MONTEZUMA
MINING COMPANY LTD

17 MAY 2017

HIGH-GRADE NICKEL SULPHIDE TARGETS DEFINED AT THE PINNACLES PROJECT

- Historic drilling includes a nickel sulphide intercept of **2m @ 2.3% Ni, 0.11% Cu, including 1m @ 3.5% Ni, 0.15% Cu** in hole PNR266**.**
- Ni:Cu:Co ratios as well as down hole MgO and CrO profiles are **indicative of sulphide mineralisation**.
- A recently completed Moving Loop Electro-Magnetic (MLEM) survey has defined **two late-time bedrock conductors.**
- Surface projection of southern **MLEM plate intersects historic nickel sulphide intercept** in PNR266.

Montezuma Mining Company Ltd ("Montezuma" or "Company") is pleased to advise that an ongoing historic data review has confirmed the potential for **high grade nickel sulphide mineralisation** at the Company's 100% owned Pinnacles Cobalt-Nickel Project.

The Project was extensively drilled for lateritic nickel mineralisation until 2004 and an updated JORC Mineral Resource Estimate is currently being compiled focussing on the higher grade cobalt zones within the overall mineralised corridor.

During this data compilation, a high grade intercept in PNR266 (**2m @ 2.3% Ni, 0.11% Cu including 1m @ 3.5% Ni, 0.15% Cu)** was highlighted by the technical team as likely to be derived from a primary sulphide source in contrast to the surrounding lateritic minealisation.

The indicators include the higher grade nickel, the coincident elevated copper grade (both being the highest intersected at the project to date) and the relative cobalt depletion in the highest grade interval. The interpretation is also supported by the magnesium and chromium profiles down hole, also indicating that the intercept may be located close to a basal contact position.

Due to the geological and empirical evidence for nickel sulphide, the Company commissioned a high powered Moving Loop Electromagnetic (MLEM) survey over the known intercept, covering approximately 1.7km of strike along the interpreted ultramafic sequence.

The survey was completed by Vortex Geophysics and has highlighted **two late-time, bedrock EM anomalies** within the area of interest.

ABOUT MONTEZUMA MINING

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

Montezuma has 100% interests in the Yamarna Gold Project in the Yamarna Greenstone Belt, the Holleton Gold Project in the Wheat Belt region and the Butcherbird Manganese/Copper Project in the Murchison region, all located in Western Australia.

MARKET DATA

ASX code:	MZM
Share price:	$0.13
Shares on issue:	83.5M
Market capitalisation:	$10.9M
Cash (at 31 March):	~$4.3M
Listed Investments:	~$6.8M

BOARD AND MANAGEMENT

Chairman	Seamus Cornelius
Executive Director	Justin Brown
Non-Executive Director	John Ribbons
Exploration Manager	Dave O'Neill

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

The southern EM conductor (Plate 1) has been modelled approximately 260m below surface and within an interpreted high MgO ultramafic unit (and proximal to the contact). The ultramafics appear to be hosted in mafic amphibolite and may be replicated due to folding. **The historical high-grade nickel/copper intersection is located directly above the upper extent of the interpreted EM Plate 1.**

The second EM conductor (Plate 2) is also located in a favourable location, and in an area with no historical drilling. This plate Is located at approximately 160m depth, and appears to be closely associated with the plunging fold of the same ultramafic unit.

An exploration program is currently being planned to test the conductors. Drilling will commence as soon as statutory approvals are received.

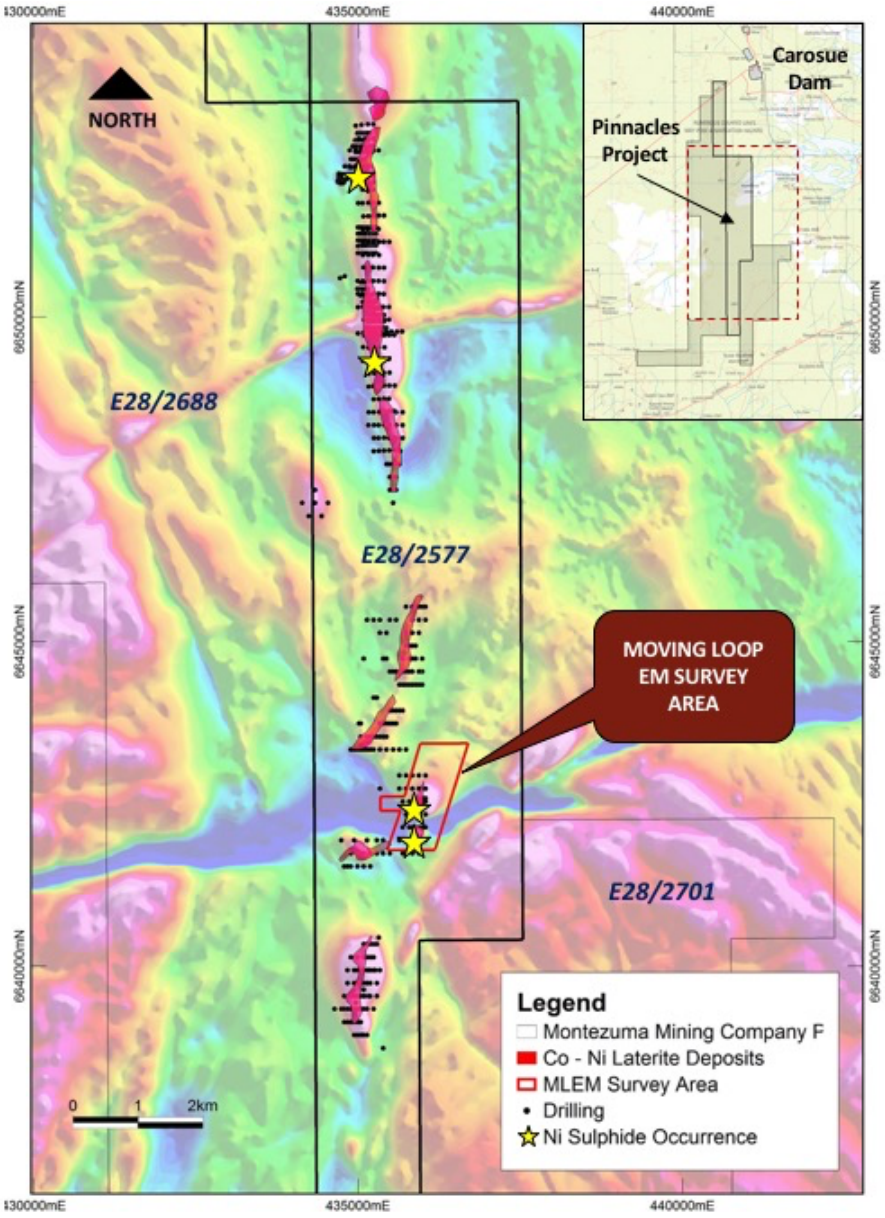

Figure 1: Pinnacles Project – known ultramafic units over aeromagnetics

Hole ID	Easting (MGA 94 Z51)	Northing (MGA 94 Z51)	RL (m)	Dip (^{0})	Azimuth (mag ^{0})	Total Depth (m)	Depth From (m)	Depth To (m)	Intercept Width (m)	Ni (%)	Cu (%)	Co (%)
PNR266	435963	6642406	390	-60	270	53	37	39	2	2.3	0.11	0.13
					Including		38	39	1	**3.5**	**0.15**	0.05

Table 1: Selected drilling intercept from the Pinnacles Project[1]. The Interval shows a selected zone with >2% average grade. All intersections are downhole widths.

MLEM model	Centre top of plate		RL (m)	Dip (^{0})	Direction (mag ^{0})	Length (m)	Depth (m)	Conductivity thickness (s)	Time constant (ms)
	Easting (MGA 94 Z51)	Northing (MGA 94 Z51)							
Plate 1	435955	6442510	130	-90	295	400	600	1,000	20
Plate 2	436105	6643190	145	-80	125	500	500	1,518	90

Table 2: Met rics for the modelled MLEM plates for the Pinnacles Project.

[1] Paterson, P 1998, 'Combined Annual Mineral - Exploration Report December 12th – April 30th 1998 E28/589, 590, 680'. WAMEX Item A 55268
[5] Kanowna Lights NL ASX Release 28 October 1998 'First Quarter Activities Report'.

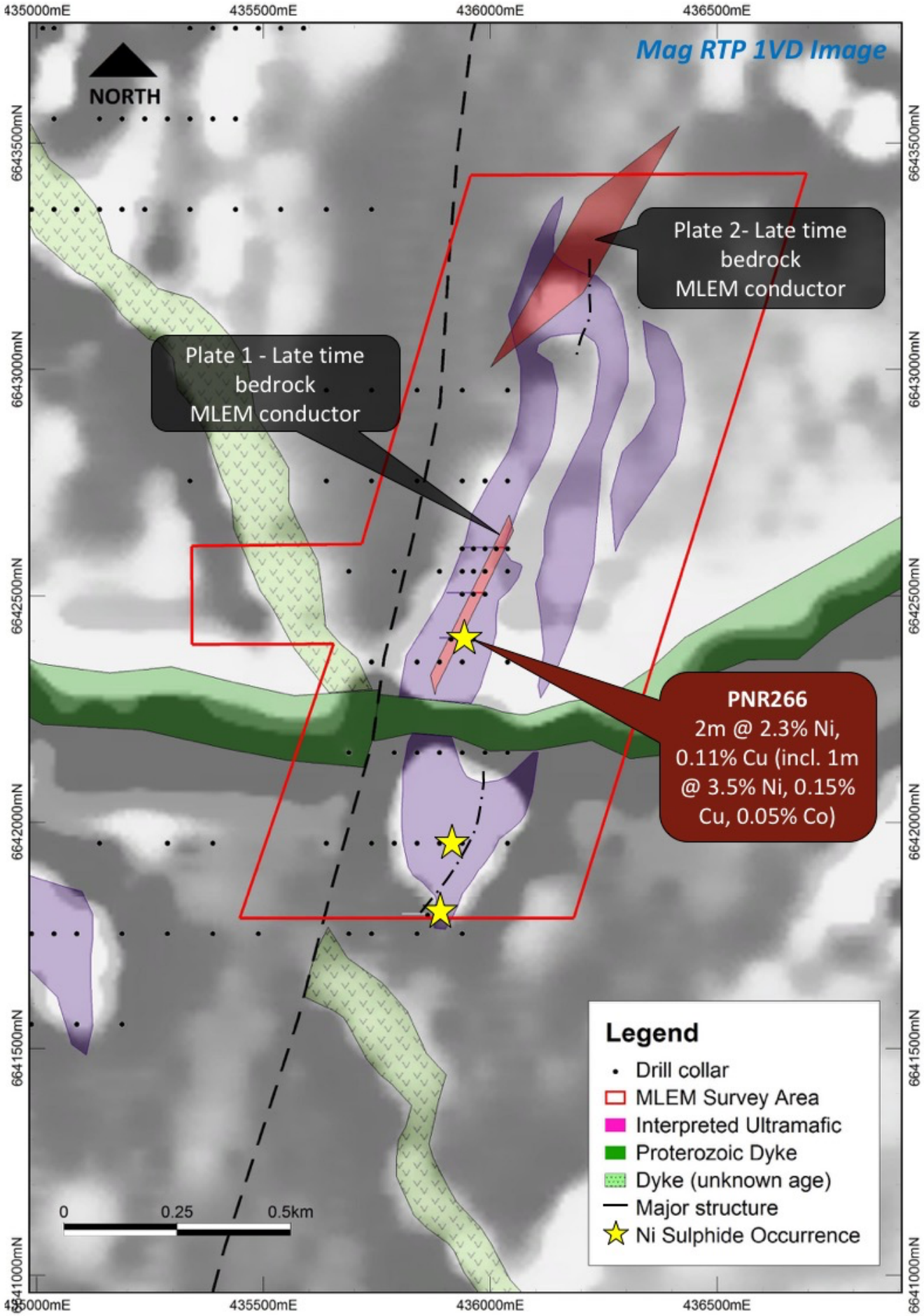

Figure 2: Location and orientation of the two newly identified EM anomalies in relation to the interpreted host ultramafic stratigraphy. Plate 1 is located directly beneath high grade nickel sulphide mineralisation in historic drilling.

FOR MORE INFORMATION…

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Email: jbrown@montezuma.com.au 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.

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources and Mineral Reserves is based on information compiled by Mr David O'Neill who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results, Exploration Targets, Mineral Resources and Mineral Reserves were compiled, Mr O'Neill was an employee of Montezuma Mining Company Ltd. Mr O'Neill 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 O'Neill consents to the inclusion of this information in the form and context in which it appears in this report

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.

JORC Code, 2012 Edition – Table 1 report – Pinnacles Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The drilling data presented herein is sourced from historic reports and as such the sampling technique, and its nature and quality, cannot be determined with certainty. • It can be assumed that industry standard methods have been utilised by the previous holders. • The Moving Loop Electro-Magnetic (MLEM) geophysical data collected in 2017 was captured by Vortex Geophysics using EMIT SMARTFluxgate sensors and a Vortex VTX-100 transmitter (500V/100A).
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse Circulation (RC) Percussion and Air-Core (AC) Drilling was used for the reported program, using a KT42 Schramm Rig and RC42-2T face hammer. • 3 holes were drilled with a Diamond Drilling Rig (type unknown).
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Due to the historic nature of the data, recovery cannot be determined with confidence. • The relationship between sample recovery and grade has not been determined.

Criteria	JORC Code explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All logs were hand written and uploaded into a digital database by previous holders. • Not all geological data for the drilling is available. Where data is available, it has been compiled into a company database.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All samples reported are taken from a 1-4 metre drilling interval. • The sample preparation and sample size information is not available due to the historic nature of the data. • The methods of core preparation and sampling are not available due to the historic nature of the data.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have*	• QAQC protocols are not provided in the historic data.

Criteria	JORC Code explanation	Commentary
	been established.	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• The historic data cannot be verified and it has been collected from publicly available sources.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The survey method for collar co-ordinates is not recorded in the historic data. Visual checks have been applied where possible using aerial photography and/or Google Earth imagery to locate holes correctly if errors are discovered. Selected drill collars have been field checked using handheld GPS with excellent correlation. • The MLEM geophysical data location was captured using 12 channel GPS receivers.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data has been collected at various spacings (<25m in places). • Compositing has been applied to selected samples. • The 2017 MLEM receiver stations were spaced at 200 x 100m intervals in a Slingram configuration, with a 200m single turn loop.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The historic data is to be used as a guide to future exploration and at face value has been collected in a manner that is sensible with respect to general geological trends and deposit types. • More detailed interpretation will be required to assess this further. • The MLEM survey was designed with a 100m sensor spacing across the strike of the stratigraphy (ie E-W), and a 200m spacing along strike. This resolution is considered adequate and was planned with forward modelling of a number of potential target sizes and geometries.
Sample security	• *The measures taken to ensure sample security.*	• Due to the historic nature of the data presented, this cannot be determined.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No external audits or reviews have been conducted apart from internal company review during the compilation of the historical data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Pinnacles Project consists of a single granted exploration license (E28/2577), and two pending exploration licenses (E28/2688 and E28/2701) • The granted tenure is 100% owned by Montezuma Mining Corporation Ltd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The historical exploration data has been collected by various parties and has been reported to high standards. • The methods of exploration and techniques used are considered appropriate for the deposit types sought (Ni, Cu, Co, Au)
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The majority of the historical exploration has been focused on the discovery of Archean greenstone derived lateritic nickel and cobalt mineralisation. • A minor amount of exploration has been completed for Archean lode style gold and nickel sulphide mineralisation

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
		• Refer to document and associated table.
		• The drilling presented in schematic sections is selective and represents a small portion of the overall drilling database.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be*	• Results have been presented as collected from historic data sources.

Criteria	JORC Code explanation	Commentary
	stated. • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Only downhole lengths are reported. • However, due to the nature of the mineralisation and deposit type, these widths are believed to be close to true widths. • Further work is required to determine exact orientations.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to document.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The historic data presented is selective to illustrate trends only.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Refer to document.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future work will include further compilation and detailed interrogation of the historic data. • Based on the outcomes of the ongoing exploration, follow-up and or extension work will be carried out on the project.