



**ANNUAL REPORT 2007**

# Corporate Directory

Maximus Resources Limited ABN 74 111 977 354

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## DIRECTORS

<b>Robert Kennedy</b>	Non-executive Chairman
<b>Kevin Wills</b>	Managing Director
<b>Gary Maddocks</b>	Exploration Director
<b>Ewan Vickery</b>	Non-executive Director

## COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

**Richard Willson**

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## EXPLORATION

- The high grade gold resource at Bird-in-Hand in the Adelaide Hills has been increased to 162,000 contained ounces — drilling of lateral and deeper extensions is expected to further increase this resource — additional resources at Bird-in-Hand are expected to lead to a pre-feasibility study in early 2008.
- Potentially economic grades of calcrete uranium mineralisation have been intersected over an area of about eight square kilometres in the Windimurra palaeochannel at the Narndee Project, Western Australia — this work is expected to culminate in the estimation of an inferred uranium resource less than six metres from surface.
- Electromagnetic surveys detected strong electrical conductors leading to nickel sulphide mineralisation at the Milgoo prospect, Narndee Project.
- Over 36 kilometres length of vanadium-bearing magnetite iron horizons have been sampled at the Canegrass and Shephards Zones within the Narndee Project — potential magnetite rich rock to only 30 to 40 metres depth is estimated at 160 to 200 million tonnes.
- Testing of alluvial gold at the Sellheim Project in Queensland is gradually building up a resource inventory — alluvial gold production could commence as early as the first Quarter of 2008.



## TENEMENT OWNERSHIP INCREASES

- Maximus has successfully negotiated 100% ownership positions in its joint ventures at Bird-in-Hand and Narndee through share considerations to its respective previous partners.
- Maximus now holds outright the high grade gold resource at Bird-in-Hand and the principal uranium, gold, nickel, iron and vanadium potential at Narndee.
- In separate negotiations, the company has added to its previous Narndee JV tenement holdings and now controls some 97% of the highly prospective mineral rich Narndee and Windimurra layered igneous complexes.

## CORPORATE

- During the year Maximus expended about \$4.4 million on its exploration activities and raised a total of \$1.1 million through a placement.
- Maximus' spinoff Eromanga Uranium Limited successfully listed on the ASX on 31 October, raising \$14.75 million — Maximus has a 35.4% interest in Eromanga totalling 44.36 million shares.
- On July 17 the Company completed a placement to raise \$3.4 million. On 26 July the Company announced an underwritten rights issue to raise \$5.78 million. This issue raised only \$126,000 due to the July 2007 international share market instability. A further rights issue is planned.

# Chairman's Report

## *Dear Fellow Shareholders*

This is the first full-year annual report since Maximus listed on the Australian Stock Exchange on 26 October, 2005. During the year, great strides forward have been made through increases in identified gold resources, new expectations of resources at three projects, increases in the area and value of exploration tenements and increases in the value of the Company's share portfolio. The net effect of these increases is a significant increase in the value of the Company's assets.

Maximus' share of total identified inferred gold resources is now 221,000 ounces from the Bird-in Hand and Yandal prospects. Increases are expected in the near future. The Company has discovered mineralisation at three locations where resources are expected to be reported in the coming months. These are at:

- Windimurra Uranium Prospect in Western Australia where an area of about six square kilometres of calcrete mineralisation has recently been drill outlined
- Sellheim gold prospect in Queensland where an area has been located carrying alluvial gold grades sufficient to plan commencement of an alluvial operation
- Canegrass and Shephards magnetite iron ore prospects at the Narndee project in Western Australia where potential for 160 to 200 million tonnes of magnetite iron ore has been recognised to a depth of only 30 to 40 metres.

New exploration acreage has been added to the Narndee Project in Western Australia where Maximus now controls 97% of the geologically defined Windimurra and Narndee Complexes with multicommodity mineral potential. The Narndee project has an area of about 5,500 square kilometres which is equivalent to owning the whole of a greenstone belt in the Yilgarn Craton. Additional exploration licences have been acquired for gold and base metals in the Adelaide Hills and an option to purchase the Sellheim alluvial gold in Queensland has been completed.

In terms of increases in tenement holdings, the Company has significantly strengthened its holding on the Windimurra and Narndee Complexes in Western Australia. At this time last year the company had a joint venture with Apex Minerals whereby Maximus was spending \$3 million to earn 70% equity in about 60% of the geologically defined complexes. In May, the Company announced that it had terminated the joint venture and bought out its co venturers. In addition three new agreements enabled Maximus to gain control of 90 to 100% equity in about 97% of the geologically defined complexes.

The Company has also entered an option agreement to purchase the Sellheim group of tenements in the northern Drummond Basin in Queensland with potential for short term cash flow from alluvial gold mining.

In order to gain additional exposure through joint ventures, the Company has farmed out the metalliferous mineral rights at Kapunda in the northern Adelaide Hills to Copper Range Limited. Two joint ventures are also being negotiated to farm out the

Woolanga Project in the Strangways Ranges of the Northern Territory. Maximus will also receive 25% of any royalty from Talc mining in a deal with Luzenac Australia Pty Ltd, the 100% owned talc production subsidiary of Rio Tinto Limited.

Maximus' 90% equity in the Yandal Homestead Project, which did not fit well with our exploration strategies, has been sold to our co venturer Nemex Pty Ltd for \$135,000.

Earlier in the year, Maximus received a very important asset, being the shares and options in Eromanga Uranium Limited (Eromanga) and joint venture interests in two uranium exploration projects. Maximus now owns 44.36 million shares or 35.4% of the capital of Eromanga which has had an implied value of between \$7.5 million (at \$0.17) and \$37.7 million (at \$0.85) during the year. The two uranium exploration projects are the Eromanga Basin JV and the Billa Kalina JV where Maximus will retain a 30% and 50% interest respectively.





## Chairman's Report

Since listing with about 65 million shares Maximus has raised about \$3.4 million through a placement and also issued shares to purchase 100% equity in the Bird-in-Hand project in South Australia and the Windimurra/Narndee project in Western Australia. The total number of ordinary shares on issue is now, in mid-October, about 95 million. On 13 July, Maximus announced a 1 for 5 renounceable rights issue to raise a total of \$5.8 million. The issue was later underwritten by Patersons Securities Limited. Unfortunately, this issue was impacted by the period of market volatility in July and August 2007. Several of the underwriting conditions were breached and the underwriters withdrew. It is expected that a new rights issue will be undertaken later in 2007 to provide funds for ongoing activities.

Turning to personnel issues, like other companies Maximus has found it hard to attract new staff during a period of buoyant times in the mining industry. We have carried out salary reviews and adjusted pay scales to keep pace with a dramatic increase in personnel remuneration. Apart from financial issues we have attempted

to improve working relationships and conditions and focussed on safety issues in remote exploration. We are continually on the lookout for ways to improve conditions and safety in our operations.

Finally, I wish to thank Maximus' stakeholders for their efforts towards the Company's continuing advancement. This includes office based personnel, field hands, geologists, management and directors. Thanks also to our consultants, accountants, lawyers, drillers, laboratories and other service providers who have combined to make Maximus a dynamic Company, moving forward to meet its objectives.



**BOB KENNEDY**  
Chairman



# Managing Director's Report

## INTRODUCTION

In Maximus' IPO Prospectus it was noted that the Company had acquired many projects with known mineralisation and drill targets and this meant the Company had a good chance of rapidly defining resources to add to its asset base. This prediction has been realised with resources expected to be located or upgraded at five projects. They are Bird-in-Hand, Yandal and Sellheim gold, Windimurra Uranium and Windimurra iron ore. The situation at each of these projects is summarised below:

## Bird-in-Hand Gold

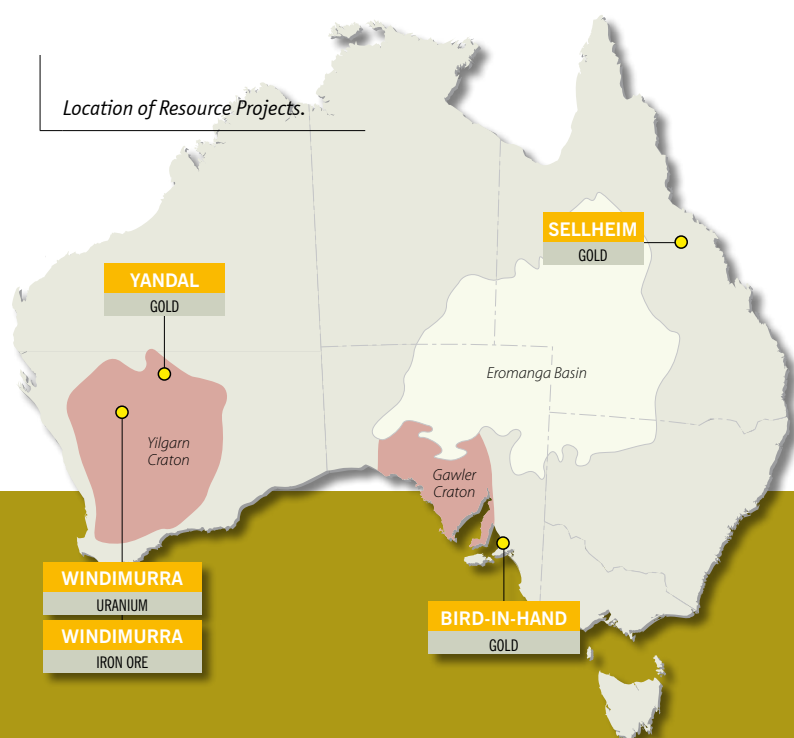
The Bird-in-Hand gold mine is located near Woodside in the Adelaide Hills of South Australia. A diamond drill rig was active at Bird-in-Hand throughout most of the year with 14 diamond drill holes totalling 3,500 metres being completed since the last annual report. These holes extended the known position of the main reef a further 175 metres down plunge of the lode – from about 100 to 375 metres below the level of the old workings. The inferred resource estimate carried out from this drilling totalled 421,000 tonnes averaging 12.0 grams per tonne containing 162,000 ounces of gold. Further drilling since the end of the reporting year has increased the resource. It is anticipated that sufficient resources to justify commencement of a pre-feasibility study will be outlined by early 2008.

## Yandal Gold

The Yandal gold project contains the flushing Meadows gold prospect and is located in the Yandal greenstone belt about 100 kilometres east of Wiluna in Western Australia. An inferred resource of 59,000 ounces of gold was estimated from holes drilled prior to Maximus' involvement. Additional RC drilling completed during the year will allow the estimation of an indicated resource and a probable reserve. Maximus may decide to sell, farm out or further explore this prospect area.

## Sellheim Gold

The Sellheim gold project is located about 40 kilometres south of the Burdekin Dam or 180 kilometres south-southeast of Townsville in north Queensland. Maximus has negotiated an option to purchase with the vendors. Maximus' main activities have been to evaluate the alluvial and bedrock gold potential of the area. To date over 70 test pits treating 5 loose cubic metre samples have been run through a small alluvial plant. Results are encouraging with an expectation that an alluvial gold operation can be developed early in 2008.



Sellheim gold.



# Managing Director's Report

## Windimurra Uranium

Windimurra uranium prospect is located in the Windimurra complex near Mount Magnet in Western Australia. An area containing calcrete uranium mineralisation was discovered by Western Mining Corporation (WMC) in the 1970s. Maximus has recently redrilled the mineralised area on a 320 by 160 metre grid. An area of over 8 square kilometres has been shown to be variably mineralised to a depth of only six metres. Intersections from the surface vary up to 2.5 metres thick averaging about 0.5 kg/t U3O8. Maximus will estimate an inferred resource and then conduct a scoping study to look at the project's viability with an objective of being in a position to move quickly should the WA Government change its policy on the mining of uranium.

*Windimurra uranium.*



## Windimurra Iron Ore

The Windimurra iron ore project consists of the Canegrass and Shephards prospects located in the Windimurra complex near Mount Magnet in Western Australia. Maximus has recently recognised the potential for large quantities of magnetite iron ore with vanadium and titanium credits. Magnetite concentrates can be more easily produced from layered mafic complex type deposits because they do not need such fine grinding as banded iron formation deposits. Maximus has outlined about 36 strike kilometres of magnetite zones on its tenements. The northern end of the Shephards zone contains the Windimurra Vanadium Mine, owned by precious Metals Australia. PMA have recently announced that they will develop a new mine to produce about one million tonnes of magnetite concentrate per year from their resource of 148 million tonnes of magnetite mineralisation.

Maximus has recently collected 505 rock chip samples from Canegrass and Shephards which averaged 49 to 52% iron, 13% titanium dioxide and 1.2% vanadium pentoxide. Previous metallurgical work by WMC showed that a concentrate averaging 57% iron 13% titanium dioxide and 1% vanadium pentoxide could be produced. Maximus has estimated the tonnage potential to 30 to 40 metres depth to be in the order of 160 to 200 million tonnes. A program of drill testing commencing in October 2007 has been announced.

*Windimurra iron ore.*



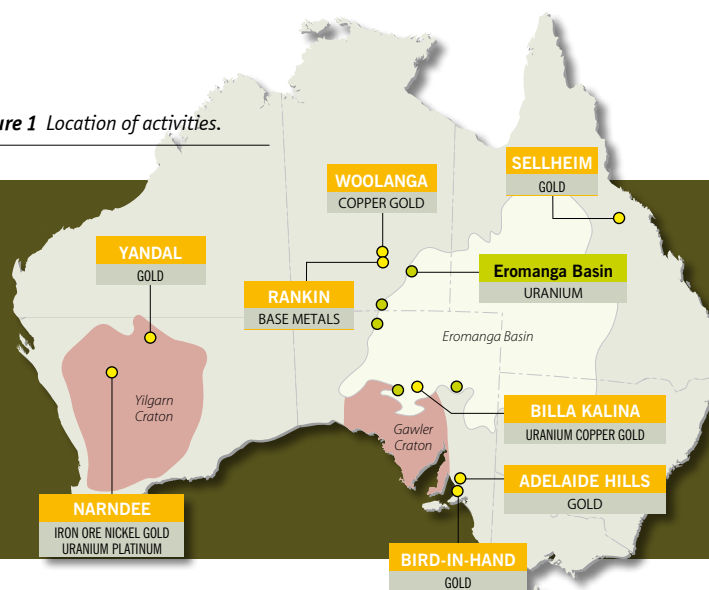
## CONCLUSIONS

Clearly Maximus is moving towards a portfolio with significant resources of gold, uranium and iron ore - containing several opportunities for development projects. Maximus spent about \$4.4 million on its exploration activities in 2006/07 and is likely to continue at this or a slightly higher rate. The aim is to continue to focus on those projects that can achieve a cash flow in the near future. Short-term cash flow (within a year) is possible from an alluvial gold operation at Sellheim. Medium-term cash flow (within 2 to 3 years) may be developed from the Bird-in Hand and Yandal prospects, while longer-term cash flow is possible from Windimurra uranium and iron ore projects.

Maximus' activities are spread out over distant parts of Australia, and the Company has developed three groups of personnel to carry out the work. Maximus' shares a head office in Adelaide with Flinders Diamonds and Eromanga Uranium which provides the base for its activities in the Adelaide Hills. The Company has a small office in Perth and has built a field base at Sellheim in Queensland. Together with directors, management and personnel from FME Exploration services in Adelaide, Maximus employs 8 persons full-time and about another 20 persons part-time. Much has been achieved in the past year and I wish to thank everybody for their special contribution.

# Exploration Director's Report

Figure 1 Location of activities.



## REVIEW OF EXPLORATION ACTIVITIES

### ADELAIDE HILLS GOLD AND BASE METAL PROJECTS, SOUTH AUSTRALIA

#### 100% Maximus

Maximus Resources Limited (Maximus) holds 100% equity in all metalliferous minerals in seven exploration licences in the Adelaide Hills through an agreement with the primary tenement holder, Flinders Diamonds Limited (Figures 1 & 2). Maximus is also the 100% owner of another exploration licence and applicant for three additional exploration licences in the same region. When all applications are granted, the total tenement package will cover 3811 square kilometres.

In November 2006 Maximus, in conjunction with Flinders Diamonds Limited, negotiated the purchase of the remaining 25% interest held by Indo Mines Limited and Statelink Holdings Pty Ltd in the Lobethal joint venture agreement. The consideration paid included 1,350,000 Maximus shares to Indo Mines Limited and 450,000 Maximus shares to Statelink Holdings Pty Ltd. This negotiation secured for Maximus 100% ownership of the Bird-in-Hand gold mine and other historic gold mines in the Woodside goldfield (Figure 3).

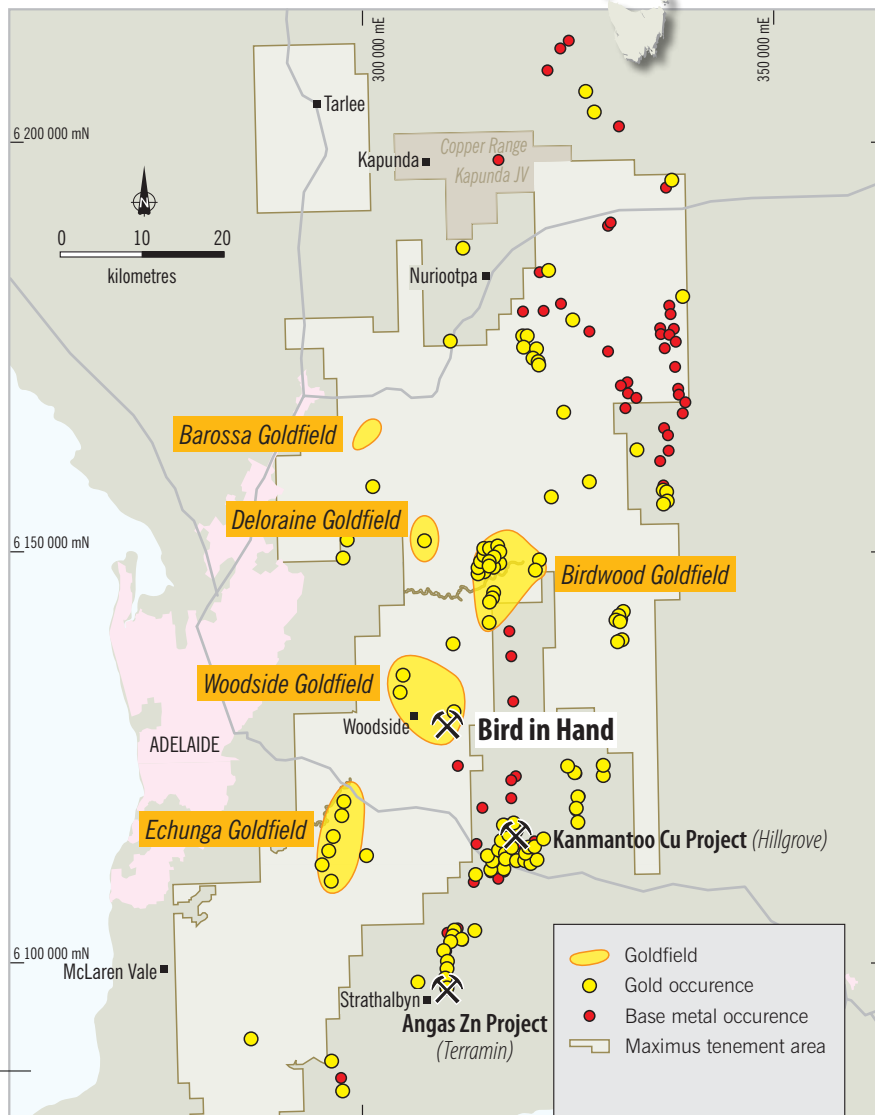


Figure 2 Adelaide Hills Goldfields showing Bird-in-Hand location.



# Exploration Director's Report



**Figure 3** Location of Bird-in-Hand and historic gold mines in the Woodside Goldfield.

*Drilling at Bird-in-Hand, Adelaide Hills, September 2007.*



# Exploration Director's Report

## Bird-in-Hand Gold Mine

Core drilling has continued for most of the reporting period with 8 holes for 2683 metres being completed to June 30, 2007. A further 6 holes for 847 metres have been completed during July-September, 2007 (Figure 4). All significant drill results from this period of drilling are tabulated below and include well mineralised intersections to depths of 350 metres below surface (Table 1). Assays for the last three holes completed prior to September 30 are awaited.

Drilling results have been used to undertake an independent estimate of the total inferred mineral resource available from 100 metres below surface to a vertical depth of 375 metres. The new estimate, supervised by Consultant Geologist Mr Douglas McLean, increased the 2006 resource estimate by a factor of three times to a total of 421,000 tonnes at 12 grams gold per tonne for 162,000 contained ounces as detailed in Table 2.

The inferred resource remains untested below 350 metres depth and drill testing at greater depths is planned as part of an ongoing program (Figure 5). It is expected that the ongoing drilling program will significantly increase the total inferred resource.

**Figure 4** Longitudinal projection of Bird-in-Hand showing drill intersections.



# Exploration Director's Report

**Table 1**

**Mineralised Intersections for Maximus Drilling at Bird-in-Hand Gold Mine, Woodside, South Australia**  
from September 2006 to June 2007

DRILL HOLE NO.	FROM (METRES)	TO (METRES)	INTERVAL (METRES)	GOLD (GRAMS/ TONNE)	SILVER (GRAMS/ TONNE)	CU %	PB %	ZN %
BH-24	272.5	283.5	11.0	6.6	0.8	<0.01	0.02	0.01
including	277.8	280.8	3.0	11.9	1.0	<0.01	0.02	<0.01
BH-25	NSA							
BH-26	291.5	294.0	2.5	3.2	BD	<0.01	<0.01	<0.01
	298.3	307.0	8.7	7.6	7.36	0.03	0.25	0.09
including			2.0	27.2	32.0	0.13	1.05	0.33
BH-27	329.0	331.3	2.3	47.9	17.8	0.02	0.93	0.36
including			0.4	225.0	77.0	0.11	1.53	1.46
BH-28	358.0	367.0	9.0	5.2	BD	<0.01	<0.01	<0.01
including			0.5	15.8	0.2	0.01	<0.01	<0.01
BH-28W	361.0	369.0	8.0	13.4	1.6	<0.01	<0.01	<0.01
including			0.7	81.7	8.0	<0.01	0.01	<0.01
BH-29	240.0	240.7	0.7	56.4	40.0	0.06	1.77	0.63
BH-30	251.0	256.0	5.0	32.1	25.6	0.07	1.86	1.09
including			1.6	109.5	67.9	0.17	1.96	0.13
BH-31	240.0	242.0	2.0	4.0	BD	<0.01	0.03	0.05
BH-32	153.5	156.0	2.5	34.4	7.6	<0.01	0.10	0.10
including			0.5	170.0	38.0	0.01	0.45	0.32
	166.0	171.0	5.0	15.6	11.0	0.06	0.64	0.15
including			1.0	59.5	42.0	0.27	2.42	0.37
BH-33	139.0	140.5	1.5	10.1	0.7	0.01	0.37	0.16
	149.8	152.15	2.4	11.5	24.0	0.07	0.80	0.16
	162.0	162.5	0.5	176.0	59.0	0.11	0.42	0.99
BH-34	107.0	111.2	4.2	10.8	7.5	0.03	0.62	0.11

Note: Blank in grade column means no significant value recorded. NSA - No significant assays BD - Below detection.

**Table 2**

**Inferred Mineral Resources, 100 to 375 metres vertical depth Bird-in-Hand Gold Mine, Woodside, South Australia**  
As at June 30, 2007.

	BULK DENSITY <sup>1</sup>	AVERAGE WIDTH <sup>2</sup> (METRES)	TONNES	GRADE (G/T)	GOLD (OUNCES)
Total Main Reef Zone	2.8	7.6	384,740	12.2	150,822
Total White Reef Zone <sup>3</sup>	2.8	2.4	28,296	10.0	9,079
Mineralisation remaining, Level 5 & 6 of Mine Workings (1934 Estimate)			7,585	9.3	2,275
Total Inferred Mineral Resource <sup>4</sup>			421,000	12.0	162,000

Density value is based on an average of measurements on up to 8 samples per mineralised intersection.

Horizontal width based on lode dipping approximately 50 degrees to east.

Resource estimate limited to between 100 and 200 metres below surface.

Totals rounded to nearest thousand (tonnage/ounces) and first decimal point (grade).

# Exploration Director's Report

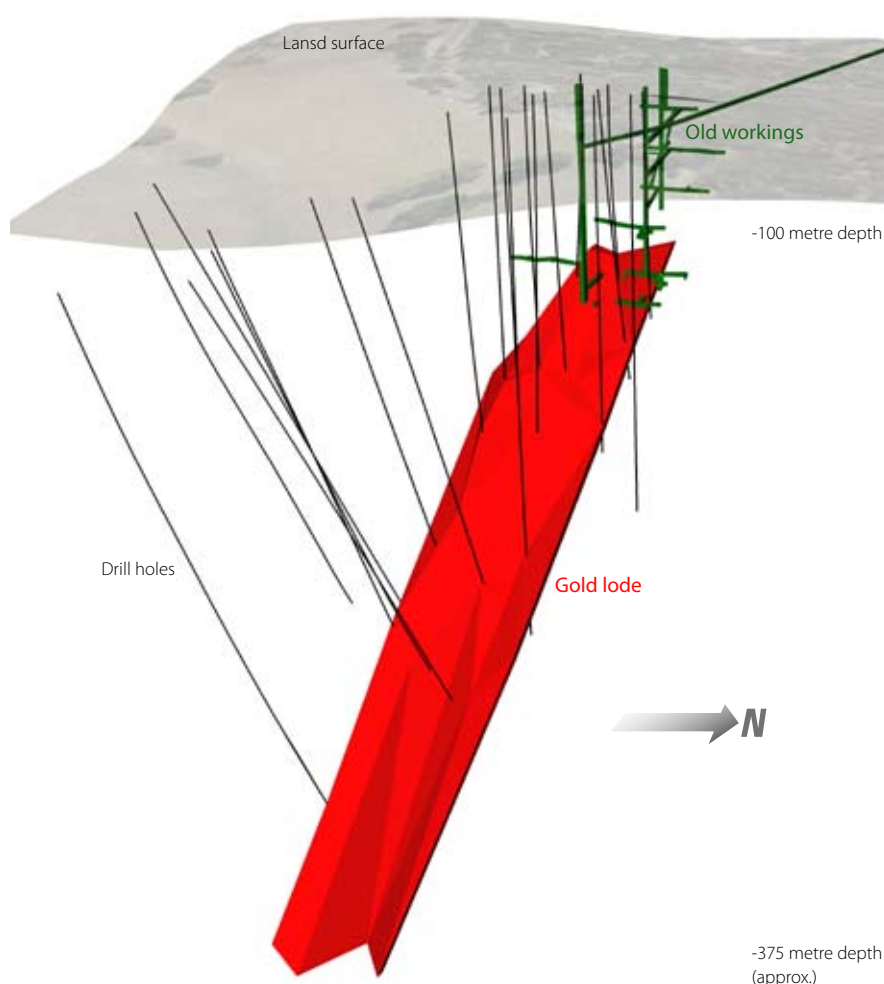
## Woodside Goldfield

Gold mines relating to the Woodside goldfield, centred to the east of the township, extend over an area of approximately five square kilometres (Figure 3). Maximus has commenced investigations around the Bird-in-Hand, Ridge and Eureka mines using ground geophysical surveys and is anticipating the drilling of several targets once a suitable contractor can be retained. Discovery of additional gold lodes in the Woodside area would significantly enhance the potential viability of any future mining development at the Bird-in-Hand gold prospect.

## Adelaide Hills Gold Province

The Adelaide Hills Gold Province contains twelve declared goldfields and extends from Mt Compass in the south to north of Truro (Figure 2). Maximus has commenced ground geophysical and soil sampling surveys in the Birdwood Cromer area and at the Deloraine gold mine, which was the largest historic producer in the Adelaide Hills.

Ground results for magnetics and induced polarisation at Cromer are anomalous and warrant initial exploratory drilling as soon as suitable contractor can be retained. Initial exploration is also planned for other historic goldfields as time and resources permit.



**Figure 5** Bird in Hand 3D model showing old workings, completed and proposed drilling.



# Exploration Director's Report



## Adelaide Hills Base Metal Potential

While Maximus has remained focused on gold mineralisation in the Adelaide Hills, the base metals potential of this region has been enhanced by commencement of development of the Angas lead-zinc-silver mine near Strathalbyn (Terramin Resources) and the positive results of a pre-feasibility study to mine copper at Kanmantoo near Callington (Hillgrove Minerals).

During the reporting period, Maximus negotiated a farm out of the historic Kapunda copper mine and surrounding areas to Copper Range Limited (CRL). CRL has the right to earn 51% equity of the metalliferous minerals rights in the northwest portion of EL3064 through the expenditure of \$500,000 in five years and will expend a minimum of \$100,000 in the first eighteen months. When CRL has completed \$500,000 expenditure, Maximus has a once only right to contribute to ongoing exploration in proportion to its 49% interest or allow CRL to earn up to 75% equity for the expenditure of a further \$500,000 over five years. CRL are proposing to review the remaining copper resource at Kapunda and have commenced exploration for further copper discoveries within the joint venture area.

Maximus also holds the rights to several of the Karinya lead-zinc occurrences which have attracted interest from third parties, and a number of other base metal occurrences in Maximus' Adelaide Hills mining tenements.

*Drilling at Bird-in-Hand, Adelaide Hills,  
March 2007.*

# Exploration Director's Report

## NARNDÉE JV PROJECT, WESTERN AUSTRALIA

*Maximus predominantly 100%,*

The project area now comprises the original Apex Minerals NL (Apex) joint venture area, adjacent tenements and applications secured through negotiations with the Carson and Meeline Syndicates, and several new applications for exploration licences. The tenure covers an area of 5,474 square kilometres and consists of 33 granted exploration licences, 27 applications for exploration licences, 16 prescribed prospecting licences and 39 applications for prescribed prospecting licences (see Figure 6 and the tenement schedule, page 23 for details).

Remaining interests in all tenements relating to the Apex joint venture were secured through the issue of 3 million Maximus shares and 2 million Maximus 50 cent options to previous joint venture partners, Apex, Windimurra Resources Pty Ltd and well known prospector/entrepreneur, Mr Mark Creasy. A twelve month option for 100% interest for \$500,000 cash in the Meeline tenements and applications was achieved through the cash payment of \$100,000, and a 90% interest was secured with the cash payment of \$150,000 and the issue of 3 million Maximus shares and 2 million Maximus 50 cent options to Corporate Resource Consultants Pty Ltd, Mr Bruce Legendre and T E Johnston & Associates.

Numerous mineral occurrences enclosed within the project area include (Figure 6):

- Calcrete hosted Uranium mineralisation in Windimurra and Wondinong palaeochannels overlying the older basement geology
- Nickel, Copper and Platinum Group Metals [PGMs] in the basement layered mafic intrusives forming both the Narndee and Windimurra complexes
- Vanadium-enriched magnetite iron in the Windimurra complex similar to the vanadium mineralisation to be mined by PMA at their Windimurra Vanadium deposit
- Gold within the Windimurra complex and in peripheral contact zones of both complexes
- Copper, Lead and Zinc in both felsic volcanic and structural settings within the basement geology

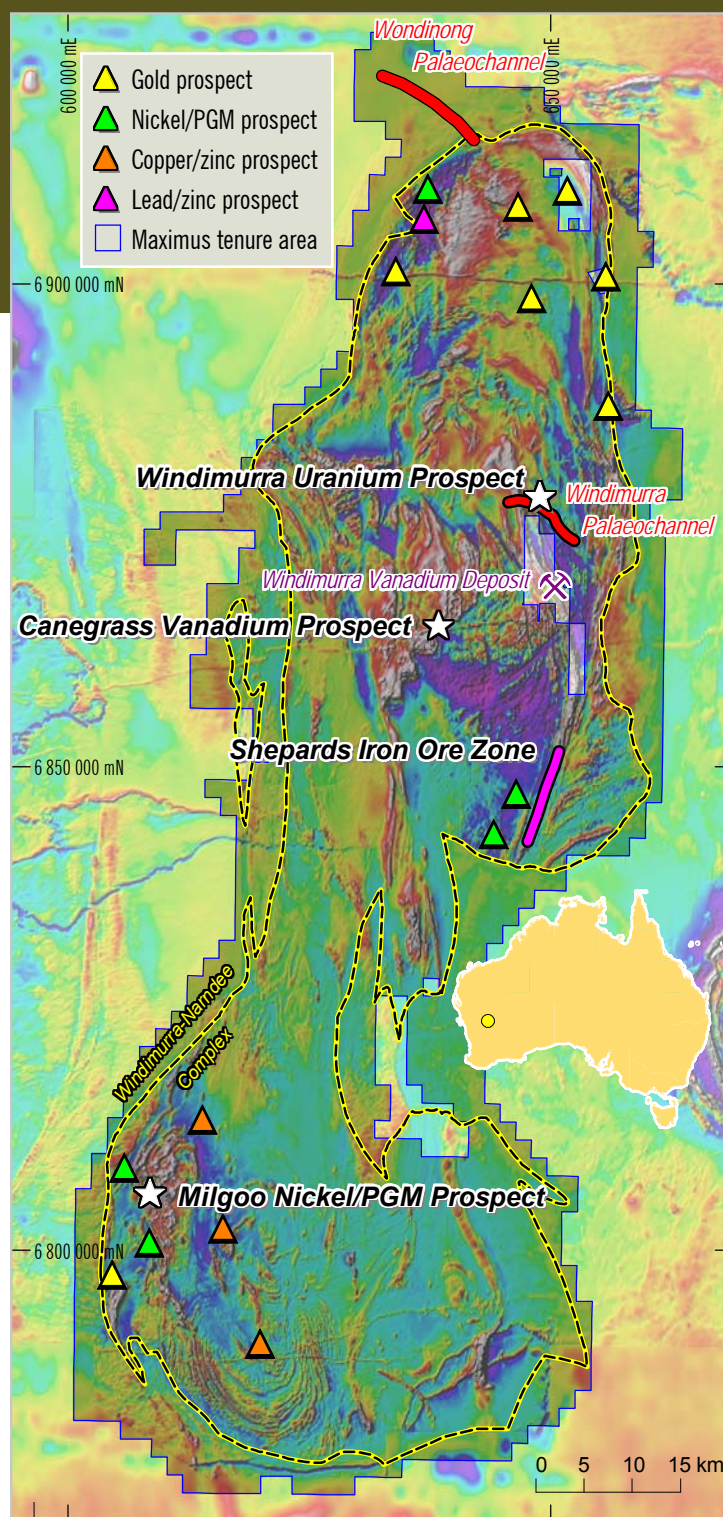


Figure 6 Location of Narndee JV Project area.



## Uranium

Maximus has undertaken a total of 3582 metres of shallow aircore drilling through the Windimurra and Wondinong Palaeochannels to further test airborne radiometric anomalies previously drilled by WMC Resources Limited (WMC) in the 1970s (Figure 7 and 8).

The Maximus exploration drilling at Windimurra was focused on an area of elevated WMC drill results extending over eight kilometres of the palaeochannel and drilling on a 320 by 160 grid metre spacing has confirmed that this area is of ongoing interest (Figure 8). Downhole radiometric probe results and drill analyses have demonstrated the palaeochannel calcretes contain  $U_3O_8$  values to significant levels and thicknesses over an area of potential economic interest. Better values include

Hole MNAC126, 2.5 metres from surface at 0.49kg  $U_3O_8$  (490ppm)

Hole MNAC157, 2 metres from surface at 0.48kg  $U_3O_8$  (480ppm)

Hole MNAC240, 1 metre from 1 metre at 0.58kg  $U_3O_8$  (580ppm)

Hole MNAC484, 1.5 metres from 0.5 metres at 0.51kg  $U_3O_8$  (510ppm)

Hole MNAC509, 1.5 metres from 0.5 metres at 0.53kg  $U_3O_8$  (530ppm)

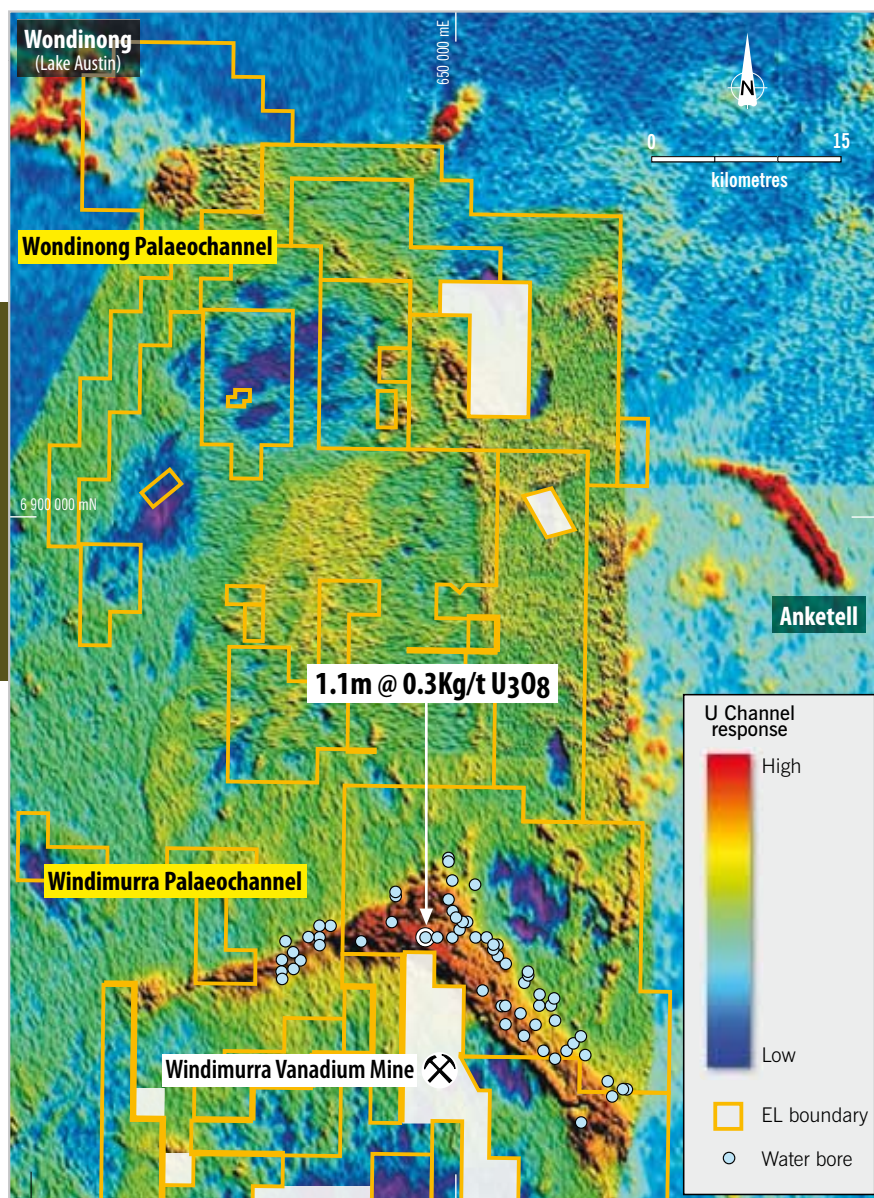
Hole MNAC510, 1.5 metres from 1.5 metres at 0.45kg  $U_3O_8$  (450ppm)

Hole MNAC513, 2 metres from 1.5 metres at 0.41kg  $U_3O_8$  (410ppm)

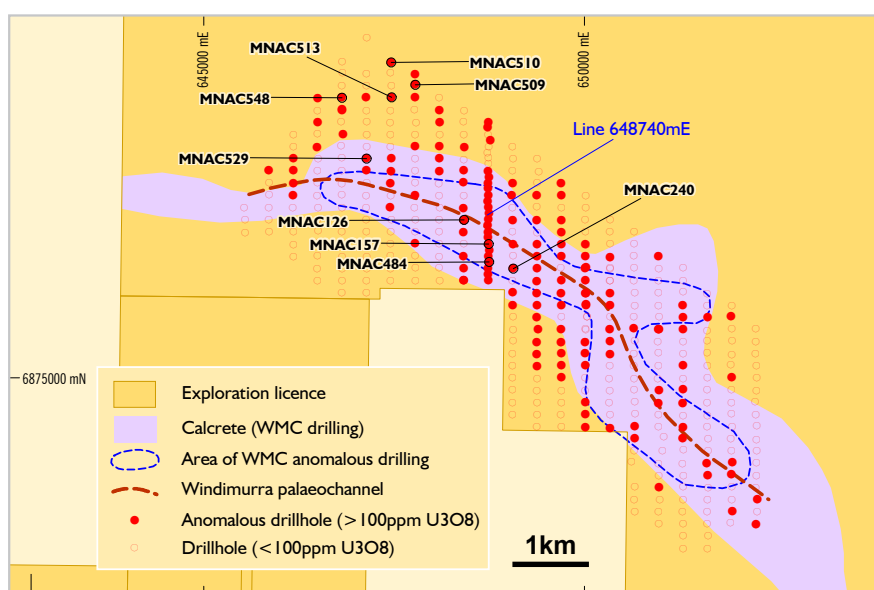
Hole MNAC529, 1.5 metres from surface at 0.52kg  $U_3O_8$  (520ppm)

Hole MNAC548, 2.5 metres from 0.5 metres at 0.43kg  $U_3O_8$  (430ppm)

including 0.5 metres at 1.11kg  $U_3O_8$  (1110ppm)



**Figure 7** Airborne radiometric image over part of the Nardee JV Project area.



**Figure 8** Windimurra Uranium Project - completed aircore drilling and results.

# Exploration Director's Report

Hole MNAC577, 2 metres from surface at 0.55kg U<sub>3</sub>O<sub>8</sub> (550ppm)

It is anticipated that drill results at Windimurra will lead to the estimation of an inferred uranium resource during the second half of 2007.

Broad spaced drill traverses along the entire Wondinong palaeochannel were less encouraging as U<sub>3</sub>O<sub>8</sub> values were generally low and aircore drilling was difficult due to the presence of silcrete layers in the calcrete. However, a strong radiometrically anomalous area some 7 x 7 kilometres in size straddles the tenement boundary of E58/294. Aura Energy Limited who hold approximately two thirds of this radioimetric anomaly is working towards defining a uranium resource in their sector by late 2007. The sector of the anomaly located within E58/294 still remains to be drill tested.



## Nickel/Copper/PGMs

The Milgoor area near Narndee has been previously explored for nickel, copper and PGMs but Maximus has been the first company to test the area with a ground based electromagnetic (EM) survey. The survey covered only part of the Milgoor area but it was successful in detecting two conductive zones of potential interest; now designated the Central and NW conductors (Figure 9).

Exploratory drilling of these conductive zones has indicated that their conductivity is due to disseminated copper, iron and nickel sulphide mineralisation within ultramafic rocks and further drilling, particularly on the 800 metre long Central conductor, is warranted as soon as a suitable drilling contractor can be secured.

Assays for intersections in each of the conductors indicate nickel and associated copper values with a best interval of 3 metres from 99 metres downhole at 0.43% nickel and 0.48% copper in hole MNRC0002. This hole is one of two holes on a single traverse at the shallower end of the 800 metre long Central conductor. Another 700 metres of strike along the Central conductor remains to be drill tested. A single hole on the NW conductor recorded 3 metres from 145 metres at 0.35% nickel and 0.27% copper.

It is anticipated that further drilling of each conductor will be undertaken as soon as a suitable contractor is available. Results to date, however, are considered highly encouraging and have led to Maximus

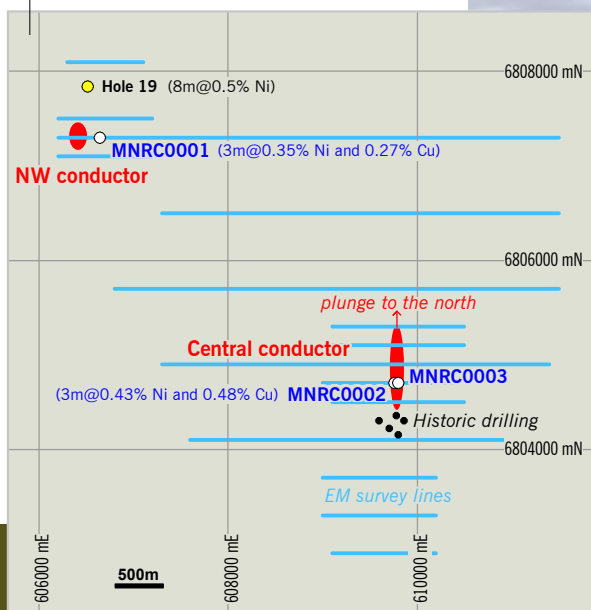
planning airborne EM coverage of the entire Windimurra/Narndee complex during 2008.

Additional PGM occurrences have been identified in the western portion of the Windimurra complex where Pancontinental Mining Limited (Pancon) reported up to 8.27 grams PGM per tonne in surface sampling from a thin but discontinuous chromite band. Unfortunately, exploratory core drilling by Pancon failed to locate significant PGMs at depth. Maximus intends to re-examine the potential this region in a collaborative study with the Australian National University. The study with the ANU will also cover many other aspects of the geology and mineralisation of the Windimurra and Narndee Complexes.



# Exploration Director's Report

**Figure 9** Milgoo Nickel Prospect showing location of EM conductors.



Drilling MNRC0001 - July 2007.

## Iron Ore/Vanadium

Magnetite enrichment in magmatic horizons within the layered gabbros of the Windimurra complex is considered to represent a potential opportunity to locate abundant magnetite iron ore which also hosts significant vanadium and titanium. The area is well located with respect to infrastructure currently being developed to exploit the extensive Mid West Iron Ore Province which encloses magnetite and hematite iron ore deposits such as Karara and Jack Hills (Figure 10).

Maximus has undertaken surface sampling and mapping of extensive linear magnetic horizons at the Canegrass prospect and along the southern Shephards Zone. Average grades for 198 samples from Canegrass over 18 kilometres of strike length amount to 54% iron, 13% titanium and 1.2% vanadium pentoxide. The southern Shephards Zone has averaged 48.6% iron, 12.7% titanium and 1.2% vanadium pentoxide over an 18 kilometre strike length. The northern Shephards Zone, which is one of the few portions of the Windimurra complex not controlled by Maximus, hosts the Windimurra vanadium deposit owned by Precious Metals Australia Limited and containing proved and probable reserves of 98.2 million tonnes averaging 0.4% vanadium pentoxide within a resource of 198 million tonnes.



**Figure 10** Location of iron ore projects in the vicinity of Maximus Narndee tenements.

# Exploration Director's Report



*Canegrass ironstone outcrop - Narndee Project Area*

In the late 1970s/early 1980s WMC Resources Limited (WMC) undertook some drilling at Canegrass and made a preliminary metallurgy assessment of the magnetite. The drilling reported up to 24.7 metres from 36 metres downhole of 40.1% iron, 9.5% titanium and 0.8% vanadium pentoxide (WMC drill hole CGD1). The magnetite is coarse grained and does not require fine grinding. Preliminary metallurgical testing by WMC indicates the magnetite can be separated magnetically to produce a high grade concentrate containing up to 57% iron with associated titanium and vanadium.

Preliminary estimates of likely tonnages of this iron ore based on the extent of airborne magnetic anomalies and assuming a minimum depth of 30 to 40 metres, amount to 120 million tonnes at Canegrass and 80 million tonnes in the southern Shepherds Zone. Such iron ore is treatable in technologically advanced blast furnaces currently operating in China, Russia and South Africa. Canegrass and Shepherds Zone therefore warrant investigation as sources of iron ore, titanium and vanadium. Maximus is planning to undertake initial drill traverses at each of these prospects and undertake further metallurgical testing during the December Quarter.

## Gold

During 2006, rotary air blast (RAB) drilling along the Kiabye Greenstone Belt on the western margin of the Narndee complex indicated minor gold. However, follow up exploration failed to locate any significant area of gold mineralisation.

Exploration of the gold potential along poorly exposed margins of the Narndee and Windimurra complexes will continue and further RAB drill testing of the southern Wymandoo Shear is planned.

## Copper/Lead/Zinc

Historic exploration for massive sulphide hosted copper, lead and zinc has occurred in two areas of felsic volcanics and related volcanoclastic sediments interpreted by others to overlie the Narndee and Windimurra layered igneous complexes. Significant copper-zinc deposits in felsic volcanics are known from the Golden Grove area located about 150 kilometres west of Windimurra/Narndee (Figure 10). To date, Maximus has not further investigated the potential of these massive sulphide occurrences to host a significant base metal deposit but the airborne EM surveys over the Windimurra/Narndee complexes will cover the felsic volcanic terrain.

*Bronzewing/Ironstone Well area*



# Exploration Director's Report



## SELLHEIM GOLD PROJECT, QUEENSLAND

### *Option for 100% Maximus*

The Sellheim project area covers 78 square kilometres and comprises three granted mining leases enclosed within an exploration permit and application for an exploration permit located 190 km south southeast of Townsville (Figures 1 and 11). The area is an active and historic alluvial gold mining centre dating back to 1867 and the underlying bedrock is prospective for the discovery of gold and base metal mineralisation.

On 27 October 2006, Maximus announced the terms of a three year option agreement to purchase 100% ownership of the tenure from vendors Alan Stiff, Colleen Budge and Peter Harvey. These terms included an initial option payment of \$75,000 in cash and the issue of 600,000 ordinary shares in Maximus. The agreement allows for annual extension of the option agreement for up to three years through further payments of \$62,500 in cash and the issue of \$75,000 in value of ordinary Maximus shares. The option for 100% equity in the project area may be exercised at any time after the initial option payment for a cash amount of \$1,500,000. If the option is exercised, the vendors retain rights to a 1.5% net smelter return royalty on any mineral production from the project area.

Maximus commenced exploration in November 2006 with the flying of helicopter-borne high resolution aeromagnetics and mapping of the alluvial gold potential. In early 2007, a camp was constructed and a small alluvial gold plant was purchased from New Zealand. Test pitting of the alluvial gold potential was



**Figure 11** Location of Sellheim Project area - Queensland.



*Test pitting operation at the Sellheim Gold Project - October 2007.*



# Exploration Director's Report

underway in the second quarter of 2007 and bedrock geochemical drilling of the main mining lease area commenced in May. Despite field activities being seriously hampered by unseasonal rains in Northern Queensland through June-July, the Maximus field staff has dug and processed alluvial materials from over 70 test pits and completed the bedrock drilling of 214 rotary air blast (RAB) holes and 11 reverse circulation (RC) holes.

To date, a total of some 500 loose cubic metres (lcm) of alluvial material has been treated and the majority of results from individual test pit have been encouraging (Figure 12). Better values from the test pits dug to the base of the alluvium have included

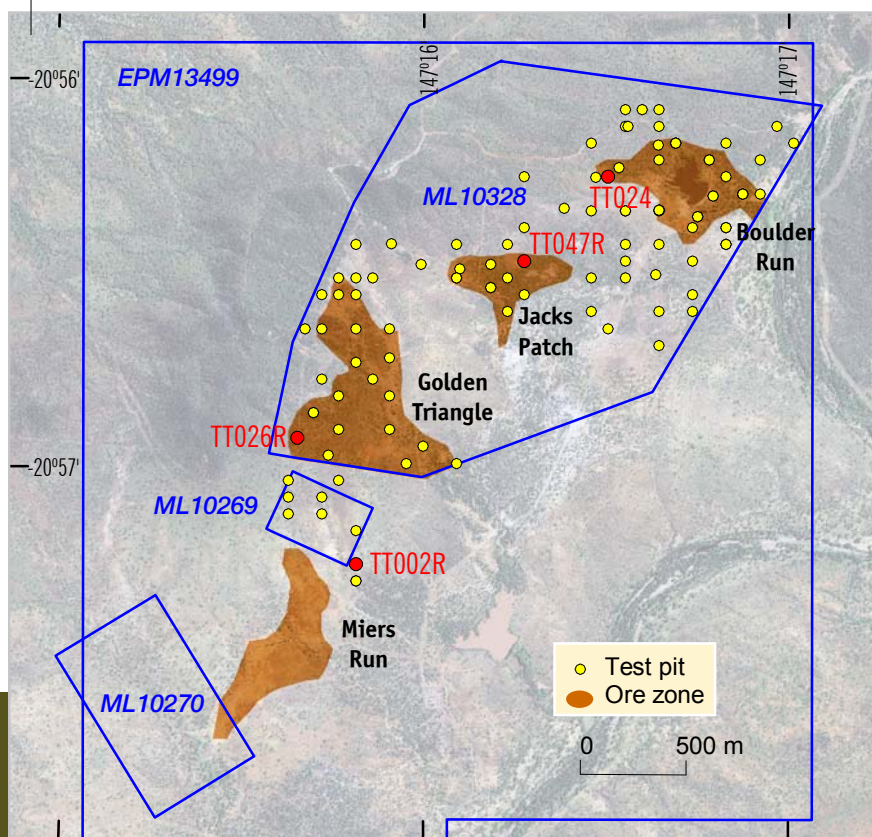
2.24 grams gold per lcm (Pit TT047R)

1.66 grams gold per lcm (Pit TT026R)

1.51 grams gold per lcm (Pit TT002R)

1.39 grams gold per lcm (Pit TT024)

**Figure 12** Location of alluvial gold areas and test pits at the Sellheim Project area - Queensland.



In several cases, gold nuggets have been recovered by metal detecting the weathered bedrock interface at the bottom of the test pit. Given that such soft weathered material could be excavated at the time of a mining operation and passed through the trommel section of an alluvial plant, recovery of such nuggets in a full scale alluvial mining operation can be anticipated.

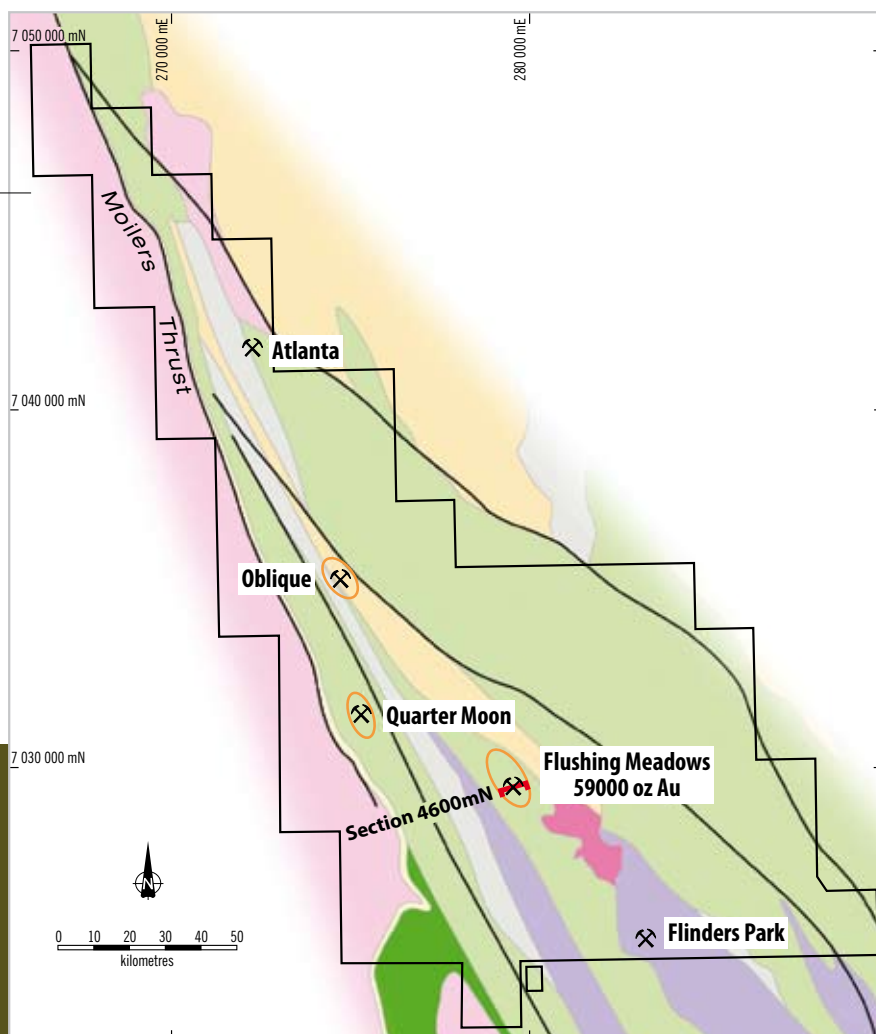
Geochemistry from RAB bedrock drilling on a 160 by 80 metre pattern across the mining leases has indicated anomalous patterns in potential pathfinder elements for gold such as arsenic and bismuth but, in general, few anomalous gold values were obtained.

Eleven RC holes were drilled to follow up previously known targets such as Agnew's Hole on the smaller central mining lease and the Margaretta copper mine workings in the main northern mining lease. At Agnew's Hole, hole MQRC01 recorded 8 metres from 14 metres down hole at 1.35 grams gold per tonne and at Margaretta Extended, hole MQRC05 recorded 8 metres from 38 metres at 0.8 grams per tonne. Further investigation of the bedrock gold and copper potential throughout the tenement package will continue during 2008.



# Exploration Director's Report

**Figure 13** Location of the Yandal Gold Project prospects in the Yandal Greenstone Belt - Western Australia.



## YANDAL GOLD PROJECT, WESTERN AUSTRALIA

### 90% Maximus

The Yandal project area comprises two separate tenement packages situated near Wiluna (Figure 1) and located within the highly prospective Yandal Greenstone Belt. The Ironstone Well project contains two granted exploration licences and several prospecting licence applications covering 239 square kilometres and includes three zones of known gold mineralisation (Figure 14). The Yandal Homestead project comprises five granted tenements and five applications covering 56 square kilometres and includes two zones of gold mineralisation.

## Ironstone Well

Subsequent to the granting of most of the tenements at Ironstone Well, Maximus undertook 2331 metres of RC drilling for 31 holes on the Flushing Meadows inferred mineral resource (Figure 13). Most of this drilling was focused on confirming the reliability of previous drilling data used by Maximus to estimate an inferred mineral resource of 1.1 million tonnes of 1.7 grams gold per tonne (59,000 ounces of gold). The recent drilling will be used to support the upgrading of part of the inferred resource to an indicated resource and probable reserve status. Maximus

believes that a grade of at least 2 grams gold per tonne would be necessary for a possible development. The estimate of a probable reserve will be completed during the December Quarter when Maximus will consider its options to realise value for its interest in the project.

### Yandal Homestead

Following receipt of modest gold results for drilling completed in the previous year, no further field activities have been undertaken. The project has now been sold to joint venture partner Nemex Pty Ltd for a cash payment of \$135,000 for Maximus' 90% interest in the Yandal Homestead tenements.

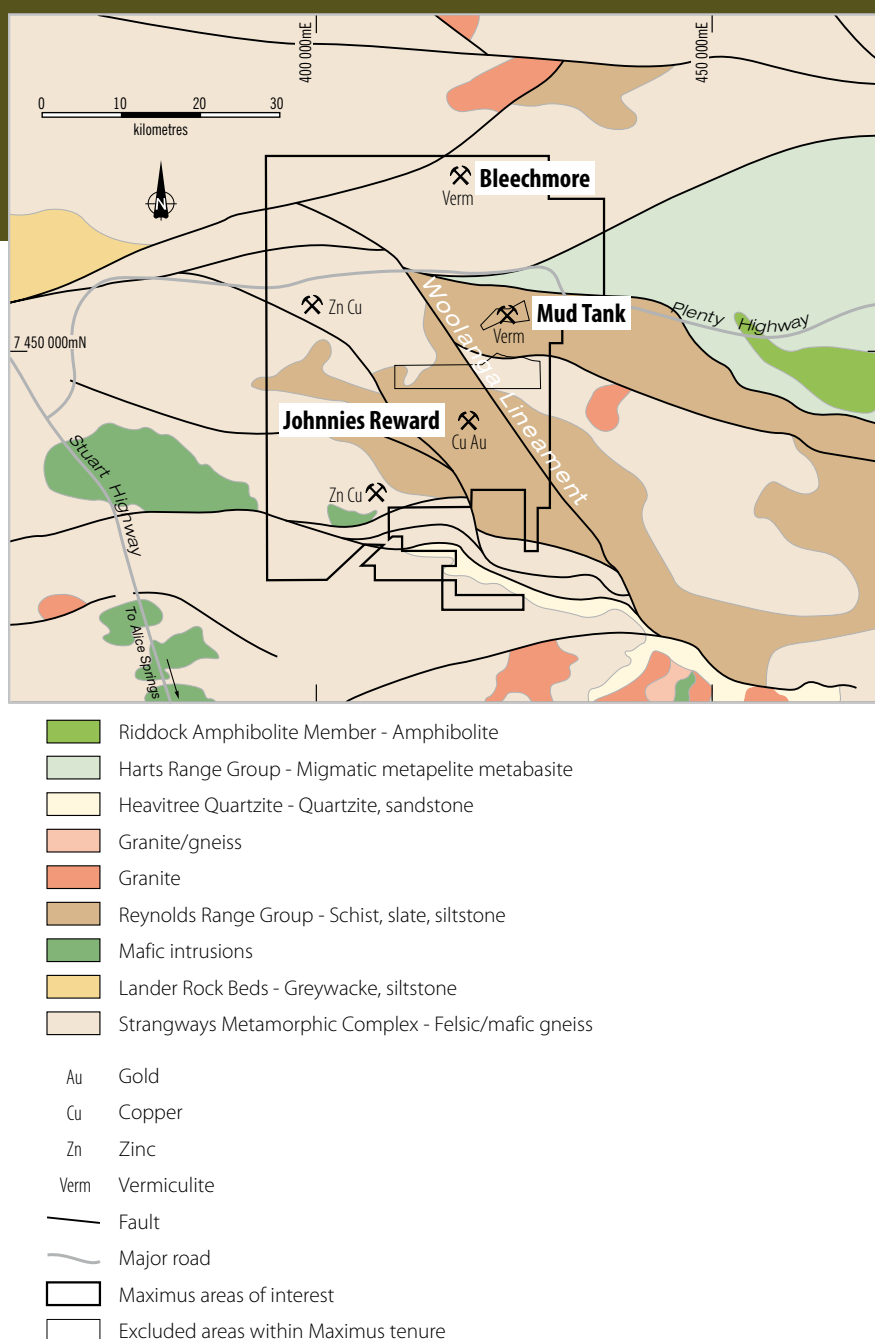
# Exploration Director's Report

## WOOLANGA GOLD AND BASE METAL PROJECT, NORTHERN TERRITORY

### 100% Maximus

The Woolanga project area comprises five exploration licences and one Authority covering 1739 square kilometres and is located 100 kms northeast of Alice Springs (Figure 1). The tenement package includes the Johnnies Reward ironstone hosted copper-gold prospect for which previous explorers have intersected up to 50 metres averaging 1.8 grams gold per tonne from 75 metres (Alcoa hole DDH002). In addition, vermiculite occurrences of potential commercial grade, and similar to that currently mined by Australian Vermiculite at its nearby Mud Tank operation, occur within the project area (Figure 14).

Field activities have included the completion of a helicopter-borne electromagnetic (EM) survey over the Johnnies Reward prospect; data from which indicated a modest anomaly in the area of the historic drilling. Inspection of core from this historic drilling failed to resolve the EM anomaly. However, as a result of its opportunities in other projects, Maximus has decided to offer the project for farm out. Maximus is currently negotiating agreements that will result in joint venture exploration of the Johnnies Reward prospect and the completion of an airborne geophysical survey over the remainder of the Woolanga tenement package. It is anticipated that this joint venture exploration will be underway during the December Quarter.



**Figure 14** Woolanga Project geology and prospects.

# Exploration Director's Report

## RANKIN BASE METAL PROJECT, NORTHERN TERRITORY

### *Maximus 95%*

During the year, Maximus negotiated an agreement with Tanami Exploration NL (TENL) to secure 95% ownership of exploration licences EL9529 and EL22759. These ELs enclose the Rankin and Gecko massive sulphide base metal prospects situated less than 100 kilometres north of Alice Springs (Figure 1). TENL will retain a 5% interest in the joint venture carried to the point of "decision to mine". The tenements cover 63 square kilometres and are contiguous with Maximus' Woolanga project area.

Maximus has completed helicopter-borne EM surveys over both the Rankin and Gecko prospects with mixed results. Data at Rankin indicate a modest EM response immediately north of some historic drilling but there was no significant EM anomaly at Gecko. Maximus has decided to offer the project for farm out, together with the Woolanga project, to a third party who is prepared to accept the 5% free carried interest of TENL. Maximus is currently negotiating an agreement that will result in new joint venture exploration of both the Rankin and Gecko prospects commencing in the December Quarter.

## BILLA KALINA PROJECT, SOUTH AUSTRALIA

### *Maximus diluting to 50% subject to Billa Kalina JV Agreement*

The Billa Kalina project area comprises five exploration licences located 70km northwest of the Olympic Dam copper-uranium-gold deposit and 45 km east of the Prominent Hill copper-gold deposit (Figure 1). In 2006, a farm out agreement involving the project resulted in Eromanga Uranium Limited (ERO) taking over management of ongoing exploration. Through its wholly owned subsidiary, Eromanga Uranium Resources Pty Ltd, ERO must spend \$3 million on exploration to earn 50% interest in the project.

During mid 2007, ERO completed two drill holes to approximately 600 metres depth each on a gravity anomaly considered to have potential for copper-uranium-gold mineralisation of Olympic Dam style. Each of the holes intersected basement geology comprising mafic volcanics. While these volcanics include quartz veining and some disseminated pyritic zones, no alteration or iron-oxide-copper-gold mineralisation was observed. The gravity anomalies are now thought to be due to buried topographic relief in the basement.

ERO has advised that it will not immediately be continuing to pursue bedrock mineralisation within the Billa Kalina project area, but they intend to focus on the potential for sandstone hosted uranium in the sediments overlying the older crystalline basement rocks. In pursuit of this latter target, ERO has recently completed an airborne electromagnetic survey of the project area. Data from this survey remain to be interpreted.



*Drilling BK 1 at BillaKalina - June 2007.*

# Exploration Director's Report

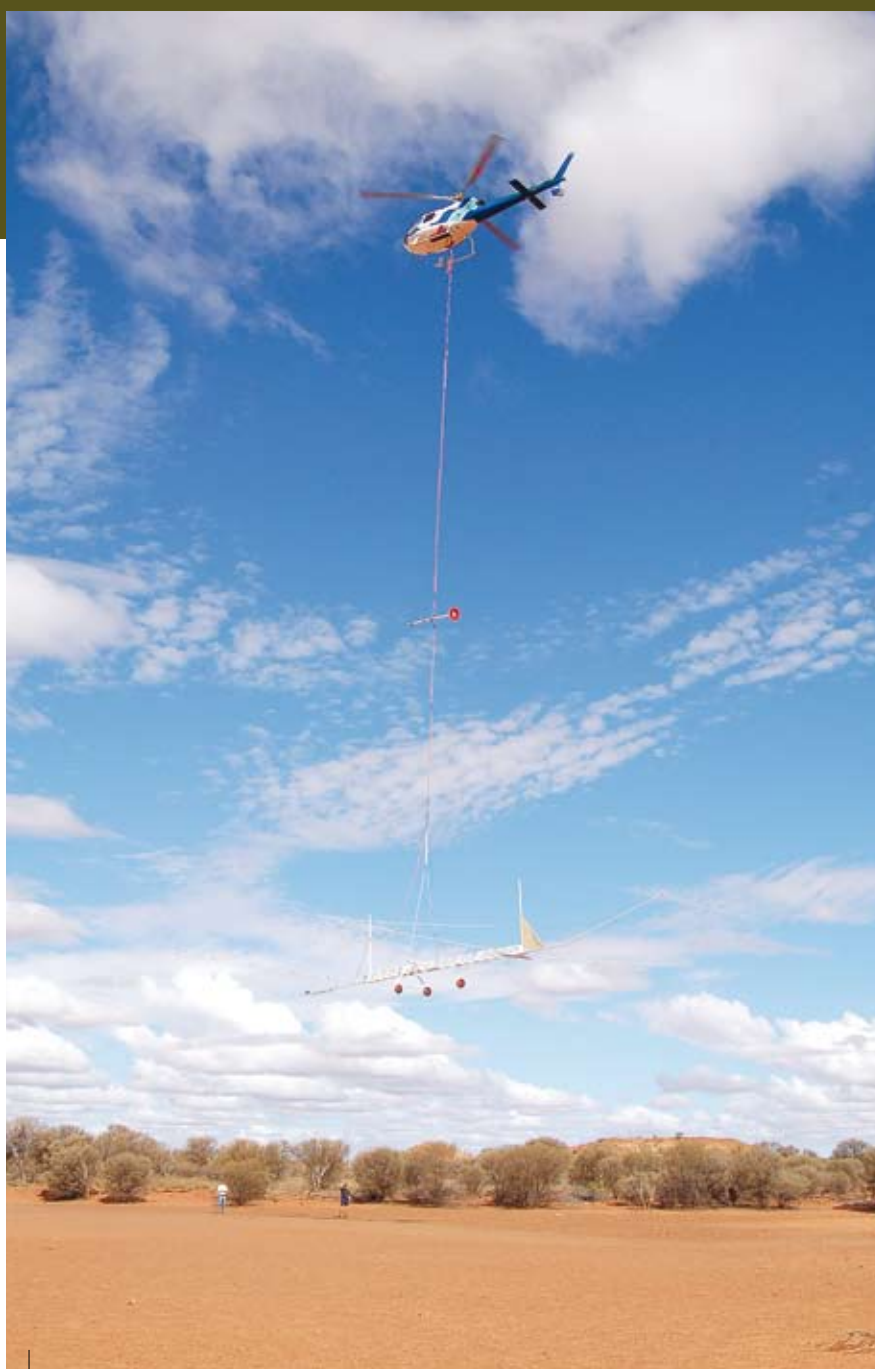
## EROMANGA BASIN SEDIMENTARY URANIUM PROJECT, SOUTH AUSTRALIA & NORTHERN TERRITORY

*Maximus diluting to 30% subject to Eromanga JV Agreement*

The Eromanga Sedimentary Uranium Project comprises seventeen exploration licences and one application in five separate tenement packages covering 15,755 square kilometres of sedimentary units overlying Precambrian basement rocks on the margin of the Eromanga Basin (Figure 1). Each of the tenement packages is considered favourable for the discovery of sedimentary uranium deposits.

Sedimentary uranium deposits are a significant source of the World's uranium resources. Yet, despite Australia's Precambrian basement rocks hosting approximately one third of the World's low cost uranium resources, and the existence of ideal geological settings such as the Eromanga Basin to concentrate uranium weathered from basement, Australia is under represented in such sedimentary uranium deposits. Part of this deficiency is considered to be due to a lack of persistence exploration for this form of uranium deposit and the Eromanga Basin project represents an exciting opportunity to discover one or more new sedimentary uranium fields.

Joint venture partner and manager, Eromanga Uranium Limited (ERO), has elected to use cutting edge technology by completing regional scale helicopter-borne EM surveys over the Maree and Abminga tenement packages. The objective is to identify palaeochannels within the Eromanga Basin Mesozoic sediments that are likely to host uranium mineralisation. The EM data at Maree have been complimented by initial drill traverses to assist in interpretation. Similar EM surveys will be completed over the Kingoonya and Ilwonga tenements.



*REPTM Survey at Abminga Project area - June 2007.*



# Tenement schedule

For the year ended 30 June 2007

TENEMENT NUMBER	TENEMENT NAME	DATE GRANTED / APPLIED FOR	EXPIRY DATE	AREA Sq. Km.	REGISTERED HOLDER / APPLICANT	RELATED AGREEMENT
Western Australia						
Narndee Project						
E58/232	Boulder Well	29/07/02	28/07/2007**	50	Windimurra Resources Pty Ltd	Apex Sale Agreement
E58/235	Canegrass Well	29/07/02	28/07/2007**	50	Windimurra Resources Pty Ltd	Apex Sale Agreement
E58/236	Challa	22/03/02	21/03/2007**	50	Windimurra Resources Pty Ltd	Apex Sale Agreement
E58/237	Naluthanna Hill	22/03/02	21/03/2007**	50	Windimurra Resources Pty Ltd	Apex Sale Agreement
E58/240	Windimurra	11/03/02	10/03/2007**	50	Bernfried Gunter Franz Wasse	Apex Sale Agreement
E58/270	Wondinong Hill	28/10/05	27/10/10	196	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E58/271	Gingier Pool	7/11/05	6/11/10	132	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E58/273	Wagoo Hills	4/05/07	3/05/12	196	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E58/274	Paynesville	5/03/03	4/03/08	98	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E58/281	Boundary Well	28/06/06	27/06/11	42	Apex Minerals NL	Apex Sale Agreement
E58/282	Honeypot	3/05/07	2/05/12	25	Apex Minerals NL	Apex Sale Agreement
E58/294	Wondinong	7/06/06	6/06/11	87	Maximus Resources Ltd	Apex Sale Agreement
E58/295	Windsor	7/06/06	6/06/11	6	Maximus Resources Ltd	Apex Sale Agreement
E58/300	Kundingguari Hill	1/12/06	30/11/11	42	Henning Otto Hintze	Meeline Option Agreement
E58/295	Windsor	7/06/06	6/06/11	6	Maximus Resources Ltd	Apex Sale Agreement
E58/309	Brailia South	22/01/07	21/01/12	17	Maximus Resources Ltd	Apex Sale Agreement
E59/908	Narndee	8/09/00	7/09/08	98	Apex Minerals NL(80) Tyson Resources P/L(6) Wedgetail Resources P/L(14)	Apex & Wedgetail Sale Agreements
E59/1078	Tandy Bore	14/11/02	13/11/07	59	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1081	Dromedary Well	14/11/02	13/11/07	54	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1082	Warne River	14/11/02	13/11/07	42	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1083	Narndee West	14/11/02	13/11/07	106	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1084	Moolyawarda Hill	14/11/02	13/11/07	54	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1085	Budnee	14/11/02	13/11/07	54	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1087	Bricky Bore	6/06/07	5/06/12	196	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1088	Dunns Tank	24/10/06	23/10/11	196	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1111	Tootawarra Well	28/10/05	27/10/10	42	Apex Minerals NL(80)/Mark Gareth Creasy (20)	Apex Sale Agreement
E59/1173		11/23/2006	22/11/11	60	Kesli Chemicals Pty Ltd	Wedgetail Sale Agreement
E59/1174		11/23/2006	22/11/11	20	Kesli Chemicals Pty Ltd	Wedgetail Sale Agreement
E59/1206	Tootawarra East	29/10/06	28/10/11	14	Maximus Resources Ltd	Apex Sale Agreement
E59/1230	Narndee C1	2/8/2007	7/02/12	200	TE Johnston and Associates P/ L (40%), Corporate and Resource Consultants P/L (60%)	CRC Group Sale Agreement
E59/1231	Boodanoo	2/8/2007	7/02/12	200	TE Johnston and Associates P/ L (40%), Corporate and Resource Consultants P/L (60%)	CRC Group Sale Agreement
E59/1237	Boodanoo C1	1/25/2007	24/01/12	43	TE Johnston and Associates P/ L (40%), Corporate and Resource Consultants P/L (60%)	CRC Group Sale Agreement
E59/1238	Boodanoo C2	1/22/2007	21/01/12	20	TE Johnston and Associates P/ L (40%), Corporate and Resource Consultants P/L (60%)	CRC Group Sale Agreement
E59/1252	Boodanoo Well	21/06/07	20/06/12	48	Maximus Resources Ltd	Apex Sale Agreement
E58/244	Paynesville E1	7/10/99		3	Christopher Richard Elkington (25%), Peter William Youngs (50%), Darian Sampey (25%)	Meeline Option Agreement
E58/254	Paynesville E2	29/09/00		108	Alan Hunter Younger (25%), Christopher Richard Elkington (25%), Peter William Youngs (25%), Roger Townend (25%)	Meeline Option Agreement

# Tenement schedule

For the year ended 30 June 2007

TENEMENT NUMBER	TENEMENT NAME	DATE GRANTED / APPLIED FOR	EXPIRY DATE	AREA Sq. KM.	REGISTERED HOLDER / APPLICANT	RELATED AGREEMENT
E58/257	Meeline E1	27/11/00		183	Raimunda Silva Townend (25%), Alan Hunter Younger (25%), Christopher Richard Elkington (25%), Peter William Youngs (25%)	Meeline Option Agreement
E59/1335	4 Corner Bore	5/02/07		50	Apex Minerals NL(80) Tyson Resources P/L(6) Wedgetail Resources P/L(14)	Apex & Wedgetail Sale Agreements
E59/1365	Narndee A	1/05/07		6	Maximus Resources Ltd	
E59/1366	Wydgee A	1/05/07		49	Maximus Resources Ltd	
E59/1367	Wydgee B	1/05/07		9	Maximus Resources Ltd	
E59/1368	Wydgee C	1/05/07		3	Maximus Resources Ltd	
E59/1370	Windimurra-Warrambo	1/05/07		3	Maximus Resources Ltd	
E59/1381	Boodanoo M1	5/22/2007		21	Maximus Resources Ltd	
E59/1382	Narndee M3	5/22/2007		99	Maximus Resources Ltd	
E59/1383	Yardiacco Hill	5/22/2007		200	Maximus Resources Ltd	
E59/1384	Muleryon Hill	5/22/2007		192	Maximus Resources Ltd	
Also includes 35 superceded EL applications, 14 superceded ML applications, 16 granted PL's (18 sq km) and 15 pending PL's (16 sq km)						
Yandal Homestead Project						
P37/6709	Withers 1	15/04/05	14/04/09	2	Maximus Resources Limited(90)Nemex Pty Ltd(10)	Nemex Agreement
P37/6710	Withers 2	15/04/05	14/04/09	2	Maximus Resources Limited(90)Nemex Pty Ltd(10)	Nemex Agreement
P37/6711	Withers 3	15/04/05	14/04/09	2	Maximus Resources Limited(90)Nemex Pty Ltd(10)	Nemex Agreement
P37/6712	Withers 4	15/04/05	14/04/09	2	Maximus Resources Limited(90)Nemex Pty Ltd(10)	Nemex Agreement
P37/6713	Withers 5	15/04/05	14/04/09	2	Maximus Resources Limited(90)Nemex Pty Ltd(10)	Nemex Agreement
E37/818	Yandal Homestead	7/02/05		34	Nemex Pty Ltd	Nemex Agreement
P37/7078		16/01/07		2	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
P37/7079		16/01/07		1	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
P37/7080		16/01/07		1	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
P37/7081		16/01/07		2	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
P37/7082		16/01/07		2	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
P37/7083		16/01/07		2	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
P37/7084		16/01/07		2	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
P37/7085		16/01/07		2	Allied Technologies Group Ltd(33)Newmont Wiluna Gold P/L(67)	Nemex Agreement
Also includes 4 superceded ML applications						
Duketon Project						
E37/925	Woodarra	28/02/07		67	Maximus Resources Ltd	

## Tenement schedule

For the year ended 30 June 2007

TENEMENT NUMBER	TENEMENT NAME	DATE GRANTED / APPLIED FOR	EXPIRY DATE	AREA Sq. Km.	REGISTERED HOLDER / APPLICANT	RELATED AGREEMENT
<b>Ironstone Well Project</b>						
P53/1209	Barwidgee	8/08/05	7/08/09	2	AM-Australian Minerals Exploration P/L	Nemex Agreement
E53/1223	Ironstone Well	25/01/07	24/01/12	188	Maximus Resources Limited(90)Nemex Pty Ltd(10)	Nemex Agreement
E53/1224	Flushing Meadows	25/01/07	24/01/12	56	Maximus Resources Limited(90)Nemex Pty Ltd(10)	Nemex Agreement
P53/1308		12/01/07		2	Mark Gareth Creasy(30)Newmont Yandal Operations P/L(70)	Nemex Agreement
P53/1309		12/01/07		2	Mark Gareth Creasy(30)Newmont Yandal Operations P/L(70)	Nemex Agreement
P53/1310		12/01/07		1	Mark Gareth Creasy(30)Newmont Yandal Operations P/L(70)	Nemex Agreement
P53/1311		12/01/07		1	Mark Gareth Creasy(30)Newmont Yandal Operations P/L(70)	Nemex Agreement
P53/1312		12/01/07		2	Australian Metals Corporation P/L(20)Eagle Mining P/L(51) Hunter Resources P/L(29)	Nemex Agreement
P53/1313		12/01/07		1	Australian Metals Corporation P/L(20)Eagle Mining P/L(51) Hunter Resources P/L(29)	Nemex Agreement
P53/1314		12/01/07		1	Australian Metals Corporation P/L(20)Eagle Mining P/L(51) Hunter Resources P/L(29)	Nemex Agreement
P53/1315		12/01/07		2	Eagle Mining P/L(71)Hunter Resources P/L(29)	Nemex Agreement
P53/1316		12/01/07		2	Eagle Mining P/L(71)Hunter Resources P/L(29)	Nemex Agreement
P53/1317		12/01/07		2	Eagle Mining P/L(71)Hunter Resources P/L(29)	Nemex Agreement
P53/1318		12/01/07		2	Eagle Mining P/L(71)Hunter Resources P/L(29)	Nemex Agreement
P53/1319		12/01/07		2	Newmont Yandal Operations P/L	Nemex Agreement
P53/1320		12/01/07		2	Newmont Yandal Operations P/L	Nemex Agreement
P53/1321		12/01/07		2	Newmont Yandal Operations P/L	Nemex Agreement
P53/1322		12/01/07		1	Newmont Yandal Operations P/L	Nemex Agreement
P53/1323		12/01/07		0	Newmont Yandal Operations P/L	Nemex Agreement
Also includes 5 superceded ML applications						
<b>Kimberley Project</b>						
E80/3670	Police Valley	20/04/06		348	Flinders Diamonds Ltd (50) Maximus Resources Ltd (50)	
<b>South Australia</b>						
<b>Adelaide Hills Project</b>						
EL 3215	Lobethal	24/06/04	23/06/08	341	Flinders Diamonds Limited	Flinders Agreement
MC3783	Bird in Hand	23/04/07	22/04/08		Flinders Diamonds Limited	Flinders Agreement
EL 3425	Echunga	19/10/05	18/10/07	253	Flinders Diamonds Limited	Flinders Agreement
EL3534	Mt Pleasant	30/03/06	29/03/08	719	Flinders Diamonds Limited	Flinders Agreement
EL 3057	Mt Barker	17/01/03	16/01/08	162	Flinders Diamonds Limited	Flinders Agreement
EL 3064	Kapunda	12/03/03	11/03/08	746	Flinders Diamonds Limited	Flinders & Copper Range Agreements
EL 3141	Brunkunga	24/10/03	23/10/07	176	Flinders Diamonds Limited	Flinders Agreement
EL 3239	Tarlee	10/09/04	9/09/07	533	Flinders Diamonds Limited	Flinders Agreement
ELA 251/06	Mount Monster	16/05/06		575	Maximus Resources Limited	Flinders Agreement
ELA252/06	Williamstown	16/05/06		44	Maximus Resources Limited	Flinders Agreement
ELA106/07	Tepko	5/03/07		160	Maximus Resources Limited	Flinders Agreement
ELA170/07	Mount Rufus	4/04/07		102	Maximus Resources Limited	Flinders Agreement



# Tenement schedule

For the year ended 30 June 2007

TENEMENT NUMBER	TENEMENT NAME	DATE GRANTED / APPLIED FOR	EXPIRY DATE	AREA SQ. KM.	REGISTERED HOLDER / APPLICANT	RELATED AGREEMENT
<b>Billa Kalina Project</b>						
EL 3526	Francis	23/02/06	22/02/08	734	Flinders Diamonds Limited	Flinders Agreement
EL 3525	Margaret	23/02/06	22/02/08	771	Flinders Diamonds Limited	Flinders Agreement
EL 3170	Billa Kalina	25/02/04	24/02/08	1,435	Flinders Diamonds Limited	Flinders Agreement
EL 3337	Welcome Creek	19/05/05	18/05/08	373	Flinders Diamonds Limited	Flinders Agreement
EL 3338	Millers Creek	19/05/05	18/05/08	771	Flinders Diamonds Limited	Flinders Agreement
<b>Eromanga Project</b>						
EL 3579	Calcutta	21/06/06	20/06/08	984	Maximus Resources Limited	Eromanga Agreement
EL3578	Dalarinna Hill	21/06/06	20/06/08	1000	Maximus Resources Limited	Eromanga Agreement
EL3577	Wilpoorina	21/06/06	20/06/08	962	Maximus Resources Limited	Eromanga Agreement
EL3574	Mundowdna	21/06/06	20/06/08	963	Maximus Resources Limited	Eromanga Agreement
EL3575	Marla	21/06/06	20/06/08	988	Maximus Resources Limited	Eromanga Agreement
EL3599	Alberga River	17/07/06	16/07/08	903	Maximus Resources Limited	Eromanga Agreement
EL 3600	Mt Weir	17/07/06	16/07/08	959	Maximus Resources Limited	Eromanga Agreement
EL 3601	Warrataddy Hill	17/07/06	16/07/08	963	Maximus Resources Limited	Eromanga Agreement
EL 3602	Mt Anthony	17/07/06	16/07/08	966	Maximus Resources Limited	Eromanga Agreement
EL3576	Whymlet	21/06/06	20/06/08	973	Maximus Resources Limited	Eromanga Agreement
EL3573	Haggard Hill	21/06/06	20/06/08	859	Maximus Resources Limited	Eromanga Agreement
EL 3590	Bon Bon	22/06/06	21/06/08	667	Maximus Resources Limited	Eromanga Agreement
EL3591	McDouall Peak	22/06/06	21/06/08	980	Maximus Resources Limited	Eromanga Agreement
EL 3613	Phar Lap	15/08/06	14/08/08	581	Maximus Resources Limited	Eromanga Agreement
<b>Northern Territory</b>						
<b>Woolanga Project</b>						
EL 23592	Johnnies Reward	12/2/03	11/02/09	49	Flinders Diamonds Limited	Flinders Agreement
A 23714	Mud Tank Reserve	11/11/04	10/11/10	28	Flinders Diamonds Limited	Flinders Agreement
SEL25055	Strangways	13/6/06	12/06/10	1118	Flinders Diamonds Limited	Flinders Agreement
SEL25056	Mud Tank-Alcoota	13/6/06	12/06/10	520	Flinders Diamonds Limited	Flinders Agreement
<b>Rankin Project</b>						
EL9529	Rankin	5/14/2002	13/05/08	47	Tanami Exploration NL	Tanami Agreement
EL22759	Gecko	4/2/2002	1/04/08	16	Tanami Exploration NL	Tanami Agreement
<b>Eromanga Project</b>						
EL25161	Illogwa Creek	1/24/2006		1117	Maximus Resources Limited	Eromanga Agreement
EL25162	Numery	11/22/2006	21/11/12	216	Maximus Resources Limited	Eromanga Agreement
EL25163	Mt Peterswald	11/22/2006	21/11/12	1130	Maximus Resources Limited	Eromanga Agreement
EL25166	Jenkins Bluff	11/22/2006	21/11/12	1005	Maximus Resources Limited	Eromanga Agreement
<b>Queensland</b>						
<b>Sellheim Project</b>						
ML10269	Slim Chance	11/13/2003	30/11/08	0.13	Peter Lawrence Harvey	Sellheim Agreement
ML10270	Next Chance	11/13/2003	30/11/08	0.50	Peter Lawrence Harvey	Sellheim Agreement
ML10328	Sellheim	12/1/2006	30/11/26	3.27	Alan Raney Stiff	Sellheim Agreement
EPM 13499	Mount Richardson	1/3/2004	28/02/09	11.00	Peter Lawrence Harvey	Sellheim Agreement
EPM 15778	Sellheim River	7/27/2006		63.00	Alan Raney Stiff and Colleen Margaret Budge	Sellheim Agreement

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# Financial Report

For the year ended 30 June 2007

## Maximus Resources Limited

ABN 74 111 977 354

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# Corporate Governance Statement

The Board of Directors of Maximus Resources Limited aims to achieve the highest standards of corporate governance and has established corporate government policies and procedures, where practicable, consistent with the ASX Corporate Governance Council's publication "Principles of Good Corporate Governance and Best Practice Recommendations" ("ASXCGC").

The Company to date has not adopted the ASXCGC best practice recommendations other than those specifically identified and disclosed below as the Board believes that it cannot justify the necessary cost in view of the size and early stage of the entity's life as a listed exploration company.

This statement outlines the main corporate governance practices of the Company disclosed under the principles outlined in the ASXCGC.

## **PRINCIPLE 1** *LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT*

### **Role of the Board**

The Board is governed by the Corporations Act 2001, the Company's formal constitution and by the ASX Listing Rules. The Board's primary role is to set policy regarding the affairs of the Company for the protection and enhancement of long-term shareholder value.

The Board takes responsibility for the overall Corporate Governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting.

### **Board processes and management**

The Board has an established framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards.

The Board has appointed a Managing Director responsible for the day to day management of the Company including management of financial, physical and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending

strategic direction and planning for the operations of the business and the provision of relevant information to the Board.

## **PRINCIPLE 2** *STRUCTURE BOARD TO ADD VALUE*

### **Composition of the Board**

The Board comprises individuals with a range of knowledge, skills and expertise that are appropriate to its activities and objectives.

The composition of the Board consists of four directors. Two, including the Chairman, are non-executives. Mr Kennedy's role as Chairman of the Board is separate from those of the Managing Director, Dr Wills who is responsible for the day to day management of the Company. This is in compliance with the ASXCGC best practice recommendation.

The Company's constitution specifies the number of directors must be at least three and at most ten. The Board may at any time appoint a director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years.

## **PRINCIPLE 3** *PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING*

### **Ethical standards**

The Company aims for a high standard of corporate governance and ethical conduct by directors and employees.

All directors are required to provide the Company with details of all securities registered in the director's name or an entity in which the director has a relevant interest.

Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with Section 195 of the Corporations Act 2001, a director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter.

## **Trading in the Company's Securities**

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. The Corporations Act also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available.

## **PRINCIPLE 4** *SAFEGUARD INTEGRITY IN FINANCIAL REPORTING*

### **Audit Committee**

The Board has established an audit committee. The primary role of the committee is to monitor and review the effectiveness of the control environment in the Company and provide an independent and objective review of financial and other information prepared by management, including overseeing the Company's discharge of its responsibilities with respect to:

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports and all other financial information published or released to the market by the Company;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal controls and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards and ASX Listing Rules;
- liaising with and reviewing reports of the external auditor; and
- reviewing performance and independence of the external auditor and where necessary making recommendations for appointment and removal of the Company's auditor.

The Committee meets at least two times per annum and reports to the Board. The Managing Director, Company Secretary and external auditor may by invitation attend meetings at the discretion of the Committee.



## PRINCIPLE 5

### MAKING TIMELY AND BALANCED DISCLOSURE

#### Continuous Disclosure

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. This is made publicly available on the Company's web-site following release to the ASX.

## PRINCIPLE 6

### RESPECT

#### The Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASXCGC best practice recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001; the half yearly financial report lodged with the Australian Stock Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it; notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's web-site; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's web-site.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

## PRINCIPLE 7

### RECOGNISE AND MANAGE RISKS

#### Risk Assessment and Management

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed.

## PRINCIPLE 8

### ENCOURAGE PERFORMANCE

#### Performance Evaluation

The Board evaluates the performance of the Managing Director, other executive directors and senior management on a regular basis and encourages continuing professional development at these levels.

## PRINCIPLE 9

### REMUNERATE FAIRLY AND RESPONSIBLY

#### Remuneration Policy

In view of the current size of the Board, remuneration matters are monitored by the entire board having regard for industry practices and laws.

The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by the members in a general meeting. 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 Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of employees is determined by the Managing Director subject to the approval of the Board.

## PRINCIPLE 10

### RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

#### Code of Conduct

The Company requires all its directors and employees to abide by the highest standards of behaviour, business ethics and in accordance with the law. In discharging their duties, Directors of the Company are required to:

- act in good faith and in the best interests of the Company;
- exercise care and diligence that a reasonable person in that role would exercise;
- exercise their powers in good faith for a proper purpose and in the best interests of the Company;
- not improperly use their position or information obtained through their position to gain a personal advantage or for the advantage of another person to the detriment of the Company;
- disclose material personal interests and avoid actual or potential conflicts of interests;
- keep themselves informed of relevant Company matters;
- keep confidential the business of all directors meetings; and
- observe and support the Board's Corporate Governance practices and procedures.

# Directors Report

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2007.

## Directors

The names of directors in office at any time during or since the end of the year are:

Robert Michael Kennedy

Kevin John Anson Wills

Gary Eric Maddocks

Ewan John Vickery

Nick John Smart (alternate for E J Vickery)

Richard Walter Cumming Willson (alternate for G E Maddocks, resigned 14 August 2007)

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

## Company Secretary

The following person held the position of company secretary at the end of the financial year:

Richard Walter Cumming Willson  
*B.Ac., CPA, GAICD*

Bachelor of Accounting, CPA, Graduate Member of the Australian Institute of Company Directors. Mr Willson has had more than 13 years experience. He has worked in public practice and in various financial management and company secretarial roles within the Provimi Australia group, BHP Billiton and the Jumbuck Pastoral group. He has been the Company Secretary since 1 March 2006 and to the date of this report.

## Principal Activities

The principal activity of the Company during the financial year was gold, nickel, uranium, copper, platinum and other minerals exploration.

## Operating Results

The consolidated net result of operations for the financial year was a loss of \$710,678.

## Dividends

There were no dividends declared or paid during the period.

## Review of Operations

In the first full financial year since listing, Maximus expended about \$4.2 million on multi-commodity mineral exploration. This was divided between three main projects, each in a different State. In South Australia work focused on the Adelaide Hills and particularly the Bird-in-Hand gold project. In Western Australia, Maximus gained control of 97% the entire Windimurra/

Narndee Complex which has potential for a variety of commodities including iron ore, gold, nickel and uranium. In Queensland work focused on evaluation of the alluvial and hard rock gold potential of the Sellheim project.

In the Adelaide Hills Maximus is exploring below several historic gold mines with a view to their re-opening. The first of these is the Bird-in Hand gold mine near Woodside where continuity of a high grade gold lode has been established during the year. At the date of this report the inferred mineral resource is approximately 412,000 tonnes averaging 12.0 grams per tonne gold for a total of 162,000 ounces. In order to commence pre feasibility the company is targeting a resource of at least 250,000 ounces by the end of 2007.

In Western Australia, at the Windimurra/Narndee project Maximus has made several important advances during the year. Maximus has purchased former partners interests and now owns between 90 and 100% equity in 5,500 sq km which represents 97% of the geologically mapped area of the complex. There currently are three prospects identified within the complex where the results are highly encouraging. These are the Windimurra calcrete uranium project, the Milgoon nickel-copper-PGM prospect, and the Windimurra iron ore project.

At Sellheim in Queensland, Maximus has an option to purchase an area of 75 sq km with a history of alluvial gold production. Maximus has set up a field camp, water supply and alluvial testing plant where testing commenced in late April. It is expected that sufficient alluvial gold will be located to commence an alluvial operation in late 2007 or early 2008. The bedrock gold potential is currently being evaluated by drilling in this highly prospective part of the northern Drummond Basin.

Maximus also has two important Joint Ventures with Eromanga Uranium Limited. In the Billa Kalina joint venture, Eromanga has drill tested a gravity anomaly that was prospective for iron-oxide-copper-gold mineralisation. The anomaly was not found to be caused by mineralisation and additional work is necessary to define new targets. As the project contains about 50 km strike length of ground between Olympic Dam and Prominent Hill, further work is justified. Eromanga has also been exploring the margin of the Eromanga Basin for sandstone uranium mineralisation and has carried out major new airborne

electromagnetic surveys to locate paleochannels during the year.

## Financial Position

The net assets of the group have increased by \$16,009,074 during the financial year from \$8,123,591 at 30 June 2006 to \$24,132,665 at 30 June 2007. This increase has largely resulted from the proceeds from share issues raising \$907,195 and the listing of Eromanga Uranium Ltd. The Company has been actively undertaking exploration activities and has capitalised \$6,987,454 in exploration expenditure during the current financial year.

The directors believe the Company is in a strong and stable financial position to continue its exploration activities.

## After Balance Date Events

No circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

## Future Developments, Prospects and Business Strategies

Maximus will continue pursuing its strategy of locating resources with development potential during the next financial year. Work at Bird-in Hand will involve additional drilling and subject to successful results the commencement of a pre-feasibility study. Drill testing of other old gold mines in the Adelaide Hills is hoped to lead to additional resources for development.

In Western Australia Maximus has a strategy of focussing on the Windimurra/Narndee Complex to locate deposits of Uranium, nickel and iron ore. Uranium and iron ore mineralisation has already been located and it is intended to fly a major new airborne electromagnetic survey to locate additional nickel targets to explore in the coming year.

At Sellheim, it is anticipated that alluvial gold production will be possible after further testwork. Recent work has focussed on the granted Mining Lease and in future the testing will be expanded to adjacent areas. Work on the hard rock potential will also continue.

Maximus maintains an active program of project generation in its areas of interest. The Company also actively seeks joint venture participants for some of its projects as a method of spreading risk and increasing expenditure on its tenements.

## Environmental Issues

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

## Information on Directors

### Robert Michael Kennedy

*Non-Executive Chairman - ASAIT, Grad, Dip (Systems Analysis), FCA, ACIS, Life Member AIM, FAICD*

A Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. Mr Kennedy has been a director since incorporation 17 December 2004. Mr Kennedy is the Chairman of Beach Petroleum Limited (Director since 1991, Chairman since 1995), Flinders Diamonds Limited (since 2001), Monax Mining Limited (since 2004), Ramelius Resources Limited (since 1995) and Eromanga Uranium Limited (since 2006).

Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as chairman and non-executive director of a range of listed public companies.

Mr Kennedy is a member of the Audit Committee.

### Kevin John Anson Wills

*Managing Director - ARSM, PhD, FAusIMM*

A director since incorporation 17 December 2004. Dr Kevin Wills is a geologist with 32 years experience in multi commodity mineral exploration including uranium exploration, feasibility studies and mine operations in Australasia. Dr Wills spent seven years with CRA Exploration Pty Ltd, the highlight of which was involvement with the location and evaluation of the Argyle Diamond Deposit. Later, with Penarroya Australia Pty Ltd, his work led to an expansion of reserves at Thalanga and the discovery of the Waterloo base metals deposit.

In the late 1980s, Dr Wills was exploration manager with Metana Minerals NL. He built up a successful exploration team which extended known gold ore bodies and made new discoveries. In the early 1990s Dr Wills was regional exploration

manager with Dominion Mining Ltd, based in Adelaide. His work on the Gawler Craton led to the development of a calcrete sampling technique which, later on, was instrumental in the Challenger gold discovery.

Dr Wills is also managing director of Flinders Diamonds Limited (since 2000) and a Non-Executive Director of Eromanga Uranium Limited (since 2006). He is a recent past chairman of the Adelaide Branch of the AusIMM and the Exploration Committee at the South Australian Chamber of Mines and Energy.

### Ewan John Vickery

*Non-Executive Director - L.LB*

A director since incorporation 17 December 2004. Mr Vickery is a corporate and business lawyer with over 30 years experience in private practice in Adelaide. He has acted as an advisor to companies on a variety of corporate and business issues including capital and corporate restructuring, native title and land access issues, and as lead native title advisor and negotiator for numerous mining and petroleum companies.

Mr Vickery is a Director of Flinders Diamonds Limited (since 2001), Eromanga Uranium Limited (since 2006) and member of the Exploration Committee of the South Australian Chamber of Mines and Energy Inc, the International Bar Association Energy and Resources Law Section, the Financial Services Institute of Australasia, the Australian Institute of Company Directors and is a past national president of Australian Mining and Petroleum Law Association (AMPLA Limited).

Mr Vickery is the Chairman of the audit committee.

### Gary Eric Maddocks

*Exploration Director (Executive) - M.Sc. & App.Sc. (Geology), Dip.App.Chem., F AusIMM (CP)*

A director since incorporation 17 December 2004. Mr Maddocks has 37 years of experience in mineral exploration for gold, copper, lead/zinc, nickel and tin throughout Australia. He has been involved with exploration activities for gold and copper in India, Indonesia and New Zealand. He is principal of GEM Exploration Management Services, a Chartered Professional (Geology) and Fellow of the Australian Institute of Mining and Metallurgy.

### Nicholas John Smart

*Alternate Director for E J Vickery (Non-Executive)*

An alternate director since 9 May 2005, Mr Smart has held positions as a General Manager in France and Australia in the wool, textile, leather and meat industries. Responsibilities included human resources, factory operations, currency movements and commodity trading. He was a full Associate Member of the Sydney Futures Exchange then became Managing Director of D&D-Tolhurst Ltd (sharebrokers) as a client advisor and in the corporate area including capital raising. He has been involved in start up companies in technology development such as the laser shearing of sheep skins, commercialisation of the Synroc process for safe storage of high level nuclear waste and controlled temperature and atmosphere transport systems. Mr Smart currently consults to various public and private companies. Mr Smart is a director of GTL Energy Limited.

### Richard Walter Cumming Willson

*Alternate Director for G E Maddocks (Executive) - B.Ac., CPA, GAICD*

Mr Willson has had more than 13 years experience. He has worked in public practice and in various financial management and company secretarial roles within the Provimi Australia group, BHP Billiton and the Jumbuck Pastoral group. Mr Willson is the Company Secretary and Chief Financial Officer for Flinders Diamonds Limited and Eromanga Uranium Limited. He is also a director of Housing Spectrum, a not for profit organisation that provides disability housing. He has been an alternate director since 18 May 2006 and resigned 14 August 2007.



# Directors Report

## Significant changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

On 3 November 2006 600,000 shares were issued as part consideration of the acquisition of an option to acquire the Selheim project.

On 29 November 2006 1,800,000 shares were issued to acquire the remaining 25% of the Lobethal project.

On 17 April 2007 7,346,666 shares were placed to sophisticated investors at \$0.15.

On 6 June 2007 67,500 shares were issued as a result of the exercise of options.

## Changes in controlled entities and divisions

On 31 October 2006 Eromanga Uranium Resources Pty Ltd was sold to Eromanga Uranium Limited (Eromanga) for a consideration of 44,357,143 shares in Eromanga and 8,035,714 options to acquire shares in Eromanga at \$0.30 anytime before 30 June 2011.

## Directors and Executive Officers Interests

The relevant interest of each director and executive officer in the ordinary share capital of the Company at the date of this report is:

	SHARES	OPTIONS
R M Kennedy	2,750,001 <sup>(1)</sup>	1,375,000 <sup>(1)</sup>
K J A Wills	3,150,001 <sup>(1)</sup>	1,575,000 <sup>(1)</sup>
G E Maddocks	2,500,001 <sup>(1)</sup>	1,250,000 <sup>(1)</sup>
E J Vickery	2,672,501 <sup>(1)</sup>	1,306,250 <sup>(1)</sup>
N J Smart	25,000	512,500 <sup>(1)</sup>
R W C Willson	57,000 <sup>(1)</sup>	100,000 <sup>(1)</sup>

<sup>(1)</sup> held by directors and entities in which directors have a relevant interest.

## Remuneration Report

This report details the nature and amount of remuneration for each director of Maximus Resources Limited.

The board of Maximus Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board.
- Executives receive a base salary (which is based on factors such as length of service and experience), and superannuation, or Consulting Fees.
- The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee option arrangements.

The directors and executives remunerated by salary receive superannuation inclusive of the superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

## Details of remuneration for year ended 30 June 2007

The remuneration for each director of the consolidated entity during the year was as follows:

DIRECTORS	SALARY, FEES AND COMMISSIONS	SUPER-ANNUATION CONTRIBUTION	CONSULTING FEES PAID TO ENTITIES IN WHICH THE DIRECTOR HAS A RELEVANT INTEREST	SHARE BASED PAYMENTS	TOTAL
	\$	\$	\$		\$
R M Kennedy	73,395	6,605	-	-	80,000
K J A Wills	-	-	166,126	-	166,126
G E Maddocks	-	-	209,379	-	209,379
E J Vickery	-	-	45,000	-	45,000
N J Smart	-	-	-	-	-
R W C Willson <sup>(i)</sup>	-	-	-	6,100	6,100
	73,395	6,605	420,505	6,100	506,605

<sup>(i)</sup> Richard W C Willson is employed by FME Exploration Services Pty Ltd. His services are provided as part of the services agreement in place between FME Exploration Services Pty Ltd and Maximus Resources Limited. The management fees paid by Maximus Resources Limited to FME Exploration Services are outlined in Note 24. This agreement was formalised 3 August 2006.

## Employment contracts of directors

The employment conditions of the managing director, Dr Wills and the exploration director, Mr Maddocks are formalised in consultancy agreements. The agreements are for a fixed term of three years from August 2005, after which the agreements continue on a monthly basis.

## Meetings of Directors

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETING	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
R M Kennedy	13	13	2	2
K J A Wills	13	13	2	2
G E Maddocks	13	13	1	1
E J Vickery	13	13	2	2
R W C Willson	13	13	2	2

## Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$7,978 for each director named below and includes their alternate.

Mr R M Kennedy  
Dr K J A Wills  
Mr E J Vickery  
Mr G E Maddocks

## Options

At the date of this report, the unissued ordinary shares of Maximus Resources Limited under option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
1 April 2005	30 June 2008	\$0.20	7,500,000
12 April 2005	12 April 2010	\$0.20	1,000,000
29 July 2005	30 June 2008	\$0.20	312,500
23 August 2005	30 June 2008	\$0.20	862,500
20 October 2005	30 June 2008	\$0.20	333,333
25 October 2005	30 June 2008	\$0.20	19,406,647
30 January 2006	30 June 2008	\$0.20	3,500,000
18 May 2006	30 June 2008	\$0.20	250,000
10 April 2007	20 March 2012	\$0.14	860,000
2 July 2007	2 July 2010	\$0.50	2,000,000
2 July 2007	2 July 2012	\$0.50	2,000,000
			38,024,980

During the year ended 30 June 2007, the following ordinary shares in Maximus Resources Limited were issued on the exercise of options granted under the Maximus Resources Limited Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

GRANT DATE	EXERCISE PRICE	NUMBER OF SHARES ISSUED
10 April 2007	\$0.14	35,000

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

## Proceedings on Behalf of Company

No person has applied for leave of Court 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.

The Company was not a party to any such proceedings during the financial year.

## 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.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2007:

Preparation of Independent Accountants Report for Eromanga Uranium Limited Prospectus \$10,000.

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 8 of the directors' report.

Dated at Adelaide this 28th day of September 2007 and signed in accordance with a resolution of the directors.



ROBERT M KENNEDY  
Chairman

# Auditors Independence Declaration



Chartered Accountants and Business Advisers

## 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 auditor for the audit of Maximus Resources Limited for the year ended 30 June 2007, 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**  
**South Australian Partnership**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'S J Gray', with a long horizontal flourish extending to the right.

**S J GRAY**  
Partner

Signed at Wayville this 28 day of September 2007

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# Income Statement

For the year ended 30 June 2007

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	2	756,512	205,784	9,701,027	205,784
Marketing expenses	3	280,213	94,159	115,211	94,159
Administrative expense	3	800,245	442,852	264,349	442,852
Exploration expenses		456,986	98,581	386,632	98,581
Finance costs		1,885	1,428	637	1,428
Profit/(Loss) before income tax		(782,817)	(431,236)	8,934,198	(431,236)
Income tax expense	4	29,355	227,792	2,566,397	227,792
Profit/(Loss) for the year		(812,172)	(659,028)	6,367,801	(659,028)
(Profit)/Loss attributable to outside equity interest		101,494	-	-	-
Profit/(Loss) attributable to members of the parent company		(710,678)	(659,028)	6,367,801	(659,028)
Basic earnings/(loss) per share (cents)	7	(1.046)	(1.351)	9.376	(1.351)
Diluted earnings/(loss) per share (cents)	7	(1.046)	(1.351)	6.222	(1.351)

The accompanying notes form part of these financial statements.

# Balance Sheet

As at 30 June 2007

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>Current assets</b>					
Cash and cash equivalents	8	12,354,511	4,089,053	313,373	4,089,052
Trade & other receivables	9	633,010	222,010	207,270	222,010
Other current assets		36,000	-	36,000	-
<b>Total current assets</b>		13,023,521	4,311,063	556,643	4,311,062
<b>Non-current assets</b>					
Property, Plant & Equipment	14	674,444	119,169	314,210	119,169
Exploration, & Evaluation, Expenditure	15	11,085,151	4,097,697	8,499,156	4,097,697
Financial assets		-	-	9,579,500	1
Investments accounted for using the equity method	10	2	1	1	1
<b>Total non-current assets</b>		11,759,597	4,216,867	18,392,867	4,216,868
<b>Total assets</b>		24,783,118	8,527,930	18,949,510	8,527,930
<b>Current liabilities</b>					
Trade & other payables	16	632,076	404,339	423,422	404,339
Provisions	17	18,377	-	6,019	-
Deferred tax liability	4	-	-	2,537,042	-
<b>Total current liabilities</b>		650,453	404,339	2,966,483	404,339
<b>Total liabilities</b>		650,453	404,339	2,966,483	404,339
<b>Net assets</b>		24,132,665	8,123,591	15,983,027	8,123,591
<b>Equity</b>					
Issued capital	18	10,133,983	8,699,079	10,133,983	8,699,079
Reserves		156,408	83,667	140,397	83,667
Retained earnings		(1,369,832)	(659,155)	5,708,647	(659,155)
Parent interest		8,920,559	8,123,591	15,983,027	8,123,591
Outside equity interest		15,212,106	-	-	-
<b>Total equity</b>		24,132,665	8,123,591	15,983,027	8,123,591

The accompanying notes form part of these financial statements.

# Statement Of Changes In Equity

For the year ended 30 June 2007

	ISSUED CAPITAL	SHARE OPTION RESERVE	RETAINED EARNINGS	OUTSIDE EQUITY INTEREST	TOTAL
	\$	\$	\$	\$	\$
<b>Consolidated group</b>					
<b>Balance at 1st July 2005</b>	75,004	-	(127)	-	74,877
Loss for the period	-	-	(659,028)	-	(659,028)
Shares issued during the period	9,155,588	-	-	-	9,155,588
Transaction costs (net of tax)	(531,513)	-	-	-	(531,513)
Options issued during the period	-	83,667	-	-	83,667
<b>Balance at 30th June 2006</b>	8,699,079	83,667	(659,155)	-	8,123,591
Initial outside equity interest	-	-	-	15,284,332	15,284,332
Loss for the period	-	-	(710,678)	-	(710,678)
Loss attributed to outside equity interest	-	-	-	(101,494)	(101,494)
Shares issued during the period	1,503,400	-	-	-	1,503,400
Options issued during the period	-	72,741	-	-	72,741
Outside equity interest in options reserve	-	-	-	29,268	29,268
Transaction costs (net of tax)	(68,496)	-	-	-	(68,496)
<b>Balance at 30 June 2007</b>	10,133,983	156,408	(1,369,832)	15,212,106	24,132,665
<b>Parent entity</b>					
<b>Balance at 1st July 2005</b>	75,004	-	(127)	-	74,877
Loss for the period	-	-	(659,028)	-	(659,028)
Shares issued during the period	9,155,588	-	-	-	9,155,588
Transaction costs (net of tax)	(531,513)	-	-	-	(531,513)
Options issued during the period	-	83,667	-	-	83,667
<b>Balance at 30th June 2006</b>	8,699,079	83,667	(659,155)	-	8,123,591
Profit for the period	-	-	6,367,801	-	6,367,801
Shares issued during the period	1,503,400	-	-	-	1,503,400
Options issued during the period	-	56,730	-	-	56,730
Transaction costs (net of tax)	(68,496)	-	-	-	(68,496)
<b>Balance at 30 June 2007</b>	10,133,983	140,397	5,708,646	-	15,983,026

The accompanying notes form part of these financial statements.

# Cash Flow Statement

For the year ended 30 June 2007

	NOTE	ECONOMIC ENTITY		PARENT ENTITY	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>Cash flows from operating activities</b>					
Interest received		453,633	223,978	141,002	223,978
Payments to suppliers and employees		(1,349,291)	(419,505)	(688,241)	(419,505)
Net cash provided by (used in) operating activities	21	(895,658)	(195,527)	(547,239)	(195,527)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(599,934)	(123,932)	(223,424)	(123,932)
Purchase of investments		-	(1)	-	(1)
Payment for exploration activities		(4,989,702)	(2,366,029)	(3,992,376)	(2,366,029)
Loans to related entities		(90,380)	-	27,310	-
Payment of security bonds		(36,000)	-	(36,000)	-
Payments for subsidiaries net of cash acquired		14,692,735	-	(19,500)	-
Net cash provided by (used in) investing activities		8,976,719	(2,489,962)	(4,243,990)	(2,489,962)
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		184,397	6,773,286	1,015,549	6,773,286
Net cash provided by (used in) financing activities		184,397	6,773,286	1,015,549	6,773,286
Net increase in cash held		8,265,458	4,087,797	(3,775,680)	4,087,797
Cash at beginning of financial year		4,089,053	1,256	4,089,053	1,255
Cash at end of financial year	8	12,354,511	4,089,053	313,373	4,089,052

The accompanying notes form part of these financial statements.



# Notes to the Financial Statements

For the year ended 30 June 2007

## NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Maximus Resources Limited and controlled entities, and Maximus Resources Limited as an individual parent entity. Maximus Resources Limited is a listed public company, incorporated and domiciled in Australia.

### Compliance with IFRS

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

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

### Reporting Basis and Conventions

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

### Accounting Policies

#### a) Principles of Consolidation

A controlled entity is any entity Maximus Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

#### b) Income Tax

The charge for income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### c) 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 are 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 from these assets. 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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement 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 consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

CLASS OF NON CURRENT ASSET	DEPRECIATION RATE	BASIS OF DEPRECIATION
Plant and equipment	12.5 - 40%	Straight line

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

Gains and losses on disposals are determined in comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### d) Exploration Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

# Notes to the Financial Statements

continued

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

## e) Financial Instruments

### Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

### Available-for-sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

## f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## g) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

## h) Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 11.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

## i) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### Equity-settled compensation

The cost of equity-settled transactions is measured by the fair value at the date at which the equity instruments are granted. The fair value is determined using the Black-Scholes pricing model. The cost is recognised as an expense in the income statement with a corresponding increase in the share option reserve or issued capital when the options or shares are issued.

## j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

## l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## Critical Accounting Estimates and Judgments

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 group.

## Key Estimates — Exploration and evaluation

The group's policy for exploration and evaluation is discussed in note 1(d). 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 income statements.

# Notes to the Financial Statements

continued

## NOTE 2. REVENUE

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>Operating activities</b>				
- Interest received from other persons	756,512	205,784	141,028	205,784
- Profit on sale of subsidiary	-	-	9,559,999	-
	756,512	205,784	9,701,027	205,784

## NOTE 3. LOSS FOR THE YEAR

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>Marketing Expenses</b>				
Company Promotion	152,363	14,849	11,131	14,849
Subscriptions	24,840	1,679	24,840	1,679
Public Relations	18,122	11,109	4,139	11,109
Conferences	23,201	32,948	7,207	32,948
Other	61,687	33,574	67,894	33,574
	280,213	94,159	115,211	94,159
<b>Administration Expenses</b>				
Accounting Services	9,220	52,189	3,379	52,189
Legal Fees	25,471	89,103	3,554	89,103
Management Fees	205,570	99,000	102,785	99,000
Corporate Consulting	55,120	153,552	86,633	153,552
ASX Fees	65,070	17,872	10,795	17,872
Employee Benefits Expense	329,295	14,317	20,141	14,317
Depreciation	44,659	4,762	28,383	4,762
Other	65,840	12,057	8,679	12,057
	800,245	442,852	264,349	442,852
<b>Exploration Expenses</b>				
Exploration Expenditure Written off	456,986	98,581	386,632	98,581
	456,986	98,581	386,632	98,581

# Notes to the Financial Statements

continued

## NOTE 4. INCOME TAX EXPENSE

Deferred tax assets have not been recognised in respect of the following items:

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
a. The components of tax expense comprise:				
Current tax	-	-	(1,284,914)	-
Deferred tax	29,355	227,792	3,851,311	227,792
	29,355	227,792	2,566,397	227,792
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)				
- consolidated group	(234,845)	(129,371)	-	-
- parent entity	-	-	2,680,259	(129,371)
Add:				
Tax effect of:				
- non deductible entertainment expenses	1,998	-	1,290	-
- employee share based payments	17,019	-	17,019	-
- deferred tax asset not brought to account	29,355	-	-	-
- previously unrecognised tax losses of parent entity	-	-	(869,306)	-
- current year tax losses not brought to account	215,828	129,371	-	129,371
- previously unrecognised temporary differences	-	-	737,135	-
- deferred tax asset arising from transaction costs not brought to account	-	227,792	-	227,792
Income tax attributable to entity	29,355	227,792	2,566,397	227,792
c. Deferred tax liability				
The balance of deferred tax liabilities comprises temporary differences attributable to:				
Deferred capital gain on sale of subsidiary	-	-	2,661,000	-
Capitalised exploration expenditure	-	-	2,067,340	-
Other	-	-	(27,806)	-
Carried forward tax losses	-	-	(2,154,220)	-
Provisions	-	-	(9,272)	-
Deferred tax liability	-	-	2,537,042	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated group can utilise the benefits from them.

## NOTE 5. KEY MANAGEMENT PERSONNEL COMPENSATION

### a. Names and positions held of consolidated group and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
R M Kennedy	Non-Executive Chairman
K J A Wills	Managing Director
G E Maddocks	Executive Director
E J Vickery	Non-Executive Director
R W C Willson	Chief Financial Officer & Company Secretary



## NOTE 5. KEY MANAGEMENT PERSONNEL COMPENSATION continued

DIRECTORS	SALARY, FEES AND COMMISSIONS	SUPER-ANNUATION CONTRIBUTION	CONSULTING FEES PAID TO ENTITIES IN WHICH THE DIRECTOR HAS A RELEVANT INTEREST	SHARE BASED PAYMENTS	TOTAL
	\$	\$	\$		\$
R M Kennedy	73,395	6,605	-	-	80,000
K J A Wills	-	-	166,126	-	166,126
G E Maddocks	-	-	209,379	-	209,379
E J Vickery	-	-	45,000	-	45,000
N J Smart	-	-	-	-	-
R W C Willson <sup>(i)</sup>	-	-	-	6,100	6,100
	73,395	6,605	420,505	6,100	506,605

(i) Richard W C Willson is employed by FME Exploration Services Pty Ltd. His services are provided as part of the services agreement in place between FME Exploration Services Pty Ltd and Maximus Resources Limited. The management fees paid by Maximus Resources Limited to FME Exploration Services are outlined in Note 24. This agreement was formalised 3 August 2006.

### b. Options and Rights Holdings

Number of options held by key management personnel.

	BALANCE 1.7.2006	ISSUED AS REMUNERATION	NET CHANGE OTHER*	BALANCE 30.6.2007	TOTAL VESTED 30.6.2007	TOTAL EXERCISABLE 30.6.2007	TOTAL UNEXERCISABLE 30.6.2007
R M Kennedy	1,375,000	-	-	1,375,000	1,375,000	1,375,000	-
K J A Wills	1,575,000	-	-	1,575,000	1,575,000	1,575,000	-
G E Maddocks	1,250,000	-	-	1,250,000	1,250,000	1,250,000	-
E J Vickery	1,462,500	-	(156,250)	1,306,250	1,306,250	1,306,250	-
N J Smart	512,500	-	-	512,500	512,500	512,500	-
R W C Willson	-	100,000	-	100,000	100,000	100,000	-
	6,175,000	100,000	(156,250)	6,118,750	6,118,750	6,118,750	-

### c. Share Holdings

Number of shares held by key management personnel.

	BALANCE 1.7.2006	RECEIVED AS COMPENSATION	NET CHANGE OTHER*	BALANCE 30.6.2007
R M Kennedy	2,750,001	-	-	2,750,001
K J A Wills	3,150,001	-	-	3,150,001
G E Maddocks	2,500,001	-	-	2,500,001
E J Vickery	2,985,001	-	(312,500)	2,672,501
N J Smart	25,000	-	-	25,000
R W C Willson	57,000	-	-	57,000
	11,467,004	-	(312,500)	11,154,504

\* Net change other refers to shares purchased or sold during the financial year.

# Notes to the Financial Statements

continued

## NOTE 6. AUDITORS REMUNERATION

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
Remuneration of the auditor of the Company for:				
- Auditing or reviewing the financial report	44,034	8,300	20,105	8,300
- Independent Report for Prospectus	10,000	6,000	-	6,000
	54,034	14,300	20,105	14,300

## NOTE 7. EARNINGS PER SHARE

	2007 \$	2006 \$
Earnings used to calculate basic & dilutive EPS	(710,678)	(659,028)
Earnings used to calculate basic & dilutive EPS from continuing operations	(710,678)	(659,028)
Weighted average number of ordinary shares outstanding during the year used to calculate basic EPS	67,915,108	48,787,703
Weighted average number of options outstanding during the year used to calculate dilutive EPS	-	-
Weighted average number of ordinary shares outstanding during the year used to calculate dilutive EPS	67,915,108	48,787,703

The weighted average number of options on issue at 30 June 2007 was 34,424,028 (2006 2,571,233). They were not used in the earnings per share calculation as they were anti dilutive.

## NOTE 8. CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash at bank and in hand	1,404,511	20,053	263,373	20,052
Short-term bank deposits	10,950,000	4,069,000	50,000	4,069,000
	12,354,511	4,089,053	313,373	4,089,052

The effective interest rate on short-term bank deposits was 6.5% (2006 - 4.9%) These deposits have an average maturity of 53 days.

### Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	12,354,511	4,089,053	313,373	4,089,052
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## NOTE 9. TRADE AND OTHER RECEIVABLES

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>Current</b>					
Interest receivable		302,880	18,195	26	18,195
Receivable from FME Exploration Services Pty Ltd	9a	235,380	149,527	117,690	149,527
Other receivable		94,750	54,288	89,554	54,288
		633,010	222,010	207,270	222,010

9a The entity advanced this amount to assist in the funding of working capital. The parent entity provides support to the associated company to ensure it can pay its debts as and when they fall due and payable.

This receivable from the associated company has no fixed date for repayment and is non interest bearing. The parent entity will not seek repayment where such repayments would prejudice the associated company's ability to meet any obligations as and when they fall due.

# Notes to the Financial Statements

continued

## NOTE 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following associated companies.

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				2007 %	2006 %	2007 \$	2006 \$

### Unlisted:

FME Exploration Services Pty Ltd	Administration Services	Australia	Ord	66.6	50	2	1
----------------------------------	-------------------------	-----------	-----	------	----	---	---

### a. Summarised presentation of aggregate assets, liabilities and performance of associates.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007	2006	2007	2006
Current assets	114,142	-	114,142	-
Non current assets	321,184	-	321,184	-
Total assets	435,326	-	435,326	-
Current liabilities	435,323	-	435,323	-
Total liabilities	435,323	-	435,323	-
Net assets	3	-	3	-
Share of associate's profit after tax	-	-	-	-

## NOTE 11. JOINT VENTURES

The Consolidated group has the following interests in Joint Ventures:

No.	STATE	AGREEMENT NAME	PARTIES	SUMMARY
1	WA	Nemex Agreement	Maximus Resources Ltd (MXR) and Nemex Pty Ltd	MXR purchased a 90% interest in the Nemex Yandal Homestead and Ironstone Lagoon project tenements
2	SA & NT	Eromanga Basin Joint Venture	Eromanga Uranium Ltd (ERO) and Maximus Resources Ltd	ERO can a 70% interest in MXR's Eromanga Basin project tenements in SA and the NT by spending \$7,000,000 on the tenements within 6 years
3	SA	Billa Kalina Joint Venture	Eromanga Uranium Ltd (ERO) and Maximus Resources Ltd (MXR)	ERO can earn a 50% interest in the non-diamond mineral rights of MXR's Billa Kalina project tenements by spending \$3,000,000 on the tenements within 6 years
5	SA	Kapunda Joint Venture	Flinders Diamonds Limited (FDL) and Maximus Resources Ltd (MXR) and Copper Range (SA) Pty Ltd	Copper Range can earn a 51% interest in MXR's rights to base and precious metals in EL3064 by spending \$500,000 over 5 years with an option to earn a 75% interest by further expenditure of \$500,000
7	NT	Rankin/Gecko Agreement	Maximus Resources Ltd (MXR) and Tanami Gold NL (TGL)	TGL has transferred a 95% interest in the project tenements for \$1 plus the undertaking that MXR will meet future exploration and tenement expenditure while the tenements remain in force

## NOTE 12 FINANCIAL ASSETS

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2007 \$	2006 \$	2007 \$	2006 \$
Available for sale financial assets	13a	-	-	9,579,500	-
<b>a Available for sale financial assets comprise</b>					
Listed investments at fair value					
- Shares in listed corporations		-	-	9,579,500	-
Total available for sale financial assets		-	-	9,579,500	-

# Notes to the Financial Statements

continued

## NOTE 13. CONTROLLED ENTITIES

### a. Controlled entities consolidated

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2007	2006

#### Parent Entity

Maximus Resources Limited Australia

#### Subsidiaries of Maximus Resources Limited

Eromanga Uranium Resources Pty Ltd	Australia	-	100
Eromanga Uranium Limited	Australia	35.4	-

### b Sale of subsidiary

Pursuant to a contract between the Company and Eromanga Uranium Limited (Eromanga), and with the satisfaction of the conditions within the contract, on 31 October 2006 the Company sold 100% of the issued capital in Eromanga Uranium Resources Pty Ltd to Eromanga in exchange for shares and options in Eromanga. Eromanga Uranium Resources Pty Ltd holds interests in Joint Ventures in Uranium exploration tenements.

The sale had the following effect on the Company:

SALES CONSIDERATION	NO. OF SHARES	FAIR VALUE	\$
Ordinary shares in Eromanga	44,357,143	\$0.20	8,870,000
Options in Eromanga	8,035,714	\$0.09	690,000
			<u>9,560,000</u>
Assets disposed of:			
- Shares in Eromanga Uranium Resources Pty Ltd			1
Profit on disposal			<u>9,559,999</u>

### c Business combinations

Through the transaction identified in Note 13b above, the Company holds 35.36% of the issued capital of Eromanga. Additionally, three of the Company's directors have been appointed to the board of Eromanga. Therefore, Eromanga has been consolidated for the purposes of this financial report.

Details of the fair value of assets and liabilities acquired from Eromanga as at 31 October 2006 are as follows:

	\$
Cash and cash equivalents	14,712,235
Trade and other receivables	42,733
Exploration and evaluation expenditure	10,926,654
Trade and other payables	(817,790)
Net assets	<u>24,863,832</u>
Outside equity interest	(15,284,332)
Net identifiable assets acquired	<u>9,579,500</u>
Represented by the following purchase consideration:	
- Fair value of tenement rights	9,560,000
- Associated transaction costs	19,500
	<u>9,579,500</u>



## NOTE 14. PLANT AND EQUIPMENT

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
Plant and equipment at cost	723,866	123,932	347,356	123,932
Accumulated depreciation	(49,422)	(4,763)	(33,146)	(4,763)
<b>Total Plant and Equipment</b>	<b>674,444</b>	<b>119,169</b>	<b>314,210</b>	<b>119,169</b>

### a) Movements in carrying amounts:

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	CONSOLIDATED GROUP		PARENT ENTITY	
	PLANT AND EQUIPMENT	TOTAL	PLANT AND EQUIPMENT	TOTAL
Balance at 1 July 2006	119,169	119,169	119,169	119,169
Additions	599,934	599,934	223,424	223,424
Depreciation	(44,659)	(44,659)	(28,383)	(28,383)
Balance at 30 June 2007	674,444	674,444	314,210	314,210

## NOTE 15. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
Exploration and evaluation expenditure capitalised				
- Exploration and evaluation phases – 100% owned tenements	88,304	78,501	-	78,501
- Exploration and evaluation phases – Joint Ventures	10,996,847	4,019,196	8,499,156	4,019,196
Total exploration and evaluation expenditure	11,085,151	4,097,697	8,499,156	4,097,697

### Movements in carrying amounts:

#### Exploration and evaluation

Balance at the beginning of the year	4,097,697	9,603	4,097,697	9,603
Amounts capitalised during the year	6,987,454	4,186,675	4,401,459	4,186,675
Reductions through write off	-	(98,581)	-	(98,581)
Carrying amount at the end of year	11,085,151	4,097,697	8,499,156	4,097,697

## NOTE 16. TRADE AND OTHER PAYABLES

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>Unsecured</b>				
Trade payables	517,842	202,208	382,258	202,208
Sundry payables and accrued expenses	72,466	103,131	20,280	103,131
Amounts payable to associated companies for management services	41,768	99,000	20,884	99,000
	632,076	404,339	423,422	404,339

# Notes to the Financial Statements

continued

## NOTE 17. SHORT-TERM PROVISIONS

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
Employee entitlements	18,377	-	6,019	-
Opening balance at 1 July 2006	-	-	-	-
Additional provisions	34,054	-	8,635	-
Amounts used	(15,677)	-	(2,616)	-
Balance at 30 June 2007	18,377	-	6,019	-

## NOTE 18. ISSUED CAPITAL

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007 \$	2006 \$	2007 \$	2006 \$
74,792,087 (2006: 64,977,921) fully paid ordinary shares	10,133,983	8,699,079	10,133,983	8,699,079

### a) Ordinary Shares

	NUMBER	NUMBER	NUMBER	NUMBER
At the beginning of the period	64,977,921	15,600,004	64,977,921	15,600,004
Shares issued during the year				
- 29 July 2005		1,250,000		1,250,000
- 23 August 2005		3,450,000		3,450,000
- 17 October 2005		2,000,000		2,000,000
- 21 October 2005		666,667		666,667
- 31 October 2005		35,000,000		35,000,000
- 30 November 2005		7,000,000		7,000,000
- 20 December 2005		11,250		11,250
- 3 November 2006 (i)	600,000		600,000	
- 29 November 2006 (ii)	1,800,000		1,800,000	
- 17 April 2007 (iii)	7,346,666		7,346,666	
- 6 June 2007 (iv)	67,500		67,500	
At reporting date	74,792,087	64,977,921	74,792,087	64,977,921

i) On 3 November 2006 600,000 shares were issued at 17 cents as part consideration for the purchase of an option to acquire the Selheim project.

ii) On 29 November 2006 1,800,000 shares were issued at 16 cents as consideration for the purchase of the 25% of the Lobethal Joint Venture that was not already owned.

iii) On 17 April 2007 7,346,666 shares were placed to sophisticated investors at \$0.15.

iv) On 6 June 2007 35,000 shares were issued at 14 cents and 32,500 shares were issued at 20 cents upon the exercise of options.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### b) Options

For information relating to the Maximus Resources Limited Employee option plan including details of options issued and exercised during the financial year and the options outstanding at year end refer to Note 22 Share Based Payments.

## NOTE 19. RESERVES

### Share Option Reserve

The Share Option Reserve records items recognised as expenses on valuation of employee options and options issued to external parties in consideration for goods and services rendered.

## NOTE 20. COMMITMENTS FOR EXPENDITURE

### Exploration Licences

In order to maintain current rights of tenure to exploration tenements the group will be required to outlay in the year ending 30 June 2008 amounts of approximately \$1,786,000 in respect of tenement lease rentals and to meet minimum expenditure requirements pursuant to various joint venture requirements.

## NOTE 21. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2007	2006	2007	2006
Profit/(Loss) after tax	(812,172)	(659,027)	6,367,801	(659,027)
<b>Non-cash flows in loss</b>				
Depreciation	44,659	4,763	28,383	4,763
Issue of options to employees	102,009	70,000	56,730	70,000
Deferred tax asset written off	29,355	227,792	-	227,792
Sale of subsidiary	-	-	(9,559,999)	-
Exploration expenditure written off	-	98,581	-	98,581
<b>Changes in operating assets and liabilities</b>				
Decrease/(Increase) in trade and other receivables	(277,887)	(216,577)	(12,570)	(216,577)
Increase/(Decrease) in trade and other payables	-	278,941	-	278,941
Increase/(Decrease) in provisions	18,378	-	2,572,416	-
Net cash provided by operating activities	(895,658)	(195,527)	(547,239)	(195,527)

# Notes to the Financial Statements

continued

## NOTE 22. SHARE-BASED PAYMENTS

The following share-based payment arrangement existed at 30 June 2007:

The Maximus Resources Limited Employee Share Option Plan enables the board, at its discretion, to issue options to employees of the Company or its associated companies. Each option will have a life of five years and be exercisable at a price determined by the board. This price will not be below the market price of a share at the time of issue.

On 10 April 2007 930,000 options were issued to employees under the Company's employee option plan. The options are exercisable at 14 cents on or before 30 March 2012. The options hold no voting or dividend rights.

	CONSOLIDATED GROUP				PARENT ENTITY			
	2007		2006		2007		2006	
	Number of Options	Weighted average Exercise Price Cents	Number of Options	Weighted average Exercise Price Cents	Number of Options	Weighted average Exercise Price Cents	Number of Options	Weighted average Exercise Price Cents
Outstanding at the beginning of the year	34,222,083	20.0	5,000,000	20.0	34,222,083	20.0	5,000,000	20.0
Granted	930,000	14.0	29,233,333	20.0	930,000	14.0	29,233,333	20.0
Exercised	(67,500)	16.8	(11,250)	20.0	(67,500)	16.8	(11,250)	20.0
Outstanding at the end of the year	35,084,583	19.8	34,222,083	20.0	35,084,583	19.8	34,222,083	20.0
Exercisable at year end	35,084,583	19.8	34,222,083	20.0	35,084,583	19.8	34,222,083	20.0

The options outstanding at 30 June 2007 had a weighted average exercise price of 19.8 cents and a weighted average remaining contractual life of 18 months. Exercise prices range from \$0.14 to \$0.20 in respect of options outstanding at 30 June 2007.

The weighted average fair value of the options granted during the year was \$0.154.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	\$0.14
Weighted average life of the option	5.0 years
Underlying share price	\$0.16
Expected share price volatility	19.7%
Risk free interest rate	6.03%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included under "Administrative Expense" in the income statement is \$56,730 (2006: \$nil) which relates to share-based payments in accordance with the Company Employee Share Option Plan.

## NOTE 23. EVENTS AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.



**NOTE 24. RELATED PARTY TRANSACTIONS**

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

**Associated companies**

- Administrative services were provided by FME Exploration Services Pty Ltd to Maximus Resources Limited for \$373,015.
- Maximus Resources Limited advanced FME Exploration Services Pty Ltd \$117,690 to fund working capital.

**Other Related Parties**

- Payments during the period to Flinders Diamonds Limited for expenses incurred on behalf of Maximus Resources Limited totalled \$12,214.
- Receipts from Flinders Diamonds Limited during the period for expenses incurred on their behalf totalled \$250.

**NOTE 25. SEGMENT INFORMATION**

The entity operates predominately in the mining industry, in Australia and as such has no material reportable segments.

**NOTE 26. FINANCIAL INSTRUMENTS****a. Financial Risk Management**

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to subsidiaries.

**i Treasury Risk Management**

The senior executives of the group regularly analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

**ii Financial Risks**

The main risk the group is exposed to through its financial instruments is liquidity risk.

*Liquidity risk*

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available to meet the cash demands.

**b. Financial Instruments****i) Interest Rate Risk**

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL
<b>Financial Assets</b>				
Cash and cash equivalents	6.5	12,354,511	-	12,354,511
Receivables	-	-	633,010	633,010
<b>Total Financial Assets</b>		<b>12,354,511</b>	<b>633,010</b>	<b>12,987,521</b>
<b>Financial Liabilities</b>				
Payables	-	-	632,076	632,076
<b>Total Financial Liabilities</b>		<b>-</b>	<b>632,076</b>	<b>632,076</b>

**ii) Net Fair Values**

The Company's financial assets and liabilities are included in the balance sheet at amounts that approximate net fair value.

# Notes to the Financial Statements

continued

## NOTE 27. ECONOMIC DEPENDENCY

As a junior explorer the Company has only sufficient funds on hand to meet its ongoing corporate and exploration commitments for the next six months. As a consequence the directors are considering the following activities:

- negotiations to farm out the Company's surplus exploration commitments;
- steps to identify sources of additional capital; and
- reduction of rate of expenditure.

The Company is economically dependent on the achievement of one or all of the above options.

At the date of this report the Company has not yet secured the farm out arrangements or additional capital.

## NOTE 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date.

AASB No.	TITLE	ISSUE DATE	OPERATIVE DATE (ANNUAL REPORTING PERIODS <i>beginning ON OR AFTER</i> )
7	Financial Instruments: Disclosure	Aug 2005	1 Jan 2007
8	Operating segments	Feb 2007	1 Jan 2009
101	Presentation of Financial Statements (Amended)	Oct 2006	1 Jan 2007
123	Borrowing costs (Amended)	June 2007	1 Jan 2009
2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023, &1038]	April 2007	1 July 2007

## NOTE 29. COMPANY DETAILS

The principal place of business and registered office is:

Maximus Resources Limited

62 Beulah Road

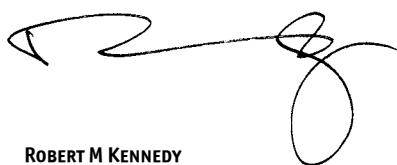
Norwood

South Australia 5067

The directors of the Company declare that :

- 1 the financial statements and notes, as set out on pages 9 to 24 are in accordance with the Corporation Act 2001 and:
  - a comply with Accounting Standards and the Corporations Regulations 2001; and
  - b give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the Company and consolidated group;
- 2 the Managing Director and Chief Finance Officer have each declared that:
  - a the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c the financial statements and notes for the financial year give a true and fair view
- 3 In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**ROBERT M KENNEDY**  
Director

Dated this 28 day of September 2007

# Independent Audit Report



Chartered Accountants and Business Advisers

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAXIMUS RESOURCES LIMITED ABN 46 091 118 044

### Report on the financial report

We have audited the accompanying financial report of Maximus Resources Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the Directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we complied with the independence requirements of the *Corporations Act 2001*.

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## Auditor's opinion

In our opinion:

- (a) The financial report of Maximus Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - i. Giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## Emphasis of Matter – Economic Dependency

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As described in Note 27 to the financial statements, the company is economically dependent on the outcomes of some future events.

**GRANT THORNTON**  
**South Australian Partnership**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'S J Gray', with a long horizontal flourish extending to the right.

**S J GRAY**  
Partner

Signed at Wayville this 28 day of September 2007

# ASX Additional Information

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows.

The information is current as of 20 September 2007.

## Distribution of equity securities

### Ordinary share capital

Fully paid ordinary shares are held by 1,541 individual shareholders. All issued ordinary shares carry one vote per share.

### Restricted securities

There are 22,225,000 shares and 12,612,500 options held in escrow until 25 October 2007.

### Options

Options are held by 603 individual option holders.

The number of shareholders, by size of holding, in each class are:

	FULLY PAID ORDINARY SHARES	OPTIONS
1 – 1,000	41	2
1,001 – 5,000	239	203
5,001 – 10,000	381	111
10,001 – 100,000	769	232
100,001 and over	111	55
	1,541	603
Holdings of less than a marketable parcel	106	221

## Substantial shareholders

FULLY PAID ORDINARY SHARES	NUMBER	%
Flinders Diamonds Limited	7,000,000	7.42
Yandal Investments	5,946,666	6.30
Mr Bruce Robert Legendre	5,725,000	6.07

## Twenty largest shareholders

	FULLY PAID ORDINARY SHARES	NUMBER	%
1	Flinders Diamonds Limited	7,000,000	10.77
2	Mr Bruce Robert Legendre	5,000,000	7.69
3	KJ Exploration Pty Ltd	3,000,000	4.62
4	Chaffey Consulting Pty Ltd	2,537,500	3.91
5	Mr Gary Eric Maddocks + Ms Paula Maddocks	2,500,000	3.85
6	Apex Minerals NL	2,000,000	3.08
7	Triple Eight Gold Pty Ltd	1,990,000	3.06
8	Merrill Lynch (Australia) Nominees Pty Limited	1,555,345	2.39
9	Carmant Pty Ltd	1,350,890	2.08
10	Mr Jun Luo	1,100,000	1.69
11	Mr Arnold Olschyna	1,010,000	1.55
12	Yandal Investments Pty Ltd	1,000,000	1.54
13	Mr Nicholas Charles Richards	648,530	1.00
14	Mr Richard Victor Heymann	574,100	0.88
15	Akd Limited	500,000	0.77
16	Baracus Pty Ltd	500,000	0.77
17	RMK Super Pty Ltd	497,500	0.77
18	Clodene Pty Ltd	444,588	0.68
19	Baracus Pty Ltd	440,000	0.68
20	Westtin Pty Ltd	400,000	0.62
		34,048,453	52.40

## Twenty largest optionholders

	OPTIONS	NUMBER	%
1	Flinders Diamonds Limited	3,500,000	10.54
2	Mr Bruce Robert Legendre	2,500,000	7.53
3	KJ Exploration Pty Ltd	1,500,000	4.52
4	Chaffey Consulting Pty Ltd	1,268,750	3.82
5	Mr Gary Eric Maddocks + Ms Paula Maddocks	1,250,000	3.76
6	Rundle Capital Partners Limited	1,000,000	3.01
7	Triple Eight Gold Pty Ltd	995,000	2.99
8	Clodene Pty Ltd	848,230	2.55
9	Merrill Lynch (Australia) Nominees Pty Limited	578,900	1.74
10	Mr Nicholas John Smart	500,000	1.51
11	Yandal Investments Pty Ltd	500,000	1.51
12	Analystics Pty Ltd	400,000	1.20
13	Kroy Investments Pty Ltd	400,000	1.20
14	Mr Nicholas Charles Richards	358,150	1.08
15	Analystics Pty Ltd	300,000	0.90
16	Carojon Pty Ltd	300,000	0.90
17	Mr Chee Chin	291,400	0.88
18	Mrs Ivanka Stoevova-millen	284,200	0.86
19	Mr Carsten Hans Huebner + Mrs Fiona Louise Huebner	258,000	0.78
20	Lawrence Crowe Consulting Pty Ltd	256,689	0.77
		17,289,319	52.00

# Glossary of Technical Terms

aircore	A method of rotary drilling whereby rock chips are recovered by compressed air flow returning inside the rods.	mineralisation	A concentration of metals and their chemical compounds within a body of rock.
anomaly	A value or group of values different from the expected norm.	marble	A metamorphic rock composed of calcite or dolomite.
anticline	A fold in rock strata that is convex upward with a core of older rocks.	Native Title	Reference to indigenous landownership
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.	non-diamond occurrence	All minerals other than diamonds.
assay	Method of geochemical analysis generally referring to measurement of precious metal contents in a rock.	oxidation	A location generally marking the presence of abnormal or anomalous quantities of a naturally occurring material.
base metal	Referring to the transition elements, including copper, zinc and lead.	PACE	Near surface decomposition by exposure to the atmosphere and ground water.
basement	The igneous and metamorphic crust of the earth, underlying sedimentary deposits.	palaeochannel	Program of Accelerated Exploration – a South Australian Government initiative.
bedrock	Solid rock underlying surficial deposits.	Paleozoic	Ancient river channel that may or may not reflect the present day drainage pattern.
carbonate	A compound containing the radical CO <sub>3</sub> ; commonly calcium carbonate or calcium-magnesium carbonate.	PGE	Era of geological time between the Precambrian and Mesozoic and Eras, from about 545 million years ago to 235 million years ago.
calcite	A mineral composed of calcium and carbonate.	porphyry	An abbreviation for the platinum group elements, referring to ruthenium, rhodium, palladium, osmium, iridium and platinum.
calcrete	Calcium carbonate, dissolved and redeposited as surficial limestone.	ppb or ppm	A rock with conspicuous crystals in a fine grained ground mass.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.	potentially economic	Parts per billion or parts per million.
complex(es)	In the geological sense meaning an area of general complexity.	Precambrian	Tonnage and grade of mineralisation is within range of other past and present mining operations but additional mining factors have not been assessed.
contact zone	With reference to the contact between an intrusive igneous rock and surrounding intruded rocks.	precollared	Part of geological time prior to about 545 million years ago and including both the Archaean and Proterozoic eras.
core drilling	A rotary drilling technique in which a stick of rock is cut from the underlying geological sequence.	primary mineralization	Generally referencing cored drill holes for which the upper start of the hole has been drilled by other techniques such as percussion or rotary mud drilling.
craton	Large, and usually ancient, stable mass of the earth's crust.	Proterozoic	Refers to mineralisation that remains in its original form within unweathered rocks.
deformation	A general term for the process of folding, faulting, shearing, compression or extension of rocks as a result of stress.	pyrite	The younger part of the Precambrian Era, being between 545 and 2,500 million years ago.
diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.	quartz	An iron sulphide mineral.
drill traverses	Reference to a line of drill holes.	quartzite	A mineral composed of silicon dioxide.
electrical geophysics	Geophysical survey techniques involving the use and measurement of electrical currents.	radiometrics	A metamorphosed sandstone composed of quartz.
extension drilling	Reference to extending the drilling pattern generally along the projected strike or direction of a mineralised zone.	reconnaissance	Here refers to radiometric measurements for uranium.
fault	A fracture in rock along which there has been relative displacement of the two sides either vertically or horizontally.	reef	A general examination or survey of a region with reference to its main features, usually preliminary to a more detailed survey.
farm-in	Reference to dealing on opportunities through earning an equity in a new project through joint venture or purchase	regional exploration	Mining term generally referring to a thick vein of quartz.
farm-out	Reference to dealing on opportunities through earning an equity in an existing project through joint venture or sale of equity in a project	regolith	Exploration undertaken over a wide area.
felsic	Descriptive of light coloured rocks containing an abundance of feldspars and quartz.	resource	Upper layer of rocks comprising weathered and extraneous materials that may cover the basement geology.
g/t Au	Grams gold per tonne	RAB drilling	In-situ mineral occurrence from which valuable or useful minerals may be recovered.
geochemistry	The study of the abundance and distribution of elements in rocks, or their weathering products, by chemical methods.	RC drilling	Rotary airblast drilling; a rotary drilling technique in which sample is returned to surface outside of the drill rod string by compressed air.
gneiss	A foliated rock formed by regional metamorphism.	sandstone	Reverse circulation drilling; A method of drilling whereby rock chips are recovered by airflow returning inside the drill rods rather than outside, thereby (usually) providing more reliable samples.
grams per tonne	Unit of measurement often used for the number of grams of precious metal (gold, silver or PGMs) in a tonne of rock.	saprolite	Sediment composed of sand size particles – generally quartz sand.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.	schist	A soft, earthy clay-rich, thoroughly decomposed rock formed in place by chemical weathering of rocks.
granitoid	A field term for a coarse grained felsic rock resembling granite.	sediment	A metamorphic rock with a platy or foliated texture.
gravity	The force due to a body's attraction to the centre of the earth; also descriptive of a geophysical survey method which measures gravity responses.	sedimentary	Rocks formed by the deposition of solids from water.
greywacke	Type of sandstone composed of quartz, feldspar and clays.	serpentinised	Formed or existing within a sediment.
greenstone	A term commonly applied to low metamorphic grade rocks of basic composition and comprised of the minerals chlorite and amphibole. Commonly applied to Archaean rock sequences dominated by these rock types (also referred to as "greenstone belts").	sphalerite	Hydrothermally altered magnesium rich rock dominated by serpentine minerals.
Heritage clearance	Reference to a clearance survey undertaken to ensure exploration activities do not encroach on sites of indigenous heritage.	shear	A sulphide mineral of zinc and iron.
igneous	Rocks that have solidified from molten rock (magma).	siltstone	A planar zone of dislocation in rock similar to a fault.
inferred (mineral) resource	Mineralisation sufficiently assessed by drilling to allow an estimate of its tonnage and grade parameters under guidelines of the Australian Joint Ore Reserves Committee code.	soil sampling	A very fine grained consolidated clastic rock composed predominantly of silt.
iron oxide	Reference to a style of copper-gold-uranium mineralization that is hosted in rocks containing dominant iron oxide minerals such as magnetite and/or hematite.	stratigraphy	Systematic collection of samples of soil at a series of locations in order to study the distribution of geochemical values in the soil.
infill drilling	Drilling that infills a pattern of previous drilling.	structural	Composition, sequence and correlation of stratified rock in the earth's crust.
intersection	General reference to encountering an interval of mineralisation in a drill hole.	sulphide	Pertaining to geological structure.
intrusive	A mass of rock formed by magma cooling beneath the earth's surface.	supergene	A mineral compound characterised by the linkage of sulphur and a metal
layered	Meaning the rock units are layered as in a cake.	syncline	A term to describe a mineral deposit or enrichment formed near the surface generally by descending groundwater.
limestone	Rock composed of calcium carbonate (calcite)	ultramafic	A fold in rock strata that is concave upward with a core of younger rocks
lineament	A significant linear feature of the earth's crust, usually related to a major fault or shear structure.	underground workings	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
lode	A tabular or vein-like deposit of valuable mineral between well defined walls.	U <sub>3</sub> O <sub>8</sub>	General reference to underground mine workings that include vertical shafts and horizontal tunnels beneath the natural surface.
mafic	Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.	vein	Chemical formula for an oxide of uranium.
magnetic anomaly	Zone where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.	vermiculite	A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
Mesozoic	Era of geological time from about 235 million years ago to 65 million years ago.	volcanic	A platy micaceous mineral used in insulation and for its absorption properties.
metalliferous	as referencing minerals in which the metal content is of potentially extractable and, therefore, of potential economic significance.	weathering	Descriptive of rocks originating from extrusive igneous activity.
metamorphosed	A rock that has been modified by the effects of pressure, heat and fluids within the earth's crust.		The group of processes that change the character and composition of rocks by decay.

