Maximus resources

Annual Report
2011

CORPORATE DIRECTORY

Maximus Resources Limited ABN 74 111 977 354

DIRECTORS

Robert Michael Kennedy (Non-executive Chairman)

Kevin Malaxos (Managing Director)

Leigh Carol McClusky (Non-executive Director)

Ewan John Vickery (Non-executive Director)

Nicholas John Smart (Alternate for Mr Vickery)

COMPANY SECRETARY

Rajita Alwis

REGISTERED OFFICE

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Adelaide South Australia 5000

PRINCIPAL OFFICE

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Norwood South Australia 5067
Telephone +61 8 7324 3172, Facsimile +61 8 8312 5501

SOLICITOR

DMAW Lawyers

Level 3, 80 King William Street
Adelaide South Australia 5000
Telephone +61 8 8210 2222, Facsimile +61 8 8210 2233

SHARE REGISTRY

Computershare Investor Services

Level 5, 115 Grenfell Street
Adelaide South Australia 5000
Telephone +61 8 8236 2300, Facsimile +61 8 8236 2305

AUDITOR

Grant Thornton

67 Greenhill Road
Wayville South Australia 5034

BANKER

National Australia Bank

161–167 Glynburn Road
Firle South Australia 5070

STOCK EXCHANGE LISTING

Australia Securities Exchange (Adelaide)

Maximus Resources Limited shares are listed on the Australian Securities Exchange

ASX code: MXR

WEBSITE

www.maximusresources.com

The website includes information about the Company, its strategies, projects, reports and ASX announcements.

COMPLIANCE STATEMENTS

Disclaimer

This Annual Report contains forward looking statements that are subject to risk factors associated with the exploration and mining industry.

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables which could cause actual results or trends to differ materially.

Exploration Targets

Exploration Targets are reported according to Clause 18 of the JORC Code, 2004. This means that the potential quantity and grade is conceptual in nature and that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Competent Person

The information in this report relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Stephen Hogan who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hogan is an employee of ERO Mining Ltd who has been seconded to Maximus Resources Limited. He has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and consents to the inclusion of the information in this report in the form and context in which it appears. Mr Hogan qualifies as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

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CHAIRMAN'S REPORT 2011

Dear Fellow Shareholders

Since the last Annual Report we have continued the rationalisation of our minerals portfolio with the emphasis in the past year on proving up a greater gold resource in the Adelaide Hills and completing the analysis of and review of the Narndee tenements which has resulted in the ranking of these targets with a view to testing the six highest ranking of them in the near future.

Our Sellheim alluvial operation has been significantly affected by the Queensland floods and as reported last year the change in season. The moisture content of the feed has reduced the ability to process sufficient throughput. As a result we have impaired the asset by a further $500,000. The company continues to pursue options for the Sellheim project, including modifying the processing plant to increase throughput or Joint Venture with neighbouring operators to improve project viability.

As announced we have successfully sold our interests in the Ironstone Well tenements for a prospective $4 million for gold and a further $0.5 million for the iron content with a 20% interest retained in the iron ore project. Importantly the costs of maintaining the tenements are no longer the responsibility of the company.

Our significant tenement holdings both in South Australia and Western Australia impose a great burden on the company. As a result we continue to rationalise the areas to maintain a hold on the most prospective areas as we have invested significant funds to identify the most prospective tenements.

I'm sure shareholders are aware of the difficulty facing junior explorers in the current market in raising sufficient capital to pursue what your board considers to be prime targets for exploration. We are exploring all avenues to maintain an interest in our tenements whilst attracting sufficient capital to explore them.

The recent exploration drill program at Deloraine generated significant information regarding the mineralisation present in the Deloraine goldfield and provided confirmation of the continuation of the ore zone 90 metres south of the previous 2010 drill intersections. However, we need to discover sufficient gold resources in the Adelaide Hills Project to justify a mining operation. We believe that with sufficient capital and access to the prospective ground we can prove up sufficient resources to commence mining.

Our managing Director will report on the prospectivity of the Narndee tenements which provide the greatest opportunity for a company making discovery. There is a broad choice of gold and base metal targets across our tenement holding. We have commenced geochemical and geophysical surveys on the highest priority targets at Narndee, with the first gravity survey completed in October 2011. The only thing holding us back is raising sufficient capital for what is seen by your board as the most prospective exploration in the Narndee tenements.

Due to the takeover by ERO Mining Ltd (ERO) of South East Energy Ltd your company no longer controls ERO and has removed it from the consolidated Accounts from the date of the takeover. We have maintained our interest in the Billa Kalina tenement with ERO who plan to conduct some ground gravity works and finalise arrangements for a drilling program on the tenements once clearance has been given by the Defence Department to proceed onto the Woomera Prohibited Area (WPA).

The lack of funds has caused us to curtail our exploration plans and impair our exploration assets as set out in the accounts but we are confident in our ability to raise funds for a focussed exploration program across our portfolio.

Subsequent to my report last year I announced that Kevin Malaxos joined the company as Managing Director. Kevin has worked assiduously in progressing the Adelaide Hills project and the definition of targets in the Narndee Project.

It remains for me to thank shareholders, my fellow Directors, staff and contractors for their assistance and support in what has been another difficult year. I look forward to company changing exploration success and your continued support for Maximus for the coming year.

Bob Kennedy
Chairman

MANAGING DIRECTOR'S REPORT

REVIEW OF OPERATIONS

The 2010/11 financial year began with continued focus on exploration of the Adelaide Hills gold project, rationalisation of the company's asset base with the divestment of Ironstone Well culminating with significant progress and success with the review of the Narndee tenements in Western Australia. The year ahead will see continued focus on progressing exploration activities on the highly prospective Narndee tenements, rationalisation of the Adelaide Hills tenement holding and discovering additional resources and assessing options to optimise the Sellheim operation.

As mentioned by the Chairman, raising capital has been difficult in the past year, but is crucial for your company to enable us to continue to explore our exceptional tenement package. However, I am pleased to say that ongoing support from shareholders allowed sufficient capital to be raised to continue exploration activities at Deloraine and Eureka in the Adelaide Hills and complete the review of the database of information relating to the Narndee tenements in Western Australia, resulting in the identification of 18 significant exploration targets.

Your company's two core assets are the Narndee Tenement package in Western Australia, which is highly prospective for Copper/Gold, Base metals and PGM mineralisation and the Adelaide Hills Gold Project containing the Bird in Hand gold deposit.

Narndee has progressed significantly since the extensive airborne electromagnetic (EM) survey conducted over our Narndee and Windimurra tenements in Western Australia in 2008. A ground EM survey was completed in October 2010 on several of the high calibre targets identified following analysis of the airborne EM survey. This information has now been analysed in significant detail resulting in 18 high quality exploration targets identified. These 18 targets have been ranked according to their prospectivity and it is these targets that we intend progressing with on-ground geochemical, geophysical and drill testing during 2011/2012.

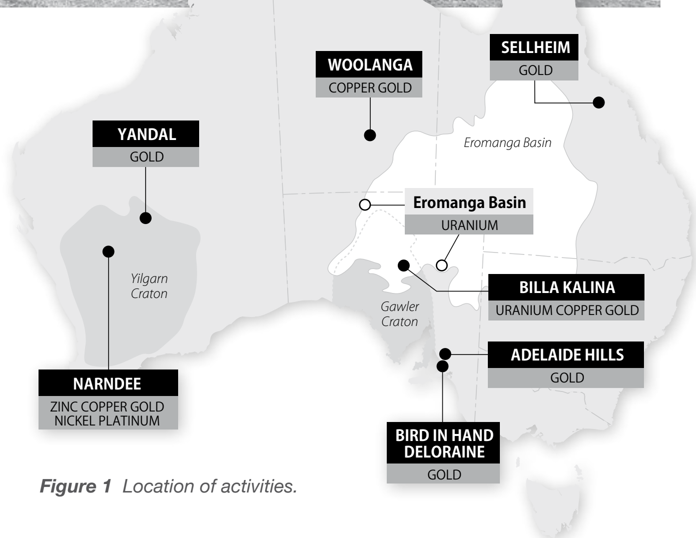

Figure 1 *Location of activities.*

The Bird in Hand prospect has a combined Indicated and Inferred Resource tonnage of 598,000 tonnes at 12.3 g/t totalling approximately 237,000 contained ounces of gold with the potential for lateral and down dip extensions. In 2008, Maximus undertook a scoping study to assess the potential for development of the Bird in Hand deposit. This study was once again reviewed, given the increasing gold price over the past year, taking into account a risk assessment of the production profile. Although the development of Bird in Hand was financially viable, it was again determined that greater shareholder value could be achieved through the discovery of additional gold resources. This resulted in our efforts focusing on evaluation of Deloraine and Eureka prospects to increase contained gold in the Adelaide Hills precinct.

A total of four holes were drilled at Deloraine during the first quarter of 2011. These holes were targeting extensions along strike and south of the mineralisation identified in the 2010 drill program. Hole DelDDH09 intersected a best grade result of 12.01 g/t over 1 m. This intersection proves that the mineralisation extends 80 metres south of the previous 2010 drill program where hole DelDDH02 intersected 3 m at 30.2 g/t and confirms that the high grade nature of the Deloraine field is continuous. Additional drilling is planned in 2012 along strike to the south to test further lateral extensions to the mineralisation. Access permits will be completed in the December quarter 2011.

A total of four holes were drilled into the Eureka system adjacent to the Bird in Hand deposit in the Adelaide Hills to test extensions to the historic gold workings on the tenement. No significant grade was intersected and no further drilling is planned on the tenement.

The third project in the Maximus stable, is the Sellheim gold project, located about 140 kilometres southeast of Charters Towers in north Queensland. Following an infill sampling program in 2010 and a review of results, Board approval was given to commence production at Sellheim. As an interim stage, the test plant was upgraded to achieve a regular throughput of approximately 25 lcm (loose cubic metres) per hour.

During the 2010/11 financial year, 29,551 lcm (loose cubic metres) were treated for the recovery of 468.3 ounces gold. This equates to a recovered grade of 0.46 g/lcm which is in line with forecast grade. During the year production was sourced from each of the three resource areas, namely Jacks Patch, Boulder Run and Golden Triangle. Following the unseasonable wet weather during the December and March Quarters, stockpiling and blending of material was undertaken to assist with plant performance and reduce blockages and binding in the plant.

The design throughput rate was achieved during the September quarter 2010, but was significantly hampered in December and January due to unseasonable high rainfall and again in February 2011 during and after the passing of Cyclone Yasi, with the site evacuated as a precautionary safety measure. Twenty-seven production days were lost during December/January due to high rainfall and a further seven days were lost as a result of the cyclone including restricted access to site with major access roads cut and clean-up activities on site, including re-establishing mining areas. Increased moisture content of plant feed has significantly affected plant throughput, due to the in-situ clay content, particularly in the Jacks Patch area resulting in the average throughput rate for the plant averaging 20 lcm per hour. Feed was initially sourced from the Golden Triangle area as this has a lower clay component, compared with Jacks Patch or Boulder Run and therefore more amenable to processing during the end of the wet season.

The plan is to operate the existing plant at or above 25 lcm per hour and continue to improve the level of understanding of our resource estimates and operational performance. Capital for increasing plant throughput to 35-40 lcm per hour will depend on the ongoing, consistent and proven profitability of the project. The potential of hardrock gold resources at the Sellheim project needs to be investigated, and this project should begin later in 2012. However, all options to improve and optimise the operation, including opportunities to Joint Venture with neighbouring operators will be investigated in an effort to optimise the operation and maximise throughput.

The Billa Kalina project is located north west of Lake Torrens in the Eromanga Basin in central South Australia and contains the Peeweena Dam gravity anomaly. The project is part of the Billa Kalina Joint Venture and is managed by our JV partner, ERO Mining Limited. Access to the tenements to conduct a follow-up ground gravity survey on the Peeweena Dam anomaly has been restricted due to the tenements being located within the Woomera Prohibited Area (WPA).

In 2010, the Defence department reviewed its stance on access to the WPA and is implementing an interim joint use plan to provide clarity to exploration companies conducting activities within the WPA. ERO is awaiting approval to access the WPA to complete the ground gravity survey on the Peeweena Dam anomaly. Success with the ground gravity survey will trigger a follow-up drill program.

In summary, 2010/11 has been a year of significant contrasts for your company. The Sellheim project began to perform well, then an incredibly wet December quarter and March quarter has seen throughput significantly reduce. Drilling at Deloraine in the Adelaide Hills was a success with 90 metre extensions to the south of the mineralised zone confirmed. However, the grades contained within the mineralisation were not as significant as the previously reported grades. The year culminated with significant success at Narndee, with 18 very prospective targets identified for further detailed investigation and drill testing. This will be our clear focus in 2011/12.

Finally, I wish to thank my fellow board members for their support and guidance since I commenced in the role, and the Maximus employees and contractors for their significant efforts throughout a challenging year and look forward to working together with continued success in the coming year.

KEVIN MALAXOS
Managing Director

TENEMENT SCHEDULE

For the year ended 30 June 2011

Tenement number	Tenement name	Date granted/ applied for	Expiry date	Area (sq km)	Registered holder/ applicant	Related agreement
WESTERN AUSTRALIA						
Narndee Project						
E57/728	Watson Well	4/03/2010	3/03/2015	200.0	Maximus Resources Ltd	Corporate Group Agreement
E57/729	Youanmi Downs	4/04/2008	3/04/2013	75.0	Maximus Resources Ltd	
E58/237	Naluthanna Hill	22/03/2002	21/03/2012	38.0	Maximus Resources Ltd	
E58/240	Windimurra	11/03/2002	10/03/2012	50.0	Maximus Resources Ltd	
E58/273	Wagoo Hills	4/05/2007	3/05/2012	140.0	Maximus Resources Ltd	
E58/274	Paynesville	5/03/2003	4/03/2012	98.0	Maximus Resources Ltd	
E58/294	Wondinong	7/06/2006	6/06/2012	22.0	Maximus Resources Ltd	
E58/295	Windsor	7/06/2006	6/06/2011	6.0	Maximus Resources Ltd	
E58/309-I	Brailia South	22/01/2007	21/01/2012	17.0	Maximus Resources Ltd	
E58/356	Mount Ford	25/02/2010	24/02/2015	212.0	Maximus Resources Ltd	
E58/373	Kantie Murdana Hill	17/11/2009	16/11/2014	212.0	Maximus Resources Ltd	
E59/908	Narndee	8/09/2000	7/09/2011	48.0	Maximus Resources Ltd	
E59/1083	Narndee West	14/11/2002	13/11/2011	53.0	Maximus Resources Ltd	
E59/1085	Budnee	14/11/2002	13/11/2011	54.0	Maximus Resources Ltd	
E59/1087	Bricky Bore	6/06/2007	5/06/2012	98.0	Maximus Resources Ltd	
E59/1088-I	Dunns Tank	24/10/2006	23/10/2011	50.0	Maximus Resources Ltd	
E59/1173	Narndee Homestead	23/11/2006	22/11/2011	31.0	Maximus Resources Ltd	
E59/1174	Mulermurra Well	23/11/2006	22/11/2011	11.4	Maximus Resources Ltd	
E59/1230	Dromedary Hills	8/02/2007	7/02/2012	100.0	Maximus Resources Ltd	Corporate Group Agreement
E59/1231	Boodanoo	8/02/2007	7/02/2012	100.0	Maximus Resources Ltd	Corporate Group Agreement
E59/1237	Yalanga Tank	25/01/2007	24/01/2012	23.0	Maximus Resources Ltd	Corporate Group Agreement
E59/1238	Carwoola Dam	22/01/2007	21/01/2012	11.0	Maximus Resources Ltd	Corporate Group Agreement
E59/1252	Boodanoo Well	21/06/2007	20/06/2012	48.0	Maximus Resources Ltd	
E59/1335	4 Corner Bore	17/04/2008	16/04/2013	50.0	Maximus Resources Ltd	
E59/1365	Kurrajong Bore	4/03/2010	3/03/2015	6.0	Maximus Resources Ltd	
E59/1370-I	Warramboo	4/03/2010	3/03/2015	3.0	Maximus Resources Ltd	
E59/1415	Milgoo Well	3/03/2010	2/03/2015	27.0	Maximus Resources Ltd	Corporate Group Agreement
E59/1561-I	Corner Well	26/03/2010	25/03/2015	211.0	Maximus Resources Ltd	
P58/1201		3/04/2007	2/04/2011**	0.2	Maximus Resources Ltd	
P58/1418		4/03/2010	3/03/2014	1.7	Maximus Resources Ltd	
P58/1419		4/03/2010	3/03/2014	0.2	Maximus Resources Ltd	
P58/1444		4/03/2010	3/03/2014	0.2	Maximus Resources Ltd	
P58/1453		5/03/2010	4/03/2014	0.8	Maximus Resources Ltd	
P59/1757	Warnambar Soak	22/01/2007	21/01/2011**	0.4	Maximus Resources Ltd	
P59/1813	Corner Bore 3	28/12/2007	27/12/2011	1.0	Maximus Resources Ltd	
P59/1856	Joes Gap	9/07/2008	8/07/2012	0.7	Maximus Resources Ltd	
P59/1868		8/03/2010	7/03/2014	1.2	Maximus Resources Ltd	
P59/1869		8/03/2010	7/03/2014	0.2	Maximus Resources Ltd	
P59/1870		8/03/2010	7/03/2014	0.5	Maximus Resources Ltd	
P59/1871		8/03/2010	7/03/2014	0.7	Maximus Resources Ltd	
P59/1900		8/03/2010	7/03/2014	0.2	Maximus Resources Ltd	

*** Live pending amalgamation into adjacent Exploration Licence*

TENEMENT SCHEDULE

For the year ended 30 June 2011

Tenement number	Tenement name	Date granted/ applied for	Expiry date	Area (sq km)	Registered holder/ applicant	Related agreement
SOUTH AUSTRALIA						
Adelaide Hills Project						
EL4303	Lobethal	1/09/09	31/08/11	333	Flinders Mines Ltd	Flinders Agreement
EL 4641	Echunga	7/01/11	6/01/12	253	Flinders Mines Ltd	Flinders Agreement
EL 4712	Mt Pleasant	30/03/11	29/03/12	690	Flinders Mines Ltd	Flinders Agreement
EL 4091	Mt Barker	25/02/08	24/02/12	162	Flinders Mines Ltd	Flinders Agreement
EL 4131	Kapunda	28/04/08	27/04/12	641	Flinders Mines Ltd	Flinders and Copper Range Agreements
EL 4227	Brukunga	25/02/09	24/02/12	176	Flinders Mines Ltd	Flinders Agreement
EL 4464	Tarlee	13/04/10	12/04/12	105	Flinders Mines Ltd	Flinders Agreement
MC 4113	Bird in Hand	11/11/08	11/11/2009***	2	Maximus Resources Ltd	
EL4193	Mount Monster	27/10/08	26/10/11	378	Maximus Resources	
EL4194	Williamstown	27/10/08	26/10/11	20	Maximus Resources	
EL4222	Tepko	11/02/09	10/02/12	93	Maximus Resources	
EL 3920	Mount Rufus	3/09/07	2/09/11	51	Maximus Resources	
Billa Kalina Project						
EL4760	Francis	22/06/11	21/06/12	346	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
EL4757	Margaret	22/06/11	21/06/12	477	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
EL 4463	Billa Kalina	13/04/10	12/04/12	1,023	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
ELA33/10	Bamboo Lagoon	17/02/10		412	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
ELA78/10	Millers Creek	18/03/10		771	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
Eromanga Project						
EL 3601	Black Hill Dam	17/07/06	16/07/11	485	Maximus Resources Ltd	Eromanga Basin Agreement
EL 3602	Mt Anthony	17/07/06	16/07/11	409	Maximus Resources Ltd	Eromanga Basin Agreement
ELA65/11	Calcutta	21/03/11		984	Maximus Resources Ltd	Eromanga Basin Agreement
QUEENSLAND						
Sellheim Project						
ML10269	Slim Chance	13/11/2003	30/11/13	0.13	Maximus Resources Limited	Sellheim Agreement
ML10270	Next Chance	13/11/2003	30/11/13	0.50	Maximus Resources Limited	Sellheim Agreement
ML10328	Sellheim	1/12/2006	30/11/26	3.27	Maximus Resources Limited	Sellheim Agreement
EPM 13499	Mount Richardson	1/03/2004	29/02/12	11.00	Maximus Resources Limited	Sellheim Agreement
EPM 15778	Sellheim River	19/12/2007	18/12/12	63.00	Maximus Resources Limited	Sellheim Agreement
EPM 17573	Douglas Creek	21/04/2008		39.00	Maximus Resources Limited	Sellheim Agreement
NORTHERN TERRITORY						
Woolanga Project						
SEL25055	Strangways	13/06/06	12/06/12	1118	Flinders Mines Ltd	Flinders and NuPower Agreements
SEL25056	Mud Tank-Alcoota	13/06/06	12/06/12	520	Flinders Mines Ltd	Flinders and NuPower Agreements

**** MC4113 is still current pending grant of Retention Licence application lodged on 10 November 2009*

FINANCIAL REPORT

For the year ended 30 June 2011

MAXIMUS RESOURCES LIMITED

ABN 74 111 977 354

These financial statements are the consolidated financial statements of the consolidated entity consisting of Maximus Resources Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Maximus Resources Limited is a company limited by shares, is listed on the Australian Securities Exchange (ASX) under the code "MXR" and is incorporated and domiciled in Australia.

The registered office and principal place of business is:

Maximus Resources Limited
Level 3, 100 Pirie Street
Adelaide South Australia 5000

Registered postal address is:

Maximus Resources Limited
PO Box 3126
Adelaide SA 5067

A description of the nature of the Company's operations and its principal activities is included in the directors' report on pages 8 to 9, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 30 September 2011. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.maximusresources.com.

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DIRECTORS' REPORT

Your directors present their report on Maximus Resources Limited (referred to hereafter as the Company) at the end of, or during, the year ended 30 June 2011.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Robert Michael Kennedy (Non-executive chairman)

Kevin John Malaxos (Managing Director, since 13 December 2010)

Leigh Carol McClusky (Non-executive director, since 1 September 2010)

Ewan John Vickery (Non-executive director)

Nicholas John Smart (Alternate director for E J Vickery)

Simon Andrew Booth (Managing Director, resigned 31 August 2010)

PRINCIPAL ACTIVITIES

During the year the principal activities of the Company consisted of natural resources exploration and development.

DIVIDENDS

There were no dividends declared or paid during the year (2010: Nil).

OPERATING RESULTS AND FINANCIAL POSITION

The net result of operations of the Company for the financial year was a loss of $3,829,449 (2010: $6,914,654).

The net assets of the Company have decreased by $2,116,693 during the financial year from $19,196,627 at 30 June 2010 to $17,079,934 at 30 June 2011.

Review of operations

The 2010/11 financial year begun with continued focus on exploration of the Adelaide Hills gold project, rationalisation of the asset base and culminated with significant progress and success with the review of the Narndee tenements in Western Australia. The financial markets generally were extremely cautious as world markets, and particularly the Australian market recovered from the Global Financial Crisis. However, ongoing support from shareholders allowed sufficient capital to be raised to continue exploration activities and complete the diamond drilling at Deloraine and Eureka in the Adelaide Hills and complete the review of the database of information relating to the Narndee tenements in Western Australia, resulting in the identification of significant exploration targets to follow up on. A Share Purchase Plan (SPP) and limited private placement were undertaken which, in total raised $1.357 million.

Extremely encouraging drill results were reported from the Deloraine and Deloraine Queen drilling campaign in the Adelaide Hills, commenced in July 2010 with recorded intervals of 3 metres @ 30.3 g/t, 1 m @ 12 g/t and 1 m @ 2 g/t. The drilling also confirmed that the host rock mineralisation at Deloraine continues, at considerable thickness to the south of the known historic workings. Preparation of applications for access for further drilling has commenced.

The change of Managing Director resulted in a hiatus of the focused tenement reviews in the last quarter of 2010, but this task was quickly resurrected in January 2011. The ground EM survey proceeded as planned in November 2010 focusing on highly prospective targets in the Narndee tenements identified from analysis of the previous aerial TEM survey.

In October 2010, the Company announced the sale of its 90% interest in the Ironstone Well tenements in Western Australia. This decision was based on the company's clear focus to remain a gold and base metals exploration and production company. The transaction resulted in initial cash payments, further staged cash payments and a production royalty payment. Maximus retains a 20% interest.

Maximus's core projects remain the: Adelaide Hills gold project in South Australia comprising principally the Bird in Hand gold deposit and Deloraine gold prospect; Narndee base metals and gold tenements in Western Australia; Sellheim alluvial gold project in north Queensland.

The current direct total tenement holding is currently 4,705.9 square kilometres (5,187.9 sq km under control) in three states (excluding Woolanga in the NT managed by Nupower Resources Limited). The intent remains to rationalise the tenement package to a more manageable and focused holding. To achieve this, a full review of all available data relating to the Narndee tenements has been completed. A similar exercise will be undertaken on the Adelaide Hills tenements commencing in 2011.

Maximus completed two capital raisings during the year. The first, via a private placement in November 2010, raised approximately $600,000 and funds were directed to the drill evaluation of the Deloraine gold prospect in South Australia and completion of the interrogation of the Narndee tenements data. The second capital raise was via a Share Purchase Plan in May 2011 which raised $707,500. These funds were used to finalise the Deloraine drill and evaluation program, finalise the Narndee tenement review and tenement maintenance charges.

Maximus continues to focus on its two core assets; being the Adelaide Hills gold tenements and the Narndee Base metals and gold tenements in WA, whilst investigating new tenements or Joint Venture opportunities as they arise.

The completion of the review of the Narndee tenements, including the identification of 18 high quality exploration targets; 14 individual targets and 4 broad exploration zones has provided a renewed vigour and clear focus on Narndee. Subsequent to the detailed review of the Narndee tenements, the 18 high quality targets identified have been reviewed and ranked for potential for success. Maximus now has clearly defined targets and timing for progressing these tenements. Exploration programs are currently being prepared including ground disturbance applications where required.

The focus for the Adelaide hills tenements includes a thorough review of all available information leading to a rationalisation of tenement holding where required. Our clear aim remains on identifying additional gold resources to add to the significant Bird in Hand resource totalling 237,000 ounces. Identification of additional resources at Deloraine, Eureka, Cromer or other locations within the significant Adelaide hills tenement package will create a significant gold precinct that may justify a central processing facility.

The Sellheim alluvial gold project in north Queensland showed improvement throughout 2010, then suffered from consistent rain and cyclones that impacted the entire state. Plant throughput increased to 24 lcm per hour with good recovery of gold during the first 4–5 months of 2010/11 then persistent heavy rain caused throughput to reduce to 21 lcm per hour. Production has been significantly hampered by extended periods of high rainfall, reducing throughput considerably or preventing access to the site all together.

Further improvement in throughput of the Sellheim plant is planned to ensure a return to positive cashflow from the operation to fund an infill sampling program to facilitate better planning and scheduling of the deposit and undertake hard rock exploration on the leases.

Maximus will be clearly focused on the follow up assessment and evaluation of the high quality targets identified on our Narndee tenements. On ground soil and gravity analysis is planned for the near future and drilling of high quality targets is currently being planned. Concurrent to the Narndee progress, the review of the Adelaide Hills data shall continue "behind the scenes" to ensure that we target the most prospective tenements and rationalise our tenement holding.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year Maximus Resources Limited's percentage holding of the Issued Capital of ERO Mining Limited reduced to 12.81%. This dilution occurred due to the issue of shares in ERO Mining Limited. This, along with changes to the members of the Boards of Directors of Maximus Resources Limited and ERO Mining Limited, has resulted in a loss of control of ERO Mining Limited as a subsidiary. Therefore, ERO Mining Limited has been consolidated with Maximus Resources Limited for the purposes of these financial statements up until the date when control was lost. The accounting treatment of this loss of control is detailed in notes 1(b) and 8.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to balance date the Company completed a non-renounceable rights issue that closed on 16 August 2011. As a result of the capital issue 43,243,217 ordinary shares were allotted raising $432,432.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE BUSINESS DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

2011/12 will see Maximus focus on the high quality targets identified on the Narndee Tenements in Western Australia. Following the interrogation and evaluation of the airborne electromagnetic (EM) survey conducted over our Narndee and Windimurra tenements in Western Australia in 2008, a ground EM surveys was completed on several of the high calibre targets identified. The ground EM survey was conducted in October 2010. This information has now been analysed in significant detail resulting in 18 high quality exploration targets identified. These 18 targets have been ranked according to their prospectivity and it is these targets that we intend progressing towards drill testing during 2011/2012.

The Adelaide Hills Gold Project shall remain an integral part of the Maximus suite of tenements. The Bird in Hand project forms the core of this suite of tenements with 237,000 ounces already delineated at an impressive grade of just over 12 g/t gold. A thorough analysis and review of all available historic and more recent data shall be undertaken to identify the most prospective targets to conduct follow up drilling. The aim is to add in the order of 150–200,000 ounces to the existing resource base from historical working areas such as Deloraine, Deloraine Queen, Eureka and potentially additional resources at Bird in Hand and then pursue production options.

At our Sellheim gold project in north Queensland, efforts continue to maintain a consistent economic operation, but these have been hampered by unseasonal high rainfall during the second half of the year. Reconciliation and grade recovery through the processing plant has been good as the crew became proficient in managing ore feed variations and grade fluctuations. The plan is to operate the existing plant at or above 25 lcm per hour and continue to improve the level of understanding of our resource estimates and operational performance.

ENVIRONMENTAL REGULATION

The Company'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 Company on any of its tenements. The Company believes it is not in breach of any environmental obligation.

Information on directors

Robert Michael Kennedy

ASAIT, Grad Dip (Systems Analysis), FCA, ACIS, Life Member AIM, FAICD

Independent Non-executive Chairman

Experience and expertise

Mr Kennedy is a chartered accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. He joined Maximus in December 2004 as a non-executive director and has been the Chairman of Maximus since that date. 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 leads the development of strategies for the development and future growth of Maximus. He has participated in the Diggers & Dealers Mining Industry conferences for the last 3 years. He also conducts the review of the Board including the Managing Director in his executive role.

Apart from his attendance at Board and Committee meetings Mr Kennedy leads the Board's external engagement of the company meeting with industry participants Government and the Media. He is a regular attendee of Audit Committee functions of the major accounting firms. During the year he attended the Masterclass of the Australian Institute of Directors with members of top ASX200 company boards. He has been appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources, is a mentor in the AICD's diversity program and is a regular presenter on topics relating to directors with the AICD and the CSA. In the area of Community Engagement he regularly attends functions held by institutions.

He was recently awarded Entrepreneur of the Year in the Ernst & Young Central Region awards in the listed category.

In assessing Mr Kennedy's independence, the Board (excluding Mr Kennedy), took into account his stamina, his ability to think independently across a wide range of issues and his relentless availability. Whilst Mr Kennedy has been appointed to a number of Resource Industry Boards, due to his extensive knowledge of the industry, the time required across these companies in no way impedes on his dedication to his role as Chairman of Maximus. In taking all of these issues into account, the Board (excluding Mr Kennedy), were unanimous in declaring Mr Kennedy as independent.

Other current directorships

Mr Kennedy is also a director of ASX listed companies Beach Energy Limited (director since 1991, chairman since 1995), ERO Mining Limited (since 2006), Flinders Mines Limited (since 2001), Marmota Energy Limited (since 2007), Monax Mining Limited (since 2004), Ramelius Resources Limited (since 2004) and Somerton Energy Limited (since 2010).

Special responsibilities
Chairman of the Board.

Member of the Audit Committee.

Interests in shares and options
15,764,706 ordinary shares in Maximus Resources Limited.

Kevin John Malaxos
BSc Mining Engineering

Managing Director

Experience and expertise
A director since 13 December 2010, Mr Malaxos has 25 years experience in the resources sector in senior management and executive roles across a suite of commodities including gold, nickel, iron ore, silver, lead, zinc and chromium. He has managed surface and underground mining operations and brings a wealth of experience in project evaluation and development, project approval and Government liaison.

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

Other current directorships
Mr Malaxos is a non-executive director of ASX listed company Flinders Mines Limited (since December 2010).

Special responsibilities
Managing Director.

Interests in shares, options and rights
5,000,000 ordinary shares in Maximus Resources Limited.

3,000,000 rights to acquire ordinary shares in Maximus Resources Limited.

Leigh Carol McClusky
Non-executive Director

Experience and expertise
Appointed as a director on 1 September 2010, Ms McClusky is an experienced and respected media personality with a media career spanning almost 30 years in newspapers, radio and television across Australia.

Most recently Ms McClusky hosted a top rating current affairs program in South Australia for 13 years, until she left in 2008 to develop her boutique Public Relations consultancy, McClusky & Co Public Relations and Communications, which now services a wide variety of clients and is continuing to expand into a diverse range of portfolios.

Ms McClusky has amassed a huge range of experience across Sydney, Adelaide and Melbourne with Australian Associated Press, The Sun newspaper, the Weekly Times, ABC Television, and the Nine Network, presenting and hosting television and breakfast radio programs.

Other current directorships
Ms McClusky is currently a Board member of the Women's and Children's Hospital Foundation.

Interests in shares and options
433,334 ordinary shares in Maximus Resources Limited.

Ewan John Vickery
LLB

Non-executive Director

Experience and expertise
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.

He is a 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 Australian Institute of Company Directors and is a past national president of Australian Mining and Petroleum Law Association (AMPLA Limited).

Other current directorships
Mr Vickery is a non-executive director of Flinders Mines Limited (since 2001).

Former directorships in last three years
Mr Vickery was a non-executive director of ASX listed company ERO Mining Limited from 2006 to 2011.

Special responsibilities
Chairman of the Audit Committee.

Interests in shares and options
3,225,867 ordinary shares in Maximus Resources Limited.

Nicholas John Smart
Alternate director for E J Vickery

Experience and expertise
An alternate director since 9 May 2005, Mr Smart has held positions as a general manager in Australia and internationally. Previously a full Associate Member of the Sydney Futures Exchange and adviser with a national share brokering firm, with over 25 years experience in the corporate arena including capital raising for private and listed companies. Other experience includes startup companies in technology development including commercialisation of the Synroc process for safe storage of high level nuclear waste, controlled temperature and atmosphere transport systems and the beneficiation of low rank coals. He is an alternate director for Maximus Resources Limited (since May 2005) and an alternate director for Flinders Mines Ltd (since 2009). Mr Smart currently consults to various public and private companies.

COMPANY SECRETARY
Rajita Shamani Alwis
BCom (Acc & Fin), CA

Experience and expertise
Ms Alwis has been the Company Secretary since 30 June 2011 to the date of this report. Ms Alwis has more than 10 years' experience in public practice and commerce and is a Company Secretary of numerous listed and proprietary companies. Ms Alwis also provides a Chief Financial Officer role to various public and private companies. Ms Alwis is a Chartered Accountant and holds a degree of Bachelor of Commerce (Accounting and Finance).

David Wayne Godfrey

BCom (Fin), GradDipAcc, ASA, FFin, CFTP (Snr), MAICD

Experience and expertise

Mr Godfrey was the Company Secretary and Chief Financial Officer from 11 November 2008 until his resignation on 30 June 2011. Mr Godfrey has more than 25 years experience in the resources and finance industries and is a member of Australian Society of CPAs, Finance & Treasury Association, Chartered Secretaries Australia, Australian Institute of Company Directors and is a Fellow of the Financial Services Institute. He has previously held senior finance roles in major corporations and for the Treasury of New Zealand and has served as secretary of numerous publicly listed and subsidiary companies for the Normandy Mining Limited Group, Newmont Australia Limited Group and Uranium Exploration Australia Limited.

Interests in shares and options

53,334 options in Maximus Resources Limited.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full meetings of directors		Audit committee meetings	
	A	B	A	B
Robert Michael Kennedy	15	15	2	2
Kevin John Malaxos	7	7	-	-
Leigh Carol McClusky	12	12	-	-
Ewan John Vickery	15	15	2	2
Nicholas John Smart	-	-	-	-
Simon Andrew Booth	2	2	-	-

A = Number of meetings attended

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

INSURANCE PREMIUMS

Since the end of the previous year the Company has paid insurance premiums of $18,069 to insure the directors and officers in respect of directors' and officers' liability and legal expenses insurance contracts.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

NON-AUDIT SERVICES

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

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

There were no fees for non-audit services paid or payable to the external auditors, its related practices or non-related audit firms during the year ended 30 June 2011.

Remuneration report – audited

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

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

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

A Principles used to determine the nature and amount of remuneration

The Company's policy for determining the nature and amounts of emoluments of board members and senior executive officers of the Company is as follows:

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

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

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

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

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

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

B Details of remuneration

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

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

Mr R M Kennedy	Chairman, non-executive
Mr K J Malaxos	Managing Director (since 13 December 2010)
Ms L C McClusky	Director, non-executive (since 1 September 2010)
Mr E J Vickery	Director, non-executive
Mr N J Smart	Alternate director for E J Vickery, non-executive
Mr S A Booth	Former Managing Director (resigned 31 August 2010)
Mr D W Godfrey	Chief Financial Officer & Company Secretary (resigned 30 June 2011)

Key management personnel and other executives of the Company

2011

Name	Short term employee benefits Directors fees $	Short term employee benefits Salary $	Post employment benefits Superannuation $	Share-based payments Options $	Share-based payments Rights $	Total $
Robert Michael Kennedy	82,661		7,439	-	-	90,100
Kevin John Malaxos^	-	139,858	12,587	-	34,500	186,945
Leigh Carol McClusky*	45,417	-	-	-	-	45,417
Ewan John Vickery	50,000	-	4,500	-	-	54,500
Nicholas John Smart (Alternate)	-	-	-	-	-	-
Simon Andrew Booth	-	38,227	3,440	-	-	41,667
David Wayne Godfrey**	-	206,880	18,619	-	-	225,499
Total key management personnel compensation	178,078	384,965	46,585		34,500	644,128

* *Director fees for Ms McClusky were paid to a related entity of the director.*

** *Mr Godfrey 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 Ltd. The management fees paid by Maximus Resources Limited are outlined in Note 26. This agreement was formalised 3 August 2006.*

^ *During the year selected executives were granted incentive rights which have a three year vesting period and performance conditions. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The fair value of the rights as at the date of their grant has been determined in accordance with the Employee Incentive Rights Plan as set out in note 33.*

The directors conclude that there are no executives requiring disclosure other than those listed.

Key management personnel and other executives of the Company

2010

Name	Short term employee benefits Directors fees $	Short term employee benefits Salary $	Post employment benefits Superannuation $	Share-based payments Options $	Share-based payments Rights $	Total $
Robert Michael Kennedy	99,358	-	8,942	-	-	108,300
Ewan John Vickery*	60,000	-	2,250	-	-	62,250
Nicholas John Smart (Alternate)	5,000	-	-	-	-	5,000
Simon Andrew Booth	-	222,300	20,007	16,330	-	258,637
Kevin John Anson Wills	-	-	-	-	-	-
Roseanne Celeste Healy (Alternate)	5,000	-	-	-	-	5,000
David Wayne Godfrey**	-	178,899	16,101	-	-	195,000
Total key management personnel compensation	169,358	401,199	47,300	16,330	-	634,187

* *For part of the year, director fees for Mr Vickery were paid to a related entity of the director.*

** *Mr Godfrey 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 Ltd. The management fees paid by Maximus Resources Limited are outlined in Note 26. This agreement was formalised 3 August 2006.*

The directors conclude that there are no executives requiring disclosure other than those listed.

The relative proportions of remuneration that are fixed and those that are at risk are as follows:

Name	Fixed remuneration 2011 %	Fixed remuneration 2010 %	At risk – STI* 2011 %	At risk –STI* 2010 %	At risk – LTI** 2011 %	At risk – LTI** 2010 %
Kevin John Malaxos	82	-	-	-	18	-
Simon Andrew Booth	100	94	-	-	-	6
David Wayne Godfrey	100	100	-	-	-	-

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

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

C Service agreements

During the financial year, Mr Simon Booth resigned as Managing Director and was replaced by Mr Kevin Malaxos. The Board negotiated a contract with Mr Malaxos with no fixed term at a salary of $275,000 per annum inclusive of superannuation guarantee contributions to be reviewed annually and with termination on three month's notice. Mr Malaxos was also granted a sign on bonus of the issue of 1,500,000 rights to acquire ordinary shares at no cost, expiring 14 December 2011 and 1,500,000 rights to acquire ordinary shares at no cost, expiring 14 December 2012. Messrs Kennedy and Vickery and Ms McClusky are engaged as directors without formal employment agreements.

D Share-based compensation

Incentive rights

The Company has an Employee Incentive Rights Plan approved by shareholders that enables the Board to offer eligible employees rights to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, rights to acquire ordinary fully paid shares at no cost may be offered to the Company's eligible employees as determined by the Board in accordance with the terms and conditions of the Plan. During the year 3,000,000 rights were issued to employees at a value of $0.023 each. This accounting value does not represent actual cash payments to the employees, but is a recognition of the value of the rights at grant date, over the vesting period.

The rights were issued in two tranches and have vesting periods of ten months and 22 months respectively. The rights are based on a personal criteria, being the continuity of service for the full vesting periods. There rights have no performance criteria. No employee incentive rights were issued to the non-executive directors during the year.

Options granted as remuneration

Apart from the rights granted under the Company's Employee Incentive Rights Plan as detailed above, no other rights or options were granted to directors or key management personnel of the Company during the financial year.

Shares issued on exercise of remuneration options

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

Directors' interests in shares and options

Directors' relevant interests in shares and options of the Company are disclosed in note 22 of the financial statements.

Shares under option

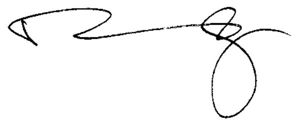
Unissued ordinary shares of Maximus Resources Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price	Number under option
10 April 2007	20 March 2012	$0.14	380,000
2 July 2007	2 July 2012	$0.50	3,000,000
17 March 2008	17 March 2013	$0.18	605,000
4 February 2009	3 February 2014	$0.04	1,645,000
			5,630,000

Auditors independence declaration

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

This report is signed and dated in Adelaide on this 30th day of September 2011 and made in accordance with a resolution of the directors.



Robert M Kennedy
Director

AUDITOR'S INDEPENDENCE DECLARATION

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MAXIMUS RESOURCES LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Maxiumus Resources Limited for the year ended 30 June 2011, 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

P S Paterson
Partner

Adelaide, 30 September 2011

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Maximus Resources Limited is committed to improving and achieving good standards of corporate governance and has established corporate government policies and procedures, where appropriate and practicable, consistent with the revised Corporate Governance Principles and Recommendations – 2nd Edition issued by the ASX Corporate Governance Council ("ASX Recommendations").

The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the revised ASX Recommendations. The Company elected to undergo an early transition to the revised ASX Recommendations and as such has reported against these for the financial years ended 30 June 2008 through to 30 June 2011.

These recommendations are not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an effective, quality and integrity outcome. The Corporate Governance Council has recognised that a "one size fits all" approach to Corporate Governance is not required. Instead, it states aspirations of good practice for optimising corporate performance and accountability in the interests of shareholders and the broader economy. A company may consider that a recommendation is inappropriate to its particular circumstances and has flexibility not to adopt it and explain why.

In ensuring a good standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with good practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2011.

Principle 1: Lay solid foundations for management and oversight

RECOMMENDATION 1.1

Recommendation followed

The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution adopted by the company in 2006.

The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies 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.

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. In fulfilling its responsibilities, the Board is supported by an Audit Committee to deal with internal control, ethical standards and financial reporting.

The Board appoints 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.

The board has not adopted a formal statement of matters reserved to them or a formal board charter that details their functions and responsibilities nor a formal statement of the areas of authority delegated to senior executives.

RECOMMENDATION 1.2

Recommendation followed

The Board takes responsibility for monitoring the composition of the Board and reviewing the performance and compensation of the Company's executive directors and senior management with the overall objective of motivating and appropriately rewarding performance.

The Board considers the Company's present circumstances and goals ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team. The Board on a regular basis reviews the performance of and remuneration for executive director's and senior management including any equity participation by such executive directors and senior management. The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

RECOMMENDATION 1.3

Recommendation followed

During the period the Board undertook an informal performance evaluation of the Managing Director, Company Secretary and senior management. The evaluation was in accordance with the Company's process for evaluation of senior executives.

Principle 2: Structure the board to add value

RECOMMENDATION 2.1

Recommendation followed

The composition of the Board consists of four directors, three of whom, including the chairman, are independent directors.

The Audit Committee currently consists of two independent directors, Messrs Vickery (Chairman) and Kennedy.

RECOMMENDATION 2.2

Recommendation followed

The Chairman, Mr Kennedy is an independent director.

RECOMMENDATION 2.3

Recommendation followed

The role of Chairman of the Board is separate from that of the Managing Director, who is responsible for the day to day management of the Company and is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

RECOMMENDATION 2.4

Recommendation not followed

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing a nomination committee in line with ASX Recommendation 2.4 and establishing a formal charter as recommended by ASX Recommendation 2.4 cannot be justified by the perceived benefits of doing so. As such, the whole Board currently carries out this function. It is anticipated that a formal charter will be developed in the future, as the Company develops further.

RECOMMENDATION 2.5

Recommendation not followed

The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed junior exploration company, the assessment of the Board's overall performance and its own succession plan is conducted on an ad hoc basis. Whilst this is at variance with the ASX Recommendation 2.5, the directors consider that at the date of this report an appropriate and adequate process for the evaluation of directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

RECOMMENDATION 2.6

Recommendation followed

The names of the directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of this report.

The non-executive directors are considered to be independent.

The Company has no relationships with any of the independent directors which the Company believes would compromise the independence of these directors.

All directors are entitled to take such legal advice as they require at any time and from time to time on any matter concerning or in relation to their rights, duties and obligations as directors in relation to the affairs of the Company at the expense of the Company.

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. The tenure for executive directors is linked to their holding of executive office.

As the board does not have a nominations committee, the functions of this committee in its absence are deal with by the Board as a whole.

An assessment of the Board's overall performance and its own succession plan is conducted on an ad hoc basis and was done so during the year by the Chairman.

Principle 3: Promote ethical and responsible decision making

RECOMMENDATION 3.1

Recommendation not followed

While the Company does not have a formal code of conduct, as the Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing and managing a formal code of conduct cannot be justified, the Company requires all its directors and employees to abide by good 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 are also 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 within the meaning of section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the director's interest under the contract.

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.

RECOMMENDATION 3.2

Recommendation followed

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. Section 1043A of the Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possess 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. A securities trading policy has been established and all employees and directors are obliged to comply.

All directors have signed agreements with the Company which require them 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 within the meaning of section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the director's interest under the contract.

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.

RECOMMENDATION 3.3

Recommendation followed

A summary of the Company's Trading Policy can be found at www.maximusresources.com/governance.html.

Principle 4: Safeguard integrity in financial reporting

RECOMMENDATION 4.1

Recommendation followed

The Company has established an Audit Committee to oversee corporate governance over internal controls, ethical standards, financial reporting, and external accounting and compliance procedures. Also, the Board as a whole addresses the governance aspects of the full scope of Maximus' activities to ensure that it adheres to appropriate ethical standards.

The main responsibilities of the Audit and Corporate Governance Committee include:

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports released to the market by the Company;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal control 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.

RECOMMENDATION 4.2

Recommendation not followed

The Audit Committee consists of two non-executive, independent Board directors, Messrs Vickery & Kennedy, and is chaired by Mr Vickery.

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing an audit committee with at least three members in line with ASX Recommendation 4.2 cannot be justified by the perceived benefits of doing so. The existing composition of the Audit Committee is such that review and authorisation of the integrity of the Company's financial reporting and the independence of the external auditor is via the exercise of independent and informed judgment.

RECOMMENDATION 4.3

Recommendation followed

A formal Audit Committee Charter has been adopted, that details the functions and responsibilities of the Audit Committee.

RECOMMENDATION 4.4

Recommendation followed

Mr Kennedy is a qualified Chartered Accountant. Details of the Audit Committee member's qualifications and attendance at meetings are set out in the Directors' Report section of this report.

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

Principles 5: Make timely and balanced disclosure

RECOMMENDATIONS 5.1 AND 5.2

Recommendations followed

The Company has adopted a continuous disclosure policy and 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. The information is made publicly available on the Company's website, following release to the ASX, www.maximusresources.com/governance.html

Principle 6: Respect the rights of shareholders

RECOMMENDATIONS 6.1 AND 6.2

Recommendations not followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs.

In accordance with the ASX 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 ASX and Australian Securities and Investments Commission (ASIC) 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 website; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's website.

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. Important issues are presented to the shareholders as single resolutions. 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. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, the Board does not believe a formal policy for shareholder communication is required. However, a summary describing how the Company will communicate with its shareholders is posted on the Company's website, www.maximusresources.com/governance.html

Principle 7: Recognise and manage risk

RECOMMENDATIONS 7.1, 7.2 AND 7.4

Recommendations not followed

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. No formal report in relation to the Company's management of its material business risk is presented to the Board.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, and the inherent risks associated with the industry it operates in, the Board does not believe formal policies for oversight and management of risk is required nor a mechanism for formal review be established. A summary describing how the Company manages risk by procedures established at Board and executive level can be found posted on the Company's website, www.maximusresources.com/governance.html.

RECOMMENDATION 7.3

Recommendation followed

In accordance with ASX Recommendation 7.3 the Chief Executive Officer and Chief Financial Officer have provided assurances that the written declarations under s295A of the Corporations Act 2001 are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provided said assurances at the time the s295A declarations were provided to the Board.

Principle 8: Remunerate fairly and responsibly

RECOMMENDATION 8.1

Recommendation not followed

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing a formal remuneration committee in line with ASX Recommendation 8.1 cannot be justified by the perceived benefits of doing so.

The Board takes responsibility for monitoring the composition of the Board and reviewing the compensation of the Company's executive directors and senior management with the overall objective of motivating and appropriately rewarding performance.

RECOMMENDATION 8.2

Recommendation not followed

The Board does not have a separate remuneration committee given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company.

RECOMMENDATION 8.3

Recommendation followed

The Company's remuneration practices are set out as follows.

The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors has been set at $300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

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

The 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.

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

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

The Company also has an Employee Incentive Rights Plan approved by shareholders that enables the Board to offer eligible employees rights to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, rights to acquire ordinary fully paid shares at no cost may be offered to the Company's eligible employees as determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as a long term incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The non-executive directors are not eligible to participate in the Plan.

The employment conditions of the Managing Director are formalised in a contract of employment. The Managing Director's contract may be terminated at any time by mutual agreement or without notice in serious instances of misconduct.

Further details of director's remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

The Company's Corporate Governance Policies can be found at www.maximusresources.com/governance.html.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Notes	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Revenue from continuing operations	*4*	712,760	316,327	507,987	93,495
Other income	*5*	6,198,109	-	500,000	-
Cost of goods sold	*6*	(3,140,252)	(460,896)	(2,423,377)	(123,637)
Other expenses		-	(87,255)	-	(47,428)
Administrative expenses	*6*	(1,020,180)	(1,525,834)	(861,648)	(719,387)
Marketing expenses	*6*	(150,645)	(158,640)	(108,311)	(96,434)
Finance costs		(2,853)	(3,975)	(2,248)	(2,878)
Exploration expenditure written off	*6*	(9,082,352)	(8,759,982)	(1,219,215)	(6,097,181)
Impairment of development assets		(675,199)	-	(197,018)	-
(Loss) before income tax		(7,160,612)	(10,680,255)	(3,803,830)	(6,993,450)
Income tax expense	*7*	(33,719)	571,428	(25,619)	78,796
(Loss) for the year		(7,194,331)	(10,108,827)	(3,829,449)	(6,914,654)
Other comprehensive income					
Changes in the fair value of available-for-sale financial assets	*21(c)*	(1,388,795)	-	357,357	(566,600)
Other comprehensive income for the year (net of tax)		(1,388,795)	-	357,357	(566,600)
Total comprehensive income for the year		(8,583,126)	(10,108,827)	(3,472,092)	(7,481,254)
Profit / (loss) is attributable to:					
Maximus Resources Limited		1,869,020	(7,628,993)	(3,829,449)	(6,914,654)
Non-controlling interests to 31 December 2010		(9,063,351)	(2,479,834)	-	-
		(7,194,331)	(10,108,827)	(3,829,449)	(6,914,654)
Total comprehensive income for the year is attributable to:					
Maximus Resources Limited		480,225	(7,628,993)	(3,472,092)	(7,481,254)
Non-controlling interests to 31 December 2010		(9,063,351)	(2,479,834)	-	-
		(8,583,126)	(10,108,827)	(3,472,092)	(7,481,254)

		Cents	Cents
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	*32*	(1.32)	(2.85)
Diluted earnings per share	*32*	(1.32)	(2.85)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2011

	Notes	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
ASSETS					
Current assets					
Cash and cash equivalents	*9*	74,038	1,696,836	74,038	1,335,541
Trade and other receivables	*10*	509,207	849,300	509,207	458,670
Inventories	*11*	-	111,325	-	70,239
Other current assets	*12*	122,457	143,070	122,457	123,173
Total current assets		705,702	2,800,531	705,702	1,987,623
Non-current assets					
Investments accounted for using the equity method	*13*	-	2	-	1
Available-for-sale financial assets	*14*	1,071,071	-	1,071,071	713,714
Plant and equipment	*15*	637,087	1,584,608	637,087	762,112
Exploration and evaluation	*16(a)*	14,491,983	16,449,313	14,491,983	14,483,097
Mine properties	*16(b)*	373,358	3,802,431	373,358	1,476,000
Security deposit		-	17,750	-	-
Total non-current assets		16,573,499	21,854,104	16,573,499	17,434,924
Total assets		17,279,201	24,654,635	17,279,201	19,422,547
LIABILITIES					
Current liabilities					
Trade and other payables	*17*	174,662	487,793	174,662	220,445
Provisions	*18*	18,297	31,358	18,297	3,193
Total current liabilities		192,959	519,151	192,959	223,638
Non-current liabilities					
Provisions	*19*	6,308	30,355	6,308	2,282
Total non-current liabilities		6,308	30,355	6,308	2,282
Total liabilities		199,267	549,506	199,267	225,920
Net assets		17,079,934	24,105,129	17,079,934	19,196,627
EQUITY					
Contributed equity	*20*	32,694,827	31,373,928	32,694,827	31,373,928
Reserves	*21*	(34,563)	1,319,605	(34,563)	(426,420)
Retained losses	*21(b)*	(15,580,330)	(17,449,350)	(15,580,330)	(11,750,881)
Capital and reserves attributable to owners of Maximus Resources Limited		17,079,934	15,244,183	17,079,934	19,196,627
Non-controlling interests		-	8,860,946	-	-
Total equity		17,079,934	24,105,129	17,079,934	19,196,627

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2011

Consolidated	Notes	Attributable to owners of Maximus Resources Limited					
		Issued capital	Reserves	Retained losses	Total	Non-controlling interests	Total equity
		$	$	$	$	$	$
Balance at 1 July 2009		29,341,900	1,368,875	(10,494,894)	20,215,881	9,927,624	30,143,505
Total comprehensive income for the year:							
Loss for the year	*21*	-	-	(7,628,993)	(7,628,993)	-	(7,628,993)
Loss attributed to non-controlling interest		-	-	-	-	(2,479,834)	(2,479,834)
Movement in non-controlling interest		-	-	674,537	674,537	(674,537)	-
		-	-	(6,954,456)	(6,954,456)	(3,154,371)	(10,108,827)
Transactions with owners in their capacity as owners:							
Contributions of equity	*20*	2,061,800	-	-	2,061,800	2,053,199	4,114,999
Options issued during the year	*21*	-	16,329	-	16,329	-	16,329
Movement in non-controlling interest		-	(65,599)	-	(65,599)	65,599	-
Transaction costs (net of tax)	*20*	(29,772)	-	-	(29,772)	(31,105)	(60,877)
		2,032,028	(49,270)	-	1,982,758	2,087,693	4,070,451
Balance at 30 June 2010		31,373,928	1,319,605	(17,449,350)	15,244,183	8,860,946	24,105,129

Consolidated	Notes	Attributable to owners of Maximus Resources Limited					
		Issued capital	Reserves	Retained losses	Total	Non-controlling interests	Total equity
		$	$	$	$	$	$
Balance at 1 July 2010		31,373,928	1,319,605	(17,449,350)	15,244,183	8,860,946	24,105,129
Total comprehensive income for the year:							
Profit/(loss) for the year	*21*	-	-	1,869,020	1,869,020	(9,063,351)	(7,194,331)
Revaluation of financial assets (net of tax)	*21*	-	(1,388,795)	-	(1,388,795)	-	1,388,795)
		-	(1,388,795)	1,869,020	480,225	(9,063,351)	(8,583,126)
Transactions with owners in their capacity as owners:							
Contributions of equity	*20*	1,373,662	-	-	1,373,662	450,000	1,823,662
Rights issued during the year	*21*	-	34,500	-	34,500	-	34,500
Movement in non-controlling interest		-	(16,121)	-	(16,121)	16,121	-
Transaction costs (net of tax)		(52,763)	-	-	(52,763)	(18,902)	(71,665)
Derecognition of non-controlling interest upon loss of control		-	16,248	-	16,248	(244,814)	(228,566)
		1,320,899	34,627	-	1,355,526	202,405	1,557,931
Balance at 30 June 2011		32,694,827	(34,563)	(15,580,330)	17,079,934	-	17,079,934

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2011

Parent entity	Notes	Contributed equity $	Reserves $	Retained losses $	Total equity $
Balance at 1 July 2009		29,341,900	123,851	(4,836,227)	24,629,524
Total comprehensive income for the year:					
Profit/(loss) for the year	*21*	-	-	(6,914,654)	(6,914,654)
Revaluation of financial assets (net of tax)	*21*	-	(566,601)	-	(566,601)
		-	(566,601)	(6,914,654)	(7,481,255)
Transactions with owners in their capacity as owners:					
Contributions of equity	*20*	2,061,800	-	-	2,061,800
Options issued during the year	*21*	-	16,330	-	16,330
Transaction costs (net of tax)	*20*	(29,772)	-	-	(29,772)
		2,032,028	16,330	-	2,048,358
Balance at 30 June 2010		31,373,928	(426,420)	(11,750,881)	19,196,627

Parent entity	Notes	Contributed equity $	Reserves $	Retained losses $	Total equity $
Balance at 1 July 2010		31,373,928	(426,420)	(11,750,881)	19,196,627
Total comprehensive income for the year:					
Profit/(loss) for the year	*21*	-	-	(3,829,449)	(3,829,449)
Revaluation of financial assets (net of tax)	*21*	-	357,357	-	357,357
		-	357,357	(3,829,449)	(3,472,092)
Transactions with owners in their capacity as owners:					
Contributions of equity	*20*	1,373,662	-	-	1,373,662
Rights issued during the year	*21*	-	34,500	-	34,500
Transaction costs (net of tax)	*20*	(52,763)	-	-	(52,763)
		1,320,899	34,500	-	1,355,399
Balance at 30 June 2011		32,694,827	(34,563)	(15,580,330)	17,079,934

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 30 June 2011

	Notes	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		710,668	220,716	514,130	28,259
Payments to suppliers and employees (inclusive of goods and services tax)		(2,521,978)	(1,878,819)	(1,831,618)	(884,652)
Interest received		52,477	102,558	44,242	71,872
Income tax received		594,513	663,274	331,377	333,824
Net cash (outflow) inflow from operating activities	*31*	(1,164,320)	(892,271)	(941,869)	(450,697)
Cash flows from investing activities					
Payments for plant and equipment	*15*	(13,963)	(276,102)	(13,963)	(81,370)
Loss of cash balances upon loss of control of subsidiary	*8*	(290,188)	-	-	-
Payments for development assets		-	(1,104,363)	-	-
Proceeds from sale of plant and equipment		-	170,998	-	76,132
Proceeds from disposal of tenement		50,000	-	50,000	-
Repayment of loans by related parties		150,000	75,000	75,000	-
Purchase of investments		-	-	-	(15,000)
Payments for exploration and evaluation		(2,075,613)	(1,956,416)	(1,728,957)	(1,104,863)
Net cash (outflow) inflow from investing activities		(2,179,764)	(3,090,883)	(1,617,920)	(1,125,101)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		1,823,662	4,114,999	1,373,662	2,061,800
Payments of issue costs		(102,376)	(85,263)	(75,376)	(42,531)
Net cash inflow from financing activities		1,721,286	4,029,736	1,298,286	2,019,269
Net (decrease) increase in cash and cash equivalents		(1,622,798)	46,582	(1,261,503)	443,471
Cash and cash equivalents at the beginning of the financial year		1,696,836	1,650,254	1,335,541	892,070
Cash and cash equivalents at the end of the financial year	*9*	74,038	1,696,836	74,038	1,335,541

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

1 Summary of significant accounting policies

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

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

i) Compliance with IFRS

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

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

ii) New and revised accounting standards

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

The adoption of new and revised Accounting Standards effective for the financial statements for the annual period beginning 1 July 2010 did not have a material impact on the Group's financial statements.

iii) Historical cost convention

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

iv) Critical accounting estimates

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

b) Principles of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Maximus Resources Limited (''Company" or ''Parent Entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Maximus Resources Limited and its subsidiaries together are referred to in this financial report as the 'Consolidated Entity' or the 'Group'.

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company (refer to note 1).

The Company applies a policy of treating transactions with minority interests as transactions with parties external to the Company. Disposals to minority interests result in gains and losses for the Company that are recorded in the consolidated statements of financial performance. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Company companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position respectively.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Maximus Resources Limited.

ii) Changes in ownership interests

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received in recognised in a separate reserve within equity attributable to owners of Maximus Resources Limited.

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

c) Segment reporting

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

d) Revenue recognition

i) Sale of goods

Revenue from sale of goods includes sales of refined gold production and internet sales of gold nuggets. Recognition is at point of sale of the product, when the risks and rewards of ownership are transferred.

ii) Interest income

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

e) Income tax

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

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

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

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

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

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

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

f) Impairment of non-financial assets

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

g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 12 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

h) Trade receivables

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

i) Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 28).

j) Joint ventures

i) Jointly controlled assets

The Company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the financial statements. Details of the joint ventures are set out in note 29.

ii) Joint venture entities

The Company's interests in joint ventures are accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of a joint venture is recognised in the consolidated statement of comprehensive income, and the share of movements in reserves is recognised in reserves in the statement of financial position. Details relating to the joint venture entities are set out in note 29.

k) Investments and other financial assets

Recognition and derecognition

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

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

Measurement

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

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Company's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

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

l) 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. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

m) Trade and other payables

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

n) Employee benefits

i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for annual leave. All other short term employee benefit obligations are presented as payables.

ii) Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in non-current liabilities provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Share-based payments

Share-based compensation benefits are provided to employees via the Maximus Resources Limited Employee Incentive Rights Plan and an employee share scheme. Information relating to these schemes is set out in note 33.

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 or Binomial pricing model. The cost is recognised as an expense in the statement of comprehensive income with a corresponding increase in the share-based payments reserve or issued capital when the options, rights or shares are issued.

o) Earnings per share (EPS)

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

ii) Diluted earnings per share

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

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

p) Exploration and evaluation expenditure

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

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

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

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

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 3: Business Combinations.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

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

q) Development properties

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure having a specific nexus with the development property.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the cost of development and classified under non-current assets as ''development properties".

A development property is reclassified as ''mine property" at the end of the commissioning phase, when the production reaches a previously determined capacity.

No amortisation is provided in respect of development properties until they are reclassified as ''mine properties".

Development properties are tested for impairment in accordance with the policy in note 1(f).

r) Mine properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the Company in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the Company. Otherwise such expenditure is classified as part of the cost of production.

Mine properties are tested for impairment in accordance with the policy in note 1(f).

s) Goods and Services Tax (GST)

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

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

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

t) Comparative figures

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

u) Inventories

i) Raw materials, stores and finished goods

Refined gold production and gold nuggets on hand at year end, are stated at the lower of cost and net realisable value. Cost of goods sold comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

v) Contributed equity

Ordinary shares are classified as equity.

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

If the Company reacquires its own equity instruments, for example as the result of a share buy back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Maximus Resources Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Maximus Resources Limited

w) Key estimates

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

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

Impairment

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

Exploration and Evaluation

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

Share-based payments

The Group measures share-based payments at fair value at the grant date using the Black Scholes or Binomial formula taking into account the terms and conditions upon which the instrument was granted, as discussed in note 33.

x) New accounting standards and interpretations

The Australian Accounting Standards Board (AASB) has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company is set out below.

The Company does not anticipate the early adoption of any of the below Australian Accounting Standards.

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements. The changes made to accounting requirements include:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] and AASB 2010 7: Amendments to Australian Accounting Standards arising from AASB 9 (applicable for annual reporting periods commencing on or after 1 January 2013).

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held to maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends

in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
    a. the objective of the entity's business model for managing the financial assets;
    b. the characteristics of the contractual cash flows;
- revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from AASB 139: Financial Instruments: Recognition and Measurement; and
- changes in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss (applicable where an entity chooses to measure a liability at fair value through profit or loss).

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.

AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. These amendments are not expected to impact the Company.

AASB 2010-6: Amendments to Australian Accounting Standards Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods commencing on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Company's disclosures. The Company intends to apply the amendment from 1 July 2011.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applicable for annual reporting periods commencing on or after 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Company will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

y) Impact of the Carbon Tax Legislation

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both Houses of Parliament. In addition, as the Group will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

z) Application of ASIC Class Order [CO 10/654]

The Parent Entity has applied ASIC Class Order [CO 10/654] and presented its separate financial statements together with the consolidated financial statements.

2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks in close co-operation with the Company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, the use of financial instruments and investment of excess liquidity.

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

The Company holds the following financial instruments:

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Financial assets				
Cash and cash equivalents	74,038	1,696,835	74,038	1,335,541
Trade and other receivables	509,207	849,300	509,207	458,670
Investments accounted for using the equity method	-	2	-	1
Available-for-sale financial assets	1,071,071	-	1,071,071	713,714
	1,654,316	2,546,137	1,654,316	2,507,926
Financial liabilities				
Trade and other payables	174,662	487,792	174,662	220,445
	174,662	487,792	174,662	220,445

a) Market risk

i) Foreign exchange risk
Foreign exchange risk is the risk that financial loss will be suffered due to adverse movements in exchange rates. The Company is not exposed to foreign exchange risk.

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

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

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

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

Parent entity	30 June 2011 Weighted average interest rate %	30 June 2011 Balance $	30 June 2010 Weighted average interest rate %	30 June 2010 Balance $
Cash and cash equivalents	4.80%	74,038	5.46%	1,335,541
Net exposure to cash flow interest rate risk		74,038		1,335,541

Interest rate sensitivity analysis

At 30 June 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Parent entity	Carrying amount $	Interest rate risk Increase 2% Profit $	Interest rate risk Increase 2% Equity $	Interest rate risk Decrease 2% Profit $	Interest rate risk Decrease 2% Equity $
30 June 2011					
Financial assets					
Cash and cash equivalents	74,038	1,481	1,481	(1,481)	(1,481)
Total increase/ (decrease)		1,481	1,481	(1,481)	(1,481)

Parent entity	Carrying amount $	Interest rate risk Increase 2% Profit $	Interest rate risk Increase 2% Equity $	Interest rate risk Decrease 2% Profit $	Interest rate risk Decrease 2% Equity $
30 June 2010					
Financial assets					
Cash and cash equivalents	1,335,541	26,711	26,711	(26,711)	(26,711)
Total increase/ (decrease)		26,711	26,711	(26,711)	(26,711)

b) Credit risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in settling its debts or otherwise meeting its obligations. The Company manages liquidity risk by monitoring cash flows and ensuring that adequate funds are available to meet cash demands. At the reporting date the Company held deposits at call of $35,000 (2010: $1,100,000) that are expected to readily generate cash inflows for managing liquidity risk.

d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7: Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2),and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

30 June 2011	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets				
ERO Mining Limited	1,071,071	-	-	1,071,071
	1,071,071	-	-	1,071,071

30 June 2010	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets				
ERO Mining Limited	713,714	-	-	713,714
FME Exploration Services Pty Ltd	1	-	-	1
	713,715	-	-	713,715

3 Segment information

a) Description of segments

Identification of reportable segments

Management has determined the operating segments based on the reports reviewed and used by the Board of Directors (the chief operating decision makers) that are used to make strategic decisions. The Company is managed primarily on the basis of geographical area of interest, since the diversification of the Company operations inherently has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- external regulatory requirements
- geographical and geological styles

Mining

The Sellheim segment will mine for alluvial gold. Further listed segmented assets for the Company including development costs and costs associated with the mining lease are reported on in this segment.

Accounting policies developed

Unless stated otherwise, all amounts reported to the Board of Directors as chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

b) Business segments

2011	Sellheim	Adelaide Hills Province	Narndee	Other	ERO Mining	Total
	$	$	$	$	$	$
Segment revenue	467,391	-	-	-	196,538	663,929
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)	(1,050,362)	-	-	(916,233)	(8,613,405)	(10,580,000)
Cost of goods sold	(2,423,377)	-	-	-	(716,875)	(3,140,252)
Impairment	(500,000)	-	-	(916,233)	(8,341,318)	(9,757,551)
Segment assets	373,358	8,068,641	5,651,168	772,174	-	14,865,341
Segment asset movements for the year:						
Capital expenditure	(17,143)	1,137,462	415,426	142,356	401,161	2,079,262
Amortisation	(905,624)	-	-	-	(248,250)	(1,153,874)
Adjustment to exploration assets upon loss of control of subsidiary	-	-	-	-	5,495,760	5,495,760
Loss of development assets upon loss of control of subsidiary	-	-	-	-	(1,600,000)	(1,600,000)
Disposals	-	-	-	(450,000)	-	(450,000)
Capital expenditure impaired	(302,982)	-	-	(916,233)	(7,863,137)	(9,082,352)
Impairment of development asset	(197,018)	-	-	-	(478,181)	(675,199)
Movement in gold inventory	(70,239)	-	-	-	(41,086)	(111,325)
Total movement for the year	(1,493,006)	1,137,462	415,426	(1,223,877)	(4,333,733)	(5,497,728)
Total segment assets						14,865,341
Unallocated assets						2,413,860
Total assets						17,279,201
Total segment liabilities	-	-	-	-	-	-
Unallocated liabilities						199,267
Total liabilities						199,267

2010	Sellheim	Adelaide Hills Province	Narndee	Other	ERO Mining	Total
	$	$	$	$	$	$
Segment revenue	28,259	-	-	-	192,457	220,716
Adjusted EBITDA	(830,045)	-	(5,242,092)	(362,363)	(2,377,537)	(8,812,037)
Cost of goods sold	(460,896)	-	-	-	-	(460,896)
Impairment	(585,533)	-	(5,242,092)	(362,363)	(2,569,994)	(8,759,982)
Segment assets:						
Segment assets	1,866,364	6,931,179	5,235,742	1,996,051	12,675,428	28,704,764
Inter segment elimination	-	-	-	-	(8,341,695)	(8,341,695)
Total segment assets	1,866,364	6,931,179	5,235,742	1,996,051	4,333,733	20,363,069
Segment asset movements for the year:						
Capital expenditure	545,658	90,558	227,169	334,120	1,863,274	3,060,779
Amortisation	(188,125)	-	-	-	-	(188,125)
Capital expenditure impaired	(585,533)	-	(5,242,092)	(362,363)	(2,569,994)	(8,759,982)
Total movement for the year	(228,000)	90,558	(5,014,923)	(28,243)	(706,720)	(5,887,328)
Total segment assets						20,363,069
Unallocated assets						4,291,566
Total assets						24,654,635
Total segment liabilities	-	-	-	-	-	-
Unallocated liabilities						549,506
Total liabilities						549,506

i) Segment revenue

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Total segment revenue	663,929	220,716
Interest revenue	48,831	95,611
Total revenue from continuing operations (note 4)	712,760	316,327

ii) Adjusted EBITDA

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Allocated:		
Adjusted EBITDA	(10,580,000)	(8,812,037)
Unallocated:		
Interest revenue	48,831	95,611
Net gain on loss of control of subsidiary	5,698,109	-
Other expenses	-	(87,255)
Administrative expenses	(1,020,180)	(1,525,834)
Marketing expenses	(150,645)	(158,640)
Finance costs	(2,853)	(3,975)
Amortisation	(1,153,874)	(188,125)
Profit before income tax from continuing operations	(7,160,612)	(10,680,255)

iii) Segment assets

Reportable segments' assets are reconciled to total assets as follows:

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Allocated:		
Segment assets	14,865,341	20,363,069
Unallocated:		
Cash and cash equivalents	74,038	1,696,836
Trade and other receivables	509,207	849,300
Other assets	122,457	143,070
Investments accounted for using the equity method	-	2
Available-for-sale financial assets	1,071,071	-
Plant and equipment	637,087	1,584,608
Security deposit	-	17,750
Total assets as per the consolidated statements of financial position	17,279,201	24,654,635

iv) Segment liabilities

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Allocated:		
Allocated segment liabilities	-	-
Unallocated:		
Trade and other payables	174,662	487,793
Provisions	24,605	61,713
Total liabilities as per the consolidated statements of financial position	199,267	549,506

4 Revenue

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
From continuing operations				
Sales revenue				
Gold sales	663,929	220,716	467,391	28,259
	663,929	220,716	467,391	28,259
Other revenue				
Interest received	48,831	95,611	40,596	65,236
	48,831	95,611	40,596	65,236
	712,760	316,327	507,987	93,495

5 Other income

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Sale of tenement	500,000	-	500,000	-
Net gain on loss of control of subsidiary (note 8)	5,698,109	-	-	-
	6,198,109	-	500,000	-

6 Expenses

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Cost of goods sold				
Cost of gold extraction	2,640,252	158,640	1,923,377	123,637
Cost of exploration site sold	500,000	-	500,000	-
	3,140,252	158,640	2,423,377	123,637
Administration				
Compliance	161,565	290,851	118,944	150,802
Depreciation	76,006	86,122	17,609	8,346
Administration costs	110,743	310,800	155,400	111,000
Employment costs	373,927	684,820	291,367	260,850
Legal fees	37,654	18,687	18,043	7,377
Other	260,285	134,554	260,285	181,012
	1,020,180	1,525,834	861,648	719,387
Marketing				
Marketing and promotion	150,645	158,640	108,311	96,434
	150,645	158,640	108,311	96,434
Exploration expenses				
General exploration expenditure written off	171,141	262,571	139,094	169,764
Capitalised exploration expenditure impaired	8,911,211	8,497,411	1,080,121	5,927,417
	9,082,352	8,759,982	1,219,215	6,097,181

7 Income tax expense

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
a) Income tax expense:				
Deferred tax	30,713	26,091	22,613	255,587
Research and development tax offset	3,006	(597,519)	3,006	(334,383)
	33,719	(571,428)	25,619	(78,796)
b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	(7,160,612)	(10,680,255)	(3,803,830)	(6,993,450)
Tax at the Australian tax rate of 30% (2010: 30%)	(2,148,184)	(3,204,077)	(1,141,149)	(2,098,035)
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:				
Non-deductible items	-	4,899	-	4,899
Share placement issue costs	-	29,772	-	12,759
Temporary differences not brought to account	2,178,897	3,195,497	1,163,762	2,335,964
Research and development tax offset	3,006	(597,519)	3,006	(334,383)
Income tax expense	33,719	(571,428)	25,619	(78,796)

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

The Company has unrecognised DTAs of $3,100,041 (2010: $2,308,588) that are available indefinitely for offset against future taxable profits.

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

- timing differences – 30%
- tax losses – 30%

8 Discontinued operation / loss of control of subsidiary

a) Description

During the year Maximus Resources Limited's percentage holding of the Issued Capital of ERO Mining Limited reduced to 12.81%. This dilution occurred due to issues of shares in ERO Mining Limited. This, along with changes to the members of the Boards of Directors of Maximus Resources Limited and ERO Mining Limited, has resulted in a loss of control of ERO Mining Limited as a subsidiary. Therefore, ERO Mining Limited has been consolidated with Maximus Resources Limited for the purposes of these financial statements up until the date when control was lost. The accounting treatment of this loss of control is detailed in note 1(b).

Financial information relating to the loss of control for the period to the date of disposal is set out below. Further information is set out in note 3 – segment information.

b) Financial performance and cash flow information

The financial performance and cash flow information presented below for 2011 include the six month period ended 31 December 2010 being the effective date of deconsolidation of ERO Mining Limited (2010: 12 months ended 30 June 2010).

	30 June 2011 $	30 June 2010 $
Financial performance information of ERO Mining Limited included in consolidated statement of comprehensive income		
Revenue (note 4)	204,773	222,832
Expenses	(9,259,664)	(3,909,637)
Loss before income tax of subsidiary for the period	(9,054,891)	(3,686,805)
Income tax (benefit)/expense	(8,100)	492,632
Loss after income tax of subsidiary for the period	(9,062,991)	(3,194,173)
Gain on loss of control of asset before income tax (note 5)	5,698,109	-
Income tax expense	-	-
Gain on loss of control of subsidiary after income tax	5,698,109	-
Loss from subsidiary	(3,364,882)	(3,194,173)
Cash flow information of ERO Mining Limited included in consolidated statement of cash flows		
Net cash (outflow)/inflow from operating activities	(222,450)	(441,574)
Net cash (outflow)/inflow from investing activities (2011 includes an outflow of $290,188 from the loss of cash balances upon loss of control of subsidiary)	(561,844)	(1,965,782)
Net cash inflow from financing activities	423,000	2,010,467
Net (decrease) in cash generated by the subsidiary	(361,294)	(396,889)

c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities of the subsidiary as at 31 December 2010 were:

Total assets	5,584,643
Total liabilities	(252,624)
Net assets	5,332,019

d) Details of the loss of control of subsidiary

Consideration received or receivable	-
Derecognition of non-controlling interest upon loss of control	11,030,128
Carrying amount of net assets lost due to loss of control of subsidiary (refer (c) above)	(5,332,019)
Gain on loss of control of subsidiary before income tax	5,698,109
Income tax expense	-
Gain on loss of control of subsidiary after income tax	5,698,109

9 Current assets – Cash and cash equivalents

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Cash at bank and in hand	39,038	596,836	39,038	235,541
Term deposits	35,000	1,100,000	35,000	1,100,000
	74,038	1,696,836	74,038	1,335,541

a) Risk exposure

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

b) Deposits at call

The deposits are bearing a weighted average interest rate of 6.01% (2010: 5.46%). The deposits have a period to repricing of 26 days (2010: 16 days).

10 Current assets – Trade and other receivables

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Net trade receivables				
Trade and other receivables	501,694	701,929	501,694	380,605
GST paid on purchases	7,513	(2,629)	7,513	3,065
	509,207	699,300	509,207	383,670
Net receivable from related party				
Receivable from FME Exploration Services Pty Ltd*	-	150,000	-	75,000
	-	150,000	-	75,000
	509,207	849,300	509,207	458,670

* *The entity advanced this amount to assist in the funding of working capital. The Company provides support to the related party to ensure it can pay its debts as and when they fall due and payable. This arrangement was terminated on 30 June 2011 by mutual agreement.*

a) Past due but not impaired

As at 30 June 2011, there were no material trade and other receivables that were considered to be past due and impaired (2010: Nil).

b) Related party receivables

This receivable from FME Exploration Services Pty Ltd is repayable at call and interest at market rates can be charged at the discretion of the directors of the Company. The Company will not seek repayment where such repayments would prejudice the related party's ability to meet any obligations as and when they fall due.

11 Current assets – Inventories

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Finished goods				
– at net realisable value	-	111,325	-	70,239
	-	111,325	-	70,239

12 Current assets – Other current assets

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Security deposit	98,841	98,841	98,841	98,841
Pre-paid insurance	23,616	44,229	23,616	24,332
	122,457	143,070	122,457	123,173

13 Non-current assets – Investments accounted for using the equity method

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Shares in associates (note 28)	-	2	-	1
	-	2	-	1

a) Shares in associates

Investments in associates are accounted for in the financial statements using the equity method of accounting. The equity method of accounting recognises the Company's share of post acquisition reserves of its associates.

14 Non-current assets – Available-for-sale financial assets

a) Fair values

Available-for-sale financial assets include the following classes of financial assets:

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Shares in listed companies	1,071,071	-	1,071,071	713,714
	1,071,071	-	1,071,071	713,714

b) Listed securities

Maximus Resources Limited holds 44,607,143 shares in ERO Mining Limited (2010: 44,607,143). There are no fixed returns or fixed maturity dates attached to these investments. These shares are held as available-for-sale and their value is marked to market at financial year end.

15 Non-current assets – Plant and equipment

Consolidated	Plant and equipment $	Furniture, fittings and equipment $	Machinery and vehicles $	Computer equipment and software $	Total $
At 1 July 2009					
Cost or fair value	1,397,411	25,699	592,180	100,733	2,116,023
Accumulated depreciation	(184,227)	(4,922)	(134,546)	(59,264)	(382,959)
Net book amount	1,213,184	20,777	457,634	41,469	1,733,064
Year ended 30 June 2010					
Opening net book amount	1,213,184	20,777	457,634	41,469	1,733,064
Additions	130,357	927	170,700	-	301,984
Disposals	(138,127)	(4,908)	(105,458)	(25,004)	(273,497)
Depreciation charge	(135,252)	(1,938)	(31,891)	(7,862)	(176,943)
Closing net book amount	1,070,162	14,858	490,985	8,603	1,584,608
At 30 June 2010					
Cost or fair value	1,389,641	21,718	657,422	75,728	2,144,509
Accumulated depreciation	(319,479)	(6,860)	(166,437)	(67,125)	(559,901)
Net book amount	1,070,162	14,858	490,985	8,603	1,584,608

Consolidated	Plant and equipment $	Furniture, fittings and equipment $	Machinery and vehicles $	Computer equipment and software $	Total $
Year ended 30 June 2011					
Opening net book amount	1,070,162	14,858	490,985	8,603	1,584,608
Additions	13,963	-	-	-	13,963
Depreciation charge	(143,655)	(2,656)	(50,382)	(7,137)	(203,830)
Loss of assets upon loss of control of subsidiary	(388,673)	(2,254)	(365,840)	(887)	(757,654)
Closing net book amount	551,797	9,948	74,763	579	637,087
At 30 June 2011					
Cost or fair value	903,985	18,191	144,468	67,908	1,134,552
Accumulated depreciation	(352,188)	(8,243)	(69,705)	(67,329)	(497,465)
Net book amount	551,797	9,948	74,763	579	637,087

Parent entity	Plant and equipment	Furniture, fittings and equipment	Machinery and vehicles	Computer equipment and software	Total
	$	$	$	$	$
At 1 July 2009					
Cost or fair value	856,413	23,119	190,335	92,911	1,162,778
Accumulated depreciation	(139,900)	(4,372)	(51,023)	(54,720)	(250,015)
Net book amount	716,513	18,747	139,312	38,191	912,763
Year ended 30 June 2010					
Opening net book amount	716,513	18,747	139,312	38,191	912,763
Additions	81,369	-	-	-	81,369
Disposals	(47,761)	(4,927)	(45,867)	(25,004)	(123,559)
Depreciation charge	(100,114)	(1,473)	(623)	(6,251)	(108,461)
Closing net book amount	650,007	12,347	92,822	6,936	762,112
At 30 June 2010					
Cost or fair value	890,022	18,191	144,468	67,907	1,120,588
Accumulated depreciation	(240,015)	(5,844)	(51,646)	(60,971)	(358,476)
Net book amount	650,007	12,347	92,822	6,936	762,112

Parent entity	Plant and equipment	Furniture, fittings and equipment	Machinery and vehicles	Computer equipment and software	Total
	$	$	$	$	$
Year ended 30 June 2011					
Opening net book amount	650,007	12,347	92,822	6,936	762,112
Additions	13,963	-	-	-	13,963
Depreciation charge	(112,173)	(2,399)	(18,059)	(6,357)	(138,988)
Closing net book amount	551,797	9,948	74,763	579	637,087
At 30 June 2011					
Cost or fair value	903,985	18,191	144,468	67,908	1,134,552
Accumulated depreciation	(352,188)	(8,243)	(69,705)	(67,329)	(497,465)
Net book amount	551,797	9,948	74,763	579	637,087

16 Non-current assets – Exploration and evaluation, development and mine properties

a) Exploration and evaluation

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Exploration and evaluation				
Movement:				
Opening balance	16,449,313	24,793,046	14,483,097	21,015,582
Expenditure incurred	2,079,262	1,956,249	1,678,101	934,932
Adjustment to assets upon loss of control of subsidiary	5,495,760	-	-	-
Transfer to mine properties	-	(1,540,000)	-	(1,540,000)
Less: Exploration expenditure written off	(171,141)	(262,571)	(139,094)	-
Impairment of capitalised expenditure	(8,911,211)	(8,497,411)	(1,080,121)	(5,927,417)
Disposal of tenement	(450,000)	-	(450,000)	-
Closing balance	14,491,983	16,449,313	14,491,983	14,483,097
Closing balance comprises:				
Exploration and evaluation – 100% owned	6,144,190	8,968,393	6,144,190	6,047,507
Exploration and evaluation phases – joint ventures	8,347,793	7,480,920	8,347,793	8,435,590
	14,491,983	16,449,313	14,491,983	14,483,097

b) Mine properties

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Mine properties				
Movement:				
Opening balance	3,802,431	1,346,026	1,476,000	-
Additions through normal acquisition	-	1,104,530	-	-
Loss of assets upon loss of control of subsidiary	(1,600,000)	-	-	-
Transferred from exploration and evaluation	-	1,540,000	-	1,540,000
Amortisation charge	(1,153,874)	(188,125)	(905,624)	(64,000)
Impairment charge	(675,199)	-	(197,018)	-
Closing balance	373,358	3,802,431	373,358	1,476,000
Cost	1,342,982	3,990,556	1,342,982	1,540,000
Less: Accumulated amortisation	(969,624)	(188,125)	(969,624)	(64,000)
Closing balance	373,358	3,802,431	373,358	1,476,000

17 Current liabilities – Trade and other payables

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Trade payables	110,818	272,230	110,818	159,401
Accrued expenses	52,967	170,810	52,967	50,938
Credit cards	8,572	27,804	8,572	10,095
GST collected on sales	2,305	16,949	2,305	11
	174,662	487,793	174,662	220,445

18 Current liabilities – Provisions

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Annual leave	18,297	31,358	18,297	3,193
	18,297	31,358	18,297	3,193

19 Non-current liabilities – Provisions

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Long service leave	6,308	30,355	6,308	2,282
	6,308	30,355	6,308	2,282

20 Contributed equity

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
a) Share capital				
Ordinary shares				
Fully paid	342,048,706	261,245,035	32,694,827	31,373,928

b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$
1 July 2009	Opening balance	184,882,136	29,341,900	
	Share purchase plan			
	Proceeds received	62,955,493	$0.027	1,699,800
	Share placement			
	Proceeds received	13,407,406	$0.027	362,000
	Less: Transaction costs arising on share issues			(42,531)
	Deferred tax credit recognised directly in equity			12,759
30 June 2010	Balance	261,245,035		31,373,928
1 December 2010	Share placement			
	Proceeds received	39,186,000	$0.017	666,162
11 May 2011	Share purchase plan			
	Proceeds received	41,617,671	$0.017	707,500
				32,747,590
	Less: Transaction costs arising on share issues			(75,376)
	Deferred tax credit recognised directly in equity			22,613
30 June 2011	Balance	342,048,706		32,694,827

c) Ordinary shares

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

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

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

d) Options and rights

Information relating to the Maximus Resources Limited Employee Share Option and Incentive Rights Plans, including details of options and rights issued, exercised and lapsed during the financial year and the options/rights outstanding at the end of the financial year, is set out in note 33.

e) Capital risk management

The Company has no debt capital. There are no externally imposed capital requirements.

The Company's debt and capital includes ordinary share capital, supported by financial assets. There are no externally imposed capital requirements.

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

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. This strategy is to ensure that the Company has no debt.

21 Reserves and retained losses

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
a) Reserves				
Available-for-sale investments revaluation reserve	(1,388,794)	-	(1,388,794)	(1,746,151)
Share-based payments reserve	1,354,231	1,319,605	1,354,231	1,319,731
	(34,563)	1,319,605	(34,563)	(426,420)
Movements:				
Available-for-sale investments revaluation reserve				
Balance 1 July	-	-	(1,746,151)	(1,179,550)
Derecognition of non-controlling interest upon loss of control of subsidiary	(764,794)	-	-	-
Revaluation of financial assets (net of tax) (note 14)	(624,000)	-	357,357	(566,601)
Balance 30 June	(1,388,794)	-	(1,388,794)	(1,746,151)
Share-based payments reserve				
Balance 1 July	1,319,605	1,368,875	1,319,731	1,303,401
Options issued during the year(see note 27)	-	16,330	-	16,330
Movements in non-controlling interest	(16,121)	(65,600)	-	-
Derecognition of non-controlling interest upon loss of control of subsidiary	16,247	-	-	-
Rights issued during the year	34,500	-	34,500	-
Balance 30 June	1,354,231	1,319,605	1,354,231	1,319,731
b) Retained losses				
Movements in retained losses were as follows:				
Balance 1 July	(17,449,350)	(9,820,357)	(11,750,881)	(4,836,227)
Net loss for the year	1,869,020	(7,628,993)	(3,829,449)	(6,914,654)
Balance 30 June	(15,580,330)	(17,449,350)	(15,580,330)	(11,750,881)

c) Nature and purpose of reserves

i) Available-for-sale reserve

Changes in the fair value of instruments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income, as described in note 1(k) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

ii) Share-based payments reserve

The share-based payments reserve records items recognised as expenses on valuation of employee options and rights and options issued to external parties in consideration for goods and services rendered.

22 Key management personnel disclosures

a) Directors

The following persons were directors of Maximus Resources Limited during the 2011 financial year:

i) Chairman – non-executive
R M Kennedy

ii) Executive directors
K J Malaxos, Managing Director (since 13 December 2010)

S A Booth, former Managing Director (resigned 31 August 2010)

iii) Non-executive directors
L C McClusky (since 1 September 2010)

E J Vickery

N J Smart, Alternate director for E J Vickery

b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Name	Position	Employer
D W Godfrey (resigned 30 June 2011)	Chief Financial Officer/ Company Secretary	FME Exploration Services Pty Ltd

c) Key management personnel compensation

	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Short term employee benefits	563,043	570,557
Post employment benefits	46,585	50,882
Share-based payments	34,500	16,330
	644,128	637,769

Detailed remuneration disclosures are provided in sections A to D of the remuneration report on pages 8 to 10.

d) Equity instrument disclosures relating to key management personnel

i) Option holdings

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

2011

Name	Balance at start of the year	Issued as remuneration	Exercised (expired/ purchased)	Acquired during the year	Balance at end of the year	Vested and exercisable	Unvested
R M Kennedy	-	-	-	-	-	-	-
K J Malaxos	-	-	-	-	-	-	-
L C McClusky	-	-	-	-	-	-	-
E J Vickery	-	-	-	-	-	-	-
N J Smart	-	-	-	-	-	-	-
S A Booth	3,000,000	-	(3,000,000)	-	-	-	-
D W Godfrey	53,334	-	-	-	53,334	53,334	-

2010

Name	Balance at start of the year	Issued as remuneration	Exercised (expired/ purchased)	Acquired during the year	Balance at end of the year	Vested and exercisable	Unvested
R M Kennedy	-	-	-	-	-	-	-
E J Vickery	-	-	-	-	-	-	-
K J Lines	-	-	-	-	-	-	-
N J Smart	-	-	-	-	-	-	-
S A Booth	-	-	-	3,000,000	3,000,000	3,000,000	-
K J A Wills	-	-	-	-	-	-	-
R C Healy	-	-	-	-	-	-	-
D W Godfrey	53,334	-	-	-	53,334	53,334	-

ii) Rights holdings

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

2011

Name	Balance at start of the year	Issued as remuneration	Exercised (expired/ purchased)	Acquired during the year	Balance at end of the year	Vested and exercisable	Unvested
R M Kennedy	-	-	-	-	-	-	-
K J Malaxos	-	3,000,000	-	-	3,000,000	-	3,000,000
L C McClusky	-	-	-	-	-	-	-
E J Vickery	-	-	-	-	-	-	-
N J Smart	-	-	-	-	-	-	-
S A Booth	-	-	-	-	-	-	-
D W Godfrey	-	-	-	-	-	-	-

There were no issues or holdings of rights during the year ended 30 June 2010.

iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Maximus Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2011

Name	Balance at the start of the year	Received as compensation	Exercise of options	Acquired/ (disposed)	Balance at the end of the year
R M Kennedy	10,000,000	-	-	1,764,706	11,764,706
K J Malaxos	-	-	-	-	-
L C McClusky	-	-	-	250,000	250,000
E J Vickery	1,350,013	-	-	882,353	2,232,366
N J Smart	-	-	-	-	-
S A Booth	650,000	-	-	-	650,000
D W Godfrey	-	-	-	-	-

2010

Name	Balance at the start of the year	Received as compensation	Exercise of options	Acquired/ (disposed)	Balance at the end of the year
R M Kennedy	6,920,000	-	-	3,080,000	10,000,000
E J Vickery	794,458	-	-	555,555	1,350,013
K J Lines	-	-	-	-	-
N J Smart	-	-	-	-	-
D W Godfrey	-	-	-	-	-
S A Booth	-	-	-	650,000	650,000
K J A Wills	3,678,278	-	-	-	3,678,278
R C Healy	-	-	-	-	-
D W Godfrey	-	-	-	-	-

Subsequent to balance date the Company completed a rights issue whereby directors participated in the capital issue. The current holdings of directors after the rights issue are detailed in the Directors report on pages 1 to 11.

23 Remuneration of auditors

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

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Grant Thornton				
Audit and review of financial reports	27,550	54,563	27,550	26,313
Total auditors' remuneration	27,550	54,563	27,550	26,313

The prior year consolidated amount includes ERO Mining Limited's audit fees for the year ended 30 June 2010.

24 Contingencies

Contingent liabilities

The Company had no known contingent liabilities as at 30 June 2011 (2010: Nil).

25 Commitments

a) Commitments for exploration and joint venture expenditure

In order to maintain current rights of tenure to exploration tenements the Company will be required to outlay in the year ending 30 June 2012 amounts of approximately $2,714,000 (2011: $3,083,000) in respect of tenement lease rentals and to meet minimum expenditure requirements pursuant to various joint venture requirements.

b) Lease commitments – Company as lessee

The State Government departments responsible for mineral resources require perfomance bonds for the purposes of rehabilitation of areas disturbed by exploration activities. At 30 June 2011, the Group had $35,000 of bank guarantees in place for this purpose (2010: $45,800).

26 Related party transactions

a) Investments in associates

Investments in associates are set out in note 28.

b) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

c) Transactions with other related parties

The following transactions occurred with related parties:

- Administrative services were provided by FME Exploration Services Pty Ltd to the Company during the period 1 July 2010 to 28 February 2011 for $88,800 (30 June 2010: $111,000).
- FME Exploration Services Pty Ltd repaid $75,000 of the working capital loan from the Company. The total receivable from FME Exploration Services Pty Ltd at 28 February 2011 was Nil (30 June 2010: $75,000).
- On 30 June 2011 the Company borrowed $40,000 from Mandurang Pty Ltd, of which Mr R M Kennedy is a director. The Company will pay interest on the loan at a rate of 7.65% per annum compounded monthly. The loan will be fully repaid with interest by 31 August 2011.

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

27 Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding* 2011 %	Equity holding* 2010 %
ERO Mining Limited	Australia	Ordinary	12.81	27.85

* *During the year Maximus Resources Limited's percentage holding of the Issued Capital of ERO Mining Limited reduced to 12.81%. This dilution occurred due to a issues of shares in ERO Mining Limited. This, along with changes to the members of the Boards of Directors of Maximus Resources Limited and ERO Mining Limited, has resulted in a loss of control of ERO Mining Limited as a subsidiary. Therefore, ERO Mining Limited has been consolidated with Maximus Resources Limited for the purposes of these financial statements up until the date when control was lost. The accounting treatment of this loss of control is detailed in note 1(b).*

The gain recognised on the loss of control of the subsidiary was $5,698,109. The gain is recognised in Other income in the Statement of comprehensive income (refer to note 5). Information on the performance of ERO Mining Limited for the 6 month period to the date of loss of control is detailed in note 8.

28 Investments in associates

An interest was held in FME Exploration Services Pty Ltd, an associated company incorporated in Australia, until the disposal of the holding on 28 February 2011. Information relating to this holding is set out below:

	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	1	1
Disposal of shares	(1)	-
Carrying amount at the end of the financial year	-	1

b) Summarised financial information of associates

The Company's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

Company's share of:

	Ownership Interest %	Assets $	Liabilities $	Revenues $	Profit $
2010					
FME Exploration Services Pty Ltd	33	253,515	281,721	444,052	5,699
		253,515	281,721	444,052	5,699

c) Contingent liabilities of associates

	2011	2010
Share of contingent liabilities incurred jointly with other investors	-	85,028
	-	85,028

29 Interests in joint ventures

Maximus Resources Limited has the following interests in unincorporated joint ventures:

State	Agreement name	Parties	Summary
NT & SA	Flinders Agreement	Maximus Resources Ltd (MXR) and Flinders Mines Ltd (FMS)	Under this July 2005 agreement and amending deeds MXR through the issue of shares and options has 100% non-diamond rights to the Woolanga and Billa Kalina Project tenements and to EL4303 and has 100% metalliferous mineral rights to the other Adelaide Hills Project tenements.
NT & SA	Eromanga Basin Agreement	ERO Mining Ltd (ERO), Flinders Mines Ltd (FMS) and Maximus Resources Ltd (MXR)	ERO can earn a 70% interest in MXR's Eromanga Basin Project tenements in SA and the NT by spending $7 million on the tenements within 6 years.
NT	NuPower Agreement	MXR, FMS and NuPower Resources Ltd	NuPower may earn a 51% interest in Energy Minerals by expenditure of $3 million from commencement over 4 years and a 70% interest by expenditure of a further $2 million over 2 years.
QLD	Sellheim Agreement	MXR and A Stiff, C Budge and P Harvey	MXR has purchased the project tenements – production royalties are payable to Stiff, Budge and Harvey.
SA	Billa Kalina Agreement	MXR, ERO and FMS	ERO can earn a 50% interest in the non-diamond mineral rights of MXR's Billa Kalina Project tenements by spending $3million on the tenements within six years.
SA	Copper Range Agreement	MXR, FMS and Copper Range (SA) Pty Ltd	Copper Range can earn a 51% interest in MXR's rights to base and precious metals in EL4131 by spending $500,000 over five years with an option to earn a 75% interest by further expenditure of $500,000.
WA	Corporate Group Agreement	MXR and Corporate Resource Consultants Pty Ltd, B Legendre and T E Johnston and Associates Pty Ltd	Corporate Group retains a 10% free carried interest in all or specified blocks within several exploration licences in the Narndee Project.
WA	Creasy Agreement	MXR and Nemex Pty Ltd and M G Creasy	Creasy retains a 30% free carried interest in prospecting licences 53/1308 to 53/1311 following MXR's purchase of 90% of Nemex's interest in the Ironstone Well Project.
WA	Flinders Canegrass Agreement	MXR and FMS	FMS purchased the Canegrass Project tenements from MXR. FMS must pay MXR a 2% net smelter royalty from any future production from the tenement areas.
WA	Ironstone Well Iron Ore Agreement	MXR and Nemex Ventures Pty Ltd	MXR has sold a 70% interest in the iron ore rights to Nemex for a total consideration of $0.5 million. MXR retains a 20% interest in iron ore rights.
WA	Orex Ironstone Well Deed of Assignment	MXR and Orex Mining Pty Ltd and Nemex Pty Ltd	MXR has sold a 90% interest in all minerals except iron in E53/1223 and a 90% interest in all minerals in the remaining Ironstone Well Project tenements for a future production royalty capped at $4 million

30 Events occurring after the reporting period

Subsequent to balance date the Company completed a non-renounceable rights issue that closed on 16 August 2011. As a result of the capital issue 43,243,217 ordinary shares were allotted raising $432,432.

Apart from the above, no matter or circumstance has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

31 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $	Parent entity 30 June 2011 $	Parent entity 30 June 2010 $
Profit/(loss) for the year	(7,194,331)	(10,108,827)	(3,829,449)	(6,914,654)
Depreciation	150,181	176,943	91,784	108,461
Amortisation	1,153,874	188,125	905,624	64,167
Non-cash employee benefits expense – share-based payments	34,500	16,329	34,500	16,329
Impairment of capitalised exploration expenditure	9,082,352	8,759,982	1,219,215	6,097,181
Impairment of development assets	675,199	-	197,018	-
Net (gain)/loss on disposal of non-current assets	-	76,619	-	47,428
Tax effect on transaction costs	30,713	24,383	22,613	12,759
Tax effect on investments	-	-	-	242,829
Gain on loss of control of subsidiary	(5,698,109)	-	-	-
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	688,154	38,991	372,524	1,294
Decrease/(increase) in inventories	111,325	(111,325)	70,239	(70,239)
Decrease/(increase) in other operating assets	20,613	(44,229)	716	(24,332)
(Decrease)/increase in trade and other payables	(181,683)	67,236	(45,783)	(33,381)
(Decrease)/increase in provisions	(37,108)	23,502	19,130	1,461
Net cash (outflow)/inflow from operating activities	(1,164,320)	(892,271)	(941,869)	(450,697)

32 Earnings per share

	30 June 2011	30 June 2010
a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders	(3,829,449)	(6,914,654)
Weighted average number of ordinary shares outstanding during the year used to calculate basic earnings per share	289,598,815	242,206,614
Basic earnings per share (cents)	(1.32)	(2.85)
b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders	(3,829,449)	(6,914,654)
Weighted average number of options outstanding during the year used to calculate diluted earnings per share	-	-
Weighted average number of ordinary shares outstanding during the year used to calculate diluted earnings per share	289,598,815	242,206,614
Diluted earnings per share (cents)	(1.32)	(2.85)

Options

Options granted to employees under the Maximus Resources Limited Employee Share Option Plan are considered to be potential ordinary shares. These have a dilutive effect on the weighted average number of ordinary shares. As the Company has reported a loss of $3,829,449 this financial year (2010: $6,914,654), the options have not been included in the determination of diluted earnings per share. Details relating to the options are set out in note 33.

33 Share-based payments

a) Employee Option Plan

The following options arrangements existed at 30 June 2011:

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. All options are un-listed and non-transferable. The options granted under the plan carry no voting or dividend rights.

On 10 April 2007 930,000 options were issued to employees under the Company's Employee Share Option Plan. The options are exercisable at 14 cents on or before 20 March 2012.

On 17 March 2008 890,000 options were issued to employees under the Company's Employee Share Option Plan. The options are exercisable at 18 cents on or before 17 March 2013.

On 4 February 2009 1,965,000 options were issued to employees under the Company's Employee Share Option Plan. The options are exercisable at 4 cents on or before 3 February 2014.

On 29 May 2009 40,000 options were issued to employees under the Company's Employee Share Option Plan. The options are exercisable at 4 cents on or before 3 February 2014.

Set out below is a summary of the options granted under the plan:

2011	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	10,720,000	0.269
Granted	-	-
Exercised	-	-
Expired	(5,090,000)	0.227
Outstanding at the end of the year	5,630,000	0.307

2010	Number of options	Weighted average exercise price $
Balance	9,665,000	0.315
Granted	3,000,000	0.050
Exercised	-	-
Expired	(1,945,000)	0.163
Outstanding at the end of the year	10,720,000	0.269

The options outstanding at 30 June 2011 had a weighted average exercise price of $0.307 (2010: $0.269) and a weighted average remaining contractual life of 18 months (2010: 36 months). Exercise prices range from $0.040 to $0.500 in respect of options outstanding at 30 June 1011.

Fair value of options granted

No employee options were granted during the year ended 30 June 2011 (2010: Nil). Therefore no calculation of the fair value of options granted during the year was required to be made using the Black Scholes option pricing model.

b) Employee Incentive Rights Plan

The following incentive rights arrangements existed at 30 June 2011:

The Maximus Resources Limited Employee Incentive Rights Plan enables the Board, at its discretion, to issue rights to employees of the Company or its associated companies. The vesting periods of the rights are set at the Board's discretion and all rights have conditions that must be met before they can be exercised. All rights are un-listed and non-transferable. The rights granted under the plan carry no voting or dividend rights.

On 11 February 2011 3,000,000 rights were issued to employees under the Company's Employee Incentive Rights Plan. 1,500,000 of the rights have fair values of 2.3 cents per right and expire on 14 December 2011, with a vesting period of 10 months. The remaining 1,500,000 rights have fair values of 2.3 cents per right and expire on 14 December 2012, with a vesting period of 22 months.

34 Going concern

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

The cash flow projections of the Company indicate that it will require positive cash flows from gold mining operations and/or additional capital for continued operations.

The Company's ability to continue as a going concern is contingent upon obtaining additional capital or generating sufficient cash flows from gold mining operations. If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

DIRECTORS' DECLARATION

30 June 2011

In the directors' opinion:

a) the financial statements and notes set out on pages 19 to 58 are in accordance with the Corporations Act 2001, including:
   - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   - ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of their performance for the financial year ended on that date, and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

c) the financial statements comply with International Financial Reporting Standards as confirmed in note 1(a).

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

ROBERT M KENNEDY
Director

Adelaide

30 September 2011

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAXIMUS RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of Maximus Resources Limited (the "Company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company 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 of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, 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 whether the financial report is free from material misstatement.

Grant Thornton

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 Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 have complied with the independence requirements of the Corporations Act 2001.

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 2011 and of their performance for the year ended on that date; and

 ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern
Without qualifying our opinion, we draw attention to Note 34 – Going Concern Basis of Accounting in the financial report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as a going concern, and therefore the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

GrantThornton

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Maximus Resources Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

P S Paterson
Partner

Adelaide, 30 September 2011

ASX ADDITIONAL INFORMATION

30 June 2011

The shareholder information set out below was applicable as at 5 October 2011.

a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Shares	Options
1 – 1,000	118	0
1,001 – 5,000	259	1
5,001 – 10,000	276	-
10,001 – 100,000	1,064	15
100,001 and over	563	13
	2,280	29

There were 1,473 holders of less than a marketable parcel of ordinary shares. At a share price of 0.9 cents, an unmarketable parcel is 55,556 shares

b) Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest equity holders of quotes securities are listed below:

Rank	Name	Units	% of units
1.	Flinders Mines Limited	16,305,555	4.23
2.	Triple Eight Gold Pty Ltd	12,901,798	3.35
3.	Yandal Investments Pty Ltd	8,611,161	2.23
4.	Colin John Hough	8,000,153	2.08
5.	Tre Pty Ltd	6,393,333	1.66
6.	Abesque Pty Ltd	6,000,000	1.56
7.	Miss Kathryn Yule	6,000,000	1.56
8.	Zhangxi Zeng	6,000,000	1.56
9.	Geosolutions Pty Ltd	5,000,000	1.30
10.	Mr David Charles Pritchard Morrow	5,000,000	1.30
11.	Mr Wenming Zhu and Mrs Xiaohong Yuan	4,000,000	1.04
12.	Lawrence Crowe Consulting Pty Ltd	3,866,667	1.00
13.	Mr Darryn Anthony	3,500,000	0.91
14.	KJ Exploration Pty Ltd	3,100,000	0.80
15.	Chaffey Consulting Pty Ltd <Meit A/C>	3,066,951	0.80
16.	Mr Giuseppe Reale	3,043,138	0.79
17.	Mrs Gwendoline Malaxos	3,000,000	0.78
18.	RMK Super Pty Ltd	2,862,908	0.74
19.	Mr Robert Cave	2,743,726	0.71
20.	Mr Gary Eric Maddocks and Ms Paula Maddocks	2,450,000	0.64
		111,845,390	29.03

Unquoted securities

Unlisted options over ordinary shares

	Number on issue	Number of holders
Options @ $0.14, expiring 20 March 2012	380,000	7
Options @ $0.50 expiring on 2 July 2012	3,000,000	5
Options @ $0.18 expiring on 17 March 2013	605,000	13
Options @ $0.04 expiring on 3 February 2014	1,645,000	16

No person holds 20% or more of these securities – RA to Check

Incentive rights

	Number on issue	Number of holders
Incentive rights	3,000,000	1

c) Substantial holders

As at 5 October 2011 the Company did not have any substantial shareholders.

d) Voting rights

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary Shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have once vote.

b) Options
No voting rights.