs, and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, estimates of production and costs are also forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable and are based on reasonable grounds, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

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