



**MAXIMUS RESOURCES LIMITED**  
**ACN 111 977 354**

## **CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING**

Dear Fellow Shareholders

On behalf of the Board of Directors, I present to you the 2019 Chairman's address for Maximus Resources Limited.

At the start of the year, Maximus achieved significant performance improvements from the Burbanks gold treatment plant and the future looked good. However, we could not capitalise on the improvements as third parties persistently failed to deliver the contracted toll mill feed resulting in intermittent ore supply and poor profitability.

The Board determined that disposal of the Burbanks assets would not be in the best interests of the Company at the time, so we began to search for a joint venture partner to buy into the asset, whilst retaining 50% equity. This would have allowed us to retain mill capacity to process our own ore once we had commissioned our first mine.

A suitable party was identified in December 2018. That party had similar growth aspirations and operational objectives to Maximus and a joint venture agreement was prepared. Unfortunately, the completion timeline was not achieved and those negotiations ceased in April 2019.

The decision was then made to divest 100% of the Burbanks assets. Full divestment would allow Maximus to focus on developing our known ore deposits then using free cashflow to fund aggressive exploration on several of our promising exploration targets.

Adaman Resources, a privately owned company, submitted an offer in April 2019 to purchase 100% of Burbanks and the other related assets for \$5.8 million, less capital upgrades to the tailings dam and crusher access ramp estimated at \$600,000. Negotiations progressed slowly and milestone payment dates were missed whilst Maximus continued to incur holding costs for Burbanks. Following 4 months of negotiations, the Company decided to cease further negotiations with Adaman in September 2019.

Mineral Ventures Pty Ltd approached Maximus with an offer to purchase 100% of Burbanks assets for the fixed sum of \$5.2 million, including access to toll milling for a period of 2 years at the rate of 5,000 tonnes per month. That transaction was finalised during the September quarter.

2019 is now confined to history. We survived very hard times to emerge in good shape to face the future. I believe we can now look forward with great confidence that in 2020 we will take giant strides towards transforming the Company into a long-term gold producer.

We have a clear plan. Our plan is to produce gold from Spargoville where the Company has identified a JORC 2012 Combined Mineral Resource of 1.45 million tonnes for 112,000 ounces of gold across five projects areas.

We plan to progress these projects sequentially through the project approval process and advance to production as quickly as possible. Revenue from these operations would fund ongoing exploration on our high priority targets.

The first Resource that we will develop will be Eagle's Nest which has a JORC Indicated and Inferred Resource of 679,900t grading 1.95g/t Au for 42,600 ozs. Eagle's Nest is located on Spargoville shear 7km south of Wattle Dam site. It will be a simple shallow open pit with ore occurring from the surface. There is good potential to improve the grade given the Resource's high nugget effect similar to that at Wattle Dam. Metallurgical testing showed Eagle's Nest to have excellent gold recovery of 94%. Mining Lease application P15/1896 is in progress to enable the submission of a Mining Proposal.

Once Eagle's Nest is in production the Company will then focus on our other oxide gold Resources at Larkinvile, 5B and Hilditch and progress those into production.

Free cashflow generated from mining will be used to fund aggressive exploration at the Company's Spargoville tenements which have exceptional gold prospectivity. We are confident that there are other Wattle Dam's to be found.

During its life, the Wattle Dam gold mine was the richest grade gold mine in Australia. It produced over 260,000ozs of gold at an average AISC of <\$700 Aus. At today's gold price, Wattle Dam would have produced free cash of >\$390 million.

Wattle Dam commenced life as a small 14,000oz, comparatively low grade 3.6g/t orebody. A trial parcel of 5,000t was processed through a third-party mill before the larger gold nuggets appeared. This coarse gold had not been identified in the resource drilling.

As an exploration target, Wattle Dam was small with a strike length of only ~90m, a high-grade core >50g/t of 20-30m in strike, a width of 9m and a vertical extent of >300m. Such targets require systematic exploration which can be supported from the strong cashflows expected from the mining of our open pit resources.

While extensive exploration was conducted along the entire tenement package, surprisingly limited exploration efforts were directed within a 1km radius of Wattle Dam itself.

Redback which has an Inferred gold Resource of 441,200t grading 3.02g/t Au (42,900 ounces of gold) has remarkable similarities to Wattle Dam and could in time turn out to be another Wattle Dam.

There are several historic extremely high gold drill intercepts including *12m @ 121g/t WDUD0175*, *3m @ 35g/t WDUD0028*, and *3m @ 13g/t WDUD0032* in the hangingwall close to Wattle Dam underground development that occur in areas of low drill density. These are exciting intercepts that have never been adequately drill tested.

The Company has identified two tier one gold targets immediately along strike from the Wattle Dam deposit. These targets have similar geophysical characteristics to Wattle Dam. Maximus has obtained drilling approvals for these targets and has recently undertaken a Sub-audio Magnetic (or SAM) survey south of Wattle Dam along the Spargoville and Eastern Shears to further investigate their potential.

Maximus has several other opportunities that are nearer to being realised.

Exploration drilling undertaken by Lepidico, under a 2017 Heads of Agreement to conduct lithium exploration, intersected significant nickel sulphide mineralization in shallow drilling on the Company's Spargoville tenements. This mineralisation is comparable to other komatiite-hosted nickel sulphide deposits located on the Kambalda dome and we consider these results to be significant.

Further EM survey work is planned during the December quarter and a Program of Works was submitted and approved by DMIRS for future investigation. Maximus holds 80% of the nickel rights on these areas.

We have two near-term royalty opportunities that could deliver material payments to the Company.

The first in South Australia relates to the Bird in Hand Gold Project. Maximus is entitled to two contingent payments, each of \$1.0 million, the first on approval of the Bird in Hand Program of Environmental Protection and Remediation (PEPR), the second on the commencement of bullion production. In addition, there will be an ongoing royalty of 0.5% on production exceeding 50,000ozs not only for the current resource but also for future discoveries such as The Ridge and Bird Extended. Using solely the current resource, this royalty would amount to 0.5% of 202,000 ozs or around \$1.7 million at the current gold price.

The owner, Terramin has announced a positive Scoping Study with a NPV <sup>(8%)</sup> of A\$101 million and IRR 96%. The Mining Lease Application is in the approvals process.

The second near-term royalty opportunity relates to the Flushing Meadows project located in the Yandal Belt in Western Australia. Flushing Meadows is being actively evaluated by Yandal Resources. The project has a JORC 2004 gold Resource of 4.6 Mt @ 1.29g/t Au for 190,000oz of gold. Additional resources at Oblique and Quarter Moon are also under evaluation. Maximus is entitled to a royalty of \$40 per oz, for the first 50,000 ounces, then \$20 per oz for a further 100,000 ozs. The Gold Royalty is capped at \$4.0 million. In addition, a 3% NSR is payable to Maximus for any by-product or co-product. Yandal is undertaking further resource definition drilling and intend to toll treat ore for early cash flow.

We should not forget Canegrass which is a vanadium resource that was discovered by Maximus. Canegrass is currently under evaluation by Flinders Mines and the deposit may come under sharper focus now that the Windimurra Vanadium operation (just 12 kms away) is set to recommence in 2020. Canegrass has a JORC 2012 Resource of 79 Mt @ 0.64% V<sub>2</sub>O<sub>5</sub> for 500,000t V<sub>2</sub>O<sub>5</sub>. The deposit is open along strike and at depth. Maximus is entitled to a 2% NSR from any mineral produced.

Throughout the year, our management team reviewed several project opportunities for potential acquisition, both in Australia and overseas. This process continues, and the team is currently reviewing an international poly metallic project.

I would like to thank all our staff and contractors for their hard work and commitment during the past year.

You are aware that Leigh McLusky tendered her resignation from the Board effective 1 August 2019. Leigh made a substantial contribution during her nine years with Maximus and was always valued for her keen insight and wise counsel.

On the same day Leigh left the Board, Martin Janes joined Maximus. Martin is a seasoned mining executive and most recently was the Chief Executive Officer of Terramin Australia Limited. Martin has a strong finance background and speciality in equity, debt and related project financing tools.

I would also like to especially thank Kevin Malaxos our Managing Director for his outstanding commitment, dedication, dogged persistence and unwavering belief that Maximus will re-emerge as a thriving profitable business.

Kevin will leave us shortly after 9 years at the helm and we wish him every success. The good news is that Kevin will remain on the Board for a period to ensure that all corporate information is retained and an orderly handover can be completed with his successor.

Last but by no means least, I would also like to thank all of our shareholders for your patience, understanding and support in what were difficult times.

Now that we have clear air, I look forward to the permitting of the first of our new open pit gold mines at Eagle's Nest, to further exploration success and to be able to repay our shareholders for their investment in Maximus.

**Gerard Anderson**

ACTING CHAIRMAN