



Maximus Resources Limited

ABN 74 111 977 354

**Financial report
for the half-year ended 31 December
2010**

Maximus Resources Limited ABN 74 111 977 354

Financial report - 31 December 2010

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These financial statements cover the consolidated financial statements for the consolidated entity consisting of Maximus Resources Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Maximus Resources Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Maximus Resources Limited
62 Beulah Road
Norwood
SA 5067

Registered postal address is:

Maximus Resources Limited
PO Box 3126
Norwood
SA 5067

The financial statements were authorised for issue by the directors on 16 March 2011. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.maximusresources.com.

Directors' report

Your directors present their report on the consolidated entity consisting of Maximus Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

Directors

The following persons were directors of Maximus Resources Limited during the whole of the half-year and up to the date of this report:

Robert Michael Kennedy (Chairman)
Kevin John Malaxos (Managing Director, appointed 13 December 2010)
Ewan John Vickery (Non-Executive Director)
Leigh Carol McClusky (Non-Executive Director, appointed 1 September 2010)
Nicholas John Smart (Alternate for E J Vickery)
Simon Andrew Booth (Managing Director, ceased 31 August 2010)

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The six months to 31 December 2010 was a period of consolidation at the Sellheim alluvial operation and detailed review of the remaining tenement holdings. The resignation of the Mr Simon Booth as Managing Director in August 2010 resulted in a hiatus of the tenement reviews in the last quarter of 2010. However, a ground EM survey was undertaken in November on highly prospective targets in the Narndee tenements identified from analysis of the previous aerial TEM survey.

During September 2010, the company announced the appointment of Mr Kevin Malaxos as Managing Director commencing in December 2010. A thorough review of all Maximus projects and tenements commenced immediately. This review followed from the earlier sale of its Ironstone Well project in Western Australia.

Currently the core projects for Maximus are:

- Adelaide Hills gold project in South Australia comprising principally the Bird in Hand gold deposit and Deloraine gold prospect,
- Narndee base metals and gold project in Western Australia,
- Sellheim alluvial gold project in north Queensland.

The total tenement holding is currently in excess of 6200 square kilometers in 3 states (excluding Woolonga in the NT managed by Nupower Resources Limited). The intent is to rationalize the tenement package to a more manageable and focused holding. To achieve this, all existing digital and assay data relating to Narndee tenements is being interrogated and analysed to ensure all potential exploration targets are identified before any tenement is relinquished or farmed out. A review of the Adelaide Hills tenements will follow Narndee.

As a result of the improved equity markets in 2010, Maximus completed an equity raising in December 2010. Funds raised totalled approximately \$600,000 and are currently being directed principally towards drill evaluation of the Deloraine gold prospect in South Australia and completion of the interrogation of the Narndee tenements data.

Maximus intends focusing on its two core assets; being the Adelaide Hills gold tenements and the Narndee Base metals and gold tenements in WA, whilst investigating new tenements or Joint Venture opportunities as they arise.

The focus for the Adelaide hills tenements remains on identifying additional gold resources to add to the significant Bird in Hand resource totaling 237,000 ounces. Identification of additional resources at Deloraine, where drilling is being conducted in Q1, 2011, Eureka, Cromer or other locations within the significant Adelaide hills tenement package will create a significant gold precinct that should justify a central processing facility.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2010 has been received and can be found on page 3.

Dated at Adelaide this 16th day of March 2011 and signed in accordance with a resolution of the Directors.



Robert M Kennedy
Director

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MAXIMUS RESOURCES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Maximus Resources Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 16 March 2011

Maximus Resources Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2010

	Half-year	
	31 December 2010	31 December 2009
	\$	\$
Revenue from continuing operations	1,058,554	47,867
Cost of goods sold	(2,391,857)	-
Marketing expense	(113,800)	(8,753)
Administrative expenses	(582,988)	(1,012,455)
Finance costs	(1,653)	(2,173)
Impairment of exploration assets	(8,557,126)	(181,444)
Impairment of development assets	(478,181)	-
(Loss) before income tax	(11,067,051)	(1,156,958)
Income tax expense	(31,596)	(26,092)
(Loss) from continuing operations	(11,098,647)	(1,183,050)
(Loss) for the half-year	(11,098,647)	(1,183,050)
Other comprehensive income	-	-
Total comprehensive income for the half-year	(11,098,647)	(1,183,050)
(Loss) is attributable to:		
Total comprehensive income for the half-year is attributable to:		
Owners of Maximus Resources Limited	(4,393,964)	(759,619)
Non-controlling interest	(6,704,683)	(423,431)
	(11,098,647)	(1,183,050)
	Cents	Cents
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the parent entity:		
Basic earnings per share	(4.14)	(0.53)
Diluted earnings per share	(4.14)	(0.53)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Maximus Resources Limited
Consolidated statement of financial position
As at 31 December 2010

	Notes	31 December 2010 \$	30 June 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,176,994	1,696,836
Trade and other receivables		726,283	893,529
Inventories		1,567	111,325
Available-for-sale assets		1,600,000	-
Other current assets		98,841	98,841
Total current assets		<u>3,603,685</u>	<u>2,800,531</u>
Non-current assets			
Investments accounted for using the equity method	2	2	2
Property, plant and equipment		1,458,469	1,584,608
Exploration and evaluation		8,559,258	16,449,313
Mine properties		855,556	3,802,431
Security deposit		17,750	17,750
Total non-current assets		<u>10,891,035</u>	<u>21,854,104</u>
Total assets		<u>14,494,720</u>	<u>24,654,635</u>
LIABILITIES			
Current liabilities			
Trade and other payables		386,129	487,793
Provisions		28,656	31,358
Total current liabilities		<u>414,785</u>	<u>519,151</u>
Non-current liabilities			
Provisions		24,004	30,355
Total non-current liabilities		<u>24,004</u>	<u>30,355</u>
Total liabilities		<u>438,789</u>	<u>549,506</u>
Net assets		<u>14,055,931</u>	<u>24,105,129</u>
EQUITY			
Contributed equity	4	31,992,280	31,373,928
Reserves	5	1,303,484	1,319,605
Retained earnings/ (losses)		(21,614,748)	(17,449,350)
Capital and reserves attributable to owners of Maximus Resources Limited		11,681,016	15,244,183
Non-controlling interests		2,374,915	8,860,946
Total equity		<u>14,055,931</u>	<u>24,105,129</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Maximus Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2010

Consolidated	Notes	Issued capital \$	Option reserve \$	Retained earnings \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2009		<u>29,341,900</u>	<u>1,368,875</u>	<u>(10,494,895)</u>	<u>9,927,625</u>	<u>30,143,505</u>
Total comprehensive income for the half-year as reported in the 2009 financial statements						
Profit/ (loss) for the period		-	-	(759,619)	(423,431)	(1,183,050)
Transactions with owners in their capacity as owners:						
Contributions of equity		2,061,799	-	-	2,053,200	4,114,999
Options issued during the period	4	-	16,330	-	-	16,330
Transaction costs (net of tax)		(29,996)	-	-	(30,884)	(60,880)
Movement in non-controlling interest		-	(65,601)	674,538	(608,937)	-
		<u>2,031,803</u>	<u>(49,271)</u>	<u>674,538</u>	<u>1,413,379</u>	<u>4,070,449</u>
Balance at 31 December 2009		<u>31,373,703</u>	<u>1,319,604</u>	<u>(10,579,976)</u>	<u>10,917,573</u>	<u>33,030,904</u>
Consolidated	Notes	Issued capital \$	Option reserve \$	Retained earnings \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2010		31,373,928	1,319,605	(17,449,350)	8,860,946	24,105,129
Total comprehensive income for the half-year						
Profit/ (loss) for the period		-	-	(4,393,964)	(6,704,683)	(11,098,647)
Transactions with owners in their capacity as owners:						
Contributions of equity	4	666,162	-	-	450,000	1,116,162
Transaction costs (net of tax)	4	(47,810)	-	-	(18,903)	(66,713)
Movement in non-controlling interest		-	(16,121)	228,566	(212,445)	-
		<u>618,352</u>	<u>(16,121)</u>	<u>228,566</u>	<u>218,652</u>	<u>1,049,449</u>
Balance at 31 December 2010		<u>31,992,280</u>	<u>1,303,484</u>	<u>(21,614,748)</u>	<u>2,374,915</u>	<u>14,055,931</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Maximus Resources Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2010

	Half-year	
	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Interest received	41,076	47,303
Receipts from operating activities	570,960	21,230
Tax receipts received	594,512	660,994
Payments to suppliers and employees	<u>(1,789,417)</u>	<u>(1,182,413)</u>
Net cash (outflow) inflow from operating activities	<u>(582,869)</u>	<u>(452,886)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(10,336)	(280,251)
Payments for exploration and evaluation	(1,097,498)	(1,441,067)
Payments for development assets	-	(313,369)
Repayment of loans to related entities	<u>150,000</u>	<u>-</u>
Net cash (outflow) inflow from investing activities	<u>(957,834)</u>	<u>(2,034,687)</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	1,116,162	4,114,999
Payments of issue costs	<u>(95,301)</u>	<u>(86,972)</u>
Net cash (outflow) inflow from financing activities	<u>1,020,861</u>	<u>4,028,027</u>
Net (decrease) increase in cash and cash equivalents	(519,842)	1,540,454
Cash and cash equivalents at the beginning of the half-year	<u>1,696,836</u>	<u>1,650,254</u>
Cash and cash equivalents at end of the half-year	<u>1,176,994</u>	<u>3,190,708</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

(a) Basis of preparation of half-year financial report

Reporting entity

Maximus Resources Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the half year ended 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interests in associates and jointly controlled entities.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2010 is available upon request from the Company's registered office at 62 Beulah Road, Norwood SA or at www.maximusresources.com.au.

Statement of compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Maximus Resources Limited and its controlled entities during the half-year in accordance with continuous requirements arising under the Corporations Act 2001.

The accounting policies applied by the entities in the consolidated group in this half-year financial report are consistent with those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2010.

The half-year report does not include full disclosures of the type normally included in an annual report.

Reporting Basis and Conventions

The half year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2 Segment information

(a) Description of segments

Identification of reportable segments

Maximus Resources Limited has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Maximus Resources Limited is managed primarily on the basis of geographical area of interest, since the diversification of Maximus Resources Limited operations' inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- external regulatory requirements
- geographical and geological styles

Mining

The Sellheim segment is an alluvial gold site. Further listed segmented assets for Maximus Resources Limited including development costs and costs associated with the mining lease are reported on in this segment.

Accounting policies developed

Unless stated otherwise, all amounts reported to the Board of Directors as chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of Maximus Resources Limited.

2 Segment information (continued)

(b) Business segments

Period ending 31 December 2010	Sellheim \$	Adelaide Hills Province \$	Narndee \$	Other \$	ERO Mining \$	Total \$
Segment revenue	324,422	-	-	500,000	196,538	1,020,960
Adjusted EBITDA	(1,350,560)	-	-	(142,531)	(8,829,608)	(10,322,699)
Cost of goods sold	(1,054,538)	-	-	-	(468,625)	(1,523,163)
Amortisation	(620,444)	-	-	-	(248,250)	(868,694)
Impairment	-	-	-	(642,531)	(8,309,271)	(8,951,802)
 Segment assets for period ending 31 December 2010	 1,188,728	 7,450,662	 5,487,368	 900,529	 4,329,222	 19,356,509
Inter-segment elimination	-	-	-	-	(8,341,695)	(8,341,695)
Total	<u>1,188,728</u>	<u>7,450,662</u>	<u>5,487,368</u>	<u>900,529</u>	<u>(4,012,473)</u>	<u>11,014,814</u>
 Segment asset movements for the period						
Capital expenditure	13,047	519,483	251,626	(2,991)	252,399	1,033,564
Amortisation	(620,444)	-	-	-	(248,250)	(868,694)
Impairment	-	-	-	(642,531)	(8,309,271)	(8,951,802)
Cost of sales	-	-	-	(500,000)	-	(500,000)
Total movement	<u>(607,397)</u>	<u>519,483</u>	<u>251,626</u>	<u>(1,145,522)</u>	<u>(8,305,122)</u>	<u>9,286,932</u>
 Total segment assets	 -	 -	 -	 -	 -	 11,014,814
Unallocated assets						3,479,906
Total assets						<u>14,494,720</u>
 Total segment liabilities	 2,349	 -	 -	 -	 62,210	 64,559
Unallocated liabilities						374,230
Total liabilities						<u>438,789</u>

2 Segment information (continued)

Period ending 31 December 2009	Sellheim \$	Adelaide Hills Province \$	Narndee \$	Other \$	ERO Mining \$	Total \$
Segment revenue	564	-	-	-	-	564
Adjusted EBITDA	564	-	(6,350)	-	-	(5,786)
Cost of goods sold	-	-	-	-	-	-
Impairment	-	-	(6,350)	-	-	(6,350)
 Segment assets for period ending 30 June 2010						
	1,866,364	6,931,179	5,235,742	1,996,051	12,675,428	28,704,764
Inter-segment elimination	-	-	-	-	(8,341,695)	(8,341,695)
Total	<u>1,866,364</u>	<u>6,931,179</u>	<u>5,235,742</u>	<u>1,996,051</u>	<u>4,333,733</u>	<u>20,363,069</u>
 Segment asset movements for the period						
Capital expenditure	545,658	90,558	227,169	71,549	1,863,274	2,798,208
Amortisation	(188,125)	-	-	-	-	(188,125)
Impairment	(585,533)	-	(5,242,092)	(99,792)	(2,569,994)	(8,497,411)
Total movement	<u>(228,000)</u>	<u>90,558</u>	<u>(5,014,923)</u>	<u>(28,243)</u>	<u>(706,720)</u>	<u>(5,887,328)</u>
 Total segment assets	-	-	-	-	-	20,363,069
Unallocated assets						4,291,565
Total assets						<u>24,654,634</u>
 Total segment liabilities	-	-	-	-	-	-
Unallocated liabilities						549,505
Total liabilities						<u>549,505</u>

	Half-year 31 December 2010 \$	31 December 2009 \$
Adjusted EBITDA		
Allocated adjusted EBITDA	(10,322,699)	(5,786)
Unallocated:		
Interest revenue	37,594	47,303
Cost of goods sold	-	-
Other expenses	-	-
Marketing expenses	(113,800)	(8,753)
Administrative expenses	(582,988)	(1,012,455)
Finance costs	(1,653)	(2,173)
Exploration expenditure written off	(83,505)	(175,094)
Profit before income tax from continuing operations	<u>(11,067,051)</u>	<u>(1,156,958)</u>

3 Contingencies

Contingent liabilities

There have been no changes in contingent liabilities since the last reporting date.

4 Contributed equity

	31 December 2010 Shares	30 June 2010 Shares	31 December 2010 \$	30 June 2010 \$
(a) Share capital				
Ordinary shares				
Fully paid	<u>300,431,035</u>	<u>261,245,035</u>	<u>31,992,280</u>	<u>31,373,928</u>

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
1 July 2009	Opening balance	184,882,136		29,341,900
	Shares issued during the year	76,362,899		2,061,800
	Less: Transaction costs arising on share issue	-		<u>(29,772)</u>
30 June 2010	Balance	<u>261,245,035</u>		<u>31,373,928</u>
1 July 2010	Opening balance	261,245,035		31,373,928
01 December 2010	Share placement	39,186,000		
	Proceeds received		\$0.017	<u>666,162</u>
				<u>32,040,090</u>
	Less: Transaction costs arising on share issue			<u>(47,810)</u>
31 December 2010	Balance	<u>300,431,035</u>		<u>31,992,280</u>

5 Reserves

	31 December 2010 \$	30 June 2010 \$
Reserves		
Share-based payments	<u>1,303,484</u>	<u>1,319,605</u>
	<u>1,303,484</u>	<u>1,319,605</u>

6 Events occurring after the reporting period

In January 2011, ERO Mining acquired unlisted South Australian based lithium and uranium mineral explorer South East Energy. As Maximus Resources has a controlling interest in ERO Mining, and is included in consolidated entity reporting, the result of this merger will dilute the outside equity interest holding. Therefore, Maximus Resources will no longer be required to include ERO Mining and its subsidiaries as part of the consolidated entity in future reporting periods.

7 Going concern

The financial report has been prepared on the basis of going concern.

The cash flow projections of the consolidated entity evidence that the entity will require positive cash flows from gold mining operations and/or additional capital for continued operations.

The consolidated entity's ability to continue as a going concern is contingent upon obtaining additional capital or generating sufficient cashflows from gold mining operations. If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reportings, and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of the directors.



Robert M Kennedy
Director

Adelaide
16 March 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MAXIMUS RESOURCES LIMITED

We have reviewed the accompanying half-year financial report of Maximus Resources Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Maximus Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Maximus Resources Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 7 - going concern basis of accounting to the Half Year Financial Report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at amounts stated in the financial report.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 16 March 2011