

ASX RELEASE



MONTEZUMA MINING COMPANY LTD

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2 December 2010

ASX CODE: MZM
ISSUED SHARES: 42.63M
52 WEEK HIGH: \$0.51
52 WEEK LOW: \$0.18

CONTACT:

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BOARD:

Denis O'Meara: Chairman
Justin Brown: MD
John Ribbons: Non-Exec

KEY PROJECTS:

PEAK HILL (85-100%)
Gold

DURACK (earning 85%)
Gold, Copper

BUTCHERBIRD (100%)
Manganese, Copper

MT PADBURY (100% of gold)
Gold, Manganese, Iron

KEY SHARE POSITIONS:

AUVEX RESOURCES LTD
7,500,000 FPO Shares

BUXTON RESOURCES LTD
3,010,000 FPO Shares

RESOURCE DRILL-OUT EXTENDS MANGANESE ZONE AT YANNERI RIDGE BY 400m ALONG STRIKE

- Maiden Resource drill-out at Yanneri ridge has been completed.
- Strike extended by 400m to the west with associated apparent visual increase in grades. Total strike is now 3.4km.
- Diamond drilling programme has been successfully completed. Distinct high grade manganese layers confirmed.
- Trial VTEM survey completed. Results clearly map the subsurface manganese and have highlighted new, strongly conductive targets.
- Full scale VTEM survey over entire Butcherbird Project to commence mid-December 2010.

The Company is pleased to advise that the drill-out of the Yanneri Ridge target area has been successfully completed and the Company is on track to deliver its Maiden Mineral Resource Estimate for the Butcherbird Project in January 2011.

In addition to providing necessary infill data to support a Mineral Resource Estimate the programme has also successfully extended the known mineralisation at Yanneri Ridge by 400m to the west. The total strike extent of the known mineralised zone at Yanneri is now approximately 3.4km.

Drilling is ongoing to further test mineralisation at several other target areas as well as to test a newly identified priority target highlighted by the recent trial VTEM survey.

The VTEM survey was undertaken on a trial basis over known manganese and copper mineralisation to test the effectiveness of this technique in identifying the known style(s) of mineralisation with a view to extending the survey if successful.

The programme has met expectations in delineating known manganese bearing horizons as well as having highlighted several new target areas. One target in particular, with coincident high tenor VTEM response and surficial manganese mineralisation has been prioritised for drilling during the current programme.

Based on the success of the trial programme, a decision has been made to undertake a regional VTEM survey over the entire Butcherbird Project, commencing mid-December 2010.

In addition to the RC infill and exploration drilling programme, six NQ3 diamond core drillholes were completed within the resource target area to provide more detailed geological information as well as material for further beneficiation test work.

The diamond programme has confirmed that the manganese occurs in distinct layers within weathered clay rich siltstones. The information provides further encouragement that commercial grade manganese can be simply and effectively separated from the surrounding material to produce a saleable product.

The combined information from these various programmes will provide important inputs into a scoping study to investigate the commercial potential of the manganese mineralisation at Butcherbird which is slated for commencement mid January 2011.

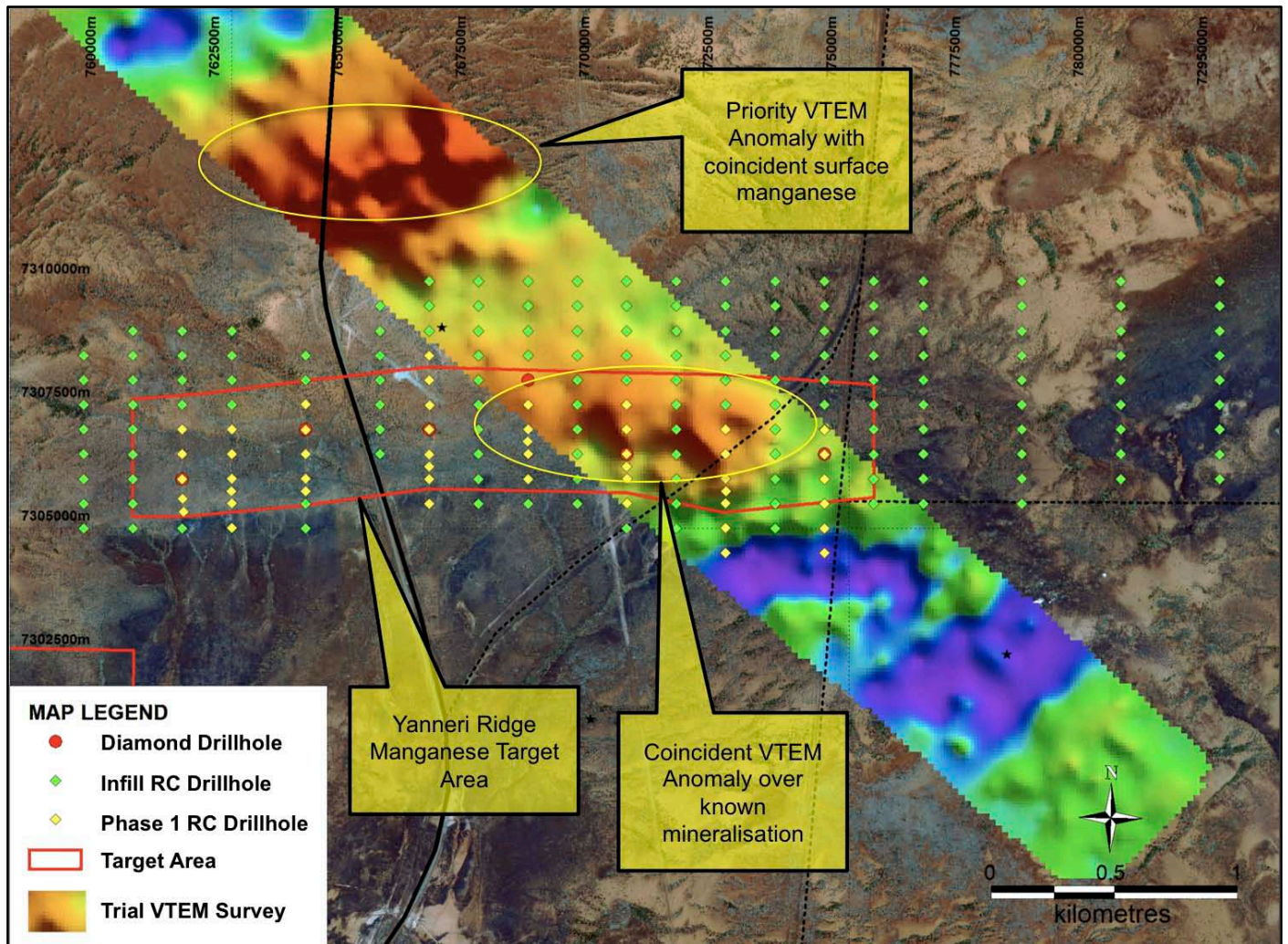


Figure 1: Plan view showing completed Phase 1 and infill RC drillhole locations at Yanneri Ridge as well as the modelled 20m depth-slice from the recently completed trial VTEM survey.

More Information**Justin Brown**

Managing Director

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