



**ABN 74 111 977 354**

**Financial report  
for the Year Ended 30 June 2020**

# Maximus Resources Limited ABN 74 111 977 354

## Financial Statements

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These financial statements are the consolidated financial statements of 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, is listed on the Australian Securities Exchange (ASX) under the code "MXR" and is incorporated and domiciled in Australia. The registered office and principal place of business is:

Maximus Resources Limited  
246 Angas Street  
Adelaide  
SA 5000

Registered postal address is:

Maximus Resources Limited  
GPO Box 1167  
Adelaide  
SA 5001

A description of the nature of the Company's operations and its principal activities is included in the directors' report on pages 2 to 11

The financial statements were authorised for issue by the directors on 30 September 2020. The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available on our website: [www.maximusresources.com](http://www.maximusresources.com).

**MAXIMUS RESOURCES LIMITED - TENEMENT SCHEDULE**

<b>Tenement Number</b>	<b>Tenement Name</b>	<b>Registered Holder/Applicant</b>	<b>Maximus Resources interest 30/06/20</b>
<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%

## Directors' report

Your directors present their report on Maximus Resources Limited ("the Company" or "Maximus") and its controlled entities (referred to hereafter as the Group) for the year ended 30 June 2020

### Directors

The following persons were directors of the Group during the whole of the financial year and up to the date of this report unless otherwise indicated:

Gerard Anderson (Acting Chair)  
Timothy James Wither (Managing Director) (appointed 10 August 2020)  
Martin Simon Janes (Non-executive Director) (appointed 1 August 2019)  
Steven Evan Zaninovich (Non-executive Director) (appointed 14 July 2020)  
Kevin John Malaxos (Managing Director to 30 November 2019 and Non-Executive Director from 1 December 2019)  
Leigh Carol McClusky (Non-executive Director) (resigned 1 August 2019)

### Principal activities

During the year the principal activities of the Group consisted of mineral exploration and development.

### Dividends

There were no dividends declared or paid during the year (2019: Nil).

## OPERATIONAL AND FINANCIAL REVIEW

### 1. Operating results and financial position

The result of operations of the Group for the financial year was a profit of \$1,252,394 (2019: \$2,107,283 loss). The loss from continuing operations was \$771,323 (2019: \$401,733) and the profit from discontinued operations was \$2,023,717 (2019: \$1,705,550 loss).

The net assets of the Company have increased by \$2,808,931 during the financial year from \$967,755 at 30 June 2019 to \$3,776,686 at 30 June 2020. This increase is due to the profit realised from the sale of the Burbanks Gold Treatment Plant (Burbanks Mill), as well as the equity raisings during the year.

### 2. Review of Operations

#### Burbanks Mill

The sale of the Burbanks Mill in WA's Coolgardie region to Perth based private company Mineral Ventures Pty Ltd was finalised on 30 September 2019.

In conjunction with the sale, Maximus secured a minimum of 2 years of milling capacity at Burbanks Mill of up to 5,000 tonnes per month from initial activation within 12 months from completion of the sale. 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.

#### Spargoville (WA)

#### **SPARGOVILLE PROJECT – GOLD RESOURCE DEVELOPMENT**

*Maximus 90-100% (Larkinville 75%)*

The Company continued to focus on converting the five Mineral Resource estimates (Eagles Nest, Larkinville, 5B, Hilditch and Redback) 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.

A Mining Lease Application has been submitted for M15/1896, Eagles Nest South, 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 Oz of gold in a JORC 2012 Mineral Resource Estimate.

Discussions have commenced with the Native Title Claimant group as part of the Mining Lease approval process.

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

Project	Tonnes	Au g/t	Oz
<b>Eagles Nest</b>			
<b>Main Lode*</b>	662,400	1.95	41,550
<b>FW Zone*</b>	17,500	1.89	1,050
<b>Larkinvile**</b>	119,700	3.02	11,600
<b>5B</b>	75,300	3.07	7,700
<b>Redback***</b>	441,200	3.02	42,900
<b>Hilditch</b>	132,000	1.77	7,480
<b>Total</b>	<b>1,448,100</b>	<b>2.41</b>	<b>112,280</b>

**Table 1:** Spargoville Project Mineral Resource inventory.

*Note: Figures have been rounded and hence may not add up exactly to the given totals. Note Resources are inclusive of Reserves reported at 0 g/t cut off.*

*\*Top cut of 6 g/t has been applied*

*\*\*Reported at 1.0 g/t cut off*

*\*\*\*Reported at 0.5 g/t cut off*

## SPARGOVILLE PROJECT – GOLD EXPLORATION

Maximus 90%-100% (Larkinvile 75%)

Following the success of the review of the Sub Audio Magnetic (SAM) Survey conducted immediately to the north of the Wattle Dam Pit, the Company commissioned a further survey on the area immediately south of the historic Wattle Dam open pit. The SAM survey was completed late in September 2019, and the data was interpreted during the December quarter. The resultant data was analysed by the Company's exploration team to generate drill targets.

### Corporate

Mr Kevin Malaxos resigned as Managing Director of the Company effective 30 November 2019 after 9 years. Mr Malaxos became a Non-executive director on 1 December 2019.

Mr Martin Janes was appointed as Non-executive Director of the Company on 1 August 2019.

Ms Leigh McClusky resigned as a Non-executive Director of the Company on 1 August 2019 after 9 years on the Board.

During the 2020 financial year, the following securities were issued:

- 2,270,477 unlisted options with an exercise price of \$0.11 and expiration date of 8 January 2022 were issued to sophisticated and professional investors on 7 January 2020 following approval by shareholders at the Annual General Meeting of the Company. The options were issued to the sophisticated and professional investors who participated in the placement on 3 May 2019. The options were issued for nil consideration.
- 8,703,801 ordinary shares were issued to sophisticated and professional investors on 26 February 2020. The shares were offered at an issue price of \$0.039 per share raising \$339,448.
- 5,677,136 ordinary shares were issued to shareholders who participated in the Entitlement Issue on 18 May 2020. The shares were offered at an issue price of \$0.03 per share raising \$170,314.
- 37,841,868 ordinary shares were issued to sophisticated and professional investors who participated in the shortfall arising from the Entitlement Issue on 27 May 2020. The shares were offered at an issue price of \$0.03 per share raising \$1,135,257.

The impact of COVID-19 on the Company has been as follows:

- The Company intended to undertake a fully underwritten entitlement issue at \$0.039 per ordinary share which did not proceed due to the significant decline in capital markets during March 2020.
- Deferment of exploration activities.

### 3. Significant changes in the state of affairs

During the year the Group sold Burbanks Mill as the Board decided to focus the Company's future on exploration development on the Spargoville tenements. The Burbanks Mill operations are considered a discontinued operation for the Group.

Other than noted above, there have been no significant changes in the above state of affairs from the 2019 financial year to 2020.

#### 4. Events arising since the end of the reporting period

Mr Timothy Wither was appointed Managing Director of the Company on 10 August 2020.

Mr Steven Zaninovich was appointed as a Non-Executive Director of the Company on 14 July 2020.

During September 2020, the Company agreed to enter into a placement to raise \$3.0 million to sophisticated and professional investors. The placement is subject to shareholder approval at the General Meeting of the Company to be held on 14 October 2020. The placement will result in 31,578,947 ordinary shares being issued at a price of \$0.095 per share. The Directors of the Company have committed to subscribe for an additional 1,894,737 shares to raise \$180,000. The allotment to Directors will be subject to shareholder approval at the next Annual General Meeting.

On the 14 October 2020 the Company is scheduled to hold a General Meeting of shareholders to ratify the issue of listed options to shareholders who participated in the placement on 26 February 2020, entitlement issue on 17 May 2020 and shortfall allocation on 27 May 2020. The General Meeting also includes ratifying the issue of 6,000,000 listed options to the Company's corporate advisors. Should all resolutions relating to the issue of options be voted for, the Company will issue 23,407,690 listed options with an exercise price of \$0.11 expiring on 7 January 2022.

There has been no other transaction or event of a material or unusual nature that has arisen in the interval between the end of the financial year and the date of this report that is likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

#### 5. Future business developments, prospects and business strategies

The Company is poised to progress from a pure explorer to a producer in the near future, subject to continued exploration success being achieved. The Spargoville tenements have presented several advanced gold exploration targets. The Company plans to pursue the gold potential of the Spargoville tenements.

In addition to exploration on the Spargoville tenements, the Company intends to continue to review potential gold projects and advanced exploration targets held by other companies or individuals, to build upon the exploration asset base at Spargoville and grow future gold resources. These additional 3rd party targets may be acquired or accessed through joint ventures or other agreements.

#### 6. Environmental regulation

The Company's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to discharge of hazardous waste and materials arising from any exploration or mining activities and development conducted by the Company on any of its tenements. The Company believes it is not in breach of any environmental obligation.

#### Information on directors

**Gerard Anderson** **Assoc. Applied Geology Grad Dip Bus MSc**  
*Acting Non-executive Chairman*

##### **Experience and expertise**

A director since 1 November 2018, Gerard is a geologist with 43 years' experience in exploration, mine and resource geology principally in iron ore, gold and base metals. Gerard's senior management positions have included as Exploration Superintendent Boddington Gold Mine, Chief Geologist Bronzewing Gold Mine, Chief Geologist Kalgoorlie Consolidated Gold Mines, General Manager Golden Grove Operations, General Manager Newmont Joint Ventures and as Managing Director of Croesus Mining Limited, Centrex Metals Limited, Archer Exploration Limited and as of March 2018, Woomera Mining Limited.

In addition to his geology qualifications Gerard has completed a post graduate degree in Business and a Masters in Mineral Economics.

##### **Other current directorships (listed entities)**

Mr Anderson is the Managing Director of Woomera Mining Limited

##### **Former directorships in the last 3 years (listed entities)**

Nil

##### **Special responsibilities**

Acting Chairman of the Board (from 1 December 2018)

##### **Interests in shares and options**

28,840 ordinary shares in Maximus Resources Limited.

**Timothy James Wither MBA, BSc, GDip, GradDipNatRs, GAICD, MAusIMM**  
*Managing Director (Appointed 10 August 2020)*

**Experience and expertise**

Mr Wither has over 18 years in the resource industry both domestically and internationally, with key involvement in development of several greenfield base metal projects in Australia, India, Africa and South America. Mr Wither has held senior executive and strategic leadership roles. Mr Wither is a graduate of the Australian Institute of Company Directors, holds a Master of Business Administration from Curtin's Graduate School of Business (CGSB), Graduate Diploma in Mining (WASM) and Bachelor of Sciences in Mine Engineering, Surveying (WASM) and currently a candidate for Masters of Commercial and Resources Law at the University of Western Australia.

Mr Wither is a member of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy.

**Other current directorships (listed entities)**

Symbol Mining Limited

**Former directorships in the last 3 years (listed entities)**

Nil

**Special responsibilities**

Managing Director

**Interests in shares and options**

Nil

**Martin Simon Janes BEc GAICD**

*Non-executive Director (Appointed 1 August 2019)*

**Experience and expertise**

Martin is a mining executive with over 28 years' experience. Until recently Martin was Chief Executive Officer of Terramin Australia Limited (ASX: TZN) a position he commenced in June 2013 having been that company's CFO from August 2006 to December 2010. Martin was previously employed by ASX listed uranium company Toro Energy Limited (ASX: TOE) (May 2011 to October 2012) where he held the position of General Manager – Marketing & Project Finance. Martin has a strong finance background and specialty covering equity, debt & related project financing tools and commodity off-take negotiation. While employed by Newmont Australia (previously Normandy Mining) his major responsibilities included corporate & project finance, treasury management, asset sales and product offtake management. Martin has a Bachelor of Economics and is member of the Australian Institute of Company Directors.

**Other current directorships (listed entities)**

Nil

**Former directorships in the last 3 years (listed entities)**

Mr Janes was previously a Non-Executive Director of Havilah Resources Limited (January 2019 to October 2019), Twenty Seven Co Limited (from October 2014 to April 2019) and Resource Base Limited (from January 2016 to August 2018).

**Special responsibilities**

Chair of the Audit, Risk & Corporate Governance Committee.

**Interests in shares and options**

400,000 ordinary shares in Maximus Resources Limited.

**Steven Evan Zaninovich B.Eng**

*Non-executive Director (Appointed 14 July 2020)*

**Other current directorships (listed entities)**

Canyon Resources Limited  
Indiana Resources Limited  
Sarama Resources Limited

**Former directorships in the last 3 years (listed entities)**

Nil

**Special responsibilities**

Member of the Audit, Risk & Corporate Governance Committee.

**Interests in shares and options**

Nil

**Kevin John Malaxos BSc Mining Engineering**

*Non-executive Director*

**Experience and expertise**

A director since 13 December 2010, Mr Malaxos has 30 years' experience in the resources sector in senior management and executive roles across a suite of commodities including gold, nickel, iron ore, silver, lead, zinc and chromium. He has managed surface and underground mining operations and brings a wealth of experience in project evaluation and development, project approval and Government liaison.

Mr Malaxos' previous roles include CEO for Mt Gibson Mining (MGX) and COO of listed iron ore developer Centrex Metals Limited (CXM), where he was responsible for project development, project approvals and community and government consultation.

**Other current directorships (listed entities)**

Mr Malaxos is the Managing Director of Alliance Resources Limited (from 1 December 2019)

**Former directorships in the last 3 years (listed entities)**

Nil

**Special responsibilities**

Managing Director to 30 November 2020.

**Interests in shares and options**

217,392 ordinary shares in Maximus Resources Limited.

**Leigh Carol McClusky**

*Non-executive Director (resigned 1 August 2019)*

**Experience and expertise**

Appointed as a director on 1 September 2010, Ms McClusky is the Managing Director of the McCo GROUP, a strategic communications company with offices in Adelaide, Melbourne and Geelong.

After more than 30 years in key media roles across Melbourne, Sydney and Adelaide, Ms McClusky now works closely with a range of organisations and industries to develop proactive communication campaigns and to deflect potentially damaging impacts on corporate reputations. Her role also includes stakeholder engagement and management, client advocacy and crisis communications.

**Other current directorships (listed entities)**

Nil

**Former directorships in the last 3 years (listed entities)**

Nil

**Special responsibilities**

Member of the Audit, Risk & Corporate Governance Committee.

**Interests in shares, options and rights**

69,038 ordinary shares in Maximus Resources Limited.

**Company Secretary**

**Rajita Alwis LLB B.Com, CA**

*(Appointed 17 December 2019)*

**Experience and expertise**

Ms Alwis has over 20 years experience in the accounting profession. She is a Chartered Accountant and holds a double degree in Commerce and Law. Ms Alwis has provided company secretarial and CFO services to a number of ASX listed companies. She is highly experienced in governance, financial reporting and corporate compliance. Ms Alwis has been a member of Chartered Accountants Australia and New Zealand for over 15 years and regularly conducts workshops for the CA Program which covers corporate governance, ethics, corporate social responsibility and business finance.

**Justin Nelson LLB BA, (Jur)**

*(Resigned 17 December 2019)*

**Experience and expertise**

Mr Nelson has extensive experience in the listed company environment through his former role as the ASX's SA State Manager and Manager Listings (Adelaide). An expert in corporate governance procedures, ASX Listing Rules and company meeting practice.



### Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full meetings of directors		Audit & Risk Committee meetings	
	A	B	A	B
Gerard Anderson	12	12	3	3
Kevin Malaxos	12	12	3	3
Martin Janes	11	11	3	3
Leigh McClusky	1	1	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

### Indemnification and insurance of officers

The Company has entered into deeds of indemnity with each director whereby, to the extent permitted by the *Corporations Act 2001*, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company is required to indemnify the directors and other officers of the Company against any liabilities incurred by the directors and officers that may arise from their position as directors and officers of the Company. No costs were incurred during the year pursuant to this indemnity.

### Insurance premiums

Since the end of the previous year, the Company has paid insurance premiums to insure the directors and officers in respect of directors' and officers' liability and legal expenses insurance contracts.

### Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### Non-audit services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Fees for non-audit services paid or payable to the external auditors or its related practices during the year ended 30 June 2020 was \$5,400 (2019: \$5,400).

## Remuneration report – audited

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Voting and comments made at the Company's 2019 Annual General Meeting
- C Details of remuneration
- D Service agreements
- E Share-based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### **A. Principles used to determine the nature and amount of remuneration**

The Company's policy for determining the nature and amounts of emoluments of board members and other key management personnel of the Company is as follows:

The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors has been set at \$300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors. The remuneration of the Managing Director is determined by the non-executive directors on the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive director remuneration is by way of fees and statutory superannuation contributions. Non-executive directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of the Company given the nature of the Company's business as a junior listed mineral exploration entity and the current status of its activities. However, the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Incentive Rights Plan approved by shareholders that enables the Board to offer eligible employees rights to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, rights to acquire ordinary fully paid shares at no cost may be offered to the Company's eligible employees as determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as a long-term incentive to achieve greater success and profitability for the Company and to maximise the long-term performance of the Company.

The employment conditions of the Managing Director were formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Director's contract may be terminated at any time by mutual agreement and in instances of serious misconduct the Company may terminate his agreement without notice.

No remuneration consultants were engaged for the year ending 30 June 2020.

### **B. Voting and comments made at the Company's 2019 Annual General Meeting**

At the Company's last Annual General Meeting, there were no comments or queries on the remuneration report. However, 48.42 per cent of shareholders who casted their votes voted against the remuneration report, constituting a first strike.

### **C. Details of remuneration**

This report details the nature and amount of remuneration for each key management person of the Company.

The names and positions held by directors and key management personnel of the Company during the financial year are:

- Mr G Anderson – Acting Chairman, Director, non-executive
- Mr K J Malaxos – Managing Director to 30 November 2019 and non-executive from 1 December 2019
- Mr M S Janes – Director, non-executive (appointed 1 August 2019)
- Ms L C McClusky – Director, non-executive (resigned 1 August 2019)
- Ms R S Alwis – Company Secretary (appointed 17 December 2019)
- Mr J P Nelson – Company Secretary (resigned 17 December 2019)

**Key management personnel and other executives of the Company**

2020

Name	Short-term employee benefits			Post-employment benefits	Long-term employee benefits	Share-based payments		Total
	Fees \$	Salary \$	Annual leave accrued \$	Superannuation \$	Long service leave accrued \$	Options \$	Rights \$	
Gerard Anderson	50,000	-	-	-	-	-	-	50,000
Kevin J Malaxos	29,167	102,782	930	9,941	-	-	-	142,820
Martin S Janes	45,833	-	-	-	-	-	-	45,833
Leigh C McClusky	4,542	-	-	-	-	-	-	4,542
Rajita S Alwis	43,320	-	-	-	-	-	-	43,320
Justin P Nelson	13,790	-	-	-	-	-	-	13,790
<b>Total key management personnel compensation</b>	<b>186,652</b>	<b>102,782</b>	<b>930</b>	<b>9,941</b>	-	-	-	<b>300,305</b>

Mr Malaxos stood down as Managing Director on 30 November 2019. Remuneration relating to Mr Malaxos as a Managing Director was \$113,653. From 1 December 2019 Mr Malaxos was a non-executive Director of the Company and was entitled to non-executive director fees of \$29,167.

Ms Alwis is engaged under a service contract with Alwis & Alwis Pty Ltd. During the year, fees paid or payable for service provided by Ms Alwis was \$43,320.

Mr Nelson was engaged under a service contract with DMAW Lawyers Pty Ltd. During the year, fees paid or payable for services provided by Mr Nelson was \$15,000.

**Key management personnel and other executives of the Company**

2019

Name	Short-term employee benefits			Post-employment benefits	Long-term employee benefits	Share-based payments		Total
	Fees \$	Salary \$	Annual leave accrued \$	Superannuation \$	Long service leave accrued \$	Options \$	Rights \$	
Kevin J Malaxos	-	395,519***	19,314	23,858	6,274	-	-	444,965
Gerard Anderson*	-	-	-	-	-	-	-	-
Leigh C McClusky*	-	-	-	-	-	-	-	-
Ewan J Vickery*	-	-	-	-	-	-	-	-
Nicholas J Smart	-	-	-	-	-	-	-	-
Justin Nelson**	30,000	-	-	-	-	-	-	30,000
<b>Total key management personnel compensation</b>	<b>30,000</b>	<b>395,519</b>	<b>19,314</b>	<b>23,858</b>	<b>6,274</b>	-	-	<b>474,965</b>

\* The Directors suspended directors' fees from 1 April 2017 to 30 June 2019 to preserve cash for operational purposes.

\*\*Mr Nelson was engaged under a service contract with DMAW Lawyers Pty Ltd. During the year, fees were paid or payable for services provided by Mr Nelson was \$30,000.

\*\*\*Mr Malaxos did not receive a salary from April 2017 to October 2017 to preserve cash for operational purposes. The Directors resolved to back pay the unpaid salary of \$144,377 during 2019 financial year.

Name	2020					
	Fixed remuneration		At risk - STI*		At risk - LTI**	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Kevin John Malaxos	100	100	-	-	-	-

\* Short-term incentives (STI) include cash incentive payments (bonuses) linked to Company and/or individual performance.

\*\* Long-term incentives (LTI) include equity grants issued via the Company's Employee Share Option and Incentive Rights Plans. This plan is designed to provide long-term incentives for executives to deliver long-term shareholder returns.

#### D. Service agreements

The Board negotiated a contract with Mr Malaxos with no fixed term at a salary of \$275,000 per annum inclusive of superannuation guarantee contributions to be reviewed annually and with termination on three months' notice. Mr Malaxos resigned as Managing Director effective 30 November 2019.

All Non-executive Directors were engaged as directors with formal agreements per the ASX Corporate Governance Principles and Recommendations Third Edition.

#### E. Share-based compensation

##### Incentive rights

The Company has an Employee Incentive Rights Plan approved by shareholders that enables the Board to offer eligible employees rights to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, rights to acquire ordinary fully paid shares at no cost may be offered to the Company's eligible employees as determined by the Board in accordance with the terms and conditions of the Plan. No rights were issued during the year.

##### Options granted as remuneration

No options were granted during the year.

##### Shares issued on exercise of remuneration options

No shares were issued to directors as a result of the exercise of remuneration options during the financial year.

##### Directors' interests in shares and options

##### (i) Option holdings

No director of Maximus Resources Limited or other key management personnel of the Company, including their personally related parties, have been issued or held options during the year ended 30 June 2019 or 2020.

##### (ii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Maximus Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below.

#### 2020

Name	Balance at the start of the year	Received as compensation	Acquired / (disposed)	Ceased	Balance at the end of the year
KJ Malaxos	400,001	-	(182,609)	-	217,392
G Anderson	14,420	-	14,420	-	28,840
M S Janes*	-	-	400,000	-	400,000
L C McClusky**	69,038	-	-	(69,038)	-

\*Appointed 1 August 2019

\*\*Resigned 1 August 2019

#### 2019

Name	Balance at the start of the year	Received as compensation	Consolidation Adjustment	Ceased	Balance at the end of the year
KJ Malaxos	46,000,000	-	(45,599,999)	-	400,001
G Anderson	1,658,300	-	(1,643,880)	-	14,420
L C McClusky	7,939,338	-	(7,870,300)	-	69,038
E J Vickery *	42,500,003	-	(42,130,437)	(369,566)	-
N J Smart **	37,500	-	(37,173)	(327)	-

\*Resigned 30 November 2018

\*\*Resigned 24 August 2018

**F. Transactions with key management personnel**

The following transactions occurred with related parties:

During the year ended 30 June 2020, Gerard Anderson loaned the Company \$40,000. The loan was interest bearing at 8%pa and was required to be repaid upon completion of a successful capital raise. The loan was fully repaid on 4 June 2020 with interest of \$970.31.

During the year ended 30 June 2018, Mrs G Malaxos, spouse of Mr Kevin Malaxos, loaned the Company \$40,000. The loan was interest bearing at 6%pa and was required to be repaid upon completion of a successful capital raise. The loan was settled on 30 October 2019 with interest of \$5,227.21.

During the year ended 30 June 2020, McClusky & Co Pty Ltd, of which Ms Leigh McClusky is a director, provided office space for the head office. The amount paid for office and rental costs totalled \$24,000 excluding GST. The office space is leased on a month to month basis.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Shares under option**

At the date of this report the Company had 1,270,000 unlisted options on issue. (2019: nil)

**END OF AUDITED REMUNERATION REPORT**

**Auditors independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

This report is signed and dated in Adelaide on this 30<sup>th</sup> day of September 2020 and made in accordance with a resolution of the directors.



Gerard Anderson  
Director

## 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 audit of Maximus Resources Limited for the year ended 30 June 2020, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B K Wundersitz  
Partner – Audit & Assurance

Adelaide, 30 September 2020

**Maximus Resources Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

		<b>Consolidated</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
	Notes		
<b>Revenue</b>			
Gold Sales - Spargoville		-	6,806
<b>Other income</b>			
Gain on debt forgiveness	4	-	712,613
Other income	4	63,650	319
<b>Expenses</b>			
Compliance expenses	5	(149,621)	(154,614)
Consulting expenses	5	(104,515)	(150,670)
Depreciation expense		(439)	(662)
Doubtful debts expense	8	(322,099)	-
Employee expenses		(143,021)	(501,473)
Legal expenses		(36,257)	(74,386)
Marketing expenses	5	(4,107)	(5,146)
Finance expense		(14,386)	(11,900)
Exploration expenditure written off	5	(40,629)	(161,426)
Other expenses	5	(19,899)	(61,194)
<b>(Loss) before income tax</b>		<b>(771,323)</b>	<b>(401,733)</b>
Income tax expense	6	-	-
<b>Loss for the year from continuing operations</b>		<b>(771,323)</b>	<b>(401,733)</b>
Profit/(Loss) for the year from discontinued operations	10	2,023,717	(1,705,550)
<b>Profit/(Loss) for the year</b>		<b>1,252,394</b>	<b>(2,107,283)</b>
<b>Other comprehensive income for the year (net of tax)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>1,252,394</b>	<b>(2,107,283)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>	26		
Basic earnings/(loss) per share			
- From continuing operations		(1.84)	(1.38)
- From discontinued operations		4.83	(5.84)
Total basic earnings per share		2.99	(7.22)
Diluted earnings/(loss) per share			
- From continuing operations		(1.84)	(1.38)
- From discontinued operations		4.58	(5.84)
		2.74	(7.22)

This statement should be read in conjunction with the notes to the financial statements.

**Maximus Resources Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2020**

		<b>Consolidated</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	801,108	160,682
Trade and other receivables	8	-	366,597
Assets included in disposal group classified as held for sale	10	-	3,518,250
Other current assets	9	12,326	35,023
Total current assets		813,434	4,080,552
<b>Non-current assets</b>			
Plant and equipment	11	-	439
Exploration and evaluation	12	3,224,379	2,775,089
Total non-current assets		3,224,379	2,775,528
<b>Total assets</b>		4,037,813	6,856,080
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	254,973	1,981,722
Financial liabilities	16	-	2,850,101
Liabilities included in disposal group classified as held for sale	10	-	928,981
Provisions	14	5,109	126,476
Total current liabilities		260,082	5,887,280
<b>Non-current liabilities</b>			
Provisions	15	1,045	1,045
Total non-current liabilities		1,045	1,045
<b>Total liabilities</b>		261,127	5,888,325
<b>Net assets</b>		3,776,686	967,755
<b>EQUITY</b>			
Contributed equity	17	42,451,894	40,895,357
Accumulated losses	18	(38,675,208)	(39,927,602)
<b>Total equity</b>		3,776,686	967,755

This statement should be read in conjunction with the notes to the financial statements.



**Maximus Resources Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2020**

Consolidated	Notes	Contributed equity \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>		40,895,357	(39,927,602)	967,755
<b>Total comprehensive profit for the year:</b>				
Profit for the year			1,252,394	1,252,394
Other comprehensive income			-	-
		40,895,357	(38,675,208)	2,220,149
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity	17	1,645,019	-	1,645,019
Transaction costs		(88,482)	-	(88,482)
Balance at 30 June 2020		42,451,894	(38,675,208)	3,776,686
<b>Balance at 1 July 2018</b>		40,325,309	(37,820,319)	2,504,990
<b>Total comprehensive loss for the year:</b>				
(Loss) for the year		-	(2,107,283)	(2,107,283)
Other comprehensive income		-	-	-
		-	(2,107,283)	(2,107,283)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity	17	612,880	-	612,880
Transaction costs		(42,832)	-	(42,832)
Balance at 30 June 2019		40,895,357	(39,927,602)	967,755

This statement should be read in conjunction with the notes to the financial statements.

**Maximus Resources Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2020**

		<b>Consolidated</b>	
		<b>30 June</b>	30 June
		<b>2020</b>	2019
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		63,650	6,806
Payments to suppliers and employees		(556,090)	(885,469)
Interest received		-	319
Interest paid		(18,856)	(6,085)
Net cash from continuing operations		(511,296)	(884,429)
Net cash (used in) discontinued operations	10	(1,989,570)	(1,036,068)
<b>Net cash (outflows)/inflows from operating activities</b>	25	(2,500,866)	(1,920,497)
<b>Cash flows from investing activities</b>			
Proceeds from sale of Burbanks mill	10	5,200,000	-
Payments for exploration and evaluation		(536,048)	(251,972)
<b>Net cash inflows/(outflows) from investing activities</b>		4,663,952	(267,692)
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities		1,645,000	612,880
Proceeds from options to purchase Burbanks mill		-	2,750,000
Payment of financial liabilities		(86,197)	-
Repayment of funds to parties not finalising acquisition of Burbanks Mill		(2,993,000)	-
Repayment of Ramelius Resources loan		-	(1,000,000)
Transaction costs associated with equity issues		(88,463)	(42,832)
<b>Net cash (outflows)/inflows from financing activities</b>		(1,522,660)	2,320,048
<b>Net increase in cash and cash equivalents</b>		640,426	131,859
Cash and cash equivalents at the beginning of the financial year		160,682	28,823
<b>Cash and cash equivalents at the end of the financial year</b>	7	801,108	160,682

This statement should be read in conjunction with the notes to the financial statements.

## 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Maximus Resources Limited and its subsidiaries.

### a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Maximus Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of the Maximus Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRSs ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

#### (ii) Historical cost convention

These financial statements have been prepared on an accrual basis, under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

#### (iii) Critical accounting estimates

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### (iv) New accounting standards adopted in the current year

##### AASB 16 Leases

AASB 16 superseded AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease and became effective for reporting periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Accordingly, the Group applied AASB 16 for the first time for period ended 31 December 2019.

AASB 16 Leases became effective for the period beginning on or after 1 January 2019. Accordingly, the Group applied AASB 16 for the first time for the interim period 31 December 2019. Changes to the Group's accounting policies arising from these standards are summarised below.

Total operating lease commitments to 30 June 2020 was \$nil as the Group currently leases its office space on a month by month contractual basis. As a result, the leases held by the satisfied the relevant criteria of a short-term lease under AASB 16, therefore this standard has no impact on the Group.

### Going concern

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

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

The Company generated a profit of \$1,252,394 (2019: \$2,107,283 loss) with positive operating and investing cashflows of \$2,163,086 due to the sale of the Burbanks Mill.

The Company and consolidated entity's ability to operate as a going concern is contingent upon obtaining additional capital. Post balance date the Company agreed to enter into a placement to raise \$3.0 million to sophisticated and professional investors. The placement is subject to shareholder approval at the General Meeting of the Company to be held on 14 October 2020.

If the Company is not able to secure additional capital then the going concern basis of accounting may not be appropriate. As a result, the Company may have to realise its assets to extinguish its liabilities, other than in the ordinary course of business in amounts which could be different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

**b) Basis of consolidation**

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June 2020.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

**c) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of services is recognised upon the delivery of the service to the customer. The Group recognises contract liabilities when consideration is received in respect to unsatisfied performance obligations.

Revenue from the sale of gold is measured at fair value of the consideration received or receivable. Revenue is recognised when gold is delivered to the buyer.

Interest revenue is recognised using the effective interest rate method.

Grant income from the Australian Taxation Office is measured at fair value of the consideration received or receivable. Grant income is recognised as income based on the lodgement period.

**d) Employee Benefits**

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds (2019: government bonds) that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

**e) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

**f) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of

assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Company and its subsidiaries are not part of a consolidated tax group.

***AASB Interpretation 23 Uncertainty over Income Tax Treatment***

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Company considered whether it had any uncertain tax positions. The interpretation did not have an impact on the consolidated financial statements of the Company.

**g) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**h) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount

equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group has assessed the impact of the impairment model and no adjustment was required in Group's financial statements.

**j) Investments and other financial assets**

***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

***Measurement***

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

***Impairment***

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is evidence of impairment for any of the Company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit or loss and other comprehensive income.

***Provision for restoration and rehabilitation***

The Company assesses the mill restoration and rehabilitation provision in accordance with accounting policies. Significant judgement is required in determining the provision for restoration and rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mill site. The estimate of future costs therefore requires management to make assessment of the future restoration and rehabilitation date, future environmental legislation, changes in regulations, price increases, changes in discount rates, the extent of restoration and rehabilitation activities and future removal technologies. When these factors change and become known in the future, such differences will impact the restoration and rehabilitation provision in the period in which they change or become known. At each reporting date, the rehabilitation and restoration provision is remeasured to reflect any of these changes.

**k) Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

***Plant and equipment***

Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets' carrying amount or recognised as separate assets as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

***Depreciation***

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for plant & equipment range from 12.5% to 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount note 1(f).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

#### **l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **m) Earnings per share (EPS)**

##### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

##### *(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### **n) Exploration and evaluation expenditure**

Exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the end of each reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

#### **o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.



**p) Comparative figures**

Comparative figures are adjusted to conform to Accounting Standards when required.

**q) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**r) Profit or loss from discontinued operations**

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group constituting the discontinued operation.

**s) Current assets and liabilities classified as held for sale and discontinued operations**

Current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

**t) Key estimates**

The preparation of the financial statements requires management to make estimates and judgments. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

***Impairment***

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

***Exploration and Evaluation***

The Company's policy for exploration and evaluation is discussed in Note 1(n). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the statement of profit or loss and other comprehensive income.

**u) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group:**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

***Conceptual Framework for Financial Reporting (Conceptual Framework)***

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

## **2 Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity



risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, the use of financial instruments and investment of excess liquidity.

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The Company holds the following financial instruments:

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020 \$</b>	<b>2019 \$</b>
<b>Financial assets</b>		
Cash and cash equivalents	801,108	160,682
Trade and other receivables	-	366,597
	<u>801,108</u>	<u>527,279</u>
<b>Financial liabilities</b>		
Trade and other payables	254,973	1,981,722
Financial liabilities – current	-	2,850,101
	<u>254,973</u>	<u>4,831,823</u>

**(a) Market risk**

*(i) Price risk*

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from foreign exchange or interest rate risk). The Company is not exposed to any material price risk.

*(i) Cash flow and fair value interest rate risk*

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted interest rates on classes of financial assets and financial liabilities. Interest rate risk is managed by the Company with the use of rolling short-term deposits.

The Company has no long term financial liabilities upon which it pays interest.

As at the end of the reporting period, Maximus Resources Limited had the following variable rate cash and cash equivalent holdings:

	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Weighted</b>	<b>Balance</b>	<b>Weighted</b>	<b>Balance</b>
	<b>average</b>	<b>\$</b>	<b>average</b>	<b>\$</b>
	<b>interest rate</b>		<b>interest</b>	
	<b>%</b>		<b>rate %</b>	
Cash and cash equivalents	<b>1.00</b>	<u><b>801,108</b></u>	1.95	<u>160,682</u>
Net exposure to cashflow interest rate		<u><b>801,108</b></u>		<u>160,682</u>

## 2 Financial risk management (cont)

### *Interest rate sensitivity analysis*

At 30 June 2020, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Carrying amount \$	Interest rate risk			
		Increase 2%		Decrease 2%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>30 June 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	801,108	32	32	(32)	(32)
<b>Total increase/ (decrease)</b>		<b>32</b>	<b>32</b>	<b>(32)</b>	<b>(32)</b>
	Carrying amount \$	Increase 2%		Decrease 2%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>30 June 2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	160,682	34	34	(34)	(34)
<b>Total increase/ (decrease)</b>		<b>34</b>	<b>34</b>	<b>(34)</b>	<b>(34)</b>

### (b) Credit risk

Credit risk is the risk of default by borrowers and transactional counterparties as well as the loss of value of assets due to deterioration in credit quality. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

### (c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in settling its debts or otherwise meeting its obligations. The Company manages liquidity risk by monitoring cash flows and ensuring that adequate funds are available to meet cash demands.

The table summarise the maturity profile of the Company's financial liabilities as of 30 June 2020 and 2019 based on contractual undiscounted payments.

	30 June 2020			
	< 1 year	1 to < 2years	2 to < 3 years	Total
Trade Creditors	160,078	-	-	160,078
Accruals	94,895	-	-	94,895
Financial liabilities	-	-	-	-
	254,973	-	-	254,973

	30 June 2019			
	< 1 year	1 to < 2years	2 to < 3 years	Total
Trade Creditors	1,951,506	-	-	1,951,506
Accruals	83,174	-	-	83,174
Financial liabilities	750,000	2,100,101	-	2,850,101
	2,784,680	2,100,101	-	4,884,781

### 3 Segment information

#### (a) Description of segments

##### Identification of reportable segments

Management has determined the operating segments based on the reports reviewed and used by Managing Director (the chief operating decision maker) are used to make strategic decisions. The Group is managed primarily on the basis of geographical area of interest, since the diversification of the Group operations inherently has 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

##### Accounting policies developed

Unless stated otherwise, all amounts reported to the Managing Director 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 the Group. The operations of the Burbanks mill were classified as a discontinued operation during the 2019 year and are therefore are not disclosed as a separate segment.

2020	Exploration	Total
	\$	\$
<b>Segment revenue</b>	-	-
<b>Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>(40,629)</b>	<b>(40,629)</b>
<b>Segment asset for the period ended 30 June 2020</b>	<b>3,224,379</b>	<b>3,224,379</b>
Capital expenditure	489,917	489,917
Impairment	(40,629)	(40,629)
<b>Total movement for the year</b>	<b>449,288</b>	<b>(449,288)</b>
Total segment assets		3,224,379
Unallocated assets		813,434
<b>Total assets</b>		<b>4,037,813</b>

### 3. Segment Information (cont)

2019	Exploration \$	Total \$
	\$	\$
<b>Segment revenue</b>	6,806	
<b>Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	154,620	154,620
Impairment	161,426	161,426
<b>Segment assets</b>	<u>2,775,089</u>	<u>2,775,089</u>
Capital expenditure	313,573	313,573
Impairment	<u>(161,426)</u>	<u>(161,426)</u>
<b>Total movement for the year</b>	<u>152,147</u>	<u>(161,426)</u>
Total segment assets		2,775,089
Unallocated assets		<u>4,080,991</u>
<b>Total assets</b>		<u>6,856,080</u>

### 4. Other income

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
ATO cashflow boost stimulus	62,500	-
Gain on debt forgiveness	-	712,613
	<u>62,500</u>	<u>712,613</u>

During the year the Company was entitled to \$62,500 from the Australian Taxation Office in relation to the COVID-19 small business cashflow boost.

During the 2019 year, the Company negotiated with Ramelius Resource Limited ("Ramelius") the repayment of its outstanding debt of \$1,712,613. Ramelius agreed to a payment of \$1,000,000 to finalise the outstanding amount owing for the purchase of Eastern Goldfields Milling Services Pty Ltd if payment was received by no later than 30 June 2019. The Company paid \$1,000,000 to Ramelius during April 2019. This payment resulted in Ramelius forgiving \$712,613 of the debt.

Interest received	<u>1,150</u>	319
	<u>1,150</u>	<u>319</u>

### 5. Expenses

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
<b>Other</b>		
Short term lease expenses	19,086	30,045
Other costs	<u>813</u>	<u>31,149</u>
	<u>19,899</u>	<u>61,194</u>

	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
<b>Consulting expenses</b>		
Tax agent fees	5,400	5,400
Company secretarial and accounting services	99,115	145,270
	<b>104,515</b>	<b>150,670</b>
<b>Compliance expenses</b>		
Share registry fees	37,785	49,460
ASX fees	28,193	20,824
Audit Fees	52,327	54,936
Insurance	24,870	20,525
Other compliance expenses	6,446	8,869
	<b>149,621</b>	<b>154,614</b>
<b>Marketing</b>		
Marketing and promotion	4,107	5,146
	<b>4,107</b>	<b>5,146</b>
<b>Exploration expenses</b>		
General exploration expenditure written off	-	1,530
Capitalised exploration expenditure impaired	40,629	159,896
	<b>40,629</b>	<b>161,426</b>

## 6. Income Tax Expense

	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
<b>(a) Income tax expense:</b>		
Current tax	-	-
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(453,694)	(401,733)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(124,766)	(110,477)
<i>Tax effect of amounts which are not deductible (assessable) in calculating taxable income:</i>		
Temporary differences not brought to account	124,766	110,477
Income tax expense	-	-

A deferred tax asset (DTA) has not been recognised in respect of temporary differences as they do not meet the recognition criteria as outlined in Note 1(f) of the financial statements. A DTA has not been recognised in respect of tax losses either as realisation of the benefit is not regarded as probable.

The Company has unrecognised DTAs of \$8,385,070 (2019: \$8,260,304) that are available indefinitely for offset against future taxable profits.

The tax rates applicable to each potential tax benefit are as follows:

- timing differences – 27.5%
- tax losses – 27.5%

## 7. Current assets - Cash and cash equivalents

	Consolidated 30 June 2020 \$	30 June 2019 \$
Cash at bank and in hand	784,108	143,682
Term deposits	17,000	17,000
	<u>801,108</u>	<u>160,682</u>

### (a) Risk exposure

The Company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

## 8. Current assets - Trade and other receivables

	Consolidated 30 June 2020 \$	30 June 2019 \$
<b>Net trade receivables</b>		
Trade and other receivables	322,099	366,597
Provision for doubtful debts	(322,099)	-
	<u>-</u>	<u>366,597</u>

Trade and other receivables is an outstanding amount from Lloyd George Mining Pty Ltd for milling charges relating to a toll treatment campaign at the Burbanks mill during June 2019. This amount has been outstanding since July 2019 and the Company commenced legal recovery action during the year. As the amount has been outstanding for over 12 months, the Company has booked a provision against this total amount.

## 9. Current assets - Other current assets

	Consolidated 30 June 2020 \$	30 June 2019 \$
Prepayments	12,326	35,023
	<u>12,326</u>	<u>35,023</u>

## 10. Disposal group classified as held for sale and discontinued operations

During the 2019 financial year, management decided to discontinue operations at the Burbanks Mill, in line with its strategy to focus on the Company's exploration assets. Consequently, assets and liabilities allocated to Burbanks were reclassified as a disposal group. Revenue and expenses in relation to the discontinuation of this subgroup have been eliminated from profit and loss from the Group's continuing operations and are shown as a single line item in the statement of profit or loss.

In September 2019, the Burbanks Mill was sold for \$5.2 million cash to Mineral Ventures Pty Ltd.

Operating losses of the Burbanks Mill until the date of disposal and the profit or loss from re-measurement and disposal of assets and liabilities classified as held for sale are summarised as follows:

	30 June 2020	30 June 2019
	\$	\$
Revenue - milling	-	2,890,674
Other income	<b>94,299</b>	35,296
Total income	<b>94,299</b>	2,925,970
<b>Cost of sales</b>		
Milling expenses - consumables	<b>72,938</b>	1,441,146
Crushing expenses	<b>5,052</b>	736,730
Leaching expenses	-	347,904
Laboratory expenses	<b>2,315</b>	84,393
Gold room expenses	<b>6,448</b>	67,859
Tailings Dam expenses	<b>58</b>	60,284
Employee expenses	<b>223,684</b>	1,268,706
Insurance expenses	<b>8,045</b>	54,889
Depreciation	<b>489</b>	211,362
Licence fees	<b>166</b>	1,507
Legal fees	<b>186,173</b>	114,407
Travel expenses	-	11,814
Other mill expenses	<b>98,693</b>	160,370
Total cost of sales	<b>604,061</b>	4,561,371
Operating loss	<b>(509,762)</b>	(1,635,401)
Profit from sale of plant & equipment (including restoration/rehabilitation provision)	<b>2,537,949</b>	-
Finance costs	<b>(4,470)</b>	(70,149)
Profit/(loss) from discontinued operations before tax	<b>2,023,717</b>	(1,705,550)
Tax expense	-	-
Profit/(Loss) for the year from discontinued operations	<b>2,023,717</b>	(1,705,550)

The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

	30 June 2020	30 June 2019
<b>Current assets</b>		
Property, plant and equipment	-	3,498,875
Inventories - consumables	-	19,375
Assets classified as held for sale	-	3,518,250
<b>Current liabilities</b>		
Provisions – employee entitlements (Mill staff)	-	52,778
Provisions – restoration/rehabilitation	-	876,203
Liabilities classified as held for sale	-	928,981

Cashflows used by Burbanks Mill for the reporting periods under review until its disposal are as follows:

	<b>30 June 2020</b>	30 June 2019
		\$
Operating activities	<b>(1,989,570)</b>	(1,036,068)
Investing activities	<b>5,200,000</b>	-
Cashflows from/(used in) discontinued operations	<b>3,210,430</b>	(1,036,068)

## 11. Plant and equipment

<b>Consolidated</b>	<b>Other plant and equipment \$</b>	<b>Burbanks plant &amp; equipment \$</b>	<b>Burbanks Office equipment and furniture \$</b>	<b>Total \$</b>
<b>At 30 June 2020</b>				
Cost or fair value	1,101	-	-	1,101
Accumulated depreciation	(662)	-	-	(662)
Net book amount	439	-	-	439
<b>Year ended 30 June 2020</b>				
Opening net book amount	439	-	-	439
Assets scrapped	-	-	-	-
Asset purchases	-	-	-	-
Depreciation charge	439	-	-	439
Assets held for sale included in disposal group	-	-	-	-
Closing net book amount	-	-	-	-
<b>At 30 June 2020</b>				
Cost or fair value	1,101	-	-	1,101
Accumulated depreciation	(1,101)	-	-	(1,101)
Net book amount	-	-	-	-
<b>Consolidated</b>	<b>Other plant and equipment \$</b>	<b>Burbanks plant &amp; equipment \$</b>	<b>Burbanks Office equipment and furniture \$</b>	<b>Total \$</b>
<b>At 30 June 2019</b>				
Cost or fair value	22,222	4,200,364	24,356	4,246,942
Accumulated depreciation	(21,121)	(225,379)	(2,846)	(249,346)
Net book amount	1,101	3,974,985	21,510	3,997,596
<b>Year ended 30 June 2020</b>				
Opening net book amount	1,101	3,974,985	21,510	3,997,596
Assets scrapped	-	(301,878)	-	(301,878)
Asset purchases	-	15,720	-	15,720
Depreciation charge	(662)	(208,528)	(2,934)	(173,840)
Assets held for sale included in disposal group	-	(3,480,299)	(18,576)	(3,498,875)
Closing net book amount	439	-	-	439



**At 30 June 2020**

Cost or fair value	22,222	-	-	22,222
Accumulated depreciation	(21,783)	-	-	(21,783)
Net book amount	<b>439</b>	-	-	<b>439</b>

**12. Non-current assets - Exploration and evaluation**

	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2020</b>	2019
<i>Exploration and evaluation</i>		
<b>Movement:</b>		
Opening balance	<b>2,775,089</b>	2,622,942
Expenditure incurred	<b>489,919</b>	313,573
Impairment of capitalised expenditure	<b>(40,629)</b>	(161,426)
Closing balance	<b>3,224,379</b>	2,775,089

**13. Current liabilities - Trade and other payables**

	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Trade payables	<b>160,078</b>	1,674,984
Other payables and accruals	<b>94,895</b>	306,738
	<b>254,973</b>	1,981,722

**14. Current liabilities – Provisions**

	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Provision – Employee benefits	<b>5,109</b>	126,476
	<b>5,109</b>	126,476
Opening current liabilities provisions at 1 July 2019		126,476
Employee benefits paid out		(121,367)
Closing current liabilities provisions at 30 June 2020		5,109

## 15. Non-current liabilities – Provisions

	<b>Consolidated</b> <b>30 June</b> <b>2020</b> <b>\$</b>	<b>30 June</b> <b>2019</b> <b>\$</b>
Provision – Employee benefits	<b>1,045</b>	1,045
	<b>1,045</b>	1,045

## 16. Current liabilities – Financial liabilities

	<b>Consolidated</b> <b>30 June</b> <b>2020</b> <b>\$</b>	<b>30 June</b> <b>2019</b> <b>\$</b>
Loans from related parties (refer to note 23)	-	100,101
Financial Liability – Burbanks Mill sale proceeds (a)	-	2,750,000
	-	2,850,101

- (a) During the year ended 30 June 2019, the Company entered into negotiations with various parties to sell the Burbanks Mill. During December 2018 the Company signed a Binding Term Sheet with GBF Mining Pty Ltd (GBF) for a 12 month lease of the Burbanks Mill, commencing in March 2019 or earlier, plus an option to acquire 50% of the equity in the Company's wholly owned subsidiary, EGMS. GBF paid lease option fees totalling \$750,000 to the Company. During April 2019 the Company terminated the agreement with GBF. This amount was fully repaid to GBF following sale of the Burbanks Mill to Mineral Ventures Pty Ltd in September 2019.

On 4 April 2019 the Company entered into agreement with Adaman Resources Ltd (Adaman) to sell 100% of the Burbanks Mill for \$5.8 million, with adjustments for major component defects identified during due diligence. The agreement with Adaman included an immediate payment of \$2,000,000. The amount was fully repaid to Adaman during September 2019 following sale of the Burbanks Mill to Mineral Ventures Pty Ltd.

## 17. Contributed equity

		Consolidated 30 June 2020	30 June 2019	Consolidated 30 June 2020	30 June 2019
<b>(a) Share capital</b>				\$	\$
Ordinary shares Fully paid		<b>87,083,009</b>	34,815,204	<b>42,451,894</b>	40,895,357
<b>(b) Movements in ordinary share capital:</b>					
Date	Details	Number of shares	Issue price	\$	
1 July 2018	Opening balance	3,177,304,940		40,325,309	
6 September 2018	Issue of Shares - placement	304,095,000	\$0.001	304,095	
20 December 2018	Consolidation (1:115) <sup>1</sup>	(3,451,122,692)	-	-	
3 May 2019	Issue of Shares – placement	4,540,956	\$0.068	308,785	
				612,880	
	Less: Transaction costs arising on share issues			(42,832)	
<b>30 June 2019</b>	<b>Balance</b>	34,815,204		40,895,357	
26 February 2020	Issue of Shares - placement	8,703,801	\$0.039	339,448	
18 May 2020	Issue of Shares – Entitlement Issue	5,677,136	\$0.030	170,314	
27 May 2020	Issue of Shares – Shortfall Shares	37,841,868	\$0.030	1,135,257	
				1,645,019	
	Less: Transaction costs arising on share issues			(88,482)	
<b>30 June 2020</b>	<b>Balance</b>	87,038,009		42,451,894	

<sup>1</sup> At the Company's Annual General Meeting held on 30 November 2018, the shareholders agreed to consolidate the capital in the Company on the basis that every 115 shares be consolidated into 1 share, and where the consolidation results in a fraction of a share being held, the fraction is rounded up to the nearest whole share. The consolidation of capital was completed on 10 December 2018 reducing the number of ordinary shares on issue by 3,451,122,692 to 30,274,248 ordinary shares on issue.

### (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

At shareholders' meetings, on a show of hands every holder of ordinary shares present in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### (d) Options and rights

There were no options and rights issued during the 2019 and 2020 year in relation to the Maximus Resources Limited Employee Share Option and Incentive Rights Plans.

**(e) Capital risk management**

The Company has no debt which has externally imposed capital requirements.

The Company's debt and capital includes ordinary share capital, supported by property, plant and equipment.

Management effectively manages the Company's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

**18. Accumulated losses**

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Retained Earnings</i>		
Balance 1 July	<b>(39,926,602)</b>	(37,820,319)
Net profit/(loss) for the year	<b>1,252,394</b>	(2,107,283)
	<hr/>	<hr/>
Balance 30 June	<b>(38,675,208)</b>	(39,927,602)

**19. Key management personnel disclosures**

**(a) Key management personnel compensation**

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<b>290,364</b>	444,833
Post-employment benefits	<b>9,941</b>	30,132
Termination benefits	<b>-</b>	-
	<hr/>	<hr/>
	<b>300,305</b>	474,965

Detailed remuneration disclosures and interests held by key management personnel are provided in sections A to E of the remuneration report, within the Directors Report.

**(b) Transactions with key management personnel**

The following transactions occurred with related parties:

During the year ended 30 June 2020, Gerard Anderson loaned the Company \$40,000. The loan was interest bearing at 8%pa and was required to be repaid upon completion of a successful capital raise. The loan and was fully repaid on 4 June 2020 with interest of \$970.31.

During the year ended 30 June 2018, Mrs G Malaxos, spouse of Mr Kevin Malaxos, loaned the Company \$40,000. The loan was interest bearing at 6%pa and was required to be repaid upon completion of a successful capital raise. The loan was settled on 30 October 2019 with interest of \$5,227.21.

During the year ended 30 June 2020, McClusky & Co Pty Ltd, of which Ms Leigh McClusky is a director provided office space for the head office. The amount paid for office and rental costs totalled \$24,000 excluding GST. The office space is leased on a month to month basis.

## 20. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
<b>Grant Thornton</b>		
Audit and review of financial reports	<b>49,434</b>	54,936
Taxation Services	<b>5,400</b>	5,400
	<hr/>	<hr/>
Total auditors' remuneration	<b>54,834</b>	60,336

## 21. Contingencies

### (a) Contingent liabilities

The Company's wholly-owned subsidiary, Eastern Goldfields Milling Services Pty Ltd (EGMS) is currently undertaking an arbitration process to determine the final amount payable for a recovered gold reconciliation relating to the Burbanks operations. During the year EGMS paid the gold in circuit reconciled and agreed, however this amount may vary depending on the outcome of the arbitration process.

The Group had no other known contingent liabilities as at 30 June 2020 (2019: \$NIL).

### (b) Contingent assets

The majority of the Adelaide Hills tenement package consisting of 5 tenements, including the Bird in Hand Gold project was sold to Terramin Australia Limited ("Terramin") in 2013. The consideration included the following contingent payments from Terramin:

- \$1,000,000 payable upon approval of a Program for Environmental Protection and Rehabilitation; and
- \$1,000,000 payable upon commencement of bullion production.

Maximus is also entitled to a 0.5% royalty payable upon bullion production in excess of 50,000 ozs.

The Flushing Meadows tenement package was sold to Orex Mining Pty Ltd (now Yandal Resources Ltd) in October 2010. Maximus is entitled to a gold royalty in respect of gold produced from any part of the tenement area of \$40 per ounce on the first 50,000 ounces of gold generated, with the first \$200,000 to be pre-paid upon commencement of gold production and \$20 per ounce of gold produced in excess of 50,000 ounces and less than 150,000 ounces to a maximum of \$4 million royalty revenue being received by Maximus. Additionally, there is a 3% net smelter return for any gold by-products or co-products from the tenement area.

## 22. Commitments

### Commitments for exploration and joint venture expenditure

In order to maintain current rights of tenure to exploration tenements the Company is required to outlay amounts of approximately \$1,133,300 (2019: \$1,299,020) to keep these in good standing during the remaining lease tenure.

## 23. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2020 %	2019 %
MXR Minerals Pty Ltd	Australia	Ordinary	100	100
Eastern Goldfields Milling Services Pty Ltd	Australia	Ordinary	100	100

## 24. Events occurring after the reporting period

Mr Timothy Wither was appointed Managing Director of the Company on 10 August 2020.

Mr Steven Zaninovich was appointed as a Non-Executive Director of the Company on 14 July 2020.

During September 2020, the Company agreed to enter into a placement to raise \$3.0 million to sophisticated and professional investors. The placement is subject to shareholder approval at the General Meeting of the Company to be held on 14 October 2020. The placement will result in 31,578,947 ordinary shares being issued at a price of \$0.095 per share. The Directors of the Company have committed to subscribe for an additional 1,894,737 shares to raise \$180,000. The allotment to Directors will be subject to shareholder approval at the next Annual General Meeting.

On the 14 October 2020 the Company is scheduled to hold a General Meeting of shareholders to ratify the issue of listed options to shareholders who participated in the placement on 26 February 2020, entitlement issue on 17 May 2020 and shortfall allocation on 27 May 2020. The General Meeting also includes ratifying the issue of 6,000,000 listed options to the Company's corporate advisors. Should all resolutions relating to the issue of options be voted for, the Company will issue 23,407,690 listed options with an exercise price of \$0.11 expiring on 7 January 2022.

There has been no other transaction or event of a material or unusual nature that has arisen in the interval between the end of the financial year and the date of this report that is likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

There are no other events or circumstances that have occurred subsequent to the end of the reporting period that have or will significantly affect the operations of the Group.

## 25. Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	30 June 2020 \$	30 June 2019 \$
Profit/(Loss) for the year	1,252,394	(2,107,283)
Depreciation	439	169,085
Impairment of capitalised exploration expenditure	40,629	161,426
Gain on debt forgiveness	-	(712,613)
Profit from sale of mill	(2,537,949)	-
<i>Change in operating assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	366,597	(23,610)
Decrease/(increase) in other operating assets	225,140	357,027
(Decrease)/increase in trade and other payables	(1,726,749)	131,905
(Decrease)/increase in provisions	(121,367)	103,566
Net cash (outflow)/inflow from operating activities	(2,500,866)	(1,920,497)

## 26. Earnings per share

	30 June 2020	30 June 2019
Loss from continuing operations attributable to the ordinary equity holders	<b>(771,323)</b>	(401,733)
Profit/(Loss) from discontinued operations attributable to the ordinary equity holders	<b>2,023,717</b>	(1,705,550)
<b>(a) Basic earnings per share</b>		
Weighted average number of ordinary shares outstanding during the year used to calculate basic earnings per share	<b>41,886,091</b>	29,197,915
Basic earnings per share (cents) – continuing operations	<b>(1.84)</b>	(1.38)
Basic earnings per share (cents) – discontinued operations	<b>4.83</b>	(5.84)
Total Basic earnings per share (cents)	<b>2.99</b>	(7.22)
<b>(b) Diluted earnings per share</b>		
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<b>44,156,568</b>	29,197,915
Diluted earnings per share (cents) – continuing operations	<b>(1.84)</b>	(1.38)
Diluted earnings per share (cents) – discontinued operations	<b>4.58</b>	(5.84)
Total diluted earnings per share (cents)	<b>2.74</b>	(7.22)

## 27. Parent Entity

<b>Statement of financial position</b>	<b>Parent</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current Assets	795,024	42,335
Non-current Assets	1,495,876	4,511,465
<b>Total Assets</b>	<b>2,290,900</b>	<b>4,553,800</b>
Current Liabilities	219,258	3,585,000
Non-Current Liabilities	1,045	1,045
<b>Total Liabilities</b>	<b>220,303</b>	<b>3,586,045</b>
<b>Net Assets</b>	<b>2,070,597</b>	<b>967,755</b>
Shareholder's Equity		
Contributed Equity	42,451,894	40,895,358
Retained Losses	(40,381,297)	(39,927,603)
<b>Capital and reserves attributable to owners</b>	<b>2,070,597</b>	<b>967,755</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss for the year	(453,694)	(401,733)
Other comprehensive income		
<b>Total comprehensive income</b>	<b>(453,694)</b>	<b>(401,733)</b>

## Parent Entity Contingencies

### Contingent liabilities

The parent entity had no known contingent liabilities as at 30 June 2020 (2019: \$NIL).

### Contingent assets

The majority of the Adelaide Hills tenement package consisting of 5 tenements, including the Bird in Hand Gold project was sold to Terramin Australia Limited ("Terramin") in 2013. The consideration included the following contingent payments from Terramin:

- \$1,000,000 payable upon approval of a Program for Environmental Protection and Rehabilitation; and
- \$1,000,000 payable upon commencement of bullion production.

Maximus is also entitled to a 0.5% royalty payable upon bullion production in excess of 50,000 ozs.

The Flushing Meadows tenement package was sold to Orex Mining Pty Ltd (now Yandal Resources Ltd) in October 2010. Maximus is entitled to a gold royalty in respect of gold produced from any part of the tenement area of \$40 per ounce on the first 50,000 ounces of gold generated, with the first \$200,000 to be pre-paid upon commencement of gold production and \$20 per ounce of gold produced in excess of 50,000 ounces and less than 150,000 ounces to a maximum of \$4 million royalty revenue being received by Maximus. Additionally, there is a 3% net smelter return for any gold by-products or co-products from the tenement area.

## Parent Entity Commitments

### (a) Commitments for exploration

In order to maintain current rights of tenure to exploration tenements the Company is required to outlay amounts of approximately \$1,133,300 (2019: \$1,299,020) to keep these in good standing during the remaining lease tenure.



In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 13 to 38 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of their performance for the financial 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
- (c) the financial statements comply with International Financial Reporting Standards as confirmed in note 1(a).

The directors have been given the declarations by the Managing Director and Company Secretary required by section 295A of the *Corporations Act 2001*.

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



Gerard Anderson  
Director

Adelaide  
30 September 2020

# Independent Auditor's Report

## To the Members of Maximus Resources Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Maximus Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 1a) in the financial report, which indicates that the Group incurred a net loss from continuing operations of \$771,323 and a cash outflow from operating (from continuing operations) and investing activities (after removing the impact of sale proceeds), of \$3,036,914 during the year ended 30 June 2020. As stated in Note 1a), these events or conditions, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Exploration and evaluation assets - Notes 1n), 1t) and 12</b>	
<p>At 30 June 2020 the carrying value of exploration and evaluation assets was \$3,224,379.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• obtaining management's reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li> <li>• reviewing management's area of interest considerations against AASB 6;</li> <li>• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> <li>– tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;</li> <li>– enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;</li> <li>– understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;</li> </ul> </li> <li>• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;</li> <li>• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and</li> <li>• assessing the appropriateness of the related financial statement disclosures.</li> </ul>

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's Directors report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Maximus Resources Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B K Wundersitz  
Partner – Audit & Assurance

Adelaide, 30 September 2020