Maximus Resources Limited
ABN 74 111 977 354

Financial report
for the Half-Year ended 31 December 2020

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Financial report - 31 December 2020

Contents

These financial statements cover the consolidated financial statements for 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, incorporated and domiciled in Australia. The registered office and principal place of business is:

Maximus Resources Limited
Suite 12, 198 Greenhill Road
Eastwood SA 5063

The financial statements were authorised for issue by the Directors 16 March 2021. The Directors have the power to amend and reissue the financial statements.

Directors' report

Your Directors present their report on the consolidated entity consisting of Maximus Resources Limited (the Company) and the entities it controlled (the Group) at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of Maximus Resources Limited during the whole of the half-year and up to the date of this report:

Gerard Anderson (Acting Non-Executive Chairman)
Timothy J Wither (Managing Director) – appointed 10 August 2020
Martin S Janes (Non-Executive Director)
Steven E Zaninovich (Non-Executive Director) – appointed 13 July 2020
Kevin J Malaxos (Non-Executive Director) - resigned 30 November 2020

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations and Financial Results

The net result of operations of the Group for the half year was a loss of $649,337 (2019: $1,754,064 profit). The loss from continuing operations was $542,321 (2019: $316,658) and the loss from discontinued operations was $107,016 (2019: $2,070,722 profit). The Group reported a profit in the 2019 following the sale of the Burbanks Processing Facility for $5,200,000 in September 2019.

The net assets of the Group have increased by $2,552,986 during the half year from $3,776,686 at 30 June 2020 to $6,329,672 at 31 December 2020. This increase is due to the Group completing a capital raise for $3,180,000 (before costs) during the half year to accelerate exploration on the Spargoville project.

Operations Review

The Company's Spargoville projects are located 20km from Kambalda, Western Australia's premier gold and nickel mining district.

The Company holds 48 sq km of tenements and a further 60 sq km in gold rights across the fertile Spargoville Shear Zone, which hosted the very high-grade Wattle Dam Gold Mine. Mined until 2012, Wattle Dam was one of Australia's highest-grade gold mines producing ~286,000oz @ 10.1g/t gold.

In addition to its gold prospects, the Company's Spargoville tenements are highly prospective for Kambalda-style komatiite-hosted nickel sulfide mineralisation. A near contiguous belt of nickel deposits extends from Mincor Resources Limited's (ASX:MCR) Cassini nickel deposit to the northern extent of the Maximus tenement package, including Maximus' Wattle Dam East and Hilditch Nickel Prospects.

The Company's short-term strategy is aimed at building value, by increasing gold resources and expanding the Company's future development options centered around the existing underground infrastructure at Wattle Dam Gold Mine.

REDBACK GOLD DEPOSIT - GOLD

The Redback Gold Deposit with a JORC compliant (2012) inferred resource of 440,000t @ 3.0g/t Au for 42,900oz (See announcement 11 April 2017), is located with the greater Wattle Dam Area, approximately 600 metres south-southeast of the Wattle Dam Gold Mine (figure 1).

Local geology at Redback is similar to that observed at Wattle Dam Gold Mine with visible gold mineralisation hosted within deformed ultramafic lithologies (komatiite). The high-grade gold mineralisation often occurs proximal to the contacts between felsic intrusives, the ultramafic intrusives and interflow metasediments.

A ~2,500m Redback Diamond Drilling programme has been completed, with assay results to be provided as received. Redback forms a central part of a short-term strategy aimed at building value by increasing the gold resource at Redback and expanding the Company's future development options, centered around the existing underground infrastructure at Wattle Dam Gold Mine.

Subsequent to 31 December 2020, assay results for the first three diamond drill holes were received and the initial hole of the Redback Linking Structure (see ASX announcement dated 15 February 2021). All drill holes intersected gold mineralisation. Significant gold intercepts included:

- **16.3m @ 9.3 g/t Au** from 229m (RBDD003) incl. 5.5m @ 6.7g/t Au from 229.5m and **5.8m @ 17.9 g/t Au** from 240m, incl 1m @ 48.4 g/t Au from 240m
- **2.0m @ 10.1 g/t Au** from 258m (RBDD003) incl. 1m @ 15.1g/t
- 13.0m @ 1.9 g/t Au from 232m (RBDD002) incl. 2.0m @ 6.9g/t Au

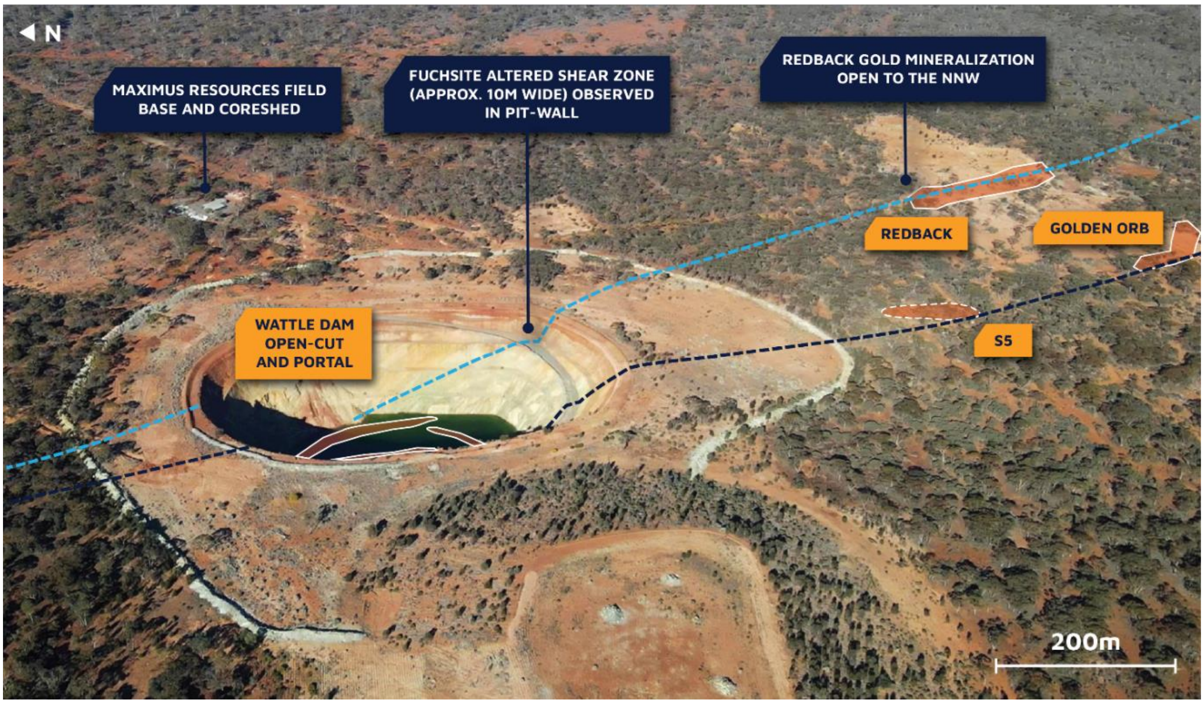

Figure 1 - Aerial image of the Wattle Dam open-cut and southern prospects illustrating the relative location of the Redback and S5 prospect.

S5 PROSPECT – GOLD

The S5 Prospect is located in the greater Wattle Dam Area and is ~300m southeast of the Wattle Dam Gold Mine pit crest (Figure 1) and 300m north-northwest of the 441,200t @ 3.02g/t Au (Inferred Resource) Redback deposit.

During December 2020, the Company completed a tight spaced maiden Reverse Circulation (RC) program which comprised of nine holes for 1,158m at the S5 Prospect, testing potential mineralisation below and along strike from the previously reported (see ASX announcement dated 9 September 2021) high-grade gold interval of **3.0m @ 83.3g/t Au** from 25m (S05AC001) and to test continuity of a zone of broad low-grade mineralisation 22m @ 0.6g/t Au from 12m (S05AC002).

Subsequent to 31 December 2020, following the receipt of assays results, the Company announced (see ASX announcement dated 13 January 2021) a significant gold intersection of **32m @ 3.2g/t Au** from 105m (S05RC007), which was to the north, and potentially down-plunge from the broad low-grade mineralisation, and included several higher-grade zones of:

- 6m @ 3.1g/t Au from 105m incl. 2m @ 6.8g/t Au (S05RC007)
- **13m @ 5.9g/t Au** from 118m incl. 2m @ 6.5g/t Au, **5m @ 10.9g/t Au** and 2m @ 3.8g/t Au (S05RC007)

WATTLE DAM EAST - NICKEL

During December 2020, the Company completed an internal geological review and independent review by external geophysicists of historical EM surveys for Maximus' Wattle Dam East nickel target. This target area is within the Company's Spargoville tenements, located 25km from the BHP Kambalda Nickel Concentrator.

The completed independent review validated an ~1.5km prospective corridor which has several historic downhole and ground EM anomalies which have not been previously drill tested.

Subsequently after 31st December, the Company completed 14.5 line-km of Fixed Loop Electromagnetic (FLEM) Surveys at the Wattle Dam East Nickel target (see announcement 29 January 2021), which identified a late-time conductor in the order of 6000-8000 Siemens modelled from 150m below surface and dipping 56° to the west. The target for the FLEM survey was for a blind nickel-sulfide occurrence.

The modelled conductance of the Wattle Dam East anomaly can be typical of sulfide occurrences; however, this is dependent on sulfide abundance, mineralogy, and texture. The Company is encouraged by the discrete conductor occurring within laterally continuous prospective stratigraphy.

EM conductors may also be due to the presence of conductive shales, which are present in the ultramafic stratigraphy, however the Wattle Dam East anomaly has a restricted strike extent compared with the interflow 'shale' (pelite) units. The presence of a late-time conductor and discrete spatial extent of the EM anomaly is encouraging for a blind nickel-sulfide target.

LARKINVILLE AND EAGLES NEST

Larkinville Project (Mineral resource (JORC 2012) 19,700 t @ 3.02 g/t for 11,600oz) (See announcement 11 April 2017) is located 5km south-west of Wattle Dam and proximal to Eagles Nest (Mineral Resource (JORC 2012) 679,900t @ 1.95g/t for 42,600oz) (See announcement 11 April 2017) located 7km south of the Wattle Dam site with potential to co-develop both projects.

Both deposits are shallow, and have exploration potential to increase the resource base and both resources geometry may lead to simple low-cost minimal impact mining operations pending the completion of environmental permitting and financially positive scoping studies.

During October 2020 Flora and Fauna field surveys commenced, DMIRS requires that spring and autumn Flora and Fauna surveys accompany Mining Proposals. The autumn field observation is schedule to commence during 2021 in preparation for potential submission of Mining Proposals for both projects.

HILDITCH GOLD PROJECT

The Hilditch Gold Project currently comprises a modest JORC 2012 Inferred Resource of 132,000t @ 1.77g/t Au for 7,480oz. The current gold resource remains open north, south and down dip/plunge. The Hilditch resource has only been drill tested to less than 100m below surface. The Hilditch Gold resource is situated spatially coincident within a distinct gold-in-soils anomaly, and importantly, the known resource only occupies a small part of the coincident soil anomaly.

Field geological mapping of Maximus' northern Spargoville tenements identified an extensive alteration domain comprising of fuchsite altered volcanics (see announcement 30 November 2020). The significant alteration domain was mapped over an extent of +250m strike in N-S direction and +30m wide, in the available exposures. The observed alteration zones are determined to be proximal to the contact between the Paringa Basalt and overlying Black Flag volcanic rocks.

The alteration has formed along an interpreted structural trend to the north of the Hilditch gold deposit and west of the Hilditch nickel prospect. Fuchsite is a chrome-rich mica which results from alteration of mafic rocks and is an indicator of significant hydrothermal fluid flow necessary for the formation of structurally controlled orebodies.

CORPORATE

The Company appointed Mr Steve Zaninovich as Non-Executive Director in July 2020 and in August 2020 the Company appointed Mr Tim Wither as Managing Director. During September 2020, the Company appointed Dr Travis Murphy - Chief Geologist and Mr Andrew Wood - Senior Geologist. On 30 November 2020, Mr Kevin Malaxos stepped down as a Director of the Company.

The Company held a General Meeting of Shareholders on 14 October 2020 to ratify the strategic placement of $3,000,000. Subsequently the Company issued 31,578,951 ordinary shares on 19 October at $0.095 per share to sophisticated and professional investors. The General Meeting also ratified the issue of listed options to shareholders who participated in the private placement during February 2020, the rights issue, shortfall offer and broker options. Subsequently the Company issued 23,407,690 listed options on 23 October 2020 with an exercise price of $0.11 expiring on 7 January 2022.

The Company held its Annual General Meeting on 16 December 2020. The Annual General Meeting ratified the adoption of a new Company Constitution and Employee Share Option Plan. Shareholders also approved the Directors participating in a placement to raise an aggregate of $180,000 via the issue of 1,894,737 ordinary shares at a price of $0.095 per share. These shares were issued on 23 December 2020. Approval was also given to issue 15,000,000 listed options to the lead brokers of the private placement during October 2020. These options were issued on 22 December 2020.

During the half year 1,270,477 unlisted options were exercised raising $139,752 (before costs) and 29,862 listed options were exercised raising $1,642 (before costs).

Significant changes in the state of affairs

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

Events arising since the end of the reporting period

There are no 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.

Auditors Independence Declaration

The lead Auditor's independence declaration for the half year ended 31 December 2020 has been received and can be found on page 4.

Dated at Adelaide this 16th day of March 2021 and signed in accordance with a resolution of the Directors.

Tim Wither
Director

Grant Thornton

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

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 review of Maximus Resources Limited for the half-year ended 31 December 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 review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 16 March 2021

	Note	Consolidated 31 December 2020	31 December 2019
		$	$
Revenue			
Other income	4	**62,565**	827
Expenses			
Compliance expenses		**(125,265)**	(70,942)
Consulting expenses		**(100,500)**	(55,795)
Depreciation expense		**(976)**	(439)
Employee expenses		**(188,470)**	(105,402)
Legal expenses		**(15,971)**	(14,872)
Marketing expenses		**(43,215)**	(2,684)
Finance expenses		**(120)**	(11,965)
Share based payments		**(98,887)**	-
Impairment of exploration assets		**(5,175)**	(40,628)
Other expenses		**(26,307)**	(14,758)
Profit/(Loss) before income tax		**(542,321)**	(316,658)
Income tax expense		**-**	-
Profit/(Loss) for the period from continuing operations		**(542,321)**	(316,658)
Profit/(Loss) for the period from discontinued operations	3	(107,016)	2,070,722
Profit for the period		**(649,337)**	1,754,064

Earnings per share		Cents
Basic and diluted earnings/(loss) per share		
- From continuing operations	**(0.54)**	(0.91)
- From discontinued operations	**(0.11)**	5.95
Total	**(0.65)**	5.04

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated 31 December 2020 $	30 June 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents		**2,309,124**	801,108
Trade and other receivables		**75,456**	-
Other current assets		**73,016**	12,326
Total current assets		**2,457,596**	813,434
Non-current assets			
Property, plant and equipment		**56,678**	-
Exploration and evaluation assets	2	**4,127,777**	3,224,379
Total non-current assets		**4,184,455**	3,224,379
Total Assets		**6,642,051**	4,037,813
LIABILITIES			
Current Liabilities			
Trade and other payables	5	**184,684**	254,973
Liabilities included in disposal group classified as held for sale	3	**113,582**	-
Provisions	6	**14,113**	5,109
Total current liabilities		**312,379**	260,082
Non-current liabilities			
Provisions	7	**-**	1,045
Total non-current liabilities		**-**	1,045
Total Liabilities		**312,379**	261,127
Net Assets		**6,329,672**	3,776,686
EQUITY			
Contributed equity	8	**44,139,562**	42,451,894
Reserves	9	**1,514,655**	-
Retained losses		**(39,324,545)**	(38,675,208)
Total Equity		**6,329,672**	3,776,686

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated	**Contributed Equity**	**Reserves**	**Retained Losses**	**Total Equity**
	$		$	$
Balance at 1 July 2020	42,451,894	-	(38,675,208)	3,776,686
(Loss) for the period	-	-	(649,337)	(649,337)
Other Comprehensive Income	-	-	-	-
Transactions with owners in their capacity as owners				
Option reserve	-	1,415,768	-	1,415,768
Share based payment reserve	-	98,887	-	98,887
Shares issued during the period (net of costs)	1,687,668		-	1,687,668
	1,687,668	1,514,655	(649,337)	2,552,986
Balance at 31 December 2020	44,139,562	1,514,655	(39,324,545)	6,329,672

Consolidated	**Contributed Equity**	**Retained Losses**	**Total Equity**
	$	$	$
Balance at 1 July 2019	40,895,357	(39,927,602)	967,755
(Loss) for the period	-	1,754,064	1,754,064
Other Comprehensive Income	-	-	-
Transactions with owners in their capacity as owners			
Shares issued during the period	-	-	-
	-	1,754,064	1,754,064
Balance at 31 December 2019	40,895,357	(38,173,538)	2,721,819

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Consolidated 31 December 2020 $	Consolidated 31 December 2019 $
Cash flows from operating activities			
Receipts from customers		**61,049**	-
Interest received		**1,516**	827
Payments to suppliers and employees		**(661,567)**	(254,966)
Interest expense		**(120)**	(11,965)
Net cash from continuing operations		**(599,122)**	(266,104)
Net cash from (used in) discontinued operations	3	**(37,346)**	(1,695,202)
Net cash (outflows)/inflows from operating activities		**(636,468)**	(1,961,306)
Cash flows from investing activities			
Proceeds from sale of Burbanks Processing Plant		**-**	5,200,000
Payments for property, plant and equipment		**(59,133)**	-
Payments for exploration and evaluation		**(899,819)**	(327,589)
Net cash inflows/(outflows) from investing activities		**(958,952)**	4,872,411
Cash flows from financing activities			
Proceeds from issue of shares and other equity securities		**3,323,039**	-
Payment of financial liabilities		**-**	(44,791)
Payment of fund to parties not finalising acquisition of Burbanks Processing Plai		**-**	(2,992,996)
Transactions costs associated with equity issues		**(219,603)**	-
Net cash inflows/(outflows) from financing activities		**3,103,436**	(3,037,787)
Net increase in cash and cash equivalents		**1,508,016**	132,658
Cash and cash equivalents at the beginning of the half year		**801,108**	28,823
Cash and cash equivalents at the end of the half year		**2,309,124**	161,481

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

Basis of preparation of half-year financial report

Reporting entity

Maximus Resources Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the half year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2020 is available upon request from the Company's registered office at Suite 12, 198 Greenhill Road Eastwood SA 5063 or at **www.maximusresources.com**.

Statement of compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Maximus Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies applied by the entities in the consolidated group in this half-year financial report are consistent with those applied by the consolidated financial report for the year ended 30 June 2020.

The interim financial statements have been approved and authorised for issue by the Board on 16 March 2020.

Reporting Basis and Conventions

The half year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2020, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Company's last annual financial statements for the year ended 30 June 2020 are the relevant policies for the purposes of comparatives.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements 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 of economic data, obtained both externally and within the Company.

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Key judgements - exploration and evaluation expenditure

The entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Operating Segments
Management has determined that the Group is organised in one operating segment, being exploration in Australia. This is based on the internal reports that are being reviewed by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and determining the allocation of resources.

As a result, the operating segment information is disclosed in the statements and notes to the financial statements throughout the report.

Quarterly cash flows

Payments for exploration and evaluation assets reported in the consolidated statement of cash flows is reported as an investing activity in accordance with AASB 107 Statement of Cash Flows. This varies from the reporting in the Appendix 5B Quarterly Cash Flow Reports where these payments were included in operating activities. Going forward, capitalised expenditure on exploration and development assets will be classified as investing activities in the Appendix 5B.

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 there is a material uncertainty that the Company is a going concern and Maximus are reliant on sale of a project and/or a capital raising. .

The Company incurred a loss of $649,337 (2019: $1,754,064 profit) with operating cash outflows of $636,468. The operations were funded from the equity issues during the half year.

The Company and consolidated entity's ability to operate as a going concern is contingent on sale of a project and/or completing a capital raise. If the sale of a project or additional capital is not obtained, the going concern basis of accounting may not be appropriate and as a result the Company may have to realise its assets and 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

2 Non-current assets – Exploration and evaluation assets

	Consolidated	
	31 December 2020	30 June 2020
	$	**$**
Exploration and evaluation		
Movement:		
Opening balance	**3,224,379**	2,775,089
Expenditure incurred	**908,573**	489,918
Impairment of capitalised expenditure	**(5,175)**	(40,628)
Closing balance	**4,127,777**	3,224,379
Closing balance comprises:		
Exploration and evaluation - 100% owned	**4,127,777**	3,224,379
Exploration and evaluation phases - joint ventures	**-**	-
	4,127,777	3,224,379

3. Disposal group classified as held for sale and discontinued operations

During the 2019 year, management decided to discontinue operations at the Burbanks Processing Plant (Burbanks), in line with its strategy to focus on the Group'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, Burbanks was sold for $5.2 million cash to Mineral Ventures Pty Ltd.

Operating losses at Burbanks 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:

	31 December 2020 $	31 December 2019 $
Other income	**50,000**	94,167
Total income	**50,000**	94,167
Cost of sales		
Milling expenses - consumables	**-**	80,231
Crushing expenses	**1,184**	5,052
Leaching expenses	**-**	-
Laboratory expenses	**-**	2,315
Gold room expenses	**-**	6,448
Tailings Dam expenses	**-**	58
Employee expenses	**-**	251,651
Insurance expenses	**-**	8,045
Depreciation	**-**	489
Licence fees	**-**	166
Legal fees	**143,872**	116,029
Travel expenses	**-**	-
Other mill expenses	**11,960**	86,440
Total cost of sales	**157,016**	556,924
Operating loss	**(107,016)**	(462,757)
Profit from sale of plant & equipment	**-**	2,537,949
Finance costs	**-**	(4,470)
Loss from discontinued operations before tax	**(107,016)**	(2,070,722)
Tax expense	**-**	-
Profit/(Loss) for the period from discontinued operations	**(107,016)**	2,070,722

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

	31 December 2020 $	**30 June 2020** $
Current assets		
Property, plant and equipment	**-**	3,498,875
Inventories - consumables	**-**	19,375
Assets classified as held for sale	**-**	3,518,250
Current liabilities		
Trade & other payables	**113,582**	-
Provisions – employee entitlements (Mill staff)	**-**	52,778
Provisions – restoration/rehabilitation	**-**	876,203
Liabilities classified as held for sale	**113,582**	928,981

3. Disposal group classified as held for sale and discontinued operations (cont)

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

	31 December 2020	31 December 2019
	$	$
Operating activities	**(37,346)**	(1,695,202)
Investing activities	-	5,200,000
Cashflows from/(used in) discontinued operations	**(37,346)**	3,504,798

4. Other income

	31 December 2020	31 December 2019
	$	$
Interest income	**1,516**	827
ATO – small business cashflow boost	**37,500**	-
ATO – Jobkeeper subsidy	**13,500**	-
Fuel tax credits	**10,049**	-
	62,565	827

5. Current liabilities – Trade & other payables

	Consolidated	
	31 December 2020	30 June 2020
	$	$
Trade creditors	**152,269**	160,078
Other payables and accruals	**32,415**	94,895
	184,684	254,973

6. Current liabilities – Provisions

	Consolidated	
	31 December 2020	30 June 2020
	$	$
Provision – Employee benefits	**14,113**	5,109
	14,113	5,109

7. Non-current liabilities – Provisions

	Consolidated	
	31 December 2020	30 June 2020
	$	$
Long service leave	**-**	1,045
	-	1,045

8. Contributed equity

	Consolidated		Consolidated	
	31 December 2020 Shares	30 June 2020 Shares	**31 December 2020 $**	30 June 2020 $
(a) Share capital				
Ordinary shares Fully paid	**121,812,036**	**87,038,009**	**44,139,562**	**42,451,894**

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$
1 July 2019	Opening balance	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)
30 June 2020	**Balance**	**87,038,009**		**42,451,894**
16 September 2020	Issue of shares – exercise of unlisted options	530,375	$0.11	58,341
24 September 2020	Issue of shares – exercise of unlisted options	470,102	$0.11	51,711
19 October 2020	Issue of shares – placement	31,578,951	$0.095	3,000,000
22 October 2020	Issue of shares – exercise of unlisted options	50,000	$0.11	5,500
29 October 2020	Issue of shares – exercise of unlisted options	220,000	$0.11	24,200
19 November 2020	Issue of shares – exercise of listed options	12,579	$0.11	1,384
18 December 2020	Issue of shares – exercise of listed options	17,283	$0.11	1,901
23 December 2020	Issue of shares – Director placement	1,894,737	$0.095	180,000
				3,323,037
	Less: Transaction costs arising on share issues			(1,635,369)
31 December 2020	**Balance**	**121,812,036**		**44,139,562**

9. Reserves

Reserves includes an option reserve arising from the issue of broker options and a share based payments for incentive rights issued to employees. The breakdown of reserves is as follows:

(a) Option Reserve

Date	Details	Number of listed options	Valuation	Option Reserve $
1 July 2019	Opening balance	-		-
30 June 2020	**Balance**	**-**		**-**
23 October 2020	Allotment – attaching options placement	2,901,276	-	-
23 October 2020	Allotment – rights issue attaching options	1,892,439	-	-
23 October 2020	Allotment – shortfall offer attaching options	12,613,975	-	-
23 October 2020	Allotment – broker options	6,000,000	$0.0178	107,000
19 November 2020	Exercise of listed options	(12,579)	-	-
18 December 2020	Exercise of listed options	(17,283)	-	-
22 December 2020	Allotment – broker options	15,000,000	$0.087	1,308,768
				1,415,768
31 December 2020	**Balance**	**38,377,828**		**1,415,768**

During the half year the Company issue listed options to shareholders who participated in various share issues during the 2020 year. Listed options were also issued as consideration to lead brokers of the equity issues. The listed options were issued following shareholder approval at the various general meetings held during the year.

The fair value of the options at measurement date were measured using the Black Scholes option valuation methodology. The inputs used in the valuation are as follows:

Measurement Date	Expiry Date	Share price at Grant Date	Exercise Price	Expected Volatility	Risk-free Interest Rate	Fair Value at Grant Date
27 May 2020	7 January 2022	$0.07	$0.11	80%	0.15%	$0.0178
19 October 2020	7 January 2022	$0.18	$0.11	80%	0.15%	$0.087

Historical volatility of a group of comparable companies has been the basis of determining the expected share price volatility, as it is assumed that this is indicative of future movements. No adjustments has been made to the life of the option based on no past history regarding expected exercise or any variation of the expiry date. Accordingly, the expected life of the option has been taken to the full period of time from grant date to expiry date, which may fail to eventuate in the future.

(b) Share based payment reserve

During the half year the Company appointment Mr Tim Wither as Managing Director. Mr Wither's employment contract dated 10 August 2020 details his total remuneration, which includes the issue of Incentive Rights(Rights) following various milestones. The Rights were granted under the Company's Incentive Rights Plan. The Rights will vest in accordance with the following vesting schedule, provided Mr Wither is still employed by the Company at the relevant vesting date:

- 500,000 Rights will vest on the first anniversary of the grant date;
- 1,000,000 Rights will vest on the second anniversary of the grant date; and
- 1,000,000 Rights will vest on the date the Company's directors resolve (in their discretion), the Company has advanced a project to initial gold production.

9. Reserves (cont)

Shareholders approved the issue of these Rights at the General Meeting held on 14 October 2020. The fair value for these Rights were measured based on the current share price of the Company's securities with probability factors applied against each milestone. At the grant date the Right had a fair value of $206,500. During the period ending 31 December 2020 $98,887 was expensed as a share based payment.

10. 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 approximately $1,133,300 (2019: $1,133,300) in respect of tenement lease rentals and to meet minimum expenditure requirements pursuant to various joint venture requirements.

Operating Leases

The Group has no operating leases at 31 December 2020 (2019: nil).

11. Contingencies

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 2019 year EGMS paid the gold in circuit reconciled and agreed, however this amount may vary depending on the outcome of the arbitration process.

There have been no changes in contingent liabilities since the last reporting date.

Contingent Assets

The Group has submitted an insurance claim in relation to plant failure at the Burbanks Processing Facility. The financial accounts make no allowance for an amount that may be recovered from the insurers. The Company is entitled to contingent payments from Terramin Australia Limited in respect of the Bird in Hand Gold Project:

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

The Company is also entitled to a 0.5% royalty payable upon bullion production in excess of 50,000 oz.

The Company is entitled to a gold royalty from Yandal Resources Limited in respect of gold produced from any part of the Flushing Meadows tenement package 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.

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

12. Events occurring after the reporting period

There are no 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.

In the Directors' opinion:

a) The consolidated financial statements and notes set out on pages 5 to 18 are in accordance with the *Corporations Act 2001,* including:
   i. Complying with the Accounting Standard AASB 134: Interim Financial Reporting, and
   ii. Giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2020 and of its performance for the half-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

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

Tim Wither

Director

Adelaide 16 March 2021

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270

T +61 8 8372 6666
E info.sa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of Maximus Resources Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Maximus Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Maximus Resources Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Maximus Resources Limited financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $649,337 and a net cash outflow from operating activities of $636,468. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton Audit Pty Ltd
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 16 March 2021