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



## ASX ANNOUNCEMENT

# NEW CANEGRASS DRILLING CONFIRMS FURTHER 200–300 MILLION TONNE IRON ORE POTENTIAL AT BLOCK 3 GRAVITY TARGET

### HIGHLIGHTS

- *Drilling has been progressing on a second Canegrass gravity target at Block 3 which contains an exploration target of between 200 and 300 million tonnes of gabbro containing 20–40 volume % magnetite.*
- *The 200–300 million tonne target is in addition to the previously reported 1.7 to 3.0 billion tonne Block 1 Canegrass target.*
- *Block 3 assay and visual drill results to date show intersections of abundant magnetite.*
- *Assays for reverse circulation hole MNRC38 indicate 35 weight % total iron over a true width of 54 metres.*
- *Visual estimates and geophysical measurements from Hole MND2 average 25–40 vol % magnetite over 56 metres. This includes zones of up to 7 metres averaging around 50 volume % magnetite.*

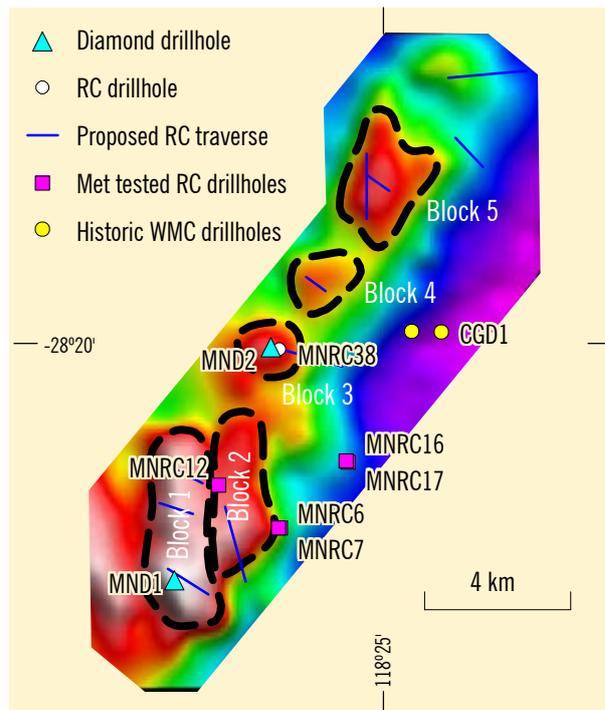
*Note: Due to the high density of magnetite at 5.2 gm/cc, 30–40 volume % magnetite is equivalent to 44–55 weight % magnetite in Canegrass gabbro (density about 2.8 gm/cc). This is equivalent to about 32–40 weight % iron in magnetite in Canegrass magnetite gabbro rock.*

### CANEGRASS IRON ORE PROSPECT

WESTERN AUSTRALIA  
(MAXIMUS 100%)

#### Block 3 Drilling

Maximus has completed several drillholes which commence the testing of Block 3 of the gravity anomalies along the Canegrass Magnetic Zone (23 April 2008 ASX release). Holes MND2 and MNRC38 (Figure 1) intersected significant magnetite (Figure 2). Block 3 is a separate gravity target to Block 1 which was the subject of significant diamond drilling results in hole MND1, announced in a 10 June 2008 ASX release.



**Figure 1** Canegrass Magnetite Zone gravity image showing gravity anomalies Blocks 1 to 5 and drill hole locations.



**Figure 2A** Diamond drill core tray of magnetite-rich gabbro from 85 to 90 metres depth in hole MND2. The visual average estimate is 40–55 volume % magnetite which equates to about 62 weight %. Figures 2B and 2C are close ups on sections of drill core showing dark grey magnetite with magnetic susceptibility readings (k values) indicated.

Based on geology and geophysical modelling, Block 3 contains an iron ore exploration target of between 200 and 300 million tonnes of 20 to 40 percent magnetite. This exploration target is in addition to the 1.7 to 3.0 billion tonne iron ore target of 20 to 35 percent magnetite announced for Block 1 on 9 May 2008.

It is noted that these exploration targets are not estimates of Mineral Resources as each is based on geology and geophysical modelling. 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.

**Hole MND2**

Hole MND2 intersected strong magnetite enrichment between 82 and 138 metres downhole (Figures 2 and 4). Based on visual inspection and geophysical measurements (magnetic susceptibility = k), magnetite averages 25–40 volume % over the 56 metre intersection which is approximately a true width. Bands of around 50 volume % magnetite are present over shorter intervals of up to 7 metres. This diamond drill core has not yet been cut or sent for assay.



**Figure 2B** MND2 89.7m - k450.



**Figure 2C** MND2 87.0m - k910.

**Hole MNRC38**

Several reverse circulation (RC) holes have now been drilled along a traverse extending southeast from the collar of hole MND2 (Figure 3). Initial indications of the magnetite content of nearby RC hole MNRC38 are encouraging and potentially economic. A small batch of high grade samples recently received a very rapid laboratory analysis turnaround. The assays average 35% total iron over 54 metres true width from

42 metres depth. This intersection includes 20 metres from 42 metres averaging 40% total iron.

Geological interpretation based on MND2 and MNRC38 (Figure 4) indicates the bands of magnetite rich gabbro are dipping shallowly to the west. They will be accessible near surface approximately 200 metres to the east where minor surface magnetite is present (Figure 4).

**Further Work on Drill Samples**

It is emphasised that further work on chemical analyses and metallurgical tests are required to confirm the amount and composition of magnetite that can be separated from magnetite rich gabbros intersected in MND1 and MND2. Such concentrates, at potentially commercial levels, have been previously produced from December 2007 RC drill intersections of Canegrass magnetite gabbro (Figure 1) and were reported in a 29 May 2008 ASX release.

**Forward Program**

As previously announced on 13 June 2008, RC drilling totalling 5000 metres is underway on several approved drill traverses (Figure 1). All drilling results and any metallurgical testing completed will be reported as soon as practical after they are received.

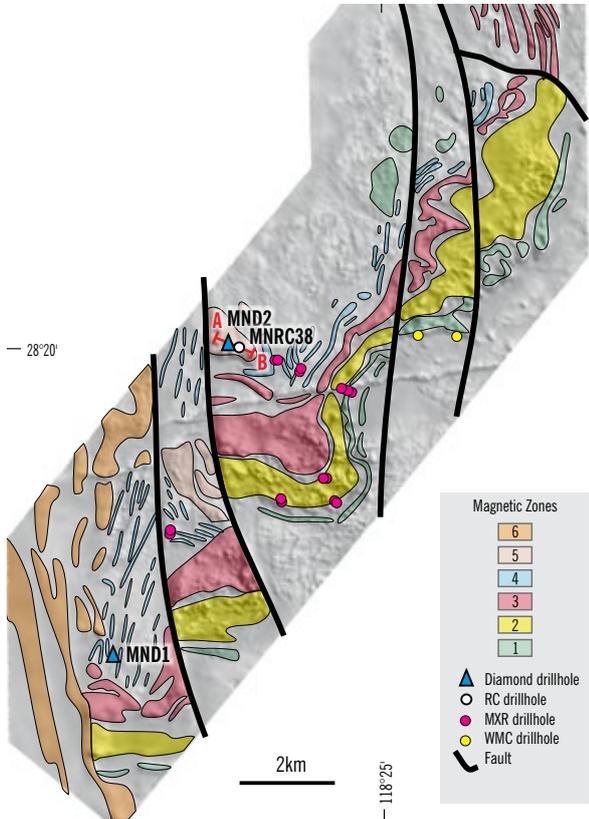
The objective of drilling currently underway is to understand the distribution of magnetite and its iron, titanium and vanadium contents over the larger Canegrass area. A following program will then be able to focus on resource drilling in the best areas.

Subject to work approvals from the Western Australian Department of Industry and Resources, Maximus will complete further diamond and RC drilling at Canegrass over the coming months. This will enable the estimation of an initial Inferred Mineral Resource and completion of a first-pass scoping study into the viability of a mining operation during the third quarter of 2008.

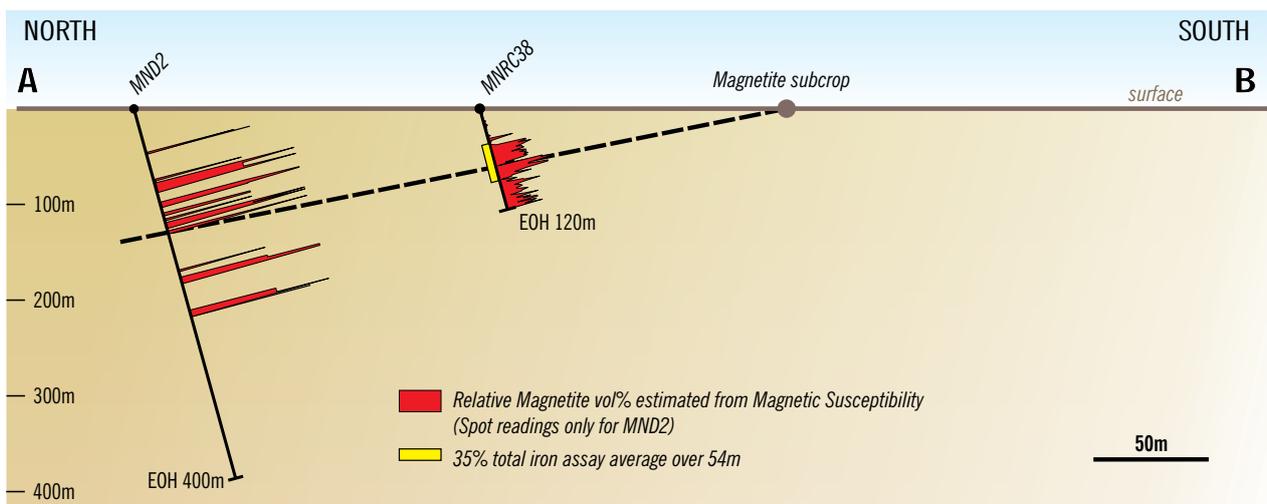


**Dr Kevin Wills**

Managing Director  
25 June 2008



**Figure 3** Geology interpretation showing core hole locations, current RC traverses and position of Figure 4 cross-section.



**Figure 4** Schematic cross-section through MND2 and MNRC38 in gravity target Block 3.

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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 an employee of Maximus Resources Limited, and 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".