

MAXIMUS RESOURCES LIMITED

QUARTERLY REPORT

PERIOD ENDING 31 December 2018

SUMMARY

CORPORATE

- **\$3.2 Million Mill Lease and EGMS 50% Sale Option package announced**
- **Termination of Convertible Note**
- **Consolidation of MXR Share capital**
- **Appointment of Mr G. Anderson as Non-Executive director**
- **Resignation of Non-Executive Director**
- **2018 Annual General Meeting conducted**
- **MXR share trading recommenced following AGM**

WESTERN AUSTRALIA

BURBANKS GOLD TREATMENT PLANT

- **Toll Treatment recommenced in December**
- **Ore supply secured through to March 2019**
- **Option to lease mill from 1 March 2019 by GBF Mining Pty Ltd (GBF)**
- **Due Diligence commenced on Burbanks mill by GBF for option to purchase 50% equity**

SPARGOVILLE PROJECT

- **Resource Report**

YANDAL PROJECT

- **Exploration recommenced and drilling validates historical gold resource estimate**

CANEGRASS PROJECT

- **Recent exploration drilling advances Vanadium project**

SOUTH AUSTRALIA

ADELAIDE HILLS PROJECT

- **Project hydrological study nearing completion with aquifer recharge study planned in March Quarter**
- **Community consultation ongoing**

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EXPLORATION AND PRODUCTION ACTIVITIES

WESTERN AUSTRALIA

BURBANKS GOLD TREATMENT PLANT

Maximus 100%

The Company announced in December 2018 that it had negotiated a Binding Terms Sheet with private Mining Services Group, GBF Mining Pty Limited (GBF) for a 12-month lease of the Burbanks processing plant (Burbanks) with an option to purchase 50% equity in Eastern Goldfields Milling Services Pty Ltd (EGMS) for a transaction valued up to \$3.2 Million. The mill lease is planned to commence from March 2019 through to February 2020. GBF have a 60 day period during which to undertake Due Diligence on EGMS before making a decision to exercise the option to purchase 50% equity in EGMS.

Upon exercise of the option to purchase 50% equity in EGMS, GBF will assume all outstanding MXR liabilities to Ramelius Resources Ltd (ASX:RMS) for the original acquisition of Burbanks mill in 2016 plus pay an additional \$1.5 million to MXR, less the option pre-payment.

Exercising the option to acquire 50% of Burbanks by GBF will result in MXR having no debt, a retained interest of 50% in the Burbanks mill, with an implied value of \$3.2 million plus an income stream through 2019/20 in excess of \$1 million.

Burbanks commenced processing third party ore on a Toll treatment basis in December. An additional Toll Milling Agreement was signed with a privately owned mining company to process up to 20,000 tonnes of gold ore from January 2019, which should be completed prior to March 2019, when the GBF 12 month lease is planned to commence.

The Lease Option includes a further 12-month renewal option subject to agreement of both parties, or reinstatement of the existing Toll Agreement with GBF, extended to a life of mine term for the current project.

Post the 12 month GBF lease of Burbanks, should GBF exercise the option to acquire 50% of EGMS, both MXR and GBF will operate the mill as joint owners of EGMS, sharing both costs and profits, with EGMS determining what material is treated through the mill from March 2020 onwards.

Burbanks Mill Production

Month	Wet Tonnes	Dry Tonnes
October	0	0
November	0	0
December	4,897	4,485
Total Tonnes	4,897	4,485

Table 1: Burbanks monthly processed ore tonnes

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SPARGOVILLE PROJECT

Maximus 90-100% (Larkinville 75%)

No on-ground exploration was conducted during the quarter due to suspension of milling operations and Burbanks and limited revenue generating activities.

The total 2012 JORC Resource Estimate for the Spargoville Project remains unchanged at 1,448,100 tonnes @ 2.41g/t for 112,280 Ozs Au.

Project	Tonnes	Aug/t	Ozs
Eagles Nest			
Main Lode	662,400	1.95	41,550
FW Zone	17,500	1.89	1,050
Larkinville	119,700	3.02	11,600
5B	75,300	3.07	7,700
Redback	441,200	3.02	42,900
Hilditch	132,000	1.77	7,480
Total	1,448,100	2.41	112,280

Table 2: Spargoville Project current Mineral Resource inventory.

YANDAL PROJECT – FLUSHING MEADOWS GOLD RESOURCE

Maximus gold royalty

The Yandal Project (previously known as Ironstone Well) is currently operated by Yandal Resources Ltd (formally Orex Mining Pty Ltd) and is progressing the Flushing Meadows gold project in which Maximus retains a \$40 per ounce gold royalty interest plus 3% NSR on gold by-products or co-products.

The Royalty Agreement is in respect of granted Mining Lease M53/1093, with hosts the Flushing Meadows Resources, and adjacent exploration licences E53/1963 and E53/1964, collectively the tenement area.

The royalty obligation by Yandal Resources to Maximus Resources is

- a) \$40 per ounce on the first 50,000 ounces of gold from the tenement area. Orex must prepay the first \$200,000 of royalties (representing the first 5,000 ounces of gold production) upon commencement of gold production from all or any part of the tenement area
- b) \$20 per ounce for gold in excess of 50,000 ounces and less than 150,000 ounces in respect of gold from the tenement area
- c) 3% net smelter return royalty for any gold by-product or co-product from the tenement area.

The Maximus gold royalty is capped at \$4 million and is satisfied once there is 150,000 ounces of gold produced from any part of the tenement area resulting in \$4,000,000 returned to Maximus.

The current Flushing Meadows Mineral Resource Estimate was conducted in 2007 and stands at 1.549 million tonnes at 1.6 g/t gold for 81,000 ounces.

Yandal commenced exploration during the December quarter with the drilling of 12 RC holes for 974m.

Yandal (Exploration Update, ASX announcement 20/12/2018) reported drill results from Flushing Meadows of 6m @ 3.92g/t Au from 18m including 2m @ 9.87g/t from 21m. Yandal stated that these drilling results were in line with expectations and provided confidence in the reliability of the data used in the original 2007

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Mineral Resource Estimate. Yandal reported that plans for further drilling to extend the resource area, to be incorporated into a JORC 2012 Mineral Resource Estimate are underway.

CANEGRASS PROJECT – CANEGRASS VANADIUM MINERAL RESOURCE

Maximus 2% Net Smelter Royalty

Subsequent to the end of the December quarter Flinders Mines Limited (ASX: FMS) provided the following update on exploration activities at the Canegrass Project (Canegrass Project Exploration Update, ASX 22/01/2019). The Canegrass Project covers an area of approximately 700 km² and hosts laterally extensive iron-vanadium-titanium-(Fe-V-Ti) bearing horizons within the Windimurra Igneous Complex.

Maximus Resources Limited is entitled to a 2% NSR for all minerals produced from the Project.

Vanadium mineralisation was intersected north of the Kinks Mineral Resource in two RC drill holes:

9 m @ 0.44% V₂O₅ from 51 m downhole (RC236-01)
12m @ 0.54% V₂O₅ from 105 m downhole (RC282-03)

The current Canegrass Vanadium Mineral Resource Estimate is 79 million tonnes at 0.64% V₂O₅ (Exploration Update, ASX 22/01/2019)

SOUTH AUSTRALIA

ADELAIDE HILLS PROJECT

Maximus \$2 million contingent payments plus Gold Royalty

During the quarter, Terramin released the Bird-in-Hand Scoping Study (ASX Announcement 30/10/2018) which concluded the Bird-In-Hand scoping study generates strong returns including a nominal NPV of A\$101M and an IRR of 96%. Terramin's Managed Aquifer Recharge (MAR) trial neared completion with most expenditure completed by the end of December 2018. The final re-injection test is expected to be undertaken in January 2019, pending receipt of Exploration Program for Environment Protection and Rehabilitation (EPEPR) approvals from the government. This program allows the company to ascertain the suitability, via calibrated numerical modelling, of the aquifer for a MAR scheme.

Terramin previously announced that the mining approvals process is well advanced with the draft Mining Lease application lodged and feedback being received. Terramin reported that low startup capital is required, and off site processing through the existing Angus Zinc processing facility is proposed.

The Bird in Hand Gold Project has a resource of 588,000 tonnes at 13.3g/t for 252,000 ounces of gold. Once production commences, this will make Bird in Hand one the highest grade gold mines in Australia, with an expected 6 year mine life. (Terramin announcements to the ASX 30/05/2018, CEO Presentation - AGM 30 May 2018, and Chairman's Address - AGM 30 May 2018.)

Maximus Resources will receive the second stage cash payment of A\$1 million upon the approval of a Program for Environmental Protection and Rehabilitation (PEPR). This approval is part of the mining lease proposal (MLP), currently under review by the Department of the Premier and Cabinet for the development of the Bird-in-Hand Gold Project.

Maximus Resources will receive the third stage cash payment of \$1 million upon the commencement of gold bullion production.

Maximus Resources then receives an ongoing 0.5% royalty payable on bullion production in excess of the first 50,000ozs.

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While the Bird in Hand Gold Project has a resource 252,000 ounces of gold, Terramin considers there is good potential for further discoveries at the nearby historical high grade gold mines.

CORPORATE

Following negotiations of the Binding Terms sheet with GBF Mining to lease the Burbanks mill for 12 months with an option to acquire 50% equity, the Company terminated the Convertible Note announced in September 2018. The board elected to pursue the lease / purchase option with GBF on the basis that it did not dilute shareholder equity in MXR, resulting in the Company being debt free and secured a guaranteed income stream in 2019/20.

Trading in the securities of Maximus Resources Limited ('MXR') resumed in December 2018 following the release of the announcement in relation to a binding terms sheet signed for a 12 month lease of Burbanks Mill with GBF.

Following the approval of the consolidation of capital by shareholders at the Annual General Meeting in November 2018, the consolidation process was completed in December 2018. The consolidation of issued capital should position MXR in a significantly better position for future growth and acquisition.

The approved consolidation metric of 1 new share for every 115 existing MXR shares, resulted in a reduction in total shares on issue from 3,481,396,940 shares to approximately 30,273,017 shares at a post consolidation value of \$0.115 per share based on the share price on last trading date in December. The board is of the view that the share price should reset at this level upon the completion of the GBF proposed transaction with MXR being debt free and retaining 50% of the Burbanks mill.

Mr Ewan Vickery resigned as a Non-executive Director of MXR at the completion of the Company's Annual General Meeting on 30th November 2018 after 14 years on the board.

Ewan was a wonderful supporter of the Company and ensured that shareholder interests were foremost in board discussions. Ewan elected to not seek re-election at the 2018 AGM to allow more time for family and personal pursuits.

Mr Gerard Anderson was appointed as a Non-executive Director of the Company during October 2018. Gerard is a geologist with 42 years' experience in exploration, mine and resource geology principally in iron ore, gold and base metals. Gerard's senior management positions have included as Exploration Superintendent Boddington Gold Mine, Chief Geologist Bronzewing Gold Mine, Chief Geologist Kalgoorlie Consolidated Gold Mines, General Manager Golden Grove Operations, General Manager Newmont Joint Ventures, Managing Director of Croesus, Centrex Metals Limited and Archer Exploration Limited. Gerard has also completed a post graduate degree in Business and a Masters in Mineral Economics. Gerard is currently a Director of ASX listed Woomera Mining Limited.

Gerard brings a wealth of Geological, project and corporate knowledge to the board and will be a significant contributor to the growth of the Company in the future.

Ms Leigh McClusky was re-elected to the board and Gerard Anderson was elected to the MXR board during the November 2018 AGM.

Maximus appreciates the continued support of its shareholders as we work towards completing the refinancing of the Company, recommence Toll Milling operations at Burbanks and look to secure a near-term producing asset to progress to a mining and processing company.

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Kevin Malaxos
Managing Director
30 January 2019

For further information please contact:
Maximus Resources Limited on 08 7324 3172

Further information relating to Maximus Resources Limited and its various projects can be found on its website: www.maximusresources.com

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Stephen Hogan who is a Member of the Australasian Institute of Mining and Metallurgy, and who has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration, and the activities being undertaken, 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 (the JORC Code). This report is issued in the form and context in which it appears with the written consent of the Competent Person.

MAXIMUS RESOURCES LIMITED - TENEMENT SCHEDULE

Tenement Number	Tenement Name	Registered Holder/Applicant	Maximus Resources interest 30/12/18
WESTERN AUSTRALIA			
<i>SPARGOVILLE PROJECT</i>			
M15/1475	Eagles Nest	Maximus Resources Ltd	100.00%
P15/5545	Eagles Nest	Maximus Resources Ltd	100.00%
L15/128	Kambalda West	Tychean Resources Ltd	100.00%
L15/255	Kambalda West	Tychean Resources Ltd	100.00%
M15/395	Kambalda West	Tychean Resources Ltd	100.00%
M15/703	Kambalda West	Tychean Resources Ltd	100.00%
P15/5953	Kambalda West	Tychean Resources Ltd	100.00%
M15/1448	Hilditch	Maximus Resources Ltd & Bullabulling Pty Ltd	90.00%
M15/1449	Larkinville	Maximus Resources Ltd & Pioneer Resources Ltd	75.00%
P15/5912	Larkinville	Maximus Resources Ltd & Pioneer Resources Ltd	75.00%
M15/97	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/99	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/100	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/101	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/102	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/653	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/1271	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/1101	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1263	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1264	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1323	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1338	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1474	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1769	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1770	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1771	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1772	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1773	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1774	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1775	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1776	Wattle Dam	Maximus Resources Ltd	100.00%

BURBANKS PROJECT

G15/10	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/11	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/12	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/13	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/25	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/109	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/110	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/189	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/234	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/284	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
M15/1273	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
M15/1369	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
M15/1370	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MAXIMUS RESOURCES LIMITED

ABN

74 111 977 354

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
- Burbanks – Milling Sales	225	995
- Gold/Silver sales	41	41
1.2 Payments for		
(a) exploration & evaluation	(9)	(26)
(b) development	-	-
(c) production	-	-
(d) staff costs	(63)	(124)
(e) administration and corporate costs	(12)	(64)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
Burbanks operating costs	(528)	(1,354)
Burbanks refurbishment costs	-	(106)
Burbanks Option Fee	500	500
1.9 Net cash from / (used in) operating activities	154	(138)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(16)	(17)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	2	2
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets (Lithium Rights)	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(14)	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22	29
4.2	Net cash from / (used in) operating activities (item 1.9 above)	154	(138)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(15)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	286
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	162	162

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	145	5
5.2	Call deposits	17	17
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	162	22

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	52
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Directors Fees		

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)		-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company plans to continue Toll milling operations during the March quarter with resultant revenue to fund on-going company expenditure.


9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	45
9.2 Development	-
9.3 Production	-
9.4 Staff costs	79
9.5 Administration and corporate costs	54
9.6 Other (provide details if material)	
- Burbanks operating costs	
9.7 Total estimated cash outflows	178

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 30 January 2019

Print name: Justin Nelson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.