

# MAXIMUS RESOURCES LIMITED

## QUARTERLY REPORT

PERIOD ENDING 31 December 2016

## SUMMARY

### CORPORATE

- MXR secures 100% of Spargoville tenement package following the issue of 25 million shares to TYK as per the Subsequent Sale & Purchase Agreement dated February 2016. All remaining obligations to TYK, including a gold royalty are extinguished.
- A further \$21,106 was received from gold sales from Spargoville tribute mining agreement.
- Discussions continue with multiple miners and project developers on the supply of gold ore for Toll treatment through Burbanks mill.
- Continued review of gold projects within economic transport distance to Burbanks plant for either Joint Venture or purchase.

### WESTERN AUSTRALIA

#### SPARGOVILLE PROJECT

- Maiden mineral resource calculations completed for Eagles Nest, Larkinville and 5B projects totalling 45,160 ounces of gold.
- 13 hole Infill RC drill program completed on Larkinville gold project in November
- Commenced Redback gold resource calculation in compliance with JORC 2012 guidelines
- Tribute Mining at Eagles Nest contributes a further \$21,106, at no cost to the company. Heavy rain during November and December interrupted Tribute Mining resulting in lower returns.
- Program of Works application submitted for up to 2 deep diamond drill holes to test the deep lithium root origin theory on the Lefroy Lithium project at Spargoville

#### BURBANKS GOLD TREATMENT PLANT

- Program of Works prepared for the refurbishment of the Burbanks gold plant to operational status
- Works awarded and commenced during the quarter
- Name of Burbanks holding company changed to Eastern Goldfields Milling Services Pty Ltd

#### NARNDEE PROJECT

- No further works undertaken onsite during the quarter

### SOUTH AUSTRALIA

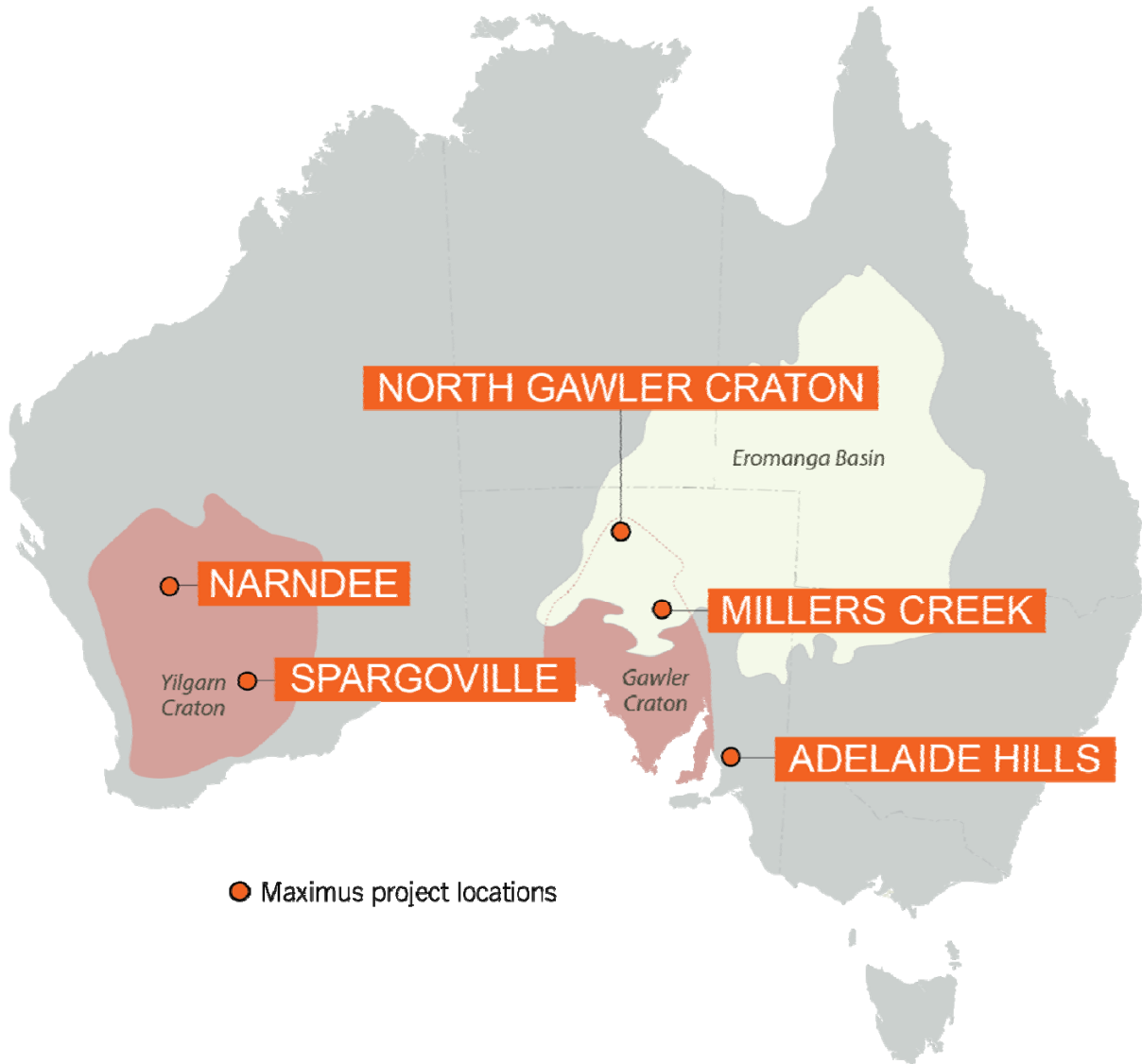
#### MILLERS CREEK PROJECT

- No further works undertaken onsite during the quarter

#### ADELAIDE HILLS PROJECT

- Minimal progress reported by Terramin on the Bird in Hand project.
- Submission of Mine Lease Application to Department for State Development for BinH project is likely H1 2017.
- Terramin seeking expressions of interest in the BinH project. MXR confirming contingent payments and royalty are secure, should a change of ownership occur

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## DEVELOPMENT AND EXPLORATION ACTIVITIES

### WESTERN AUSTRALIA

#### SPARGOVILLE PROJECT - GOLD

*Maximus 100% (Larkinville 75%)*

Significant progress was made on several Spargoville tenements with maiden ore resources announced on Eagles Nest, Larkinville and 5B deposits. The combined mineral resources for the 3 projects total 625,150 tonnes at 2.44 g/t Au for 45,160 ounces (see table 1).

Evaluation of the Redback deposit ore resource commenced during the quarter, intended to generate a JORC 2012 compliant result during the first quarter of 2017.

Project	Classification	Tonnes	Au g/t	Ozs
<b>Eagles Nest</b>	Indicated	138,200	1.89	8,400
	Inferred	269,350	2.12	18,400
<b>Larkinville</b>	Indicated			
	Inferred	142,300	2.33	10,660
<b>5B</b>	Indicated			
	Inferred	75,300	3.07	7,700
<b>Total</b>		<b>625,150</b>	<b>2.44</b>	<b>45,160</b>

**Table 1:** Mineral resource calculations for Spargoville projects to-date

An infill RC drill program completed on the Larkinville project was designed to infill on the wider central zone to increase the resource tonnes and convert inferred tonnes to the Indicated category resulting in a revised Mineral Resource estimate. (See Table 2).

The Larkinville deposit is located on the Kunanalling Shear, approximately 5km south-west of the previously mined, high grade Wattle Dam gold mine owned 100% by MXR. The deposit is located 57km from MXR'S recently acquired Burbanks gold treatment plant.

The Larkinville ore body strikes north-west and dips at 65-70 degrees to the south-west, extending over 300m in strike length to a current depth of 80m below surface (See Figure 1). The ore body remains open along strike and at depth to the north (See Figure 1).

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Hole ID	Easting	Northing	RL	Dip	Azimuth	Depth	From(m)	To(m)	Length(m)	Gold Grade (g/t)
MXLWRC001	354360	6523270	354	-60	90	60	40	46	6	1.8
MXLWRC002	354340	6523270	354	-60	90	80	53	59	6	1.5
<b>and</b>							66	67	1	7.9
MXLWRC003	354395	6523220	354	-60	90	68	34	47	<b>13</b>	<b>5.2</b>
<b>incl</b>							36	37	<b>1</b>	<b>23.9</b>
MXLWRC004	354375	6523220	354	-60	90	86	55	61	6	3.1
<b>and</b>							79	81	2	5.2
MXLWRC005	354420	6523180	354	-60	90	77	31	35	4	2.6
<b>and</b>							46	48	2	6.0
MXLWRC006	354400	6523180	354	-60	90	86	51	52	1	1.1
MXLWRC007	354370	6523180	354	-60	90	110	NSI			
MXLWRC008	354450	6523140	354	-60	90	68	39	41	2	5.6
MXLWRC009	354430	6523140	354	-60	90	80	60	61	1	5.9
MXLWRC010	354390	6523140	354	-60	90	107	NSI			
MXLWRC011	354480	6523100	354	-60	90	60	39	44	5	1.6
MXLWRC012	354460	6523100	354	-60	90	86	60	65	5	1.8
MXLWRC013	354510	6523080	354	-60	90	59	NSI			

**Table 2:** Larkinville RC Drilling Results November 2016

Work continues on evaluating the historic production data from the Wattle Dam High Grade underground mine (MXR 100%) to determine the potential volume of remaining gold ore and the economics of extracting this ore. Preliminary work has identified a hanging wall ore structure (Western lode) that requires further detailed analysis and exploration before any decision to mine can be made.

This Western lode was first mined in the stage 2 cutback of the Wattle Dam openpit, but was not mined from underground.

Ongoing investigation of the wealth of exploration and production data acquired by MXR as part of the Spargoville tenement acquisition has identified a possible parallel structure to the High grade Wattle Dam main lode, mined between 2008 and 2012 by Ramelius Resources. Exceptional gold assay grades have been previously recorded in u/g diamond drill holes in the hanging wall adjacent to the Wattle Dam main lode. However, there are no records that test the continuity of this possible structure, but earlier assay grades show a promising resemblance to the extreme high grade results reported from the Wattle Dam main lode during mining.

This area will continue to be investigated in detail to determine the potential for the section and possible follow-up exploration requirements.

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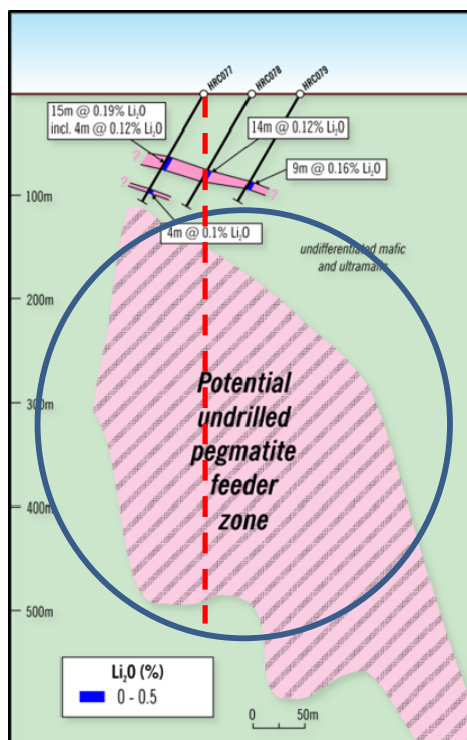
### SPARGOVILLE PROJECT - LITHIUM

Maximus 75% up to 100%

The company holds the Lithium rights over a combined total area exceeding 73km<sup>2</sup> in an emerging world class LCT pegmatite province. The project consists of 29 tenements, mostly granted Mining Leases, between the highly prospective Depot Dome and Widgemooltha Dome, which are considered to be the source of the Lithium bearing pegmatites forming the Mt Marion lithium deposit and several other prospects across the Spargoville tenements.

Following the investigation into the Lithium potential of the Larkinville tenement completed during the previous quarter, including the collection of a series of rock chip samples, an anomalous trend extending up to 1300m long and averaging 400m wide of Li >80ppm was confirmed. Further field mapping and soil sampling will be completed in quarter 1, 2017 to improve the understanding of this area and extend the drill target area.

Also recorded in this area are numerous gem pits, which strongly indicate the presence of pegmatites.



A program of Works (PoW) was submitted to the Department for Mines and Petroleum (DMP) for up to 2 deep diamond drillholes to test the deep root lithium origin theory on the Lefroy project at Spargoville. Approval was received in January, and arrangements are being confirmed to complete this drill program.

Maximus believes that the Lefroy prospect has the essential parameters for the discovery of a Mt Marion style lithium deposit. Specifically, Maximus considers the presence of Lithium rich parental magmas and structural pathways to control the location of the Lithium bearing pegmatites at the prospect. Limited Lithium-focussed exploration to date has confirmed the presence of stacked, shallow-dipping spodumene bearing pegmatites potentially located above a lithium enriched pegmatite feeder zone (See figure 1)

**Figure 1:** Lefroy project existing drilling and conceptual target and proposed drillhole trace

### BURBANKS GOLD TREATMENT PLANT

Maximus 100%

Following the acquisition of the Burbanks gold treatment plant from Ramelius Resources Ltd (RMS) in August, 2016, planning commenced on assessing, scheduling and costing a partial refurbishment of the plant to return it to operating status. The plant has been on care & maintenance for 2 years, and requires minor repairs and statutory inspections to be undertaken prior to recommencing processing operations.

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Several goldfields based engineering groups were invited to submit rates to complete the refurbishment program. A significant range of price estimates were received and it was decided to undertake the refurbishment works on a schedule of rates to eliminate over estimation of pricing for the vagaries and difficulties of refurbishment works.

Activities commenced in December with Electrical integrity checks being undertaken throughout the plant and gold rooms and a detailed audit of pumps onsite completed and repairs carried out. Costs were able to be minimised during this phase of works, as the contractor utilised many spare parts from the significant spare parts inventory acquired with the Burbanks purchase.

January will see significant work begin on the crushing and screening section of the plant, and refurbishment and replacement of walkway mesh and safety hand rails throughout the plant.

It is still planned to have the refurbishment works completed by late March, ready for Toll treatment of gold ore from April 2017.

We continue to discuss Toll treatment arrangements with several near term producers and current producers to secure a minimum of 12 months ore feed for the processing plant.

#### **NARNDÉE PROJECT**

*Maximus 100%*

We continue to rationalise the ground holding at Narndee, with only tenements hosting known targets being retained, with some contiguous tenements held to protect targets where warranted.

#### **SOUTH AUSTRALIA**

##### **ADELAIDE HILLS PROJECT**

*100% Maximus*

Terramin continued to progress its pre-feasibility study and mining lease application (MLA) for the Bird-in-Hand gold project. The document was on-track to be completed in late 2016, followed by consultation with the Department for State Development (DSD) and other government stakeholders. Submission of the MLA to the DSD is expected in early 2017, with anticipated final approval of the Application not expected until late 2017 or mid-2018.

The company has also been made aware that Terramin is seeking expressions of interest for interested parties to acquire the Bird in Hand project. MXR has confirmed that any change of ownership of the project will not affect the contingent staged payments and gold royalty assigned to the original Sale Agreement.

#### **NORTHERN GAWLER CRATON PROJECT**

##### **WELBOURN HILL and NICHOLSON TARGETS**

*Maximus 100%*

No work completed during the period.

#### **MILLERS CREEK COPPER, GOLD URANIUM PROJECT**

*Maximus 100%*

No work completed onsite during the period.

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## CORPORATE

### Spargoville Second Sale and Purchase Agreement

Following completion of the Second Sale and Farm-in Agreement with Tychean Resources in February 2016, the company secured the ability to purchase the remaining 10% equity in the Spargoville tenements held by TYK for \$50,000 in MXR shares.

The shares were issued to TYK in September prior to the AGM, resulting in MXR's equity in the Spargoville tenements increasing to 100%. This transaction removes the requirement for MXR to pay a royalty to TYK on future gold production from Spargoville.

### Project Evaluation

Maximus continues to search for and evaluate prospective projects and tenements with a view to bolstering the exploration portfolio and continue to build on the prospectivity of the company's asset base.

During the quarter several open pit and underground projects were investigated, with discussions ongoing for various projects.



Kevin Malaxos  
Managing Director  
31 December 2016

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

Investor relations:  
Mr Duncan Gordon  
Adelaide Equity Partners  
on 08 8232 8800 or 0404 006 444

Further information relating to Maximus Resources Limited and its various projects can be found on its website: [www.maximusresources.com](http://www.maximusresources.com)

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Graeme McDonald 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 31/12/2016
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**WESTERN AUSTRALIA**

**SPARGOVILLE PROJECT**

M15/1475	Eagles Nest	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
E15/967	Kambalda West	Tychean Resources Ltd	100.00%
E15/968	Kambalda West	Tychean 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%
P15/5860	Kambalda West	Tychean Resources Ltd	100.00%
P15/5953	Kambalda West	Tychean Resources Ltd	100.00%
M15/1448	Hilditch	Maximus Resources Ltd, Tychean Resources Ltd & Bullabulling Pty Ltd	90.00%
M15/1449	Larkinville	Maximus Resources Ltd, Tychean Resources Ltd & Pioneer Resources Ltd	75.00%
P15/5912	Larkinville	Maximus Resources Ltd, Tychean Resources Ltd & Pioneer Resources Ltd	75.00%
M15/1101	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1263	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1264	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1323	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1338	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1474	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1769	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1770	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1771	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1772	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1773	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1774	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1775	Wattle Dam	Maximus Resources Ltd & Tychean Resources Ltd	100.00%
M15/1776	Wattle Dam	Maximus Resources Ltd & Tychean 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%

**NARNDÉE PROJECT**

E59/908	Narndee	Maximus Resources Ltd	100%
E59/1830	Milgoe Peak 2	Maximus Resources Ltd	100%
E59/2160		Maximus Resources Ltd	100%
E59/2161		Maximus Resources Ltd	100%

**SOUTH AUSTRALIA**

**MILLERS CREEK PROJECT**

EL 5833	Billa Kalina	Maximus Resources Ltd	100%
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**NORTHERN GAWLER CRATON PROJECT**

EL 5248	Welbourn Hill	Maximus Resources Ltd	100%
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## 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 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	21	37
1.2 Payments for		
(a) exploration & evaluation	(285)	(558)
(b) development	-	-
(c) production	-	-
(d) staff costs	(127)	(219)
(e) administration and corporate costs	(89)	(211)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	15
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 running costs	(96)	(110)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(570)</b>	<b>(1,046)</b>

<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	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(d) other non-current assets Ramelius Milling Services Pty Ltd (Burbanks)	-	500
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>500</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,600
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	(20)	(108)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(20)</b>	<b>1,492</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,979	1,443
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(570)	(1,046)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(500)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	1,492

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,389</b>	<b>1,389</b>

<b>5.</b>	<b>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	1,372	1,962
5.2	Call deposits	17	17
5.3	Bank overdrafts	-	
5.4	Other (provide details)	-	
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,389</b>	<b>1,979</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	\$120
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	

Director Fees \$119,888

<b>7.</b>	<b>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	

## Mining exploration entity and oil and gas exploration entity quarterly report

<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	270
9.2 Development	-
9.3 Production	-
9.4 Staff costs	100
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	
- Burbanks refurbishment	200
<b>9.7 Total estimated cash outflows</b>	<b>720</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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: 31 January 2017

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.