ASX RELEASE

MONTEZUMA
MINING COMPANY LTD

PO Box 8535 Perth BC WA 6849
133 - 135 Edward Street Perth WA 6000
Telephone +61 8 9228 4833
Facsimile +61 8 9328 8302
info@montezumamining.com.au
www.montezumamining.com.au
ABN 46 119 711 929

27 August 2007

ASX CODE: MZM

ISSUED SHARES: 32.1M

52 WEEK HIGH: $0.36

52 WEEK LOW: $0.16

CONTACT:

JUSTIN BROWN

Managing Director

+61 8 9228 4833

0438 745 675

OTHER BOARD MEMBERS:

Denis O'Meara: Chairman

Terry Grammer: Non-Exec

Ian Cornelius: Non-Exec

KEY PROJECTS:

PEAK HILL (100%)
Gold

ROBINSON RANGE (70%)
Uranium, Gold

CALLAWA (100%)
Copper, Gold

TALGA (90%)
Gold, VMS

PILGANGOORA (90%)
Gold, Nickel

PEAK HILL ACQUISITION COMPLETE

- Montezuma has completed the acquisition of the Peak Hill gold mine from Barrick and Rio.
- Full exploration and mining database received and reviewed highlighting numerous un-mined intersections **up to 878 g/t gold**.
- Exploration to commence immediately to add to the existing resource base of in excess of **200,000 oz of gold**.
- Initial strategic target of 500,000 ounces to underpin near term production.

Montezuma is pleased to announce that it has completed the acquisition of the Peak Hill gold mine from Barrick Group and Rio Tinto Group and is now the 100% beneficial owner of the +million ounce gold province.

Montezuma intends to immediately commence exploration to add to an existing resource base of in excess of 200,000 ounces of gold with an initial target of 500,000 ounces to underpin the Company's target to become gold producers within three years.

The project has produced in excess of 920,000 ounces of gold at high grades from both historical production and during modern operations by North and Plutonic.

The existing drilling data highlights numerous targets expected to contain extensions to the existing resources at high grades.

The Main Pit Deeps have in ground assays **up to 878 g/t** over a metre with separate composite intersections including **8m @ 124.22 g/t** providing strong indications of the potential for high grade underground production.

At Jubilee, a small test pit has yielded 6,500 oz. at 4.0 g/t from an extensively mineralised zone with in ground intersections of **up to 590 g/t** gold over a metre and composite intersections including **5m @ 201.74 g/t** and **10m @ 14.83 g/t**.

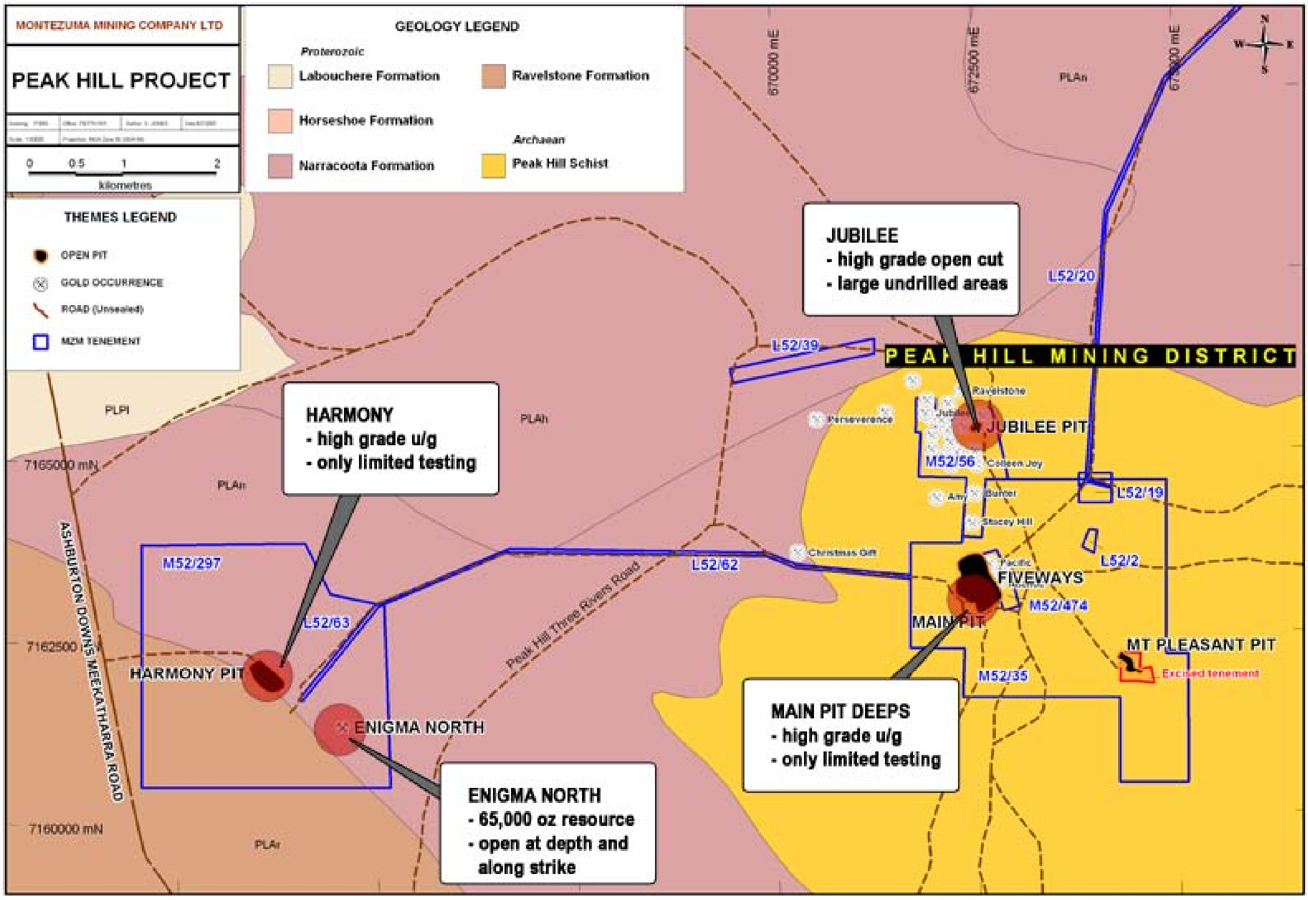

Figure 1: Key target areas for immediate drill testing.

The majority of the drilling is at Jubilee is only 50m deep and sporadic deeper drilling demonstrates the continuity of mineralisation at depth. Mineralisation is also open along strike. Jubilee will be the target of early drilling to add to the existing known resources.

At the Harmony/Baxter lease, production has yielded 221,000 ounces at 3.24 g/t from a shallow open-cut operation that mined down to approximately 100m. Significant mineralisation remains below the current pit limits, and this will be the target of further drilling and resource modelling to assess the potential of this mineralisation to contribute ore to a production scenario.

At Enigma North, previously defined resources of approximately 67,000 ounces are open down plunge and at depth and will be further tested to build on the existing mineralised corridor.

In addition to these clear target areas, historically the project area has had only limited exploration outside the immediate production areas. While some areas have been drill tested, it has generally been very shallow and there are large prospective areas that have had no drilling to date.

Given the large high grade nature of the gold system at Peak Hill, the highly prospective extensions to known mineralisation, and the potential for new discoveries, Montezuma regards Peak Hill as a key component of the Company's strategy to become gold producers in the near term. Exploration at Peak Hill will be proactive and aggressive, with early positive results expected.

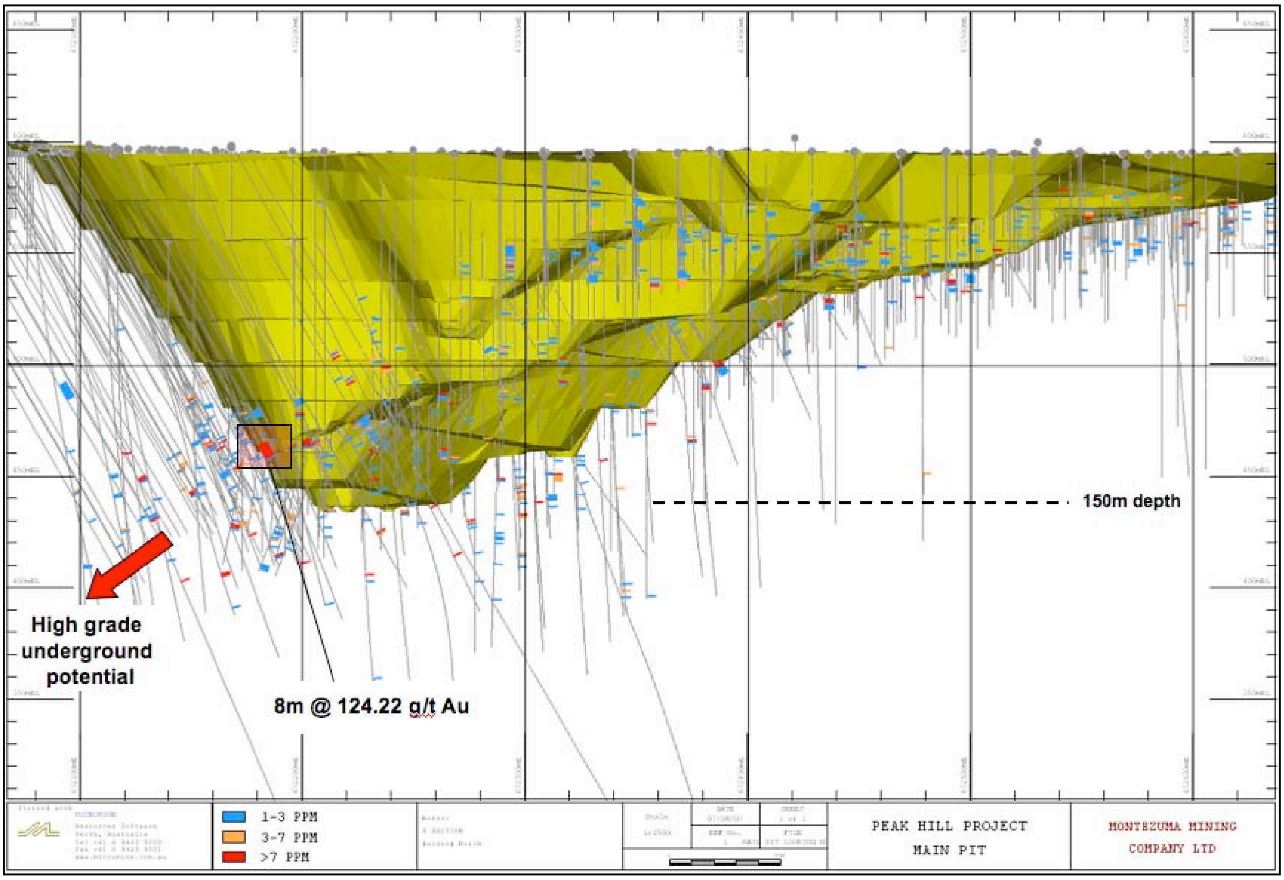

Figure 2: Main Pit mineralisation down plunge continuation – high grade underground production target. Assay key: blue > 1 g/t, orange > 3 g/t, red > 7 g/t.

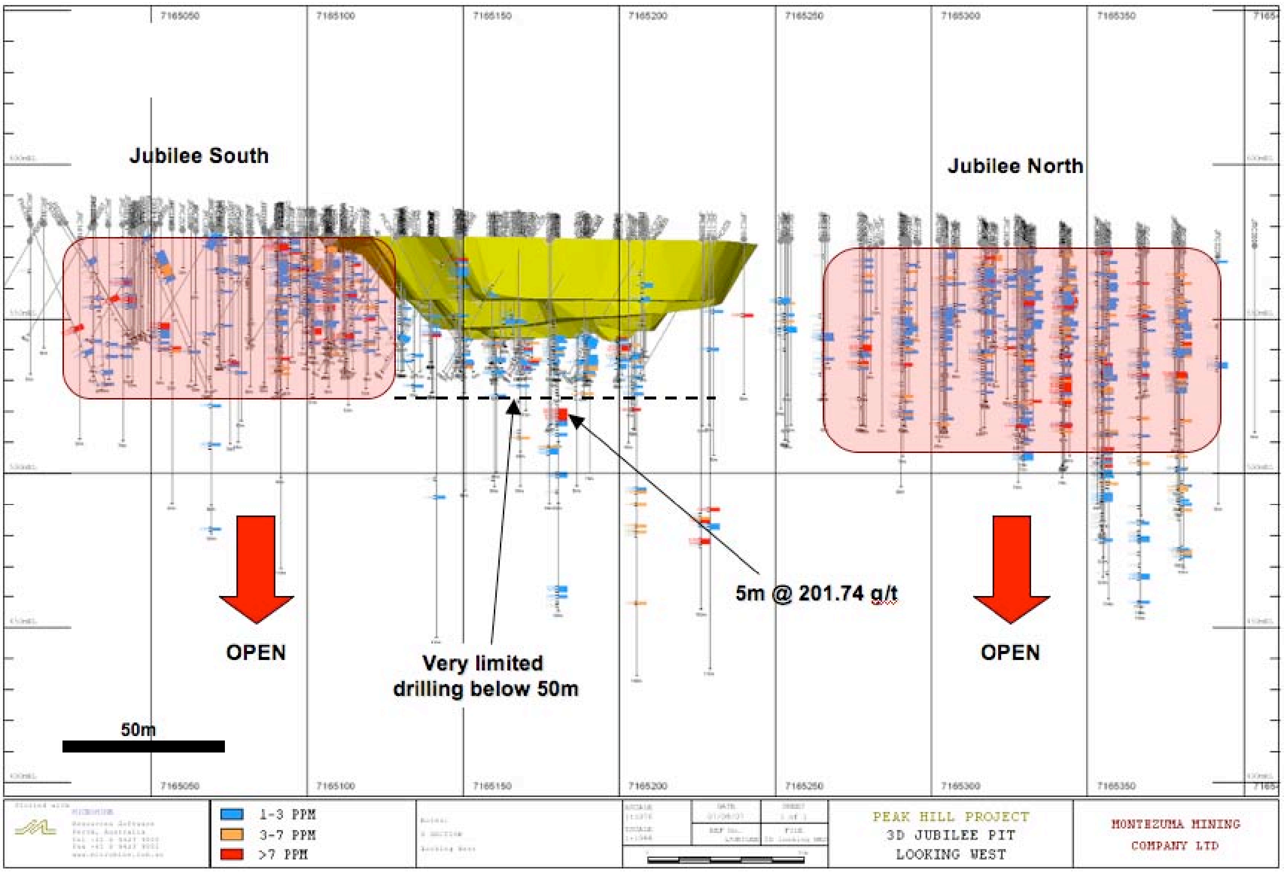

Figure 2: Jubilee mineralisation along strike from small test pit – high grade open cut production target. Assay key: blue > 1 g/t, orange > 3 g/t, red > 7 g/t.

The Board is of the view that the gold industry in Western Australia has a strong future. Recent success by Ramelius Resources Limited and Avoca Resources Limited have clearly illustrated that positive in ground results can underpin a re-rating on the markets and the Company's clear view is that the historically high grade mineralisation at Peak Hill will lead to similar success for Montezuma.

Justin Brown

Managing Director

Montezuma Mining Company Ltd
Phone: +61 8 9228 4833
Mobile: 0438 745 675

The Information in this report that relates to exploration results is based on information compiled by Liam Cornelius, who is a member of the Australian Institute of Geoscientists. Mr Cornelius is a geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Liam Cornelius is an Executive Officer of South Boulder Mines Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.