



MONTEZUMA

MINING COMPANY LTD

Highlights:

BUTCHERBIRD

- CSIRO studies to produce Electrolytic Manganese Dioxide (“EMD”) from the Butcherbird Manganese Deposit in progress.
- Butcherbird is Australia’s largest onshore manganese resource at >170 million tonnes of manganiferous ore.
- EMD is an important technology metal with over 90% of global consumption used in battery manufacturing.
- Li-Ion battery cathodes contain up to 60% manganese, ~5X the contained value and ~15 times the amount of lithium.

PINNACLES

- Extensive historic drilling data set currently being compiled.
- Drilling results show a near surface cobalt zone including:

PN44 16m @ 0.27% Co, >1% Ni, 0.58% Mn from 18m
PN100 8m @ 0.29% Co, 0.73%Ni, 2.09% Mn from 10m;
including: 2m @ 0.8% Co, >1% Ni, 4.6% Mn from 14m
PN168 30m @ 0.16% Co, >1.0 % Ni, 0.86 Mn from 10m

- Resource Estimate to be expedited once data compilation complete.

LAKE JOHNSTON

- First pass target generation has identified geological potential for lithium mineralisation.
- Historic drilling intersected downhole thicknesses over 100m logged as pegmatites with no lithium assays.
- Surface auger geochemistry shows elevated lithium proximal to outcropping pegmatites.
- Drill spoil resampling in progress.

HOLLETON

- Landholder access agreement negotiations progressing.
- Priority target at the Brahma Prospect, where strong gold in soil anomalism extends over 2.5km in strike and remains largely untested by deeper drilling.
- Only three holes > 50m drilled to date. All three intersected broad mineralised intervals with **grades up to 7.6 g/t Au**.

QUARTERLY OPERATIONS REPORT 31 MARCH 2017

ABOUT MONTEZUMA MINING

Listed in 2006, Montezuma Mining Company Ltd (ASX: MZM) is a diversified explorer primarily focused on gold and technology metals including manganese, lithium and cobalt. The Company’s objective is to achieve returns for shareholders through resource development, selected strategic acquisitions and targeted exploration.

Our portfolio includes the Holleton and Yamarna Gold Projects, the Butcherbird Manganese-Copper Project, the Pinnacles Cobalt-Nickel Project, and the Lake Johnston Lithium-Gold Project, all in Western Australia.

MARKET DATA

ASX code: MZM
Shares on issue: 83,464,350

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:
<http://www.montezuma.com.au>

BUTCHERBIRD MANGANESE-COPPER PROJECT: (MZM 100%)

CSIRO Processing Studies

The Commonwealth Scientific and Industrial Research Organisation (“CSIRO”) Process Science and Technology Group has commenced research and development studies into the production of high purity Electrolytic Manganese Dioxide (“EMD”) from manganese ores sourced from the Company’s 100% owned, infrastructure endowed Butcherbird Project in Western Australia.

The investigations will also focus on improving the primary beneficiation grades achieved from the Butcherbird ores as a feedstock into the EMD process flow sheet(s) and as a potential marketable product for sale to the manganese alloy markets. Previous work achieved consistent grades of ~33% Mn, and this work will seek to further increase that¹

The Department of Industry, Innovation and Science have agreed to co-fund the work up to \$50,000 as part of the Innovations Connections Programme.

ABOUT THE BUTCHERBIRD PROJECT

The Butcherbird Manganese Deposit is Australia’s **largest onshore manganese resource**² comprising large tonnages of near surface manganese oxide ore in seven deposits³.

The Project also has some **excellent infrastructure advantages** with a gas pipeline and bitumen highway passing directly adjacent to and through the mineralised envelope.

The mineralisation occurs as supergene enrichment of a regional scale basal manganese shale which underlies much of the Project area. The shale beds are gently folded and where the folds approach the surface topography, supergene processes have significantly upgraded the manganese content to form a potential feedstock for further down stream processing.

Classification	Inferred Resource	
Cut-off	10% Mn	
Deposit	Tonnes (Mt)	Mn (%)
Bindi Bindi Hill	8.75	11.09
Budgie Hills	1.03	10.82
Cadgies Flats	0.25	11.08
Coodamudgi	12.9	11.48
Illgararie Ridge	17.0	10.71
Mundawindi	14.2	12.23
Richies Find	16.1	11.56
SUBTOTAL	70.2	11.4
Yanneri Ridge	48.8	11.8
GLOBAL TOTAL	119.0	11.6

.. Inferred Mineral Resource Estimates at the Butcherbird Manganese Project are reported at a 10% Mn cut.

Classification	Inferred Resource	
Cut-off	8-10% Mn	
Deposit	Tonnes (Mt)	Mn (%)
Bindi Bindi Hill	5.7	9.2
Budgie Hills	3.5	8.9
Cadgies Flats	0.2	9.1
Coodamudgi	3.6	9.5
Illgararie Ridge	18.5	9.2
Mundawindi	2.1	9.4
Richies Find	6.6	9.4
SUBTOTAL	40.1	9.3
Yanneri Ridge	15.8	9.4
GLOBAL TOTAL	55.9	9.3

!. Inferred Mineral Resource Estimates at the Butcherbird Manganese Project are reported at 8-10% Mn.

¹ Montezuma Mining Company Ltd ASX release dated 27 March 2014

² Montezuma Mining Company Ltd ASX release dated 7 December 2011

³ <http://geodocs.dmp.wa.gov.au/search.jsp?documentId=445376>

BENEFICIATION POTENTIAL

The Company discovered the deposits in 2010-2011 and has subsequently undertaken several rounds of metallurgical test work which have shown that a **high silica concentrate with approximately 33% contained manganese and low deleterious elements** can be reliably produced through relatively simple processing methods⁴.

This medium grade concentrate is suitable for use in the production of silico manganese alloys, a major manganese feedstock for use in steel making. This concentrate will be used as the initial feed for the EMD production process test work.

ABOUT EMD

Industry observers expect the global electrolytic manganese dioxide market to reach USD 635.7 million by 2022 with a **projected compound annual growth rate of 4.9%** from 2015 to 2022.⁵

Growth in demand from the battery manufacturing industry is expected to drive projected demand curves as technological advancements in **wind and solar power generation** and the need for associated grid electrical storage systems expands.

Battery production is the leading EMD consumer with market share estimated to exceed 90% of global consumption. This demand is expected to continue to grow in particular due to the current and expected future growth in the global electric vehicle industry, which in turn has a strong impact on battery demand. Manganese in the form of **EMD is a key ingredient in several types of widely used battery technologies including Li-ion, alkaline and zinc-carbon, and the next generation lithiated manganese dioxide batteries, with cathodes comprising over 60% Mn compared to approximately 4% lithium.**

⁴ Montezuma Mining Company Ltd ASX release dated 27 December 2014

⁵ <http://www.grandviewresearch.com/press-release/global-electrolytic-manganese-dioxide-market>

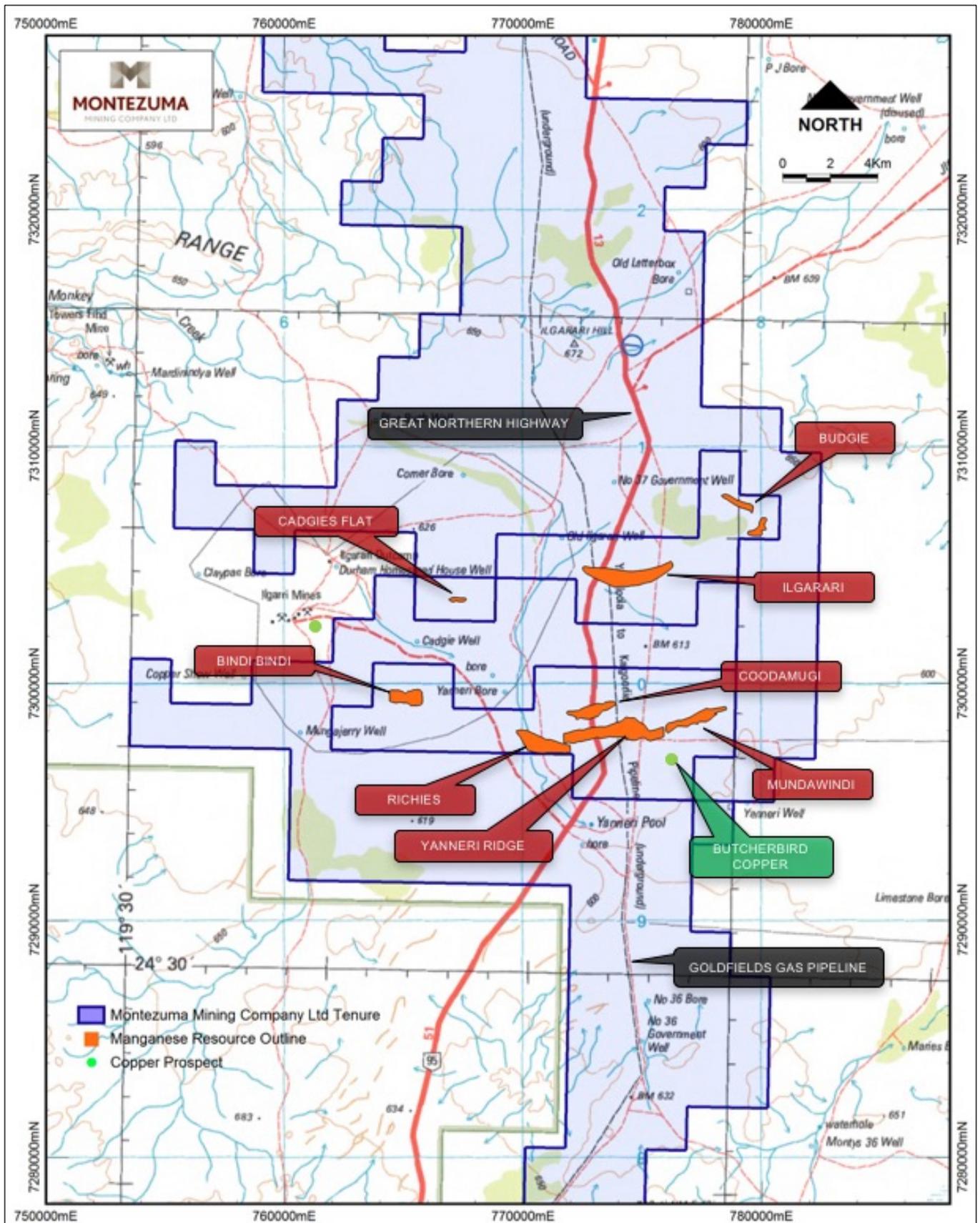


Figure 1: Butcherbird Manganese Project deposit locations and key infrastructure.

PINNACLES COBALT-NICKEL PROJECT (MZM 100%)

Ongoing historic data review has confirmed the potential for **high grade cobalt** associated with manganese-nickel oxide mineralisation at its 100% owned Pinnacles Project. The Pinnacles Project is located ~75km north east of Kalgoorlie, and ~50km from the Company’s Lake Johnston Lithium Project.

The Project was extensively drilled for lateritic nickel mineralisation until 2004. Cobalt was not a specific focus of the historic work however it is clear from the available data that there is significant shallow **cobalt enrichment** in parts of the deposit, providing an opportunity to fast track the calculation of a mineral resource estimate at very low cost to the Company using this data set.

The addition of cobalt to the Company’s project portfolio strengthens Montezuma’s strategic position as it

expands into the technology metal space to take advantage of **increasing metal prices** resulting from strong projected demand growth as the world moves from a fossil fuel energy system to one which is based on renewable energy production and battery storage⁶. Most key battery technologies use lithium with manganese and/or cobalt, the target commodities for the Company’s Butcherbird, Lake Johnston and Pinnacles Projects.

The data presented represents a sub sample of a larger historical data set which is currently being compiled and validated. The results compiled to date suggest that further work is warranted on the deposit and the Company intends to allocate further resources to complete the data compilation and validation work. This will form the basis of an initial resource estimate before the next phase of work is planned.

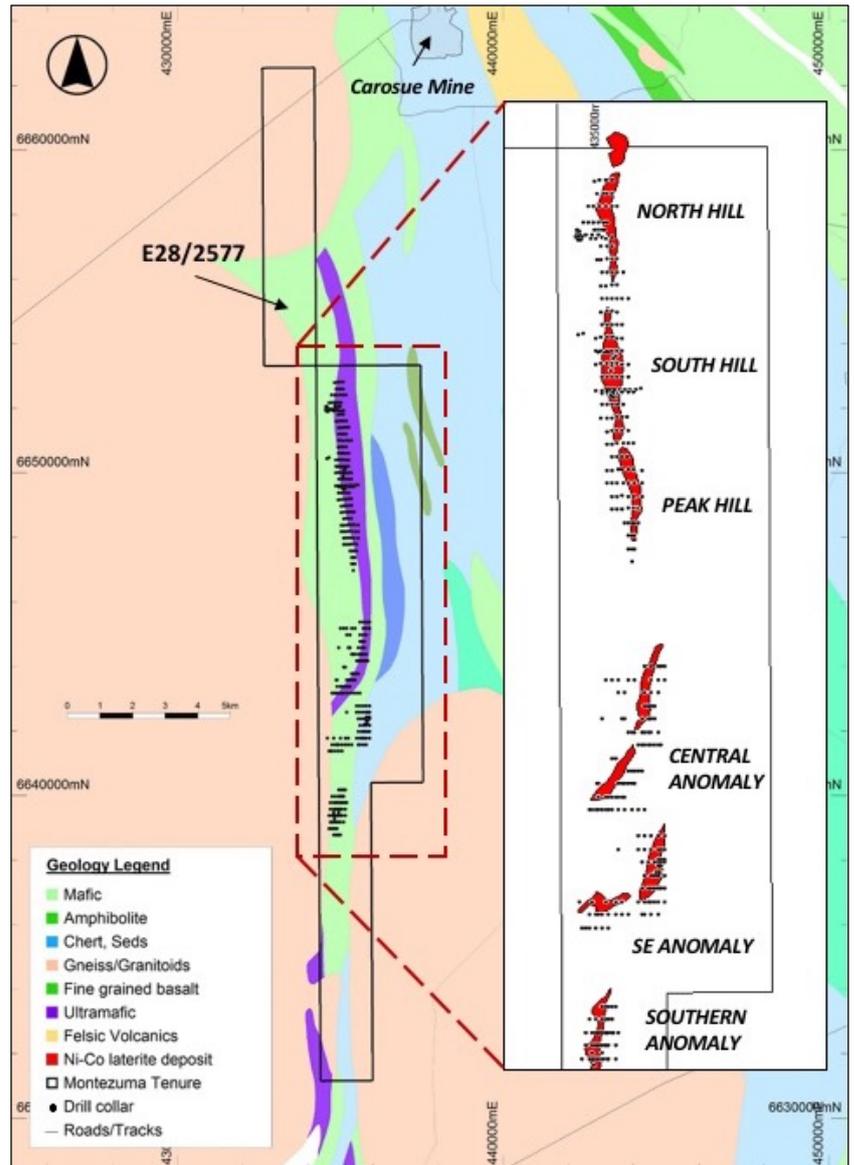


Figure 1: Plan view showing drillhole collar locations and known cobalt mineralised zones along approximately 15km of strike.

⁶ <https://www.climatecouncil.org.au/batterystoragereport2015>

As a result of the historic work being focussed on the nickel rather than the cobalt mineralisation, the Company believes there may be potential for further work to better define the higher grade cobalt zones within the greater lateritic nickel orebody.

The apparent association between cobalt and manganese mineralisation will be further explored in future analyses as this may have importance in relation to understanding the cobalt distribution but also potential metallurgical processing options.

Hole ID	Easting (MGA 94 Z51)	Northing (MGA 94 Z51)	RL (m)	Dip (°)	Azimuth (mag °)	Total Depth (m)	Depth From (m)	Depth To (m)	Intercept Width (m)	Co (%)	Ni (%)	Mn (%)
PN33	435096	6649826	398.7	-90	0	82	30	50	20	0.15	0.57	0.44
PN41	434937	6650027	402.9	-90	0	76	18	32	14	0.16	>1.0*	0.94
PN44	435102	6650004	404.3	-90	0	42	18	34	16	0.27	>1.0*	0.58
PN50	434929	6650226	407	-90	0	82	8	10	2	0.27	0.62	2.00
					And		22	30	8	0.14	>1.0*	0.55
PN100	434890	6652194	412	-90	0	88	10	18	8	0.29	0.73	2.09
					Including		14	16	2	0.8	>1.0*	4.6
PN117	435102	6649401	397.4	-90	0	90	26	32	6	0.21	0.64	1.78
PN167	434973	6650207	406.5	-60	270	100	14	22	8	0.21	0.78	0.52
					Including		14	16	2	0.58	>1.0*	1.35
PN168	434892	6650208	407	-60	270	82	10	40	30	0.16	>1.0*	0.83
Rock Chip Results⁵												
N/A	434832	665245								1.30%	1.55%	

Table 1: Selected drilling intercepts from the Pinnacles Cobalt Project⁷. Intervals show selected zones with >0.1% average grade from drillholes compiled to date. All intersections are downhole widths. In the case of vertical drillholes, widths are interpreted as being approximately true width. * Indicates that the assay result was above 1% Ni, the upper range limit of the assay technique used.

LAKE JOHNSTON LITHIUM-GOLD-NICKEL PROJECT (MZM 85%)

Recently completed target generation activities have confirmed the potential for lithium mineralisation at the Company's Lake Johnston Project in Western Australia. The Lake Johnston Project is located approximately 460km east of Perth, and 25km south of the Maggie Hays and Emily Ann nickel deposits, currently held by Poseidon Nickel Ltd ("Poseidon").

The Lake Johnston area has recently become the focus of intensive lithium exploration (Figure 2), due to known lithium occurrences at Mount Day and Lake Percy, and the recent discovery of the nearby, and potentially world-class, Earl Grey lithium deposit (Kidman Resources Ltd or 'Kidman')⁸.

The area may also become a lithium processing hub, with Kidman recently signing an agreement to lease Poseidon's Lake Johnston nickel facility for processing ore from the Earl Grey pegmatite deposit⁹.

⁷ 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'.

⁸ http://kidmanresources.com.au/live/wp-content/uploads/2016/12/ASX-Announcement_Earl-Grey-Maiden-Resource-Correction-Announcement.pdf

As announced during December 2016 (ASX release dated 21 December, 2016), Montezuma has purchased the extensive exploration database for the Lake Johnston Project from Hannan's Ltd (ASX:HNR)¹⁰. The database includes geochemical, geophysical and drilling data, and has allowed Montezuma to accelerate target definition activities targeting economic accumulations of nickel, gold and lithium.

During a detailed review of the database, a number of priority lithium targets have been identified within the project area (Figure 3). These targets have been generated with historical mapping and field reconnaissance in areas of outcrop, and historical drilling and auger sampling. The review has highlighted a high volume of pegmatites, both in drilling, and in outcrop, some coincident with elevated levels of lithium (up to 75ppm in lake auger drilling). Significantly, none of the identified pegmatites have been sampled for lithium or associated elements (eg rubidium).

The Company intends to commence follow up work to validate these lithium targets. A field program will be undertaken including further mapping, rock chip sampling and, where possible, re-sampling of historical drilling spoil for lithium and selected pathfinder element assay.

This work will also focus on following-up a number of existing nickel and gold targets, with a particular focus on the Hardcore and Ernest gold prospects where previous workers identified significant near surface gold mineralisation.

⁹ http://kidmanresources.com.au/live/wp-content/uploads/2016/11/ASX-Announcemnt_Option-to-process-Earl-Grey-lithium-ore-at-nearby-POS-plant.pdf

¹⁰ Company ASX release dated 21 December 2016

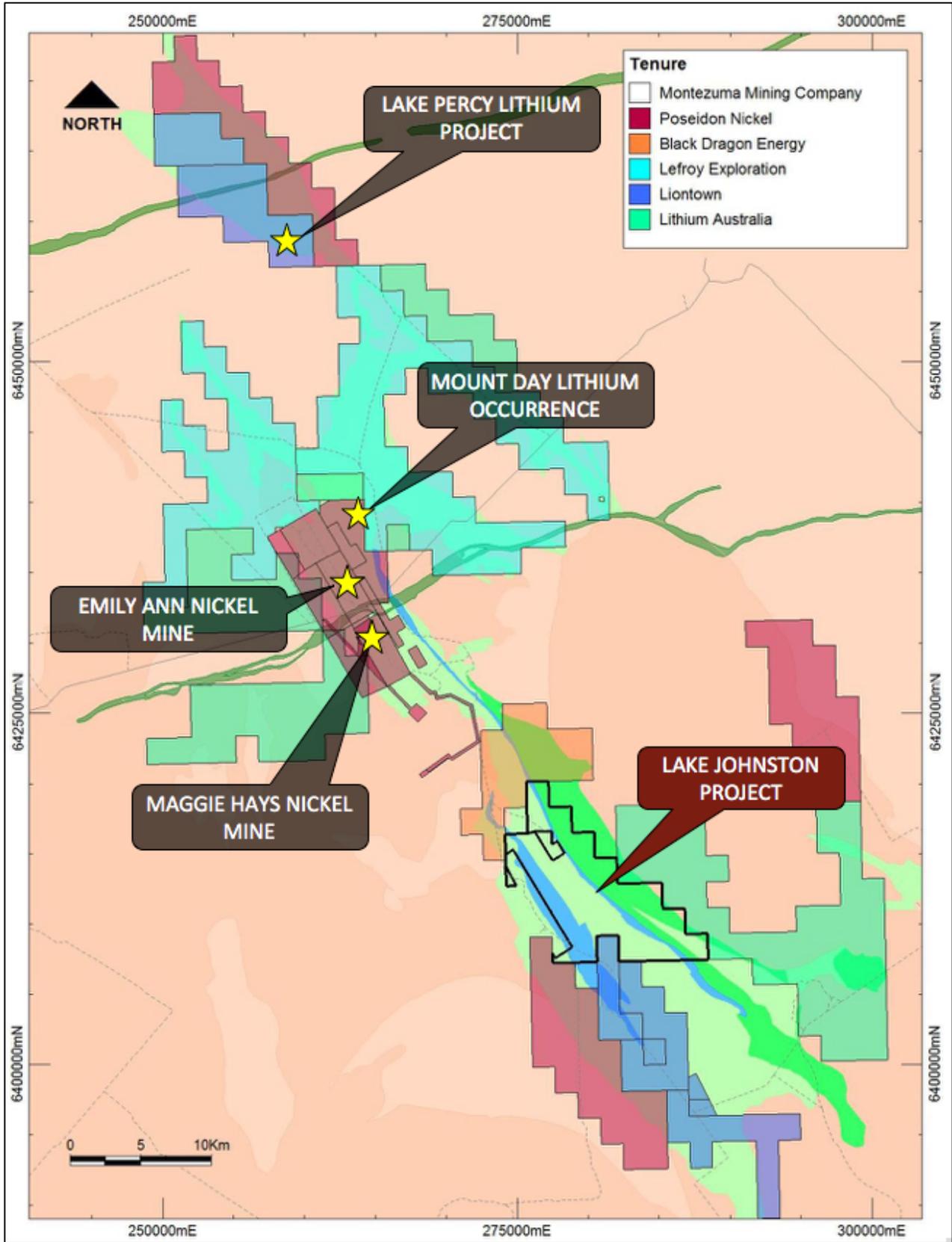


Figure 2: Lake Johnston Project location plan and regional lithium competitor map.

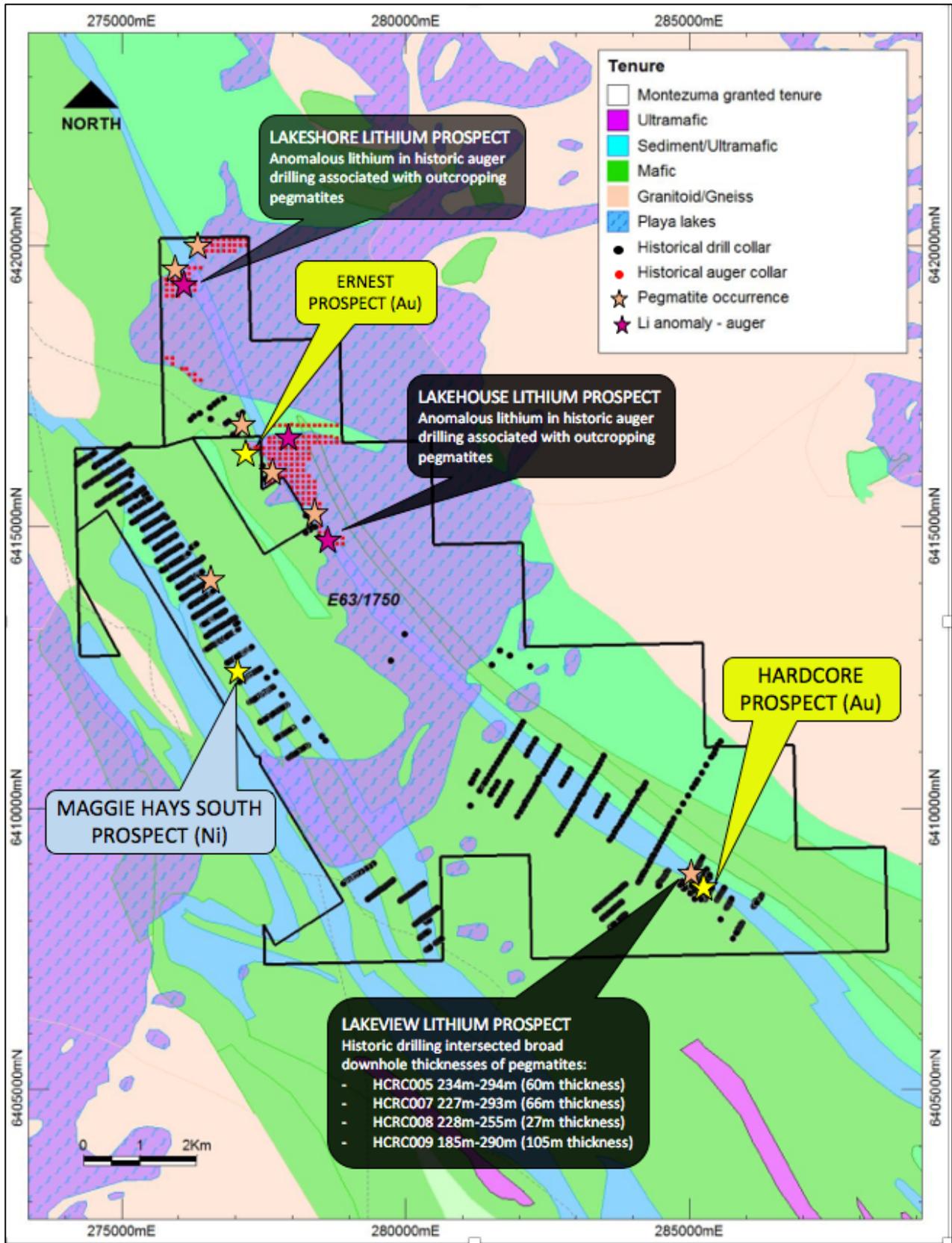


Figure 3: Detailed geological map showing historical auger and drilling locations, and the known pegmatite occurrences and lake auger lithium anomalies.

HOLLETON PROJECT: (MZM 100%)

The Holleton exploration licence 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 most prospective 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 highly favourable 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 intervals¹¹. Numerous other intersections greater than 100ppb Au remain open along the length of the soil anomaly.

Montezuma regards the Brahma prospect as drill ready and intends to commence work on this target and a number of other more regional target areas as soon as terms are reached with the landholder in relation to an access agreement. Negotiations are progressing.

YAMARNA PROJECT: (MZM 100%)

Jatz RC Drilling Programme

A deep RC drilling programme was completed comprising 20 reverse circulation drill holes for a total of 2,754m at the Yamarna Gold Project, located approximately 20km along strike from the recently discovered multi-million ounce ore body at Gruyere¹² by Gold Road Resources Ltd (ASX:GOR).

Several holes intersected broad zones of alteration including silica, biotite and sericite overprinting, associated with quartz veining +/- sulphides. The alteration occurs over zones of up to 40m downhole and is interpreted to have resulted from a significant hydrothermal event.

The drilling was completed at the Jatz, Le Snak and Salada prospects following a regional integrated structural review using the available aeromagnetic, gravity and drilling datasets.

The favourable geology was associated with significant gold anomalism in places and further confirmed the kilometre scale Jatz trend.

As detailed in Table 2, a number of the recent results are based on composite samples which will need to be resplit to 1m intervals to better define the mineralised zones.

¹¹ http://www.montezuma.com.au/images/uploads/160720_Priority_Gold_Targets_Identified_at_Holleton_Project_.pdf

¹² <http://www.goldroad.com.au/document/gruyere-resource-increases-to-6-2-million-ounces/>

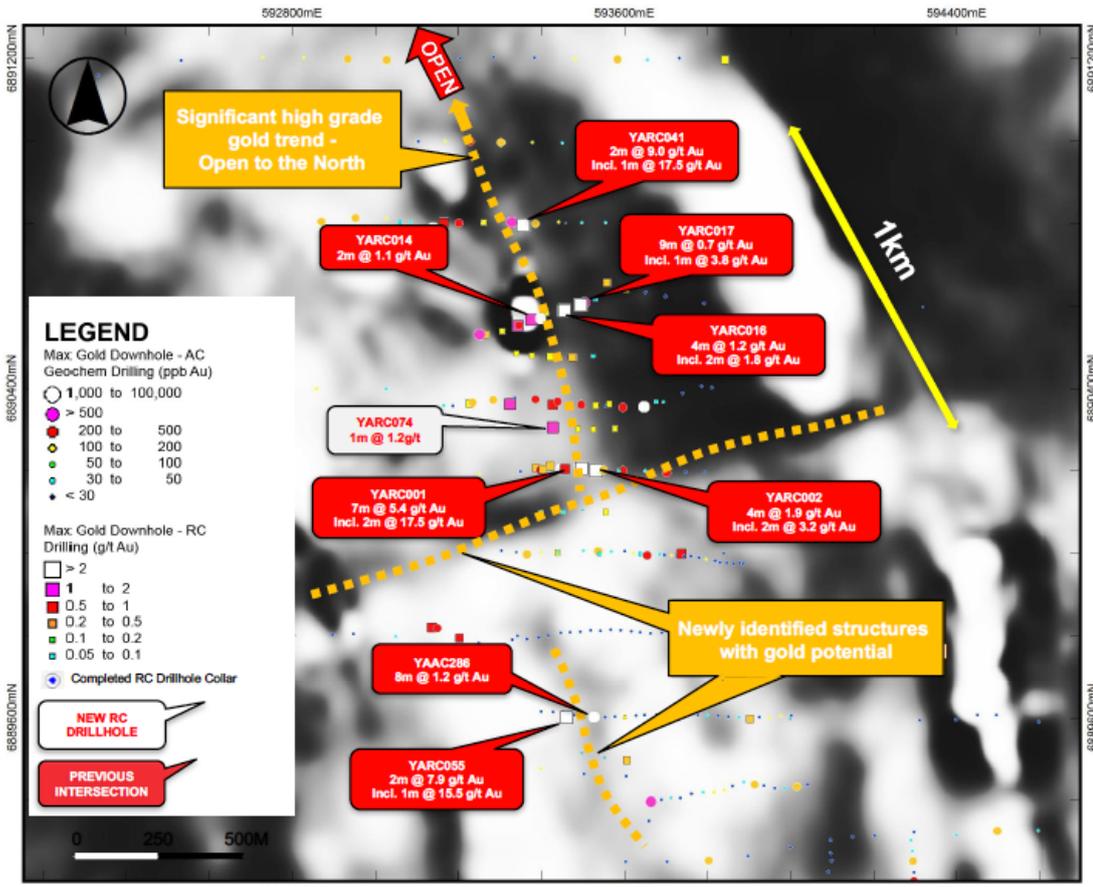


Figure 4: Jatz and Le Snak prospects drillhole location plan. All intersections are downhole widths¹³.

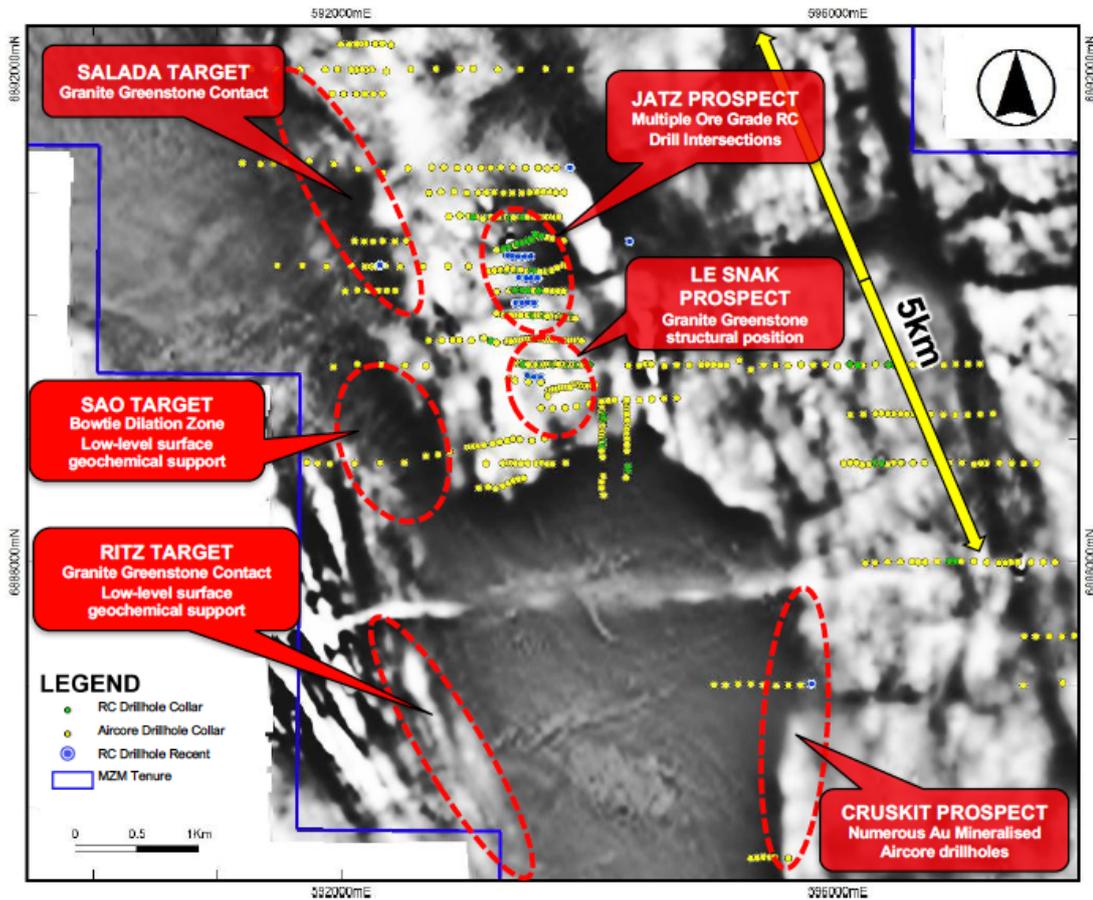


Figure 5: Regional prospect and drillhole location plan.

¹³ http://montezuma.com.au/images/uploads/160926_High_Grade_Gold_Trend_Confirmed_at_Jatz_FINAL.pdf

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)
YARC061	593842	6891198	393	-60	90	108	12	16	4	0.2
YARC062	592308	6890406	394	-60	270	150	No significant assays			
YARC063	593377	6890479	400	-60	270	150	48	52	4	0.1
And							54	58	4	0.1
And							66	70	4	0.2
And							106	110	4	0.1
YARC064	593423	6890477	400	-60	270	150	81	84	3	0.2
And							149	150	1	0.1
YARC065	593475	6890476	400	-60	270	156	40	52	12	0.3
					Including		40	44	4	0.5
YARC066	593526	6890478	400	-60	270	150	No significant assays			
YARC067	593497	6889515	405	-60	270	96	No significant assays			
YARC068	593552	6889503	405	-60	270	150	No significant assays			
YARC069	593606	6889497	405	-60	270	150	51	53	2	0.2
YARC070	593400	6890100	398	-60	270	192	No significant assays			
YARC071	593453	6890099	398	-60	270	150	No significant assays			
YARC072	593499	6890104	398	-60	270	150	No significant assays			
YARC073	593555	6890100	398	-60	270	150	28	32	4	0.1
YARC074	593427	6890305	398	-60	270	150	87	88	1	0.2
And							91	93	2	0.8
					Including		91	92	1	1.2
YARC075	593487	6890302	398	-60	270	150	31	32	1	0.1
YARC076	593525	6890302	398	-60	270	150	20	24	4	0.1
And							43	44	1	0.2
YARC077	593578	6890303	400	-60	270	144	81	85	4	0.2
YARC078	593340	6890485	400	-60	270	90	77	78	1	0.2
And							86	89	3	0.1
YARC079	594320	6890597	395	-60	90	138	No significant assays			
YARC080	595785	6887005	447	-60	270	30	No significant assays			

Table 2: Significant assays from RC drilling at the Yamarna Project. All intercepts are downhole widths.

CORPORATE

Investment Portfolio (as at 31 March 2017)

In addition to cash reserves, the Company also currently holds shares in the following listed entities:

Listed securities at market value:	No. Held	Closing Price	Market Value
Buxton Resources Ltd (BUX)	800,000	0.2350	\$188,000
Buxton Resources Ltd (BUX) 12.5c Options	4,000,000	N/A	-
Duketon Mining (DKM)	1,450,000	0.1800	\$261,000
Exterra Resources Ltd (EXC)	14,000,000	0.0500	\$700,000
Resource & Investment (RNI)	1,000,000	0.0640	\$64,000
Lefroy Exploration (LEX) (escrowed)	4,200,000	0.1700	\$714,000
Danakali Limited (DNK)	7,527,369	0.6700	\$5,043,337
Danakali Limited (DNK) 35c Options	2,272,727	N/A	-
Total as at 31 March 2017			\$6,970,337

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.montezuma.com.au>.

The information in this report that relates to Exploration Results, Mineral Resources and Mineral Reserves is based on information compiled by Mr Justin Brown 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 Brown was an employee of Montezuma Mining Company Ltd. Mr Brown 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 Brown or an entity related to or controlled by Mr Brown holds fully paid shares and and options over fully paid shares in the Company at the time of this report. Mr Brown 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 31 Mar 2017

	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	E20/659	Eelya Hill WA	10%	N/A	10%
	E20/903	Yallon Well WA	100%	N/A	100%
	E20/904	Sunday Well WA	100%	Disposed	0%
	E20/922	Sunday Well WA	0%	Acquired	100%
	E20/923	McCaskill Hill	0%	Acquired	100%
	E28/2313	Green Dam WA	100%	N/A	100%
	E28/2327	Green Dam WA	100%	N/A	100%
	E28/2577	Pinnacles WA	100%	N/A	100%
	E28/2630	Judada Rock WA	100%	N/A	100%
	E28/2688	Pinnacles WA	0%	N/A	100%
	E36/843	Leinster WA	100%	N/A	100%
	E37/1176	Leonora WA	100%	N/A	100%
	E37/1295	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%
	E51/1781	Mt Maitland WA	100%	N/A	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%
	E52/3354	Peak Hill WA	100%	N/A	100%
	E52/3438	Butcher bird North WA	100%	N/A	100%
	E52/3470	Butcher Bird WA	100%	N/A	100%
	E52/3493	Butcher Bird WA	100%	N/A	100%
	E57/1060	Victory Well WA	100%	N/A	100%
	E58/494	Naluthanna Hill WA	100%	N/A	100%
	E59/2184	Twin Peaks WA	100%	N/A	100%
	E59/2241	Narndee WA	0%	N/A	100%
	E59/2246	Milgoo Peak WA	0%	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%	Disposed	0%	
E63/1838	Lake Johnston WA	100%	N/A	100%	

	Tenement reference	Location	Interest at beginning of quarter	Acquired/Disposed	Interest at end of quarter
	E69/3419	Rainbow Well WA	100%	Disposed	0%
	E69/3478	Cunyu WA	100%	N/A	100%
	E69/3491	Glover Hill	0%	Acquired	100%
	E70/4923	Holleton WA	100%	N/A	100%
	E77/2334	Holleton WA	100%	N/A	100%
	E77/2415	Holleton WA	100%	N/A	100%
	E80/5056	Eileen Bore WA	100%	N/A	100%

Notes:

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