

QUARTERLY REPORT

MONTEZUMA
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Three Months Ending: 31 March 2008

ASX CODE: MZM

ISSUED SHARES: 41.29M

52 WEEK HIGH: \$0.36

52 WEEK LOW: \$0.10

CONTACT:

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BOARD:

Denis O'Meara: Chairman

Terry Grammer: Non-Exec

Ian Cornelius: Non-Exec

KEY PROJECTS:

PEAK HILL (100%)

Gold

MT PADBURY (100%)

Gold, Manganese, Iron

CALLAWA (100%)

Copper, Gold

TALGA (90%)

Gold, VMS

ROBINSON RANGE (70%)

Uranium, Gold

HIGHLIGHTS

• PEAK HILL (100%)

- Resampling on 1m intervals increases gold grades from recent Jubilee RC drilling programme.
- 1m assay results returns assays up to 158 g/t.
- Highlights include:
 - **JBRC0003** 1m @ 47.2 g/t from 116m
 - 3m @ 13.96 g/t from 119m
 - 2m @ 13.29 g/t from 138m
 - 4m @ 1.56 g/t from 143m (EOH)
 - **JBRC0017** 6m @ 27.43 g/t from 87m
- Currently gearing up to commence next campaign of RC drilling at Peak Hill.

• MT PADBURY (100%)

- Further high-grade manganese up to 54.9% in rock chips.
- Work is ongoing to explore options for commercial exploitation to take advantage of high prices and strong demand.
- High-grade assays up to **63% iron** returned from surface samples.
- Potential for significant **high-grade haematite** mineralisation.
- No drill testing of iron targets completed to date.
- Dolphin Resources's remaining 10% free carried interest in the Mt Padbury Project acquired for shares.
- Currently gearing up for further drilling to test the strike extent of the Wood Creek gold prospect.

• KEY APPOINTMENT

- Dedicated Senior Project Geologist appointed to accelerate work on the Peak Hill Project.

PEAK HILL (MZM 100%)

During the quarter, Montezuma announced encouraging 1m re-split sample assay results from the successful 20 hole programme drilled in the Jubilee Prospect area within the Peak Hill Project during the previous quarter.

The programme was the Company's first step in its plans to reactivate the dormant gold producer by building on the existing gold resource base.

Highlights from the programme include:

- **JBRC0003** 1m @ 47.2 g/t from 116m
 3m @ 13.96 g/t from 119m
 2m @ 13.29 g/t from 138m
 4m @ 1.56 g/t from 143m (EOH)

- **JBRC0017** 6m @ 27.43 g/t from 87m

The programme was designed to test extensions to known mineralisation as well as deeper structural repetitions. The programme achieved both, particularly in hole JBRC0003, which intersected an overall mineralised zone of 35m down-hole width beneath previous drilling.

Gold at Jubilee occurs within quartz stock-work within the quartz/sericite Peak Hill Schists. The mineralisation occurs spatially alongside the margins of a doleritic dyke which crosscuts the basement lithologies.

Assay results >0.5 g/t from the drilling (1m intervals) are listed below.

Hole ID	Northing	Easting	From	To	Grade	Composite
JBRC001	672539	7165450	31	32	2.230	1m @ 2.23 g/t
			96	97	1.120	
			97	98	3.790	2m @ 2.46 g/t
			116	117	3.800	
			117	118	1.310	
			118	119	1.210	3m @ 2.11 g/t
JBRC002	672521	7165479	2	3	1.507	1m @ 1.51 g/t
			4	5	1.880	1m @ 1.88 g/t
			7	8	1.740	1m @ 1.74 g/t
			8	9	0.574	
			9	10	0.995	
			18	19	0.829	
			22	23	0.937	
JBRC003	672530	7165519	39	40	0.602	
			43	44	0.517	
			45	46	0.726	
			116	117	47.200	1m @ 47.2 g/t
			119	120	38.100	
			120	121	2.770	
			121	122	1.010	3m @ 13.96 g/t

			130	131	3.120	1m @ 3.12 g/t
			138	139	25.567	
			139	140	1.010	2m @ 13.29 g/t
			141	142	0.906	
			143	144	2.230	
			144	145	2.050	
			145	146	0.300	
			146	147	1.660	4m @ 1.56 g/t
JBRC004	672643	7165408	21	22	2.030	2m @ 2.03 g/t
			50	51	0.502	
JBRC005	672641	7165448	29	30	1.910	1m @ 1.91 g/t
			39	40	0.874	
JBRC006	672643	7165482	97	98	3.890	
			98	99	2.580	2m @ 3.24 g/t
JBRC007			49	50	0.911	
			50	51	0.572	
JBRC008	672624	7165341	50	52	0.668	
JBRC009	672600	7165303	38	39	1.680	1m @ 1.68 g/t
			44	45	0.610	
			124	125	2.330	
			125	126	1.510	2m @ 1.92 g/t
JBRC010	TBA	TBA	76	77	1.597	1m @ 1.6 g/t
JBRC015	672345	7165476	4	5	0.608	
			5	6	0.865	
			15	16	0.663	
			19	20	0.998	
JBRC016	672390	7165303	142	143	1.490	1m @ 1.49 g/t

These encouraging results continue to support Montezuma's strategy of building on the existing resource base at Peak Hill with the strategic goal of generating sufficient resources to support a stand-alone producing mine within 3 years.

MT PADBURY (100%)

GOLD

The technical team is currently planning follow up drilling at the Wood Creek gold prospect with a view to further testing the strike extension of the mineralisation defined by RC drilling in the previous quarter. At Wood Creek, primary gold mineralisation has been confirmed beneath a strongly mineralised supergene halo. The mineralisation is associated with a prominent regional structure with approximately 10 strike kilometres of untested potential.

MANGANESE

Follow up work has returned further encouraging manganese results from rock chip sampling of several additional zones of manganese mineralisation within the Mt Padbury Project located approximately 30km west of Montezuma's Peak Hill gold mine.

The follow up sampling was conducted on the back of encouraging high-grade results returned from results released in the previous Quarterly Report. The new results bring the number of confirmed targets within the project to six, with several areas remaining to be assessed.

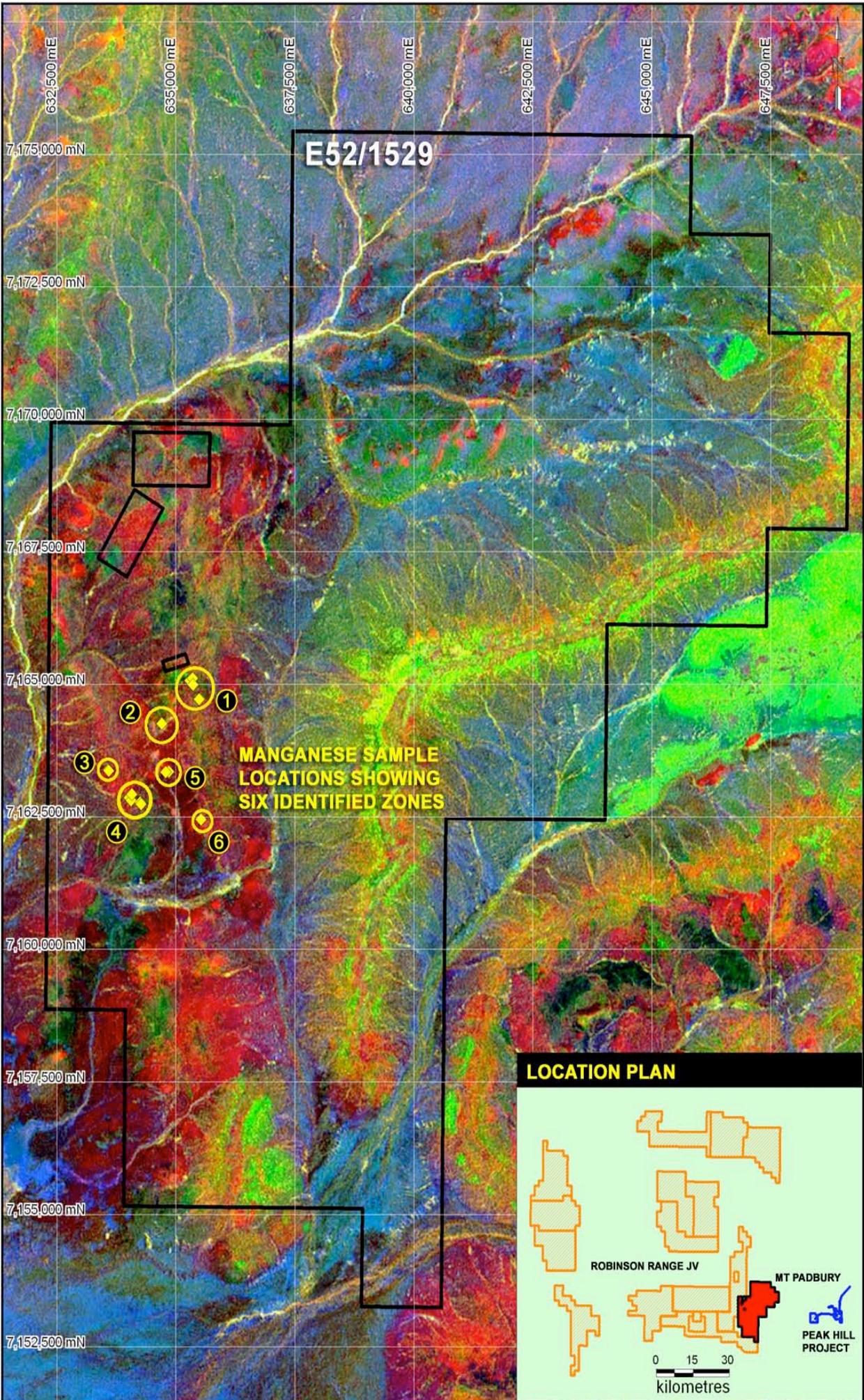
Sample	Zone	Mn %	Fe %	Si %	P %	Al %
MPRK0007	1	37.2	7.25	8.37	0.062	2.98
MPRK0008	1	33.6	6.57	11.2	0.052	3.19
MPRK0009	1	31.4	14.9	7.34	0.511	1.94
MPRK0010	1	46	4.9	3.53	0.107	2.71
MPRK0011	4	39	8.25	3.77	0.082	4.73
MPRK0012	4	39.5	8.34	3.43	0.1	4.71
MPRK0013	4	30	4.18	17.9	0.037	1.62
MPRK0014	4	25.1	8.92	16.8	0.289	2.37
MPRK0015	4	31.2	10.8	10.1	0.272	2.56
MPRK0016	4	40	11.4	2.84	0.133	2.84
MPRK0017	3	33.3	19.3	2.1	0.277	2.49
MPRK0018	3	42.9	11.8	0.6	0.03	2.8
MPRK0019	5	40.9	13.8	0.81	0.023	2.6
MPRK0020	5	54.9	3.45	0.23	0.021	1.47
MPRK0021	5	42	5.25	4.63	0.179	3.5
MPRK0022	6	35.8	4.57	13.5	0.12	1.2
MPRK0023	6	37.2	7.25	8.37	0.062	2.98

The samples were collected from areas where manganese enrichment could be identified at surface. Work to date has covered approximately 20% of the tenement area, and further surveys will be conducted going forward to determine if additional areas of enrichment occur within the Mt Padbury licence.

Regionally, the area has a history of manganese production, with mining occurring from several centres from the 1940's through to the late 1960's. There has been little activity on manganese in the region since that period, however previous workers recorded 9 exploration targets within the Mt Padbury Project, in addition to the known mineralisation. Montezuma is of the view that with the prevailing strong manganese prices and renewed work using modern exploration techniques, the area has good potential to yield economic mineralisation.

The Company has entered into discussions with several parties to investigate opportunities to generate maximum value from the manganese mineralisation both within the Mt Padbury Project and more regionally with a dual strategy of early production supported by good exploration upside.

The Board believes that the manganese mineralisation within the Mt Padbury project, in conjunction with strategic partnerships with holders of other areas of known manganese mineralisation in the region represents a significant opportunity to generate early returns and ongoing revenues to underpin the Company's exploration activities for gold at the Peak Hill Mine and the surrounding >3000km² of regional exploration tenure.



IRON

Montezuma is pleased to announce that during the quarter, the Company successfully negotiated an agreement with Independence Group NL to acquire their 90% of the iron ore rights over the Mt Padbury licence E52/1529.

The licence contains approximately 23 strike kilometres of the banded iron and chert sediments that make up the Robinson Range. The sequence is known to host significant iron enrichment with sampling by previous workers highlighting elevated surface iron values in excess of 50% over significant strike lengths.

In one occurrence, where surface sampling returned grades of 63% from high grade haematite mineralisation, there is a projected exploration target potential of 5-7 million tonnes of high grade haematite ore grading 60-65%. The target size potential is based on the areal extent of the haematitic outcrop and a projected vertical depth of mineralisation of approximately 60m.

Sampling at this location returned low levels of silica (4.45% SiO₂) phosphorous (0.09%), sulphur (0.08%) and aluminium (1.68% Al₂O₃).

It should be noted that this 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.

Independence will receive a royalty of \$2/DMT of any iron ore successfully mined from within the licence.

The Mt Padbury licence continues to be a major focus, and to generate exploration success, and the latest deal adds to the prospectivity of this overall project area which is part of a >3000 km² holding in the region.

Sample #	Fe (%)	SiO ₂ (%)	P (%)	S (%)	Al ₂ O ₃ (%)	Ti (%)	Mn (%)
1168	57.9						
1170	41.9						
1171	55.6						
1172	63.0	4.45	0.09	0.08	1.68	0.05	0.04
1173	54.2						
1174	60.4						
1175	56.0						
1179	30.2						
1180	47.9						
1181	56.7						
1182	42.2						

Given the current and forecast ongoing strength in the iron ore markets going forward, Montezuma intends to seek to generate shareholder value by proactively seeking to capitalise on this opportunity.

ACQUISITION OF REMAINING 10% OF E52/1529

Montezuma has successfully negotiated an agreement with Dolphin Resources Pty Ltd to acquire their 10% of the Mt Padbury licence E52/1529.

In consideration for Dolphin's remaining interest, Montezuma will issue to Dolphin (or nominee) 400,000 fully paid shares and 100,000 options exercisable at \$0.20. The shares and options will be subject to voluntary escrow for a period of 12 months.

Montezuma now holds 100% of the highly prospective licence, with royalties payable to Independence Group on any production as previously reported to the market.

CAPITAL RAISING

The Company announced during the quarter that it had successfully negotiated an Underwriting Agreement with Cunningham Securities to raise between \$2M and \$3M by issuing up to 15 million shares at an issue price of \$0.20 per share with a free attaching option exercisable at \$0.20 for every four shares issued under the placement, however a subsequent collapse in global equity markets resulted in the underwriter withdrawing from the arrangement without raising any funds.

Consequently, the Company moved to complete a private placement to sophisticated investors of 4,371,667 shares at \$0.15 with a 1 for 4 free attaching option exercisable at \$0.20 to raise \$655,750 before costs.

The funds will be used for working capital to fund ongoing exploration within the Company's portfolio of tenements.

PERSONEL

The Company is please to announce the appointment of a new geologist dedicated to the Peak Hill Project. John Lamerand has in excess of 6 years experience in open cut and underground mining operations in a variety of terranes and is well equipped to spearhead the Company's efforts to develop Peak Hill towards recommencement of gold production.

More Information

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The Information in this report that relates to exploration results is based on information compiled by Liam Cornelius, who is a member of the Australian Institute of Mining & Metallurgy. Mr Cornelius 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 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Liam Cornelius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.