

QUARTERLY REPORT



Three Months Ending: 31 March 2012

ASX CODE: MZM

ISSUED SHARES: 67.66M

52 WEEK HIGH: \$0.80

52 WEEK LOW: \$0.25

CASH ON HAND: \$8.16M

CONTACT:

JUSTIN BROWN

Managing Director

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BOARD:

Seamus Cornelius: Chairman

Justin Brown: MD

John Ribbons: Non-Exec

KEY PROJECTS:

BUTCHERBIRD (100%)
Manganese, Copper

PEAK HILL (85-100%)
Gold

DURACK (85%)
Gold, Copper (VMS)

MT PADBURY (100% of gold)
Gold, Manganese, Iron

KEY SHARE HOLDINGS:

AUVEX MANGANESE LTD
3,750,000 FPO Shares

BUXTON RESOURCES LTD
3,760,000 FPO Shares

LITHEX RESOURCES LTD
1,525,000 FPO Shares

EXTERRA RESOURCES LTD
2,000,000 FPO Shares

HIGHLIGHTS

BUTCHERBIRD MANGANESE:

- Infill RC Programme completed at the Yanneri Ridge Deposit to close the drill spacing to 100m X 100m.
- Project Manager Mr Mike Moore appointed in a full time capacity to manage and expedite the Feasibility Studies into near term manganese production.
- Multiple studies commenced or scheduled to underpin mining approval applications.
- Mining Lease and Miscellaneous Licence applications lodged over planned DSO production areas at Bindi Bindi Hill and to accommodate associated infrastructure.

BUTCHERBIRD COPPER:

- Follow up RC drilling programme commenced comprising a planned total of 22 holes for 5,640m.
- Best results from the first stage of the rain interrupted programme include:

BBRC00220	6m @ 2.00% Cu from 114m and; 9m @ 1.10% Cu from 127m
BBRC00223	5m @ 3.50% Cu from 236m
BBRC00218	1m @ 3.28% Cu from 112m and; 13m @ 0.60% Cu from 119m
- Results received to date have extended the known strike of **high grade copper mineralisation to over 600m**.
- BBRC00220 is the eastern most hole completed to date, with **mineralisation open in all directions**.
- Drilling has recommenced and is ongoing.

BUTCHERBIRD (100%)

The Butcherbird Project straddles the Great North Highway approximately 120km south of Newman. Work to date has identified both copper and manganese mineralisation and work is ongoing to assess the commercial potential of these discoveries and to explore for additional deposits within the province.

BUTCHERBIRD MANGANESE

The Butcherbird Project hosts the largest onshore manganese occurrence in Australia and is further enhanced by its location which straddles the Great Northern Highway and the Goldfields Gas Pipeline.

The manganese mineralisation at Butcherbird occurs in shallow flat lying zones with the ore occurring as discrete high grade bands interbedded with clay waste. These zones are often overlain by a cap of high grade ore which is being targeted as potential DSO material.

The style of the mineralisation at Butcherbird is amenable to relatively low cost beneficiation which contributed to the positive outcome of a Scoping Study completed in 2011.

Feasibility Studies have commenced with aim of confirming the viability of the deposits to provide substantial tonnes of commercial grade manganese oxide ore for export. Production is envisaged in two stages; Stage 1 will exploit the DSO ore identified at several areas within the project, commencing at Bindi Bindi Hill. Bulk sampling studies completed in the previous quarter have demonstrated that the DSO material can produce a high grade concentrate in excess of 40% Mn. Stage 2 will target larger scale production (0.5-1.0Mt p/a) from the larger benefeciable zones of mineralisation at the various resource areas.



Project Manager Appointed

To facilitate and accelerate the various ongoing environmental, Native Title, engineering and related studies required for mining approval applications, the Company has appointed an experienced Project Manager, Mr Mike Moore (B.Eng (Hons), MAusIMM, Dip CSM, ACSM).

Mr Moore is a mining engineer with 15 years' experience from operations in Australia, South Africa, West Africa and Europe. His previous experience has included:

- Managing the establishment of a new mining operation in West Africa and holding a board position with Carnegie Minerals Gambia Ltd;
- Contracts management with mine service providers in the drilling and blasting sectors; and
- Project management for resource and mine contracting companies.

Mr Moore has worked in open pit and underground mining operations including iron ore, gold, zircon, diamonds, tin and copper.

Mining Approvals

Mining Lease applications have been lodged for the DSO ore at Bindi Bindi Hill, as well as a number of Miscellaneous Licence applications to accommodate associated infrastructure including, but not limited to haul roads and water bores.

A number of studies have or are about to commence at Butcherbird with the aim of collecting and analysing the information required to support mining approval applications, primarily in relation to the proposed DSO production operation.

Studies that have commenced or are due to commence in the coming quarter include:

- Native Title Negotiations;
- Fauna vertebrate surveys;
- Subterranean fauna surveys;
- Hydrology;
- Flora Level 2 survey; and
- Approvals Regulatory Submissions and Management Plans (Bindi Bindi Hill).

Infill Drilling Programme

During the Quarter, the Company completed an infill RC drilling programme covering two areas of the Yanneri Ridge deposit which have been identified as potential start-up pit areas. A

total of thirty eight holes were completed for 1,140m which brought the drill spacing in the targeted areas down to 100m X 100m.

Once all drilling data and Quality Assurance/Quality Control information has been compiled, the JORC Resource Estimate for the Yanneri Ridge deposit will be reviewed and upgraded as appropriate.

Hole ID	Northing	Easting	Depth	From	To	Interval	Mn	Including	Fe	SiO2	P
	(MGA94)	(MGA94)	(m)	(m)	(m)	(m)	(%)		(%)	(%)	(%)
BBRC00176	7297600	772400	30	0	9	9	13.11	3m @ 16.95	11.62	44.02	0.13
BBRC00177	7297700	772400	30	1	22	21	12.69	5m @ 16.31	11.92	42.58	0.12
BBRC00178	7297800	772400	30	0	1		11.68		9.99	47.81	0.03
				4	13	9	11.74	2m @ 14.70	11.63	43.28	0.12
BBRC00179	7297900	772400	30	5	11	6	9.78		11.19	46.48	0.09
BBRC00180	7297900	772200	30								
BBRC00181	7297800	772200	30	0	1	1	15.97		7.72	45.63	0.05
				3	9	6	12.25	1m @ 16.46	11.45	43.45	0.11
BBRC00182	7297700	772200	30	0	21	21	12.30	4m @ 15.89	11.42	44.13	0.13
BBRC00183	7297600	772200	30	2	11	9	14.58	6m @ 15.58	11.68	41.38	0.14
				13	15	2	15.59	1m @ 19.50	9.82	41.60	0.15
BBRC00184	7297500	772200	30	0	2	2	15.03		15.17	36.07	0.18
BBRC00185	7297900	772000	30	20	24	4	14.67	2m @ 18.93	11.94	39.98	0.16
BBRC00186	7297800	772000	30	4	16	12	10.38		12.48	44.96	0.13
				18	24	6	16.26	1m @ 33.51	11.43	39.65	0.12
BBRC00187	7297700	772000	30	5	22	17	15.05	3m @ 20.30	9.80	42.45	0.12
BBRC00188	7297600	772000	30	2	5	3	13.23	1m @ 17.48	8.37	49.34	0.06
				8	16	8	11.18	2m @ 14.87	10.34	42.96	0.08
BBRC00189	7297500	772000	30								
BBRC00190	7298100	774800	30	0	2	2	15.61		10.88	41.47	0.08
				5	15	10	12.19	1m @ 16.10	12.18	40.62	0.13
BBRC00191	7298000	774800	30	4	19	15	13.02	6m @ 15.36	11.41	38.93	0.18
BBRC00192	7297900	774800	30	0	15	15	10.60	1m @ 14.49	11.63	46.10	0.11
BBRC00193	7297800	774800	30	0	1		16.35		10.50	41.78	0.09
				3	18	15	13.75	6m @ 16.47	12.43	41.70	0.16
BBRC00194	7297700	774800	30	1	12	11	12.86	2m @ 14.75	11.34	44.20	0.14
BBRC00195	7297650	774800	30	0	5	5	16.75	2m @ 21.71	9.67	37.77	0.11
BBRC00196	7298200	774600	30	0	1	1	12.52		8.90	47.75	0.09
				7	16	9	11.93	3m @ 16.18	10.55	42.19	0.12
BBRC00197	7298100	774600	30	1	24	23	13.01	5m @ 16.12	11.69	41.46	0.14
BBRC00198	7298000	774600	30	4	18	18	14.13	5m @ 16.29	11.81	41.26	0.17
BBRC00199	7297900	774600	30	0	12	12	13.41	3m @ 16.13	12.19	41.70	0.11
BBRC00200	7297800	774600	30	0	3	3	15.80		9.55	44.33	0.05
				8	12	4	9.98		8.97	49.07	0.11
BBRC00201	7297700	774600	30	0	12	12	12.21	1m @ 17.30	11.02	45.82	0.09
BBRC00202	7297800	774400	30	0	7	7	14.95	2m @ 18.47	13.25	39.57	0.12
BBRC00203	7297900	774400	30	0	19	19	14.08	3m @ 21.96	11.87	41.36	0.12
BBRC00204	7298000	774400	30	2	20	18	12.57	2m @ 16.03	11.92	42.86	0.14
BBRC00205	7298100	774400	30	2	8	6	12.35	1m @ 17.56	11.71	43.98	0.10

				10	20	10	12.21	4m @ 14.71	11.86	43.47	0.20
BBRC00206	7298200	774400	30	3	20	17	11.45	1m @ 17.51	12.29	42.21	0.15
BBRC00207	7297700	774400	30								
BBRC00208	7297750	774200	30	0	1		19.18		13.12	33.37	0.05
				4	9	5	11.18		10.15	47.72	0.09
BBRC00209	7297800	774200	30	0	2	2	14.87	1m @ 19.20	13.84	38.14	0.05
				4	16	12	12.60	4m @ 15.81	11.65	44.59	0.11
BBRC00210	7297900	774200	30	0	1	1	22.53		12.08	26.72	0.04
				7	17	10	12.26	3m @ 15.40	11.89	43.59	0.11
BBRC00211	7298000	774200	30	0	4	4	13.37	2m @ 15.11	13.97	39.77	0.04
				7	20	13	12.94	2m @ 16.75	11.78	42.45	0.14
BBRC00212	7298100	774200	30	4	21	17	12.54		12.20	42.51	0.12
BBRC00213	7298200	774200	30	0	5	5	13.18		11.06	44.18	0.07
				7	11	4	12.19	2m @ 15.69	10.65	43.47	0.24
				17	26	9	15.14	3m @ 20.49	12.86	38.56	0.14

Table 1. RC Drilling results from the RC infill drilling programme at Yanneri Ridge. All holes were drilled vertically. Intersections approximate true width. Assays completed using XRF analysis.

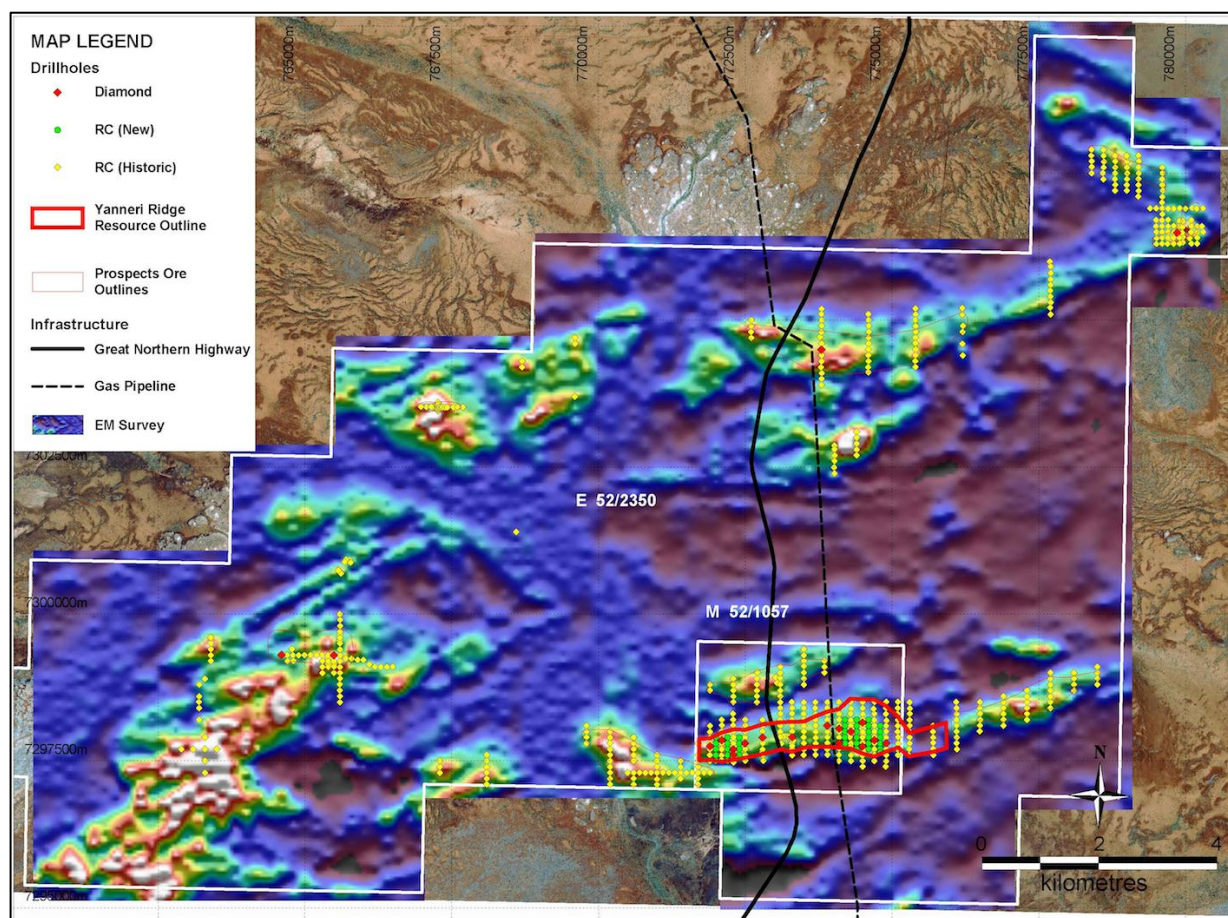
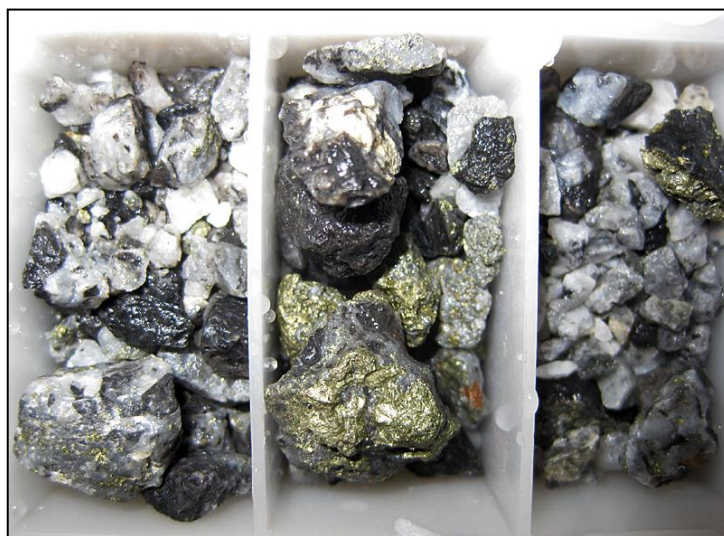


Figure 1. Infill RC drillhole collar locations within the Yanneri Ridge deposit.

BUTCHERBIRD COPPER

During the quarter, an RC drilling programme was commenced at the Company's 100% owned Butcherbird Copper Project. The total programme comprises twenty two RC drillholes for a total of 5,640m. The drilling was designed to further test the copper prospectivity of the Butcherbird Shear Zone along a target corridor in excess of 6km in strike extent.



Whilst the programme has suffered from rain induced interruptions, the partial results to date have further extended the strike of copper mineralisation. Drilling has now confirmed the high grade copper mineralisation discovered in 2011 over at least 600m in strike, open along strike and at depth. Mineralisation widths and grades generally appear to improve with depth.

Mineralisation occurs in a number of lithologically and structurally controlled positions **within a >6km striking corridor** along or adjacent to the Butcherbird shear zone. Previously drilling by Montezuma confirmed the presence of significant copper sulphide mineralisation and subsequent work has now confirmed the discovery as a significant copper mineralised system with excellent upside potential.

Prior to the rain event which temporarily disrupted drilling, ten RC Drillholes were completed for 2,112m. Notably, the best intersection from the recent programme, BBRC00220, is the easternmost hole completed to date.

The drilling and field crews have now remobilised to site and recommenced drilling with approximately 2,000m remaining to be completed in the currently planned programme, with further holes being planned.

In the interim, detailed geological and structural analysis of results to date will commence to better understand the distribution of copper mineralisation within the highly prospective Butcherbird shear zone in order to optimise the targeting of the next round of drilling.

Follow up work is likely to comprise a programme of extensional drilling as well as an infill programme to better define the geometry and geological controls on mineralisation within the system. Additionally, sporadic lead and zinc anomalism has been identified in certain zones and this will be investigated as a possible pathfinder to high grade copper mineralisation.

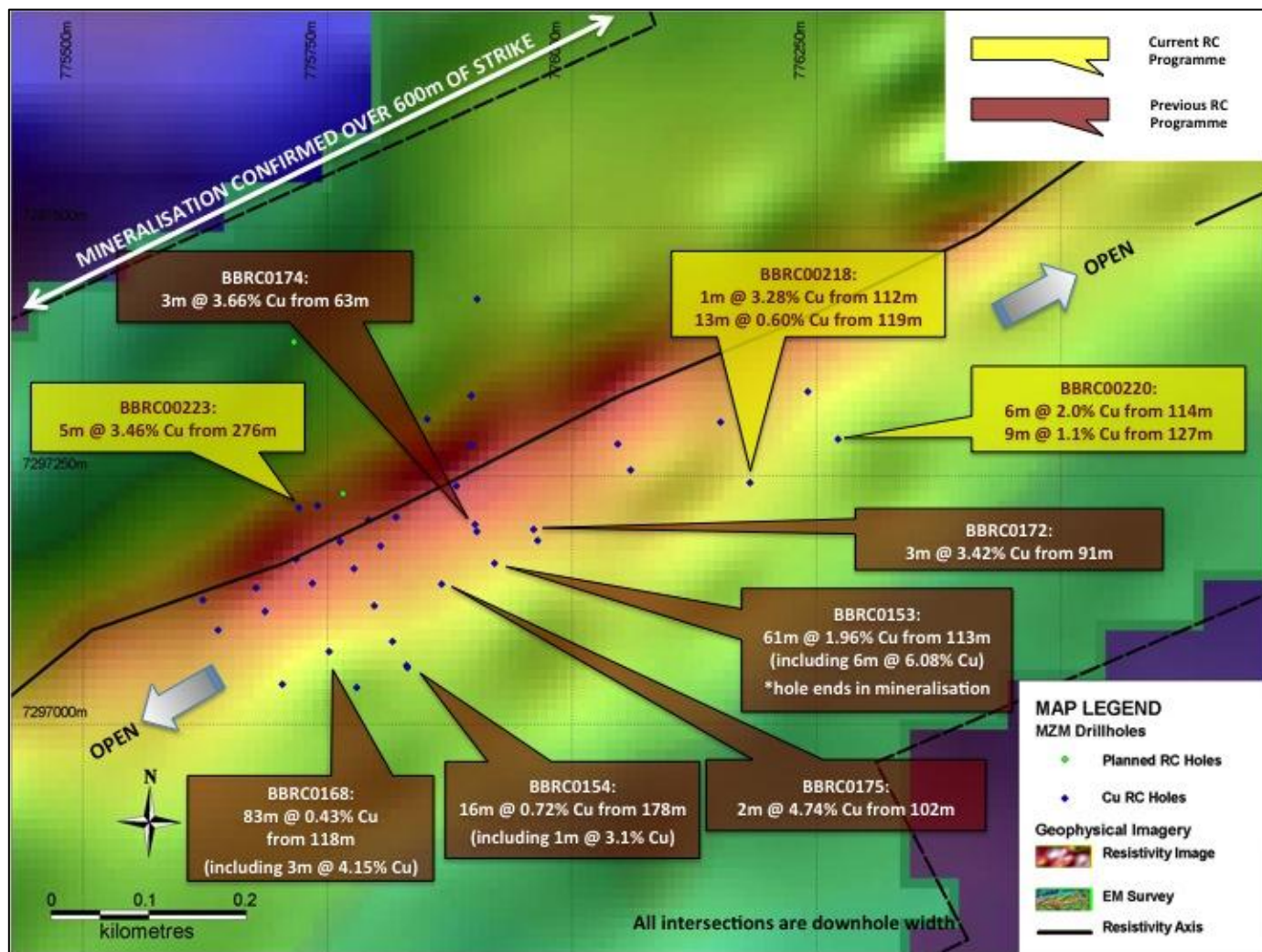


Figure 1: Selected downhole intersections from current and previous RC drilling programmes at the Butcherbird Copper Prospect.

Hole ID	Easting (MGA94)	Northing (MGA94)	Azi.	Depth (m)	From (m)	To (m)	Interval (m)	Cu %	Including	Co ppm
BBRC00217	776152	7297304	330	120	60	61	1	1.26		279
BBRC00219	776241	7297335	330	120	48	52	4	0.13		91
BBRC00223	775721	7297218	180	276	236	241	5	3.50	1m @ 8.10% Cu from 238m	143
					246	249	3	0.30		163
BBRC00218	776182	7297243	330	168	112	113	1	3.28	1m @ 1.90% Cu from 124m & 1m @ 2.47% Cu from 129m	223
					119	132	13	0.60		171
BBRC00220	776272	7297287	330	180	114	120	6	2.00	1m @ 6.10% Cu from 115m	101
					127	136	9	1.10	1m @ 2.75% Cu from 129m	198
					168	172	4	0.33		85

Table 1: Assay results from the latest round of RC Drilling at the Butcherbird Copper Prospect. All intervals are down hole widths. Assays completed using total acid digest and ICP-OES finish. All holes were collared at -60 degrees.

Hole ID	Easting	Northing	RL	Depth	Azim.	Dip
BBRC00214	774307	7296377	610	210	150	-60
BBRC00215	775897	7297281	610	258	180	-60
BBRC00216	775897	7297331	610	258	180	-60
BBRC00221	775852	7297307	606	252	180	-60
BBRC00222	775903	7297428	611	270	180	-60

Table 2: Collar details for holes that returned no significant results.

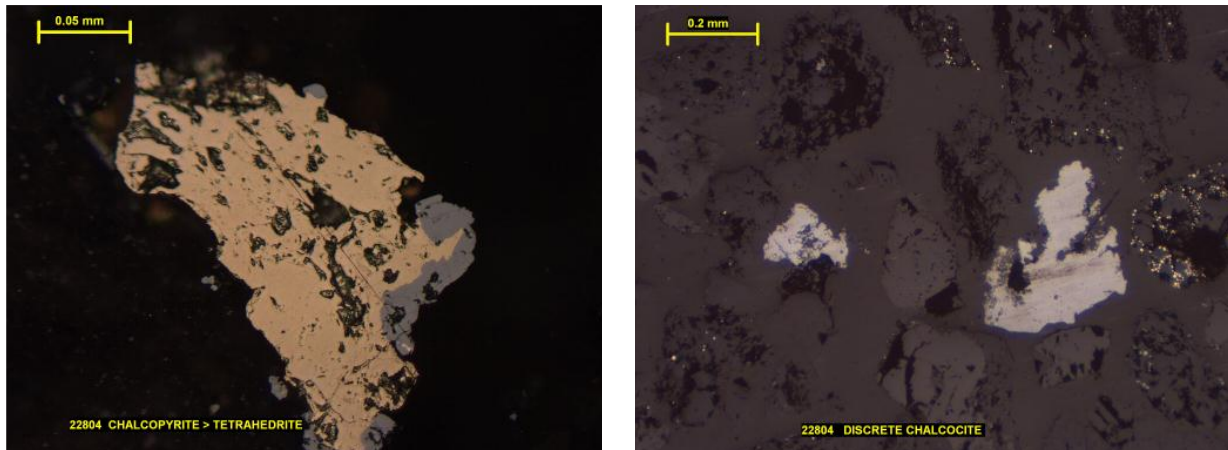


Figure 2. Photomicrographs showing chalcocite (dominant), chalcopyrite and tetrahedrite mineralisation from BBRC00153.

PEAK HILL/DURACK (85-100%)

Work at the Peak Hill and Durack Projects during the quarter comprised ongoing data generation and target review.

Discussions are ongoing with a number of parties in relation to potential avenues to realise value from this asset through a sale or alternative mechanism.

Investor Coverage

Recent investor relations, corporate videos and broker/media coverage on the Company's projects can be viewed on the Company's website at <http://www.montezumamining.com.au>.

About Montezuma Mining Company Ltd

Listed in 2006, Montezuma (ASX: MZM) is a diversified explorer primarily focused on manganese, copper and gold. Montezuma has a 100% interest in the Butcherbird Manganese/Copper Project and an 85-100% interest in the Peak Hill and Durack Gold Projects in the Murchison region of Western Australia.

More Information

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The Information in this report that relates to exploration results is based on information compiled by Mr Justin Brown, who is a member of the Australian Institute of Mining and Metallurgy. Mr Brown is a geologist who is a full time employee of Montezuma Mining Company Ltd 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.