

**MONTEZUMA MINING COMPANY LTD  
ABN 46 119 711 929**

**NOTICE OF ANNUAL GENERAL MEETING**

**PROXY FORM**

**AND**

**EXPLANATORY MEMORANDUM**

**Date of Meeting**  
30 November 2009

**Time of Meeting**  
11:15 am

**Place of Meeting**  
**Celtic Club**  
**48 Ord Street**  
**WEST PERTH WA**

*The 2009 Annual Report may be viewed on the Company's website at*

*[www.montezumamining.com.au](http://www.montezumamining.com.au)*

**MONTEZUMA MINING COMPANY LTD**  
**ABN 46 119 711 929**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Montezuma Mining Company Limited ("**Company**") will be held at the Celtic Club, 48 Ord Street, West Perth WA on 30 November 2009 at 11:15 am for the purpose of transacting the following Business.

**ORDINARY BUSINESS**

**2009 Financial Statements**

To receive the financial statements of the Company for the year ended 30 June 2009, consisting of the Annual Financial Report, the Directors' Report and the Auditor's Report.

**Resolution 1 – Re-election of Denis O'Meara as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Denis O'Meara having retired as a director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election be re-elected a director of the Company."*

Pursuant to the Company's Constitution, one-third of the directors of the Company (other than the managing director) must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

**Resolution 2 – Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the Remuneration Report forming part of the Company's 2009 Annual Report be adopted."*

Section 250R of the Corporations Act requires a listed company to put to shareholders at each annual general meeting a resolution adopting the report on the remuneration of the company's directors, executives and senior managers included in the company's annual report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory and does not bind the company's directors.

A reasonable opportunity will be provided for discussion of the remuneration report at the annual general meeting.

**Resolution 3 - Approval of Grant of Options to Mr Justin Brown**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rules 10.11 of ASX the issue of 500,000 Options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 20 cents each and expiring on 30 November 2012 and otherwise on the terms and conditions outlined in Annexure A, to Mr Justin Brown, or his nominee, for nil consideration be and is hereby approved."*

**Short Explanation:** Approval is sought under Listing Rule 10.11 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

***Voting Exclusion Statement***

*The Company will in accordance with the Listing Rules of the ASX disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 4 - Authority to Issue and Allot Options to Contractors**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 of the ASX the issue of 500,000 Options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 20 cents and expiring on 30 November 2012, and otherwise on the terms and conditions outlined in Annexure A, to contractors of the company for nil consideration be and is hereby approved.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details.

***Voting Exclusion Statement***

*The Company will in accordance with the Listing Rules of the ASX disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 5 - Authority to Issue and Allot Options to Pacifique Asset Management**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purpose of Listing Rule 7.1 of the ASX the issue of 1,000,000 Options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 20 cents and expiring on 31 August 2011, and otherwise on the terms and conditions outlined in Annexure B, to Pacifique Asset Management for nil consideration be and is hereby approved.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details.

***Voting Exclusion Statement***

*The Company will in accordance with the Listing Rules of the ASX disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

### Resolution 6 - Share Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the directors be authorised to issue and allot up to 40,000,000 ordinary fully paid shares in the capital of the Company at an issue price of not less than 80% of the average market price of the Company’s shares (calculated over the 5 days on which sales of shares were recorded before the day on which the issue is made), with such shares to be issued to such persons as the directors in their absolute discretion may determine and otherwise upon the terms set out in the Notice of Annual General Meeting and Explanatory Memorandum.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to allow the Company to allot and issue up to 40,000,000 ordinary fully paid shares in the capital of the Company at an issue price of not less than 80% of the average market price of the Company’s shares. Please refer to the Explanatory Memorandum for details.

#### **Voting Exclusion Statement**

*The Company will in accordance with the Listing Rules of the ASX disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

### Resolution 7 – Ratification of Issue and Allotment of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

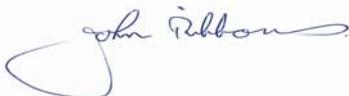
*“That, for the purpose of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company approves and ratifies the issue and allotment of 233,333 fully paid ordinary shares issued on terms and conditions set out in the Explanatory Memorandum accompanying this Notice to persons who are not related parties of the Company.”*

**Short Explanation:** Approval is sought under Listing Rule 7.4 to allow the Company to ratify the issue and allotment of these securities. Please refer to the Explanatory Memorandum for details.

#### **Voting Exclusion Statement**

*The Company will in accordance with the Listing Rules of the ASX disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By order of the Board



John Ribbons  
Company Secretary  
Date: 19 October 2009

## **PROXIES**

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.

A proxy may, but need not be, a shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under seal or under hand of an officer of his attorney duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

## **CORPORATIONS**

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the shareholders of Montezuma Mining Company Limited ABN 46 119 711 929 (“**Company**”) in connection with the business to be conducted at the Notice of Annual General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

### **Resolution 3 - Approval of Grant of Options to Mr Justin Brown**

The Company proposes to grant a total of 500,000 Options to Mr Justin Brown, or his nominee, for nil consideration, as follows:

<b>Number of options</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Vesting</b>
500,000	\$0.20	30 November 2012	Immediately following shareholder approval

The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

Although there is generally an improved outlook for the resources sector Montezuma continues to maintain a very stringent review of overheads and particularly the cash component of employment costs. However, there is a clear recognition that attracting and retaining personal who will contribute to the future of Montezuma requires appropriate incentive. The grant of the Options has been implemented to incentivise Mr Brown, as a reward for cash remuneration forgone and to align his interests with those of shareholders. Under the Company's current circumstances the Director's consider that the incentives represented by the grant of the Options are a cost effective and efficient means for the Company to provide a reward and an incentive.

In the event all the Options are exercised, Mr Brown (or his nominee) will need to pay a total of \$100,000 to the Company.

### ***Related Party Transactions Generally***

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months, are considered to be a related party of the Company.

Resolution 3 provides for the grant of Options to a related party which is a financial benefit which requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

***The related party to whom the proposed resolution would permit the financial benefit to be given***

Subject to shareholder approval, the Options the subject of Resolution 3 will be granted to Mr Justin Brown or his nominee within one month of the passing of this Resolution.

Mr Brown is a Director of the Company and is therefore classified as a related party.

***The nature of the financial benefit***

The proposed financial benefit is the grant to Mr Brown or his nominee, for no issue price, that number of options shown beside his name in the table below. Each option will allow Mr Brown to subscribe for one ordinary fully paid share in the Company. The exercise price of each option is also detailed in Table 1. The options form part of Mr Brown's incentive for continuing and future efforts.

***Directors' recommendation***

Mr O'Meara and Mr Cornelius recommend shareholders vote in favour of Resolution 3.

Mr Brown does not wish to make a recommendation about the proposed Resolution 3. As he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of the options and does not consider himself sufficiently independent to make a recommendation.

***Interests of director***

Mr Brown has noted his respective interest in the approval of Resolution 3 in relation to the options.

***Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.***

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 500,000 options to Mr Brown or his nominee;
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above;
- (c) The Directors, in conjunction with the Company's advisers have provided an indicative value to the options by reference to the Black-Scholes valuation method, based upon the assumptions outlined in Table 3. The valuation cannot be finalised until the issue date of the options;
- (d) The total value of the options to be issued is outlined in Table 1. If Options granted to Mr Brown or his nominee are exercised, the effect would be to dilute the shareholdings of the existing shareholders;
- (e) As at the date of this Notice, the issued capital of the Company comprised 41,926,903 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming other share issues proceed, the effect would be to dilute the shareholding of existing shareholders as per the table below:

	Existing Shares & Options (“ <b>ESO</b> ”)	ESO plus Shares and Options per Resolutions 4, 5 & 6 (41,500,000)
Shares & Options	68,127,170	109,627,170
Options to be granted	500,000	500,000
<b>New Total</b>	<b>68,627,170</b>	<b>110,127,170</b>
Dilutionary effect to existing shareholders	<b>0.7%</b>	<b>0.5%</b>

- (f) Mr Brown’s current interests in securities of the Company are detailed in Table 2;
- (g) The market price of the Company’s Shares during the term of the Options will normally determine whether or not the option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company’s Shares may be trading at a price which is higher than the exercise price of the Options;
- (h) The options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary shares of the Company have been traded on ASX since November 2006. In the twelve months prior to the date of this notice the shares have traded in the range of 2 cents to 24 cents, the most recent closing price prior to printing of this notice was 23 cents. The options are capable of being converted to shares by payment of the exercise price;
- (i) Mr Brown currently receives a salary of \$148,000, plus superannuation;
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the next financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Brown or his nominee pursuant to this resolution; and
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by this resolution.

***Additional Information***

The following information in relation to the Options to be granted pursuant to Resolution 3 is provided to shareholders:

- (a) the Options will be granted to Mr Brown, or his nominee, as noted above;
- (b) the maximum number of Options to be granted pursuant to Resolution 3 is 500,000;
- (c) the Options will be allotted and granted on a date which will be no later than 1 month after the date of the general meeting;
- (d) the Options will be granted for no consideration and accordingly no funds will be raised by the grant of the Options; and
- (e) the terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.

**Table 1 - Details of options to be issued to Related Parties**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Justin Brown	Director	500,000	\$0.20	30 November 2012	At date of allotment	\$47,800

**Table 2 -Details of Mr Justin Brown' current holdings of securities in the Company**

Director	Shareholding	Option holding
Justin Brown	1,100,000	5,012,500

**Table 3 - Option Valuation details**

Details	Input
Share price	\$0.23
Exercise Price	\$0.20
Risk Free Rate (RBA Cash Rate)	3.25%
Volatility (Annualised)	50%
Start Date	30 November 2009
Expiry Date	30 November 2012
<b>Value per Option</b>	<b>\$0.0956</b>

**Resolution 4 – Authority to Issue and Allot Options to Contractors**

Resolution 4 proposes the issue of up to 500,000 Options by the Company to parties who are not related parties of the Company and is placed before Shareholders to allow the Options to be excluded from the calculation set out in ASX Listing Rule 7.1.

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the maximum number of securities to be issued pursuant to Resolution 4 is 500,000 Options, exercise price 20 cents, expiring 30 November 2012;
- (b) the options are to be issued for nil consideration;
- (c) it is anticipated that the Options will be issued progressively and in any event no later than 3 months after the date of the Meeting, or such later date as approved by ASX by way of ASX granting a waiver from the listing rules;
- (d) the allottees, who will be employees and contractors of the Company, are not known at this stage;
- (e) the terms and conditions of the options are set out in Annexure A of this Notice;
- (f) a voting exclusion statement is included in the Notice.

**Recommendation**

The Board unanimously recommends shareholders vote in favour of Resolution 4 as it will provide the Company with further flexibility should any security issue be considered desirable in the next 12 months.

**Resolution 5 – Authority to Issue and Allot Options to Pacifique Asset Management**

Resolution 5 proposes the issue of up to 1,000,000 Options by the Company to parties who are not related parties of the Company and is placed before Shareholders to allow the Options to be excluded from the calculation set out in ASX Listing Rule 7.1.

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the maximum number of securities to be issued pursuant to Resolution 5 is 1,000,000 Options, exercise price 20 cents, expiring 31 August 2011;
- (b) the options are to be issued for nil consideration;
- (c) it is anticipated that the Options will be issued progressively and in any event no later than 3 months after the date of the Meeting, or such later date as approved by ASX by way of ASX granting a waiver from the listing rules;
- (d) the Options are to be issued to Pacifique Asset Management;
- (e) the terms and conditions of the options are set out in Annexure B of this Notice;
- (f) a voting exclusion statement is included in the Notice.

**Recommendation**

The Board unanimously recommends shareholders vote in favour of Resolution 5 as it will provide the Company with further flexibility should any security issue be considered desirable in the next 12 months.

**Resolution 6 - Share Placement Facility**

Resolution 6 seeks the approval of shareholders for a share placement facility of up to 40,000,000 ordinary fully paid shares, which the directors may utilise to raise additional working capital for the Company.

As at the date of this notice of meeting there has been no decision by the directors whether to issue these shares. The directors believe that it is prudent for the Company to have a share placement facility available so that additional equity funds can be raised if considered necessary. If not utilised, the facility would lapse 3 months after the date of the meeting.

ASX Listing Rule 7.1 prohibits a company from issuing shares representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly, shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 40,000,000 shares in the Company. In accordance with ASX Listing Rule 7.3 the following information is provided to shareholders:

- a) the maximum number of securities that may be issued under Resolution 6 is 40,000,000 fully paid shares;
- b) any shares issued in accordance with Resolution 3 will be issued and allotted within 3 months from the date of the annual general meeting (or such later date as approved by ASX);
- c) the shares will be issued at a price which is not less than 80% of the average market price of the Company's shares, calculated over the 5 days on which sales in the Company's shares were recorded on ASX before the day on which the issue is made;

- d) as at the date of this notice of meeting there has been no decision by the directors to issue any shares. Accordingly, the names of any allottees or proposed allottees are not known;
- e) any shares issued pursuant to Resolution 6 will rank equally in all respects with existing ordinary fully paid shares on issue in the Company;
- f) funds raised by the issue of any shares will be used as additional working capital for the Company to continue to advance its 100% owned Peak Hill Gold Project; and
- g) as noted above, as at the date of this notice of meeting no decision has been made by the directors on whether to utilise the share placement facility and accordingly, it is not known whether any allotments will occur as a single allotment or will occur progressively. However, it would be likely that any issue of shares will be made as a single allotment.

### **Recommendation**

The Board unanimously recommends shareholders vote in favour of Resolution 6 as it will provide the Company with further flexibility should any funding be considered desirable in the next 3 months.

### **Resolution 7 - Ratification of Issue and Allotment of Shares**

ASX Listing Rule 7.4 permits the ratification of previous issues of shares made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 7 is required to be approved in accordance with ASX Listing Rule 7.4 to ratify previous issues of Shares. The Company confirms that the issue and allotment of the Shares the subject of Resolution 7 did not breach ASX Listing Rule 7.1.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) 233,333 Shares were issued by the Company;
- (b) the Shares were issued as consideration for research service fees;
- (c) the deemed issue price per Share was 15 cents;
- (d) the Shares were allotted to Wise-owl.com Pty Ltd;
- (e) no funds were raised from the issue of Shares;
- (f) the Shares rank equally with existing ordinary fully paid shares on issue in the Company; and
- (g) a voting exclusion statement is included in the Notice.

### **Recommendation**

The Board unanimously recommends shareholders vote in favour of Resolution 7 as it will provide the Company with further flexibility should any share issue be considered desirable in the next 12 months.

**ANNEXURE A**

**TERMS AND CONDITIONS  
20 CENT OPTIONS EXPIRING 30 NOVEMBER 2012**

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share in Montezuma Mining Company Limited ABN 46 119 711 929 ("Company") upon the payment of 20 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, Western Standard Time on 30 November 2012 ("Expiry Date").
4. The Options are not transferable except to a related party, and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
6. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
7. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by it.
10. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
11. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

**ANNEXURE B**

**TERMS AND CONDITIONS  
20 CENT OPTIONS EXPIRING 31 AUGUST 2011**

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share in Montezuma Mining Company Limited ABN 46 119 711 929 ("Company") upon the payment of 20 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, Western Standard Time on 31 August 2011 ("Expiry Date").
4. The Options are not transferable except to a related party, and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
6. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
7. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by it.
10. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
11. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
12. The terms and conditions of the Options are subject to specific performance hurdles as agreed by the Company.

**MONTEZUMA MINING COMPANY LTD**

**ABN 46 119 711 929**  
**PROXY FORM**

The Company Secretary  
 Montezuma Mining Company Ltd  
 C / - 23 Altona Street  
 WEST PERTH WA 6005

**Facsimile: 61 8 9389 2199**

I/We (name of shareholder) .....  
 of (address) .....  
 being a member/members of Montezuma Mining Company Ltd HEREBY APPOINT  
 (name) .....  
 of (address) .....  
 and/or failing him (name) .....  
 of (address) .....

or failing that person then the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 30 November 2009 and at any adjournment of the meeting.

**PROXY INSTRUCTIONS**

<p>If you wish to instruct your proxy how to vote, insert "X" in the appropriate column against the item of business set out below.</p> <p>If you do not wish to direct your proxy how to vote please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest. The Chairman has advised that his intention is to vote in favour of the resolutions.</p> <p>If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.</p>	
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*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:*

I/We direct my/our Proxy to vote in the following manner:

RESOLUTION	FOR	AGAINST	ABSTAIN
1 Re-election of Denis O'Meara as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Grant of Options to Mr Justin Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Authority to Issue and Allot Options to Contractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Authority to Issue and Allot Options to Pacificque Asset Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Share Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of Issue and Allotment of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*This Proxy is appointed to represent \_\_\_\_\_ % of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_\_\_% and Proxy 2 represents \_\_\_\_\_% of my total votes. My total voting right is \_\_\_\_\_ Shares.*

**SIGNATURE OF SECURITY HOLDERS – PLEASE SIGN HERE**

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>

Sole Director & Sole Company Secretary    Director / Company Secretary    Director

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2009

**INSTRUCTIONS FOR APPOINTMENT OF PROXY**

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by each of the joint Shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint **proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting that is by 11:15 am on 28 November 2009** by post to 23 Altona Street, West Perth WA 6005 or facsimile (61 8 9389 2199) .
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - a. the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - b. if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - c. if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way; and
  - d. if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.
7. If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.