



MONTEZUMA

MINING COMPANY LTD

Highlights:

YAMARNA

- RC drilling programme comprising multiple 200m line spaced deep RC traverses completed at the priority Jatz Prospect.
- Two high grade gold zones identified with assays of up to 17.5 g/t and 15.5 g/t respectively.
- One of the gold trends identified by the programme highlighted semi continuous gold mineralisation over 1km of strike.
- Programme designed to test for economic basement hosted mineralisation beneath the 1.5km long basement geochemical anomaly defined at Jatz in previous aircore drill programmes.
- Approvals for follow up drilling well advanced and drilling expected to recommence as soon as possible.

HOLLETON

- Approvals process well advanced with on ground exploration work to commence as soon as access agreements are in place.
- Priority target identified at Brahma Prospect, where strong >100ppb gold in soil anomaly extends over 2.5km in strike and remains largely untested by deeper drilling.
- Only three deeper holes > 50m over a small part of the anomaly have been drilled. All three holes intersected broad mineralised intervals with **grades up to 7.6 g/t Au**.

CAPITAL RAISING

- \$2.21M oversubscribed raising completed to sophisticated investors to fund accelerated exploration programmes.
- Blackwood Capital Limited acted as lead broker.

QUARTERLY OPERATIONS REPORT

31 OCTOBER 2016

ABOUT MONTEZUMA MINING

Listed in 2006, Montezuma Mining Company Ltd (ASX: MZM) is a diversified explorer primarily focused on manganese, copper and gold. The Company's primary objective is to achieve returns for shareholders through selected strategic acquisitions and targeted exploration.

Montezuma Mining has 100% interests in the Yamarna Gold Project, the Holleton Gold Project and the Butcherbird Manganese Project located in Western Australia.

MARKET DATA

| | |
|------------------------|------------|
| ASX code: | MZM |
| Share Price: | \$0.15 |
| Shares on issue: | 83,464,350 |
| Market capitalisation: | \$12.5M |

BOARD AND MANAGEMENT

| | |
|------------------------|------------------|
| Chairman | Seamus Cornelius |
| Executive Director | Justin Brown |
| Non-Executive Director | John Ribbons |



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

YAMARNA PROJECT: (MZM 100%)

Jatz RC Drilling Programme

The key work programme during the quarter involved deep RC drill testing of the priority Jatz gold anomaly where multiple phases of geochemical aircore drilling have highlighted a strongly anomalous gold trend over at least 1.5km in strike in prospective archaean greenstone sequences.

A total of thirty holes for 3,438m were drilled on nominally 200m spaced lines to test the prospective corridor beneath widespread strong gold anomalism hosted in Archean greenstone basement lithologies.

The programme identified two high grade gold bearing structures within the corridor, one intersected by a single drill hole, the second showing semi continuous gold mineralisation along a strike of approximately 1km, open to the north¹.

| Hole ID | Easting (MGA 94 Z51) | Northing (MGA 94 Z51) | Nominal RL (m) | Dip (°) | Azimuth (mag °) | Total Depth (m) | Depth From (m) | Depth To (m) | Intercept Width (m) | Au (ppm) |
|---------|-------------------------|--------------------------|-------------------|------------|--------------------|-----------------------|-----------------------|--------------------|------------------------|-------------|
| YARC038 | 593059 | 6890803 | 393 | -60 | 270 | 150 | No significant assays | | | |
| YARC039 | 593164 | 6890802 | 393 | -60 | 270 | 150 | 80 | 84 | 4 | 0.7 |
| And | | | | | | | 90 | 94 | 4 | 0.2 |
| YARC040 | 593261 | 6890803 | 394 | -60 | 270 | 150 | No significant assays | | | |
| YARC041 | 593357 | 6890797 | 395 | -60 | 270 | 150 | 140 | 142 | 2 | 9.0 |
| | | | | | including | | 140 | 141 | 1 | 17.5 |
| YARC042 | 593459 | 6890801 | 396 | -60 | 270 | 138 | No significant assays | | | |
| YARC043 | 593227 | 6890364 | 395 | -60 | 270 | 150 | 32 | 35 | 3 | 0.2 |
| YARC044 | 593325 | 6890363 | 396 | -60 | 270 | 150 | 138 | 139 | 1 | 1.8 |
| YARC045 | 593427 | 6890361 | 396 | -60 | 270 | 150 | 52 | 57 | 5 | 0.7 |
| YARC046 | 593530 | 6890359 | 397 | -60 | 270 | 150 | No significant assays | | | |
| YARC047 | 593563 | 6890362 | 398 | -60 | 090 | 150 | No significant assays | | | |
| YARC048 | 593677 | 6890367 | 399 | -60 | 270 | 150 | No significant assays | | | |
| YARC049 | 593340 | 6890001 | 399 | -60 | 270 | 150 | No significant assays | | | |
| YARC050 | 593439 | 6890002 | 399 | -60 | 270 | 150 | No significant assays | | | |
| YARC051 | 593540 | 6889998 | 499 | -60 | 270 | 150 | No significant assays | | | |
| YARC052 | 593638 | 6889998 | 400 | -60 | 270 | 150 | No significant assays | | | |
| YARC053 | 593738 | 6889999 | 400 | -60 | 270 | 150 | 56 | 57 | 1 | 0.8 |
| And | | | | | | | 64 | 72 | 8 | 0.5 |
| YARC054 | 593839 | 6889999 | 400 | -60 | 270 | 150 | No significant assays | | | |
| YARC055 | 593461 | 6889602 | 402 | -60 | 090 | 144 | 86 | 88 | 2 | 7.9 |
| | | | | | including | | 87 | 88 | 1 | 15.5 |
| And | | | | | | | 126 | 138 | 12 | 0.9 |
| | | | | | including | | 136 | 138 | 2 | 3.5 |
| YARC056 | 593600 | 6889601 | 402 | -60 | 270 | 150 | No significant assays | | | |
| YARC057 | 593705 | 6889603 | 403 | -60 | 270 | 150 | No significant assays | | | |
| YARC058 | 593797 | 6889599 | 403 | -60 | 270 | 150 | No significant assays | | | |
| YARC059 | 593903 | 6889598 | 403 | -60 | 270 | 150 | 63 | 64 | 1 | 0.3 |
| | | | | | | | 87 | 88 | 1 | 0.4 |
| YARC060 | 593999 | 6889597 | 403 | -60 | 270 | 156 | No significant assays | | | |

Table 1: Significant assays from RC drilling at the Yamarna Project. All intercepts are downhole widths.

¹ http://www.montezuma.com.au/images/uploads/160926_High_Grade_Gold_Trend_Confirmed_at_Jatz_FINAL.pdf

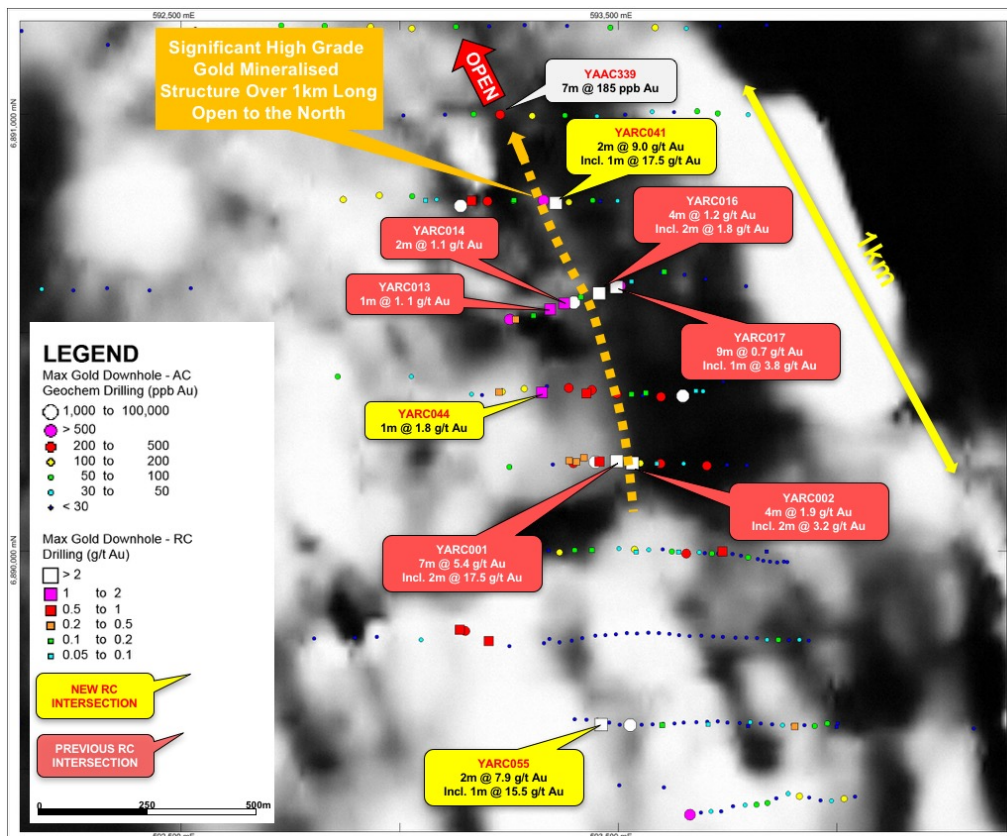


Figure 1: Jatz drillhole collar locations and maximum downhole grades contoured over aeromagnetic base map.

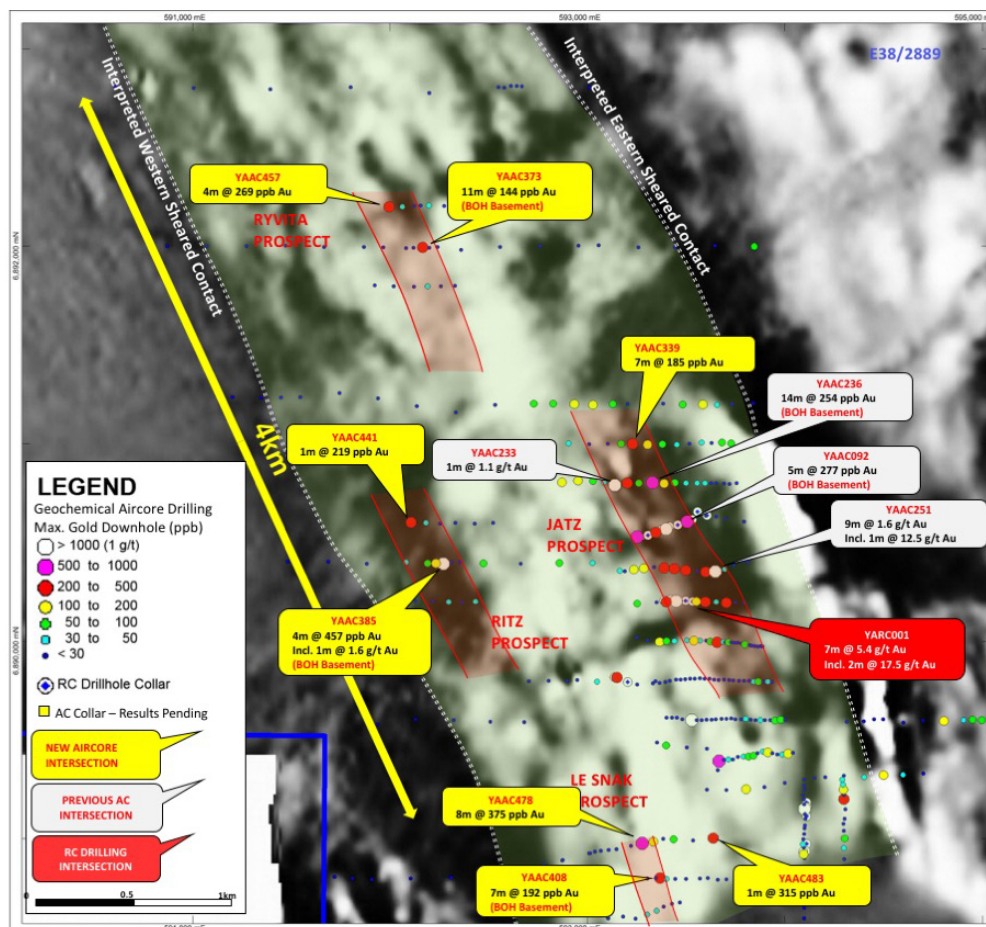


Figure 2: Regional target pipeline developed from reconnaissance aircore geochemical drilling.

Planned Follow Up RC Drill Testing at Jatz

Follow up RC drilling is currently being planned to infill the high grade trend identified in the current round of work. Preparations are currently underway and the programme is expected to commence once final approvals have been received from the Traditional Owners.

HOLLETON PROJECT: (MZM 100%)

During the quarter, Montezuma announced the addition of the 100% owned Holleton Gold Project to its growing gold portfolio². The Holleton exploration licence application E77/2334 covers approximately 115 km² of the Holleton Greenstone Belt, location approximately 400km east of Perth.

Previous exploration by Independence Group NL included a broad regional surface geochemical programme that defined numerous gold anomalies across an area of poorly exposed greenstones comprised mostly of meta-basalts with minor schist, pegmatite and granite. Follow-up drilling across these anomalies was typically first-pass in nature with many intersections left open.

The best of the historic results is at the Brahma Prospect (“Brahma”) where a >2.5km long, >50ppb Au in soil anomaly was defined and subsequently followed up with shallow aircore drilling which confirmed a strong basement anomaly. Three diamond drillholes in a confined area of the anomaly represent the only holes drilled to deeper than 50m. The best intersections at Brahma include **73m @ 0.3 g/t Au** (including **4m @ 1.6 g/t Au** and **1m @ 7.6 g/t Au**) however all three diamond holes returned broad mineralised intervals.

Numerous other intersections greater than 100ppb Au remain open along the length of the soil anomaly and Montezuma plans to re-commence exploration at Holleton upon the granting of E77/2334.

Montezuma regards the Brahma prospect as drill ready and intends to undertake drill testing of this target and a number of other more regional target areas as soon as the necessary approvals are received.

BONNEVAL GOLD PROJECT FRANCE (UNDER APPLICATION)

The Bonneval application continues to progress through the approvals process and the market will be advised when any material developments transpire.

CORPORATE

During the Quarter Montezuma completed a capital raising of \$2.21M before costs through the issue of 13M fully paid ordinary shares at an issue price of \$0.17 per share³.

² http://www.montezuma.com.au/images/uploads/160720_Priority_Gold_Targets_Identified_at_Holleton_Project_.pdf

³ http://www.montezuma.com.au/images/uploads/160805_Capital_Raising_Completed_FINAL.pdf

The placement was managed by Blackwood Capital Limited. A fee of 6% of the funds raised was paid on completion, in addition to the allotment of 2M options exercisable within four years of the date of issue at an exercise price of \$0.30.

The funds will be used to accelerate exploration at the Company's 100% owned gold exploration properties at Yamarna and Holleaton where previous work has identified the potential for large scale gold systems and for working capital.

FOR MORE INFORMATION...

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Executive Director

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The information in this report that relates to Exploration Results, Mineral Resources and Mineral Reserves is based on information compiled by Mr Bradley Drabsch who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results, Mineral Resources and Mineral Reserves were compiled, Mr Drabsch was a contract employee of Montezuma Mining Company Ltd. Mr Drabsch 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 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Drabsch or an entity related to or controlled by Mr Drabsch holds options over fully paid shares in the Company at the time of this report. Mr Drabsch consents to the inclusion of this information in the form and context in which it appears in this report.

In accordance with Listing Rule 5.23.2, the Company confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Please note with regard to exploration targets, the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Montezuma Mining Company Limited
ASX Additional Information for Quarterly Report to 30 Sept 2016

| | Tenement reference | Location | Interest at beginning of quarter | Acquired/Disposed | Interest at end of quarter |
|-------------------------------------------------------------------------------|--------------------|--------------------------|----------------------------------|-------------------|----------------------------|
| The mining tenements held at the end of the quarter and their location | E15/1447 | Lake Lefroy WA | 100% | N/A | 100% |
| | E20/659 | Eelya Hill WA | 10% | N/A | 10% |
| | E20/874 | Sunday Well WA | 100% | Disposed | 0% |
| | E20/880 | Yallon Well WA | 100% | N/A | 100% |
| | E20/903 | Yallon Well WA | 100% | N/A | 100% |
| | E20/904 | Sunday Well WA | 100% | N/A | 100% |
| | E28/2313 | Green Dam WA | 100% | N/A | 100% |
| | E28/2327 | Green Dam WA | 100% | N/A | 100% |
| | E28/2630 | Judada Rock WA | 100% | N/A | 100% |
| | E28/2577 | Pinnacles WA | 100% | N/A | 100% |
| | E36/843 | Leinster WA | 100% | N/A | 100% |
| | E37/1176 | Leonora WA | 100% | N/A | 100% |
| | E38/2889 | Malle Hen Point WA | 100% | N/A | 100% |
| | E38/2961 | Mt Venn WA | 100% | N/A | 100% |
| | E38/2999 | Malle Hen Point North WA | 100% | N/A | 100% |
| | E38/3092 | Point Sunday | 100% | N/A | 100% |
| | E51/1622 | Telegraph Well WA | 100% | N/A | 100% |
| | E51/1693 | Mt Maitland WA | 100% | Disposed | 0% |
| | E51/1781 | Mt Maitland WA | 0% | Acquired | 100% |
| | E52/1529 | Mt Padbury WA | 100% (Note 1) | N/A | 100% (Note 1) |
| | E52/2350 | Butcher Bird WA | 100% | N/A | 100% |
| | E52/2831 | Millidie Creek WA | 100% | N/A | 100% |
| | E52/3082 | Mt Padbury WA | 100% | N/A | 100% |
| | E52/3083 | Mt Padbury WA | 100% | Disposed | 0% |
| | E52/3353 | Peak Hill WA | 100% | N/A | 100% |
| | E52/3354 | Peak Hill WA | 100% | N/A | 100% |
| | E52/3355 | Peak Hill WA | 100% | N/A | 100% |
| | E52/3470 | Butcher Bird WA | 0% | Acquired | 100% |
| | E58/494 | Naluthanna Hill WA | 100% | N/A | 100% |
| | E58/509 | Challa WA | 100% | Disposed | 0% |
| | E52/3438 | Butcher bird North WA | 100% | N/A | 100% |
| | E59/2143 | Twin Peaks WA | 100% | Disposed | 0% |
| | E59/2184 | Twin Peaks WA | 100% | N/A | 100% |
| | E63/1750 | Lake Johnston WA | 100% | N/A | 100% |
| | E63/1789 | Lake Johnston WA | 100% | N/A | 100% |
| | E63/1820 | Lake Johnston WA | 100% | Acquired | 100% |
| | E69/3419 | Rainbow Well WA | 100% | N/A | 100% |
| | E77/2334 | Holleton WA | 100% | N/A | 100% |
| | | | | | |

Notes:

- 1) 100% interest held in all minerals other than iron ore and manganese.