

MAXIMUS RESOURCES LIMITED

QUARTERLY REPORT

PERIOD ENDING 30 June 2019

SUMMARY

CORPORATE

- Sale Agreement for sale of Burbanks Gold Treatment Plant being finalised
- \$2 million received in April classified as loans to be removed upon signing Sale Agreement.
- Ramelius Resources outstanding Loan balance (acquisition balance) was retired in April, and all RMS caveats removed.
- Milling circuit flushed and Gold-In-Circuit removed with \$1.98 million received
- Toll Milling revenue for the quarter exceeded \$436,000, with mill on stand-by pending the sale
- The sale includes provision for a minimum of 1 years milling capacity of 5,000t per month from 2020, with the option to extend for a further 1 year.
- Due diligence underway on potential open pit and underground operation in Kalgoorlie region.
- Arbitration has commenced relating to the claim by Empire Resources Ltd for additional gold in circuit
- Amicable settlement with GBF Mining of the legal dispute regarding equity in the Burbanks mill

WESTERN AUSTRALIA

BURBANKS GOLD TREATMENT PLANT

- Invoiced revenue for the June quarter exceeded \$436,000
- The revenue was generated early in the period before the mill was placed on stand-by
- Burbanks achieved 12 months LTI free at the end of June.

SPARGOVILLE GOLD PROJECT

- Exploration set to re-commence at Wattle Dam in H2 2019.
- High Priority Wattle Dam Type Targets identified immediately along strike from Wattle Dam.
- Detailed ground geophysics planned with potential follow-up drilling. Drilling approvals received.



Figure 1: Maximus Project Location Map

EXPLORATION AND PRODUCTION ACTIVITIES

WESTERN AUSTRALIA

BURBANKS GOLD TREATMENT PLANT

Maximus 100%

Revenue invoiced for the June quarter exceeded \$436,000, from the processing of 8,718 dry tonnes up to early May. The mill was then placed on stand-by awaiting the Asset Sale and a thorough cleanout was undertaken and all carbon removed and stripped of dore gold. The primary crusher access ramp that failed in January remains unserviceable. A mobile crushing plant was secured to complete crushing and screening of contracted Toll ores until Toll milling ceased.

The improvement in mill performance in the March quarter resulted in the gold in circuit stocks increasing to circa \$1.8 million. The gold in circuit stocks were reduced during April and May, prior to the cleanout of the circuit. As reported previously, \$1.98 million of gold was recovered from the gold in circuit at the completion of Toll milling in May. These funds will provide sufficient working capital for MXR through to the completion of the sale of Burbanks mill to Adaman.

SPARGOVILLE PROJECT – GOLD RESOURCE DEVELOPMENT

Maximus 90-100% (Larkinville 75%)

No on ground exploration was conducted during the March quarter.

The Company continued to focus on converting the five Mineral Resource estimates 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.

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

Project	Tonnes	Au g/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 Mineral Resource inventory.

A Mining Lease Application has been submitted for P15_5545 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 Compliant Mineral Resource Estimate, with high metallurgical recoveries reported. (MXR ASX Announcement dated 21/02/2017 titled "Increased Gold Resource at Eagles Nest Project in Western Australia" and MXR ASX Announcement dated 24/02/2017 titled "Excellent Metallurgical Results for Eagles Nest gold ore").

Due to the sustained high gold price of >\$1800 AUD, the development of the Eagles Nest Deposit has become a priority for the Company's Mineral Resource Development Plan.

SPARGOVILLE PROJECT – GOLD EXPLORATION

Maximus 90%-100% (Larkinsville 75%)

No field work was conducted during the quarter.

Future Activities

Detailed ground Electromagnetic (EM) surveys are planned to be conducted at the S5 and S13 target areas to locate the conductive sediments within the highly altered ultramafic sequences. Approval for these programs is in place and the surveys are expected to be completed during the next quarter.

Ground EM surveys have not been used before at Wattle Dam to directly target the conductive sediments that, in conjunction with strong biotite alteration, are critical to the formation of high grade Wattle Dam type gold deposits.

Programs of Works have been submitted and approved by the DMP for drill testing of the S5 and S13 Targets.

SPARGOVILLE PROJECT – NICKEL EXPLORATION

Maximus 80%-90%

No field work was conducted during the quarter.

Future Activities

MXR 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 next 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) formally Orex Mining Pty Ltd (Orex) and 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 (formally held by 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

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 current 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*.

Exploration during the quarter consisted of the drilling of 29 RC holes for 2,430m by Yandal.

Yandal (Exploration Update-Yandal Gold Project, ASX announcement 4/7/2019) reported drill results from Flushing Meadows of 12m @ 3.02 g/t Au within 18m @ 2.26 g/t from 24m and 27m @ 2.32 g/t Au from 89m. Mineralisation at Flushing Meadows remains open at depth and for 4km of strike. Currently, the Flushing Meadows Deposit has a defined strike length of 1.7km.

Yandal Resources reported that planning a JORC 2012 Compliant Mineral Resource Estimate, is underway.

CANEGRASS PROJECT – CANEGRASS VANADIUM MINERAL RESOURCE

Maximus 2% Net Smelter Royalty

No work was reported during the Quarter. Maximus Resources Limited 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% V₂O₅, and has been estimated according to the JORC 2012 Code.

SOUTH AUSTRALIA

ADELAIDE HILLS PROJECT

Maximus \$2 million contingent payments plus Gold Royalty

During the quarter Terramin announced that the Mining Lease Application (MLA) has been submitted to the South Australian Department for Energy and Mining for the Bird-in-Hand 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 for 252,000 ounces of gold. When production commences, Bird in Hand will be one of the highest grade gold mines in Australia, with an expected 6 year mine life. (Terramin Australia, announcements to the Australian Securities Exchange, 30/05/2018 and CEO Presentation - AGM 30 May 2018)

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

Maximus Resources 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 further discoveries at the nearby historical high grade gold mines. The Maximus Royalty is uncapped.

CORPORATE

Maximus Resources Limited (ASX:MXR or the “Company”) advised shareholders in April that an agreement was reached for the sale of the Burbanks gold treatment plant (Burbanks) in WA’s Coolgardie region to Perth based private company Adaman Resources Ltd.

The sale will see Maximus secure a headline figure of \$5.8 million for 100% of Burbanks, less adjustment for major capital works required to continue operations. These capital works include the tailings dam lift to TSF 2, estimated at \$450 – 500,000 and repairs to the primary crushing circuit and access ramp estimated at \$200,000 (which failed during H1). The Company has no liability for these costs prior to or after the asset sale.

The original agreement was for a Gold-in-Circuit (GIC) calculation to be completed at Completion, with the value of the GIC to be paid to Maximus. However, Adaman failed to notify MXR whether it wished to continue operating at Completion or undertake refurbishment works resulting in MXR removing all carbon (loaded with gold) from the circuit and extracting the dore gold for refining. The company announcement dated 28 March 2019, stated that the value of the GIC was circa \$1.8 million. Actual gold removed from the circuit totalled \$1.98 million, with the increase attributed to the increased gold price per ounce received..

Maximus has also secured a minimum of 1 year Toll milling capacity at Burbanks of 5,000 tonnes per month from 2020, with the option to extend the term by a further 1 year by agreement (The Company incorrectly stated 2 years Toll milling term guaranteed in the March quarter). 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.

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

A further \$2 million was to be paid upon satisfactory completion of due diligence inspections of the plant and all associated assets by 26 April 2019. Adaman failed to meet the terms of this second payment which resulted in delays to the Settlement of the transaction and amendments to the final settlement process including completion of the Gold in Circuit (GIC) survey. As a result of the ongoing delays at finalising the Asset Sale Agreement, the process has been shortened to a \$2 million payment upon signing the Sale Agreement and two deferred payments to the end of August 2019.

This transaction represents significant opportunities for Maximus including;

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

Following the termination of the previous agreement with GBF Mining Pty Ltd, legal action was taken by GBF to enforce the conditions of the Term Sheet. However, following discussions with GBF, it elected to withdraw all legal action and removed caveats placed on the Burbanks tenements, in addition to providing an extended term of up to 6 months to repay the pre-paid funds, unless a mill sale proceeds in which case all pre-paid funds are due and payable to GBF.

A resolution to the dispute with Empire Resources remains outstanding, following the cessation of milling activities on 21 December 2017. The parties agreed to arbitration in an effort to finalise the dispute. This process commenced in March, with the appointment of an arbitrator. A second hearing was held in early July with Empire required to provide further details of its claim. MXR continues to dispute the validity of the claim. The recent activities including flushing the milling circuit and removal of all loaded carbon should resolve the matter.

Kevin Malaxos
Managing Director
31st July 2019

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

MAXIMUS RESOURCES LIMITED - TENEMENT SCHEDULE

Tenement Number	Tenement Name	Registered Holder/Applicant	Maximus Resources interest 30/06/19
WESTERN AUSTRALIA			
<i>SPARGOVILLE PROJECT</i>			
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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
- Burbanks – Milling Sales	436	2,325
- Gold/Silver sales	1,190	1,231
1.2 Payments for		
(a) exploration & evaluation	(57)	(100)
(b) development	-	-
(c) production	-	-
(d) staff costs	(133)	(322)
(e) administration and corporate costs	(309)	(495)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(1)	(7)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Burbanks operating costs	(1,168)	(3,507)
- Burbanks gold in circuit payment	(1,163)	(1,163)
- Burbanks refurbishment costs	-	(106)
1.9 Net cash from / (used in) operating activities	(1,205)	(2,143)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(43)
	(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
	(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		
	- EGMS Part sale option fee	-	500
	- EGMS Part sale proceed	2,000	2,250
2.6	Net cash from / (used in) investing activities	2,000	2,709

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	309	595
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	(29)	(29)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings - RMS	(1,000)	(1,000)
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	(720)	(434)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	86	29
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,205)	(2,143)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,000	2,709
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(720)	(434)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	161	161

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	144	69
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)	161	86

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

133

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

Payment of \$122k to Mr Malaxos which relates to payment of salaries.

Payment of \$11k to McClusky & Co Pty Ltd which relates to rental payment of office space. McClusky & Co Pty Ltd is a related party of Ms McClusky.

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

Add notes as necessary for an understanding of the position

	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.

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	40
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)	-
9.7 Total estimated cash outflows	160

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: 31 July 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