

# MAXIMUS RESOURCES LIMITED

## QUARTERLY REPORT

### PERIOD ENDING 31 December 2019

## SUMMARY

### CORPORATE

- Final funds received following the sale of Burbanks Gold Treatment Plant to Mineral Ventures Pty Ltd.
- Toll Milling Agreement signed with Mineral Ventures Pty Ltd securing 2 years access to Burbanks Mill at 60,000 tonne per annum.
- Outstanding toll milling invoice due to Maximus of \$330k is expected to be paid in early February 2020.
- Proceeding to be commenced against Adaman Resources / SMS Innovation for outstanding invoice of \$104k from August 2019.
- Due diligence completed on international poly metallic project.
- Insurance claim on damage to Burbanks Mill primary crusher ongoing.
- Final Agreed payment made to Empire Resources Ltd for GIC reconciliation.
- Arbitration ongoing with Empire Resources Ltd regarding its claim for additional gold in circuit.

### WESTERN AUSTRALIA

#### SPARGOVILLE GOLD PROJECT

- Exploration recommences at Wattle Dam.
- The SAM survey was completed late in September 2019, and the data was interpreted during the December quarter.
- The resultant data will now be analysed by the Company's exploration team to generate drill targets.
- Drilling approvals received for priority targets identified from previous SAM survey.



**Figure 1:** Maximus Project Location Map

## EXPLORATION AND PRODUCTION ACTIVITIES

### WESTERN AUSTRALIA

#### SPARGOVILLE PROJECT – GOLD RESOURCE DEVELOPMENT

*Maximus 90-100% (Larkinville 75%)*

The Company continued to focus on converting the five Mineral Resource estimates (Eagles Nest, Larkinville, 5B, Hilditch and Redback) to Reserve category. Following economic analysis of each project, permitting requirements and project development scheduling can be evaluated, which will determine potential mine development sequencing.

A Mining Lease Application has been submitted for M15/1896, Eagles Nest South to allow mining to commence on the Company's Eagles Nest Deposit, subject to the necessary regulatory approvals. The Eagles Nest Deposit contains in excess of 40,000 Ozs of gold in a JORC 2012 Mineral Resource Estimate. (MXR ASX Announcement dated 21/02/2017 titled "Increased Gold Resource at Eagles Nest Project in Western Australia").

Discussions have commenced with the Native Title Claimant group as part of the Mining Lease approval process.

The total 2012 JORC Resource Estimate for the Spargoville Project is currently 1,448,100 tonnes @ 2.41g/t for 112,280 Ozs Au. (See Table 1).

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

**Table 2:** Spargoville Project Mineral Resource inventory.

## SPARGOVILLE PROJECT – GOLD EXPLORATION

*Maximus 90%-100% (Larkinville 75%)*

Field exploration activities commenced during the quarter.

Following the success of the review of the Sub Audio Magnetic (SAM) Survey conducted immediately to the north of the Wattle Dam Pit, the Company commissioned a further survey on the area immediately south of the historic Wattle Dam open pit. The SAM survey was completed late in September 2019, and the data was interpreted during the December quarter. The resultant data will now be analysed by the Company's exploration team to generate drill targets.

SAM geophysical surveys are a ground-based electrical survey that measures two separate output responses: Total Magnetic Intensity (TMI) which measures the magnetic response of the underlying rocks, and Equivalent Magnetometric Resistivity (EQMMR) which measures the pseudo magnetic response when electrified.

SAM is a patented technique useful in locating shears associated with shear-hosted gold deposits, detecting strong conductors and well as detecting more subtle conductors associated with disseminated sulphides.

## SPARGOVILLE PROJECT – NICKEL EXPLORATION

*Maximus 80%-90%*

No field work was conducted during the quarter.

### Future Activities

Maximus proposes a Fixed Loop Electro Magnetic (FLEM) and Induced Polarisation (IP) geophysical survey along the length of the WDC-21 conductor and outcropping gossan. The resultant surveys are expected to provide detailed data to pinpoint drillhole collars to test all anomalies. Drilling of identified conductors may then proceed to determine the potential for nickel mineralisation.

This program has been planned and is expected to be completed during the March quarter, with drilling beneath nickel-bearing surface gossans and coincident basement conductors to follow.

## SPARGOVILLE PROJECT – MT MARION SOUTH LITHIUM PROJECT

*Maximus 75% up to 100%*

The Company continues to seek JV partners to advance its Lithium Assets at Spargoville.

## YANDAL PROJECT – FLUSHING MEADOWS GOLD RESOURCE

*Maximus royalty capped at \$4M*

The Yandal Project (also known as Ironstone Well) is currently being progressed by Yandal Resources Ltd (Yandal). Yandal is proposing to develop the Flushing Meadows Gold Project in which Maximus retains a \$40 per ounce royalty interest.

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

The royalty obligation by Yandal to Maximus is

- a) \$40 per ounce on the first 50,000 ounces of gold from the tenement area. Yandal 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

Additionally, there is a 3% net smelter return royalty for any gold by-product or co-product from the tenement area.

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

The Flushing Meadows Mineral Resource Estimate was prepared in 2007 and stands at *1.549 million tonnes at 1.6 g/t gold for 81,000 ounces*. An updated Mineral Resource for the Flushing Meadows Gold Deposit announced by Yandal (Initial Mineral Resource-Flushing Meadows Gold Deposit, ASX announcement 24 September 2019) **is 4.6 million tonnes @ 1.29g/t for 190,000 ounces**.

Yandal have announced an ongoing strategy to expand the Flushing Meadows Gold Deposit even further, as mineralisation in open, particularly at depth. Additional drilling is also proposed at the Oblique and Quarter Moon prospects to assess the potential to define additional Mineral Resources.

## CANEGRASS PROJECT – CANEGRASS VANADIUM MINERAL RESOURCE

*Maximus 2% Net Smelter Royalty*

No work was reported during the Quarter. Maximus is entitled to a 2% NSR for all minerals produced from the project. The current Canegrass Vanadium Mineral Resource Estimate is 79 million tonnes at 0.64% V<sub>2</sub>O<sub>5</sub> and has been estimated according to the JORC 2012 Code.

## SOUTH AUSTRALIA

### ADELAIDE HILLS BIRD in HAND GOLD PROJECT

*Maximus \$2 million contingent payments plus Gold Royalty*

The project owner, Terramin Australia Limited announced that the Mining Lease Application (MLA) has been submitted to the South Australian Department for Energy and Mining for the Bird-in-Hand Gold Project. (Terramin Australia, announcement to the Australian Securities Exchange, 25/06/2019).

The Bird in Hand Gold Project has a resource of 588,000 tonnes at 13.3g/t Au for 252,000 ounces of gold.

Maximus will receive the second stage cash payment of \$1 million upon the approval of a Program for Environmental Protection and Rehabilitation (PEPR). This approval is part of the Mining Lease Proposal (MLP) and Mining Lease Application (MLA).

Maximus will receive the third stage cash payment of \$1 million upon the commencement of bullion production. Maximus then receives an ongoing 0.5% royalty payable on bullion production in excess of the first 50,000ozs.

While the Bird in Hand Gold Project has a resource 252,000 ounces of gold, Terramin considers there is good potential for an increase in the resource as the existing Bird in Hand orebody is open at depth and there are other historical gold mines in the near vicinity.. The Maximus Royalty is uncapped.

## CORPORATE

Maximus advised shareholders that a Sale agreement was finalised for the sale of the Burbanks Gold Treatment Plant (Burbanks) in WA's Coolgardie region to Perth based private company Mineral Ventures Pty Ltd. The transaction was to be finalised by 30 September 2019.

In conjunction with the Asset Sale Agreement, Maximus secured a minimum of 2 years Toll milling capacity at Burbanks of up to 5,000 tonnes per month from initial activation within 12 months from Completion of the Sale Agreement. Securing this future milling capacity, combined with the improved financial capacity ensures that Maximus can continue development of the Company's Spargoville projects and accelerate the approvals process and continue to pursue near-term production projects for acquisition.

During the quarter, Maximus has been negotiating with a party which owed Maximus \$340k in respect of a toll treatment campaign in early 2019. This party has advised that it will be paying the outstanding monies in early February 2020.

During the negotiations with the previous buyer, Adaman Resources Ltd, Adaman requested several extensions to the transaction completion date. The Company agreed to a final extension to the completion date up to 30 August 2019, provided Adaman Resources agreed to pay for the additional costs incurred by Eastern Goldfields Milling Services (EGMS, the Maximus subsidiary that owned the Burbanks assets). Adaman agreed to this term and Maximus extended the completion date to 30 August 2019. Adaman has failed to pay this outstanding amount and has failed to respond to correspondence. As a result, Maximus has instigated proceedings against Adaman to recover the agreed amount.

Maximus continues to have discussions with its insurers in respect of insurance claim of \$600,000 relating to plant and equipment failure at Burbanks Mill.

As detailed in the September quarterly report, despite continuing to dispute the validity of the Empire Resources Limited (Empire) claim for additional gold, EGMS paid the outstanding balance of \$306,767.97 to Empire during the December quarter as final payment for the GIC reconciliation from the December 2017 Toll milling campaign. The Board decided that withholding the agreed final GIC reconciled payment until the dispute for an unsubstantiated claim for additional gold was settled, was not beneficial to Maximus.

A resolution of the dispute with Empire remains outstanding, following the cessation of milling activities in December 2017. The parties agreed to arbitration in an effort to finalise the dispute. This process commenced in March 2018, with the appointment of an Arbitrator. The process is ongoing, with Empire being requested to provide additional information to substantiate its claim. In the December quarter, Empire submitted a substituted Statement of Claim and in response EGMS submitted an substituted Defence, both now under consideration by the Arbitrator in the next stages of the Arbitration. During the December quarter, Empire also requested additional information from EGMS, claiming that it did not have sufficient information to substantiate its claim. At this stage, Empire has not finally quantified the monetary amount of its claim.

Kevin Malaxos  
Director  
31<sup>st</sup> December 2019

***This announcement was authorised for issue by the Directors of Maximus Resources Limited.***

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

Further information regarding Maximus Resources Limited can be found on the company website: [www.maximusresources.com](http://www.maximusresources.com)

## MAXIMUS RESOURCES LIMITED - TENEMENT SCHEDULE

Tenement Number	Tenement Name	Registered Holder/Applicant	Maximus Resources interest30/06/19
<b>WESTERN AUSTRALIA</b>			
<b>SPARGOVILLE PROJECT</b>			
M15/1475	Eagles Nest	Maximus Resources Ltd	100.00%
M15/1896	Eagles Nest South	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%
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 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
- Burbanks – Milling Sales	-	-
- Gold/Silver sales	2	92
1.2 Payments for		
(a) exploration & evaluation	(195)	(328)
(b) development	-	-
(c) production	-	-
(d) staff costs	(174)	(254)
(e) administration and corporate costs	(54)	(145)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(19)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Burbanks operating costs	(437)	(1,333)
- Gold in circuit	(307)	(307)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,170)</b>	<b>(2,294)</b>



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	5,200
(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		
- GST on sale of Burbanks Mill	-	520
- GST paid on sale of Burbanks Mill	(520)	(520)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(520)</b>	<b>5,200</b>

<b>3. Cash flows from financing activities</b>		
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	-	500
3.6 Repayment of borrowings	(40)	(2,558)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)		
- Repayment of option fee (GBF)	-	(975)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(40)</b>	<b>(3,033)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,764	161
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,170)	(2,294)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(520)	5,200
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(40)	(3,033)
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>34</b>	<b>34</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	17	1,747
5.2 Call deposits	17	17
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>34</b>	<b>1,764</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

<b>Current quarter \$A'000</b>
164
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payment of \$164k to Mr Malaxos which relates to payment of salaries, including \$80k worth of salaries relating to backpay.

<b>7. Payments to related entities of the entity and their associates</b>		<b>Current quarter \$A'000</b>
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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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>		<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

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<b>9. Estimated cash outflows for next quarter</b>		<b>\$A'000</b>
9.1	Exploration and evaluation	200
9.2	Development	-
9.3	Production	-
9.4	Staff costs	70
9.5	Administration and corporate costs	50
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>320;</b>

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	G15/10 – Burbanks G15/11 – Burbanks G15/12 – Burbanks G15/13 – Burbanks G15/25 – Burbanks L15/109 – Burbanks L15/110 – Burbanks L15/189 – Burbanks L15/234 – Burbanks L15/284 – Burbanks M15/1273 – Burbanks M15/1369 – Burbanks M15/1370 – Burbanks	Tenements formed part of Burbanks Mill sale.	100%	NIL
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: 31 January 2020

Print name: Rajita Alwis

## 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.