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

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

ASX ANNOUNCEMENT

NEW EXPLORATION TARGET OF 1.7 TO 3.0 BILLION TONNES OF IRON ORE AT THE CANEGRASS MAGNETITE ZONE, WINDIMURRA, WA

HIGHLIGHTS

- *Interpretation of recent gravity survey data has located five prospective gravity exploration targets. The largest, Block 1, contains an estimated iron ore tonnage of 1.7 to 3.0 billion tonnes of magnetite rich gabbro containing 20 to 35% magnetite.*
- *The target size and grade is consistent with "Excess Mass"estimations from geophysical modelling.*
- *Interpretation of recent airborne magnetic survey has produced a predictive geological map to use as a framework in future exploration.*
- *Exploratory drilling of iron ore targets programmed to commence in late May.*

NARNDEE PROJECT WESTERN AUSTRALIA

CANEGRASS IRON ORE – VANADIUM PROSPECT

Maximus 100%

Introduction

Maximus has recently covered the Canegrass Magnetite Zone (CMZ) with "state of the art" geophysical surveys as described in an ASX Announcement dated 23 April 2008 (Figure 1). The new gravity surveys indicate that the whole 20 kilometre long CMZ consists of a gravity high feature containing at least five localised gravity high targets of which two are shown on Figure 2. The new airborne magnetic survey has led to a much-improved geological understanding. This release is designed to report results of the **interpretation of the new geophysical data**.

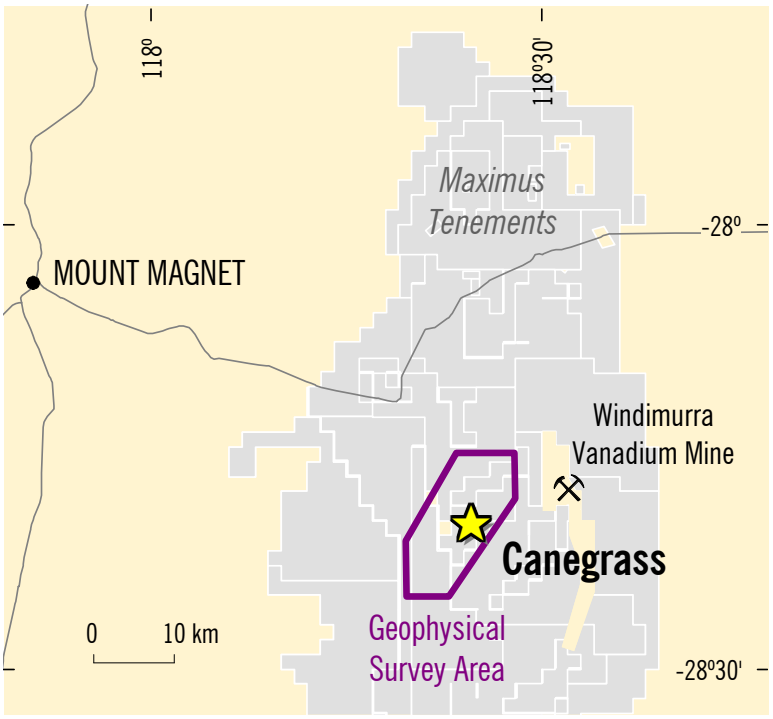

Figure 1 *Regional location showing Canegrass Geophysical Survey Area.*

"Excess Mass" Targets

Through excess mass geophysical modelling (described below), the extra mass and total size required to explain the gravity targets has been estimated. For Block 1 alone (Figure 2), a tonnage to approximately 400 metres depth of between 1.7 and 3.0 billion tonnes of magnetite–bearing gabbro containing an average 20 to 35% magnetite is predicted to contain the "Excess Mass". This magnetite-bearing gabbro can also be described as an "Excess Mass" of vanadium-rich magnetite iron ore.

The new geological interpretation, and previous drilling in the area, suggests layers of variable magnetite content up to massive 100% magnetite. The gravity survey is a useful method of defining an averaging effect indicating the most likely position for the maximum accumulations of magnetite-rich gabbro. Previous intersections of over 50% magnetite of up to 25 metres downhole by WMC in the 1970s and up to 16 metres downhole by Maximus in 2007 have demonstrated the variability of CMZ. Notably, neither of these intersections is located inside the new gravity targets.

The new exploration targets are thought to consist of magnetite-bearing gabbro, though the average percentage of magnetite is not accurately known. Their size is not an estimate of a Mineral Resource. The potential quantity and grade has been estimated by geophysical modelling and is partly conceptual in nature. There has not been sufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the estimation of any Mineral Resource. In this situation it is the percentage of vanadiferous magnetite that is the key issue to be determined by further drilling.

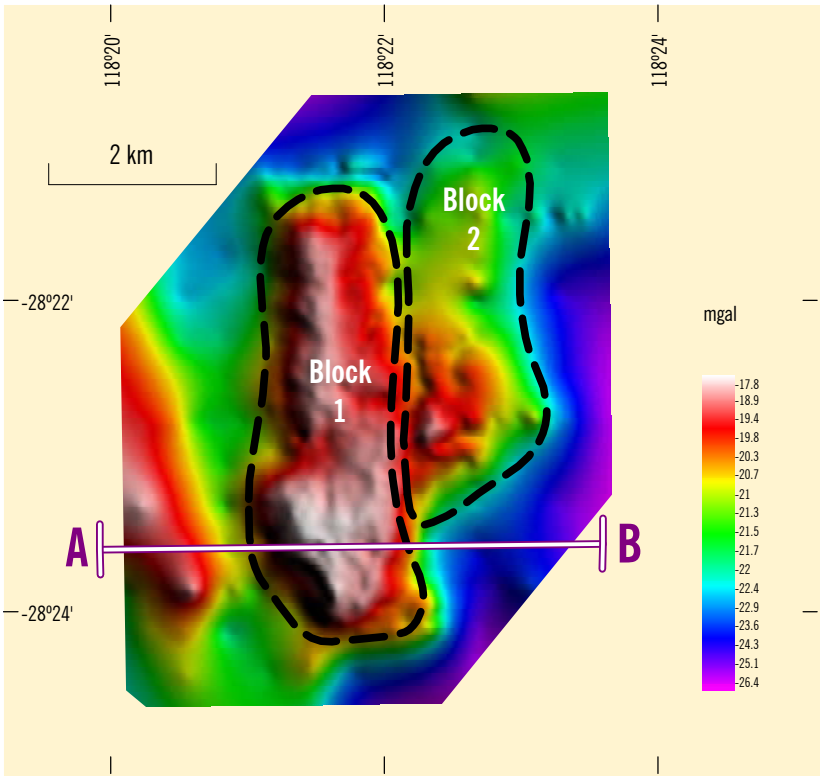

Figure 2 *Gravity image of Blocks 1 & 2 with modelled line shown.*

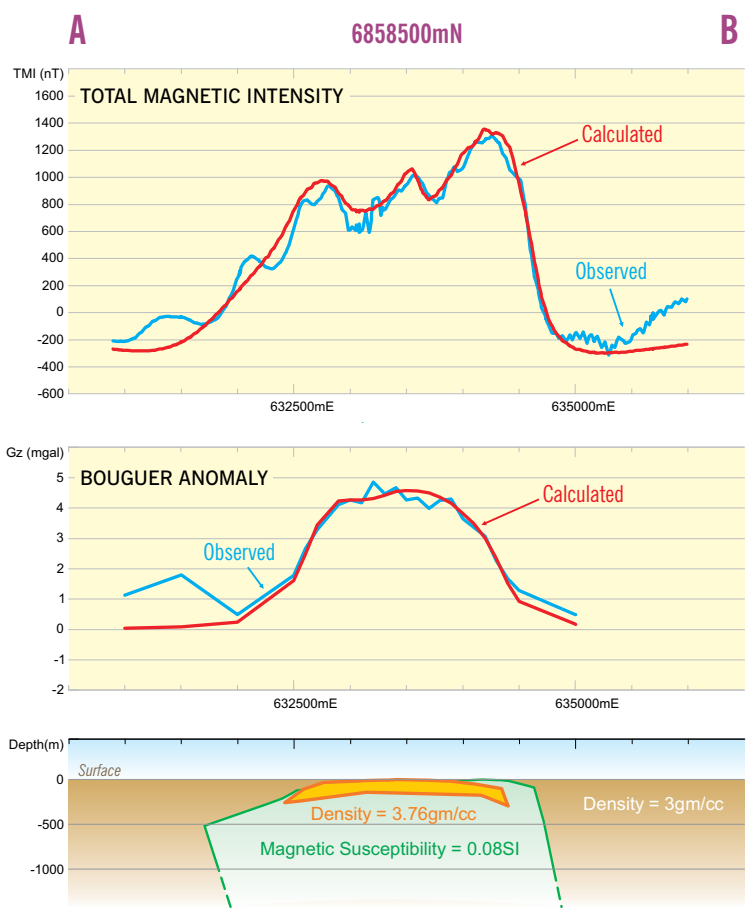

Figure 3 *Geophysical models of Block 1.*

Excess Mass Modelling

Computer modelling of Block 1 has been undertaken, using "Excess Mass" as a constraint on causative body shape, depth extent and density contrast.

A simplified gravity model is shown across the Block 1 gravity high anomaly (Figure 3). The profile runs east west across the approximate middle of the elongate anomaly, which is up to five milligals (units of gravity) above background (Figure 2). The model with a response which fits the gravity survey data was created for a density contrast of 0.76 tonnes/m3 with a subsurface extent ranging from the surface to approximately 200 metres. A lower density contrast of 0.43 tonnes/m3 indicated a subsurface extent to approximately 400metres (Figure 3).

The computer model is likely to be a simplification of the actual geology which may comprise a significantly more complex structure, including multiple layers of higher and lower density within the general body shape.

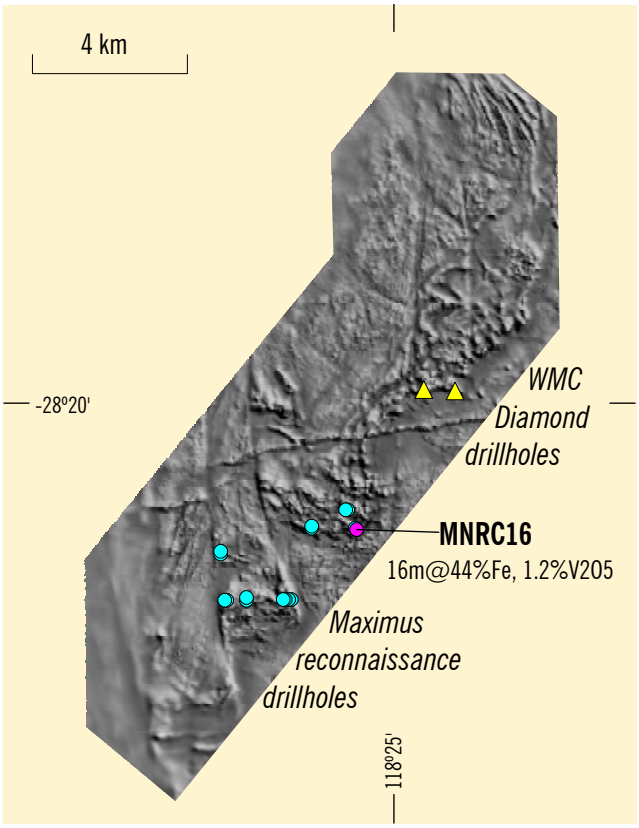

Figure 4 *New magnetic image of the Canegrass Magnetite Zone.*

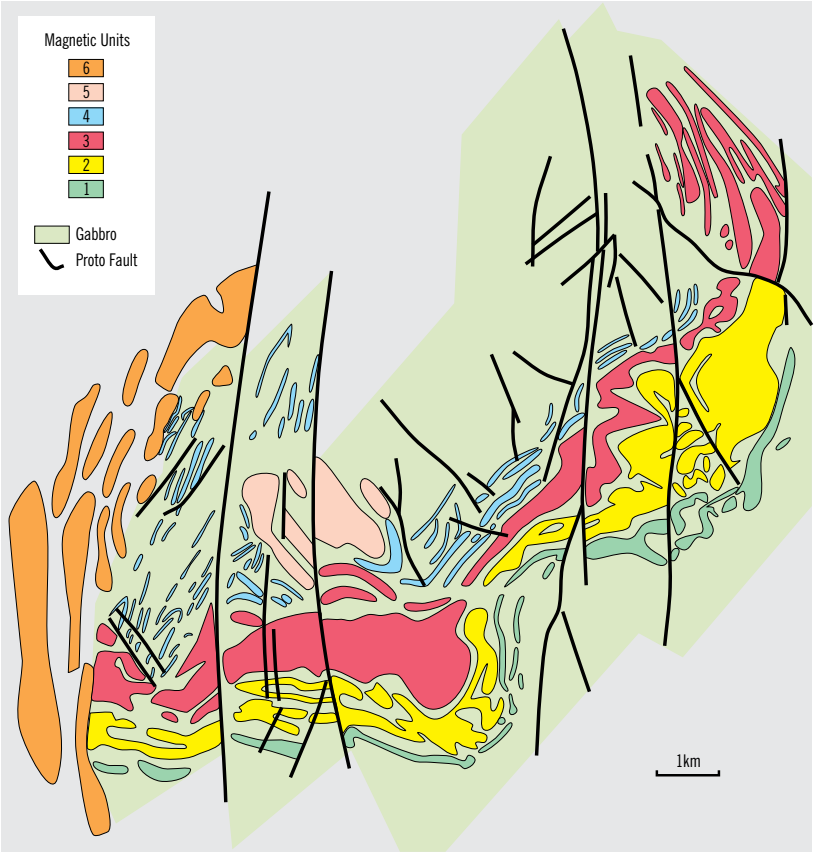

Figure 5 *Geological interpretation of the Canegrass Magnetite Zone — partly restored to pre-faulting positions.*

At the present stage of knowledge in the CMZ, and until more precise physical dimensions and densities are known, the "Excess Mass" numbers provide an indirect estimate of the concentration or grade of the causative minerals – likely to be vanadiferous magnetite..

In the CMZ, expected dense minerals underlying the gravity anomaly highs, and contributing to the "Excess Mass", are iron rich and include the silicates olivine and pyroxene, and the oxide magnetite. Drilling to date indicates that magnetite is most likely to be causing the excess mass and it is also likely to be vanadiferous and titaniferous.

It follows that, if the "Excess Mass" in the Block 1 gravity anomaly is caused specifically by magnetite alone, then this is an indication of the tonnage of magnetite lying beneath the Block 1 anomaly.

Magnetic modelling

Computer modelling of the aeromagnetic data across Block 1 has been undertaken in conjunction with the gravity modelling discussed above. The results are also shown in Figure 3. The variability of the aeromagnetic profile is explained by variations in the near surface shape of the model.

Preliminary rock property work indicates that the link between magnetite content, magnetic susceptibility and density of the gabbro is complex and that this introduces further complexity to geophysical modelling.

Magnetic susceptibility (magnetic strength) measurements on core and cuttings indicate that the magnetic susceptibility is significantly lower than normally expected from the amount of drilled magnetite. This finding, and the likely effects of remnant magnetisation, results in the aeromagnetic anomalies typically having lower susceptibilities than expected.

Further work will be necessary to better understand the geophysical relationships.

Geological interpretation

A vertical derivative black and white image of the CMZ magnetic survey is shown in Figure 4. In this image, layers of magnetite-rich gabbro can be seen to be offset by a series of north-south trending faults. The image has been interpreted to produce the geological map in Figure 5. It is clear we are dealing with a dismembered layered sequence and it is possible to follow the continuation of any particular zone of interest on the other side of the offsetting faults. This map will act as a foundation or framework for our future exploration.

Proposed Drilling

A drilling program consisting of both diamond drill holes and reverse circulation (RC) holes is planned to commence in late May and is shown in Figure 6. The first diamond hole of proposed 400 to 600 metre length is designed to define the layered sequence to determine the best interval to focus future exploration on and to obtain accurate geophysical rock property measurements to aid in the ongoing geophysical modelling. The RC program will enable the vanadiferous magnetite content of the other gravity and magnetic anomalies elsewhere in the CMZ to be determined.

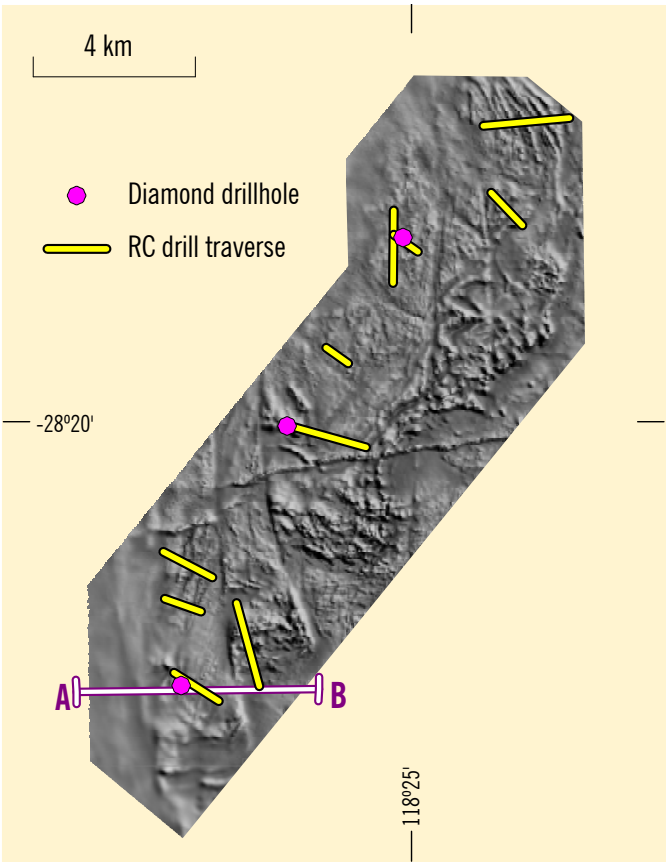

Figure 6 *Drill holes planned to commence in May on a magnetic image of the Canegrass Magnetite Zone.*

Dr Kevin Wills
Managing Director

9 May 2008

For further information please contact:

Kevin Wills on 08 8132 7950
or 0419 850 997
Duncan Gordon Investor relations
Ph: 08 8232 8800

Email: kwills@flindersdiamonds.com

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr K Wills, an employee of Maximus who is a fellow of the Australasian Institute of Mining and Metallurgy. He has more than five years of 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 a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".