

ASX ANNOUNCEMENT BIRD-IN-HAND GOLD PROJECT — WATER STUDIES UPDATE

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The Manager
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HIGHLIGHTS

- A conceptual water plan has been developed.
- Groundwater studies suggest an area from 1 to 2 km around the mine was affected by historic mining activities.
- Specialist groundwater consultants commissioned to continue detailed hydrological studies.

BIRD-IN-HAND GOLD PROJECT, ADELAIDE HILLS

SOUTH AUSTRALIA

Maximus 100%

Historical Effects of Mining on Groundwater

Preliminary groundwater studies have been completed by an independent groundwater consultant at the Company's 100% owned Bird-in-Hand

gold exploration project in the Adelaide Hills. This review of historic mining information showed that dewatering to 100 metres depth has occurred five times since 1880. The first four periods were in the 1880s and 1890s and the fifth in the 1930s. Following cessation of de-watering works, the fractured rock aquifer recovered with minimal affect to the

groundwater resource.

Historically, potable water from Bird-in-Hand was supplied to the local Inverbrackie army barracks for more than 30 years - with groundwater levels returning to normal when pumping ceased.

Initial groundwater assessment

Analysis of the data available from dewatering associated with historic mining suggests the cone of depression in the groundwater level was confined to the localised area shown in Figure 1. As a result of known geological factors within the project area, it is anticipated that the area was oriented in a northeasterly direction. If a similar cone of depression occurred in the future, the number of properties using bores for irrigation that could be impacted, is not likely to be significant.

Maximus' sampling of nearby private bores has indicated good quality water with total dissolved solids in the range 510 to 1400 parts per million and no detrimental concentrations of heavy metals. The Company is preparing a program of water sampling from various depths in several of its current exploration drill holes.

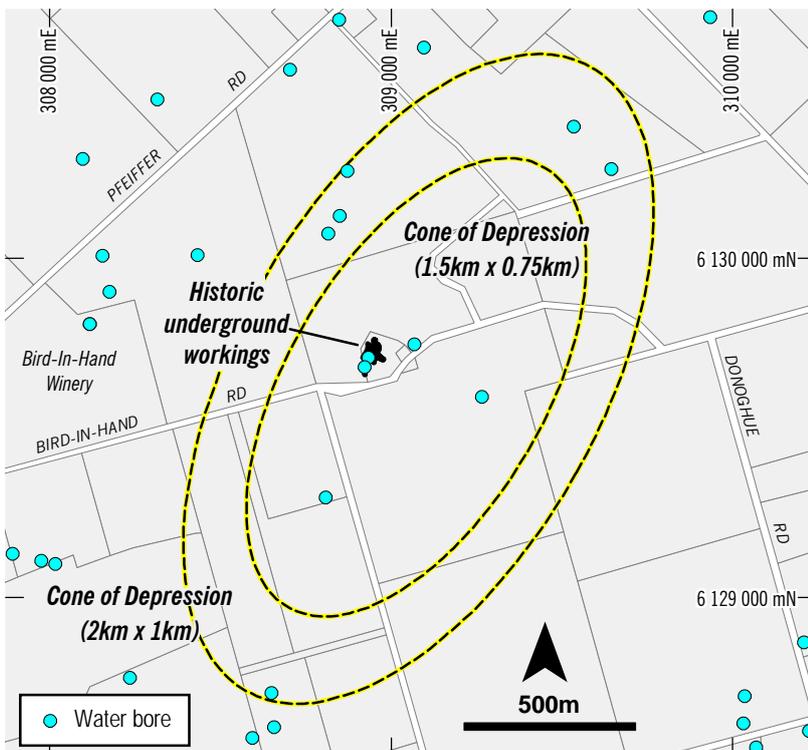


Figure 1 Surface projection of the likely maximum cone of depression in groundwater level as a result of historic mine dewatering.

Conceptual Mine Water Plan

Any future mining development at Bird-in-Hand would only proceed if approved by the Departments of Primary Industries and Resources South Australia and Water, Land and Biodiversity Conservation. If future mine dewatering proceeds a significant quantity of water is likely to be released. A reliable estimate of the quantity and the area affected is not possible until a pumping test is carried out.

Maximus' intention is to provide water free of charge to any landowners whose bores might be affected by dewatering. The quantity of water involved is likely to be much more than the total irrigation needs of the area, particularly in the winter months when there is little demand for irrigation.

The plan would reduce farm irrigation costs and cause no material losses or damage to the minesite's neighbours. Maximus is also in preliminary discussions with SA Water to investigate the opportunity to sell any surplus water for use in public infrastructure water storage and distribution networks. In this way, Maximus believes that any dewatering of the mine would be an overall community benefit.

At the end of mining, groundwater levels would be expected to recover, as they have in the past.

Engagement of Groundwater Consultants

Maximus has engaged two specialist hydrogeological consultancies - Aquaterra and Australian Groundwater Technologies - who will work together to progress groundwater studies relating to any possible future underground mining activity.

It is intended that these independent consultancies will prepare a

hydrogeological proposal for consideration by relevant South Australian Government authorities as part of an application to allow a groundwater pumping test at the old mine site. The objective of this test will be to determine the characteristics of groundwater geometry if a new decline mine was permitted to be developed below the historic mine.

Maximus hopes to be in a position to carry out such testing in the winter of 2008. Maximus is in regular contact with appropriate State Government agencies about its water proposals. However, our current understanding is that the testing would require a Ministerial exemption due to the current moratorium on new water extraction while a water allocation plan is prepared for the Western Mount Lofty Ranges. The company currently believes a pumping test of 2-3 weeks duration from one or more test water bores should yield sufficient results to determine the nature of the fractured rock aquifer. This information would be valuable for the WAP process itself. Maximus would make any test results available to government agencies.

The test would allow the appointed hydrogeological consultancies to:

- Monitor the drawdown in Maximus' bores and, with relevant landowner's permission in some existing privately owned bores, to add significantly to the current knowledge of groundwater behaviour in the Bird-in-Hand area.
- Estimate the extent of the cone of depression if mining proceeds and consequently determine which local bores would be affected.
- Establish a schedule of water needs for affected landowners and plan ways to provide that water when and where it is required.

- Estimate the time necessary for the groundwater level to recover after pumping ceases.

Maximus intends to provide public updates on its groundwater studies as they develop.



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