MONTEZUMA
MINING COMPANY LTD

Montezuma Mining Company Ltd - ACN 119 711 929

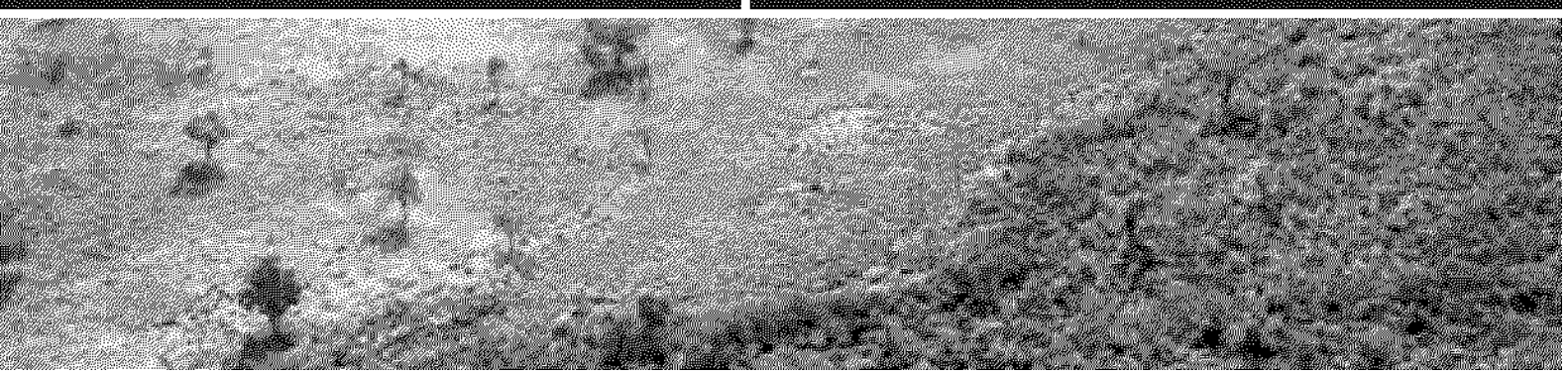
Shares offered by this Prospectus should be considered speculative and potential investors should refer to section 5 for further details concerning the Risk Factors.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

PROSPECTUS

FOR THE ISSUE OF 22,500,000 SHARES AT AN ISSUE PRICE OF 20 CENTS WITH ONE FREE ATTACHING OPTION FOR EVERY FOUR SHARES ISSUED

TO RAISE $4,500,000



CORPORATE DIRECTORY

DIRECTORS

Denis O'Meara
Chairman

Justin Brown
Managing Director

Terry Grammer
Director

Ian (Inky) Cornelius
Director

SECRETARY

John Ribbons

REGISTERED OFFICE

Level 3, 46 Ord Street
WEST PERTH WA 6005

Website: www.montezumamining.com.au
Email: info@montezumamining.com.au

AUSTRALIAN SOLICITORS

Wright Legal
Level 1, 103 Colin Street
WEST PERTH WA 6005

CORPORATE ADVISOR

DWCorporate
Level 3, 46 Ord Street
WEST PERTH WA 6005

AUDITORS

Rothsay Consulting Services Pty Ltd
Level 1, 2 Barrack St
SYDNEY NSW 2000

INDEPENDENT ACCOUNTANTS

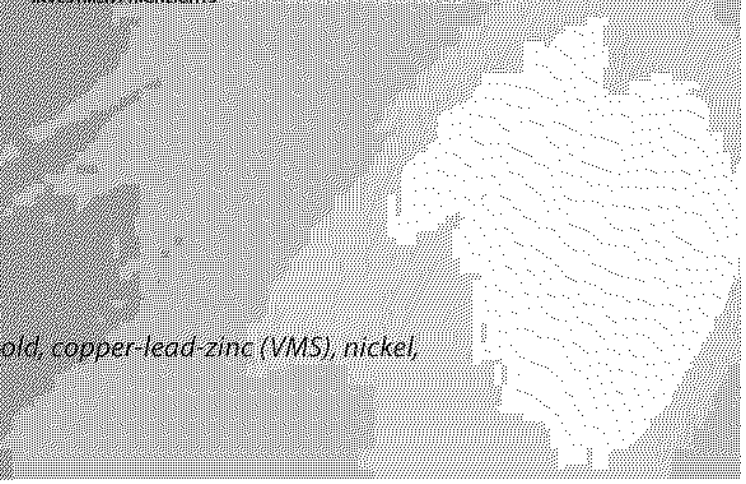
Rothsay Consulting Services Pty Ltd
Level 1, 2 Barrack St
SYDNEY NSW 2000

INDEPENDENT CONSULTING GEOLOGIST

Ravensgate Resource Consultants
49 Ord St
WEST PERTH WA 6005

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153



INVESTMENT HIGHLIGHTS

Multi-commodity prospectivity including epithermal gold, copper-lead-zinc (VMS), nickel, and copper-gold (porphyry style) targets.

- Eight Projects covering 1,286 km² of ground in the Pilbara and Yilgarn, two mineralised provinces in Western Australia.
- Multi-commodity prospectivity including epithermal gold, copper-lead-zinc (VMS), nickel, and copper-gold (porphyry style) targets.
- A two year, $2.67 million exploration programme will be conducted to test drill ready targets and to generate and advance new targets. The programme will commence immediately on listing.
- The company is managed by a highly experienced board, with a proven track record of discovery success, including two AMEC Prospectors of The Year Award recipients in Denis O'Meara (Chairman) and Terry Grammer (Director).
- The Talga Project in the East Pilbara region covers over 5km of prospective ground along strike from and between the Talga Mining Centre and recent first pass drilling by another explorer which returned intersections of up to **7m @ 3.78 g/t gold**. Rock chip sampling by historic workers returned assays of up to **3.4% Zn, 2.7% Cu, and 0.149% Pb**. Recent reconnaissance sampling by Montezuma has returned rock chip sample assays up to **1.02 g/t Au**.
- The Pilgangoora Project is located adjacent to and along strike from the Lynas Find Deposit, **the largest known Archean gold producing location in the Pilbara**. The tenement also contains an untested ultramafic sequence with potential for nickel sulphide mineralisation. Sampling of gossans to the south by previous workers returned values of up to **1.2% nickel**.
- The Weebo Project north of Leonora in the Yilgarn Province contains an untested geochemical anomaly with a regionally significant peak value of 90ppb gold. The anomaly is approximately 500m in strike, open in both directions. It lies along strike from the Wonder North/Celtic deposits with a combined premining resource of 282,000 oz Au, and just 10km from the 2.2 million ounce Thunderbox Deposit.
- The Callawa Project in the East Pilbara covers 284 km² of granitic rocks untested for porphyry style mineralisation. Surface sampling by previous workers returned assay values of up to **19% copper** in altered granite, with associated elevated gold values. This occurrence is untested by follow up work.
- The Panorama Project is a small, strategic holding adjacent to and along strike from the Sulphur Springs Deposit, comprising resources of 3.1 Million Tonnes @ 3.5% copper and 0.9% zinc, and 3.3 Million Tonnes @ 0.6% copper and 10% zinc.
- The Western Shaw, Copper Hills South, and Barite Range Projects provide holdings in prospective geological and structural environments with potential to generate gold and base metals targets with cost effective, proactive regional exploration.
- Strong management, quality targets with multi-commodity potential, a proactive exploration philosophy and a tight capital structure give potential for capital growth.
- *An investment in the company should be considered as speculative and potential investors should refer to Section 5 for further details concerning Risk Factors. Details of the exploration plans formulated by the Company are reflected in Section 3 and the Independent Consulting Geologist's Report contained in Section 4 of this Prospectus.*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MESSAGE FROM THE CHAIRMAN

IT IS MY PLEASURE TO WELCOME YOU AS A POTENTIAL SHAREHOLDER OF MONTEZUMA MINING COMPANY LTD.

Montezuma's strategy is to aggressively explore gold and base metals targets in the East Pilbara and Leonora regions of Western Australia. By bringing together a proven, talented, and technically strong management team with prospective properties in two proven mineralised regions, Montezuma will endeavour to generate shareholder value through the discovery of new orebodies.

The directors of Montezuma bring technical, financial and prospecting backgrounds to the Board. We are pleased to support the business and exploration experience of Justin Brown as Managing Director in the search for new resource discoveries.

Through this IPO, Montezuma represents an opportunity to invest in a strong management team who are focussed on immediate and active exploration in two proven mineralised provinces. We have carefully selected the ground in our portfolio, focussing on high quality targets with cost effective exploration potential.

Whilst the risks with mineral exploration are always high, the directors of Montezuma are convinced that the potential rewards justify the implementation of our plans and, on behalf of the Board, I encourage you to read this prospectus in detail and look forward to welcoming you as a shareholder of Montezuma Mining Company Ltd.

Yours Sincerely

Denis O'Meara

TABLE OF CONTENTS

Section 1	DETAILS OF THE OFFER	6
Section 2	DIRECTORS AND MANAGEMENT	10
Section 3	OVERVIEW OF THE COMPANY	12
Section 4	INDEPENDENT CONSULTING GEOLOGISTS REPORT	16
Section 5	RISK FACTORS	55
Section 6	INDEPENDENT ACCOUNTANTS REPORT	59
Section 7	SOLICITORS REPORT	63
Section 8	ADDITIONAL INFORMATION	71
Section 9	DEFINED TERMS	79

IMPORTANT INFORMATION

This Prospectus is dated 14 September 2006 and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. ASIC takes no responsibility for the contents of this Prospectus. No securities will be allotted or issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date which is 13 months after the date of this Prospectus. Securities allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in the Prospectus.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered speculative. Refer to Section 5 of this Prospectus for details relating to risk factors. Investors should seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

This Prospectus will be issued as an Electronic Prospectus and may be accessed on the Internet at www.montezumamining.com.au. The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person the Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. During the Offer period, any person may obtain a hard copy of the Prospectus by contacting the Company.

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of seven days from the date of lodgment with the ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Applications received in the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received on the date on which Applications open.

Figures disclosed in this Prospectus are exclusive of goods and services tax, unless otherwise disclosed.

Unless otherwise stated, items shown in this Prospectus are not assets of the Company.

SECTION 1 - DETAILS OF THE OFFER

1.1 DESCRIPTION OF THE OFFER

By this Prospectus, Montezuma Mining Company Ltd (the Company) invites investors to subscribe for a total of 22,500,000 fully paid ordinary shares in the Company at an issue price of 20 cents each to raise $4,500,000. Every four shares will have one free attached Listed Option. The Listed Options have an exercise price of 20 cents and will expire on 31 August 2011.

Priority Offer to South Boulder Mines Limited Shareholders

The Company is offering South Boulder Shareholders the opportunity to become shareholders of Montezuma and have set aside as a Priority Offer, a pool of up to 6,000,000 Shares of the Offer, including attached Listed Options, for South Boulder Shareholders.

South Boulder Shareholders who wish to subscribe for Shares pursuant to the Priority Offer must make an application on your personalised blue Application Form enclosed with this Prospectus.

The Directors of the Company who hold shares in South Boulder have indicated their intention to participate in the Priority Offer.

Further details of the Priority Offer are set out in Section 1.7 of this Prospectus.

Public Offer

The Public Offer is open to public investors including South Boulder shareholders. A total of 16,500,000 Shares plus any shares not subscribed under the Priority Offer will be available under the Public Offer.

Applications must be made on the Public Offer Application Form enclosed with this Prospectus.

Further details of the Public Offer are set out in Section 1.7(b) of this Prospectus.

1.2 PURPOSE OF THE OFFER

The purpose of the Offer is to provide a Montezuma with funding to drill and evaluate prioritised projects and identify potential acquisition opportunities.

1.3 FORECAST FINANCIAL INFORMATION

Montezuma will use the funds received from the Offer to begin the evaluation of its mineral interests. Given the speculative nature of evaluation, development, and future commodity price predictions, there are significant uncertainties associated with forecasting future revenues and expenses. On this basis the Directors believe, in accordance with ASIC Policy Statement 170, that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

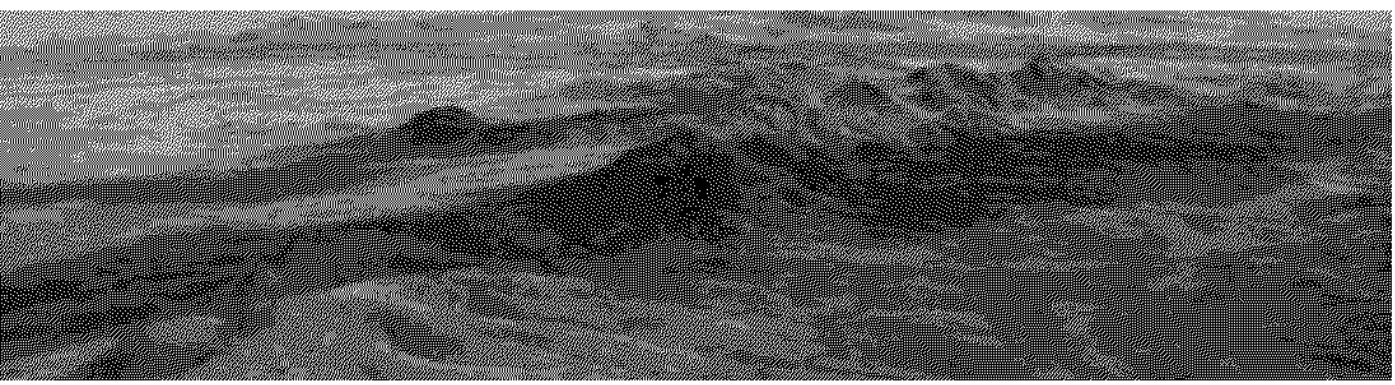
1.4 MINIMUM SUBSCRIPTION

The minimum subscription for the Offer is 12,500,000 Shares raising $2,500,000. In accordance with the Corporations Act, no Shares will be allotted by the Company until the minimum subscription has been received.

If the minimum subscription is not achieved within 4 months after the date of this Prospectus, the Company will either repay the application monies to Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application monies.

1.5 OVERSUBSCRIPTIONS

The Company does not intend to accept oversubscriptions.



1.6 INDICATIVE DATES

Lodgement of Prospectus with ASIC	**14 September 2006**
Opening Date	**22 September 2006**
Closing date of Priority Offer	**6 October 2006**
Closing Date of Public Offer	**20 October 2006**

These dates are indicative only and may vary. The Company reserves the right to vary the opening and closing dates of the Offer without prior notice. Applicants are encouraged to apply as soon as possible after the Offer opens as the Offer may close earlier than the date specified above. The Company also reserves the right not to continue with the Offer at any time before the allotment of Shares to Applicants.

1.7 APPLICATIONS FOR SHARES

(a) Priority Offer – South Boulder Shareholders

If you are a South Boulder shareholder (ie you are registered as a Shareholder of South Boulder as at 14 September 2006) and wish to participate in the Priority Offer, you should complete your personalised blue Application Form enclosed with this Prospectus.

The Company will endeavour to offer all South Boulder shareholders this priority. The priority allocation to South Boulder shareholders will only operate for Applications made on or before 5.00pm WST 6 October 2006, subject always to the right of the Company to close the Offer early.

Applicants may apply for a minimum parcel of 10,000 Shares representing a minimum investment of $2,000. Applicants requiring additional Shares must apply for Shares in multiples of 2,000 Shares (equivalent to $400) thereafter.

Applications for less than the minimum application of 10,000 Shares (equivalent to $2,000) will not be accepted.

Applications for the Priority Offer will be considered on a "first come, first served basis". No preference will be conferred on Applications received in the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received on the date on which Applications open. However, the Company retains absolute discretion when deciding whether or not to accept any particular application in part or in full and will not be liable to any South Boulder shareholder that is not allocated Shares.

Lodgement of Priority Application Forms

All completed Priority Application Forms, must be lodged at the Company's share registry on or before the Closing Date of the Priority Offer:

by post to	or delivered to
Montezuma Mining Company Ltd c/- Security Transfer Registrars Pty Ltd PO Box 535 APPLECROSS WA 6953	Montezuma Mining Company Ltd c/- Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153

(b) Public Offer

If you wish to participate in the Public Offer, you should complete the Public Offer Application Form enclosed with this Prospectus.

Applicants may apply for a minimum parcel of 10,000 Shares representing a minimum investment of $2,000. Applicants requiring additional Shares must apply for Shares in multiples of 2,000 Shares (equivalent to $400) thereafter.

Applications for less than the minimum application of 10,000 Shares (equivalent to $2,000) will not be accepted.

Lodgement of Public Offer Application Forms

All completed Public Offer Application Forms must be lodged at the Company's share registry on or before the Closing Date of the Public Offer:

by post to	or delivered to
Montezuma Mining Company Ltd c/- Security Transfer Registrars Pty Ltd PO Box 535 APPLECROSS WA 6953	Montezuma Mining Company Ltd c/- Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153

No brokerage or stamp duty is payable by Applicants in respect of their applications for Shares under this Prospectus. The amount payable on application will not vary during the period of the Offer and no further amount is payable on allotment.

All Applications must be accompanied by payment in full in Australian currency of $0.20 for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to **"Montezuma Mining Company Ltd – Share Account"** and crossed **'Not Negotiable'.**

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

A duly completed and lodged Application Form will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form.

1.8 ALLOCATION

(a) Priority Offer

Subject to paragraph (b), the Company will use its best endeavours to allot Shares the subject of the Priority Offer to South Boulder shareholders in priority to anyone else. Shares not applied for by South Boulder Shareholders by 5.00pm WST on 6 October 2006 will be offered to the general public pursuant to the Public Offer.

Applications for the Priority Offer will be considered on a "first come, first served basis". No preference will be conferred on Applications received in the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received on the date on which Applications open. However, the Company retains absolute discretion when deciding whether or not to accept any particular application in part or in full and will not be liable to any South Boulder shareholder that is not allocated Shares

Applicants are accordingly advised to lodge applications as soon as possible.

(b) General Discretion

The Company retains an absolute discretion in allocating Shares under the Offer and reserves the right to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest. The acceptance of Applications and the allocation of Shares is at the absolute discretion of the Directors.

The Company will not be liable to any person (including a South Boulder shareholder) not allocated Shares.

1.9 APPLICATION MONIES HELD IN TRUST

All Application monies will be held in trust in a subscription account until allotment. The subscription account will be established and kept by the Company on behalf of the Applicants.

All interest earned on all Application monies (including those which do not result in allotments of Shares) will be retained by the Company.

1.10 AUSTRALIAN STOCK EXCHANGE LISTING

Application will be made by the Company to ASX, within seven days after the date of this Prospectus, for the Company to be admitted to the Official List of ASX and for admission of the Shares offered pursuant to this Prospectus to quotation on ASX. If the Company is not admitted to the Official List of ASX and the Shares not admitted to quotation within three months after the date of this Prospectus, all Application moneys will be refunded without interest. ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the securities offered pursuant to this Prospectus.

1.11 CHESS

The Company proposes participating in the Clearing House Electronic Subregister System (**"CHESS"**), operated by ASX Settlement and Transfer Corporation Pty Ltd (**"ASTC"**) a wholly owned subsidiary of ASX, in accordance with the Listing Rules and SCH Business Rules.

Under this system, the Company will not issue certificates to investors. Instead, shareholders will receive a statement of their holdings in the Company. If an investor is broker-sponsored, the ASTC will send them a CHESS statement.

The CHESS statement will set out the number of securities allotted to each holder under the Prospectus, give details of the shareholder's Holder Identification Number and give the Participant Identification Number of the sponsor.

If you are registered on the Issuer Sponsored Subregister, your statement will be dispatched by the share registry and will contain the number of securities allotted under the Prospectus and the Shareholder's Securityholder Reference Number.

A CHESS statement or Issuer Sponsored Statement will routinely be sent to shareholders at the end of any calendar month during which the balance of their holding changes. A shareholder may request a statement at any other time, however a charge may be made for additional statements.

1.12 RISK FACTORS

You should read all of this prospectus, including section 5 relating to "Risk Factors" before making any decision to invest. Investing in the Shares should be considered as speculative and is not suitable as an investment for investors who require security of capital or income. You may wish to consult your professional advisers before investing.

Any information or representation that is not contained in this Prospectus should not be relied upon as having been authorised by the Company or the Board of the Company.

No person is authorised to give any information or make any representation in relation to the offer which is not contained in this Prospectus.

1.13 RESTRICTED SECURITIES

Pursuant to ASX listing rules, securities issued to founders, promoters and vendors of classified assets may have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period.

1.14 TAXATION IMPLICATIONS

The Directors do not consider that it is appropriate to give persons advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to persons. As a result, persons should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

1.15 OVERSEAS INVESTORS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

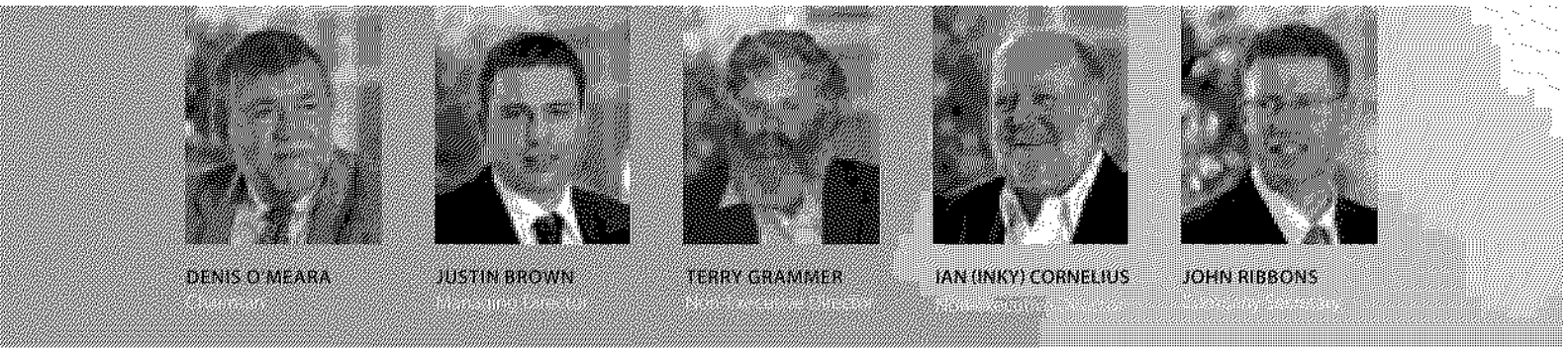
The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

1.16 COMMISSION

The Company will pay a maximum 6% of the amount subscribed for (and accepted by the Company) to any holders of a Financial Services Licence in respect of application forms bearing their stamp.

SECTION 2 - DIRECTORS AND MANAGEMENT

2.1 DIRECTORS



DENIS O'MEARA | JUSTIN BROWN | TERRY GRAMMER | IAN (INKY) CORNELIUS | JOHN RIBBONS

Denis O'Meara – Chairman

Denis O'Meara is a Prospector and founder of De Grey Mining Ltd. Denis has a lifelong involvement in mining, prospecting and exploration. He has been involved in several major resource and exploratory discoveries in Western Australia including Miralga Creek, Sulphur Springs, Gorge Range, Indee (Wingina and Orchard Tank Well) (Pilbara) Horans Dam (Kalgoorlie), Triangle Bore (Mt Magnet) and Weld Range (Murchison). His activities have supported several corporate fund raisings/listings since 1969. His prospecting has also led to joint ventures with 17 companies. Denis is the discoverer of the Beyondie Bluff gold and base metal anomalies and originally sampled for gold at the Indee Turner River Gold Belt in 1987. He was awarded AMEC Prospector of the Year in 2004, jointly with Geoff Blackburn.

Denis has served as an Executive Councillor of AMEC, a board member of AGIC (Australian Gold Industry Council) for its 10-year duration and board member of the Port Hedland Port Authority from 1972 to 1985. He also received a National Outstanding Achievement Award - Greening Australia, 1991 and served as a board member of the Kings Park and Botanical Gardens, Perth, 1994 - 1996.

Justin Brown – Managing Director

Justin Brown is a geologist with extensive experience in minerals exploration in Australia and New Zealand. He has a strong technical background with experience in the full spectrum of mineral exploration and mining from grass roots target generation through to resource mining and mine production.

Justin's successful career in the mining industry culminated in a position managing exploration for a large multinational company in the Leonora, Edjudina and Marvel Loch regions of Western Australia.

Since leaving mineral exploration to pursue other business interests, Justin has founded and operated a successful internet services consultancy, developing and enhancing his management expertise which he now brings to the Company.

Terry Grammer – Non-Executive Director

Mr Grammer is a geologist with over 30 years experience in mining and mineral exploration with extensive experience in Australia, Southern Africa, East Asia & New Zealand and has operated in Western Australia since 1988. He has extensive experience in exploring for gold and base metals.

Mr Grammer was awarded The Association of Mining and Exploration Companies (AMEC) Prospector of the Year Award (jointly with Mr Anthony Rovira) in 2000 for the Discovery of Jubilee Mines NL's Cosmos Nickel Deposit. The initial Cosmos discovery defined a resource of approximately 400,000t @ 8.2% Ni. The project has grown significantly since then.

He was also a founder and promoter in 1999 of the successful nickel explorer Western Areas NL where he was the Exploration Manager from 2000 until retiring in 2004.

Mr Grammer became a Non-Executive Director of Hannans Reward Ltd and, after assisting a $3.4m refunding of Hannans, became an Executive Director in January 2006.

Ian (Inky) Cornelius - Non-Executive Director

Mr Cornelius has had over 40 years experience in the minerals and petroleum industry. He spent the first nine years of his career with the Western Australian Department of Mines before leaving to manage his own tenement consulting business. Since 1976 he has held senior executive positions in a number of public exploration and mining companies. In this capacity he has had extensive experience and success in the selection, management and development of deposits of many commodities. Inky is a non-executive director of Pancontinental Oil and Gas NL, New World Alloys Ltd, and Alkane Exploration Ltd.

2.2 COMPANY SECRETARY

John Ribbons – Company Secretary

Mr Ribbons is an accountant who has worked within the resources industry for over thirteen years in the capacity of group accountant, financial controller or assistant company secretary.

Mr Ribbons has extensive knowledge and experience with ASX listed production and exploration companies. He has considerable site based experience with operating mines and has also been involved with the listing of several exploration companies on ASX. Mr Ribbons has experience in capital raising, ASX compliance and regulatory requirements.

2.3 CORPORATE GOVERNANCE STATEMENT

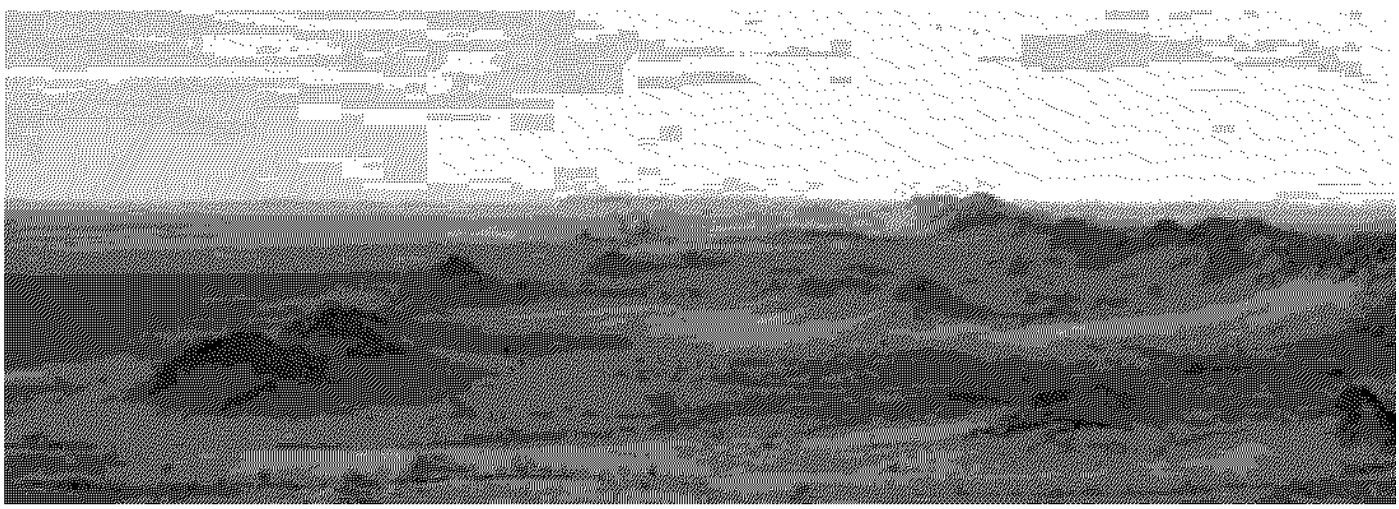
The Board is committed to administering policies and procedures with openness and integrity and to pursuing the true spirit of corporate governance commensurate with the Company's needs. Montezuma has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance.

Key aspects of the company's corporate governance policy set out details in respect of:

- the board;
- the nomination committee;
- the remuneration committee;
- the selection and appointment of new directors;
- the code of conduct for directors and key executives;
- the policy for trading of the company's securities;
- the policy on selection of an external auditor;
- communication with and participation of shareholders;
- respecting the rights of shareholders;
- risk management;
- fair and responsible remuneration.

To the extent they are appropriate, the company has adopted the 10 essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council. Further information about the Company's corporate governance practices is set out on the Company's web site at www.montezumamining.com.au. In accordance with the recommendations of the ASX, information published on the Company's web site includes charters of the board and its subcommittees, codes of conduct and other policies and procedures relating to the board and its responsibilities.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of additional corporate governance structures will be given further consideration.



SECTION 3: OVERVIEW OF THE COMPANY

3.1 BACKGROUND

Montezuma Mining Company Ltd was incorporated on May 16th, 2006 for the purpose of acquiring and exploring mineral interests in Australia and overseas.

The Company's projects are fully described in the Independent Consulting Geologist's Report in SECTION 4. Below is an overview of the Company's projects.

3.2 PROJECT OVERVIEW

(a) Leonora (Montezuma 80%)

The Weebo Project is the single project area within the Yilgarn Province, and comprises approximately 23 km^2 in two pending Exploration Licenses. The Project is within a known gold mineralized region with multiple economic and sub-economic deposits of varying sizes in the immediate surrounds, with Thunderbox (2.2 million ounces Au) to the northwest and Wonder North and Celtic (combined resource of 282,000 oz Au) to the south.

Montezuma's tenement contains a regionally significant geochemical anomaly with a strike of approximately 500m, open to the northwest and southeast. Given the projects location both from a geological perspective, and based on its proximity to major known gold deposits, the anomaly warrants immediate follow up and Montezuma intends to conduct a drilling programme to test the target as soon as the tenements are granted.

(b) East Pilbara (Montezuma 90% - 100%)

The Palaeo- to Mesoarchaean North Pilbara Terrane of the Pilbara Craton in Western Australia has produced significant amounts of gold in recent years, with the Bamboo Creek deposit (7.05 t Au), the Golden Spec deposit (2.06 t Au to 1987) and the Lynas Find district (3.8 t) being major contributors. The discovery of additional significant Au resources have included the Golden Eagle deposit (6.67Mt @ 1.96 g/t Au for 10.1 t Au), the Klondyke deposit (9.95 Mt @ 1.0 g/t Au for 10.0 t Au) and the Indee area (4.96 Mt @ 2.08 g/t Au for 10.3 t Au), confirming the regional gold prospectivity of the Pilbara alongside established potential for base metals mineralisation (Nifty, Whim Creek, Copper Hills).

Montezuma has tenements covering approximately 1056 km^2 in seven projects in the East Pilbara region at Talga, Pilgangoora, Callawa, Panorama, Western Shaw, Barite Range and Copper Hills South. The tenements are prospective for gold, Cu/Pb/Zn and nickel mineralisation.

Talga Project

The Talga Project incorporates a single exploration licence totalling 224 km^2 located approximately 23 kilometres east-north-east of Marble Bar in the Pilbara District of Western Australia.

The northern area of the Project straddles the contact between metamorphosed Archaean volcanics and metasediments and the granitic Mt Edgar Batholith and associated intrusives.

The Project lies immediately west and along strike from recently announced potentially economic gold intercepts where Mining Projects Group Limited have reported first pass drilling intercepts of up to 7m @ 3.78 g/t Au from surface at their Dusenberg Prospect.

The western edge of the tenement is adjacent to the Talga Talga mining centre, and, within the tenement, rock chip samples have yielded gold values of up to 1.02g/t Au, and base metals values of up to 3.4% Zn, 2.7% Cu, and 0.149% Pb.

Based on these known results and the fact that the ground is largely untested, Montezuma plans an aggressive exploration programme to test for both gold and base metal mineralisation along the prospective stratigraphic package in the northern part of the Project.

Pilgangoora Project

The Pilgangoora Project is situated approximately 80 kilometres south-southeast of the coastal town of Port Hedland and covers 35 km^2 of mafic and ultramafic units, adjacent to and along strike from the Lynas Find Deposit, the largest known Archaean gold producing location in the Pilbara.

The holding also covers a sequence of ultramafics that remain untested for nickel prospectivity, with known anomalism along strike to the south returning values of up to 1.2% nickel from surface sampling of gossanous outcrop from previous work.

Both the gold and nickel potential of the Project are largely untested, and Montezuma has proposed a comprehensive programme to test this potential.

Callawa Project

The Callawa is located approximately 80 kilometres northeast of the town of Marble Bar in the north-north-eastern margin of the Pilbara Craton. It consists of two tenement applications comprising 284.64 km², and covering a large area of the Warrawagine Granitoid Complex, a poorly-exposed sequence of mafic and ultramafic xenolith-rich foliated gneissic granitoids.

Copper mineralisation within quartz veining has been recorded in several locations within the project area, notably in the central portion of E45/2927, where copper values of up to 19% have been recorded in surface samples of altered granite and quartz veining. Associated elevated gold values indicate a potential porphyry-style origin to the copper/gold occurrence. This occurrence has had no follow up work undertaken, possibly due to the significant colluvial cover in the area which would mask any surface expression of underlying mineralisation.

Montezuma has planned a comprehensive regional exploration programme to test the potential of the project for economic Cu-Au mineralisation.

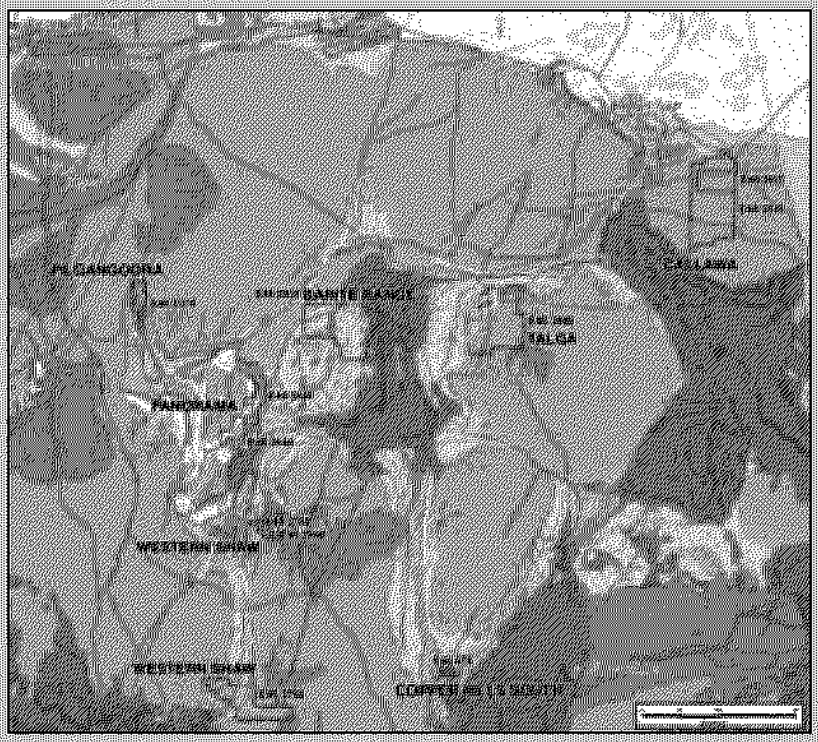
Panorama Project

The Panorama Project is located approximately 120 kilometres southeast of Port Hedland, and 50 kilometres to the west of Marble Bar.

The Project lies along strike and adjacent to the Sulphur Springs Deposit of CBH Resources Ltd (formerly held by Outokumpu Group and Sipa Resources Limited). The currently reported resource for the Sulphur Springs Copper Zinc project is 3.1 Million Tonnes @ 3.5% copper and 0.9% zinc, and 3.3 Million Tonnes @ 0.6% copper and 10% zinc.

There may be some potential for mineralisation within the Project, but it also represents a strategic ground position in a known mineralised corridor that may have some value to the holders of the known orebodies, particularly if they proceed to production.

Figure 1 - Montezuma Mining Company Ltd - Pilbara Project Location Map



Western Shaw Project

The Western Shaw Project comprises three tenements, a large exploration license covering approximately 178 km² at the southern end of the Soanesville (Strelley) Greenstone Belt approximately 100 kilometres southwest of Marble Bar, and two small exploration licenses at the southern end of the North Shaw Greenstone Belt, approximately 70 kilometres south-west of Marble Bar.

The southern tenement covers a large area of mafic and ultramafic sequences which is potentially prospective for gold and/or nickel mineralisation, and Montezuma has planned a comprehensive regional exploration programme to define targets for follow work.

Barite Range Project

The Barite Range Project is located approximately 40 kilometres west of Marble Bar in the Pilbara region, comprising a single Exploration License application covering an area of 220 km².

There is significant gold mineralisation to the southwest of the Project at the North Pole/Democrat Mining Centre, indicating potential for gold mineralisation, however there are no known immediate targets in the tenement.

Montezuma intends to undertake a comprehensive review of past data, combined with geological mapping, geophysical interpretation and surface geochemical sampling to generate targets for follow up with more intensive exploration

programmes. Due to the presence of higher priority targets in Montezuma's portfolio and the fact that the licence is not yet granted, there is, however, no current exploration work budgeted for the Project.

Copper Hills South Project

The Copper Hills South Project comprises one tenement, totalling 9.56 km², located approximately 40 kilometres west of Nullagine in the Pilbara region of Western Australia.

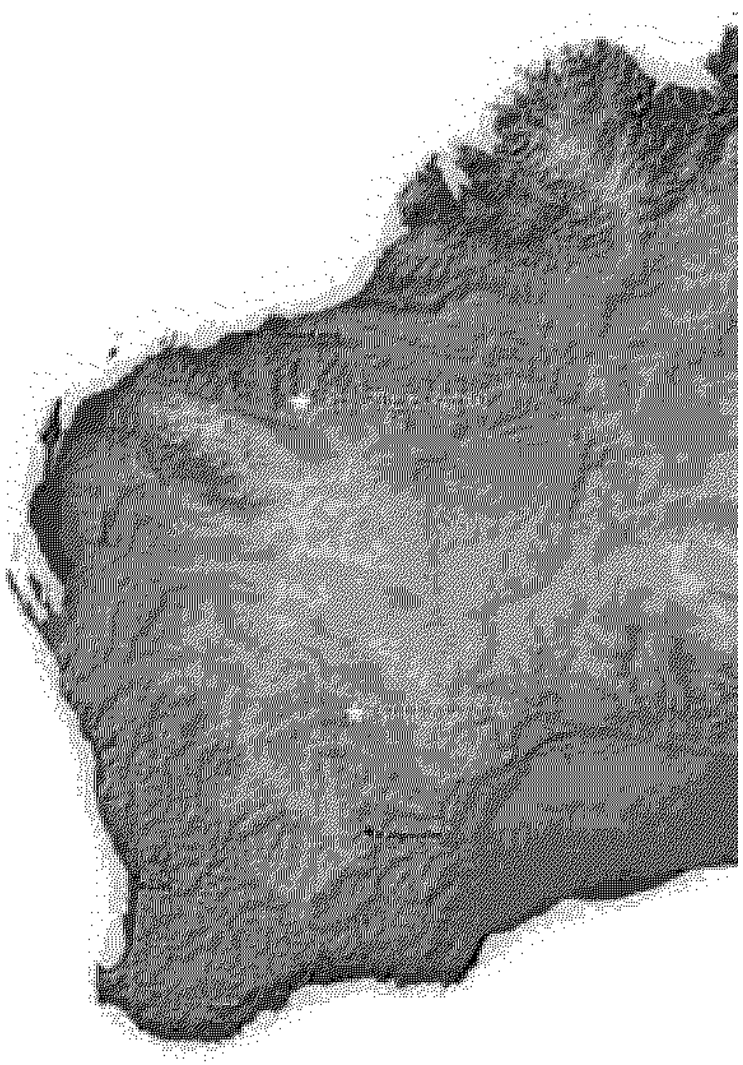
The project area is at the southern end of the Kelly Greenstone Belt, the eastern extension of the Coongan greenstone belt that wraps around the Corunna Downs Granitoid Complex. The Project lies to the southwest of the Kelly's and Copper Hills (15,456t of @ 13% Cu) Mining Centres.

A comprehensive exploration budget has been prepared by Montezuma to conduct exploration for copper and gold mineralisation at the Copper Hills South Project.

3.3 CORPORATE OBJECTIVES

Montezuma's key objectives are the;

- exploration and development of our existing projects; and
- acquisition and exploration of mineral resource opportunities.



3.4 USE OF FUNDS

The funds raised from the Offer are for the purposes of mineral exploration on Montezuma Mining Company Ltd's projects. The application of funds are summarised in the table below:

	Proposed Expenditure Full Subscription			Proposed Expenditure Minimum Subscription		
Project	Year 1	Year 2	Total	Year 1	Year 2	Total
Talga Peak	385,613	184,125	569,738	146,913	67,708	214,621
Weebo*	134,324	397,413	531,736	134,324	96,813	231,137
Callawa*	41,681	31,000	72,681	41,681	31,000	72,681
Pilgangoora	349,556	194,125	543,681	200,369	77,708	278,077
Western Shaw	51,000	195,092	246,092	51,000	-	51,000
Copper Hills South	31,506	-	31,506	31,506		31,506
Administration Costs	373,000	374,000	747,000	373,000	374,000	747,000
Sub Total	**1,366,680**	**1,375,754**	**2,742,434**	**978,793**	**647,229**	**1,626,022**
Expenses of the Issue	394,510	-	394,510	274,510	-	274,510
Capital Expenditure	25,000	5,000	30,000	25,000	5,000	30,000
Working Capital			1,333,056			569,468
Total	**1,786,190**	**1,380,754**	**4,500,000**	**1,278,303**	**652,229**	**2,500,000**

Further detail with respect to the application of funds to be raised from the Offer is set out in Section 3 of this Prospectus and in the Independent Consulting Geologist's Report in SECTION 4 of this Prospectus.

The Directors believe Minimum Subscription is sufficient working capital to carry out its stated objectives.

3.5 CAPITAL STRUCTURE

The capital structure of the Company following the Offer will be as follows:

	Shares Full Subscription	$	Shares Minimum Subscription	$
Shares issued to Founders	3,500,003	350	3,500,003	350
Shares issued to Vendors	6,000,000	NIL	6,000,000	NIL
Issued Shares to Seed Investors	3,500,000	287,500	3,500,000	287,500
Shares to be issued pursuant to Offer	22,500,000	4,500,000	12,500,000	2,500,000
Shares to be issued upon admission	1,080,000	216,000	1,080,000	216,000
Less costs of the issue		(394,510)		(274,510)
Total	**36,580,003**	**$4,609,340**	**26,580,003**	**$2,729,340**

Options	Number
Options currently on issue	11,000,000
Options to be issued pursuant to this prospectus (assuming full subscription)	6,125,000
Total	**17,125,000**

The rights attaching to the Shares and Options are described in Sections 8.5 and 8.6 respectively. The number of Options to be issued pursuant to this Prospectus will vary depending upon actual amount raised.

SECTION 4 - INDEPENDENT CONSULTING GEOLOGISTS REPORT

7th September, 2006

Ravensgate
Minerals Industry Consultants

The Directors
Montezuma Mining Company Ltd
PO Box 2316
Warwick, WA, 6024
Australia

Dear Sirs

INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL PROPERTIES **OF MONTEZUMA MINING COMPANY LTD IN WESTERN AUSTRALIA**

Passeres Group Pty Limited trading as Ravensgate ("Ravensgate") has been commissioned by Montezuma Mining Company Ltd (ACN 119 711 929) ("Montezuma") to prepare an independent technical report on the company's Mineral Projects in Australia. This report is to be included in a Prospectus, to be dated on or about 12th September, 2006, to be lodged by Montezuma with the Australian Securities and Investments Commission ("ASIC"), offering for a subscription of 22.5 million Fully Paid Ordinary Shares at an issue price of twenty cents ($0.20) per Share (the "Prospectus"), to raise a total of $4.5 million (before costs associated with the issue) pursuant to a public offer. The funds raised will be used for the purpose of exploration and evaluation of the mineral properties in which Montezuma will be the beneficial owner.

Montezuma has assembled a portfolio of seven groups of tenements in Western Australia, the areas of which are at early stages of exploration. The tenements are prospective for a variety of commodities; but in particular for nickel, gold, copper, lead, and zinc. The agreements, status and interests held by Montezuma in the properties are set out elsewhere in this Prospectus.

This review of the Tenements is based upon technical information provided by Montezuma, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the areas. A listing of the principal sources of information is included in this Report. Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based.

This report has been prepared in accordance with the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission ("ASIC") and the Australian Stock Exchange ("ASX"), which pertain to Independent Expert Reports. The report complies with section 716(2) of the Corporations Act 2001 where consent is required if statements have been attributed to third parties.

In consideration of the definition provided by the ASX and in the JORC Code, these properties are classified as 'advanced exploration projects', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programmes proposed by Montezuma.

Ravensgate understands that Montezuma has based the exploration programmes and budgets proposed for the Projects upon less than the targeted subscription of $4.5 million, and are considered adequate to cover the cost of the proposed programmes, and meet statutory requirements in each instance. The planned programmes could reasonably and justifiably be expanded in line with the final amounts raised. It is considered that sufficient exploration and mining activities have been undertaken by earlier explorers on or adjacent to the tenements to justify the proposed programmes and expenditure.

The independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. Ravensgate do not imply that they have carried out any type of audit on the technical, accounting or other records of Montezuma or that the assessment has revealed all of the matters which an audit or more extensive examination might disclose at the date of this report.

Ravensgate and its employees are not, nor intend to be, directors, officers or other direct employees of Montezuma and have no material interest in the Projects or Montezuma. The relationship with Montezuma is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

John Haywood
Author – Ravensgate

John Haywood has over 17 years experience in mining and exploration geology, and resource modelling, and has worked in Australia, West Africa, and Southern Africa in gold and base metals. John Haywood holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules of the CIM and NI 43-101.

He has the appropriate relevant qualifications and experience to satisfy the requirements of an 'Expert' as defined under the ValMin Code.

Ravensgate
Minerals Industry Consultants

INDEPENDENT GEOLOGISTS REPORT

ON THE

MINERAL ASSETS WITHIN THE TENEMENTS

SITUATED IN WESTERN AUSTRALIA

HELD BY MONTEZUMA MINING COMPANY LTD

FOR

MONTEZUMA MINING COMPANY LTD

RAVENSGATE

7TH SEPTEMBER, 2006

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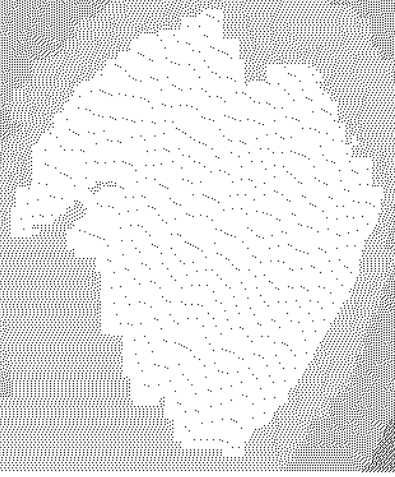
SECTION 4 - INDEPENDENT CONSULTING GEOLOGIST'S REPORT

Prepared by RAVENSGATE on behalf of: **Montezuma Mining Company Ltd**

Author:	John Haywood	Principal Consultant	BSc(Hons), MAusIMM
Reviewer:	David Holden	Principal Consultant	BSc, MBA, MAusIMM, CIM
Date:	7th September, 2006		
Copies:	Montezuma Mining Company Ltd	(2)	
	Ravensgate	(1)	

John Haywood
For and on behalf of:
RAVENSGATE



INDEPENDENT GEOLOGIST'S REPORT
TABLE OF CONTENTS

1.	**SUMMARY**		**8**
	1.1	Pilbara Projects	9
	1.2	Yilgarn Projects	10
	1.3	Summary of Montezuma Proposed Exploration Expenditure	10
2.	**INTRODUCTION**		**10**
	2.1	Qualifications, Experience and Independence	10
3.	**TALGA PROJECT (MONTEZUMA 90%)**		**11**
	3.1	Location and Tenure	11
	3.2	Regional Geology	11
	3.3	Exploration History	12
	3.4	Exploration Potential	13
	3.5	Proposed Exploration Programme and Budget	13
4.	**WEEBO PROJECT (MONTEZUMA 80%)**		**14**
	4.1	Location and Tenure	14
	4.2	Regional Geology	16
	4.3	Exploration History	16
	4.4	Exploration Potential	16
	4.5	Exploration Programme and Budget	17
5.	**PILGANGOORA PROJECT (MONTEZUMA 90%)**		**17**
	5.1	Location and Tenure	17
	5.2	Regional Geology	18
	5.3	Exploration History	19
	5.4	Exploration Potential	20
	5.5	Exploration Programme and Budget	21

6. CALLAWA PROJECT (MONTEZUMA 100%) 21

6.1 Location and Tenure 21

6.2 Regional Geology 23

6.3 Exploration History 23

6.4 Exploration Potential 24

6.5 Exploration Programme and Budget 24

7. BARITE RANGE PROJECT (MONTEZUMA 90%) 24

7.1 Location and Tenure 24

7.2 Regional Geology 26

7.3 Exploration History 26

7.4 Exploration Potential 26

7.5 Exploration Programme and Budget 26

8. PANORAMA PROJECT (MONTEZUMA 90%) 26

8.1 Location and Tenure 26

8.2 Regional Geology 28

8.3 Exploration History 28

8.4 Exploration Potential 28

8.5 Exploration Programme and Budget 29

9. WESTERN SHAW PROJECT (MONTEZUMA 90%) 29

9.1 Location and Tenure 29

9.2 Regional Geology 31

9.3 Exploration History 31

9.4 Exploration Potential 31

9.5 Exploration Programme and Budget 31

10. COPPER HILLS SOUTH (MONTEZUMA 90%) 32

10.1 Location and Tenure 32

10.2 Regional Geology 34

10.3 Exploration History 34

10.4 Exploration Potential 34

10.5 Exploration Programme and Budget 34

11. DECLARATION 36

12. REFERENCES 37

13. GLOSSARY 38

LIST OF TABLES

Table 1 Summary of Montezuma Proposed Exploration Expenditure 10

Table 2 Talga Project – Tenement Details 11

Table 3 Proposed Exploration Budget – Talga Project 14

Table 4 Weebo Project – Tenement Details 15

Table 5 Proposed Exploration Budget – Weebo Project 17

Table 6 Pilgangoora Project – Tenement Details 18

Table 7 Pilgangoora Mining Region – Historic Mining Statistics 20

Table 8 Proposed Exploration Budget – Pilgangoora Project 21

Table 9 Callawa Project – Tenement Details 23

Table 10 Surface Grab Sample Assays (Dom Prospecting) E45/2927 23

Table 11 Proposed Exploration Budget – Callawa Project 24

Table 12 Callawa Project – Tenement Details 24

Table 13 Panorama Project – Tenement Details 28

Table 14 Western Shaw Project – Tenement Details 29

Table 15 Proposed Exploration Budget – Western Shaw Project 32

Table 16 Copper Hills South Project – Tenement Details 32

Table 17 Proposed Exploration Budget – Copper Hills South Project 35

LIST OF FIGURES

Figure 1 Montezuma Mining Company Ltd – Pilbara Projects Location Map 8

Figure 2 Talga Project Tenement Locations and Regional Geology 12

Figure 3 Weebo Project – Regional Geology 15

Figure 4 Pilgangoora Project – Regional Geology 19

Figure 5 Callawa Project – Regional Geology 22

Figure 6 Barite Range Project – Regional Geology 25

Figure 7 Panorama Project – Regional Geology 27

Figure 8 Western Shaw Project – Regional Geology 30

Figure 9 Copper Hills South Project – Regional Geology 33

1. SUMMARY

This report has been written as an independent geological review of Montezuma Mining Company Ltd's (Montezuma's) mineral assets within Australia.

Montezuma holds tenements in seven groups of projects in Western Australia named the Talga, Callawa, Pilgangoora, Panorama, Western Shaw, and Barite Range Projects within the Pilbara; and the Weebo Project located within the Yilgarn Province, north of Leonora. The project locations within the Pilbara are shown on Figure 1.

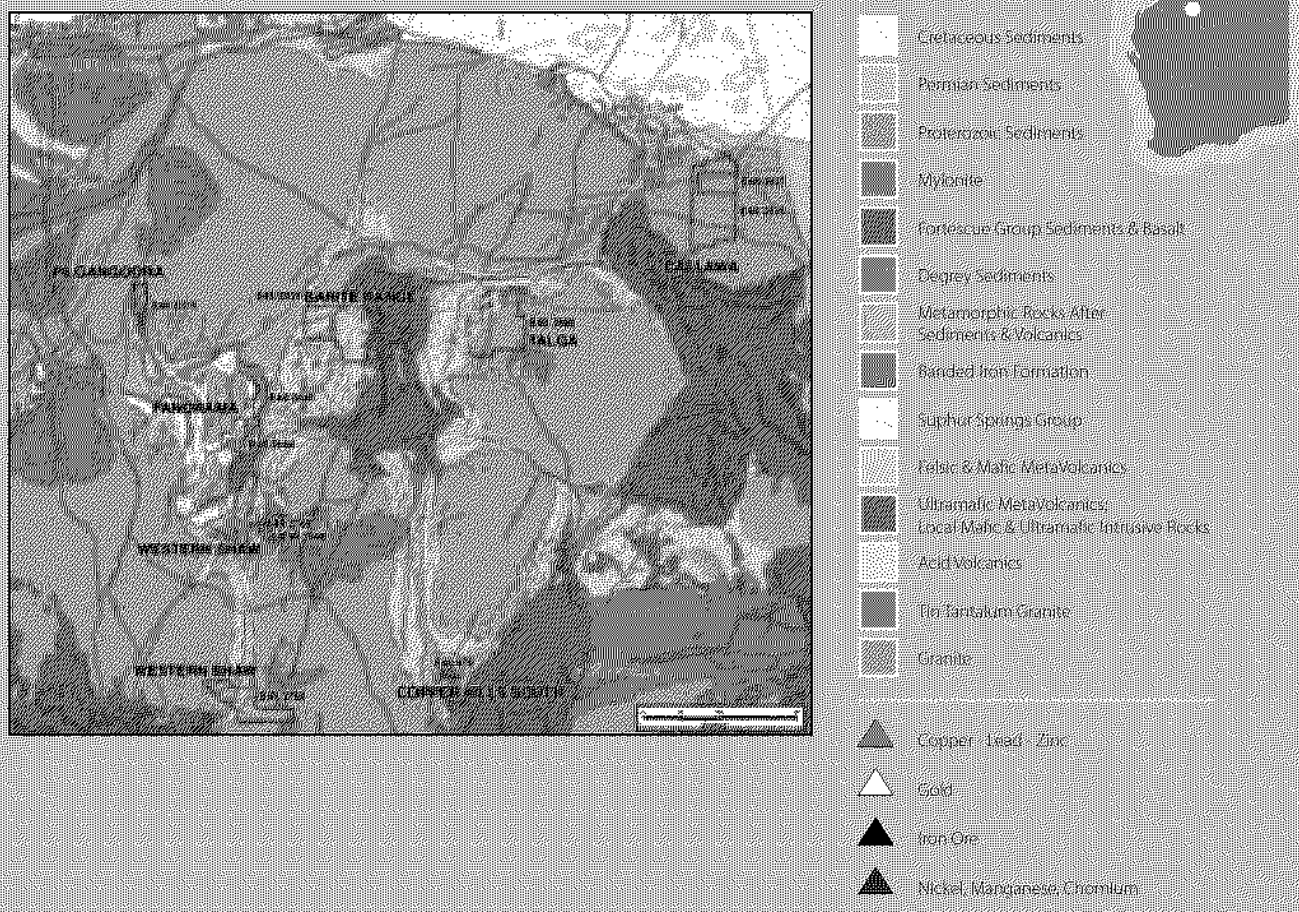
1.1 PILBARA PROJECTS

The Talga, Pilgangoora, Western Shaw, and Callawa Projects are the initial primary focus of Montezuma within the Pilbara, with no work currently outlined for the Panorama and Barite Range Projects where tenements are also not currently granted.

Talga will be the target of a considered exploration programme to test for gold and copper-lead-zinc mineralisation. The tenement is located immediately west of recently announced potentially economic gold intercepts, where Mining Projects Group Limited have reported RAB drilling intercepts of up to 7m @ 3.78 g/t Au in aircore drillhole TPAC079 from surface at their Dusenberg Prospect. The Talga Talga Centre is located along and outside of the central-western edge of Tenement E45/2680. Stratabound quartz veins of the McPhee Formation were historically mined between 1890 and 1940 to produce 60.6kg of gold.

Within the Talga Project, 7km to the east-south-east of Murphy Well, surface samples gave peak values of 3.4% Zn, 2.7% Cu, and 0.149% Pb, and the sampling of two gossans gave assays up to 210g/t Ag, 1750 ppm Cu, and 3756 ppm Pb.

Figure 1 - Montezuma Mining Company Ltd - Pilbara Project Location Map



The Pilgangoora Project is located adjacent to and along strike from the Lynas Find Deposit, the largest known gold Archaean gold producing location in the Pilbara. The area approximately 10km south of the Project area was explored for nickel, copper and gold mineralisation by Pickands Mather & Company International (Schellekens, 1970); surficial exploration activities included geological mapping, geochemical soil sampling and ground magnetic surveys, with anomalous nickel values up to 1.2% Ni identified within gossanous material. Followed up work included costeaning, percussion drilling and diamond drilling. The diamond drilling indicated very low copper values associated with high background nickel assays in the serpentinite and low copper and nickel values within the contact zone of an ultramafic sill.

Montezuma has proposed a valid exploration programme and budget to explore the Pilgangoora Project for gold and nickel mineralisation.

The Western Shaw Project comprises three tenements, with the southern tenement E45/2768 covering a large area of mafic and ultramafic sequences which is potentially prospective for gold and or nickel mineralisation, and is considered a grass-roots project of moderate prospectivity. Previous exploration in the Project areas is very limited, however, they are located in regionally prospective areas; and Ravensgate agrees that the proposed exploration activities for gold and nickel mineralisation have merit.

The Callawa Project is essentially unexplored for gold and base metals; however, high grade copper analyses with a peak of 19% Cu from recent surface grab samples of altered granite and associated quartz veining have been returned in a small occurrence within the Project. Associated elevated gold values may potentially indicate a potential porphyry-style origin to the copper/gold occurrence, and Montezuma has proposed an initial exploration budget to test for porphyry copper mineralisation.

The Copper Hills South Project will be the focus of initial target generation activities for copper and/or gold mineralisation. The tenement is approximately 30km from the historical Copper Hills Mining Centre, and 15km from the historical Kelly Mining Centre; and local geology within the same structural corridor indicates that the tenement may be prospective for a similar style of copper mineralisation.

Montezuma has currently proposed no exploration expenditure over the Panorama and Barite Range Projects. At the Barite Range Project, there is significant gold mineralization to the southwest of the Project at the North Pole/Democrat Mining Centre, indicating some potential for gold mineralisation; however, there are no immediately defined targets within the tenement. At the Panorama Project, the known mineralization occurs along a specific stratigraphic contact, and Montezuma's tenure covers only small sections of this zone; however, there may be some potential for mineralization within the Project, but its main value is probably as a strategic ground position that may have some value to the holders of the known orebodies, particularly if they proceed to production.

1.2 YILGARN PROJECTS

The Weebo Project is the single project area within the Yilgarn Province, and comprises two pending Exploration Licenses. The Project is within a known gold mineralized region with multiple economic and sub-economic deposits of varying sizes in the immediate surrounds, with Thunderbox (2.2Moz at 2.2g/t Au) to the northwest and Wonder North and Celtic (0.2Moz at 2g/t) to the south.

Montezuma's tenement contains a geochemical anomaly with a regionally significant peak of 90ppb Au, and a strike of approximately 500m, open to the northwest and southeast. Montezuma has proposed a phased exploration programme and budget to test the Project area for economic gold mineralisation.

1.3 SUMMARY OF MONTEZUMA PROPOSED EXPLORATION EXPENDITURE

Table 1 Summary of Montezuma Proposed Exploration Expenditure

	Taiga	Pilgangoora	Callawa	Western Shaw	Copper Hills South	Weebo	Total
Year 1	$385,613	$349,556	$41,681	$51,000	$31,506	$134,324	$993,680
Year 2	$184,125	$194,125	$31,000	$195,092	$0	$397,413	$1,001,755
TOTAL	**$569,738**	**$543,681**	**$72,681**	**$246,092**	**$31,506**	**$531,737**	**$1,995,435**

2 INTRODUCTION

2.1 QUALIFICATIONS, EXPERIENCE AND INDEPENDENCE

Ravensgate was incorporated in 1997 and specialises in resource modelling and resource estimation services. The company has worked for major clients globally, such as Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, AngloGold Ashanti in Ghana and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed. Ravensgate has focused upon providing resource estimations, valuations, and independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian and the United Kingdom companies.

Primary author: **John Haywood, BSc(Hons), MAusIMM**

Principal Consultant

John Haywood has over 17 years experience in mining and exploration geology, and resource modelling, and has worked in Australia, West Africa, and Southern Africa in gold and base metals. John Haywood holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules of the CIM and NI 43-101.

He has the appropriate relevant qualifications and experience to satisfy the requirements of an 'Expert' as defined under the ValMin Code.

Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of Montezuma Mining Company Ltd ('Montezuma') or any associated company. Neither Ravensgate nor any of its affiliates have acted previously in any capacity for Montezuma or any of its associates or affiliates.
Ravensgate's professional fees are based on time charges for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached

3 TALGA PROJECT (MONTEZUMA 90%)

3.1 LOCATION AND TENURE

The Talga Project incorporates a single exploration licence application located approximately 23 kilometres east-north-east of Marble Bar in the Pilbara District of Western Australia.

The tenement is located immediately west of recently announced potentially economic gold intercepts where Mining Projects Group Limited have reported RAB drilling intercepts of up to 7m @ 3.78 g/t Au in aircore drillhole TPAC079 from surface at their Dusenberg Prospect.

The western edge of the tenement is adjacent to the Talga Talga mining centre, and, within the tenement, rock chip samples have yielded gold values of up to 1.02g/t Au, and base metals values of up to 3.4% Zn, 2.7% Cu, and 0.149% Pb.

Table 2 Talga Project – Tenement Details

Tenement	Area (km^2)	Grant Date	Commitment ($ per annum)	Title Holder
E45/2680	224.4	March 30, 2006	$70,000	Duketon Consolidated Ltd
Total	**224.4**		**$70,000**	

3.2 REGIONAL GEOLOGY

The central and southern section of the Project area is underlain by the fine to coarse grained Mt Edgar Granite. This foliated, migmatitic granite and tonalite complex has been dated at 3,125 my. The Moolyella Adamellite intrudes the Mt Edgar Granite in the south of the Project area, and forms most of the outcropping features. It is a medium grained, biotite-muscovite adamellite, and has been dated at 2,670 my. Swarms of pegmatites, probably associated with the adamellite, have intruded the foliated granite. These can be traced over 50m along strike (N-S) and dip gently to the east. The width of the pegmatites vary, from a few cm to 1m.

The northern area of the Project straddles the contact between metamorphosed Archaean volcanics and metasediments and the granitic Mt Edgar Batholith and associated intrusives.

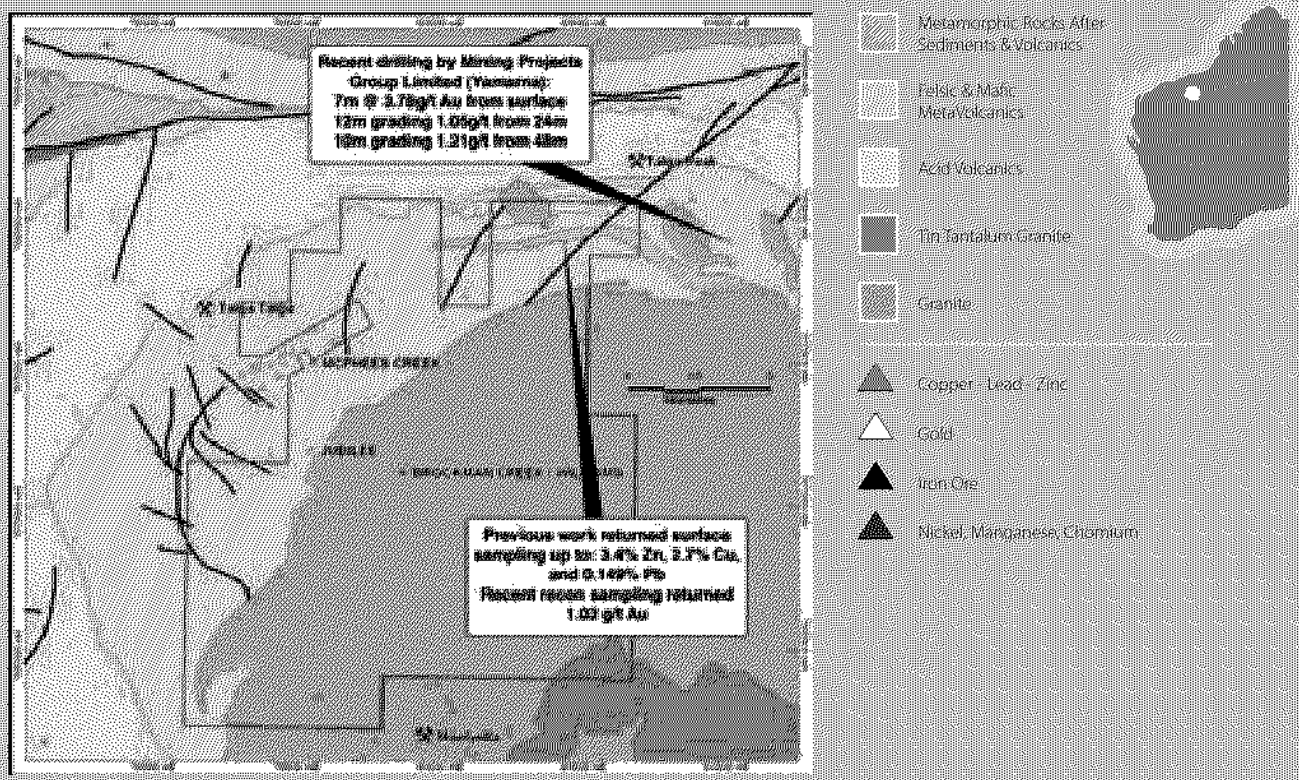
3.3 EXPLORATION HISTORY

Talga Talga

The Talga Talga Centre is located along and outside of the central-western edge of Tenement E45/2680. Stratabound quartz veins of the McPhee Formation were historically mined between 1890 and 1940 to produce 60.6kg of gold. The McPhee Reward mine was the major historical producer. It is possible that a similar amount of gold may also have been mined from alluvial material during that period.

Vein-hosted nickel occurrences have also been reported at Talga Talga. (Ferguson and Ruddock, 2001). Hawkstone Minerals explored from 1969-1973 for base metals adjacent to the Talga Talga centre, with anomalism in rock chip samples being as high as 2295 ppm Ni (gossan). This small area, however, is currently excised from Tenement E45/2680. No other exploration has been reported within the Talga Talga vicinity.

Figure 2 - Talga Project Tenement Locations and Regional Geology



Murphy Well

Esso undertook exploration of the northern region of E45/2680, discovering base metal mineralization, now the Murphy Well prospect, in the north-east corner of E45/2642. This mineralization is associated with narrow quartz veins in a granitoid that is related to felsic intrusive stocks intruding the Duffer Formation.

At Murphy Well several of these veins are locally anomalous in base metals; and 7km to the east-south-east of Murphy Well, surface samples gave peak values of 3.4% Zn, 2.7% Cu, and 0.149% Pb, and the sampling of two gossans gave assays up to 210g/t Ag, 1750 ppm Cu, and 3756 ppm Pb.

3.4 EXPLORATION POTENTIAL

The limited surface sampling conducted by Esso at and near Murphy Well has indicated the presence of Cu-Pb-Zn mineralisation. This has presented a valid target for follow-up exploration work proposed by Montezuma.

Gold has been historically mined along the central-western edge of E45/2680, in the Talga Talga Centre to produce a reported 61kg of gold. The surrounding region within E45/2680 is believed to be under-explored and has the potential to host further gold deposits.

Ravensgate agree with Montezuma's assessment that the recent RAB drilling results of up to 7m @ 3.78 g/t Au from surface reported by Mining Projects Group Limited at their Dusenberg Prospect, immediately along strike and to the east of the tenement, demonstrate that the stratigraphic package within Montezuma's tenement has the potential to host potentially significant gold mineralization. In addition, recent rock chip sampling by Montezuma which returned gold values of up to 1.02 g/t in quartz mineralized chert horizons provides further encouragement.

Most of the ground between Talga Talga and the newly discovered gold mineralization to the east is largely unexplored and Ravensgate believe that the proposed follow-up work for both gold and base metals is warranted .

3.5 PROPOSED EXPLORATION PROGRAMME AND BUDGET

A comprehensive exploration budget has been prepared by Montezuma to conduct exploration for gold and base metals Cu-Pb-Zn mineralisation.

Planned exploration will be two fold;

- Landsat and aeromagnetic data acquisition, mapping, geochemical sampling, and RAB drilling
- Focused RC drilling follow-up on RAB drilling significant intercepts

An exploration programme constituting $0.57M over two years is presented in Table 3.

Table 3 Proposed Exploration Budget – Talga Project

Activity	Year 1	Year 2	Total
Landsat acquisition/interpretation	$10,000	$0	$10,000
Aeromagnetics acquisition/interpretation	$10,000	$0	$10,000
Geological Mapping	$19,863	$0	$19,863
Geochemical Sampling	$37,875	$0	$37,875
RAB Drilling Phase 1	$307,875	$0	$307,875
RAB Drilling Phase 2	$0	$0	$0
RC Drilling Phase 1	$0	$184,125	$184,125
RC Drilling Phase 2	$0	$0	$0
TOTAL	**$385,613**	**$184,125**	**$569,738**

4 WEEBO PROJECT (MONTEZUMA 80%)

4.1 LOCATION AND TENURE

The Weebo Gold project is located approximately 60km north of the town of Leonora within the Yilgarn Craton of Western Australia. The Project may be accessed off the sealed Leonora to Leinster highway. Montezuma will hold 80% of some 230km2 of ground, comprising two Exploration Licence Applications, E37/802 and E37/833 (Figure 3). Details are presented in Table 5.

The tenements cover the contact zone between sheared felsic and mafic/ultramafic sequences to the west and granite(s) to the east. Numerous intercalated mafic xenoliths are known to occur within the granites in the immediate surrounds, and are often host to gold mineralization.

Only one known programme has been conducted on the tenements, with auger sampling in 1987 defining a gold anomaly striking northwest/southeast with peak values of 90ppb Au. The anomaly may potentially be significant given the generally depleted regional geochemical profile in the area resulting in subdued anomalism associated with many known deposits.

The lack of work to date is partly due to the extensive alluvial and colluvial cover and, particularly given the prevalence of economic gold mineralization in the area, Ravensgate believes that the anomaly defined by the auger programme is worthy of follow up exploration work.

Figure 3 - Weebo Project - Regional Geology

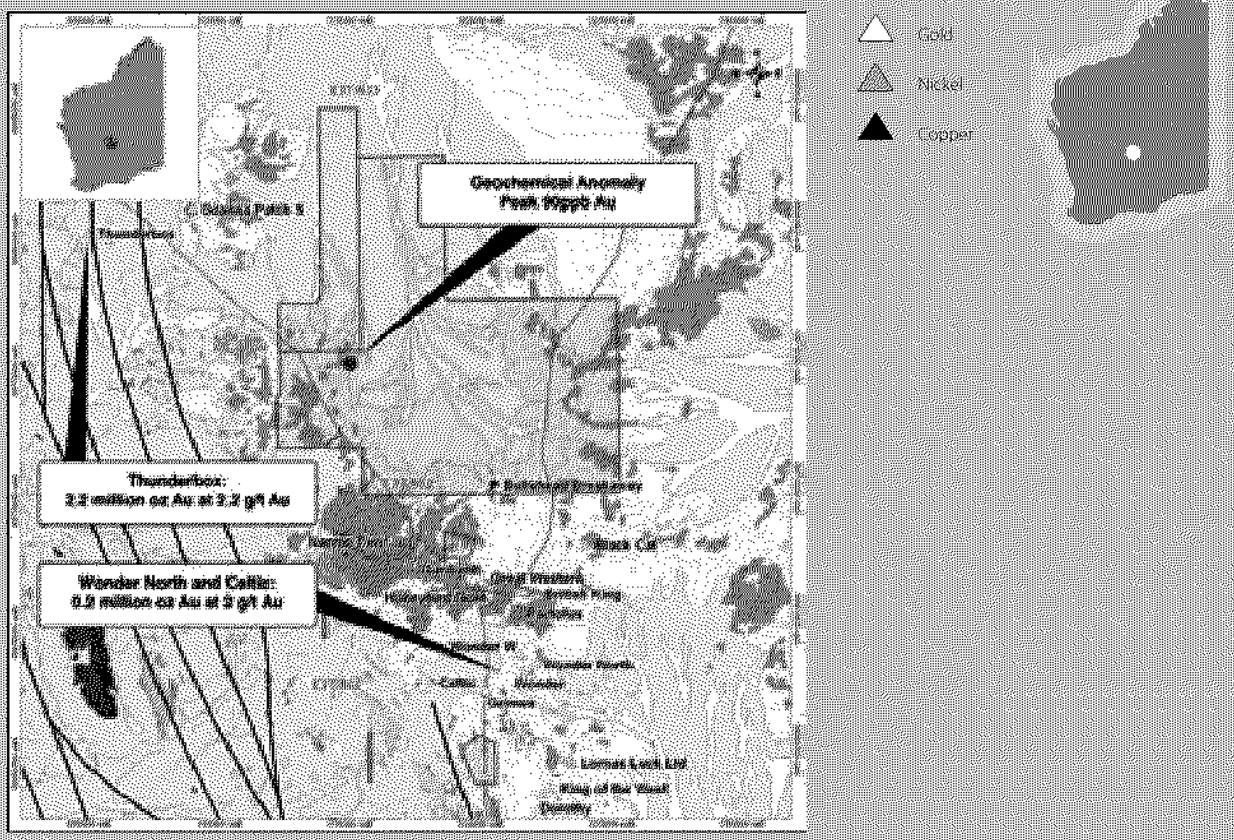


Table 4 Weebo Project – Tenement Details				
Tenement Number	**Area (km2)**	**Grant Date**	**Commitment ($ per annum)**	**Title Holder**
E37/802	211.7	Pending		Duketon Consolidated Ltd
E37/833	18.16	Pending		Pandeli Pty Ltd
Total	**229.86**			

4.2 REGIONAL GEOLOGY

The Weebo Project is located in the central portion of the Norseman-Wiluna greenstone belt in the Archaean Yilgarn Province.

The project overlies the contact zone between a western succession of mafic and ultramafic rocks structurally juxtaposed against felsic to intermediate volcanics by the Keith-Kilkenny Tectonic Zone and an eastern felsic quartz porphyry described by Hallberg (1985) as a syenogranite porphyry. The granitic sequence hosts numerous assimilated greenstone rafts.

Structurally the project is situated within the Keith-Kilkenny Tectonic Zone (KKTZ), a north-northwest trending corridor of intense deformation broadly coincident with the strike of the supracrustal stratigraphic sequence.

Shearing associated with the KKTZ has imparted a regionally pervasive D2 foliation overprinting earlier features. Later, discordant east-west, northeast, and southeast-striking structures are the result of a regional D3 structural event.

The project tenements are largely covered by various thicknesses of alluvium and colluvium.

There is significant gold mineralization in the area, with the Thunderbox Deposit (1.49 million oz Au) occurring approximately 5km to the northwest of the project, and the Celtic and Wonder North deposits occurring approximately 5km along strike to the southwest on the western margin of the Bundarra syenogranite.

The Celtic and Wonder North gold resources had pre-mining total inferred, indicated and measured resource estimates of 1,939,000t at 1.9g/t gold (115,300 ounces gold) and 2,437,600t at 2.1g/t gold (167,000 ounces gold) respectively. These resources have since been partially depleted by open pit mining activities during 2000 – 2001.

Gold mineralisation is typically shear-hosted and associated with quartz veining, often with associated wallrock alteration. Gold mineralization in the region occurs within both the granites and the volcanic sequences to the west.

4.3 EXPLORATION HISTORY

Systematic exploration in the regional area commenced in 1974 with several operators having worked on the area employing various exploration techniques including geological mapping, rock chip sampling, aeromagnetic surveys, geochemical sampling, and drilling. Work has primarily focused on identifying gold mineralisation, with significant anomalism discovered by various workers, culminating in the discovery of economic mineralization at the Celtic and Wonder North deposits to the southeast, and the Thunderbox Deposit to the northwest.

Within the project tenements, however, only one known exploration programme has been conducted. The tenements are largely covered by varying thicknesses of alluvium and colluvium which makes surface sampling ineffective. Work conducted in 1987 included an auger programme that penetrated the cover to sample the underlying lithologies on a 160 metre by 40 metre or a 160 metre by 20 metre grid spacing.

The work identified a gold anomaly approximately 500m in length striking northwest. Peak values of 90ppb gold were returned, which is regionally significant given that there is a notable zone of depletion near surface over known gold deposits in the area, resulting in a generally subdued surface anomalism for gold.

4.4 EXPLORATION POTENTIAL

The project is within a known gold mineralized region with multiple economic and sub-economic deposits of varying sizes in the immediate surrounds. On this basis, and given the relatively high anomalism returned from the auger sampling programme in terms of a regional context, Ravensgate believes that the anomaly defined by the programme is worthy of the follow-up work proposed by Montezuma.

4.5 EXPLORATION PROGRAMME AND BUDGET

A comprehensive exploration budget has been prepared by Montezuma to conduct exploration for gold mineralisation at the Weebo Project (Table 7).

Planned exploration will be two fold;

- Landsat and aeromagnetic data acquisition, mapping, geochemical sampling, and RAB drilling
- Follow-up RAB and focused RC drilling follow-up on RAB drilling significant intercepts

An exploration programme constituting $0.53M over two years
is presented in Table 5.

Table 5 Proposed Exploration Budget – Weebo Project

Activity	Year 1	Year 2	Total
Landsat acquisition/interpretation	$10,000	$0	$10,000
Aeromagnetics acquisition/interpretation	$10,000	$0	$10,000
Geological Mapping	$9,344	$0	$9,344
Geochemical Sampling	$0	$0	$0
RAB Drilling Phase 1	$104,980	$0	$104,980
RAB Drilling Phase 2	$0	$99,013	$99,013
RC Drilling Phase 1	$0	$149,200	$149,200
RC Drilling Phase 2	$0	$149,200	$149,200
TOTAL	**$134,324**	**$397,413**	**$531,736**

5 PILGANGOORA PROJECT (MONTEZUMA 90%)

5.1 LOCATION AND TENURE

The project consists of one granted Exploration License E45/2375 covering 35 square kilometres. The project is situated approximately 80 kilometres south-southeast of the coastal town of Port Hedland.

The Pilgangoora project is located adjacent to and along strike from the Lynas Find Deposit, the largest known Archaean gold producing location in the Pilbara. The holding also covers a sequence of ultramafics that remain untested for nickel prospectivity.

Ravensgate agrees with Montezuma's assertion that the ground appears to be prospective for both gold and nickel mineralization and warrants further exploration work.

Table 6 Pilgangoora Project – Tenement Details				
Tenement Number	**Area (km2)**	**Grant Date**	**Commitment ($ per annum)**	**Title Holder**
E45/2375	35.27	February 13, 2006	$20,000	South Boulder Mines Ltd
Total	**35.27**		**$20,000**	

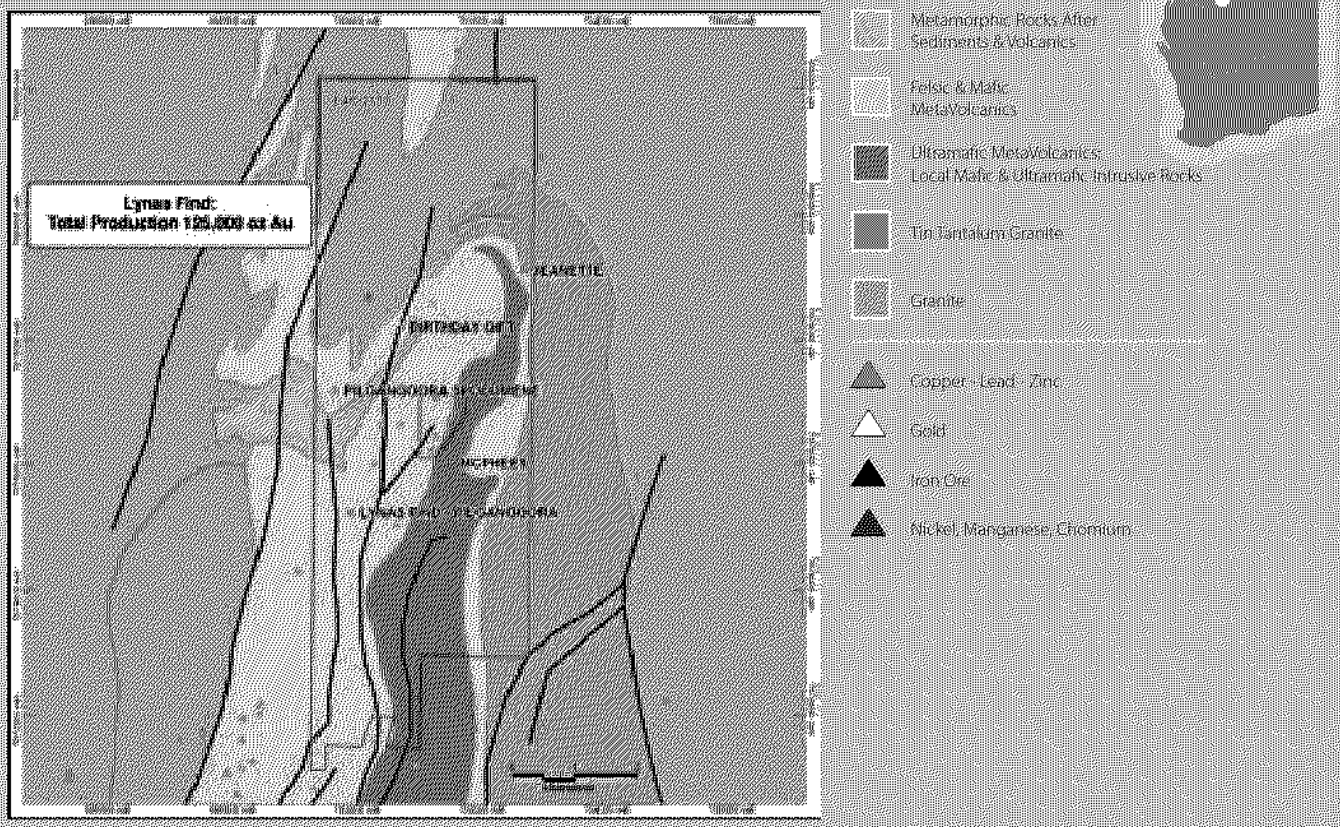
5.2 REGIONAL GEOLOGY

The Pilgangoora Project is located approximately 80km south-southeast of Port Hedland within the Pilgangoora Greenstone Belt in the East Pilbara region.

The greenstone is bounded by the Carlindi Batholith to the north-west and north-east, the Yule Batholith to the south-west and the Strelley granitoid to the east.

The major structural feature of the Pilgangoora Greenstone belt is the Pilgangoora Syncline, comprising a sequence of inwardly-younging volcano-sedimentary rocks. The dominant lithologies are the acid to intermediate lava, agglomerates and tuffs, basalts, and ultramafics of the Warrawoona Group; as well as the shale, sandstone, BIF and chert formations of the Gorge Creek Group.

Figure 4 - Pilgangoora Project - Regional Geology



5.3 EXPLORATION HISTORY

(a) Gold - The ground covered by the current Project was subjected to limited broad-spaced stream sediment sampling by Lynas Gold NL.

The Exploration License is immediately adjacent to the Pilgangoora Mining Centre; which was originally known as McPhee's Patch. It is probable that the first alluvial gold was discovered there at the turn of the 19th Century; but it was not until 1935 that attempts were made at relatively more large scale mining. Mining continued through to 1939 (Table 7), when the outbreak of war resulted in most miners leaving to join the armed forces. Token activity occurred following the end of the war; but it was not until the 1980's when various companies explored in the region. This work culminated in the mining operation run by Lynas Gold NL from 1995 to 1998.

Table 7 Pilgangoora Mining Region - History Mining Statistics

GML No	GML Name	Pre 1936		1936		1938		1939	
		Tonnes	Ozs	Tonnes	Ozs	Tonnes	Ozs	Tonnes	Ozs
879	Birthday Gift	296	52.16	112	16.48	952	139.5	115	24.45
873	Bootarina	95	31.38	-	-	36	14.18	-	-
871	Pilgangoora	345	86.96	-	-	-	-	-	-
871	Lynas Find GM Ltd	-	-	280	23.87	-	-	-	-
893	Fairlea	12	13.14	-	-	-	-	-	-
992	Maybe	-	-	-	-	14	1.34	-	-
Voided Leases		307.6	106.19	0	0	-	-	-	-
Sundry Claims		-	-	-	-	114	29.66		

Gold mineralisation occurs as broad zones of pyrite arsenopyrite bearing quartz veining in actinolite schist, in galena, fluorite bearing quartz veins in sericitised granites gneiss, and in broad shear zones in talc carbonate chlorite schist containing mafic and ultramafic boudins.

The area of the old McPhee's Patch working was explored and developed by Lynas Gold NL. From the commencement of mining in March 1995 to April 1998 this operation produced some 125,493 ounces of gold from 2.114M tonnes of ore at a recovered grade of 1.85 g/t from several deposits extending in a line along strike to the south of the Company's tenement, making this the largest developed gold deposit in the Archaean of the Pilbara Craton.

The Iron Stirrup ultramafic is the main host rock for gold mineralisation at the Old Faithful, Iron Stirrup and Darius Prospects, and the strike extension of this unit extends into the Pilgangoora Project of Montezuma.

(b) Nickel - During the late 1960's and the early 1970's the area approximately 10km south of the Project area was explored for nickel, copper and gold mineralisation by Pickands Mather & Company International (Schellekens, 1970).

Surficial exploration activities included geological mapping, geochemical soil sampling and ground magnetic surveys. Anomalous nickel values up to 1.2% Ni were identified within gossanous material. Followed up work included costeaning, percussion drilling and diamond drilling.

The diamond drilling indicated very low copper values associated with high background nickel assays in the serpentinite and low copper and nickel values within the contact zone of an ultramafic sill. Pickands Mather & Co. decided to withdraw from the area an 1970 (Schellekens, 1970).

(c) Tantalum – Under the terms of their acquisition agreement, Montezuma does not have the rights to tin and tantalum occurrences within the Project, so no exploration will be undertaken for these commodities. However, sampling by previous explorers has revealed the existence of high grade alluvial tantalite within the Project tenements, north of Pilgangoora.

5.4 EXPLORATION POTENTIAL

The Pilgangoora Project contains favourable geology, and is well-located with respect to known gold mineralisation. The license has significant untested gold potential, with only limited stream sampling previously undertaken. The location of Montezuma's Pilgangoora project immediately adjacent to and on strike from Lynas Find, the largest gold known Archaean gold producer in the Pilbara (125,000oz Au from 1994 to 1998), makes this ground a valid exploration target for similar gold deposits.

The previous nickel exploration work done to the south of the Project area indicates the potential for nickel mineralization in the area. Ravensgate believes there is merit in testing the ultramafic sequences within the Project for nickel mineralization.

5.5 EXPLORATION PROGRAMME AND BUDGET

A comprehensive exploration budget has been prepared by Montezuma to conduct exploration for gold and nickel mineralisation at the Pilgangoora Project.

Planned exploration will be three fold;

- Landsat and aeromagnetic data acquisition, mapping, geochemical sampling, and geophysical surveys
- Initial RAB drilling coverage
- Focused RC drilling follow-up on RAB drilling significant intercepts

An exploration programme constituting $0.52M over two years is presented in Table 8.

Table 8 Proposed Exploration Budget – Pilgangoora Project

Activity	Year 1	Year 2	Total
Landsat acquisition/interpretation	$10,000	$0	$10,000
Aeromagnetics acquisition/interpretation	$10,000	$0	$10,000
Geological Mapping	$11,681	$0	$11,681
Geochemical Sampling	$0	$0	$0
RAB Drilling Phase 1	$307,875	$0	$307,875
RAB Drilling Phase 2	$0	$99,013	$99,013
RC Drilling Phase 1	$0	$184,125	$184,125
RC Drilling Phase 2	$0	$149,200	$149,200
TOTAL	**$349,556**	**$194,125**	**$543,681**

6 CALLAWA PROJECT (MONTEZUMA 100%)

6.1 LOCATION AND TENURE

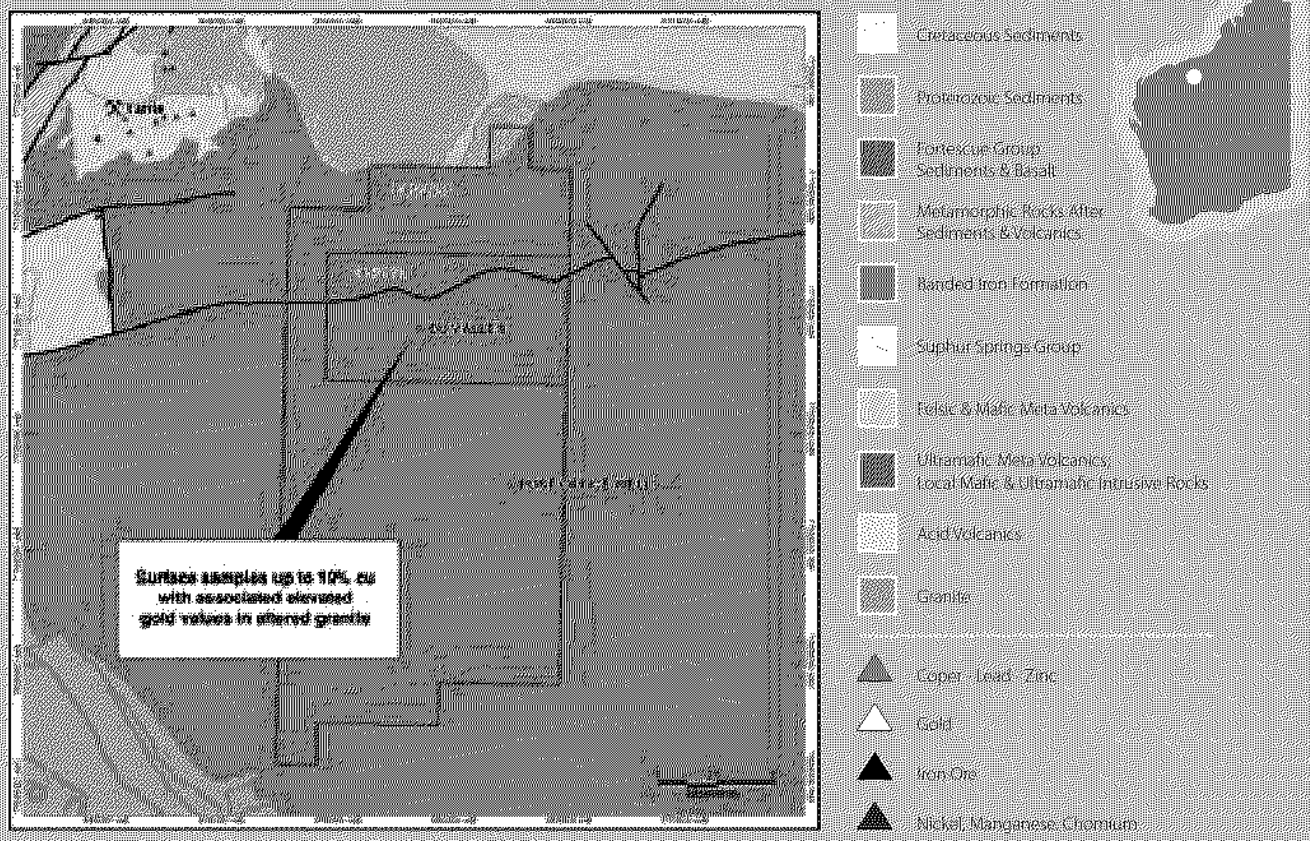
The Callawa is located approximately 80 kilometres northeast of the town of Marble Bar in the north-north-eastern margin of the Pilbara Craton. It consists of two tenement applications comprising 284.64km2, and covering a large area of the Warrawagine Granitoid Complex, a poorly-exposed sequence of mafic and ultramafic xenolith-rich foliated gneissic granitoids.

High grade copper analyses with a peak of 19% Cu from surface grab samples of altered granite have been returned in a small occurrence within the Project. Associated elevated gold values indicate a potential porphyry-style origin to the copper/gold occurrence. The Project area is otherwise unexplored for gold and base metals.

Table 9 Callawa Project – Tenement Details

Tenement Number	Area (km²)	Grant Date	Commitment ($ per annum)	Title Holder
E45/2927	59.84	Pending		Lang Coppin
E45/2935	224.8	Pending		Montezuma Mining Company Ltd
Total	**284.64**			

Figure 5 Callawa Project – Regional Geology



6.2 REGIONAL GEOLOGY

The Callawa Project covers approximately 284 km2 of the Warrawagine Granitoid Complex, situated north north-eastern edge of the Pilbara Craton, between the Shay Gap Greenstone belt to the west and Fortescue Group sediments to the east.

Granitoid rocks of the Warrawagine Complex are generally poorly exposed, mafic and ultramafic xenolith-rich foliated and gneissic granitoids. The northern part of the complex is cross cut by the Du Valles Fault, an east-northeast striking strike slip fault with approximately 4-5km of apparent dextral displacement.

The Warrawagine complex is cross-cut by late porphyry dykes and small intrusions. Much of the Project area is covered by varying thicknesses of colluvium and alluvial cover.

Copper mineralization within quartz veining has been recorded in several locations within the project area, notably in the central portion of E45/2927, where copper values of up to 19% have been recorded in surface samples of altered granite and quartz veining.

6.3 EXPLORATION HISTORY

The Project area remains largely unexplored for gold and base metals. However, during 2006, Denis O'Meara of Dom Prospecting took several samples of altered granite and associated quartz veining at a location in the central portion of E45/2927 (GDA 233,439E; 7,710,844N), which returned the significant results detailed in the following table.

Table 10 Surface Grab Sample Assays (Dom Prospecting) E45/2927

Sample	Au (ppb)	Ag (ppm)	Cu (%)	Pb (ppm)
398820	46	10.7	5.91	65
398821	326	13.8	7.06	136
398822	6	3.3	0.53	4
398823	93	43.9	19.18	73
398824	7	3.7	0.95	5

Other known exploration over the Project area in the late 1990's and early 2000's was diamond prospecting by Stockdale Prospecting and De Beers.

6.4 EXPLORATION POTENTIAL

There has been very minimal exploration over the Project area, with a paucity of available data with which to determine the prospectivity of the tenements. However, the recent isolated surface grab samples returned values which potentially may be indicative of porphyry-style copper mineralisation. Ravensgate believes the exploration programme proposed by Montezuma is appropriate.

6.5 EXPLORATION PROGRAMME AND BUDGET

A comprehensive early phase exploration budget of $72,681 over two years has been prepared by Montezuma to conduct exploration for porphyry-style Cu mineralisation at the Callawa Project.

Table 11 Proposed Exploration Budget – Callawa Project			
Activity	**Year 1**	**Year 2**	**Total**
Landsat acquisition/interpretation	$10,000	$0	$10,000
Aeromagnetics acquisition/interpretation	$10,000	$0	$10,000
Geological Surveys	$10,000	$0	$10,000
Geological Mapping	$11,681	$0	$11,681
Geochemical Sampling	$0	$31,000	$31,000
RAB Drilling Phase 1	$0	$0	$0
RAB Drilling Phase 2	$0	$0	$0
RC Drilling Phase 1	$0	$0	$0
RC Drilling Phase 2	$0	$0	$0
TOTAL	**$41,681**	**$31,000**	**$72,681**

7 BARITE RANGE PROJECT (MONTEZUMA 90%)

7.1 LOCATION AND TENURE

The Barite Range Project is located approximately 40km west of Marble Bar in the Pilbara region, comprising a single Exploration License application covering an area of 220km^2.

Table 12 Callawa Project – Tenement Details				
Tenement Number	**Area (km^2)**	**Grant Date**	**Commitment ($ per annum)**	**Title Holder**
E45/2925	221.2	Pending		Duketon Consolidated Ltd
Total	**221.2**			

Figure 6 - Barite Range Project - Regional Geology

7.2 REGIONAL GEOLOGY

The regional geology is dominated by the North Pole Dome (NPD), comprising rocks of the Warrawoona Group. The NPD is a relatively high-level dome that has a flanking syncline preserving some of the youngest rocks of the Fortescue Group of the craton. Basaltic greenstones have undergone metamorphism from prehnite-pumpellyite facies to greenschist-amphibolite facies.The approximately 3.46 Ga North Pole Monzogranite, a volumetrically insignificant intrusive granite body, intrudes the greenstones in the apex of the dome, to the southwest of the project area.

7.3 EXPLORATION HISTORY

The Project area was explored for diamonds by De Beers Australia Exploration Ltd in the early 2000's. Work included aeromagnetic and Landsat interpretation as well as loam, rock chip and sediment sampling. No significant results were returned and the ground was surrendered.

Gold, nickel and copper exploration by Haoma Mining NL did not return any significant results within the project area.

7.4 EXPLORATION POTENTIAL

There is significant gold mineralization to the southwest of the Project at the North Pole/Democrat Mining Centre, indicating some potential for gold mineralisation, however there are no known immediate targets in the tenement.

Work should be done to do a comprehensive review of past data, combined with geological mapping, geophysical interpretation and surface geochemical sampling to generate targets for follow up with more intensive exploration programmes.

7.5 EXPLORATION PROGRAMME AND BUDGET

The project tenement is currently not granted, and Montezuma has no currently proposed budget for expenditure on the Project. Ravensgate believes that a comprehensive review of past data, combined with geological mapping, geophysical interpretation, and surface geochemical sampling in order to generate targets for follow-up exploration would be warranted.

8 PANORAMA PROJECT (MONTEZUMA 90%)

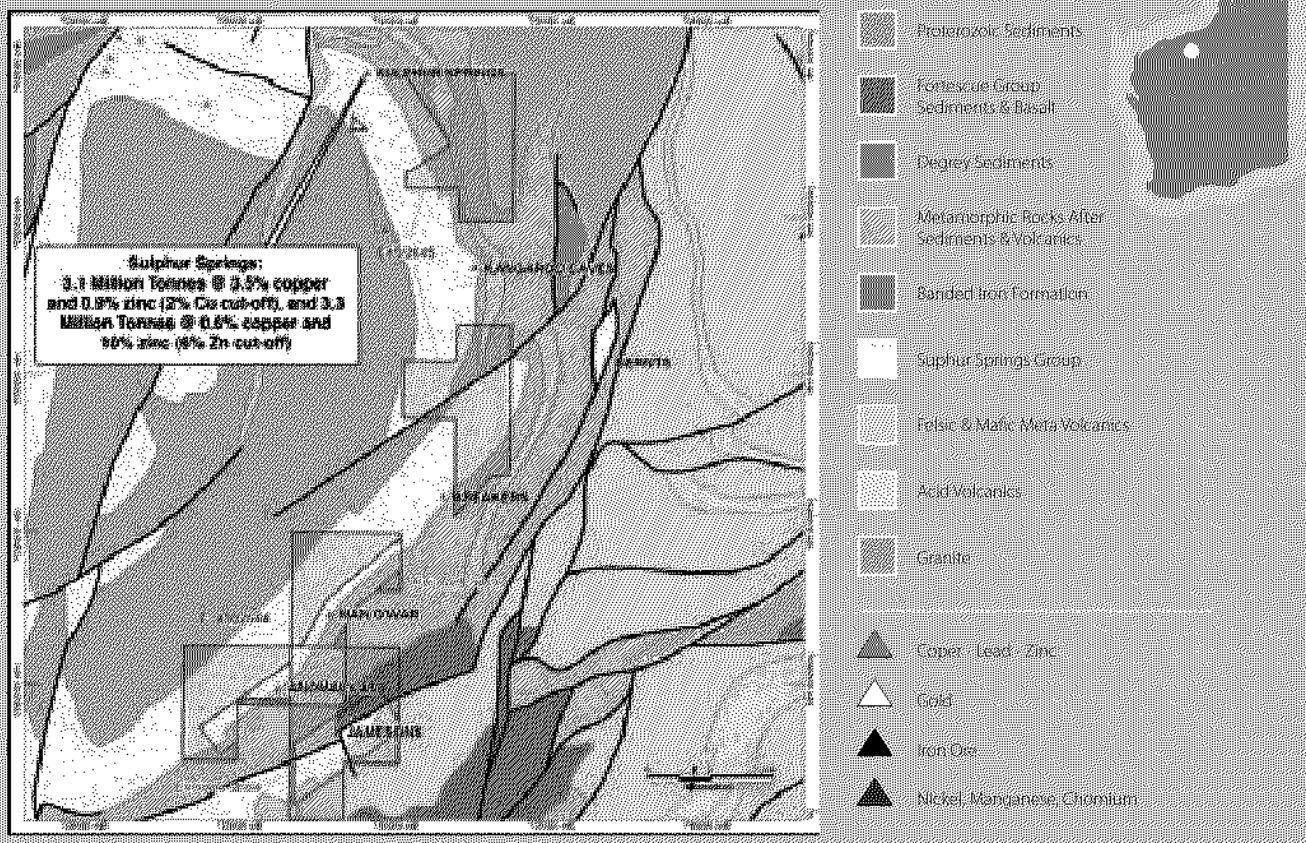
8.1 LOCATION AND TENURE

The Panorama Project is located approximately 120km southeast of Port Hedland, and 50km to the west of Marble Bar. Access is via the Port Hedland to Marble Bar road.

8.2 REGIONAL GEOLOGY

The Panorama Project area contains 3.24 Ga rocks including the Strelley Succession, comprising a high level granite (the Strelley Granite) and overlying tholeiitic and calc-alkaline volcanics. These are conformably overlain by turbidites of the Gorge Creek Group.

Figure 7 Panorama Project – Regional Geology



Younger mafic intrusions are seen to cross-cut these rocks. The Strelley Granite contains an outer phase coarse-grained equigranular hornblende-biotite granite, in contact with the overlying volcanic strata; and an inner phase, porphyritic biotite-hornblende granite has a sharp "intrusive" contact with the outer phase granite.

The overlying volcanic sequences range from basalt to rhyolite in composition. There is a regionally extensive, strongly silicified siltstone at the contact between the Strelley Succession and the overlying turbidites, called the "marker chert" because of its spatial association with base metal mineralization.

Two major (Sulphur Springs & Kangaroo Caves) and several smaller Zn-Cu VHMS deposits occur in the Panorama district in areas adjacent to or along strike from Montezuma's small tenement holding. Mineralisation occurs principally at or near the contact between the ca 3.24Ga Kangaroo Caves Formation and the overlying turbiditic Gorge Creek Group. The Strelley Granite is inferred to have acted as the heat source driving the hydrothermal circulation that formed the Zn-Cu mineralisation and associated regional alteration.

The currently reported resource for the Sulphur Springs Copper Zinc project of CBH Resources Ltd (formerly held by Outokumpu Group and Sipa Resources Limited) comprises 3.1 Million Tonnes @ 3.5% copper and 0.9% zinc (2% Cu cut-off), and 3.3 Million Tonnes @ 0.6% copper and 10% zinc (6% Zn cut-off)

Table 13 Panorama Project – Tenement Details

Tenement Number	Area (km^2)	Grant Date	Commitment ($ per annum)	Title Holder
E45/2644	38.39	Pending		Duketon Consolidated Ltd
E45/2645	54.43	Pending		Duketon Consolidated Ltd
Total	**92.82**			

8.3 EXPLORATION HISTORY

The area around the Panorama Project has been extensively explored by Sipa Resources and Outokumpu Exploration Australia since the mid 1980's. Techniques have included geological mapping, surface geochemical sampling, ground and airborne geophysics, and follow up drilling resulting in the delineation of Cu-Zn resources.

8.4 EXPLORATION POTENTIAL

Montezuma's ground in the Panorama Project is small and hence the exploration potential is fairly limited. The known mineralization occurs along a specific stratigraphic contact, and Montezuma's tenure covers only small sections of this zone.

There may be some potential for mineralization within the Project, but its main value is probably as a strategic ground position that may have some value to the holders of the known orebodies, particularly if they proceed to production.

8.5 EXPLORATION PROGRAMME AND BUDGET

The project tenement is currently not granted, and Montezuma has no currently proposed budget for expenditure on the Project.

9 WESTERN SHAW PROJECT (MONTEZUMA 90%)

9.1 LOCATION AND TENURE

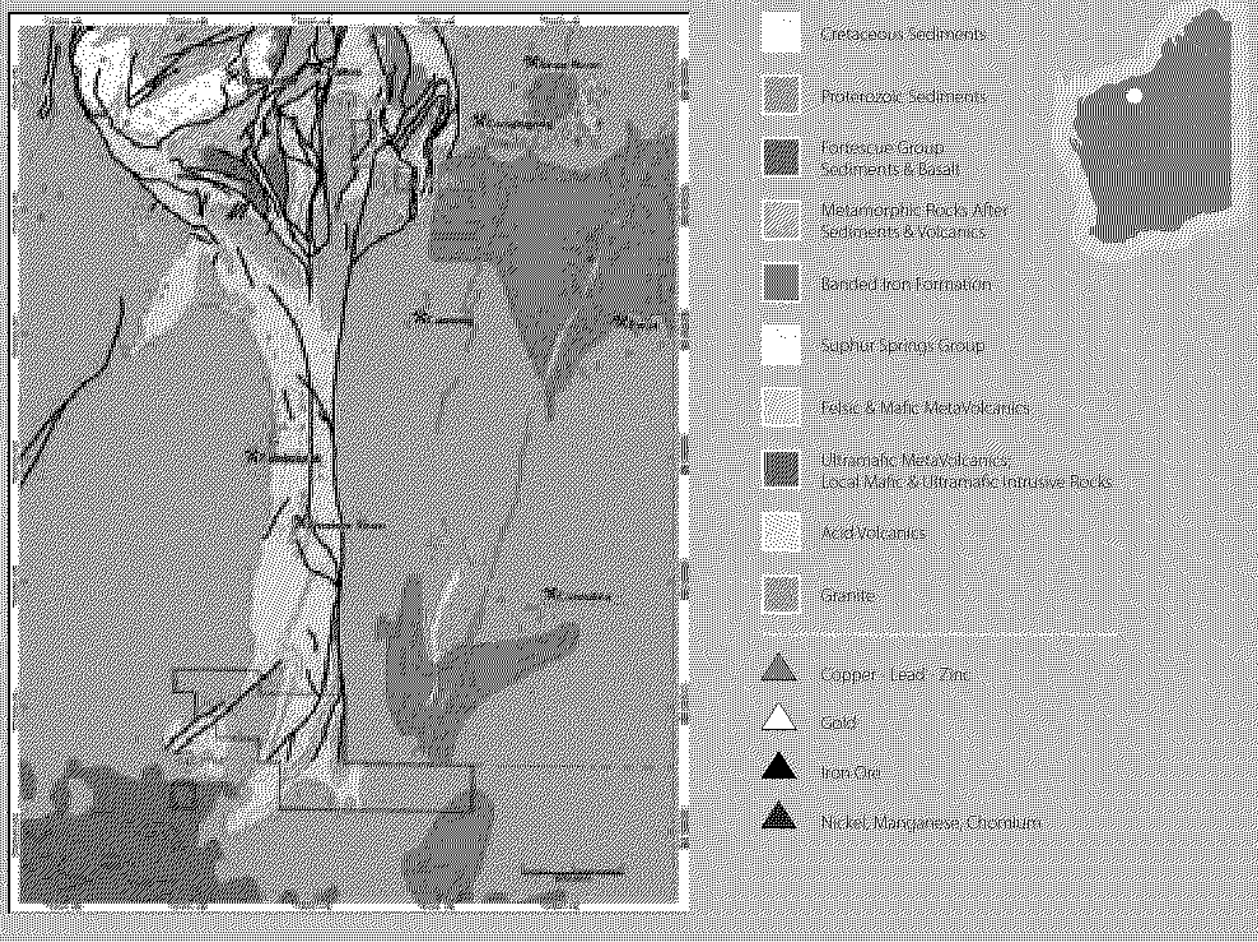
The Western Shaw Project comprises three tenements, a large exploration license covering approximately 178 km2 at the southern end of the Soanesville (Strelley) Greenstone Belt approximately 100km southwest of Marble Bar, and two small exploration licenses at the southern end of the North Shaw Greenstone Belt, approximately 70km south-west of Marble Bar.

Previous exploration in both areas is very limited, however, they are located in regionally prospective areas, and may have some potential for gold and/or nickel mineralization.

Table 14 Western Shaw Project – Tenement Details

Tenement Number	Area (km²)	Grant Date	Commitment ($ per annum)	Title Holder
E45/2548	3.194	January 6 2006	$10,000	Duketon Consolidated Ltd
E45/2768	178.3	August 9 2006	$40,000	Duketon Consolidated Ltd
E45/2769	6.84	May 16 2006	$15,000	Duketon Consolidated Ltd
Total	**188.33**		**$65,000**	

Figure 8 Western Shaw – Regional Geology



9.2 REGIONAL GEOLOGY

The largest part of the Project is located at the southern end of the Soanesville Greenstone Belt, and covers a large tract of unexplored mafic and ultramafic volcanics of the Warrawoona Group with a regional north-south foliation overprint, extending to the north in an elongated stratigraphic block lying between the Yule and Shaw Granites.

9.3 EXPLORATION HISTORY

The only known exploration in E45/2768 comprised reconnaissance exploration for tin and tantalum by Sons of Gwalia Ltd. Given that Montezuma does not hold the tin and tantalum rights to the ground, this data is of little relevance to any planned work and has not been thoroughly investigated.

Previous Exploration over E45/2769 and E45/2548 has included brief base metals exploration by Hull Mining Aust Pty Ltd in the 1970's including grab sampling. No significant results are reported. Stockdale Prospecting also briefly explored the area for diamonds in the late 1990's, with no significant results reported. Tin and tantalum has been the focus of other workers in the area, however, again, given that Montezuma does not hold the tin tantalum rights to the ground, this data is of little relevance to any planned work.

9.4 EXPLORATION POTENTIAL

The two northern tenements in the project (E45/2769 and E45/2548) are considered to have low potential, however the southern tenement E45/2768 covers a large area of mafic and ultramafic sequences which is potentially prospective for gold and or nickel mineralisation, and is considered a grass-roots project of moderate prospectivity.

Ravensgate agrees with Montezuma's assessment that follow-up work should include regional geological mapping, reconnaissance and surface geochemical sampling to identify any potential targets within the project.

9.5 EXPLORATION PROGRAMME AND BUDGET

A comprehensive exploration budget has been prepared by Montezuma to conduct exploration for gold and nickel mineralisation at the Western Shaw Project.

Planned exploration will be three fold;

- Landsat and aeromagnetic data acquisition, mapping, geochemical sampling, and geophysical surveys
- Initial RAB drilling coverage
- Focused RC drilling follow-up on RAB drilling significant intercepts

An exploration programme constituting $0.25M over two years is presented in Table 15.

Table 15 Proposed Exploration Budget – Western Shaw Project

Activity	Year 1	Year 2	Total
Landsat acquisition/interpretation	$10,000	$0	$10,000
Aeromagnetics acquisition/interpretation	$10,000	$0	$10,000
Geological Mapping	$0	$0	$0
Geochemical Sampling	$31,000	$0	$31,000
RAB Drilling Phase 1	$0	$69,175	$69,175
RAB Drilling Phase 2	$0	$0	$0
RC Drilling Phase 1	$0	$0	$0
RC Drilling Phase 2	$0	$125,917	$125,917
TOTAL	**$51,000**	**$195,092**	**$246,092**

10 COPPER HILLS SOUTH (MONTEZUMA 90%)

10.1 LOCATION AND TENURE

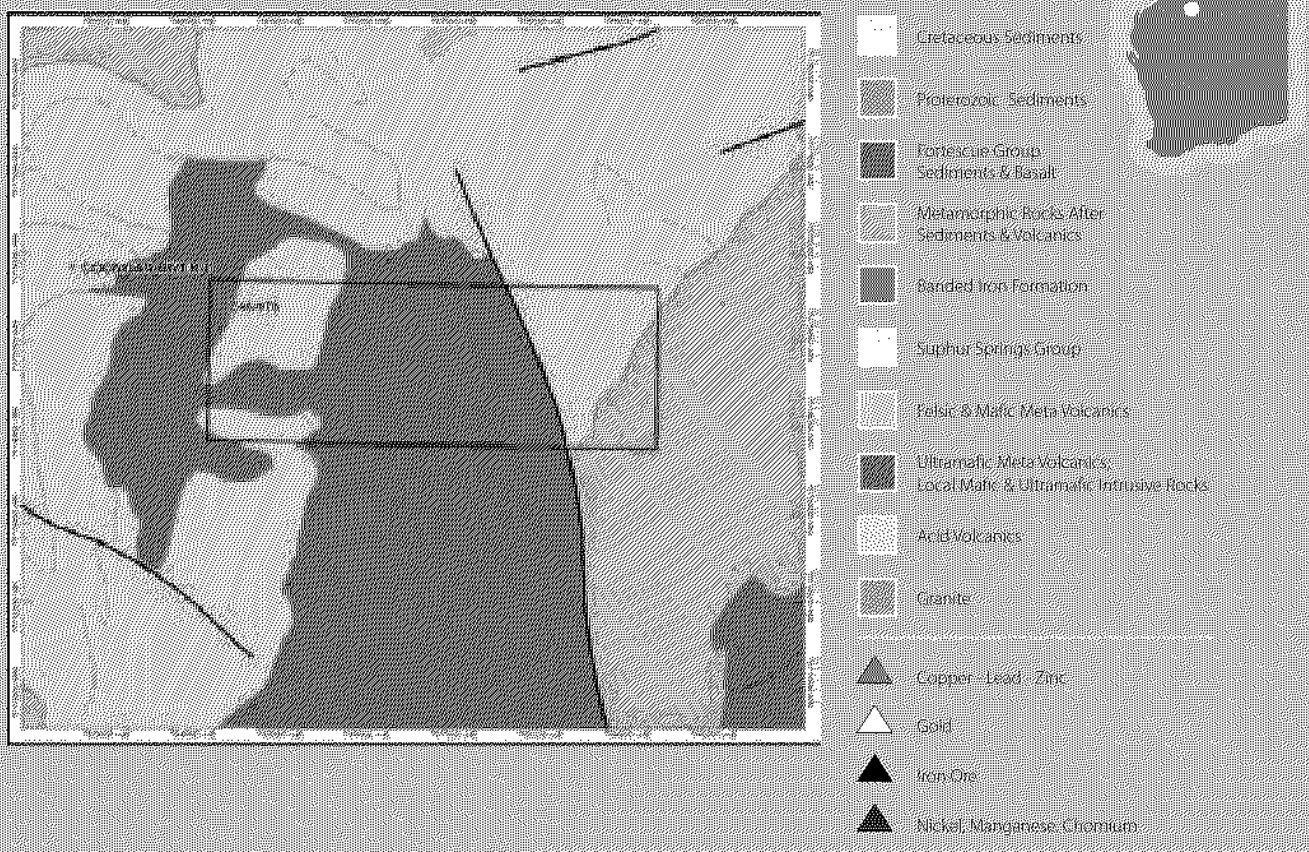
The Copper Hills South Project comprises one tenement, totalling 9.56 km2, located approximately 40km west of Nullagine in the Pilbara region of Western Australia.

The project area is at the southern end of the Kelly Greenstone Belt, the eastern extension of the Coongan greenstone belt that wraps around the Corunna Downs Granitoid Complex. The Project lies to the southwest of the Kelly's and Copper Hills Mining Centres.

Table 16 Pilgangoora Project – Tenement Details

Tenement Number	Area (km²)	Grant Date	Commitment ($ per annum)	Title Holder
E46/676	9.56	May 16, 2006	$15,000	Duketon Consolidated Ltd
Total	**9.56**		**$15,000**	

Figure 9 Copper Hills South Project – Regional Geology



10.2 REGIONAL GEOLOGY

The project area is at the southern end of the Kelly Greenstone Belt, the eastern extension of the Coongan greenstone belt that wraps around the Corunna Downs Granitoid Complex. The project lies to the southwest of both the Kelly and Copper Hills Mining Centres.

The late Archaean or Proterozoic copper-zinc deposits of the Kelly greenstone belt are hosted by Archaean Felsic volcanics. Currently identified copper mineralisation in the East Pilbara region is predominantly stratabound, and in many places follows intercalated chert units. At Copper Hills and Kelly's copper mineralisation is contained within west-north-west striking sub-vertical shears and faults in felsic tuffs and agglomerate. The fractures, often quartz filled, truncate the volcanics and extend into the Archaean granites.

10.3 EXPLORATION HISTORY

Regionally the area has been explored by various operators for gold in the late 19th Century, and later for base metals from the 1950's, which resulted in the discovery of the Copper Hills Mining Centre.

The region's largest copper producer, the Copper Hills Mine, located along strike approximately 30km to the NE of the tenement, produced 1,960t of copper (1952-63) and 15,456t of cupreous ore @ 13% Cu (1954-63). Local production statistics from the Kelly Mining Centre, approximately 15km to the northeast, are unavailable for the two mines, Copper Hills/Stream & Glen Ellen Pool/H, although they are known copper producers.

10.4 EXPLORATION POTENTIAL

There are no currently identified targets on the tenement, however the known occurrence of significant copper mineralisation along strike from the tenement, and within the same structural corridor, provide evidence of prospectivity for copper mineralisation. There may also be some potential for gold mineralisation on the project.

Ravensgate agrees with Montezuma's assessment that recommended initial work should include geological mapping, reconnaissance and surface geochemical sampling to identify any potential targets within the project.

10.5 EXPLORATION PROGRAMME AND BUDGET

A comprehensive exploration budget has been prepared by Montezuma to conduct exploration for copper and gold mineralisation at the Copper Hills South Project.

Planned exploration will be as follows;

- Landsat and aeromagnetic data acquisition, mapping, geochemical sampling, and geophysical surveys

An exploration programme constituting $0.03M expenditure over two years is presented in Table 17.

Table 17 Proposed Exploration Budget – Copper Hills South Project

Activity	Year 1	Year 2	Total
Landsat acquisition/interpretation	$0	$0	$0
Aeromagnetics acquisition/interpretation	$10,000	$0	$10,000
Geological Mapping	$7,006	$0	$7,006
Geochemical Sampling	$14,500	$0	$14,500
RAB Drilling Phase 1	$0	$69,175	$69,175
RAB Drilling Phase 2	$0	$0	$0
RC Drilling Phase 1	$0	$0	$0
RC Drilling Phase 2	$0	$0	$0
TOTAL	**$31,506**	**$69,175**	**$100,681**

DECLARATION

This report has been prepared by John Haywood, who has over 17 years experience in the mineral industry as a geologist, consultant and valuer and has carried out numerous resource calculations and valuations of exploration properties.

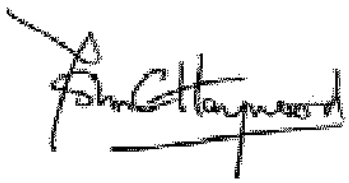
Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of Montezuma Mining Company Ltd ('Montezuma') or any associated company. Neither Ravensgate nor any of its affiliates have acted previously in any capacity for Montezuma or any of its associates or affiliates.

Ravensgate's professional fees are based on time charges for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached.

This report is written to conform with the AusIMM's Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (ValMin Code) as revised March 1998. Where mineral resources and reserves are referred to, the terminology is consistent, unless specifically stated to the contrary, with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Code) as per the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Australian Mining Industry Council (JORC) and dated December, 2004.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 7th September, 2006.

Signed



John Haywood

Principal Consultant

Ravensgate

INDEPENDENT CONSULTING GEOLOGISTS REPORT
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INDEPENDENT CONSULTING GEOLOGISTS REPORT
GLOSSARY

A-type granite	Fractionated, upper level variety of I-type granites.
Acid (rock)	Igneous rock, composed predominantly of light-coloured minerals, with a SiO2 content >65% e.g. granite, rhyolite
Aeolian	Formed or deposited by wind.
aerial photography	Photographs of the Earth's surface taken from an aircraft.
Aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
Aircore Drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods.
airborne geophysical data	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
Adit	Horizontal tunnel into the side of a hill or steep incline.
Ag	Chemical symbol for silver.
Agglomerate	Chaotic assemblage of coarse angular pyroclastic materials
Aircore	A drilling method suitable for unconsolidated material that returns a sample free of contamination from the overlying material
alkali	Used in reference to materials that are rich in sodium and/or potassium
alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amethyst	Variety of quartz, commonly purple.
Amphibolite	A metamorphic rock composed predominantly of the mineral amphibole
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
antiformal	An anticline-like structure.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
Arkose	A sandstone that contains at least 25% feldspar. Easily recognized because the feldspar grains are typically pink and angular in shape.
Arsenic	A metallic element, chemical symbol As
assayed	The testing and quantification metals of interest within a sample.
Au	Chemical symbol for gold.
augite	A mineral of the pyroxene group.
Auriferous	Rock that contains gold (Au).
AusIMM	Australian Institute of Mining and Metallurgy.
argillic	A type of hydrothermal alteration where rock minerals are converted to clays.
axial plane	The plane that intersects the crest or trough of a fold, about which the limbs are more or less symmetrically arranged.

basalt	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
Basin	The site of accumulation of a large thickness of sediments.
Banded Iron Formation (BIF)	A rock that consists of alternating layers of chert and iron oxide mineral (usually hematite) with the iron oxide in high enough concentration to be of economic value.
base metals	A non-precious metal, usually referring to copper, lead and zinc.
bedrock	Any solid rock underlying unconsolidated material.
Bi	Chemical symbol for Bismuth.
biotite	Dark brown to black mica.
BLEG sample	Bulk leach exploration gold sample (see soil sampling)
Breccia	Coarse-grained angular rock that can form through igneous and mineralising processes.
Brittle	Rock deformation characterised by brittle fracturing and brecciation.
bornite	Lustrous Brownish-bronze copper mineral. Cu5FeS4.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
Calcareous	Rock that contains a significant portion of calcium ie: calcareous siltstone, calcrete.
Calcite	A common mineral, CaCO3.
Calc-alkaline	Series of silica-oversaturated volcanic rocks typical of arc-volcanic settings.
Calc-silicate	A metamorphic rock consisting largely of carbonate and calcium-bearing silicate minerals; formed by the metamorphism of carbonate sediments
Caldera	A large basin shaped circular volcanic depression.
Cambrian	A period in geological time, 506 to 544 Ma.
Carbonate	A mineral compound containing the radical CO3 anion; especially calcium carbonate (CaCO3)
Carbonaceous	Containing carbon.
Calcite	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO3. Essential component of limestones and marbles.
Cartonlite	Bright yellow-green, radioactive uranium mineral. USiO4.OH.
Chalcedony	Variety of quartz, commonly cryptocrystalline.
Chalcopyrite	A brassy coloured sulphide mineral Cu Fe S2, an important source of copper.
chargeability	A unit of measurement in induced polarisation (IP) geophysical surveys. A high chargeability may indicate the presence of sulphide mineralisation
Chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clast	A individual fragment of a rock, which was derived from the break-up of a larger rock
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
Co	Chemical symbol for the element cobalt.
Colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
Co-magnetic	A series of igneous rocks that have the same source magma.
conduits	The main pathways that facilitate the movement of hydrothermal fluids.
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
Continental magmatic Arc/ Island arc	A generally curved linear belt of volcanoes above subduction zones.
Copper (Cu)	A reddish metallic element, used as an electrical conductor and is the basis of brass and bronze.
Cretaceous	An era of geological time spanning the period from 135 million years ago to 65 million years.
CSMAT	Controlled Source Audio Frequency Magneto-Telluric: a geophysical exploration method
Cyanide	A chemical used in the extraction of gold
D1, D2	Deformational event.
dacite	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
depletion	The lack of gold in the near-surface environment due to leaching processes during weathering.

Devonian	The geological period between about 395 and 345 million years ago
diamond drilling	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
dilational	Open space within a rock mass commonly produced in response to folding or faulting.
diatreme	A breccia filled volcanic pipe that formed by a gaseous explosion.
Diorite	An intrusive igneous rock, characteristically containing the minerals hornblende, plagioclase, and pyroxene
dip	Angle at which a planar feature is inclined from the horizontal.
Dissemination	Distribution of mineral in rock.
Dolerite	A dark-coloured fine to medium-grained intrusive igneous rock
Dolomite	Magnesium-rich carbonate rock.
Ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
dyke	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
ELA	Exploration Licence Application.
EL	Exploration Licence, granted by the relevant Government bodies.
Electromagnetic (EM) survey	System of measuring the alternating magnetic fields associated with electrical currents artificially or naturally maintained in the sub-surface. Often used to locate massive sulphide occurrences.
en-echelon	Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.
Epidote	Lustrous green, yellow or black mineral. Ca2(Al,Fe)3(SiO4)3OH.
Epithermal	Hydrothermal deposit formed within 1km of the earth's surface. Two styles are recognised, high and low sulphidation.
Erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the Earth's surface.
extrusive	Igneous rocks that have erupted on surface.
F	Chemical symbol for Fleurine.
Fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Ferrugenised	Altered by iron minerals.
Flow banding	Banding within extrusive volcanic derived rocks.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
follow-up	A term used to describe more detailed exploration work over targets generated by regional exploration.
Feldspar	Common rock forming mineral. X(Al, Si)3O8, where X may = K, Na, Ca, BA, Rb, Sr or Fe.
Feldspathic	Containing a major proportion of feldspar.
Formation	A rock unit; often sedimentary; may be given a formal name; capable of its distribution being mapped either at or below the surface of the Earth
Fractionated	Chemical partitioning of elements during the crystallization of igneous rocks.
g/t	Grammes per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
Gangue	Waste mineral in an ore deposit.
Gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
galena	PbS. Blue-grey sulphide mineral of lead.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
GEOTEM	A geophysical exploration method that uses electromagnetics
geothite	Iron oxide mineral, Fe2O3.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
glauconite	Greenish variety of the mica group.
gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.

gossan	The weathered surface expression of sulphide mineralisation; characterised by hydrated iron oxides
Graben	An elongate trough or basin, bounded on both sides by steep faults.
grade	Expression of relative quality (e.g. high grade) or of numerical quantity (e.g. 3.0g/t Au)
Gradient Array Survey	An electrical geophysical exploration method
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granoblastic	A term describing the texture of a metamorphic rock in which the crystals are of equal size.
Granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
granitoid	General term to describe intrusive plutonic rocks with granitic affinities.
graphitic	A rock containing the carbonaceous mineral graphite
Gravity survey	Measurement and collection of the Earth's gravitational field that can differentiate different rock types based on the distribution of densities.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
greywacke	A sandstone like rock, with grains derived from a dominantly volcanic origin.
Ground Magnetics	A geophysical exploration method based on the detection of buried rock bodies of different density to those surrounding them
g/t	Grammes per tonne
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.
halite	Impure salt deposit formed by evaporation.
Hanging wall	The mass of rock above a fault, vein or zone of mineralisation.
hematite	Iron oxide mineral, Fe2O3.
Hinge zone	A zone along a fold where the curvature is at a maximum.
Hornblende	Mineral of the amphibole group.
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
I-type granite	Granite that results from igneous magmatic processes.
Igneous	Rocks that have solidified from a magma.
Ignimbrite	The deposit of a pyroclastic flow.
IP	Induced polarisation. The product of electric charge displacement. A type of geophysical survey.
Indicated Resource	A mineral resource inferred from drill holes, geology, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable level of continuity, and where geoscientific data is known with a reasonable level of reliability.
Induration	The process whereby an unconsolidated sediment or soil becomes hardened to form a rock
infill	Refers to sampling or drilling undertaken between pre-existing sample points.
Inferred Resource	A mineral resource inferred from drill holes, geology, underground openings or other sampling procedures where the gaps in data are such that continuity cant be predicted with confidence, and where geoscientific data may not be known with a reasonable level of certainty.
inlier	An area or formation of older rocks completely surrounded by younger rocks.
insitu	In the natural or original position.
interflow	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
Intracratonic	Within the boundary of a craton, an area of continental crust that has been relatively undisturbed since Proterozoic times.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
Iron Oxide Copper Gold (IOCG)	Style of mineral deposit where copper and gold is associated with iron oxide minerals, generally as a result of igneous activity.
ironstone	A rock formed by cemented iron oxides.
isoclinal	A series of folds that dip in the same direction at the same angle.

In-situ Leaching (ISL)	Method of mining whereby fluids capable of dissolving ore minerals are pumped into orebody in the ground via a series of bores, and extracted by another set of bores for treatment to extract ore minerals on surface.
Jasper	Type of quartz belonging to the chalcedony family.
Joint Venture	A business agreement between two or more commercial entities.
Jurassic	An era of geological time spanning the period from 200 million years ago to 135 million years ago.
K	Chemical symbol for potassium.
komatiitic	Magnesium-rich mafic to ultramafic extrusive rock.
lava	A rock formed by the solidification of molten extrusive volcanic material
Lithic tuff	Tuff containing fragments of previously formed non-pyroclastic rocks.
lithology	Composition and texture of rock
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
Lead (Pb)	A metallic element, the heaviest and softest of the common metals.
lineament	A significant linear feature of the Earth's crust, usually equating a major fault or shear structure.
lithological contacts	The contacts between different rock types.
lithotypes	Rock types.
Lode	A tabular or vein-like deposit of valuable mineral between well-defined walls
Ma	Million years ago.
Mafic	Rock types enriched in magnesium and iron.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
Massive sulphide	Rock containing abundant sulphides that constitutes 100% of mass.
Measured Resource	That part of a resource for which tonnage, densities, shape, physical characteristics, grade, and mineralogy can be estimated with a high level of confidence
Mesoproterozoic	The middle of the three Proterozoic eras; between about 1,600 and 1,000 million years ago
Mesothermal	Style of deposit that has developed at moderate depths in the Earths crust.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
metasedimentary	A rock formed by metamorphism of sedimentary rocks.
Mesozoic	An era of geological time spanning the period from 255 million years ago to 65 million years ago.
Mica	Lustrous flaky mineral eg: Muscovite.
migmatite	A rock in which two components (typically igneous and metamorphic) are intimately mixed so as to make the individual components virtually unmappable; formed at depth in the Earth's crust
mineralisation	The concentration of metals and their minerals within a body of rock
Mn	Chemical symbol for Manganese
Mo	Chemical symbol for Molybdenum.
molybdenite	The sulphide mineral of molybdenum (MoS_2)
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content (aka monzonite).
Moz	Millions of ounces.
Mt	Million tonnes.
muscovite	Variety of white mica.
mudstone	Fine-grained sedimentary rock whose original constituents were clays or muds.
mylonite	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.
Nickel (Ni)	Silvery-white metal used in alloys.
open pit	A mine working or excavation open to the surface.
Ortho image	A geographically located composite plan using aerial photography as a base.
Outcrops	Surface expression of underlying rocks.
oxide	Highly weathered material
P	Chemical symbol for phosphorous
Palaeoproterozoic	The oldest of the three Proterozoic eras; between about 2,500 and 1,600 million years ago

Proterozoic	An era in geological time from 1600Ma to 2500Ma.
Pathfinder	Term used to describe an element that while not being of ore grade is associated with ore minerals and is easier to locate.
Palaeochannel	Ancient drainage system.
Pb	Chemical symbol for lead.
pegmatite	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
phyllite	Metamorphosed, fine grained sediment.
pitchblende	Massive brown-black variety of uraninite.
plagioclase	A mineral of the feldspar group, a common rock forming mineral.
polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
porphyry	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
porphyritic	Texture containing larger crystals set in a fine groundmass.
ppb	Parts per billion; a measure of low level concentration.
ppm	Parts per million; a measure of low level concentration.
Propylitic	Type of low temperature hydrothermal alteration. Typical minerals include chlorite-calcite-sericite.
Proterozoic	The younger portion of the Precambrian; from about 2,500 to 580 million years ago
Pyrrhotite	A brassy-yellow sulphide mineral Fe1-x S2
pyrite	A yellow sulphide mineral, FeS2.
quartz	Mineral composed of SiO2
quartzofeldspathic	Compositional term relating to rocks containing abundant quartz and feldspar, commonly applied to metamorphic and sedimentary rocks.
Proterozoic	An era of geological time from 544Ma to 2500Ma.
quartzose	Quartz-rich, usually relating to clastic sedimentary rocks.
Quaternary	Upper time period of the Cainozoic, above the Tertiary (younger).
RAB Drilling	A drilling method in which the fragmented sample is brought to the surface outside of the drill rods. Generally used a first pass method, where indications if mineralisation are obtained, but are not of a sufficient quality for resource calculations.
radiometric	Geophysical survey where elements such as uranium, potassium and thorium are measured.
rafts	A relatively large block of foreign rock incorporated into an intrusive magma.
RC (percussion) drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
REE	Rare Earth Mineral.
Redox boundary	Boundary between reducing and oxidising fluids.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point or origin.
resources	Insitu mineral occurrence from which valuable or useful minerals may be recovered.
Rift	A break in the Earth's crust created by geological stress.
rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
rock chip sampling	The collection of rock specimens for mineral analysis.
saprock	Zone of weathered rock preserved within the weathered profile.
saprolite	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the Earth's surface from satellites.
sand	Loose material consisting of grains of rock or coral.
sandstone	A medium-grained sedimentary rock.
Sb	Chemical symbol for the metallic element antimony
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
Scintillometer	Instrument that measures radiation by counting the flashes of light produced in a fluorescent material by radioactive minerals.
scheelite	Mineral containing Tungsten, CaWO4.

scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
Sedimentary	A term describing a rock formed from sediment.
Sedimentary exhalative (SEDEX)	Type of base metal deposit where basinal metal-rich brines circulate through sediments and deposit mineralisation.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
shear	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
Sheeted veins	A set of parallel or sub-parallel veins
silica	Dioxide of silicon, SIO2, usually found as the various forms of quartz.
silicified	Alteration product caused by the addition of silica.
sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
siltstone	Fine-grained sediments, with a grain size between those of sand and clay.
Skarn	Term used to describe silicate gangue minerals associated with iron and sulphide ore deposits, formed through hydrothermal processes.
soil sampling	The collection of soil specimens for mineral analysis, to study the distribution of soil geochemical values.
sphalerite	Principal mineral of Zinc (Zn). Can be white, red, yellow. ZnS.
stockwork	Net-like formation of veins and or fracture fillings in mineralised rock.
strata	Sedimentary rock layers.
stratiform	A mineral deposit occurring in layers; especially parallel to those of the enclosing strata
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
structural	Pertaining to geological structure
strike	Horizontal direction or trend of a geological structure.
subaerial	Occurring at or near the surface of the earth.
subcrop	Poorly exposed bedrock.
sulphasalt	A salt of sulphacid.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syenite	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
syntectonic	Occurring or forming at the same time as a period of tectonism
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the Earth's crust.
TEM	Transient electromagnetics; a geophysical prospecting method
Tertiary	An era of geological time spanning the period from 65 million years ago to the present.
Th	Chemical symbol for thorium.
tholeiitic	A descriptive term for a basalt with little or no olivine.
thrust fault	A reverse fault or shear that has a low angle inclination to the horizontal.
tonalite	Igneous intrusive rock.
tremolite	A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.
tuff	A volcanic rock formed by the settling of particles from the air after an eruption.
Tungsten	A metallic element, chemical symbol W
U	Chemical symbol for uranium.
U3O8	Uranium Oxide, produced from the milling and concentration of uranium ore. Also known as yellowcake.
Ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
unconformity	Discontinuity between strata of different ages, signifying a cessation in deposition.
uraninite	Uranium oxide. Major ore mineral. UO2

uranophane	Bright yellow radioactive uranium mineral. Ca(UO2)2(SiO3)2(OH)2.5(H2O)
vein	A thin infill of a fissure or crack, commonly bearing quartz.
vesicular	Texture of an igneous rock. Contains cavities that represent trapped gases.
VMS	Volcanogenic massive sulphide. Base metal deposit associated with felsic volcanics and extrusion of metal rich brines (hot smokers) onto sea floor.
volcaniclastic	Pertaining to clastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
Workings	Minor scrapings, pits, or shafts dug by prospectors or small scale miners; mostly historical
xenotime	A yellow-reddish mineral of yttrium, YPO4.
Zinc (Zn)	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

SECTION 5 - RISK FACTORS

5.1 INTRODUCTION

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. These risk factors are largely beyond the control of the Company and its directors because of the nature of the proposed business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware.

5.2 GENERAL RISK FACTORS

(a) Exploration and Mining Risks

The future viability and profitability of the Company as an exploration and mining company will be dependent on a number of factors, including, but not limited to, the following:

- commodity prices and exchange rates;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations and competent management;
- risks associated with obtaining grant of any mining tenements which are applications or renewal of tenements upon expiry of their current term including renewal of the Company's existing reconnaissance licences, grant of existing licence applications and of further prospecting licences it is proposed that Montezuma will apply for;
- risks arising because of native title and indigenous land rights which may affect the Company's ability to gain access to prospective exploration areas to obtain production titles. Compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquire by the Company;
- the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;
- environmental management issues with which the Company may be required to comply from time to time;
- poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues; and
- unforseen major failures, breakdowns or repairs required to key items of mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep.

(A) OTHER RISKS

The future viability and profitability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- currency exchange rate fluctuations;
- financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial disputes in Australia.

5.3 COUNTRY RISKS

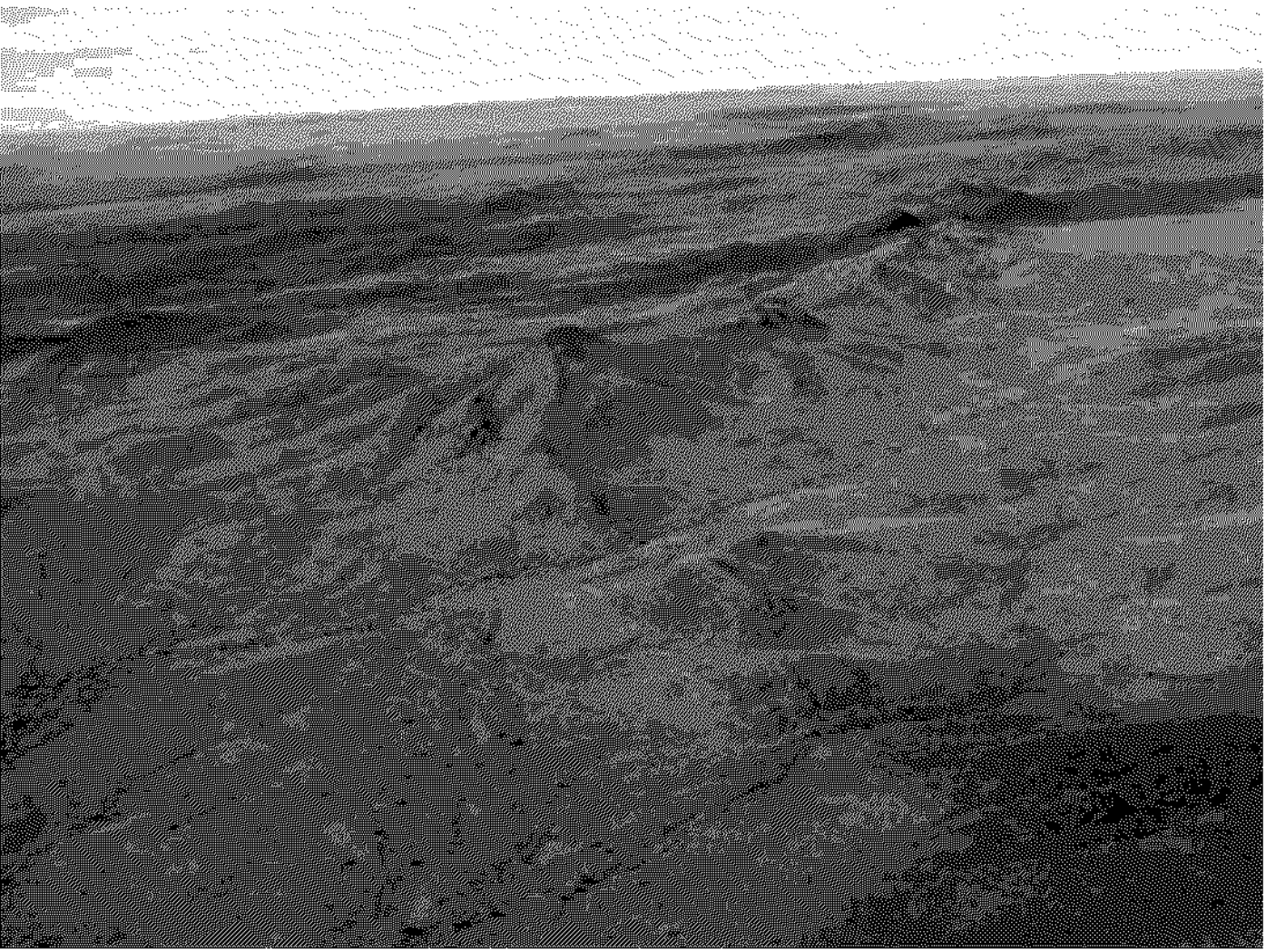
The Company's primary assets are located in Western Australian, which introduces both sovereign and Western Australian domestic economic risk issues to investors investing in the Company's Shares.

5.4 SPECULATIVE NATURE OF INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares in the Company.



SECTION 6 - INDEPENDENT ACCOUNTANTS REPORT

12 September 2006

The Directors
Montezuma Mining Company Ltd
Level 3, 46 Ord St
West Perth WA 6005

Dear Sirs

RE: INDEPENDENT ACCOUNTANTS REPORT

1. INTRODUCTION

This report has been prepared at the request of the Directors of Montezuma Mining Company Ltd ("Montezuma" or "the Company") for inclusion in a Prospectus to be dated on or around 13 September 2006 ("the Prospectus") relating to the proposed issue by Montezuma of up to 22,500,000 shares to be issued at a price of 20 cents per share to raise up to $4,500,000. The minimum subscription level is $2,500,000 (12,500,000 shares).

2. BASIS OF PREPARATION

This report has been prepared to provide investors with information on historical results and the assets and liabilities of Montezuma. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Rothsay Consulting Services Pty Ltd has not been requested to consider the prospects for Montezuma, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Rothsay Consulting Services Pty Ltd accordingly, takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report.

3. BACKGROUND

Montezuma was incorporated on 16 May 2006 with the issue of 3 ordinary shares of $1 each. Subsequent to incorporation and to the date of this report 3,500,000 ordinary shares were issued to the founders paid to 0.01 cents ($350) and 2,500,000 ordinary shares were issued to seed capitalists at 7.5 cents ($187,500) and 1,000,000 ordinary shares were issued to further seed capitalists at 10 cents ($100,000).

The founder shares have 3,500,000 attached options exercisable at 20 cents each expiring 31 August 2011 and 3,500,000 attached options exercisable at 35 cents each expiring 31 August 2011. The original seed shares have 2,500,000 attached options exercisable at 20 cents each expiring 31 August 2011.

6,000,000 fully paid ordinary shares at the deemed value of 7.5 cents each with 1,500,000 options exercisable at 20 cents each expiring 31 August 2011 were issued as consideration to the vendors of the exploration properties acquired.

Potential investors should read the Prospectus in full and note the value attributed to the exploration properties acquired.

Details on all contracts entered into between Montezuma and other parties are outlined in the Material Contracts section of the Prospectus.

4. SCOPE OF EXAMINATION

You have requested Rothsay Consulting Services Pty Ltd prepare an Independent Accountant's Report on:

(a) The results of Montezuma for the period from incorporation to 30 June 2006;

(b) The statement of financial position of Montezuma as at 30 June 2006;

(c) The pro-forma statement of financial position of Montezuma as at 30 June 2006 adjusted to include funds to be raised by the Prospectus.

We have examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

(i) Discussions with Directors and other key management of Montezuma;

(ii) A review of the accounts of Montezuma;

(iii) A review of publicly available information; and

(iv) A review of work papers, accounting records and other documents.

5. OPINION

In our opinion, the proforma statement of financial position as set out in Appendix 2 presents fairly, the proforma statement of financial position of Montezuma as at 30 June 2006 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3.

No opinion is expressed on the historical results, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the result of the period identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2006, that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. OTHER MATTERS

At the date of this report, Rothsay Consulting Services Pty Ltd does not have any material interest in Montezuma either directly or indirectly, or in the outcome of the offer. Rothsay Chartered Accountants have been appointed auditors of Montezuma. Apart from this report, Rothsay Consulting Services Pty Ltd was not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Rothsay Consulting Services Pty Ltd has consented to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

ROTHSAY CONSULTING SERVICES PTY LTD

Graham R Swan FCA MAICD
Director

INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 1

CONDENSED CONSOLIDATED HISTORICAL STATEMENTS OF FINANCIAL PERFORMANCE

	Period Ended 30 June 2006
Other income from ordinary activities	137
Expenses from ordinary activities	(96)
Net profit before tax	40

APPENDIX 2

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Audited 30 June 2006	Pro-forma 30 June 2006
		$A	$A
Current Assets			
Cash Assets	3	189,893	4,386,566
Receivables		802	802
Total Current Assets		190,695	4,387,368
Non-Current Assets			
Exploration properties	4	-	450,000
Total Non-Current Assets		-	450,000
Current Liabilities			
Payables	5	8,817	-
Total Current Liabilities		8,817	-
Net Assets		**181,878**	**4,837,368**
Equity			
Contributed Equity	6	181,838	4,837,328
Retained earnings		40	40
Total Equity		**181,878**	**4,837,368**

To be read in conjunction with Appendix 3

INDEPENDENT ACCOUNTANTS REPORT

APPENDIX 3

NOTES TO THE STATEMENTS OF FINANCIAL PERFORMANCE AND

STATEMENTS OF FINANCIAL POSITION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The condensed Statements of Financial Performance and Financial Position have been prepared in accordance with Australian accounting standards, equivalent to International Financial Reporting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income Tax

The charge for current income tax is based on the profit for the year adjusted for any non-assessable or non-deductible items, at the ruling tax rate. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences will be utilised.

(c) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that are written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(d) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(e) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal.

(f) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

(g) Operating Revenue

Revenue represents bank interest received.

(h) Issued Capital

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 from the proceeds.

2. ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PROFORMA STATEMENT OF FINANCIAL POSITION

Actual and proposed transactions adjusting the 30 June 2006 Audited Statement of Financial Position in the pro-forma Statement of Financial Position are as follows:

a) the issue of further seed capital to raise $100,000
b) acquisition of exploration properties by the issue of shares at the deemed value of $450,000; and
c) the issue of 22,500,000 ordinary shares at 20 cents each pursuant to this Prospectus to raise $4,500,000; and
d) the payment of float costs estimated at $394,510; and
e) the payment of accounts payables at 30 June 2006;

	Note	Audited 30 June 2006 $	Proforma 30 June 2006 $
3. CASH AT BANK			
The movements in cash at bank are as follows:			
At 30 June 2006		189,893	189,893
Issue of further seed capital	(a)	-	100,000
Issue of shares pursuant to Prospectus	(c)	-	4,500,000
Payment of float costs	(d)	-	(394,510)
Payment of account payables at 30 June	(e)	-	(8,817)
		189,893	4,386,566
4. EXPLORATION PROPERTIES			
Less: Exploration properties acquired	(b)	-	450,000
		-	450,000
5. PAYABLES			
Less: Payment of accounts payable	(e)	8,817	(8,817)
		8,817	-
6. CONTRIBUTED EQUITY			
(a) Share Capital			
Contributed equity as at 30 June 2006		181,838	181,838
Issue of further seed capital	(a)	-	100,000
Issue of vendor shares to acquire exploration properties	(b)	-	450,000
Issue of shares pursuant to this prospectus	(c)	-	4,500,000
Payment of float costs	(d)	-	(394,510)
		181,838	4,837,328

7. CONTINGENT LIABILITIES

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no material contingent liabilities.

8. COMMITMENTS

Based on discussions with the Directors the Company has exploration commitments of $170,000 in the first year to maintain its exploration permits in good standing. Additional exploration expenditure is likely to occur on a discretionary basis.

The Company has additional commitments pursuant to contracts with the managing director and company secretary for administration services of $185,000 per annum.

SECTION 7 - SOLICITORS REPORT

12 September 2006

WRIGHT
LEGAL

Phone: 08 9327 0800
E-mail: stuart@wrightlegal.com.au

The Directors
Montezuma Mining Company Ltd
Level 3, 46 Ord Street
WEST PERTH WA 6005

Dear Sirs

SOLICITOR'S REPORT

This report is prepared for inclusion in a prospectus ***(Prospectus)*** to be dated on or about 12 September 2006 for issue by Montezuma Mining Company Ltd ACN 119 711 929 ***(Company)*** of 22,500,000 Shares at an issue price of 20 cents ($0.20) per share together with one free attaching Option for every four Shares issued.

Capitalised terms used in this Solicitor's Report have, unless otherwise defined, the meaning given in the Prospectus.

This Report relates to:

(a) various mining tenements in Western Australia ***(Tenements)*** held by the Company listed in the Tenements Schedule ***(Schedule)*** at the end of this Report; and

(b) a summary of the various material contracts ***(Agreements)***, set out in item 9 below, to which the Company is a party.

Words and expressions defined in the Prospectus have the same meaning when used in this Report.

1 SEARCHES

We have conducted the following searches and enquiries:

(a) searches of the Tenements in the register maintained by the Department of Industry and Resources of Western Australia ***(DoIR)*** pursuant to the Mining Act 1978 (WA) ***(Mining Act)*** on 7 September 2006;

(b) quick appraisal searches of the Tenements obtained on-line from the Tengraph system maintained by the DoIR dated 7 September 2006; and

(c) searches of the native title application summaries maintained by the National Native Title Tribunal (***NNTT***) on 7 September 2006 in relation to those native title claims which affect the Tenements.

Based on our searches and enquiries and subject to the statements set out below, we confirm at the date of the searches:

(a) the details of the mining tenements referred to in this Report are accurate as to the status and registered holders of those tenements;

(b) where title to a mining tenement has not been granted that fact is disclosed in the Schedule;

(c) all applicable rents due in respect of the mining tenements under the Mining Act have been paid;

(d) any caveats against the titles of the mining tenements have been disclosed in the Schedule; and

(e) none of the mining tenements are subject to any unusual conditions of a material nature other than as disclosed in the Schedule.

2 ASSUMPTIONS AND QUALIFICATIONS

In preparing this Report:

(a) we have relied on the information provided as a result of the searches which we have made or caused to be made of the register and the Tengraph system maintained by DoIR and the register maintained by the NNTT being accurate and complete;

(b) where compliance with requirements necessary to maintain a Tenement in good standing or a possible claim in respect of a Tenement is not disclosed on the face of the searches referred to above, we express no opinion on that compliance or claim;

(c) where any agreement, dealing or act (including disturbing the land for exploration or mining) in a Tenement requires an authorisation, approval, permission or consent (Authorisation) under the Mining Act, any regulations made thereunder or any other relevant legislation, we have assumed that Authorisation has been or will be granted in due course;

(d) where any dealing in a Tenement has been lodged for registration but is not yet registered, we express no opinion as to whether the registration will be effected, or the consequences of non-registration;

(e) we express no opinion as to whether an application for a Tenement will ultimately be granted;

(f) we have assumed that the Company has complied with all applicable provisions of the Mining Act and all other legislation relating to the Tenements and the Agreements;

(g) we have not researched the underlying land tenure in respect of the Tenements to determine if native title rights have or have not been extinguished, or the extent of any extinguishment;

(h) we have not undertaken the extensive research necessary to establish if native title claims may be made in the future over the area of the Tenements;

(i) we have not researched the area of the Tenements to determine if there are any registered or unregistered sites of significance to aboriginal people within the area;

(j) other than as noted in the Schedule, we are instructed by the Company that there are no plaints or legal proceedings of any nature commenced or threatened in respect of the Tenements;

(k) we have assumed the only material contracts of which we have knowledge are the Agreements;

(l) we have assumed that the seals and signatures on Agreements are authentic and were within the capacity and powers of, and were validly authorised, executed and delivered by and are binding on the parties to each of them and constitute the entire agreement of the parties to each of them;

(m) we have assumed that the copies of all of the Agreements supplied to us were complete and conformed with the original agreements, that all Agreements have been lodged with the Office of State Revenue for stamp duty assessment, that stamp duty, when assessed, will be paid, and other taxes or registration have been paid or effected; and

(n) this Report relates solely to the laws of Western Australia at the date of this letter and we have made no investigations of the laws of any other jurisdiction.

3 TENEMENTS

The Tenements comprise exploration licences granted or applied for under the Mining Act.

Significant amendments to the Mining Act (**Amendments**) came into operation on 10 and 11 February 2006. The Amendments fundamentally affect the administration of mining tenements in Western Australia.

Those exploration licences listed in the Schedule granted or applied for prior to the Amendments have an initial term of 5 years from the date of grant, and may on application, be extended for two further periods of 3 or 2 years. Beyond those extensions, additional 1 year extensions are available under exceptional circumstances. At the expiry of the 3rd and 4th years of the term of an existing exploration licence, not less than half of the area of the exploration licences must be relinquished unless relief from that requirement is granted. The applications for exploration licences applied for after 11 February 2006 will, if granted, be granted for 5 year terms, however the Amendments provide for longer extensions of the licence's term. The Amendments also provide for a once only 40% compulsory reduction of the area at the end of the 5th year of the term of the exploration licence.

Ministerial consent is required under the Mining Act before any legal or equitable interest in an exploration licence can be created or dealt with during the first year of the term of the licence.

The Mining Act gives the holder of an exploration licence the right to apply for a mining lease (or mining leases) over the area the subject of the exploration licence. The grant of any mining lease is subject to compliance with the Mining Act. A mining lease may only be applied for over land where, at minimum, a mineral resource (not to a JORC standard) exists.

The Schedule sets out a brief description of the Tenements and a summary of any encumbrances and material conditions of an unusual nature.

In relation to the Schedule, we make the following comments:

(a) references to the areas of the Tenements are taken from the details shown on the searches, it is not possible to verify those areas without conducting a survey which has not been undertaken;

(b) exploration licences are measured by graticular blocks which, depending on where the licence is located, range in area from approximately 2.8 km^2 to 3.3km^2; and

(c) the rights of a holder of the Tenements is subject to compliance by that holder with the terms and conditions under the Mining Act and regulations made thereunder and the conditions specifically set out in the grant of the relevant Tenement.

4 NATIVE TITLE

In ***Mabo v Queensland (No 2)*** (1992 175 CLR 1) the Australian common law recognised a form of native title giving Aboriginal people certain rights to their traditional lands. The rights recognised in native title may vary from place to place and from people to people but in each case will originate in customary rights and the Aboriginal group claiming the rights must have maintained a traditional connection with the land.

Native title rights may be extinguished voluntarily or by legislative or executive action inconsistent with the native title such as the grant of a freehold interest in land. Native title may also be partially extinguished by the grant of rights over native title land not wholly inconsistent with native title rights. Where native title has been partially extinguished, it will co-exist with other rights to the land.

The ***Native Title Act 1993*** (Cth) (***Native Title Act***) was enacted in response to the common law recognition of native title. Among other things, the Native Title Act:

(a) provides a procedure for the recognition of native title claims in the Federal Court;

(b) confirms the validity of titles granted by the Federal Government prior to the commencement of the Native Title Act and provides for the States and Territories to validate such titles; and

(c) specifies the procedure for the grant of mining tenements which may affect native title rights.

The Native Title Act was amended in 1998 by the ***Native Title Amendment Act 1998***. The amendments included the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. The Western Australian Parliament has enacted the ***Titles (Validation) and Native Title (Effect of Past Acts) Act 1995*** which adopts the Native Title Act in Western Australia.

5 NATIVE TITLE CLAIMS

A person claiming to hold native title may lodge an application for determination of native title with the Federal Court. If the claim satisfies the registration test set out in the Native Title Act (***Registration Test***) it will be entered on the Register of Native Title Claims maintained by the NNTT. Registered claimants are afforded certain procedural rights, including the "right to negotiate". Claims which fail the Registration Test are, nevertheless heard by the Federal Court.

Claims affecting the Tenements have been noted in the Schedule.

The fact a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the claims are determined by the Federal Court.

6 VALIDITY OF TITLES

Under the Titles ***(Validation) and Native Title (Effect of Past Acts) Act 1995,*** the State validated mining tenements granted prior to 1 January 1994.

Under the Native Title Act, and subject to certain exceptions, the grant of a mining tenement on or after 1 January 1994 that affects native title is a "future act". The State passed the ***Titles Validation Amendment Act 1999*** to confirm the validity of mining tenements granted between 1 January 1994 and 23 December 1996 provided that certain requirements of the Native Title Act were complied with.

Mining tenements granted after 23 December 1996 that affect native title will be valid only if the applicable processes of the Native Title Act have been complied with. We understand that such processes have been complied with but have not undertaken independent enquiries to confirm this is the case.

7 FUTURE GRANT OF MINING TENEMENTS

The Federal Court must determine that native title exists before the extent the grant of a mining tenement impacts on native title can be established. Few such determinations have been made, however the valid grant of a mining tenement can be achieved if the processes of the Native Title Act and applicable State procedures are complied with. In most instances (other than the grant of certain low impact or infrastructure titles) the primary procedure is the "right to negotiate" process. The right to negotiate process need not be complied with if an indigenous land use agreement (***ILUA***) is negotiated with the relevant Aboriginal body. In such cases, the procedure for the grant of a mining tenement will be set out in the ILUA.

The right to negotiate process involves the notification and advertising of a proposed grant and negotiation between the native title claimants, tenement applicant and the State. If agreement on the tenement application cannot be reached, the NNTT may determine the tenement application.

Some of the Tenements are applications. The State has implemented a procedure to facilitate the grant of exploration and prospecting licences outside of the right to negotiate procedure if the tenement applicant is willing to enter into a standard heritage protection agreement. The procedure is likely to be available to the Company in respect of its applications for exploration licences. Applicants for exploration titles that do not fall within the State's standard heritage protection agreement areas, and applicants for mining leases must comply with the right to negotiate process to achieve the grant of those tenements.

8 ABORIGINAL HERITAGE

Sites that may be of spiritual, cultural or heritage significance to Aboriginal persons may be protected by the ***Aboriginal Heritage Act 1972 (Heritage Act).***

The Heritage Act makes it an offence to alter or damage a site of significance to Aboriginal people. The Heritage Act provides for but does not compel the registration of such sites. It is an obligation of a party disturbing any area of the state to ensure it does not disturb such a site.

We have not undertaken any searches or investigations as to whether there are or may be any sites protected by the Heritage Act within the area of the Tenements. It is common practice for an explorer to undertake surveys of any area that may host such sites prior to carrying out any ground disturbing activity.

9 MATERIAL AGREEMENTS

9.1 Heads of Agreement: East Pilbara Project – E45/2680, E45/2644, E45/2645, E46/676, E45/2769 and E45/2548

The Company and Duketon Consolidated Ltd (**Duketon**) are parties to a Heads of Agreement dated 30 June 2006 whereby the Company has acquired a 90% interest in Exploration Licences 45/2680, 45/2644, 45/2645, 46/676, 45/2769 and E45/25 (with all rights to tin, tantalum and lithium reserved to Duketon) for the issue of:

(a) 3,000,000 Shares; and

(b) 750,000 Options.

Duketon's 10% interest is to be free carried to the completion of a bankable feasibility study. If that study is positive, Duketon must either contribute to the project or dilute its interest to a 2% net smelter royalty.

The Company must meet all costs of maintaining the tenements from the date of the agreement.

Transfers of the granted tenements have been prepared. The consent of the Minister to the registration of the transfers is required. Pending that consent, caveats have been lodged against the granted tenements protecting the interest of the Company.

9.2 Heads of Agreement: East Pilbara Project – E45/2375 and E45/2768

The Company and South Boulder Mines Ltd (**South Boulder**) are parties to a Heads of Agreement dated 30 June 2006 whereby the Company has acquired a 90% interest in Exploration Licences 45/2375 and 2768 (with all rights to tin, tantalum and lithium reserved to South Boulder) for the issue of:

(a) 3,000,000 Shares; and

(b) 750,000 Options.

South Boulder's 10% interest is to be free carried to the completion of a bankable feasibility study. If that study is positive, South Boulder must either contribute to the project or dilute its interest to a 2% net smelter royalty.

The Company must meet all costs of maintaining the tenements from the date of the agreement.

Transfers of the granted tenements have been prepared. The consent of the Minister to the registration of the transfers is required. Pending that consent, caveats have been lodged against the granted tenements protecting the interest of the Company.

9.3 Heads of Agreement: East Pilbara Project – E45/2925

The Company and Duketon Consolidated Ltd (**Duketon**) are parties to a Heads of Agreement dated 7 July 2006 whereby the Company has acquired a 90% interest in Exploration Licence 45/2925 (with all rights to tin, tantalum and lithium reserved to Duketon).

Duketon's 10% interest is to be free carried to the completion of a bankable feasibility study. If that study is positive, Duketon must either contribute to the project or dilute its interest to a 2% net smelter royalty.

The Company must meet all costs of maintaining the tenements from the date of the agreement.

9.4 Heads of Agreement: Callawa Project – E45/2927

The Company and Langtree Christopher Coppin (**Coppin**) are parties to a Heads of Agreement dated 21 August 2006 whereby the Company will, upon admission to the Official List, acquire a 100% interest in Exploration Licences 45/2927 for the issue of:

(a) 500,000 Shares;

(b) $20,000; and

(c) a 2% gross royalty on all mineral resources discovered within E45/2927.

Should the Company apply for and be granted any mining tenement adjacent to E45/2927, the Company must give to Coppin or his nominee a 2% gross royalty on all mineral resources discovered on such tenement.

The Company must meet all costs of maintaining the tenements from the date of the agreement.

9.5 Heads of Agreement: Weebo and Leonora Projects – E37/802 and E37/833

Pandell Pty Ltd (**Pandell**) and Duketon are parties to a Heads of Agreement dated 30 June 2006 whereby Pandell acquired a 50% interest in E37/802 from Duketon and Duketon acquired a 50% interest in E37/833 of Pandell. No other consideration was payable. There is an obligation on Pandell and Duketon to renegotiate or terminate the arrangement should the subject tenements not be vended into a company that is or becomes admitted to the Official List by 29 June 2007.

On 30 June 2006, the Company, Duketon and Pandell entered into a Heads of Agreement whereby the Company acquired an 80% interest in E37/802 and E37/833.

Duketon's 10% interest and Pandell's 10% interest is to be free carried to the completion of a bankable feasibility study. If that study is positive, Duketon and Pandell must either contribute to the project or dilute its interest to a 1% net smelter royalty each.

The Company must meet all costs of maintaining the tenements from the date of the agreement.

10 CONSENT

This report is given on the date set out at the commencement and unless specified to the contrary, speaks only to the laws in force on that date.

Wright Legal have consented to the inclusion of this Report in the Prospectus in the form and context in which it is included and have not withdrawn that consent before the lodgement of the Prospectus with ASIC.

Yours faithfully

WRIGHT LEGAL

Tenements Schedule

TENEMENT	PROSPECT NAME	HOLDER/ APPLICANT	SHARES HELD	STATUS	GRANT DATE	EXPIRY DATE	AREA (BLOCKS)	REQUIRED EXPENDITURE	NOTES
EAST PILBARA PROJECT									
E45/2680	Talga	DCL	100/100ths	Live	30/3/2006	29/3/2011	70	$70,000	1, 2, 3 & 6
E45/2375	Pilgangoora	SBM	100/100ths	Live	13/2/2006	12/2/2011	11	$20,000	1, 6 & 7
E45/2644	Panorama	DCL	100/100ths	Pending	Applied for 24/5/2004		12	N/A	4 & 6
E45/2645	Panorama	DCL	100/100ths	Pending	Applied for 24/5/2004		17	N/A	4 & 6
E45/2548	Western Shaw	DCL	100/100ths	Live	6/1/2006	5/1/2011	1	$10,000	6
E45/2769	Western Shaw	DCL	100/100ths	Live	16/5/2006	15/5/2011	2	$15,000	6
E45/2768	Western Shaw	SBM	100/100ths	Live	9/8/2006	8/8/2011	40	$40,000	1, 5 & 8
E45/2925	Barite Range	DCL	100/100ths	Pending	Applied for 3/7/2006		69	N/A	6 & 7
E45/2935	Callawa	MMC	100/100ths	Pending	Applied for 21/8/2006		70	N/A	6 & 9
E45/2927	Callawa	Coppin	100/100ths	Pending	Applied for 14/7/2006		18	N/A	6
E46/676	Copper Hills South	DCL	100/100ths	Live	16/5/2006	15/5/2011	3	$15,000	6
LEONORA PROJECT									
E37/802	Weebo	DCL	100/100ths	Pending	Applied for 20/10/2004		70	N/A	4, 10 & 11
E37/833	Weebo	PPL	100/100ths	Pending	Applied for 29/7/2005		6	N/A	4 & 10

Key

Coppin	=	Langtree Christopher Coppin
DCL	=	Duketon Consolidated Limited ACN 103 340 496
MMC	=	Montezuma Mining Company Ltd ACN 119 711 929
PPL	=	Pandell Pty Ltd ACN 009 364 103
SBM	=	South Boulder Mines Ltd ACN 097 904 302

Encumbrances

There are no encumbrances registered or recorded against any of the Tenements, however, caveats have been lodged (but not yet recorded) by MMC over its interest in E45/2680, E45/2375, E45/2548, E45/2769, E45/2768 and E46/676.

Notes

Each granted tenement is subject to standard conditions including conditions requiring the holder to obtain the consent of the relevant officer of the Department of Industry and Resources (**DoIR**) prior to conducting any ground disturbing work and basic environmental and rehabilitation conditions for minor disturbances. The following specific conditions attach to tenements as indicated.

1. There is one or more geodetic survey stations on this tenement and no mining is permitted within 15 metres of such stations.
2. A transmission line encroaches on this tenement. The holder must not interfere with the line and must permit the line's owners to access to the line.
3. A Public Utility and Stopping Place for Travellers Reserve and Stock Route Reserve encroach on this tenement and the holder may not commence mining on the reserves without the prior written consent of the Minister for Resources.
4. This application has been recommended for grant.
5. Pastoral Research Station 21802 encroaches on this tenement. Consent to mine on the station has been granted.
6. This tenement is subject to the Njamal (WAD6028/98; WC99/8) registered native title claim.
7. This tenement is subject to the Njamal People #10 (WAD6003; WC00/5) and Warrarn #1 (WAD82/98; WC95/61) registered native title claims.
8. This tenement is subject to the Palyku (WAD6287/98; WC99/16) registered native title claim.
9. This tenement is subject to the Birrimaya (WAD6051/98; WC95/60) registered native title claim.
10. This tenement is subject to the Wutha (WAD6064; WC99/10), Wongatha (WAD6005/98; WC99/1) registered native title claims and the Koara People (WAD6008/98; WC95/1) Finalised – Pre-combination native title claim.
11. This tenement is subject to the Koara Peoples No 5 (WAD6037/98; WC95/41) Finalised – Pre-combination native title claim.

SECTION 8 - ADDITIONAL INFORMATION

8.1 REGISTRATION

The Company was registered on May 16th 2006.

8.2 COMPANY TAX STATUS AND FINANCIAL YEAR

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually.

8.3 LEGAL PROCEEDINGS

The Directors are not aware of any litigation pending or threatened which may significantly affect the Company.

8.4 MATERIAL CONTRACTS

Set out below is a brief summary of other contracts which have been entered into by the Company and which have been identified as material and relevant to potential investors.

(a) Employment Agreement – Justin Brown

On May 17 2006 the Company entered into an Employment Agreement with Mr Justin Brown ("**Employment Agreement**").

Under the Employment Agreement, Mr Justin Brown is engaged by the Company to provide services to the Company in the capacity of Managing Director.

The Managing Director is to be paid a salary of $135,000 per annum plus statutory superannuation. The Company has also agreed to implement salary continuance insurance for Mr Brown in the case of incapacity due to illness or injury.

The Employment Agreement is effective from the date the Company is admitted to the Official List and continues for a period of 2 years ("Term"), unless otherwise extended or terminated in accordance with the terms of the Agreement. In the event that the Company terminates the employment prior to expiry for any reason other than that expressly provided in the Agreement Mr Brown shall be entitled to payment for annual leave entitlement due at date of termination, pro-rata long service leave entitlement, since Commencement Date, due at date of termination; and an amount equal to the six months salary as specified under the Agreement.

Prior to ASX Listing the Company has agreed to pay remuneration of $2,000 per fortnight to an entity associated with Mr Brown.

(b) Engagement Letters – Non-executive Directors

Pursuant to letters between the Company and each Mr Denis O'Meara, Mr Terrance Grammer and Mr Ian Cornelius appointments to the Board as non-executive direcotors were confirmed.

In consideration for the services provided by Mr Denis O'Meara, the Company will pay him $50,000 per annum (exclusive of statutory superannuation) from the date of Listing.

In consideration for the services provided by Mr Ian Cornelius, the Company will pay him $35,000 per annum (exclusive of statutory superannuation) from the date of Listing.

In consideration for the services provided by Mr Terrence Grammer, the Company will pay him $25,000 per annum (exclusive of statutory superannuation) from the date of Listing.

The non-executive Directors are also entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform services outside the scope of the ordinary duties of a director. They may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

(c) Letter of engagement – Corporate Advisor

DWCorporate Pty Ltd has provided corporate advisory services to the Company in relation to the Offer. On being admitted to the Official List of ASX, the Company will pay DWCorporate Pty Ltd a fee of $35,000 (or up to $50,000 if the scope of the Engagement changes) for these services, and issue DWCorporate Pty Ltd with 500,000 fully paid Shares and 500,000 Listed Options.

8.5 RIGHTS ATTACHING TO SHARES

There is only one class of Shares on issue in the Company being fully paid ordinary Shares. The rights attaching to Shares in the Company are:

(a) set out in the constitution of the Company, a copy of which is available for inspection at the registered office of the Company during normal business hours; and

(b) in certain circumstances, regulated by the Corporations Act, the Listing Rules of ASX, the SCH Business Rules and the general law.

The following is a summary of the principal rights of the holders of Shares in the Company.

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the Shares of all those shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will be paid according to the amounts paid or credited as paid on the Shares for which the dividends are paid.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, other than a proper ASTC transfer, where permitted or required by the Listing Rules or ASTC Settlement Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper ASTC transfer of Shares or other securities.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

Liquidation Rights

The Company has only issued one class of Shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder Liability

As the Shares under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

If the Company is admitted to the Official List of ASX, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

8.6 RIGHTS ATTACHING TO 20 CENT OPTIONS

Set out below are the full terms of the 20 cent Options.

1. Each Option shall be issued for no consideration.

2. Each Option entitles the holder to subscribe for one Share in Montezuma Mining Company Ltd ACN: 119 711 929 ("Company") upon the payment of 20 cents per Share subscribed for.

3. The Options will lapse at 5.00 pm, Western Standard Time on 31 August 2011 ("Expiry Date").

4. The Options will be listed for official quotation on the ASX, if the Company issues a class oflisted options.

5. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered tosharehoIders during the currency of the Option.

6. Optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.

7. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;

8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

9. The Options shall be exercisable at any time until the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Options to the balance of the Options held by it.

10. The Company shall allot the resultant Shares and deliver a statement of shareholdings with holders' identification number within 5 business days of exercise of the Options.

11. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.

8.7 RIGHTS ATTACHING TO 35 CENT OPTIONS

Set out below are the full terms of the 35 cent Options.

1. Each Option shall be issued for no consideration.

2. Each Option entitles the holder to subscribe for one Share in Montezuma Mining Company ACN: 119 711 929 ("Company") upon the payment of 35 cents per Share subscribed for.

3. The Options will lapse at 5.00 pm, Western Standard Time on 31 August 2011 ("Expiry Date").

4. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.

5. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.

6. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;

7. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

8. The Options shall be exercisable at any time until the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the

subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Options to the balance of the Options held by it.

9. The Company shall allot the resultant Shares and deliver a statement of shareholdings with holders' identification number within 5 business days of exercise of the Options.

10. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.

8.8 EMPLOYEE SHARE OPTION PLAN

The Company has adopted the "Employee and Contractors Option Plan of Montezuma Mining Company Ltd" (**"ESOP"**) for the purpose of recognising the efforts of, and providing incentive to, employees and contractors of the Company. A summary of full terms and conditions of the ESOP are set out below:

(a) the options are to be issued to selected Eligible Persons for free;

(b) Eligible Persons are any full-time or part-time employees of the Company, including Directors of and contractors to the Company;

(c) the allotment of options to Eligible Persons is at the discretion of the Board of Directors;

(d) At the time of grant of an Option, the Directors will specify the exercise price of the Option. Without limiting the ways in which the exercise price may be specified, it may include:

(i) a fixed amount;

(ii) the Market Price of a Share on the date the invitation is made;

(iii) the Market Price of a Share on the date the Option is granted;

(iv) the Market Price of a Share on a specified date which is after the date the Option is granted;

(v) a percentage above the amount in (b), (c) or (d).

(e) the options expire 5 years after the date on which they are granted;

(f) the options will be unlisted and not transferable unless the Directors in their absolute discretion agree to a transfer;

(g) any adjustments to the entitlement of Eligible Persons will be made in accordance with the Listing Rules;

(h) the Incentive Plan may only be amended with the prior approval of the shareholders of the Company and in accordance with the Listing Rules.

8.9 DIRECTORS' INTERESTS

Except as disclosed in this Prospectus, no Director or proposed Director holds, or during the last two years has held, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer;

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director or proposed Director to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Shareholding Qualifications

The Directors are not required to hold any Shares in the Company under the constitution of the Company.

Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the securities of the Company:

Director	No. of Shares Held Directly	No. of Shares Held Indirectly	No. of 20 cent Options[1] Held Directly	No. of 20 cent Options[1] Held Indirectly	No. of 35 cent Options[1] Held Directly	No. of 35 cent Options1 Held Indirectly
Denis O'Meara	500,000	0	500,000	0	500,000	0
Justin Brown	0	1,000,000[2]	0	1,000,000[2]	0	1,000,000[2]
Terrence Grammer	0	1,000,000[3]	0	1,000,000[3]	0	1,000,000[3]
Ian Cornelius	0	300,000[4]	0	300,000[4]	0	0
TOTAL	**500,000**	**2,300,000**	**500,000**	**2,300,000**	**500,000**	**2,000,000**

Note:

1. See Section 8.6 of this Prospectus for further details of the terms of these Options.

2. These Shares and Options are held by Aradia Ventures Pty Ltd as trustee for Justin & Amanda Brown Family Trust. Mr Brown is a potential beneficiary of the Justin & Amanda Brown Family Trust

3. Mr Grammar is the spouse of Dianne Claire Grammer who holds these Shares/options.

4. These Shares and Options are held by Cornelius Superannuation Fund.

The Directors may subscribe for Shares under this Prospectus.

Remuneration of Directors

The constitution of the Company provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum (currently $200,000) as may be determined by the Directors prior to the first annual general meeting of the Company and subsequently, any increase in such sum shall be determined by the Company in general meeting.

Mr Justin Brown

Commencing from the date the Company is admitted to the Official List, Mr Brown, will receive a salary of $135,000 (plus SGC) per annum plus other benefits amounting to approximately $2,000 from the Company, in accordance with the terms of the Employment Agreement. The Employment Agreement is summarised in Section 8.4 (a) of this Prospectus.

Other Interests

The Company has entered into Deeds of Insurance, Indemnity and Access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as Director of the Company, to insure the Directors against certain risks to which the Directors are exposed to as a Director of the Company and to grant to the Director a right of access to certain records of the Company for a period up to 7 years after the Director ceases to be a Director.

Mr Grammer is a Director and shareholder of Duketon Consolidated Ltd (**Duketon**). The Company and Duketon are parties to a Heads of Agreement dated 30 June 2006 whereby the Company has acquired a 90% interest in Exploration Licences 45/2680, 45/2644, 45/2645, 46/676, 45/2769 and E45/2548. Full details are disclosed in the Solicitors Report in Section 7 of Prospectus.

The Company and Duketon are parties to a Heads of Agreement dated 7 July 2006 whereby the Company has acquired a 90% interest in Exploration Licence 45/2925. Full details are disclosed in the Solicitors Report in Section 7 of Prospectus.

Mr O'Meara is a Director and shareholder of Pandell Pty Ltd (**Pandell**). Pandell and Duketon are parties to a Heads of Agreement dated 30 June 2006 whereby Pandell acquired a 50% interest in E37/802 from Duketon and Duketon acquired a 50% interest in E37/833 of Pandell. No other consideration was payable. There is an obligation on Pandell and Duketon to renegotiate or terminate the arrangement should the subject tenements not be vended into a company that is or becomes admitted to the Official List by 29 June 2007.

On 30 June 2006, the Company, Duketon and Pandell entered into a Heads of Agreement whereby the Company acquired an 80% interest in E37/802 and E37/833.

Duketon's 10% interest and Pandell's 10% interest is to be free carried to the completion of a bankable feasibility study. If that study is positive, Duketon and Pandell must either contribute to the project or dilute its interest to a 1% net smelter royalty each. Full details are disclosed in the Solicitors Report in Section 7 of Prospectus.

The Company must meet all costs of maintaining the tenements from the date of the agreement.

8.10 INTERESTS OF NAMED PERSONS

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Passeres Group Pty Ltd trading as Ravensgate Pty Ltd have prepared the Independent Consulting Geologist's Report included in Section 4 of this Prospectus. In respect of this work of the Company will pay approximately $15,000. Passeres Group Pty Ltd trading as Ravensgate Pty Ltd have not provided any other professional services to the Company since the incorporation of the Company.

Wright Legal have prepared the Solicitors Report included in Section 7 of this Prospectus. In respect of this work of the Company will pay approximately $10,000. Wright Legal have not provided any other professional services to the Company since the incorporation of the Company.

Rothsay Consulting Services Pty Ltd has prepared the Independent Accountant's Report included in SECTION 5 of this Prospectus. In respect of this work the Company will pay approximately $10,000. Rothsay Consulting Services Pty Ltd have not provided any other professional services to the Company since the incorporation of the Company.

Rothsay Consulting Services Pty Ltd has been appointed as auditor to the Company for which they will be paid their usual commercial rates. Rothsay Consulting Services Pty Ltd have not provided any other services to the Company since the incorporation of the Company.

DWCorporate Pty Ltd has agreed to act as the corporate advisor to the Offer. In respect of this work the Company will pay $35,000 (and up to $50,000 if the scope of the Engagement changes). DWCorporate Pty Ltd has provided company secretarial and administration services to the Company since incorporation for no fee. Upon admission to the Official List of ASX, DWCorporate Pty Ltd is to be enagaged to provide the services of a company secretary and will be paid a fixed annual fee of $50,000. DWCorporate Pty Ltd has not provided any other professional services to the Company since the incorporation of the Company.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

8.11 CONSENTS

Each of the parties referred to in this Section 8.11:

(a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Passeres Group Pty Ltd trading as Ravensgate Pty Ltd has given its written consent to the inclusion in this Prospectus of its Independent Consulting Geologist's Report, and all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Wright Legal have given its written consent to the inclusion in this Prospectus of its Solicitor's Report and all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Rothsay Consulting Services Pty Ltd has given its written consent to the inclusion in this Prospectus of its Independent Accountant's Report and all statements referring to that report in the form and context in which they appear and

has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

a) Wright Legal as the solicitor reporting on title;

b) Rothsay Consulting Services Pty Ltd as auditor to the Company;

c) Rothsay Consulting Services Pty Ltd as Independent Accountants;

d) Passeres Group Pty Ltd trading as Ravensgate as Independent Consulting Geologist;

e) DWCorporate Pty Ltd as corporate advisor; and

f) Security Transfer Registrars Pty Ltd as share registry of the Company.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

8.12 COSTS OF THE ISSUE

The total estimated costs of the issue, including legal fees incurred, registration fees, underwriting fees, fees for other advisers, Prospectus design, printing and advertising expenses and other miscellaneous expenses, will be a maximum of approximately $394,510 (exclusive of any goods and services tax which may be payable on that amount).

8.13 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Shares and Options in response to an electronic application form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at: **info@montezumamining.com.au** and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

8.14 PRIVACY DISCLOSURE STATEMENT

The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

8.15 DIRECTORS RESPONSIBILITY STATEMENT AND CONSENT

The Directors state that they have made all reasonable enquiries and, on that basis, have reasonable grounds to believe that no statements made by the Directors in this Prospectus are misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC or to the Directors knowledge, before any issue of Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated 14th September 2006

Signed for and on behalf of
MONTEZUMA MINING COMPANY LTD
by Justin Brown

SECTION 9 - DEFINED TERMS

The following definitions apply throughout this document unless the context requires otherwise.

Applicant(s)	Person(s) who submit valid Application Forms pursuant to this Prospectus.
Application	A valid application made to subscribe for a specified number of Shares (or in the case of the Vendors, the Vendor Options) pursuant to this Prospectus.
Application Form	The Public Application Form.
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532
ASX	Australian Stock Exchange Limited ACN 008 624 691.
Board	The board of Directors.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
Closing Date	5 pm *Western Standard Time* on 20 October 2006.
Company or Montezuma	Montezuma Mining Company Ltd ACN 119 711 929.
Corporations Act	Corporations Act 2001 (Cth).
Directors	The Directors of the Company.
Electronic Prospectus	An electronic version of the Prospectus.
Issue	The issue of Shares pursuant to this Prospectus.
Inferred Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence as determined under the JORC Code;
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves;
Listing Rules	The official listing rules of ASX.
Mineral Resource or Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction.
Offer	The invitation to the public made in this Prospectus to subscribe for Shares.
Official List	The official list of ASX.
Official Quotation	Quotation to the Official List.
Option	Options to subscribe for a Share on the terms and conditions set out in Section 8.6 of this Prospectus.

Priority Application Form	The form so described relating to the Offer which accompanies this prospectus, for completion by South Boulder shareholder s
Prospectus	This Prospectus and includes the Electronic Prospectus.
Public Application Form	The form so described relating to the Offer which accompanies this Prospectus, for completion by the public.
SCH Business Rules	Has the same meaning as in the Corporations Act.
Section	A section of this Prospectus.
Share(s)	Fully paid ordinary share(s) in the Company.
Shareholder	The registered holder of Shares.
South Boulder	South Boulder Mines Limited ACN 097 904 302
South Boulder Shareholder	A person registered as a holder of Shares on the South Boulder share register.
Tax Act	Whichever of the following is applicable at the relevant time in the context of the Employee Share Option Plan of Montezuma: (a) the Income Tax Assessment Act 1936 (Cth);; or (b) the Income Tax Assessment Act 1997 (Cth).
Vendors	The entities defined as such in Section 8.

Montezuma Mining Company Ltd ACN 119 711 929

PUBLIC APPLICATION FORM

Please read all instructions on reverse of this form.

Share Registrars use only	
BROKER REFERENCE STAMP ONLY	
Broker Code	Adviser Code

A Number of Shares applied for
(minimum 10,000 and then multiples of 2,000 Shares).

B Total amount payable
cheque(s) to equal this amount

	at $0.20 per Share =	A$

You may be allocated all of the Shares above or a lesser number and there will be one free attached option for each 4 Shares allocated.

C Full name details title, given name(s) (no initials) and surname or company name

Name of applicant 1

Name of joint applicant 2 or <account name>

Name of joint applicant 3 or <account name>

D Tax file number(s)
Or exemption category

Applicant 1/company

Joint applicant 2/ trust

Joint applicant 3/exemption

E Full postal address

Number/street

Suburb/town

State/postcode

F Contact details

Contact name

Contact daytime telephone number

( )

Contact email address

G **CHESS HIN** (if applicable)

H Cheque payment details please fill out your cheque details and make your cheque payable to **"Montezuma Mining Company Ltd – Share Account"**

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

I Return of the Application Form with your cheque for the Application monies will constitute your offer to subscribe for Shares in the Company. I/We declare that:

(a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and

(b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Shares.

No signature is required.

You should read the Prospectus dated 14 September 2006 carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

Guide to the Public Application Form

This Application Form relates to the Offer of up to 22,500,000 Shares in Montezuma Mining Company Ltd ACN 119 711 929 at $0.20 per Share pursuant to the Prospectus dated 14 September 2006. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and a Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,000 Shares.

B Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of $0.20.

C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHESS) participants should complete their name and address in the same format as that are presently registered in the CHESS system.

D Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.

E Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.

F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.

G The Company will apply to ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the Company will operate an electronic CHESS subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to Application in respect of securities allotted.
If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHESS subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.

H Please complete cheque details as requested:
Make your cheque payable to **"Montezuma Mining Company Ltd– Share Account"** in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

I Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares and Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individua Use names in full, no initials	**Mr John Alfred Smith**	**JA Smith**
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	**John Alfred Smith** **<Peter Smith>**	**Peter Smith**
Company Use company title, not abbreviations	**ABC Pty Ltd** **ABC Co**	**ABC P/L**
Trusts Use trustee(s) personal name(s), do not use the name of the trust	**Mrs Sue Smith** **<Sue Smith Family A/C>**	**Sue Smith Family Trust**
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	**Ms Jane Smith** **<Est John Smith A/C>**	**Estate of late John Smith**
Partnerships Use partners personal names, do not use the name of the partnership	**Mr John Smith and Mr Michael Smith** **<John Smith and Son A/C>**	**John Smith and Son**

Lodgment of Applications

Return your completed Public Application Form with cheque(s) attached to:

By Post to:
Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Australia

Or delivered to:
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Public Application Forms must be received no later than 5 pm *WST* time on 20 October 2006.

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Montezuma Mining Company
Capital Stock, $10,000,000
Montezuma Mining Company
the Witness Whereof
DESIGN AND ARTWORK BY SCOPE ID 0417 935 101

MONTEZUMA
MINING COMPANY LTD

info@montezumamining.com.au
www.montezumamining.com.au