

MONTEZUMA MINING

RESOURCESTOCKS

TWO PROJECTS WILL BE MONEY MAKERS

Enviably exploration success is propelling this greenfields explorer towards near-term decisions on two substantially mineralised projects.

MONTEZUMA MINING finds itself in the unique position of holding an alluring gold project, ripe for the picking just as international gold prices peak, and a near-development base metals venture indicating windfall long-term profits.

Exploration of Montezuma Mining's Peak Hill gold project, acquired in late 2007, was initially capped by pending global financial fallout.

However, having listed in 2006 on its Pilbara exploration assets, the company was able to recapitalise through the \$4 million sale of iron ore rights to its Mt Padbury project.

Meanwhile, a manganese find at its southern Pilbara/Gascoyne Butcherbird project, and additional high-grade results from maiden copper drilling, significantly boosted Montezuma's prospects as a potential long-term supplier of key base metals.

"Butcherbird is continuing to show potential for a significant resource and one that can be commercialised," Montezuma Mining managing director Justin Brown confirmed to *RESOURCESTOCKS*.

"Every bit of work we do up there encourages us.

"What we particularly like about Butcherbird is that it's already begun to show at least 20-year mine life potential.

"If we get this thing off the ground, it's going to be there for a while."

Montezuma expects a Butcherbird maiden JORC manganese resource by the end of the year ahead of a scoping study in early 2011.

Further, the company is already talking strategic partnerships.

"It's early days and there are no formal decisions, but we've had enquiries from Korea, India and China and from Australian-based groups as well," Brown said.

"So we are confident that the Butcherbird manganese can lead to a producing mine that will take the company to new levels with good cash flow and the potential to grow."

While the Butcherbird manganese may appear comparatively low-grade, Montezuma already has been able to demonstrate beneficiation beyond minimum grades required for the mainstream market, which is not considered well supplied.

First-pass dense media separation test work has produced grades in excess of 35% and up to 37.65% manganese from multiple five-metre composite samples.

These samples have been extracted from two of the Butcherbird prospects.

A 9000m drilling program, commenced last month, will provide further test material. Based on

visual indications this is expected to result in even better recoveries and potentially higher beneficiation grades.

"We're at the stage where we're now drilling out, exploring all avenues and confident of funding assistance," Brown said.

So where does this leave Montezuma's heretofore flagship project, Peak Hill?

Peak Hill boasts in excess of 900,000 ounces of historical high-grade production, existing resources, another find in late 2009 and excellent results from 6700m of drilling this year. Then there is production from old mill site material, and residual exploration upside.

A persuasive profile, yet in addition, some Peak Hill ground lies within a corridor prospective for VMS-style mineralisation similar to Sandfire Resource's De Grussa find.

A new round of drilling is planned following recent results from seven potential new gold target areas which included: 6m at 4.16 grams per tonne gold from 38m; 3m at 14.6gpt gold from 8m; 5m at 3.37gpt gold from 102m; and 3m at 7.11gpt gold from 63m.

This will commence as soon as results to date have been fully interpreted.

Montezuma is well aware it needs to make a decision between the development of the substantially mineralised Peak Hill and Butcherbird if it wants near-term commercial success.

Particularly with Butcherbird hosting five priority prospects after indicating significant manganese within six of seven initial targets.

In just two reverse circulation drilling campaigns Montezuma has

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JUSTIN BROWN
MONTEZUMA MINING



been able to confirm significant tonnage potential at mineable thicknesses within the five priority prospects, and low tonnage, but high-grade potential at the sixth.

Results from one prospect alone support an exploration target of up to 40Mt grading as much as 15 per cent manganese.

The overall interim exploration target measures 100-130Mt at up to 15% manganese.

Recent results, all from surface, included: 22m at 12.28% manganese; 16m at 12.5% manganese; 15m at 11.61% manganese; 10m at 14.61% manganese, incorporating 6m at 18.58% manganese; and 24m at 9.38% manganese.

A further 30m at 9.19% manganese was returned from a depth of one metre and 19m at 11.89% manganese from 2m.

Moreover, the project straddles the Great Northern Highway and a major gas pipeline.

“Do we spin out Peak Hill or sell it?” Brown mused.

“This is a decision we’ll make in the next quarter.

“Peak Hill is a good pedigree venture and whatever our decision, we know it can generate additional capital for us in the process.”

In the meantime, Montezuma continues to explore Butcherbird’s copper potential.

Preliminary results from airborne electromagnetic surveying over a minimum four kilometres of strike potential are pending and drilling is underway.

Maiden Montezuma drilling at the historic Butcherbird copper mine earlier this year yielded promising copper values with associated cobalt, lead and zinc.

Results included 4m at 6.97% copper with 566 parts per million copper and 4m at 1.52% copper with 140ppm cobalt.

“Our copper results have been very encouraging,” Brown confirmed.

“We’re extremely happy with all Butcherbird results to date.

“Our cost of entry was super cheap and we’ve discovered this from grass roots exploration.

“We’re very proud – this is a true greenfields discovery.”

This always is satisfying for a board comprising mostly geologists, albeit with considerable additional financial and management experience and expertise.

“We do have lots of geological expertise,” Brown offered.

“It helps and we seem to have a



knack of making good decisions on which projects will have legs.”

Montezuma has extracted good value from non-core assets, raising a total \$7 million from divestments not including shareholdings it has gained along the way.

A Murchison gold project, sold into the proposed Exterra Resources listing in exchange for two million Exterra shares, is expected to be realised in mid-November.

Montezuma has retained Mt Padbury gold rights plus production royalties over the Mt Padbury iron ore project.

In addition, it holds \$3.4 million worth of investments in other listed companies, including 5.6% of emerging manganese producer Auvex Resources.

Hence, with a further \$5 million in the bank, Montezuma is comfortably covered for current Butcherbird exploration and the pending scoping study.

“With good timing, good luck and good decision making, we have remained capitalised with a tight shareholding,” confirmed Brown.

“This will hold us in good stead as we head towards a higher price on re-rating.

“Our market cap versus cash and asset backing is very close to our net tangible assets backing and nothing is built in to our share price for Butcherbird.

“On a comparative analysis with our peers, we’re very cheap.

“For astute investors, it’s a good time to get on board.” – **Susan Bower**

Reverse circulation drilling at the Butcherbird manganese project

MONTEZUMA MINING AT A GLANCE



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MARKET CAPITALISATION

\$A17.6 million (at press time)

QUOTED SHARES ON ISSUE

42,331,903

MAJOR SHAREHOLDERS

South Boulder Mines 9.39%
Alpha Boxer 4.58%
Paul Hartley Watts 6.30%
Duketon Consolidated 5.32%