Annual Report
2012

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

Level 3, 100 Pirie Street
Adelaide South Australia 5000

PRINCIPAL OFFICE

Level 3, 100 Pirie Street
Adelaide South Australia 5000
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 relating to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Steven Cooper who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Cooper is a consultant 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 Cooper 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 LETTER 2012

Dear Fellow Shareholders

As reported in the last Annual Report the prospectivity of the Narndee tenements provides the greatest opportunity for a company making discovery. There is a broad choice of gold and base metal targets across our tenement holding. We carried out geochemical and geophysical surveys on the highest priority targets at Narndee where the results identified very encouraging results with targets displaying coincident Electromagnetic (EM) and gravity anomalies, indicating the potential for large massive sulphide bodies. The Stage 1 drill program was completed on 12 May, 2012 and the evaluation of the assays resulted in the decision to proceed immediately to Stage 2 of the drill program. At the time of writing the arrival of the rig on site is imminent and we look forward to some exciting results.

Our large portfolio combined with the capital constraints imposed by the current economic times has resulted in our focus on Narndee where we believe we have the best chance of a commercial discovery. Until markets improve and we can raise additional capital our strategy is to seek joint venture parties or sell projects with a view to retaining some upside for the company.

To that end we have sold the Sellheim project as announced in July to a private group who will not suffer the constraints imposed on public companies. The proceeds of the sale will be directed to Narndee and working capital.

Our significant tenement holdings both in South Australia and Western Australia continue to impose a great burden on the company. With further rationalisation we have reduced that burden but will have to continue to do so as we attempt to maintain a hold on the most prospective areas where we have invested significant funds.

We have defined a significant gold resource in the Adelaide Hills and despite the fact that with more drilling we believe we could bring the resource to a level that will allow development, without sufficient capital we believe the company's best interest will be served by seeking a joint venture party to progress the project.

As previously announced we sold our interests in the Ironstone Well tenements for a prospective $4 million for gold and a further $0.5million for the iron content with a 20% interest retained in the iron ore project. Orex Mining Pty Ltd purchased the gold mining rights and is progressing towards developing a project that will result in a royalty stream back to Maximus capped at $4 million. We are watching with interest as Orex progresses this project. Nemex Ventures purchased the Iron Ore rights to the tenements, but failed to execute the transaction, resulting in Maximus retaining a 90% interest in the Iron ore mining rights.

Shareholders supported a capital raising of a total of $1,924,999 in the first quarter of 2012 through the issue of 384,999,800 fully paid shares enabling the Narndee project to progress. 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 retain ownership of the Billa Kalina tenements with ERO earning into the 50:50 Joint Venture and look forward to the commencement of ground gravity works once we have obtained clearance from the Defence Department in its next round of approvals, which will enable ERO to proceed on the Woomera Prohibited Area (WPA). Results from this gravity survey shall facilitate the finalisation of arrangements for a drilling program at Billa Kalina

We have contained our overheads as minimally as possible in order to conserve our capital for exploration whilst meeting an acceptable standard for a listed company. Our Managing Director has worked diligently to progress our exploration within the capital constraints. I commend his report to you which will expand on our projects.

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

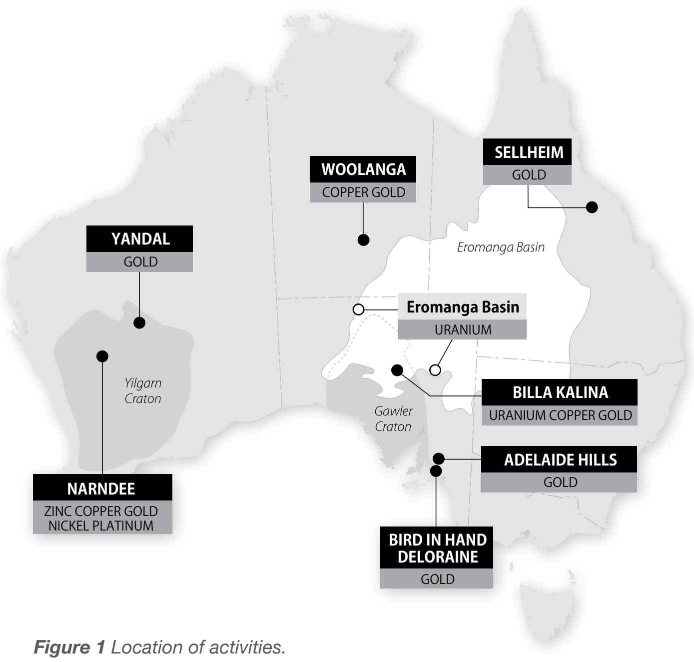

Figure 1 *Location of activities.*

Review of operations

The 2011/2012 financial year began with the achievement of a significant milestone being completion of the review of the entire database relating to the Narndee, Milgoo and Windimurra complex tenements in the Murchison region of Western Australia. This detailed review of all recent and historical exploration information resulted in a total of 18 high priority targets being identified across the suite of tenements. These 18 high priority targets consisted of 14 discreet targets and four broad exploration zones, each potentially containing multiple targets.

A ground gravity survey was commissioned on the highest priority Narndee tenement, E59/908 and completed in September 2011, generating further encouraging information. Analysis of the ground gravity survey results in conjunction with the airborne TEM survey conducted in 2009 produced a series of targets with coincident EM and gravity features. These targets became the focus for the company's drilling campaigns for 2012.

Approval for a 17 hole Reverse Circulation (RC) exploration program was sought and received from the Western Australian Department of Mines and Petroleum (DMP) in April 2012. Phase 1 of the drilling campaign consisted of nine RC holes assessing two priority targets, ND17 and ND18. The results from the drilling program further increased confidence that the area has the potential to host a significant Volcanic Massive Sulphide (VMS) style copper–gold orebody similar to the nearby MinMetals' Golden Grove project. Assay results indicated elevated copper levels in the southern target, ND18, and several intersections of high grade zinc were recorded (ASX announcement 28 June 2012 5.98% Zn) in the northern target, ND17 with anomalous Nickel results recorded. These very encouraging results resulted in the decision to commence phase 2 of the drilling immediately. This will be completed in Q1 2012/13.

No ground based exploration activities were undertaken on the Adelaide Hills tenements since the completion of the drilling campaign on the Deloraine and Eureka tenements in May 2011. The Deloraine project remains highly prospective for the identification of a high grade narrow vein gold resource to add to the current Bird in Hand combined Indicated and Inferred Resource tonnage of 598,000 tonnes at 12.3 g/t totalling approximately 237,000 contained ounces. Additional drilling on Deloraine is required along strike to the South to test for lateral extensions to the mineralisation and the structure is open at depth.

The ownership structure of the Adelaide Hills tenements was revised during the year, Tenements originally held by Flinders Mines Limited (FMS), including the retained diamond rights, but maintained and operated by MXR were transferred to MXR for a nominal fee. FMS retain the rights to diamond minerals on these tenements, but the tenements are now in the name of Maximus Resources, and control rights to all non-diamond minerals. This transfer of ownership affected a total of seven tenements in the Adelaide Hills.

A review of the current Adelaide Hills tenement holding shall be completed during 2012/13, with a view to assessing all existing tenements and rationalising the tenement holding area. All options to progress high quality prospects will be investigated including seeking Joint Venture partners for various prospects and asset sales.

The year culminated with the sales of the Sellheim project to a private consortium for a total of $400,000 plus replacement of a $91,000 environmental bond. The transaction was finalised in August 2012. During 2011/12, the Sellheim project continued to suffer from excessive inclement weather and mechanical failures resulting in the decision to cease operations and place the project on Care and Maintenance in November 2011. Minor environmental rehabilitation works were undertaken, however production ceased and all operators ceased employment.

A total of 9.191 lcm was treated between July and November 2011 producing 116.1 ounces of gold and 11 ounces of silver. In addition to the bullion produced, a further 684 grams of nuggets were delivered for refining increasing the total gold processed to 161.5 grams prior to the project being placed on C&M.

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). The tenements were held by Flinders Mines Limited (previously Flinders Diamonds) who retained diamond mineral rights on the tenements and all other mineral rights belonged to MXR. Following discussions with Flinders Mines personnel, the tenements, including the diamond rights were transferred to MXR, for a nominal cost. This rationalisation of the tenement holding structure and mineral rights will further streamline the approvals process for Access Deeds and future exploration programs on the Billa Kalina tenements.

In 2011, the Defence department reviewed its stance on access to the WPA and implemented an interim joint use plan to provide clarity to exploration companies conducting activities within the WPA. The Federal Government introduced a Moratorium on new Deeds of Access – Exploration until revised access conditions were agreed between the Department of Defence and the state and federal government. We believe that this may be resolved and finalised during H2, 2012.

ERO submitted a revised Application for a Deed of Access – Exploration listing the new tenement ownership structure and continues to waiting on 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.

The Eromanga Basin Joint Venture consists of a single remaining tenement; EL 4913 the Marree tenement situated along the margins of the Eromanga Basin in South Australia and Northern Territory.

The joint venture operator, ERO Mining Limited, provided written confirmation in May 2012 that no exploration activities had been completed on the tenement recently and does not intend pursuing further exploration on the remaining Marree tenement, EL 4913, ending the joint venture agreement with Maximus.

The year ahead will see continued focus on progressing exploration activities on the highly prospective Narndee tenements, rationalisation of the tenement holding within the Adelaide Hills and investigating options to progress the Bird in Hand project through a joint venture arrangement or asset disposal.

The company completed two capital raising processes during the year, the first in August 2011 via a 1 for 3 rights issue and a second in January 2012 via a 1 for 1 non-renounceable rights issue. The support of our shareholders is greatly appreciated particularly during these difficult financial times, and although we only managed 38% take-up of the July rights issue, prior to underwriting allocations, we managed to secure 100% take up of the second rights issue in January. This provided much needed capital to finalise the detailed review of the Narndee tenements, complete the ground gravity survey and commit to phase 1 of the RC drill campaign. The continued support and feedback from shareholders is greatly appreciated.

In summary, 2011/2012 has been a significant year for your company. Additional geophysical surveys on the Narndee tenements in Western Australia provided exciting results and generated anomalous aTEM and ground gravity features that demanded follow-up drilling. Preliminary RC drill results were extremely encouraging, with significant intersections of massive sulphide mineralisation, high grade zinc intersections and anomalous Copper grades encountered providing the impetus to immediately commit to phase 2 of the drill program. The sale of the Sellheim project will allow the company to focus on our core assets. We can see the light at the end of the approvals tunnel for the Billa Kalina project and continue to believe that this project has the potential to be a significant stand-alone project for your company.

I would like to my fellow board members for their assistance and support throughout the year, my staff and contractors for their significant efforts, it is very much appreciated and in closing, I would like to thank the Maximus shareholders for your continued support of the board through another challenging but exciting year.

KEVIN MALAXOS
Managing Director

TENEMENT SCHEDULE

For the year ended 30 June 2012

Tenement number	Tenement name	Date granted/ applied for	Expiry date	Area (sq km)	Registered holder/applicant	Related agreement
WESTERN AUSTRALIA						
Narndee Project						
E58/294	Wondinong	07/06/2006	06/06/2013	22	Maximus Resources Ltd	
E58/356	Mount Ford	25/02/2010	24/02/2015	212	Maximus Resources Ltd	
E59/908	Narndee	08/09/2000	07/09/2012	48	Maximus Resources Ltd	
E59/1252	Boodanoo Well	21/06/2007	20/06/2012	30	Maximus Resources Ltd	
E59/1335	4 Corner Bore	17/04/2008	16/04/2013	50	Maximus Resources Ltd	
E59/1370-I	Warramboo	04/03/2010	03/03/2015	3	Maximus Resources Ltd	
E59/1415	Milgoo Well	03/03/2010	02/03/2015	27	Maximus Resources Ltd	Corporate Group Agreement
E59/1561-I	Corner Well	26/03/2010	25/03/2015	117	Maximus Resources Ltd	
SOUTH AUSTRALIA						
Adelaide Hills Project						
EL4303	Lobethal	01/09/2009	31/08/2013	222	Flinders Mines Ltd	Flinders Agreement
EL 4641	Echunga	07/01/2011	06/01/2014	173	Flinders Mines Ltd	Flinders Agreement
EL 4712	Mt Pleasant	30/03/2011	29/03/2014	452	Flinders Mines Ltd	Flinders Agreement
EL 4091	Mt Barker	25/02/2008	24/02/2013	118	Flinders Mines Ltd	Flinders Agreement
EL 4131	Kapunda	28/04/2008	27/04/2013	626	Flinders Mines Ltd	Flinders and Copper Range Agreements
EL 4227	Brukunga	25/02/2009	24/02/2014	94	Flinders Mines Ltd	Flinders Agreement
MC 4113	Bird in Hand	11/11/2008	11/11/2009*	2	Maximus Resources Ltd	
EL4193	Mount Monster	27/10/2008	26/10/2012	378	Maximus Resources	
EL4194	Williamstown	27/10/2008	26/10/2012	20	Maximus Resources	
EL 3920	Mount Rufus	3/09/2007	02/09/2012	51	Maximus Resources	
Billa Kalina Project						
EL4757	Margaret	22/06/2011	21/06/2012	271	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
EL 4463	Billa Kalina	13/04/2010	12/04/2012	1,023	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
EL 4899	Bamboo Lagoon	31/05/2012	30/05/2014	412	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
EL 4854	Millers Creek	27/04/2012	26/04/2014	771	Flinders Mines Ltd	Flinders and Billa Kalina Agreements
Eromanga Project						
ELA65/11	Calcutta	21/03/2011		125	Maximus Resources Ltd	Eromanga Basin Agreement
QUEENSLAND						
Sellheim Project						
ML10269	Slim Chance	13/11/2003	30/11/2013	0.13	Maximus Resources Limited	Sellheim Agreement
ML10270	Next Chance	13/11/2003	30/11/2013	0.50	Maximus Resources Limited	Sellheim Agreement
ML10328	Sellheim	01/12/2006	30/11/2026	3.27	Maximus Resources Limited	Sellheim Agreement
EPM 13499	Mount Richardson	01/03/2004	29/02/2012	11.00	Maximus Resources Limited	Sellheim Agreement
EPM 15778	Sellheim River	19/12/2007	18/12/2012	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	13/06/2006	12/06/2012	967	Flinders Mines Ltd	Flinders and NuPower Agreements
SEL25056	Mud Tank-Alcoota	13/06/2006	12/06/2012	398	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 SA 5000

Registered postal address is:

Maximus Resources Limited
Level 3, 100 Pirie Street
Adelaide SA 5000

A description of the nature of the Company's operations and its principal activities is included in the directors' report on pages 7 to 13, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 25 September 2012. 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 2012

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)
Leigh Carol McClusky	(Non-executive director)
Ewan John Vickery	(Non-executive director)
Nicholas John Smart	(Alternate director for E J Vickery)

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 (2011: Nil).

OPERATING RESULTS AND FINANCIAL POSITION

The net result of operations of the Company for the financial year was a loss of $1,801,502 (2011: $7,194,331).

The net assets of the Company have decreased by $335,764 during the financial year from $17,079,934 at 30 June 2011 to $16,744,170 at 30 June 2012.

Review of operations

The 2011/2012 has been a defining year for Maximus, commencing with the completion of the comprehensive review of the Narndee tenements in Western Australia identifying a total of 18 high quality exploration targets requiring follow-up investigations, completion of the ground gravity survey on Narndee tenement E59/908 with extremely encouraging results, the decision to suspend operations at the Sellheim project in Queensland during November 2011 and market the project for sale and a revised model for exploration and development of the Adelaide Hills gold project with an intention to secure a Joint Venture partner to progress the project through feasibility study into construction. Our Joint Venture partner on the Billa Kalina project in the Woomera Prohibited Area (WPA) of South Australia edged closer to securing a Deed of Access – Exploration, a prerequisite to accessing the tenement to test the Peeweena Dam IOCGU anomaly via a gravity survey.

The financial markets remained extremely cautious as world economies failed to fully recover from the Global Financial Crisis. The near total stalling of the US economy and near collapse of several European countries resulted in the Australian market remaining extremely subdued and investors cautious. However, ongoing support from shareholders allowed sufficient capital to be raised in two tranches to complete the review of the Narndee database in Western Australia in addition to the other milestones stated above. Two non-renounceable Rights Issues were undertaken which, raised a total of $2.357 million.

The current direct total tenement holding is currently 2,008.9 square kilometres (3,580.9 sq km under control) in three states (excluding Woolanga in the NT managed by Nupower Resources Limited). The area of direct holding has reduced significantly during 2011/12 as a result of rationalisation of the Narndee tenement holding and relinquishment of some tenements due to under-expenditure over the past five years. The company intends to retain those tenements containing the high priority targets identified in the 2011 tenement review program. The intent remains to rationalise the tenement package to a more manageable and focused holding

Following completion of the comprehensive review in July 2011 of all data available on the Windimurra Narndee tenements in Western Australia, 18 high quality targets were identified for follow-up investigations. These 18 targets consisted of 14 discreet targets and four broad target zones. These targets were then ranked according to their prospectivity, based on the information available. A ground gravity survey was conducted on three of the highest priority targets with excellent results. The survey identified co-incident aTEM and ground gravity features prompting a drilling program to be prepared and approval sought from the Department for Minerals and Petroleum (DMP). Results from the drilling program in May 2012 provided significant encouragement to proceed with phase 2 of the RC drilling program. The northern target, ND17 returned assay results with reasonable zinc grades over encouraging thicknesses. The best intersection recorded 10 metres at 1% zinc, including one metre at 5.89% zinc. The southern target, ND18 recorded elevated Copper assays prompting additional holes to be planned during phase 2 of the drilling program to test dip and plunge extensions.

No ground based exploration progress was achieved on the Adelaide Hills tenements throughout the year, but a detailed data search and analysis commenced, similar to that undertaken on the Narndee tenements which generated excellent results.

However, we believe that the Adelaide Hills gold province including the Bird in Hand resource, currently 598,000 tonnes at 12.3 g/t for 237,000 ounces represents an outstanding opportunity for the company, with assistance from a Joint Venture partner. The capital required to progress Bird in Hand through feasibility to construction is beyond Maximus' financial capabilities at present. Securing a Joint Venture partner for the Adelaide Hills tenements will represent a significant opportunity for Maximus to develop the project, whilst retaining upside potential to the development timeframe and gold price.

Sale of the Sellheim project was agreed during June 2012, and finalised subsequent to financial year end. The sale price achieved is $400,000 for the tenements and fixed and mobile plant, plus an additional $91,000 to replace an environmental bond in place with the Queensland DERM.

Negotiations commenced in November 2011 with Flinders Mines Limited (FMS) for the transfer of ownership of all tenements held by FMS in the Adelaide Hills and Billa Kalina regions operated by Maximus under agreement with FMS. Flinders Mines retain their current rights to all diamond minerals on the tenements with Maximus retaining all other mineral rights, as per the current agreement. The change of ownership discussions commenced to reflected the actual operating structure in place and allow Maximus to control reporting and tenement changes with DMITRE. Negotiations were finalised in early 2012 with Maximus securing all mineral rights on the Billa Kalina tenements (including diamond rights) for a nominal fee and Maximus securing the non-diamond mineral rights on the Adelaide Hills tenements not already held by Maximus. The Farm-in Joint Venture with ERO Mining on the Billa Kalina tenements within the Woomera Prohibited Area (WPA) progressed, albeit slowly during the year. Following a review of the Draft Access Deed conditions and recommendations, the Federal Government imposed a moratorium on new Access Deeds for the WPA until such time as a revised Deed of Access – Exploration can be finalised. This meant that ERO was unable to secure an Access Deed during 2011/12. However, ongoing communication with Defence Department personnel appears to have established the pathway and anticipated timeframe for completion of an Access Deed for the WPA.

ERO submitted a revised Application for a Deed of Access – Exploration listing the new tenement ownership structure (MXR) and continues to waiting on 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. The revised Deed of Access – Exploration is planned to be valid for a period of five years.

The Eromanga Basin joint venture operator, ERO Mining Limited, provided written confirmation that it does not intend pursuing further exploration on the remaining Marree tenement, EL 4913, ending the joint venture agreement with Maximus.

In October 2010, the Company announced the sale of its 90% interest in the Ironstone Well tenements in Western Australia. Maximus is entitled to a royalty on gold production from the tenements, and we maintain contact with the purchaser, Orex Mining as they progress their project. The iron ore rights for these tenements was sold to Nemex Ventures Pty Ltd, who failed to commit to the second stage payment for these rights. As a result, the iron ore rights sales agreement was terminated and Maximus regained the 70% rights to iron ore minerals from Nemex. Maximus now retain a combined 90% of the rights to iron ore minerals on these tenements, having retained a 20% interest after the Nemex Ventures sale.

The year ahead will see continued focus on progressing exploration activities on the highly prospective Narndee tenements, rationalisation of the tenement holding within the Adelaide Hills and investigating options to progress the Bird in Hand project through a joint venture arrangement or asset disposal.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As a result of the sale of the Sellheim operation, Maximus is no longer a producing entity and is now purely an exploration company. The focus will be on identifying and developing greenfield projects, with the focus continuing on the Narndee tenements.

Ownership of the tenements managed by Maximus but owned by Flinders Mines Limited (FMS) in the Billa Kalina and Adelaide Hills regions were transferred to Maximus for a nominal fee. FMS retain rights to diamond minerals on the Adelaide Hills tenements, but Maximus control all other minerals on both tenement holdings.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to balance date the Sellheim alluvial gold project was sold to a private consortium.

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

The business strategy of the company focuses on the exploration of the Narndee tenements in Western Australia for VMS type deposits and large base metal deposits.

Future business developments and prospects focus on progressing the Bird in Hand project in the Adelaide Hills and Billa Kalina IOCGU targets in the Woomera Prohibited Area (WPA). Advancement of the Bird in Hand project in the Adelaide Hills region of South Australia will best be suited to a Joint Venture arrangement in the near term. This will ensure sufficient capital is available to progress the project through detailed feasibility, approvals and ultimately development.

The Billa Kalina tenement package located within the (WPA) is currently managed by ERO Mining Ltd (ERO) and shall remain so provided ERO continues to meet expenditure commitments. Future progress on this project depends entirely on gaining access to the tenements through a Deed of Access – Exploration provided by the Defence Department and results of the planned ground gravity survey.

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 has been non-executive chairman of Maximus Resources Limited since 2004. He is a Chartered accountant and a consultant of Kennedy & Co, Chartered Accountants, a firm he founded. Mr Kennedy brings to the Board his expertise and extensive experience as a chairman and non-executive director of a range of listed public companies in the resources sector.

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings, Mr Kennedy leads the Board's external engagement of the Company meeting with Government, investors and is engaged with the media. He is a regular attendee of Audit Committee functions of the major accounting firms and is a regular presenter on topics relating to directors with the AICD and the CSA. During the year he attended the Masterclass of the Australian Institute of Directors with members of top ASX200 company boards.

Independence

In assessing Mr Kennedy's independence, the Board (excluding Mr Kennedy), took into account his ability to think independently across a wide range of issues and his continuous availability now enhanced by his resignation from the Somerton Energy Ltd board and his not seeking re-election to the board of Beach Energy Ltd. 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 the Board. In taking all these issues into account, the Board (excluding Mr Kennedy), were unanimous in declaring Mr Kennedy as independent.

Other current directorships

Mr Kennedy is a director of ASX listed companies Beach Energy Limited (since 1991), Ramelius Resources Limited (since listing in March 2003), Flinders Mines Limited (since December 2001), ERO Mining Limited (since March 2006), Monax Mining Limited (since August 2004), Marmota Energy Limited since listing in April 2006 and formerly Somerton Energy Limited (from 2010 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008.

Special responsibilities

Chairman of the Board.

Member of the Audit Committee.

Interests in shares and options

32,000,000 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

11,500,000 ordinary shares in Maximus Resources Limited.

1,500,000 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

1,233,334 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 3 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

9,988,000 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 broking 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).

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 2012, and the number of meetings attended by each director were:

	Full meetings of directors		Audit committee meetings	
	A	B	A	B
Robert Michael Kennedy	11	11	2	2
Kevin John Malaxos	11	11	2	2
Leigh Carol McClusky	10	11	–	–
Ewan John Vickery	11	11	2	2
Nicholas John Smart	–	–	–	–

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 $18,750 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 2012.

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 Voting and comments made at the company's 2011 Annual General Meeting

Maximus Resources Limited received more than 88% of 'yes' votes on its remuneration report for the 2011 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

C 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
Ms L C McClusky	Director, non-executive
Mr E J Vickery	Director, non-executive
Mr N J Smart	Alternate director for E J Vickery, non-executive

Key management personnel and other executives of the Company

2012

Name	Short term employee benefits	Short term employee benefits	Post employment benefits	Share-based payments	Share-based payments	
	Directors' fees	Salary	Superannuation	Options	Rights	Total
	$	$	$	$	$	$
Robert Michael Kennedy	89,549	–	8,059	–	–	97,608
Kevin John Malaxos^	–	273,318	24,599	–	48,865	346,782
Leigh Carol McClusky*	54,467	–	–	–	–	54,467
Ewan John Vickery	54,167	–	4,875	–	–	59,042
Nicholas John Smart	–	–	–	–	–	–
Total key management personnel compensation	198,183	273,318	37,533	–	48,865	557,899

^ *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 34.*

* *Director fees for Ms McClusky were paid to McClusky and Co Pty Ltd, a related entity of the director.*

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

Key management personnel and other executives of the Company

2011

Name	Short term employee benefits	Short term employee benefits	Post-employment benefits	Share-based payments	Share-based payments	
	Directors' fees	Salary	Superannuation	Options	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

^ *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 34.*

* *Director fees for Ms McClusky were paid to McClusky and Co Pty Ltd, 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		At risk – STI*		At risk – LTI**	
	2012	2011	2012	2011	2012	2011
	%	%	%	%	%	%
Kevin John Malaxos	82	82	–	–	18	18

* *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.*

D Service agreements

The Board has 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. On 14 December 2011 Mr Malaxos was granted 1,500,000 ordinary shares as per the incentive rights. Mr Malaxos will be issued 1,500,000 ordinary shares on 14 December 2012. Messrs Kennedy and Vickery and Ms McClusky are engaged as directors without formal employment agreements.

E Share based compensation

Incentive rights

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

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

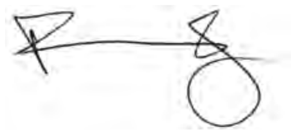
Unissued ordinary shares of Maximus Resources Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price	Number under option
17 March 2008	17 March 2013	$0.18	605,000
4 February 2009	3 February 2014	$0.04	1,645,000
			2,250,000

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 14.

This report is signed and dated in Adelaide on this 25th day of September 2012 and made in accordance with a resolution of the directors.



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Director

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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 Maximus Resources Limited for the year ended 30 June 2012, 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

S J Gray
Partner

Adelaide, 25 September 2012

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 2012.

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 2012.

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 constitution was amended in December 2011 following shareholder approval at the 2011 Annual General Meeting.

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 not followed

While the company embraces the concept of diversity, there is no formal diversity policy as the Board believes that given the size of the Company and the stage of the entity's life, the cost of establishing and managing a formal diversity policy cannot be justified.

The Company recognises that each employee brings their own unique capabilities, experiences and characteristics to their work and that the Company values such diversity at all levels of the Company in all that it does. The Company believes in treating people with respect and dignity. The Company strives to create a supportive and understanding environment in which all individuals realise their maximum potential within the Company, regardless of their differences. The Company is committed to employing the best people to do the best job.

Recommendation 3.3 – Recommendation not followed

While the Company does not have a formal diversity policy, the Company has a strong commitment to gender diversity. Female participation is reflected in the organisation.

Gender diversity will be a strategic focus for the Company in the coming years, particularly with the introduction of recommendations on gender diversity by the ASX Corporate Governance Council.

Recommendation 3.4 – Recommendation followed

For the annual period ending 30 June 2012, the Company provides the following information in relation to employees:

- Percentage of women employees in whole organisation: 50.00%
- Percentage of women in senior executive positions: 50.00%
- Percentage of women on the board: 25.00%

Recommendation 3.5 – Recommendation followed

While the Company does not have a formal diversity policy, it is diverse along many dimensions. Diversity at the Company refers to all the characteristics that make individuals different from each other. It includes characteristics or factors such as religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference. The Company believes that the wide array of perspectives that results from such diversity promotes innovation and business success.

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 and 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

Recommendation 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

Recommendation 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

Recommendation 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 STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	**Consolidated 30 June 2012 $**	Consolidated 30 June 2011 $
Other income	5	**27,514**	6,246,940
Administrative expenses	6	**(1,044,454)**	(1,020,180)
Marketing expenses	6	**(13,555)**	(150,645)
Finance costs		**(1,617)**	(2,853)
Exploration expenditure written off	6	**(516,445)**	(9,082,352)
Impairment of development assets	15(b)	**(23,358)**	(675,199)
(Loss) before income tax		**(1,571,915)**	(4,684,289)
Income tax benefit/(expense)	7	**160,967**	(33,719)
(Loss) from continued operations		**(1,410,948)**	(4,718,008)
Loss from discontinued operation	4	**(390,554)**	(2,476,323)
Loss for the year		**(1,801,502)**	(7,194,331)
Other comprehensive income			
Changes in the fair value of available for sale financial assets	21(a)	**(892,642)**	(1,388,795)
Other comprehensive income for the year (net of tax)		**(892,642)**	(1,388,795)
Total comprehensive income for the year		**(2,694,144)**	(8,583,126)
Profit / (loss) is attributable to:			
Maximus Resources Limited		**(1,801,502)**	1,869,020
Non-controlling interests		**–**	(9,063,351)
		(1,801,502)	(7,194,331)
Total comprehensive income for the year is attributable to:			
Maximus Resources Limited		**(2,694,144)**	480,225
Non-controlling interests		**–**	(9,063,351)
		(2,694,144)	(8,583,126)

		Cents	Cents
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	33	**(0.27)**	(1.63)
Diluted earnings per share	33	**(0.27)**	(1.63)
Earnings per share for (loss) from continuing and discontinued operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	33	**(0.34)**	(2.48)
Diluted earnings per share	33	**(0.34)**	(2.48)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
ASSETS			
Current assets			
Cash and cash equivalents	*9*	**751,054**	74,038
Trade and other receivables	*10*	**8,714**	509,207
Other current assets	*11*	**99,294**	122,457
Assets classified as held for sale	*15(b)*	**350,000**	373,358
Total current assets		**1,209,062**	1,079,060
Non-current assets			
Available for sale financial assets	*13*	**178,429**	1,071,071
Plant and equipment	*14*	**475,839**	637,087
Exploration and evaluation	*15(a)*	**15,002,860**	14,491,983
Total non-current assets		**15,657,128**	16,200,141
Total assets		**16,866,190**	17,279,201
LIABILITIES			
Current liabilities			
Trade and other payables	*16*	**66,891**	152,797
Provisions	*17*	**14,194**	7,654
Liabilities directly associated with assets classified as held for sale	*19*	**33,845**	38,816
Total current liabilities		**114,930**	199,267
Non-current liabilities			
Provisions	*18*	**7,090**	–
Total non-current liabilities		**7,090**	–
Total liabilities		**122,020**	199,267
Net assets		**16,744,170**	17,079,934
EQUITY			
Contributed equity	*20*	**35,004,343**	32,694,827
Reserves	*21*	**(878,341)**	(34,563)
Retained losses	*21(b)*	**(17,381,832)**	(15,580,330)
Capital and reserves attributable to owners of Maximus Resources Limited		**16,744,170**	17,079,934
Total equity		**16,744,170**	17,079,934

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

		Attributable to owners of Maximus Resources Limited					
Consolidated	*Notes*	Contributed equity $	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)
		31,373,928	**(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**
Balance at 1 July 2011		**32,694,827**	**(34,563)**	**(15,580,330)**	**17,079,934**	**–**	**17,079,934**
Total comprehensive income for the year:							
Profit/(loss) for the year	*21*	–	–	(1,801,502)	(1,801,502)	–	(1,801,502)
Revaluation of financial assets (net of tax)	*21*	–	(892,642)	–	(892,642)	–	(892,642)
		–	**(892,642)**	**(1,801,502)**	**(2,694,144)**	**–**	**(2,694,144)**
Transactions with owners in their capacity as owners:							
Contributions of equity	*20*	2,357,431	–	–	2,357,431		2,357,431
Rights issued during the year	*21*	–	48,864	–	48,864	–	48,864
Movement in non-controlling interest		–	–	–	–	–	–
Transaction costs (net of tax)		(47,915)	–	–	(47,915)	–	(47,915)
		2,309,516	**48,864**	**–**	**2,358,380**	**–**	**2,358,380**
Balance at 30 June 2012		**35,004,343**	**(878,341)**	**(17,381,832)**	**16,744,170**	**–**	**16,744,170**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Notes	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**301,132**	710,668
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,622,264)**	(2,521,978)
Interest received		**34,248**	52,477
Finance costs		**(1,617)**	–
Income tax received		**199,967**	594,513
Net cash (outflow) inflow from operating activities	*32*	**(1,088,534)**	(1,164,320)
Cash flows from investing activities			
Payments for plant and equipment	*14*	**(1,290)**	(13,963)
Loss of cash balances upon loss of control of subsidiary		**–**	(290,188)
Proceeds from sale of plant and equipment		**16,538**	–
Proceeds from disposal of tenement		**–**	50,000
Repayment of loans by related parties		**(40,000)**	150,000
Payments for exploration and evaluation		**(480,217)**	(2,075,613)
Net cash (outflow) inflow from investing activities		**(504,969)**	(2,179,764)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**2,318,434**	1,823,662
Payments of issue costs		**(47,915)**	(102,376)
Net cash inflow from financing activities		**2,270,519**	1,721,286
Net increase (decrease) in cash and cash equivalents		**677,016**	(1,622,798)
Cash and cash equivalents at the beginning of the financial year		**74,038**	1,696,836
Cash and cash equivalents at the end of the financial year	*9*	**751,054**	74,038

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. Maximus Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

i) Compliance with IFRS

The consolidated financial statements of the Maximus Resources Limited 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) Historical cost convention

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

iii) Critical accounting estimates

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

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 2012 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 is 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 30.

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 30.

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 32.

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 32.

x) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company'sGroup's financial statements.

AASB 9 Financial Instruments (effective from 1 January 2013)

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of

investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income s (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Group's management have yet to assess the impact of these amendments.

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 2012 $	Consolidated 30 June 2011 $
Financial assets		
Cash and cash equivalents	**751,054**	74,038
Trade and other receivables	**8,714**	509,207
Investments accounted for using the equity method	**–**	–
Available for sale financial assets	**178,429**	1,071,071
	938,197	1,654,316
Financial liabilities		
Trade and other payables	**66,891**	164,263
	66,891	164,263

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:

	30 June 2012 Weighted average interest rate %	**30 June 2012 Balance $**	30 June 2011 Weighted average interest rate %	30 June 2011 Balance $
Cash and cash equivalents	**3.04%**	**751,054**	4.80%	74,038
Net exposure to cashflow interest rate		**751,054**		74,038

Interest rate sensitivity analysis

At 30 June 2012, 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:

		Interest rate risk			
Parent Entity		Increase 2%		Decrease 2%	
30 June 2012	Carrying amount	Profit	Equity	Profit	Equity
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	751,054	685	685	(685)	(685)
Total increase/ (decrease)		685	685	(685)	(685)

		Interest rate risk			
Parent Entity		Increase 2%		Decrease 2%	
30 June 2011	Carrying amount	Profit	Equity	Profit	Equity
	$	$	$	$	$
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)

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 $535,000 (2011: $35,000) 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 2012 and 30 June 2011.

30 June 2012	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available for sale financial assets				
ERO Mining Limited	178,429	–	–	178,429
	178,429	**–**	**–**	**178,429**

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**

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

2012	Sellheim	Adelaide Hills Province	Narndee	Other	ERO Mining	Total
	$	$	$	$	$	$
Segment revenue	**238,138**	**–**	**–**	**–**	**–**	**238,138**
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)	**(565,301)**	**–**	**–**	**–**	**–**	**(565,301)**
Cost of goods sold from discontinued operation	(628,692)	–	–	–	–	(628,692
Impairment	(23,358)	–	–	(516,445)	–	(539,803)
Segment assets	**350,000**	**8,147,445**	**6,081,789**	**773,626**	**–**	**15,352,860**
Segment asset movements for the year:						
Capital expenditure	–	78,804	430,621	517,897	–	1,027,322
Amortisation	–	–	–	–	–	–
Adjustment to exploration assets upon loss of control of subsidiary	–	–	–	–	–	–
Loss of development assets upon loss of control of subsidiary	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Capital expenditure impaired	–	–	–	(516,445)	–	(516,445)
Impairment of development asset	–	–	–	–	–	–
Movement in gold inventory	–	–	–	–	–	–
Total movement for the year	**–**	**78,804**	**430,621**	**1,452**	**–**	**510,877**
Total segment assets						15,352,860
Unallocated assets						1,513,330
Total assets						**16,866,190**
Total segment liabilities	33,845	–	–	–	–	33,845
Unallocated liabilities						88,175
Total liabilities						**122,020**

2011	Sellheim	Adelaide Hills Province	Narndee	Other	ERO Mining	Total
	$	$	$	$	$	$
Segment revenue	**467,391**	**–**	**–**	**–**	**196,538**	**663,929**
Adjusted EBITDA	**(1,050,362)**	**–**	**–**	**654,466**	**(8,613,405)**	**(9,009,301)**
Cost of goods sold	(2,423,377)	–	–	–	716,875	(3,140,252)
Impairment	(500,000)	–	–	(916,233)	(8,341,318)	(9,757,551)
Total 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**

i) Segment revenue

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

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Total segment revenue	**238,138**	663,929
Total revenue from discontinued operation (note 4)	**–**	663,929

ii) Adjusted EBITDA

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

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Allocated:		
Adjusted EBITDA	**(565,301)**	(9,009,301)
Unallocated:		
Interest revenue	**34,248**	48,831
Other Income	**18,764**	–
Net gain on loss of control of subsidiary	**–**	5,698,109
Other expenses	**–**	–
Administrative expenses	**(1,044,454)**	(1,020,180)
Marketing expenses	**(13,555)**	(150,645)
Finance costs	**(1,617)**	(2,853)
Amortisation	**–**	(248,250)
Profit before income tax from continuing operations	**(1,571,915)**	(4,684,289)

iii) Segment assets

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

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Allocated:		
Segment assets	**15,352,860**	14,865,341
Unallocated:		
Cash and cash equivalents	**751,054**	74,038
Trade and other receivables	**8,714**	509,207
Other assets	**99,294**	122,457
Investments accounted for using the equity method	**–**	–
Available for sale financial assets	**178,429**	1,071,071
Plant and equipment	**475,839**	637,087
Security deposit	**–**	–
Total assets as per the consolidated statements of financial position	**16,866,190**	**17,279,201**

iv) Segment liabilities

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

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Allocated:		
Allocated segment liabilities from discontinued operations	**33,845**	–
Unallocated:		
Trade and other payables	**58,350**	174,662
Provisions	**29,825**	24,605
Total liabilities as per the consolidated statement of financial position	**122,020**	199,267

4 Loss from discontinued operation

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Sales revenue		
Gold sales	**238,138**	663,929
Cost of goods sold		
Cost of gold extraction	**(628,692)**	(3,140,252)
Loss for the year	**(390,554)**	(2,476,323)

5 Other income

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Interest received	**34,248**	48,831
Gain/(loss) on sale of assets	**(6,734)**	–
Sale of tenement	**–**	500,000
Net gain on loss of control of subsidiary (note 8)	**–**	5,698,109
	27,514	6,246,940

6 Expenses

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Administration		
Compliance	**140,480**	161,565
Depreciation	**13,894**	76,006
Administration costs	**141,422**	110,743
Employment costs	**582,761**	373,927
Legal fees	**38,903**	37,654
Other	**126,994**	260,285
	1,044,454	1,020,180
Marketing		
Marketing and promotion	**13,555**	150,645
	13,555	150,645
Exploration expenses		
General exploration expenditure written off	**61,833**	171,141
Capitalised exploration expenditure impaired	**454,612**	8,911,211
	516,445	9,082,352

7 Income tax expense

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
a) Income tax expense:		
Deferred tax	**39,000**	30,713
Research and development tax offset	**(199, 967)**	3,006
	(160,967)	33,719
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**(1,571,915)**	(7,160,612)
Tax at the Australian tax rate of 30% (2011: 30%)	**(471,575)**	(2,148,184)
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Non-deductible items	**–**	–
Share placement issue costs	**20,535**	–
Temporary differences not brought to account	**490,040**	2,178,897
Research and development tax offset	**(199,967)**	3,006
Income tax expense	**(160,967)**	33,719

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 $5,348,371 (2011: $3,100,041) 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 2011 financial 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.

	2012 $	2011 $
Financial performance information of ERO Mining Limited included in consolidated statement of comprehensive income		
Revenue (note 4)	–	204,773
Expenses	–	(9,259,664)
Loss before income tax of subsidiary for the period	–	(9,054,891)
Income tax (benefit)/expense	–	(8,100)
Loss after income tax of subsidiary for the period	–	(9,062,991)
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)
Cash flow information of ERO Mining Limited included in consolidated statement of cash flows		
Net cash (outflow)/inflow from operating activities	–	(222,450)
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)
Net cash inflow from financing activities	–	423,000
Net (decrease) in cash generated by the subsidiary	–	(361,294)

c) Carrying amounts of assets and liabilities

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

	2011 $
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 2012 $	Consolidated 30 June 2011 $
Cash at bank and in hand	**216,054**	39,038
Term deposits	**535,000**	35,000
	751,054	74,038

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 3.04% (2011: 6.01%). The deposits have a period to repricing of 28 days (2011: 26 days).

10 Current assets – Trade and other receivables

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Net trade receivables		
Trade and other receivables	**8,690**	501,694
GST paid on purchases	**24**	7,513
	8,714	509,207
Net receivable from related party		
Receivable from FME Exploration Services Pty Ltd*	**–**	–
	–	–
	8,714	509,207

* *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 2012, there were no material trade and other receivables that were considered to be past due and impaired (2011: 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 – Other current assets

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Security deposit	**98,841**	98,841
Pre paid insurance	**453**	23,616
	99,294	122,457

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

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Shares in associates (note 27)	–	2
	–	2

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.

13 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 2012 $	Consolidated 30 June 2011 $
Shares in listed companies	**178,429**	1,071,071
	178,429	1,071,071

a) Listed securities

Maximus Resources Limited holds 44,607,143 shares in ERO Mining Limited (2011: 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.

14 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 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
Year ended 30 June 2012					
Opening net book amount	551,797	9,948	74,763	579	637,087
Additions	–	1,290	–	–	1,290
Disposals	–	–	(35,772)	–	(35,772)
Depreciation charge	(112,503)	(2,536)	(11,235)	(492)	(126,766)
Closing net book amount	439,294	8,702	27,756	87	475,839
At 30 June 2012					
Cost or fair value	903,985	19,481	73,349	67,908	1,064,723
Accumulated depreciation	(464,691)	(10,779)	(45,593)	(67,821)	(588,884)
Net book amount	439,294	8,702	27,756	87	475,839

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

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

a) Exploration and evaluation

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Exploration and evaluation		
Movement:		
Opening balance	**14,491,983**	16,449,313
Expenditure incurred	**1,027,322**	2,079,262
Adjustment to assets upon loss of control of subsidiary	**–**	5,495,760
Transfer to mine properties	**–**	–
Less: Exploration expenditure written off	**–**	(171,141)
Impairment of capitalised expenditure	**(516,445)**	(8,911,211)
Disposal of tenement	**–**	(450,000)
Closing balance	**15,002,860**	14,491,983
Closing balance comprises:		
Exploration and evaluation – 100% owned	**6,481,879**	6,144,190
Exploration and evaluation phases – joint ventures	**8,520,981**	8,347,793
	15,002,860	14,491,983

b) Mine properties

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Mine properties		
Movement:		
Opening balance	**373,358**	3,802,431
Additions through normal acquisition	**–**	–
Loss of assets upon loss of control of subsidiary	**–**	(1,600,000)
Transferred from exploration and evaluation	**–**	–
Amortisation charge	**–**	(1,153,874)
Impairment charge	**(23,358)**	(675,199)
Closing balance	**350,000**	373,358
Cost	**1,342,982**	1,342,982
Less: Accumulated amortisation	**(992,982)**	(969,624)
Closing balance	**350,000**	373,358
Transfer to asset held for sale	**(350,000)**	–
	–	373,358

The company completed the sale of the Sellheim alluvial project to a private consortium for $400,000 on 4 September 2012.

16 Current liabilities – Trade and other payables

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Trade payables	**47,075**	99,309
Accrued expenses	**18,500**	52,967
Credit cards	**1,316**	521
GST collected on sales	**–**	–
	66,891	152,797

17 Current liabilities – Provisions

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Annual leave	**14,194**	7,654
	14,194	7,654

18 Non-current liabilities – Provisions

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Long service leave	**7,090**	–
	7,090	–

19 Liabilities associated with assets classified as held for sale

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Trade payables	**11,008**	11,509
Credit cards	**833**	8,051
GST on Sales	**–**	2,305
Provisions	**22,004**	16,951
	33,845	38,816

Trade payables relates to trade creditors that are directly attributable to the Sellheim operation and were outstanding at 30 June 2012. The provisions relates to annual leave and long service leave of employees who were directly employed at the Sellheim operation.

20 Contributed equity

a) Share capital

	Consolidated 30 June 2012 Shares	Consolidated 30 June 2011 Shares	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Ordinary shares				
Fully paid	**771,791,725**	342,048,706	**35,004,343**	32,694,827

b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$
1 July 2010	Opening 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
	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**
24 August 2011	Non-renounceable rights issue			
	Proceeds received	39,854,605	$0.01	398,546
2 September 2011	Non-renounceable rights issue – underwriting			
	Proceeds received	3,388,612	$0.01	33,886
14 December 2011	Incentive rights	1,500,000	–	–
6 February 2012	Non-renounceable rights issue			
	Proceeds received	177,380,948	$0.005	886,905
13 February 2012	Non-renounceable rights issue – underwriting			
	Proceeds received	10,818,853	$0.005	54,094
20 February 2012	Non-renounceable rights issue – shortfall			
	Proceeds received	196,800,001	$0.005	984,000
				35,052,268
	Less: Transaction costs arising on share issues			(68,450)
	Deferred tax credit recognised directly in equity			20,535
30 June 2012	**Balance**	**771,791,725**		**35,004,343**

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 32.

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 2012 $	Consolidated 30 June 2011 $
a) Reserves		
Available for sale investments revaluation reserve	**(2,281,436)**	(1,388,794)
Share based payments reserve	**1,403,095**	1,354,231
	878,341	(34,563)
Movements:		
Available for sale investments revaluation reserve		
Balance 1 July	**(1,388,794)**	–
Derecognition of non-controlling interest upon loss of control of subsidiary	**–**	(764,794)
Revaluation of financial assets (net of tax) (note 13)	**(892,642)**	(624,000)
Balance 30 June	**(2,281,436)**	(1,388,794)
Share based payments reserve		
Balance 1 July	**1,354,231**	1,319,605
Options issued during the year (see note 26)	**–**	–
Movements in non-controlling interest	**–**	(16,121)
Derecognition of non-controlling interest upon loss of control of subsidiary	**–**	16,247
Rights issued during the year	**48,864**	34,500
Balance 30 June	**1,403,095**	1,354,231
Balance 1 July	**(15,580,330)**	(17,449,350)
Net loss for the year	**(1,801,502)**	1,869,020
Balance 30 June	**(17,381,832)**	(15,580,330)

b) 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 2012 financial year:

i) Chairman – non-executive

R M Kennedy

ii) Executive directors

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

iii) Non-executive directors

L C McClusky

E J Vickery

N J Smart, Alternate director for E J Vickery

b) Other key management personnel

No other persons had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year.

c) Key management personnel compensation

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Short term employee benefits	**471,501**	563,043
Post employment benefits	**37,533**	46,585
Share based payments	**48,864**	34,500
	557,898	644,128

Detailed remuneration disclosures are provided in sections A to D of the remuneration report on pages 11 to 13.

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.

2012

Name	Balance at the 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	–	–	–	–	–	–	–

2011

Name	Balance at the 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	–

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.

2012

Name	Balance at the 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	–	1,500,000	–	1,500,000	–	1,500,000
L C McClusky	–	–	–	–	–	–	–
E J Vickery	–	–	–	–	–	–	–
N J Smart	–	–	–	–	–	–	–
S A Booth	–	–	–	–	–	–	–
D W Godfrey	–	–	–	–	–	–	–

2011

Name	Balance at the 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	–	–	–	–	–	–	–
R S Alwis	–	–	–	–	–	–	–

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.

2012

Name	Balance at the start of the year	Received as compensation	Exercise of options/rights	Acquired/ (disposed)	Balance at the end of the year
R M Kennedy	11,764,706	–	–	20,235,294	32,000,000
KJ Malaxos	–	–	1,500,000	10,000,000	11,500,000
L C McClusky	250,000	–	–	983,334	1,233,334
E J Vickery	2,232,366	–	–	7,765,634	9,998,000
N J Smart	–	–	–	–	–

2011

Name	Balance at the start of the year	Received as compensation	Exercise of options/rights	Acquired/ (disposed)	Balance at the end of the year
R M Kennedy	10,000,000	–	–	1,764,706	11,764,706
KJ 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	–	–	–	–	–

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 7 to 13.

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 2012 $	Consolidated 30 June 2011 $
Grant Thornton		
Audit and review of financial reports	**27,550**	27,550
Total auditors' remuneration	**27,550**	27,550

24 Contingencies

Contingent liabilities

The Company had no known contingent liabilities as at 30 June 2012 (2011: 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 2013 amounts of approximately $2,029,170 (2011: $2,714,000) 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 2012, the Group had $35,000 of bank guarantees in place for this purpose (2011: $35,000).

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:

- On 4 July 2011 the Company borrowed $40,000 from Mrs G Malaxos, a related party of Mr K J Malaxos, a director of the Company. The Company repaid the loan on 30 August 2011. Interest totaling $470 was paid on this loan.
- On 15 November 2011, 13 January 2012 and 16 January 2012, the Company borrowed $30,000, $10,000 and $10,000 respectively from Mrs G Malaxos, a related party of Mr K J Malaxos, a director of the Company. The Company repaid the $50,000 loan to Mrs G Malaxos on 7 February 2012. Interest totaling $643 was paid on this loan.
- On 30 June 2011 the Company borrowed $40,000 from Mandurang Pty Ltd, of which Mr R M Kennedy is a director. The Company repaid this loan on 30 August 2011. Interest of $505 was paid on this loan.

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* 2012 %**	Equity holding* 2011 %
ERO Mining Limited	Australia	Ordinary	**12.81**	12.81
Maxiron Pty Ltd	Australia	Ordinary	**100**	100
MXR Metals Pty Ltd	Australia	Ordinary	**100**	100
MXR Minerals Pty Ltd	Australia	Ordinary	**100**	100

* *During the 2011 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 six 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:

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	–	1
Disposal of shares	–	(1)
Carrying amount at the end of the financial year	–	–

29 Cashflows from discontinued operations

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Cashflows from operating activities		
Receipts from customers	**288,632**	514,130
Payments to suppliers and employees	**(606,824)**	(1,517,753)
Net cash provided by/(used in) discontinued operations	**(318,192)**	(1,003,623)

30 Interests in joint ventures

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

State	Agreement Name	Parties	Summary
NT and 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. Currently being revised to reflect ownership structure
NT and 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. Terminated by ERO.
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. Transferred in August 2012.
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 6 years. Currently being revised to reflect ownership structure
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 5 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 TE 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	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.

31 Events occurring after the reporting period

Subsequent to balance date the Company disposed the Sellheim alluvial gold project to a private consortium.

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.

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

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Profit/(loss) for the year	**(1,801,502)**	(7,194,331)
Depreciation	**13,894**	150,181
Amortisation	**–**	1,153,874
Non-cash employee benefits expense – share based payments	**48,865**	34,500
Impairment of capitalised exploration expenditure	**516,445**	9,082,352
Impairment of development assets	**23,358**	675,199
Impairment of financial assets	**–**	–
Net (gain)/loss on disposal of non-current assets	**6,734**	–
Tax effect on transaction costs	**6,265**	30,713
Gain on loss of control of subsidiary	**–**	(5,698,109)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**95,727**	688,154
Decrease/(increase) in inventories	**–**	111,325
Decrease/(increase) in other operating assets	**23,163**	20,613
(Decrease)/increase in trade and other payables	**(34,125)**	(181,683)
(Decrease)/increase in provisions	**12,642**	(37,108)
Net cash (outflow)/inflow from operating activities	**(1,088,534)**	(1,164,320)

33 Earnings per share

	30 June 2012 $	30 June 2011 $
a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders	**(1,410,948)**	(4,718,008)
Weighted average number of ordinary shares outstanding during the year used to calculate basic earnings per share	**524,318,330**	289,598,815
Basic earnings per share (cents)	**(0.27)**	(1.32)
b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders	**(1,410,948)**	(4,718,008)
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	**524,318,330**	289,598,815
Diluted earnings per share (cents)	**(0.27)**	(1.32)
a) Basic earnings per share		
Loss from continuing and discontinued operations attributable to the ordinary equity holders of the company	**(1,801,502)**	(7,194,331)
Weighted average number of ordinary shares outstanding during the year used to calculate basic earnings per share	**524,318,330**	289,598,815
Basic earnings per share (cents)	**(0.34)**	(2.48)
b) Diluted earnings per share		
Loss from continuing and discontinued operations attributable to the ordinary equity holders of the company	**(1,801,502)**	(7,194,331)
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	**524,318,330**	289,598,815
Diluted earnings per share (cents)	**(0.34)**	(2.48)

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 $4,082,940 this financial year (2011: $3,829,449), the options have not been included in the determination of diluted earnings per share. Details relating to the options are set out in note 32.

34 Share based payments

a) Employee Option Plan

The following options arrangements existed at 30 June 2012:

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 17 March 2008 605,000 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 1,645,000 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:

2012	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	5,630,000	0.307
Granted	–	–
Exercised	–	–
Expired	3,380,000	0.440
Outstanding at the end of the year	2,250,000	0.077
2011	**Number of options**	**Weighted average exercise price**
Balance	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

The options outstanding at 30 June 2012 had a weighted average exercise price of $0.077 (2011: $0.307) and a weighted average remaining contractual life of 17 months (2011: 18 months). Exercise prices range from $0.040 to $0.18 in respect of options outstanding at 30 June 2012.

Fair value of options granted

No employee options were granted during the year ended 30 June 2012 (2011: 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 2012:

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.

At 30 June 2012 1,500,000 rights existed under the Company's Employee Incentive Rights Plan. The 1,500,000 rights have fair values of 2.3 cents per right and expire on 14 December 2012, with a vesting period of 10 months.

35 Going concern

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

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

The company and consolidated entity's ability to operate as a going concern is contingent on obtaining additional capital. 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.

36 Parent entity

	Parent 30 June 2012 $	Parent 30 June 2011 $
Current assets	**859,062**	705,702
Non-current assets	**16,007,128**	16,573,499
Total assets	**16,866,190**	17,279,201
Current liabilities	**100,406**	192,959
Non-current liabilities	**21,614**	6,308
Total liabilities	**122,020**	199,267
Net assets	**16,744,170**	17,079,934
Shareholder's equity		
Contributed equity	**35,004,343**	32,694,827
Reserves	**1,403,096**	(34,563)
Retained losses	**(19,663,269)**	(15,580,330)
Capital and reserves attributable to owners	**16,744,170**	17,079,934

DIRECTORS' DECLARATION

30 June 2012

In the directors' opinion:

a) the financial statements and notes set out on pages 19 to 51 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 2012 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

25 September 2012

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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 consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 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 in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards 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.

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.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 consolidated entity's financial position as at 30 June 2012 and of its 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 35 in the financial report which indicates that the company and consolidated entity's incurred a net loss of $1,801,502 during the year ended 30 June 2012 and cash used in operating activities of $1,088,534. These conditions, along with other matters as set forth in Note 35, 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, and at the amounts stated in the financial report.

Report on the remuneration report
We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. 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.

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Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Maximus Resources Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 25 September 2012

ASX ADDITIONAL INFORMATION

30 June 2012

The shareholder information set out below was applicable as at 13 September 2012.

A Distribution of equity securities

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

Holding	Shares	Options
1 – 1,000	132	0
1,001 – 5,000	235	1
5,001 – 10,000	260	–
10,001 – 100,000	978	15
100,001 and over	716	13
	2,321	29

There were 1,605 holders of less than a marketable parcel of ordinary shares. At a share price of 0.5 cents, an unmarketable parcel is 100,000 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	Mr Nicholas Baradakis	55,150,000	7.15
2	Triple Eight Gold Pty Ltd	26,274,184	3.40
3	Mr Kevin Michael Kelly	20,547,916	2.66
4	Flinders Mines Limited	16,305,555	2.11
5	Colin John Hough	15,000,153	1.94
6	Rover Investments Pty Ltd	12,000,000	1.55
7	Itone Pty Ltd	10,000,000	1.30
8	Mr Shane Robert Jones	10,000,000	1.30
9	Kelly Bros Proprietary Limited	10,000,000	1.30
10	Kenny Investments Pty Ltd	10,000,000	1.30
11	Mr David Charles Pritchard Morrow	10,000,000	1.30
12	Rolac Pty Ltd	10,000,000	1.30
13	Mr Brian Willcocks + Mrs Shona Willcocks	9,583,547	1.24
14	Mr Darren Wares	8,820,000	1.14
15	Yandal Investments Pty Ltd	8,611,161	1.12
16	Rolac Pty Ltd	8,000,000	1.04
17	KJ Exploration Pty Ltd	7,100,000	0.92
18	Mr Darryn Anthony	7,000,000	0.91
19	Chaffey Consulting Pty Ltd	6,866,951	0.89
20	Tre Pty Ltd	6,798,165	0.88
Totals: Top 20 holders of ordinary fully paid shares (total)		**268,057,632**	**34.73**

Unquoted securities

Unlisted options over ordinary shares

	Number on issue	Number of holders
Options @ $0.18 expiring on 17 March 2013	605,000	13
Options @ $0.04 expiring on 3 February 2014	1,645,000	16

Incentive Rights

	Number on issue	Number of holders
Incentive Rights	1,500,000	1

C Substantial holders

As at 13 September 2012 the following were substantial shareholders:

Shareholder	Number of shares
Mr Nicholas Baradakis	55,150,000

D Voting Rights

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

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.

Options

No voting rights.