

MONTEZUMA MINING COMPANY LIMITED

ABN 46 119 711 929

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2008

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2008 and any public announcements made by Montezuma Mining Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

MONTEZUMA MINING COMPANY LIMITED

31 DECEMBER 2008

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MONTEZUMA MINING COMPANY LIMITED

31 DECEMBER 2008

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Montezuma Mining Company Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Denis O'Meara

Justin Brown

Terrence Grammer

Ian Cornelius

REVIEW AND RESULTS OF OPERATIONS

A summary of revenues and results for the half-year is set out below:

	2008	
	Revenues	Results
	\$	\$
Consolidated entity	1,090,418	7,895

The strategy for the current half-year has been to continue to underpin the funding of work at Peak Hill by developing and enhancing the capital generating potential of the Mt Padbury iron ore sale deal with Midwest Corporation Limited ("Midwest"), and the manganese sale to Auvex Resources Ltd ("Auvex"). The company is a major shareholder in Auvex and has already received the initial \$1M cash payment from Midwest with up to \$5M cash plus royalties still payable subject to certain contractual milestones.

The focus for the funding will primarily be the development of the Company's gold assets at Peak Hill and surrounds. Current efforts are targeted at redesigning the gold resource models for the four main target areas at Peak Hill, with a view to publishing a revised resource calculation which will include new drilling and historical drilling not previously included.

In addition to the key activities, the Company has initiated a strategic review of all non core assets and has taken the decision to divest several project areas that in the Board's view do not offer the near term returns which are required to attract capital in the current difficult market conditions. In addition, the Company continues to seek and evaluate potential acquisitions which may be acquired at modest price levels but which show near term potential to add shareholder value.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.



Justin Brown

Managing Director

Perth, 9 March 2009

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Level 18, 6 O'Connell Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001
Phone 8815 5400 Facsimile 8815 5401 E-mail swan2000@bigpond.com

The Directors
Montezuma Mining Company Ltd
133- 135 Edward St
Perth WA 6000

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2008 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham R Swan (Lead auditor)



Rothsay Chartered Accountants

Dated 9 MARCH 2009



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

MONTEZUMA MINING COMPANY LIMITED

31 DECEMBER 2008

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-year	
	2008	2007
	\$	\$
REVENUE	1,090,418	442,411
EXPENDITURE		
Depreciation expense	(7,138)	(8,614)
Salaries and employee benefits expense	(70,118)	(55,546)
Exploration expenditure	(565,023)	(1,607,404)
Secretarial and share registry expenses	(53,637)	(27,856)
Administration expenses	(71,328)	(91,363)
Share based payment expense	(23,640)	(251,350)
Other expenses	(291,639)	(44,066)
PROFIT / (LOSS) BEFORE INCOME TAX	7,895	(1,643,788)
Income tax benefit / (expense)	-	-
PROFIT / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF MONTEZUMA MINING COMPANY LIMITED	7,895	(1,643,788)
Basic and diluted earnings / (loss) per share (cents)	0.0	(4.7)

The above consolidated income statement should be read in conjunction with the accompanying notes.

MONTEZUMA MINING COMPANY LIMITED**31 DECEMBER 2008****CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	1,734,458	1,352,312
Trade and other receivables	32,153	35,392
Financial assets at fair value through profit or loss	60,300	321,600
TOTAL CURRENT ASSETS	1,826,911	1,709,304
NON-CURRENT ASSETS		
Receivables	646,326	594,300
Plant and equipment	37,450	41,926
TOTAL NON-CURRENT ASSETS	683,776	636,226
TOTAL ASSETS	2,510,687	2,345,530
CURRENT LIABILITIES		
Trade and other payables	215,663	127,541
TOTAL CURRENT LIABILITIES	215,663	127,541
TOTAL LIABILITIES	215,663	127,541
NET ASSETS	2,295,024	2,217,989
EQUITY		
Issued capital	5,650,610	5,608,610
Reserves	479,122	451,982
Accumulated losses	(3,834,708)	(3,842,603)
TOTAL EQUITY	2,295,024	2,217,989

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

MONTEZUMA MINING COMPANY LIMITED

31 DECEMBER 2008

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	2008	2007
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR	2,217,989	2,658,224
PROFIT / (LOSS) FOR THE HALF-YEAR	7,895	(1,643,788)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF MONTEZUMA MINING COMPANY LIMITED	7,895	(1,643,788)
Transactions with equity holders in their capacity as equity holders:		
Shares issued during the half-year	42,000	963,180
Transaction costs	-	(11,000)
Supplier share options	3,500	-
Employee and contractor share options	23,640	251,350
	69,140	1,203,530
TOTAL EQUITY AT THE END OF THE HALF-YEAR	2,295,024	2,217,966

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

MONTEZUMA MINING COMPANY LIMITED

31 DECEMBER 2008

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-year	
	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of mining interests	1,100,000	-
Expenditure on mining interests	(546,879)	(1,648,874)
Payments to suppliers and employees	(201,578)	(228,774)
Interest received	38,392	62,511
Net cash used in operating activities	389,935	(1,815,137)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(7,789)	(27,738)
Payment for environmental bond	-	(594,300)
Payment for equity investment	-	(2,000)
Net cash used in investing activities	(7,789)	(624,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue transaction costs	-	(11,000)
Proceeds from issue of shares	-	963,180
Net cash provided by financing activities	-	952,180
Net increase/(decrease) in cash and cash equivalents	382,146	(1,486,995)
Cash and cash equivalents at the beginning of the half-year	1,352,312	2,742,423
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,734,458	1,255,428

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

MONTEZUMA MINING COMPANY LIMITED

31 DECEMBER 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Montezuma Mining Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2: SEGMENT INFORMATION

The company operates in predominantly one business and geographical segment, being mineral exploration in Australia.

NOTE 3: SUBSIDIARY

Prior Period

Peak Hill Metals Pty Ltd was incorporated on 25 July 2007 with Montezuma Mining Company Limited being the sole shareholder. The company has been dormant since its incorporation.

NOTE 4: MOVEMENTS OF EQUITY SECURITIES

	2008 Shares	2008 \$	2007 Shares	2007 \$
Issues of ordinary shares during the half-year				
Issued for cash at 20 cents each	-	-	4,815,900	963,180
Issued as consideration for the acquisition of tenements	400,000	42,000	-	-
Transaction costs	-	-	-	(11,000)
	400,000	42,000	4,815,900	952,180

MONTEZUMA MINING COMPANY LIMITED

31 DECEMBER 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 4: MOVEMENTS OF EQUITY SECURITIES (continued)

	Number of options	
	2008	2007
Movement of options during the half-year		
Issue of unlisted options, exercisable at 20 cents, on or before 2 March 2012	400,000	-
Issue of unlisted options, exercisable at 20 cents, on or before 30 November 2012	2,000,000	-
Issue of unlisted options, exercisable at 35 cents, on or before 23 July 2011	-	1,500,000
Issue of unlisted options, exercisable at 35 cents, on or before 31 August 2011	-	1,000,000
Issue of listed options, exercisable at 20 cents, on or before 31 August 2011	100,000	1,203,975
Cancellation of unlisted options, exercisable at 20 cents, on or before 2 March 2012	-	(50,000)
	2,500,000	3,653,975

NOTE 5: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 6: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2008, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

MONTEZUMA MINING COMPANY LIMITED

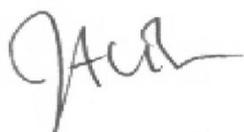
31 DECEMBER 2008

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 10 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Montezuma Mining Company Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Justin Brown
Managing Director
Perth, 9 March 2009



Level 18, 6 O'Connell Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001
Phone 8815 5400 Facsimile 8815 5401 E-mail swan2000@bigpond.com

Independent Review Report to the Members of Montezuma Mining Company Ltd

The financial report and directors' responsibility

The interim financial report comprises the balance sheet, income statement, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Montezuma Mining Company Ltd for the half-year ended 31 December 2008.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Montezuma Mining Company Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Montezuma Mining Company Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the company as at 31 December 2008 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Graham R Swan
Partner

Dated 9 MARCH 2009



Chartered Accountants

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