

Highlights:

YAMARNA

- Twenty reverse circulation holes completed for a total of 2,754m targeting high grade basement gold mineralisation.
- Broad zones of alteration intersected including silica, biotite and sericite and associated quartz veining +/- sulphides.
- Assays Pending.

HOLLETON

- Landholder access agreement negotiations ongoing.
- Priority target identified at the 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**.

FRANCE

- Montezuma's 100% owned French subsidiary, Cordier Mines SAS ("Cordier"), granted an Exploration Permit (PERM) for the Bonneval Gold Project.
- PERM covers approximately 260km² over a highly prospective region including multiple historical gold mining centres south of Limoges, in Limousin, south-central France.
- Over 28 tonnes (~0.94M Oz) of gold has been produced historically within the Bonneval Project area

CORPORATE

- Lake Lefroy exploration licence E15/1447 sold for 4.2M shares in ASX listed Lefroy Exploration Limited with a deemed value at settlement of \$840,000.

QUARTERLY OPERATIONS REPORT

31 DECEMBER 2016

ABOUT MONTEZUMA MINING

Listed in 2006, Montezuma Mining Company Ltd (ASX: MZM) is a diversified explorer primarily focused on gold, manganese, and copper. The Company's 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 as well as a number of other grassroots projects targeting multiple commodities and mineralisation styles.

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>

YAMARNA PROJECT: (MZM 100%)

Jatz RC Drilling Programme

During the quarter, a drilling programme comprising 20 reverse circulation holes for a total of 2,754m was completed at the 100% owned Yamarna Gold Project, located approximately 20km along strike from the recently discovered multi-million ounce ore body at Gruyere by Gold Road Resources Ltd (ASX:GOR)¹.

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

If gold bearing, these new zones will significantly add to the prospectivity of the Yamarna Project for larger tonnage style gold mineralisation. Previous intersections at Yamarna have been high grade, but tended to be narrow in downhole width.

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.

Assays are pending and will be released to the market when available.

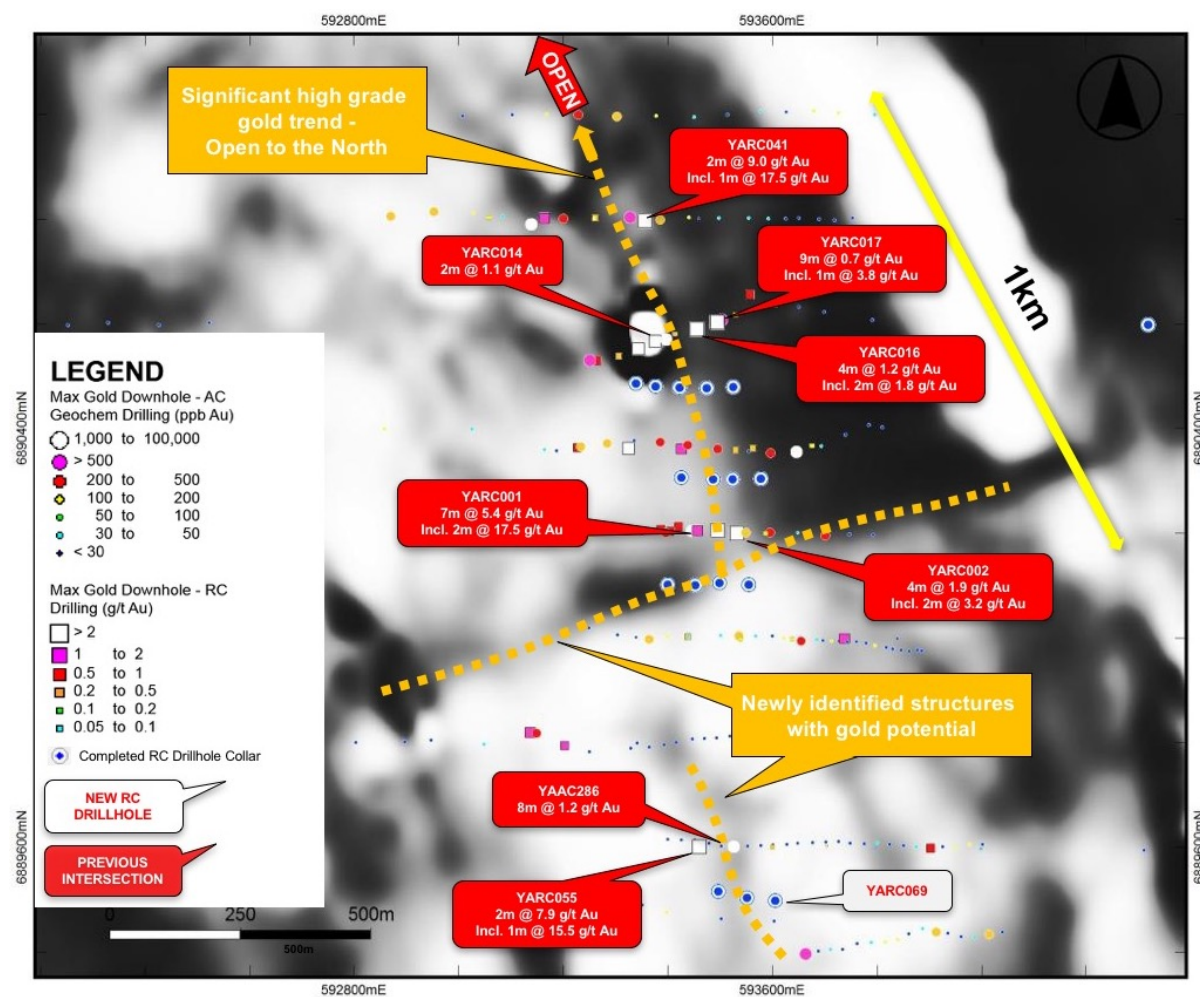


Figure 1: Jatz and Le Snak prospects drillhole location plan. All intersections are downhole widths².

¹ <http://www.goldroad.com.au/document/gruyere-resource-increases-to-6-2-million-ounces/>

² http://montezuma.com.au/images/uploads/160926_High_Grade_Gold_Trend_Confirmed_at_Jatz_FINAL.pdf

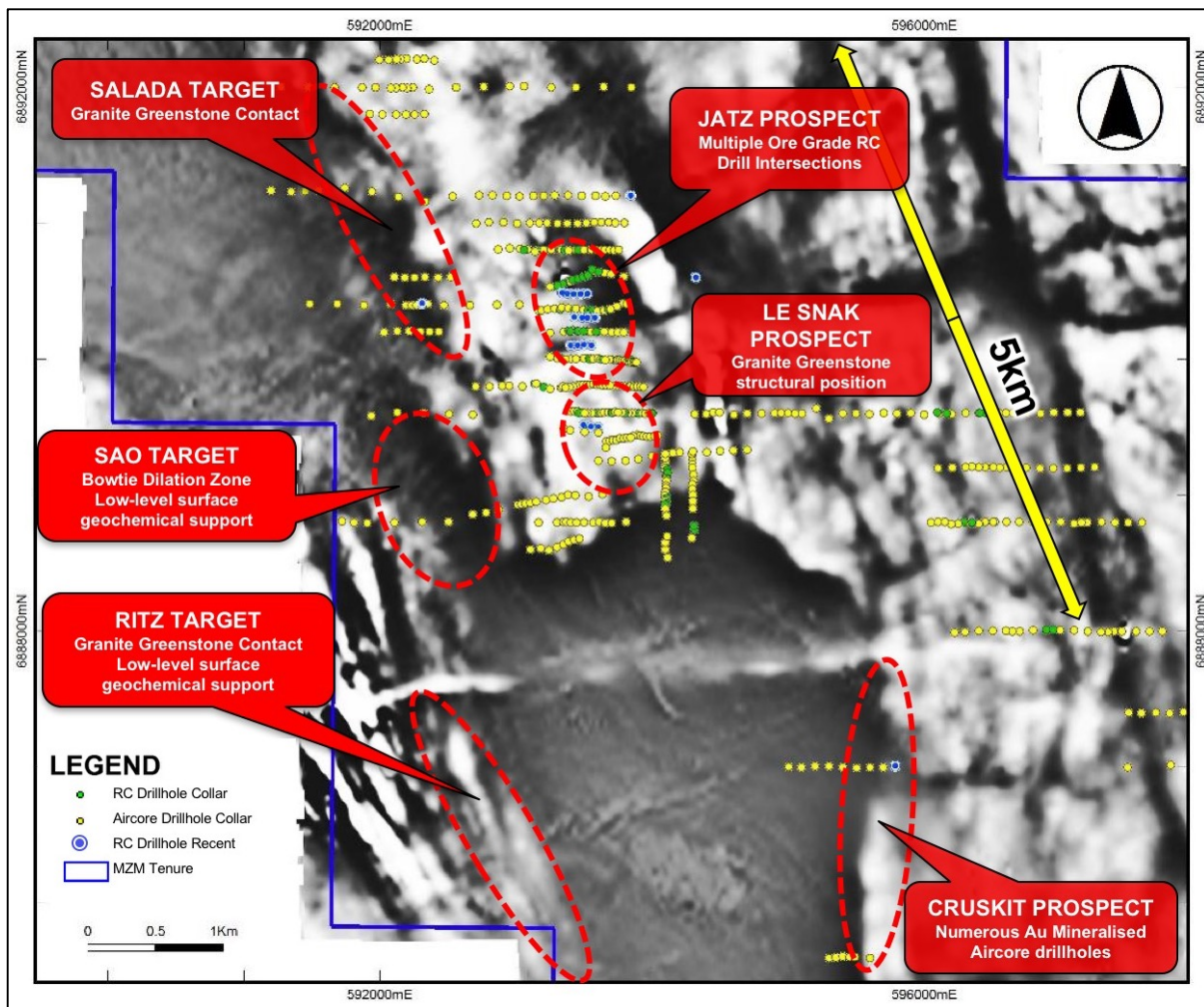


Figure 2: Regional prospect and drillhole location plan.



Figure 3: Sericite/biotite alteration with quartz veining and sulphides in YARC069.

Hole ID	Easting (MGA 94 Z51)	Northing (MGA 94 Z51)	Nominal RL (m)	Dip (°)	Azimuth (mag °)	Total Depth (m)
YARC061	593842	6891198	393	-60	90	108
YARC062	592308	6890406	394	-60	270	150
YARC063	593377	6890479	400	-60	270	150
YARC064	593423	6890477	400	-60	270	150
YARC065	593475	6890476	400	-60	270	156
YARC066	593526	6890478	400	-60	270	150
YARC067	593497	6889515	405	-60	270	96
YARC068	593552	6889503	405	-60	270	150
YARC069	593606	6889497	405	-60	270	150
YARC070	593400	6890100	398	-60	270	192
YARC071	593453	6890099	398	-60	270	150
YARC072	593499	6890104	398	-60	270	150
YARC073	593555	6890100	398	-60	270	150
YARC074	593427	6890305	398	-60	270	150
YARC075	593487	6890302	398	-60	270	150
YARC076	593525	6890302	398	-60	270	150
YARC077	593578	6890303	400	-60	270	144
YARC078	593340	6890485	400	-60	270	90
YARC079	594320	6890597	395	-60	90	138
YARC080	595785	6887005	447	-60	270	30

Table 1: Yamarna RC drillhole collar details.

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 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 intervals³. 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 ongoing.

³ http://www.montezuma.com.au/images/uploads/160720_Priority_Gold_Targets_Identified_at_Holleton_Project_.pdf

LAKE JOHNSTON

During the quarter, the Company announced the acquisition of an extensive exploration database for the Lake Johnston area from Hannans Ltd (“Hannans”) (ASX:HNR).

The database will enable Montezuma to fast track nickel-gold-lithium targeting at Lake Johnston, located west of Norseman in Western Australia.

The Lake Johnston database includes a comprehensive compilation of data relating to both historical exploration as well as more recent programmes completed over Montezuma’s Lake Johnston Project which adjoins tenure held by Poseidon Nickel Ltd (ASX:POS).

The database includes geochemical, geophysical and drilling data which will allow Montezuma to accelerate target definition activities at Lake Johnston, where the Company is targeting economic accumulations of nickel, gold and lithium.

In consideration for the sale and purchase of the database, Montezuma granted Hannans a 15% interest in Montezuma’s Lake Johnston Project and any tenements applied for or acquired within an agreed area of interest at Lake Johnston for the next two years.

Hannans’ 15% interest will be free carried to a decision to mine, at which point Hannans may elect to contribute or revert to a 1% net smelter royalty.

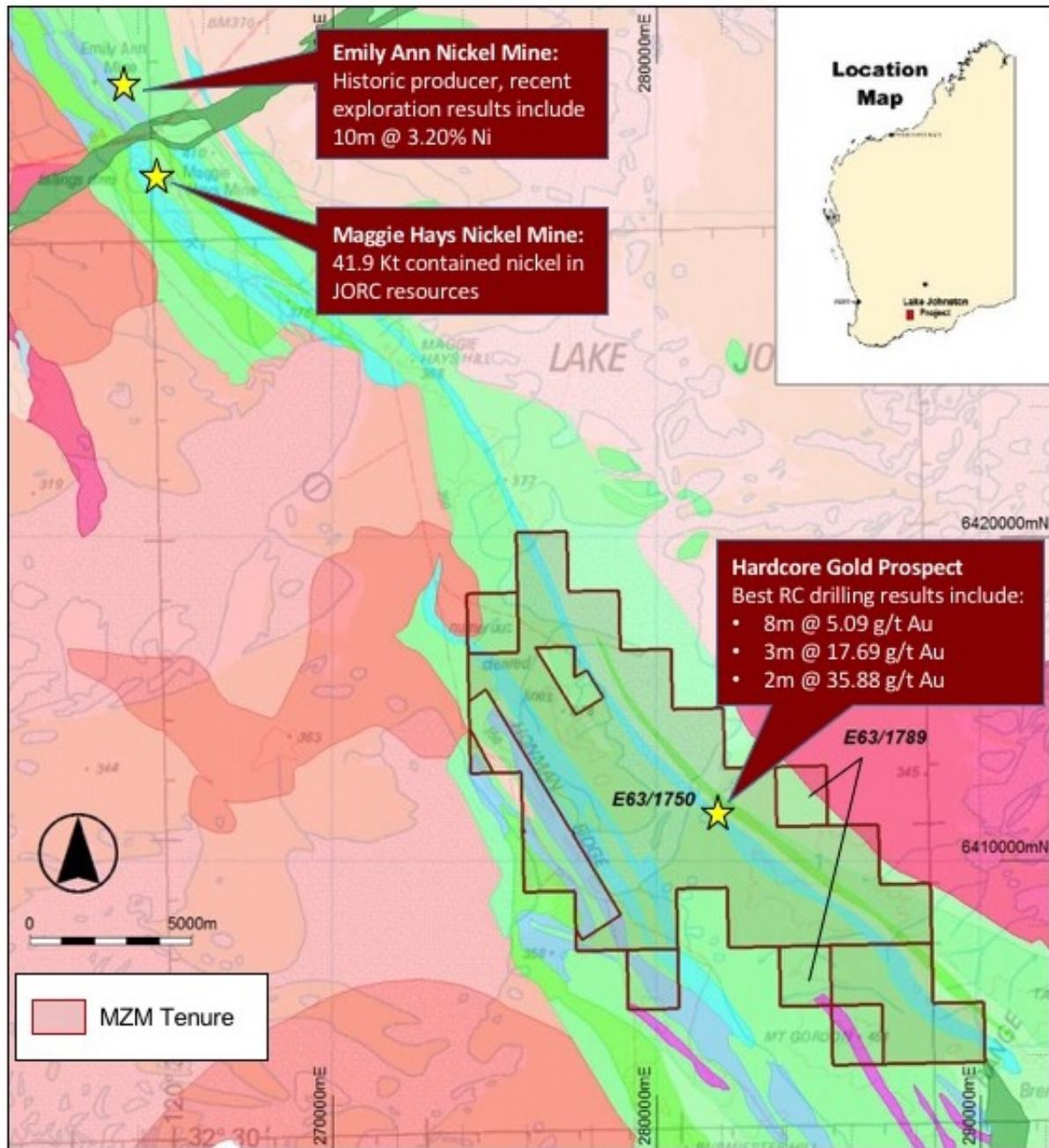


Figure 4: Lake Johnston Project tenement location plan^{4,5,6}.

⁴ <http://www.hannansreward.com/reports/196-101102-Lake-Johnston-Update.pdf>

⁵ <http://poseidon-nickel.com.au/lake-johnston/lake-johnston-facts-figures/>

⁶ <http://poseidon-nickel.com.au/wp-content/uploads/2016/01/Significant-High-Grade-Nickel-Intersection-at-Emily-Ann-North-ASX-Final.pdf>

BONNEVAL GOLD PROJECT FRANCE

Montezuma's 100% owned French subsidiary, Cordier Mines SAS ("Cordier"), has been granted an Exploration Permit (PERM) for the Bonneval Project. The PERM covers approximately 260km² over a highly prospective region including multiple historical gold mining centres south of Limoges, in Limousin, south-central France.

The Bonneval Project consists of a single, five-year Exploration Permit, prospective for gold, antimony and associated commodities in an historical mining area. The permit is located in a prospective geological/metallogenic district that is considered, based on extensive historical data review, to be one of the most prospective areas for gold in France, and provides the opportunity for potential new discoveries.

Over 28 tonnes (~0.94M Oz) of gold has been produced historically within the Bonneval Project area⁷. Gold has been extracted from open cut and underground mining operations, with grades typically ranging from 7-9g/t in the open pits, to 12-16g/t within the underground mines. The area has seen little exploration since the closure of the last gold mine in the early 2000's (due to depressed commodity prices), and potential upside remains around the known deposits and more regionally.

Cordier will now focus on refining the Bonneval Exploration Strategy and continuing to work closely with the relevant stakeholders and local communities. The exploration field programs are expected to begin during the first year, and may initially include airborne geophysics.

Mining and Exploration in France

The French Government has recently begun to seek national and international mining investment after a long hiatus. Several new Exploration and Mining Permits have been granted to a number of companies within the highly prospective Massif Central and Amoricain, and both these terranes host significant gold and/or base metal deposits. France is re-emerging as an exciting mining region due to a number of factors, including the lack of exploration activity over the last 25 years, excellent infrastructure, access to skilled labour, and the stable political and economic environment.

⁷ Historical production sourced from 'les minéralisations aurifères de la France dans leur cadre géologique autour de 300Ma', Chron. Rech Min No.528, 1997.

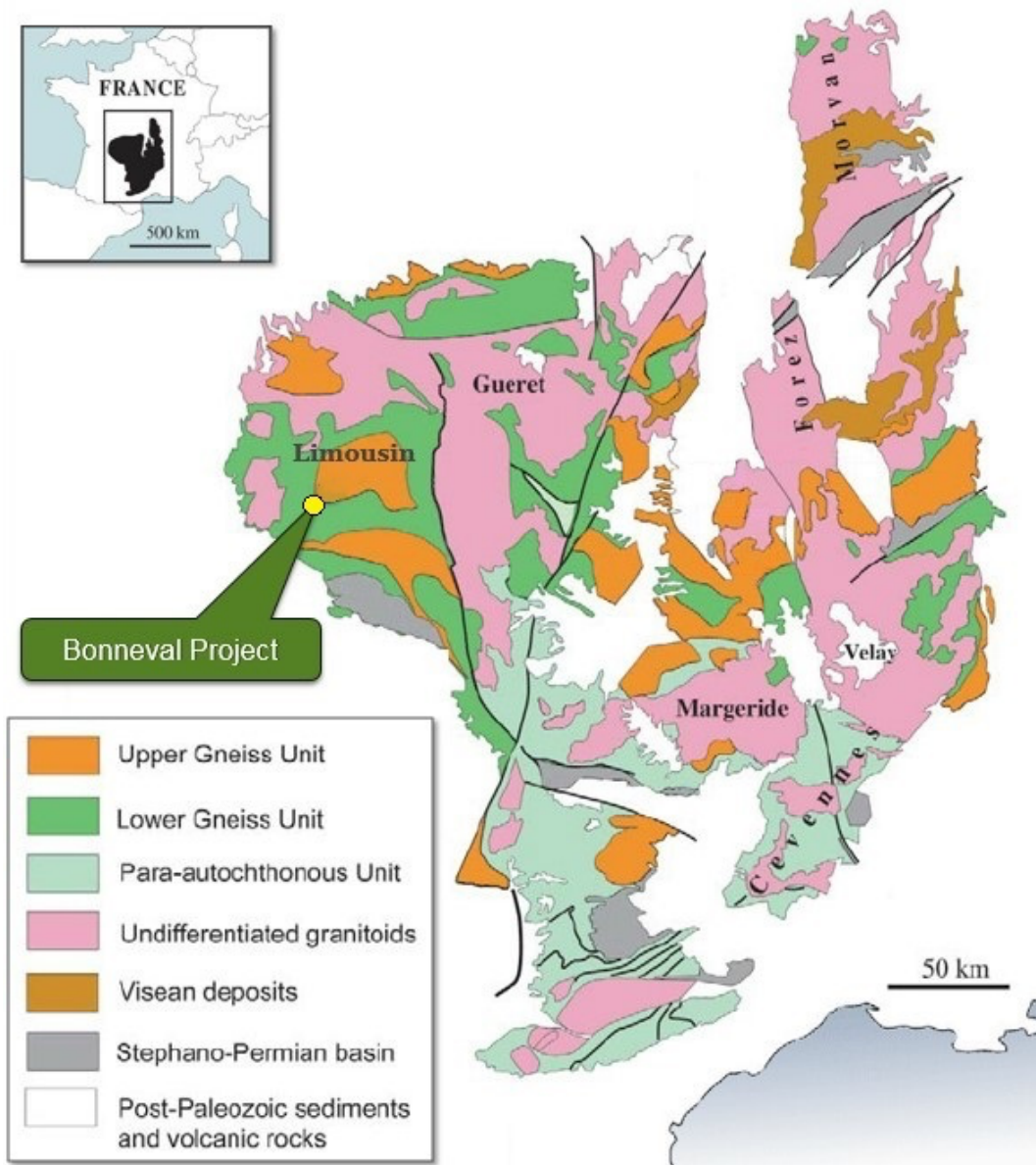


Figure 5: Bonneval Project location overlaying the simplified geology of the Massif Central

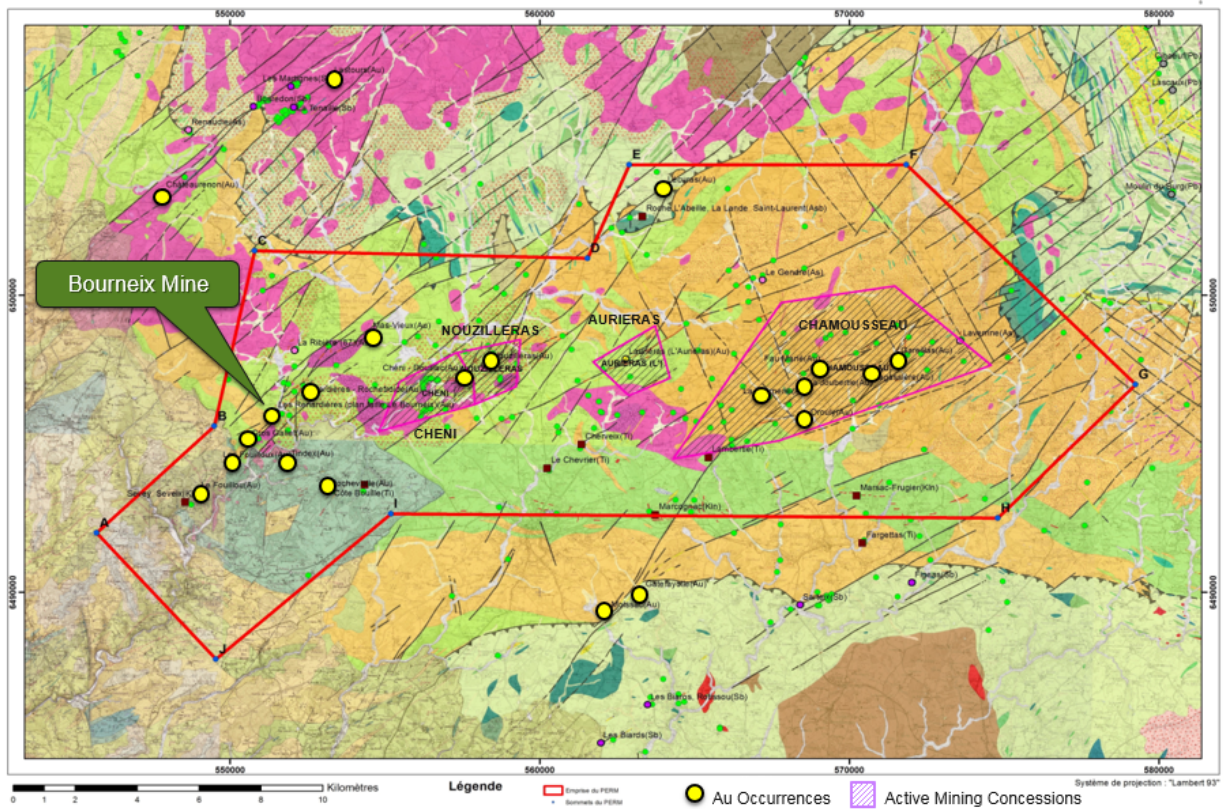


Figure 6: Geological map of the Bonneval PERM showing the distribution of known gold occurrences. Hatched areas are excised blocks not held by Cordier.



Figure 7: Historical open pit at the Laurieras Gold Mine, St Yrieix District, Limousin.

CORPORATE

Exploration Manager Appointed – Dave O’Neill

Montezuma is pleased to welcome Mr. Dave O’Neill to the technical team in the role of Exploration Manager. Dave is a geologist with extensive experience in minerals exploration and mining. He has worked within large multi-national companies and has experience in Europe, the CIS, Africa, North America and Australasia. He has a strong technical background and has managed a broad range of programs from greenfield exploration to mine feasibility and production.

Dave's successful career has included playing key roles in a number of significant gold and base metal discoveries in the Musgrave and Goldfield regions of Western Australia. Dave also has considerable experience in managing large Joint Ventures, business development, project assessment and acquisition.

Lake Lefroy Tenement Sale Completed

The sale of granted exploration licence E15/1447 to Lefroy Exploration Limited (“LEX”) (ASX:LEX) was completed during the quarter. In consideration for the sale, Montezuma was issued 4.2M fully paid ordinary shares in LEX at a deemed value of \$0.20 per share.

LEX also completed a capital raising at \$0.20 per share to fund exploration programmes over a large package of ground in the Eastern Goldfields, with which E44/1447 is contiguous.

Montezuma looks forward to developments as LEX explores an exciting and underexplored package of ground only 50km from Kalgoorlie, Australia’s preeminent gold mining district

Investment Portfolio (as at 31 December 2016)

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)	1,000,000	0.1450	\$145,000.00
Buxton Resources Ltd (BUX) 12.5c Options	4,000,000	N/A	-
Duketon Mining (DKM)	1,450,000	0.1650	\$239,250.00
Exterra Resources Ltd (EXC)	14,000,000	0.0480	\$672,000.00
Resource & Investment (RNI)	8,875,760	0.0140	\$124,260.64
Lefroy Exploration (LEX)	4,200,000	0.1700	\$714,000.00
Danakali Limited (DNK)	7,527,369	0.4800	\$3,613,137.12
Danakali Limited (DNK) 35c Options	2,272,727	N/A	-
Total as at 31 December 2016			\$5,507,647.76

FOR MORE INFORMATION...

Justin Brown

Executive Director

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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 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 Dec 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%	Disposed	0%
	E20/659	Eelya Hill WA	10%	N/A	10%
	E20/880	Yallon Well WA	100%	Disposed	0%
	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%
	E37/1295	Leonora WA	0%	Acquired	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%
	E52/3353	Peak Hill WA	100%	Disposed	0%
	E52/3354	Peak Hill WA	100%	N/A	100%
	E52/3355	Peak Hill WA	100%	Disposed	0%
	E52/3470	Butcher Bird WA	100%	N/A	100%
	E52/3493	Butcher Bird WA	0%	Acquired	100%
	E57/1060	Victory Well WA	0%	Acquired	100%
	E58/494	Naluthanna Hill WA	100%	N/A	100%
	E52/3438	Butcher bird North WA	100%	N/A	100%
	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%	N/A	100%
	E63/1838	Lake Johnston WA	0%	Acquired	100%
	E69/3419	Rainbow Well WA	100%	N/A	100%

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

Notes:

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