Maximus Resources Ltd
ABN 74 111 977 354

telephone 08 8132 7960
facsimile 08 8132 7999

www.maximusresources.com

email info@maximusresources.com

62 Beulah Road Norwood
South Australia 5067

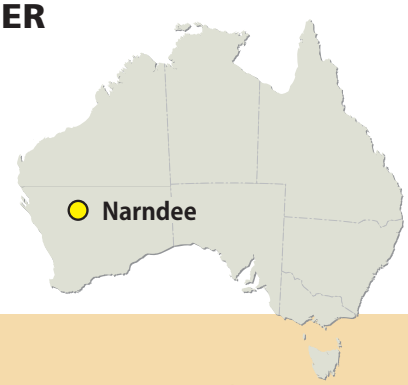
PO Box 3126 Norwood
South Australia 5067

ASX ANNOUNCEMENT

IRON ORE UPDATE: CANEGRASS AND SHEPHARDS DRILLING TO COMMENCE IN OCTOBER

12 October 2007

The Manager
Companies Announcements Office
Australian Securities Exchange
20 Bridge Street SYDNEY NSW 2000



HIGHLIGHTS

- *Initial drill testing for iron ore at Shephards and Canegrass prospects expected to commence in October*
- *Maximus' neighbour PMA, has concluded a major development contract to produce magnetite concentrate on the Shephards magnetite zone*
- *Surface sampling of magnetite iron horizons at Shephards and previous metallurgy at Canegrass continue to support possibility of production of a vanadium rich iron ore concentrate*

NARNDEE PROJECT,

WESTERN AUSTRALIA

Maximus 100%

This release provides additional up to date information on Maximus' plans to target the vanadium rich iron ore potential of its Narndee project in Western Australia. On 27 September, Maximus announced it was targeting 200 million tonnes of magnetite rich rock to a depth of only 30 to 40 metres at the Canegrass and Shephards Prospects.

This potential has been considerably enhanced by an announcement from Precious Metals Australia Limited (PMA) on 9 October. PMA stated they have "agreed a contract with Mineral Resources Limited worth more than $300 million over ten years for the provision of ore crushing and beneficiation facilities in order to produce magnetite concentrate". It is estimated construction of the facilities will take 12 months and, when completed, process 4.3 million tonnes of ore producing approximately 1 million tonnes of magnetite concentrate per year.

Maximus' Shephards prospect is a geologically continuous extension of PMA's iron orebody.

Canegrass Iron Ore Prospect.

The Canegrass prospect was first recognised as vanadium enriched magnetite by WMC Resources Limited (WMC) in the 1970s when

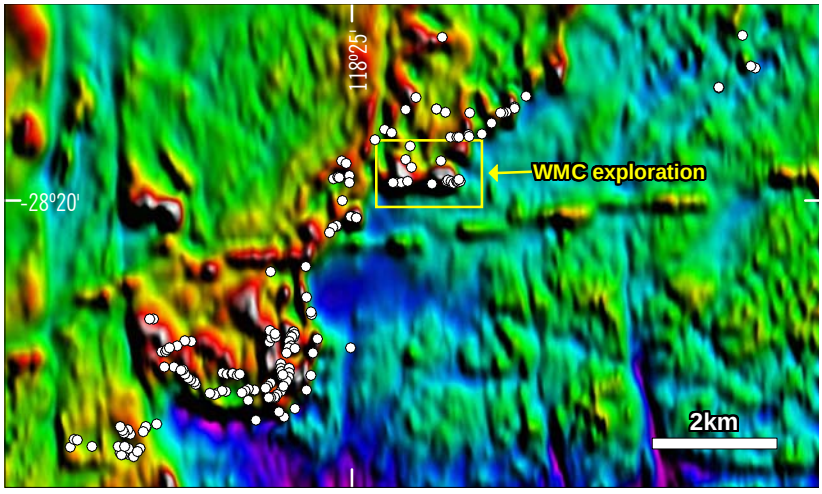


Figure 1 *Location of rockchip samples over airborne magnetic image at Canegrass Prospect.*

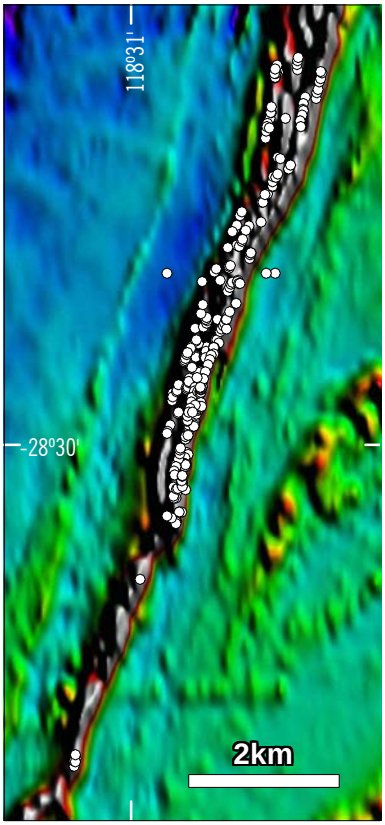


Figure 2 *Location of rockchip samples over airborne magnetic image at Shephards Prospect.*

one of four holes drilled to test soil anomalies intersected magnetite mineralisation over a 20 metre interval that assayed 1.01% V_2O_5.

Core drilling by WMC in 1981 intersected a 24.7 metres zone of mineralisation assaying 40.1% Fe, 9.5% TiO_2, and 0.80% V_2O_5 (Hole CGD1). Subsequent studies showed that the magnetite was coarse grained and contained "essentially all the vanadium". About one quarter of the titanium occurs as discrete coarsely crystalline ilmenite.

Preliminary metallurgy on fresh core from CGD1 demonstrated potential to produce a magnetite concentrate preferentially enriched in iron and vanadium when compared to ilmenite and silicate concentrates produced from the same sample *(see table above)*.

Concentrate	Fe %	TiO_2 %	V_2O5 %
Magnetite	57.2	12.6	1.05
Ilmenite	36.8	27.9	0.25
Silicate	18.8	0.6	0.25

Despite these favourable metallurgical results for both iron and vanadium, WMC lost interest and all tenements were relinquished in mid 1984. No further work was conducted over the Canegrass Prospect area for 20 years until Apex Minerals flew a detailed aeromagnetic survey in 2003. Interpretation of this new magnetic survey showed that the magnetite horizons were very extensive and that the exploration conducted by WMC does not appear to have been over the most favourable area.

Recent surface sampling by Maximus Resources clearly shows several magnetite horizons extending for at least 15 kilometres before becoming covered by laterite and shallow alluvial cover (Figure 1). Analysis of 198 rockchip samples collected by Maximus demonstrates that the weathered massive magnetite produces very consistent values for iron (average 52.4% Fe), titanium (average 13.2% TiO_2) and vanadium (average 1.23% V_2O_5).

Shephards Iron Ore Prospect

The Shephards Zone is a continuation of laterally extensive magnetite horizons that host PMA's Windimurra Vanadium deposit (Figure 2). No previous exploration has been undertaken on the southern sector of the Shephards Zone situated within Maximus tenements. Maximus has collected a total of 312 rockchip samples of magnetite and magnetite bearing gabbro from this southern sector.

Analyses for 307 of the samples are remarkably consistent in iron-titanium-vanadium with average values of 49.1% Fe, 12.3% TiO_2 and 1.2% V_2O_5, respectively.

Drilling

Maximus expects to complete a heritage survey clearance over Canegrass and Shephards during October before commencing a first pass reverse circulation drilling program on both prospects near month's end. This initial drilling will determine the nature, width and grade of iron and vanadium mineralisation in the unweathered magnetite horizons. Further metallurgical testing will be undertaken to demonstrate whether upgrading of the iron contents to the levels indicated by WMC can be achieved.

Dr Kevin Wills
Managing Director
12 October 2007

For further information please contact:

Dr Kevin Wills
Managing Director
Maximus Resources Limited
Ph: (08) 8132 7960

Duncan Gordon
Investor Relations
Maximus Resources Limited
Ph: (08) 8232 8800

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K Wills who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Wills has more than five years relevant experience in the style of mineralisation and types of deposit under consideration and consents to inclusion of the information in this report in the form and context in which it appears. He qualifies as Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".