

ASX Announcement

5/04/2019

Sale of Burbanks gold Milling Operation in WA

KEY POINTS

- **Sale of 100% of Burbanks Mill to Adaman Resources Ltd**
- **Secure Toll milling capacity for minimum of 2 years for Maximus from 2020**
- **Sale price agreed at circa A\$5.8 million**
- **Gold in Circuit value to be paid to Maximus in April 2019**
- **Strong cash in bank position for start of 2019/20 financial year**

Maximus Resources Limited (ASX: MXR or the “Company”) advises shareholders that Agreement has been reached for the sale of the Company’s wholly owned Burbanks gold treatment plant (Burbanks) in WA’s Coolgardie region to Perth based private company Adaman Resources Ltd.

The sale will see Maximus secure a headline figure of \$5.8 million for 100% of Burbanks, adjusted for any major component defects, with a minimum threshold of \$100,000, during a short due diligence window.

A Gold-in-Circuit (GIC) calculation will also be completed at the end of the due diligence period, with the value of the GIC to be paid to Maximus. The recent Maximus ASX “Quarterly Results Update” announcement dated 28 March 2019, stated that the value of the GIC was circa \$1.8 million, with gold continuing to be removed from the circuit in an orderly manner.

Maximus has also secured a minimum of 2 years milling capacity at Burbanks of 5,000 tonnes per month from January 2020, with the option to extend the term by agreement. Securing this milling capacity and with its improved financial capacity ensures that Maximus can continue the development of the Company’s Spargoville projects and accelerate the approvals process and continue to pursue projects for acquisition.

The Sale Agreement details the payment schedule prior to, and following the due diligence process, with an immediate payment of \$2 million (Initial & Second Advance) to be paid upon signing a mortgage over the Burbanks assets and associated tenements. The initial Advance is to be paid to Ramelius Resources Ltd as full and final settlement of the outstanding loan amount from the purchase of Burbanks by Maximus in 2016.

A further \$2 million is to be paid upon satisfactory completion of due diligence inspections of the plant and all associated assets by 26 April 2019. Upon a decision to complete no later than 26 April, a Gold in Circuit (GIC) survey shall be completed and the full value of the gold in circuit shall be paid to Maximus.

The final \$1.8 million of the purchase price, is to be made in 3 equal payments (Deferred Instalment Payments) scheduled to be made by the end of June, August and October 2019, subject to adjustment for any significant defects identified during due diligence, with an agreed threshold value.

Should Adaman elect not to proceed with the acquisition following due diligence, the parties agree to enter into a Toll Milling Agreement for a minimum of two years, in which case all payments made (including interest at an agreed commercial rate) become due and payable on the earlier of 30 June 2021 and the end of the toll Agreement term, or such later date if extended. If the parties are unable to agree to the terms of, and execute a toll milling agreement by 30 June 2019, Adaman may elect to terminate the loans comprising the Initial and Second Advance at any time on or after 30 June 2019, in which case the Initial and Second Advance must be paid within 7 days.

This transaction represents significant opportunities for Maximus including;

- Substantial funding at bank to pursue our WA exploration programs and project acquisitions,
- Secures milling capacity for the Company for a minimum of 2 years, and
- Clears all existing agreed financial liabilities to Ramelius, Empire Resources and creditors of EGMS and MXR.

The MXR board decided to terminate the previous agreement with contract mining house, GBF Mining Pty Ltd as a result of the parties not being able to achieve completion in the 4 months since the Term Sheet was signed. Documentation was due to be drafted at the start of February 2019, and agreement anticipated within the month. However, the parties were unable to finalise documentation for a further 2 months from the end of the extended due diligence period, and the board determined that alternative options were required to ensure the Company was in a sound financial position moving forward.

Maximus expects to begin the 2019/2020 financial year with significant cash at bank and a further two Deferred Instalment Payments due to be received in August and October 2019.

The decision to sell Burbanks cements the opportunities for Maximus including its ability to focus on ongoing exploration and project development activities, our core business, with no debt upon completion of the transaction and security of future mill capacity for gold ore production for a minimum of 2 years, the justification for diversifying into mill ownership in 2016.

We look forward to updating shareholders as this transaction progresses and providing exploration updates as we recommence our now well-funded exploration program.

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Further information relating to Maximus Resources Limited and its diversified exploration projects will be found on Maximus' website: www.maximusresources.com