

# MAXIMUS RESOURCES LIMITED

## QUARTERLY REPORT

### PERIOD ENDING 30 June 2020

Maximus Resources Limited (ASX: MXR) ('Maximus' or the 'Company') is pleased to provide its Quarterly Activities report for the June Quarter 2020.

#### CORPORATE HIGHLIGHTS

- New exploration programs commenced at Spargoville with a particular focus on previously untested targets near the high-grade Wattle Dam Gold Mine.
- Rights Issue completed with 43,519,005 New Shares issued raising \$1,305,570 (before issue costs).
- Royalty investments continue to advance.
- Appointment of Managing Director, Mr Tim Withers (subsequent to end of quarter).

#### SPARGOVILLE GOLD PROJECT

Subsequent to the end of the quarter, drilling at the Spargoville gold targets has commenced.

The 2,200-metre reverse circulation drilling program has commenced at the S5 and S13 gold targets which lie along the prospective Spargoville Shear and are located immediately north and south of the Wattle Dam Gold Mine (Figure 1). Maximus has identified potential blind, short strike length high grade Wattle Dam type gold deposits close to the historic high-grade Wattle Dam Gold Mine. These targets have similar geophysical characteristics to the Wattle Dam Gold Mine, occurring within flexures in the Spargoville Shear and associated with conductive sediments lying either above or on the flanks of gravity lows.

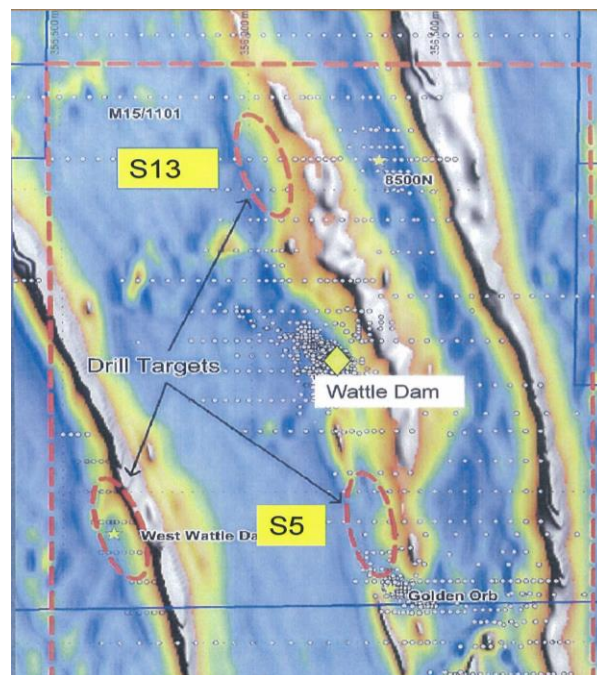


Figure 1: Wattle Dam high priority drill targets, background image is processed magnetics. The S13 and S5 targets referred to in this figure are located 700m north and 400m south respectively of the Wattle Dam Gold Mine

Following the completion of the drilling at the S5 and S13 targets, Maximus plans to undertake drilling at Eagle's Nest and Larkinvile to increase resource confidence and test potential extensions to these orebodies.

Maximus has completed pit optimisation studies of the Eagle's Nest and Larkinvile Gold Resources using a gold price of AUD\$2,500/oz. The previous Eagle's Nest pit optimisation was run using a gold price of AUD\$1,700/oz. Utilising the increased gold price has resulted in larger and deeper pit designs and drilling will be required to increase the confidence of the expected larger gold resource to achieve an Indicated Resource. It is planned to conduct the drilling after the S5 and S13 drilling, subject to receiving an approved Program of Works.

#### BIRD IN HAND GOLD ROYALTY

*Maximus will receive a payment of \$1.0 million upon the approval of a Program for Environmental Protection and Rehabilitation. This approval is subsequent to the grant of the Mining Lease. Maximus will receive a further payment of \$1.0 million upon the commencement of production. Maximus then receives an ongoing 0.5% royalty payable on bullion production in excess of the first 50,000 ounces.*

The owner of the Bird in Hand Gold Project, Terramin Australia Limited (Terramin), has advised the market that its Mining Lease Application has been submitted to the South Australian Department for Energy and Mining (DEM) for the Project and Terramin remains in dialogue with DEM as part of the approval process.

During the quarter, Terramin released a feasibility study in respect of the Bird in Hand Gold Project which showed that the project is estimated to generate a post-tax NPV<sub>8</sub> of \$141 million with an IRR of 80.5% over approximately 4 years of production. The project's base case projection is to produce an average of 44,700 ounces of gold per annum over four years at low C1 cash cost of \$737 per ounce and an all in sustaining cost of \$959 per ounce, with a pre-production capital cost estimated to be \$54 million.

#### FLUSHING MEADOW ROYALTY

*Maximus will receive a royalty of \$40 per ounce in respect of the first 50,000 ounces of production with \$0.2 million of this royalty prepaid at the commencement of production. Maximus will receive a further royalty of \$20 per ounce in respect of production in excess of 50,000 ounces up to 150,000 ounces. The total amount paid is capped at \$4.0 million.*

The owner of the Flushing Meadow Project, Yandal Resources Limited, has advised that RC drilling for a resource upgrade and expansion has been completed and that a revised mineral resource estimate is pending. A feasibility study including a mining proposal submission is underway and contemplates the construction of a conventional open pit mining operation with road haulage to third-party processing facilities. A diamond drilling program is underway for geotechnical, hydrological and metallurgical assessment to support the feasibility study.

#### COMMERCIAL MATTERS

Maximus has continued to negotiate with a party that owes circa \$340,000 in respect of a toll treatment campaign in early 2019. To facilitate recovery of the outstanding monies, Maximus has commenced legal recovery action.

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

Resolution of the arbitration with Empire Resources remains outstanding. Maximus has made payment for the agreed gold reconciliation however Empire continues to make a claim for an additional amount payable. The parties agreed to an arbitration process to attempt to settle the dispute. This process

commenced in March 2019 with the appointment of an Arbitrator and remains ongoing. Maximus maintains its position that Empire's claims have no merit.

## CORPORATE

Subsequent to the end of the quarter, Mr Tim Wither has been appointed as Managing Director of Maximus. Tim will commence on the 10 August 2020.

As at 30 June 2020, the Company had cash at bank of \$801,108.

The Company completed a pro-rata non-renounceable rights issue of 1 share for every 1 share held, at an issue price of \$0.03 which closed on 11 May 2020. Maximus received applications for 5,677,136 New Shares, resulting in a shortfall of 37,841,869 entitlements. Applications for entitlements received totalled \$170,314 (before issue costs).

On 26 May 2020, Maximus confirmed it had received binding commitments from sophisticated and professional investors for the shortfall being 37,841,868 ordinary shares which were placed at the issue price of \$0.03 per share and raised a further \$1,135,256 before costs.

The Company had amounts owing to Kevin Malaxos for outstanding leave and back pay. The Company settled these outstanding amounts during the quarter as detailed at item 1.8 of the Appendix 5B.

## SHARE CAPITAL

As at 30 June 2020, the Company had 87,038,009 shares on issue.

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

Further information regarding Maximus Resources Limited (ASX:MXR) 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 interest 30/06/20
<b>WESTERN AUSTRALIA</b>			
<b>SPARGOVILLE PROJECT</b>			
M15/1475	Eagles Nest	Maximus Resources Ltd	100.00%
M15/5545	Eagles Nest	Maximus Resources Ltd	100.00%
M15/1869	Eagles Nest South	Maximus Resources Ltd	100.00%
L15/128	Kambalda West	Maximus Resources Ltd	100.00%
L15/255	Kambalda West	Maximus Resources Ltd	100.00%
M15/395	Kambalda West	Maximus Resources Ltd	100.00%
M15/703	Kambalda West	Maximus 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%
M15/1101	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%

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MAXIMUS RESOURCES LIMITED

ABN

74 111 977 354

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
- Gold/Silver sales	-	92
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	(328)
(b) development	-	-
(c) production	-	-
(d) staff costs	(11)	(276)
(e) administration and corporate costs	(75)	(389)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(20)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	63	63
1.8 Other (provide details if material)		
- Burbanks costs	(23)	(1,432)
- Gold in circuit	-	(307)
- K Malaxos leave	(123)	(123)
- K Malaxos backpay	(79)	(79)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(249)</b>	<b>(2,799)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(110)	(202)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	5,200
	(d) investments	-	-
	(e) 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)		
	- GST on sale of Burbanks Mill	-	520
	- GST paid on sale of Burbanks Mill	-	(520)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(110)</b>	<b>4,998</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,306	1,645
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(112)	(112)
3.5	Proceeds from borrowings	-	540
3.6	Repayment of borrowings	(99)	(2,657)
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</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,095</b>	<b>(1,559)</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	65	161
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(249)	(2,799)

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)	(110)	4,998
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,095	(1,559)
4.5	Effect of movement in exchange rates on cash held	--	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>801</b>	<b>801</b>

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	784	48
5.2	Call deposits	17	17
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>801</b>	<b>65</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

202

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-

7.5	<b>Unused financing facilities available at quarter end</b>	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	249
8.2	Capitalised exploration & evaluation (Item 2.1(d))	110
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	359
8.4	Cash and cash equivalents at quarter end (Item 4.6)	801
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	801
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	2.23

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: not applicable



## 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.

Date: 31 July 2020

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.