



MONTENZUMA

MINING COMPANY LTD

March 2013 quarter highlights

- ◆ Completed detailed project scale geological mapping on Butcherbird Project
- ◆ Reviewed Butcherbird copper mineralisation and aeromagnetic interpretation of copper hosting Butcherbird shear
- ◆ Finalised one auger sampling and three drilling program proposals
- ◆ Progressed regional historical exploration review and completed rehabilitation audit
- ◆ RNI extended the option to purchase Montezuma's interest in the Peak Hill Project to 28 June 2013 via payment of a \$50,000 extension fee
- ◆ On 15 January 2013, Mike Moore was appointed Chief Executive Officer and Justin Brown was appointed Executive Director

Montezuma Mining Company Limited (ASX: MZM) continued to make strong progress during the quarter ended 31 March 2013.

The Board approved a new growth strategy to leverage Montezuma's strong financial position to build a diversified resource asset base. Implementation of this strategy is timely given current market conditions – the company believes suitable low risk opportunities can arise. Assets that will deliver near term production while the company progresses its current portfolio of projects are being sought.

This new strategy was developed following the appointment of Mike Moore as Chief Executive Officer and Justin Brown as Executive Director on 15 January 2013. Mike is a mining engineer with 15 years' operational experience in Australia, South Africa, West Africa and Europe. His senior management experience includes the establishment of a new mineral sands mining operation in West Africa, operations management of mine service providers, as well as project management for resource and mine contracting companies.

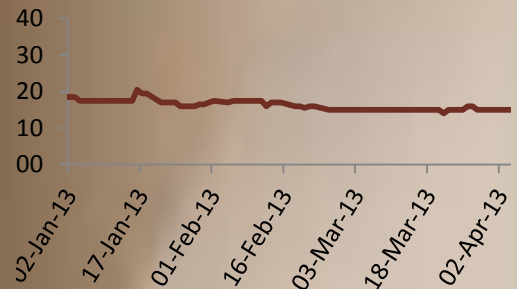
The company has also initiated a review of all of its non-core tenements to further understand their geological potential. It is hoped that this review will assist in unlocking further value from within the company's current asset base.

31 March 2013 Quarterly Report

Market data

ASX code:	MZM
Share price:	\$0.14
Shares on issue:	70.46M
Market capitalisation	\$9.86M
Cash at 31 March 2013	\$6.72M

Share price



Board and management

Chairman	Seamus Cornelius
Executive Director	Justin Brown
Non-Exec Director	John Ribbons
CEO	Mike Moore

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Butcherbird (100%)

The Butcherbird Project straddles the Great Northern Highway approximately 120km south of Newman. The company 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.

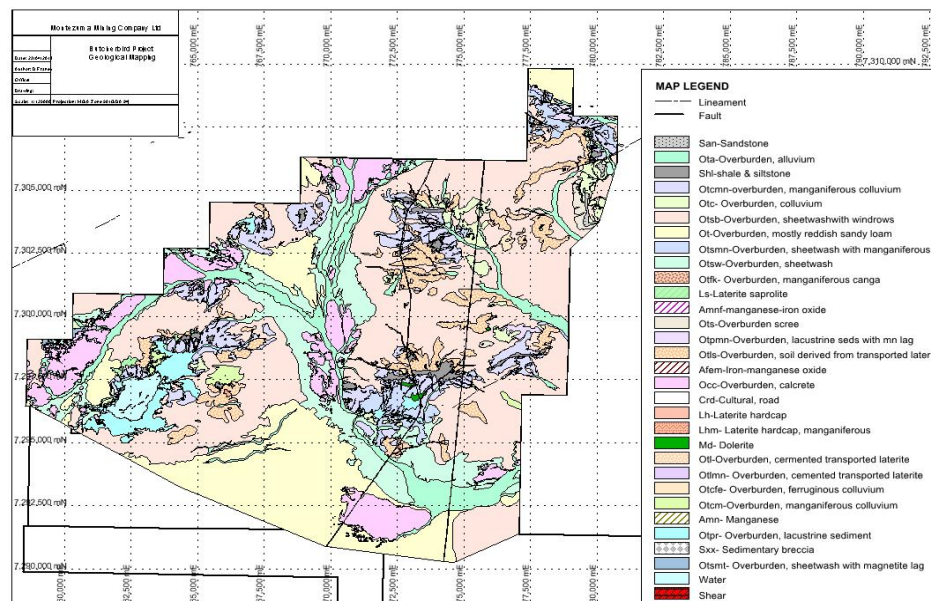
The style of the mineralisation at Butcherbird is amenable to relatively low cost beneficiation, which contributed to the positive outcome of a Scoping Study completed in 2011. A study to determine the viability of the deposits has commenced, and the company believes these deposits could provide substantial tonnes of commercial grade manganese oxide ore for export.



GEOLOGICAL MAPPING

Early in the quarter a geological consultant completed project scale mapping (nominal 1:25,000 scale) over the main granted tenure within the Butcherbird Project area.

The mapped tenements were found to almost exclusively contain shales interspersed with a few dolerite sills. These shales contain centimetre scale primary manganese bands throughout.



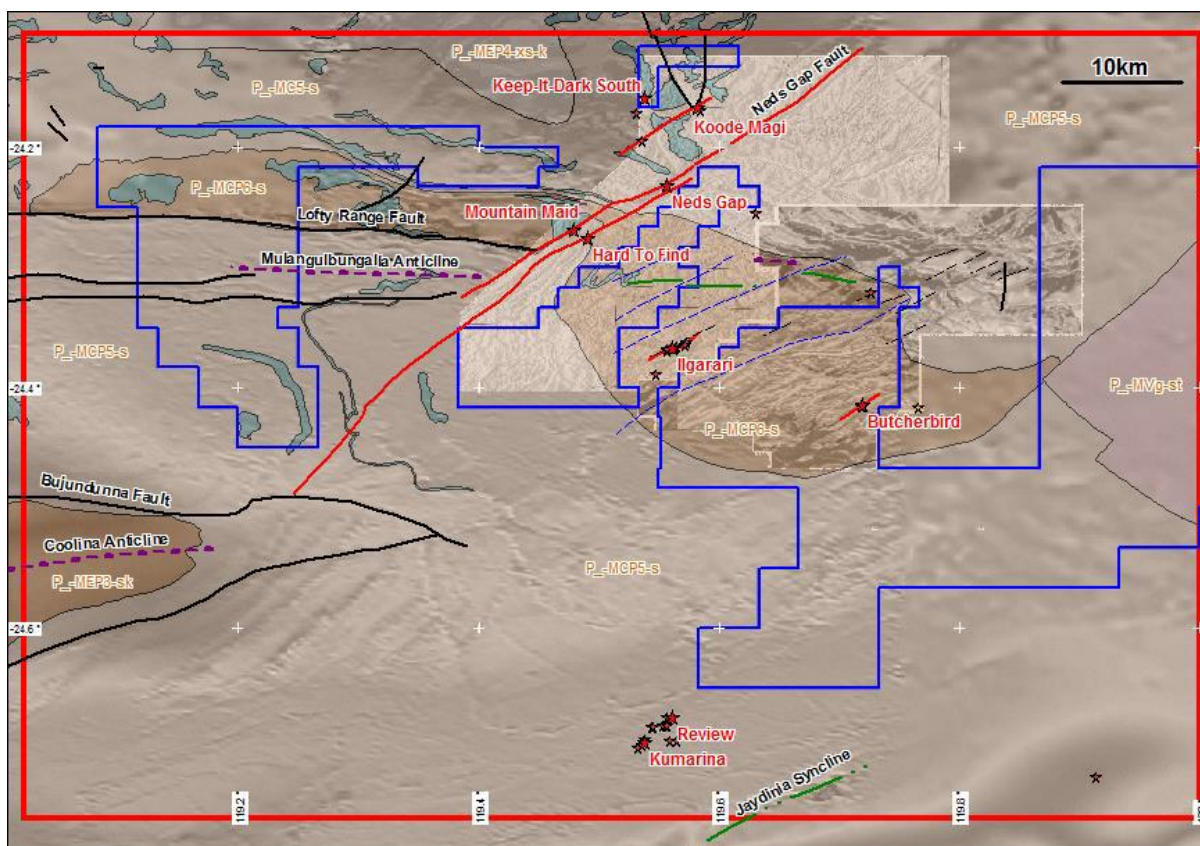
Locally, these bands are closely spaced with a few thicker bands (metre scale) apparent. Secondary enrichment of this primary manganese is also apparent within the weathering profile.

Mapping appears to confirm that one or more prospective horizons are duplicated by sub-horizontal open folds that trend more-or-less ENE-WSW, and these are transected by several faults of similar trend including the copper prospective Butcherbird fault. Results of mapping are highly encouraging as it indicates considerable potential for the delineation of additional manganese resources. High grade enrichment was also located and is yet to be drill tested.

HISTORICAL EXPLORATION REVIEW

Montezuma Mining contracted MinCorp Consultants Pty Ltd to undertake a review of the previous exploration completed in the Butcherbird Project area. The study was confined to an area defined by a bounding outline some 99 x 76km in size (see Figure 2 below) that included Montezuma's tenements. The purpose of the study was to:

1. Acquire all the relevant past exploration reports and any related digital data from the WA Government WAMEX system.
2. Review the reports and compile a MapInfo GIS database containing any useful data.
3. Assess the geological setting and exploration data to highlight potential targets and exploration strategies for the Butcherbird Project.



Most of the previous work had been focussed on copper and manganese mineralisation, with these commodities returning the highest order anomalism. Copper mineralisation being shear hosted and significant manganese occurrences, supergene enhanced. Several anomalous areas including locations with lead, zinc and silver anomalism worthy of follow up have been identified.

BUTCHERBIRD DRILLING PROGRAMS

Currently a 15 hole diamond drilling program has been designed primarily to recover sample material for metallurgical testing from the Yanneri Ridge, Richies Find and Bindi Bindi Hill resource areas. Further proposed holes are currently being reviewed at Coodamudgi. Heritage clearance has been obtained and Program of Works approvals from the Department of Mines and Petroleum are imminent. Drilling is planned to start during the coming quarter.

Pending the results from these metallurgical holes, an approximate 140 drill hole RC program has been planned to test interpreted potential manganese enriched trends within the Butcherbird Project. These holes are designed to further test the project's exploration target potential.

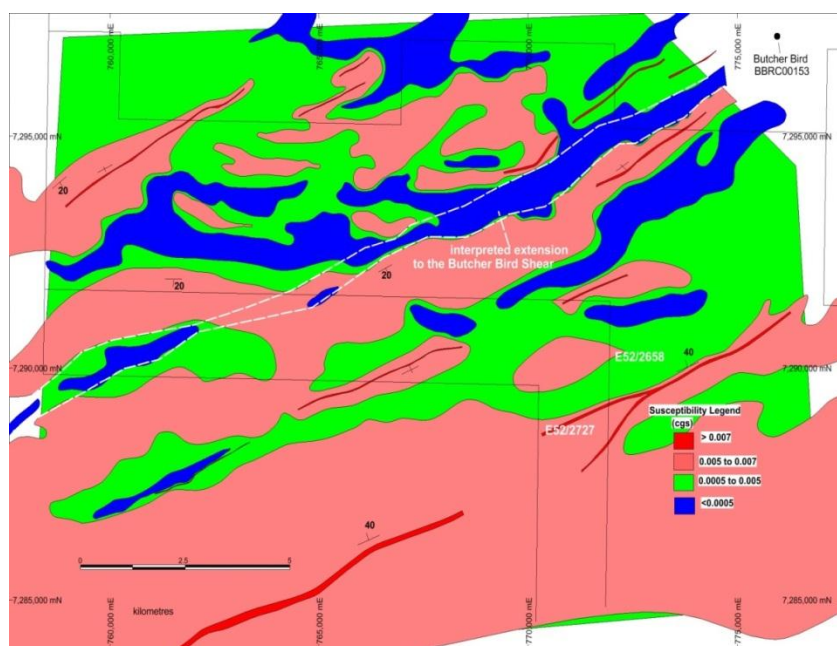
BUTCHERBIRD COPPER

COPPER EXPLORATION

Both the copper mineralisation at the Butcherbird Prospect and the potential of the regional Butcherbird shear were reviewed during the quarter.

Copper mineralisation at the Butcherbird Prospect is similar to resources delineated at the neighbouring Ilgararie and Kumarina deposits, being relatively narrow planar bodies hosted within steep dipping shears with mineralisation often enhanced where host shears intersect dolerite sills. A 22 hole infill RC drilling program has been designed to further investigate the potential of the deposit to host commercial mineralisation. Results of auger orientation geochemistry surveys over the known mineralisation have returned mixed results.

Utilising both company and Government Geological Survey derived aeromagnetic data (see below), the extent of the prospective Butcherbird shear has been interpreted within the Butcherbird Project area. Approximately 15 kilometres of strike have been delineated most of which lies under shallow cover. Both a first pass auger geochemistry sampling (20 m x 400 m spacing) and selective RAB drilling traverses (~1500 m x 20 m) work programs have been designed.



Currently programs are awaiting the outcome of a corporate/commercial review or evaluation of the company's copper strategy for the region.

Peak Hill/Durack (85-100%)

During the September 2012 quarter, Montezuma Mining entered into an option agreement with Grosvenor Gold Pty Ltd (Grosvenor), a wholly owned subsidiary of Resource and Investment NL (ASX:RNI) whereby Grosvenor may acquire 100% of Montezuma Mining's interest in the Peak Hill Project by the acquisition of Peak Hill Metals Pty Ltd (a wholly owned subsidiary of Montezuma Mining). The key terms of the agreement:

- Grosvenor paid an initial option fee of \$100,000 for an exclusive option until 29 March 2013, and has subsequently extended the option period to 28 June 2013 by paying Montezuma Mining an additional \$50,000
- Grosvenor may exercise the option at any time prior to expiry by paying Montezuma Mining a consideration comprising \$2.8 million in cash, the issue of 8,400,000 fully paid ordinary shares in RNI, and 2.1 million 75 cent options in RNI
- If it exercises the option, Grosvenor must also grant Montezuma Mining a 1% Gross Royalty, capped at \$1 million, on all revenue it receives from production from the Peak Hill Project.
- Grosvenor must meet minimum expenditure commitments on the project during the option period.

The combined cash and share structure of the deal will, subject to Grosvenor electing to exercise their option, not only provide an upfront return for Montezuma Mining, but also allow the company to maintain exposure to future upside as RNI realises their ambitions to recommence gold production in the region, centred around their processing plant at Fortnum.

The additional capital provided from the disposal of the Peak Hill asset will support Montezuma's ambition of bringing its 100% owned Butcherbird manganese and copper project into production.

FOR MORE INFORMATION

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Company information, ASX announcements, investor presentations, corporate videos and other investor material on the Company's projects can be viewed at <http://www.montezumamining.com.au>.

ABOUT MONTEZUMA MINING

Listed in 2006, Montezuma Mining Company Ltd (ASX: MZM) is a diversified explorer primarily focused on manganese, copper and gold. Montezuma Mining 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.

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.

