

# **MAXIMUS RESOURCES LIMITED**

## **QUARTERLY REPORT**

### **PERIOD ENDING 30 September 2019**

## **SUMMARY**

### **CORPORATE**

- Sale Agreement for sale of Burbanks Gold Treatment Plant completed with Mineral Ventures Pty Ltd. Funds for total sale value of \$5.2 million received during the quarter
- Toll Milling Agreement signed with Mineral Ventures Pty Ltd securing 2 years access to Burbanks Gold Treatment Plant at 60,000 tonne per annum.
- All loans relating to Burbanks plant sale negotiations have been repaid.
- Arbitration ongoing with Empire Resources Ltd regarding claim for additional gold in circuit
- New exploration program commenced at Wattle Dam
- Currently assessing an international poly metallic project

### **WESTERN AUSTRALIA**

#### **BURBANKS GOLD TREATMENT PLANT**

- Plant remained on standby during the quarter pending the sale

#### **SPARGOVILLE GOLD PROJECT**

- Exploration recommenced at Wattle Dam.
- High Priority Wattle Dam Type Targets identified immediately along strike from Wattle Dam Gold Mine.
- Detailed ground geophysics completed with data being analysed to identify targets for follow-up drilling. Drilling approvals received for priority targets identified from previous SAM survey.



**Figure 1:** Maximus Project Location Map

# EXPLORATION AND PRODUCTION ACTIVITIES

## WESTERN AUSTRALIA

### BURBANKS GOLD TREATMENT PLANT

*Maximus 100%*

The plant remained on stand-by throughout the quarter awaiting its sale.

A skeleton crew of personnel remained onsite ensuring for security and to ensure equipment remained serviceable.

The primary crusher access ramp that failed in January remains unserviceable and is currently being assessed as part of an insurance claim.

### SPARGOVILLE PROJECT – GOLD RESOURCE DEVELOPMENT

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

Exploration recommenced during the quarter.

The Company continued to focus on converting the five Mineral Resource estimates to Reserve category. Following economic analysis of each project, permitting requirements and project development scheduling can be evaluated, which will determine potential future mine development sequencing.

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

Project	Tonnes	Aug/t	Ozs
<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>Larkinville</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 2:** Spargoville Project Mineral Resource inventory.

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 Ozs of gold in a JORC 2012 Compliant Mineral Resource Estimate, with high metallurgical recoveries reported. (MXR ASX Announcement dated 21/02/2017 titled "Increased Gold Resource at Eagles Nest Project in Western Australia" and MXR ASX Announcement dated 24/02/2017 titled "Excellent Metallurgical Results for Eagles Nest gold ore").

Due to the sustained high gold price of >\$2000 AUD, the development of the Eagles Nest Deposit has become a priority for the Company's Mineral Resource Development Plan.

## SPARGOVILLE PROJECT – GOLD EXPLORATION

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

Field exploration activities commenced during the quarter.

The Company's has acquired data from a Sub Audio Magnetic (SAM) Survey conducted immediately to the north of the Wattle Dam Pit.

SAM geophysical surveys are a ground based electrical survey that measures two separate output responses: Total Magnetic Intensity (TMI) which measures the magnetic response of the underlying rocks, and Equivalent Magnetometric Resistivity (EQMMR) which measure the pseudo magnetic response when electrified. SAM is a patented technique useful in locating shears associated with shear hosted gold deposits, detecting strong conductors, as well as detecting more subtle conductors associated with disseminated sulphides

Interpretation of this data has highlighted several target areas to the north of Wattle Dam, semi coincident with the trace of the Spargoville Shear Zone, which hosts the Wattle Dam Gold Mine (See Figure 2). Whilst some exploration drilling has been conducted in this area, the Company considers this drilling to be simple, wide spaced traverses of untargeted drilling, and that this coverage may be inadequate to detect a short strike length, Wattle Dam Style Target. The SAM data targets add credibility to the S13 target described in the March Quarterly Report, dated 31 March 2019.

The Company recently commissioned a further SAM survey on the area immediately south of the Wattle Dam pit, based upon the success of the previous SAM survey in identify drill targets. The additional SAM survey was successfully completed late in the quarter and the data is currently being finalised ahead of interpretation and drill target generation.

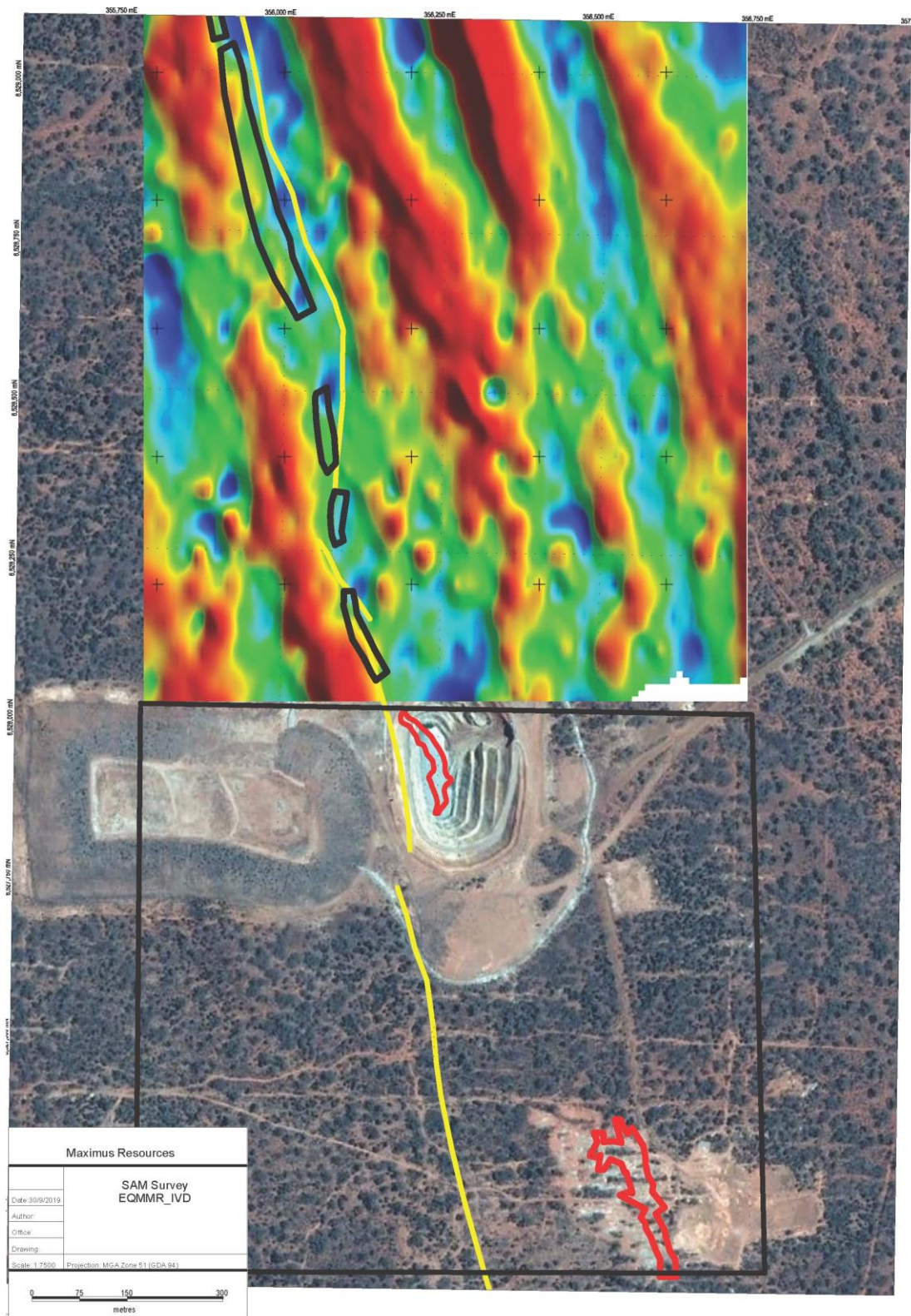


Figure 2: Equivalent Magnetometric Resistivity, First Vertical Derivative Image, displaying trace of Spargoville Shear Zone (yellow) Wattle Dam upper, and Redback lower Orebody surface projections, (red), identified target areas (black polygons north of the open pit) and proposed (now completed) Southern SAM Survey (black)



## SPARGOVILLE PROJECT – NICKEL EXPLORATION

*Maximus 80%-90%*

No field work was conducted during the quarter.

### Future Activities

Maximus proposes a Fixed Loop Electro Magnetic (FLEM) and Induced Polarisation (IP) geophysical survey along the length of the WDC-21 conductor and outcropping gossan. The resultant surveys are expected to provide detailed data to pinpoint drillhole collars to test all anomalies. Drilling of identified conductors may then proceed to determine the potential for nickel mineralisation.

This program has been planned and is expected to be completed during the December quarter, with drilling beneath Nickel bearing surface gossans and coincident basement conductors to follow.

## SPARGOVILLE PROJECT – MT MARION SOUTH LITHIUM PROJECT

*Maximus 75% up to 100%*

The Company continues to seek JV partners to advance its lithium assets at Spargoville.

## YANDAL PROJECT – FLUSHING MEADOWS GOLD RESOURCE

*Maximus royalty capped at \$4M*

The Yandal Project (also known as Ironstone Well) is currently being progressed by Yandal Resources Ltd, formally Orex Mining Pty Ltd (Orex) and is proposing to develop the Flushing Meadows gold project in which Maximus retains a \$40 per ounce royalty interest.

The Royalty Agreement is in respect of granted Mining Lease M53/1093, which hosts the Flushing Meadows Resource and adjacent exploration licences E53/1963 and E53/1964, collectively the tenement area.

The royalty obligation by Yandal Resources to Maximus is:

- a) \$40 per ounce on the first 50,000 ounces of gold from the tenement area. Yandal (formally held by Orex) must prepay the first \$200,000 of royalties (representing the first 5,000 ounces of gold production) upon commencement of gold production from all or any part of the tenement area; and
- b) \$20 per ounce for gold in excess of 50,000 ounces and less than 150,000 ounces in respect of gold from the tenement area.

Additionally, there is a 3% net smelter return royalty for any gold by-product or co-product from the tenement area.

The Maximus Royalty is a capped royalty and is satisfied once there is 150,000 ounces of gold produced from any part of the tenement area resulting in a \$4,000,000 royalty being returned to Maximus.

The Flushing Meadows Mineral Resource Estimate was prepared in 2007 and stands at *1.549 million tonnes at 1.6 g/t gold for 81,000 ounces*. An updated Mineral Resource for the Flushing Meadows Gold Deposit announced by Yandal Resources (Initial Mineral Resource-Flushing Meadows Gold Deposit, ASX announcement 24 September 2019) **is 4.6 million tonnes @ 1.29g/t for 190,000 ounces**.

Yandal Resources have announced an ongoing strategy to expand the Flushing Meadows Gold Deposit even further, as mineralisation in open, particularly at depth. Additional drilling is also proposed at the Oblique and Quarter Moon prospects to assess the potential to define additional Mineral Resources.

## CANEGRASS PROJECT – CANEGRASS VANADIUM MINERAL RESOURCE

*Maximus 2% Net Smelter Royalty*

No work was reported during the Quarter. Maximus Resources Limited is entitled to a 2% NSR for all minerals produced from the Project.

The current Canegrass Vanadium Mineral Resource Estimate is 79 million tonnes at 0.64% V<sub>2</sub>O<sub>5</sub>, and has been estimated according to the JORC 2012 Code.

## SOUTH AUSTRALIA

### ADELAIDE HILLS PROJECT

*Maximus \$2 million contingent payments plus Gold Royalty*

During the previous quarter, Terramin announced that the Mining Lease Application (MLA) has been submitted to the South Australian Department for Energy and Mining for the Bird-in-Hand Gold Project (Terramin Australia, announcement to the Australian Securities Exchange, 25/06/2019).

The Bird in Hand Gold Project has a resource of 588,000 tonnes at 13.3g/t for 252,000 ounces of gold. When production commences, Bird in Hand will be one of the highest grade gold mines in Australia, with an expected 6 year mine life (Terramin Australia, announcements to the Australian Securities Exchange, 30/05/2018 and CEO Presentation - AGM 30 May 2018).

Maximus will receive the second stage cash payment of \$1 million upon the approval of a Program for Environmental Protection and Rehabilitation (PEPR). This approval is subsequent to the grant of the Mining Lease.

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

Maximus then receives an ongoing 0.5% royalty payable on bullion production in excess of the first 50,000ozs.

While the Bird in Hand Gold Project has a resource 252,000 ounces of gold, Terramin considers there is good potential for further extension of the Bird in Hand orebody and for discoveries at the nearby historical high grade gold mines located within the MLA area. The Maximus royalty is uncapped.

## CORPORATE

Maximus advised shareholders in April 2019 that an agreement was reached for the sale of the Burbanks gold treatment plant (Burbanks) in WA's Coolgardie region to Perth based private company Adaman Resources Ltd. The negotiations extended over several months but were not able to be completed after 4 months and several missed milestone dates. Discussions ceased in September and an alternate buyer secured for Burbanks.

The subsequent Sale Agreement to Mineral Ventures Pty Ltd secured \$5.2 million for Burbanks. An initial payment of \$2.8 million was received from Mineral Ventures in mid-September, with the remaining \$2.4 million received on 30 September.

In conjunction with the Asset Sale Agreement, Maximus secured a minimum of 2 years Toll milling capacity at Burbanks of up to 5,000 tonnes per month from initial activation within 12 months from Completion of the Sale Agreement. 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.

Maximus discharged all liabilities to the previous intended purchaser, SMS Innovation (A subsidiary of Adaman Resources) during the quarter.

This transaction represents significant opportunities for Maximus including;

- Substantial funding at bank to pursue our WA exploration programs and project acquisitions,

- Secures milling capacity for the Company for a up to 2 years, and
- Clears all existing agreed financial liabilities to creditors.

A resolution to the dispute with Empire Resources remains outstanding, following the cessation of milling activities on 21 December 2017. The parties agreed to arbitration in an effort to finalise the dispute. This process commenced in March, with the appointment of an arbitrator. The process is ongoing with the claimant being requested to provide additional information to substantiate its claim. Empire submitted a substitute Statement of Claim late in the quarter and is being assessed by the Arbitrator. Maximus continues to dispute the validity of the claim. The board of Maximus determined that, despite continuing to dispute the validity of the Empire claim, it should satisfy the undisputed portion of the claim. This significantly smaller undisputed component of the overall Empire claim is the final reconciled payment less outstanding milling charges. This payment is scheduled to be made during the December quarter. This action may not result in Empire terminating the claim for additional gold from the milling campaign in 2017, but it will clear the outstanding debts from Eastern Goldfields Milling accounts.

During the quarter, Maximus continues to access additional project opportunities. It is currently in the process of reviewing an overseas polymetallic project.

Kevin Malaxos  
Managing Director  
30<sup>th</sup> October 2019

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

Further information regarding Maximus Resources Limited can be found on the company website: [www.maximusresources.com](http://www.maximusresources.com)



# MAXIMUS RESOURCES LIMITED - TENEMENT SCHEDULE

Tenement Number	Tenement Name	Registered Holder/Applicant	Maximus Resources interest30/06/19
<b>WESTERN AUSTRALIA</b>			
<b>SPARGOVILLE PROJECT</b>			
M15/1475	Eagles Nest	Maximus Resources Ltd	100.00%
M15/1896	Eagles Nest South	Maximus Resources Ltd	100.00%
L15/128	Kambalda West	Tychean Resources Ltd	100.00%
L15/255	Kambalda West	Tychean Resources Ltd	100.00%
M15/395	Kambalda West	Tychean Resources Ltd	100.00%
M15/703	Kambalda West	Tychean Resources Ltd	100.00%
M15/1448	Hilditch	Maximus Resources Ltd & Bullabulling Pty Ltd	90.00%
M15/1449	Larkinville	Maximus Resources Ltd & Pioneer Resources Ltd	75.00%
P15/5912	Larkinville	Maximus Resources Ltd & Pioneer Resources Ltd	75.00%
M15/97	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/99	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/100	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/101	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/102	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/653	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/1271	North Widgie	Apollo Phoenix Resources Pty Ltd	0.00%
M15/1101	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1263	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1264	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1323	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1338	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1474	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1769	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1770	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1771	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1772	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1773	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1774	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1775	Wattle Dam	Maximus Resources Ltd	100.00%
M15/1776	Wattle Dam	Maximus Resources Ltd	100.00%

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**BURBANKS PROJECT**

G15/10	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/11	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/12	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/13	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
G15/25	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/109	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/110	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/189	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/234	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
L15/284	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
M15/1273	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
M15/1369	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%
M15/1370	Burbanks	Eastern Goldfields Milling Services Pty Ltd	100.00%

## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

#### Name of entity

MAXIMUS RESOURCES LIMITED

#### ABN

74 111 977 354

#### Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers			
- Burbanks – Milling Sales		-	
- Gold/Silver sales		90	90
1.2 Payments for			
(a) exploration & evaluation		(133)	(133)
(b) development		-	
(c) production		-	
(d) staff costs		(80)	(80)
(e) administration and corporate costs		(91)	(91)
1.3 Dividends received (see note 3)		-	
1.4 Interest received		-	
1.5 Interest and other costs of finance paid		(14)	(14)
1.6 Income taxes paid			
1.7 Research and development refunds			
1.8 Other (provide details if material)			
- Burbanks operating costs		(896)	(896)
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,124)</b>	<b>(1,124)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	5,200	5,200
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets (Lithium Rights)	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other		
	- GST on sale of Burbanks Mill	520	520
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>5,720</b>	<b>5,720</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings - Adaman	500	500
3.6	Repayment of borrowings - Adaman	(2,518)	(2,518)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
	- Repayment of option fee (GBF)	(975)	(975)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(2,993)</b>	<b>(2,993)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	161	161
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,124)	(1,124)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5,720	5,720
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,993)	(2,993)
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,764</b>	<b>1,764</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,747	144
5.2	Call deposits	17	17
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,764</b>	<b>161</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	76
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of \$69k to Mr Malaxos which relates to payment of salaries.

Payment of \$7k to McClusky & Co Pty Ltd which relates to rental payment of office space. McClusky & Co Pty Ltd is a related party of Ms McClusky.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)		-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	200
9.2 Development	-
9.3 Production	-
9.4 Staff costs	70
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>320</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				



10.2	Interests in mining tenements and petroleum tenements acquired or increased				
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### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Managing Director)

Date: 30 October 2019

Print name: Kevin Malaxos

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.