

ASX RELEASE



25 October 2011

ASX CODE: MZM
ISSUED SHARES: 67.24M
52 WEEK HIGH: \$0.95
52 WEEK LOW: \$0.25

CONTACT:

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BOARD:

Seamus Cornelius: Chairman
Justin Brown: MD
John Ribbons: Non-Exec

KEY PROJECTS:

BUTCHERBIRD (100%)
Manganese, Copper

PEAK HILL (85-100%)
Gold

DURACK (earning 85%)
Gold, Copper

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

KEY SHARE POSITIONS:

AUVEX MANGANESE LTD
3,750,000 FPO Shares

BUXTON RESOURCES LTD
3,010,000 FPO Shares

LITHEX RESOURCES LTD
1,525,000 FPO Shares

EXTERRA RESOURCES LTD
2,000,000 FPO Shares

Independent Butcherbird Manganese Scoping Study Demonstrates Strong Project Economics

- Scoping Study positive based on production of 0.5 Mt to 1 Mt per annum.
- Projected NPV₁₀ of up to AUD\$376M with IRR of up to 59%.
- Feasibility Study to proceed immediately.

Montezuma Mining Company Ltd (“Montezuma” or “Company”) is pleased to advise that a Scoping Study in relation to the development of the extensive manganese mineralisation at the Company’s 100% owned Butcherbird Project has been completed by independent consultancy Engenium Pty Ltd (Engenium).

The study investigated the development of a mine producing between 0.5 Mt and 1 Mt per annum of lump and chip ore grading a nominal 36% Mn with a mine life of at least 10 years.

Production	Capex \$M	Sales Mt	NPV \$M	IRR %
10 YEAR MINE LIFE				
0.5 Mtpa	127	5.0	\$79M	31%
1.0 Mtpa	163	10.0	\$241M	59%
20 YEAR MINE LIFE				
0.5 Mtpa	127	10.0	\$148M	33%
1.0 Mtpa	163	20.0	\$376M	59%

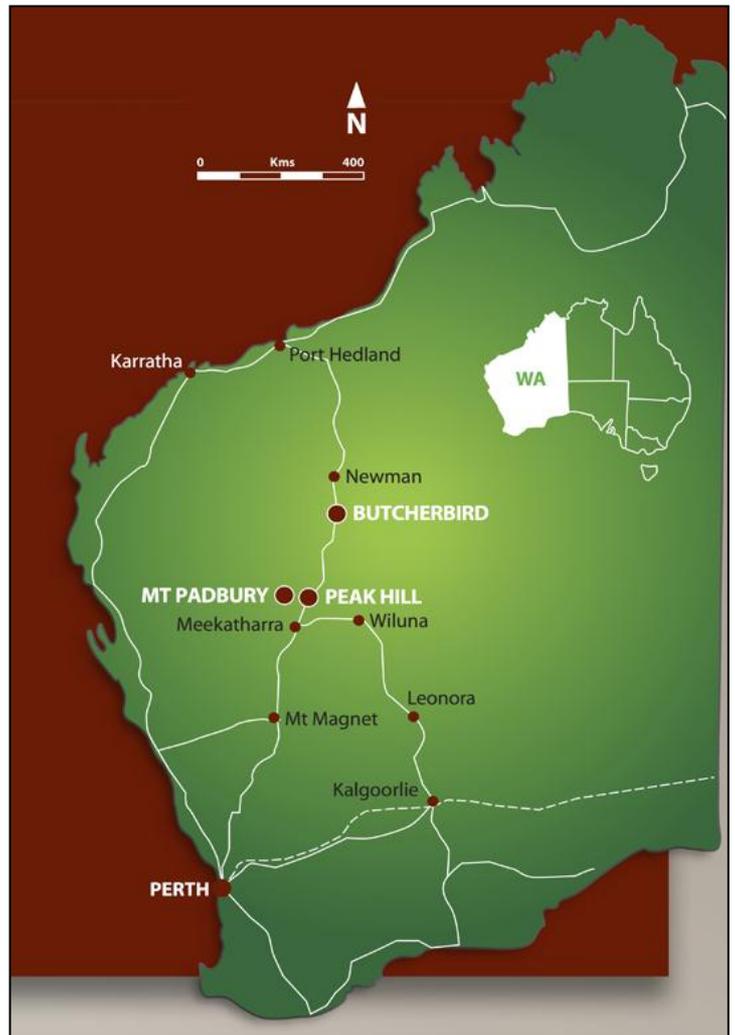
Table 1: Financial Analysis Summary

The initial study was based on the JORC compliant Yanneri Ridge Inferred Resource of 64.7 Mt @ 11.2% Mn (8% Mn cut off). A yield of 20% of extractable product @ 36% Mn was assumed based on the DMS studies, underpinning potential production of over 12 Mt of lump and chip product with a 1:1 stripping ratio from this deposit alone.

Pending resource upgrades based on further drilling are expected to add to the potential product inventory and may support a longer mine life and/or increased production rates.

The Scoping Study was commissioned to investigate the commercial viability of the Butcherbird Manganese Province and to form the basis for subsequent feasibility studies. The work was undertaken by Engenium and assumed the following:

- Conventional open pit mining with a 1:1 waste to ore ratio.
- Extractable Mn product of 12.8 Mt @ 36% Mn.
- Mine life of 10 years with options to expand to 20 years with further resources.
- Rate of production of either 0.5 Mt per annum or 1.0 Mt per annum.
- Production of lump and chip products as determined from DMS studies.
- Transport of product via the Great Northern Highway to Port Hedland for a total distance of 580 km.
- Camp size of either 125 persons for 0.5 Mtpa or 150 persons for 1.0 Mtpa scenarios.
- Mining to be undertaken by a contractor.
- Processing to be undertaken by Montezuma Mining Company Ltd.
- Long term manganese price of USD \$5.40/dmtu.
- Long term exchange rate of \$0.80 USD/AUD.
- CAPEX including all direct and indirect costs of building the mine and start-up operations.



The manganese mineralisation at Butcherbird occurs in shallow flat lying zones with the ore occurring as discrete high grade bands interbedded with clay waste.

This style of mineralisation is amenable to relatively low cost beneficiation which has contributed to the positive outcome of the study.

The Butcherbird Project hosts the largest onshore manganese occurrence in Australia and is further enhanced by its location which straddles the Great Northern Highway and the Goldfields Gas Pipeline.



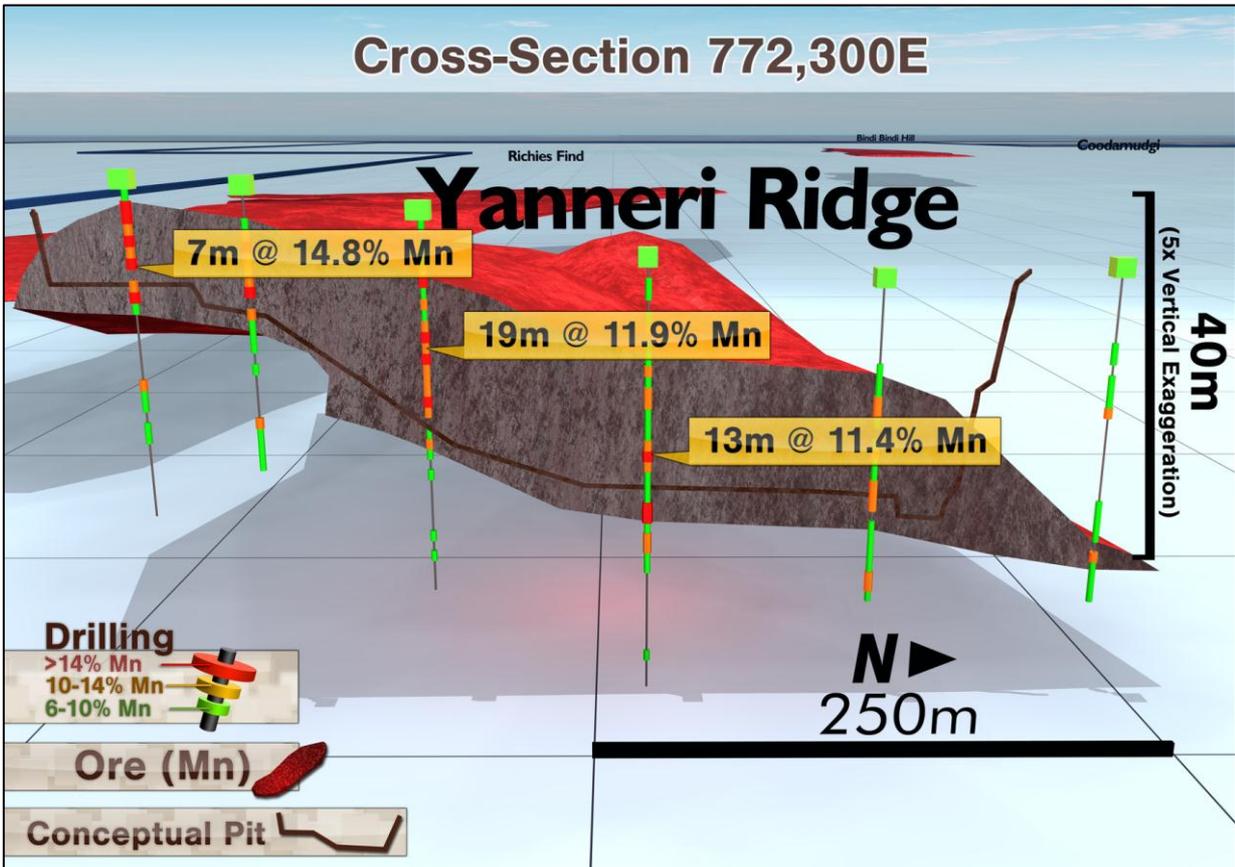


Figure 1: Cross Section through the Yanneri Ridge Resource showing conceptual pit design.

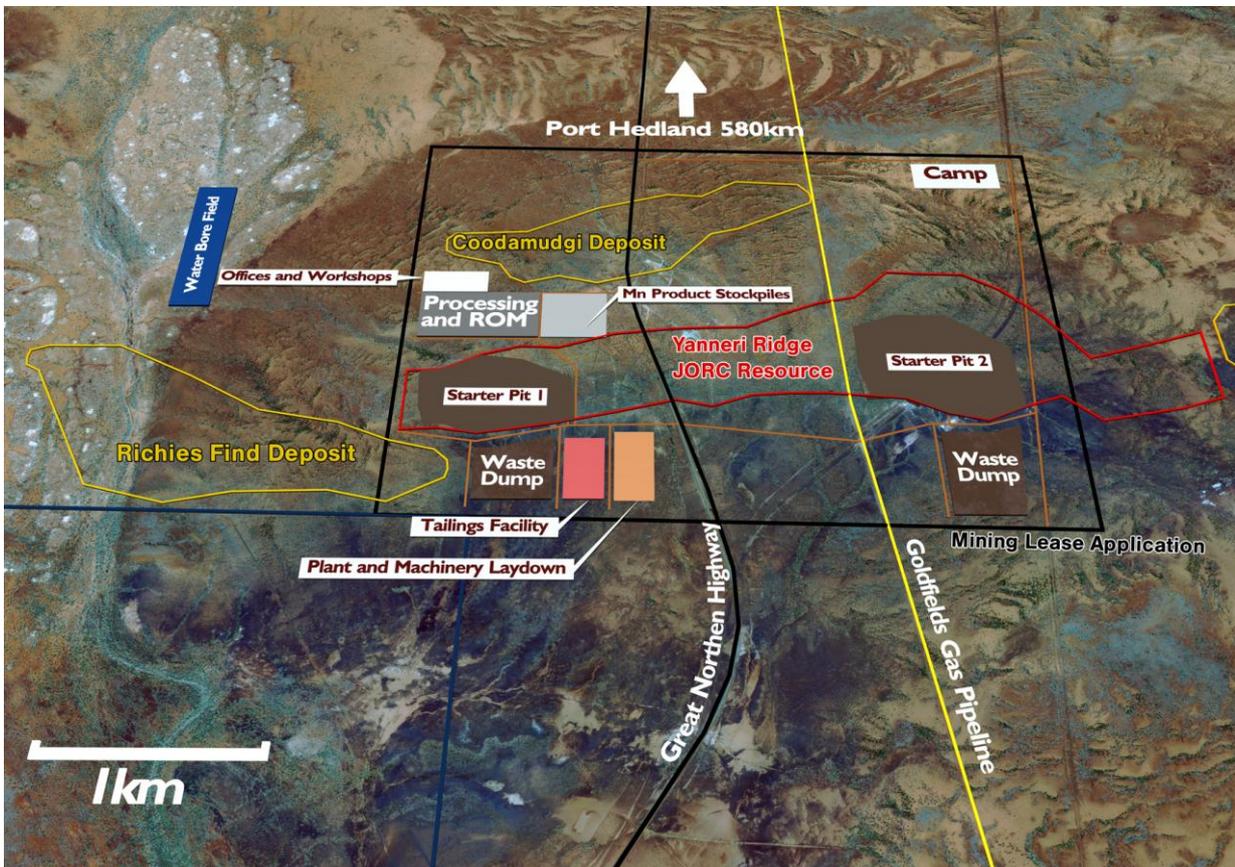


Figure 2: Conceptual mine layout plan showing key infrastructure within the Butcherbird Mining Lease Application surrounded by the Company's exploration tenure.

There are a number of key areas where the Company believes the already robust economics can be improved as we progress the Feasibility Study phase of development:

- Any increase in the market price of manganese ore from current cyclical lows prior to commencement of production.
- A reduction in the capital cost required, given the significant contingency built into this analysis.
- An improvement in the delivered product grade above 36% Mn will improve both the unit price and per tonne revenue stream. Work is ongoing in this area and a number of avenues are being investigated.

The Company is very pleased with the outcome of this phase one study and expect to aggressively push towards production with further engineering investigations and a more detailed Feasibility Study.

In parallel with these additional investigations, the Company will now actively investigate potential financing avenues to fund the capital requirements of a manganese mine at Butcherbird.

Investor Coverage

Recent investor relations, corporate videos and broker/media coverage on the Company's projects can be viewed on the Company's website at www.montezumamining.com.au.

About Montezuma Mining Company Ltd

Listed in 2006, Montezuma (ASX: MZM) is a diversified explorer primarily focused on manganese, copper and gold. Montezuma has a 100% interest in the Butcherbird Manganese/Copper Project and an 85-100% interest in the Peak Hill and Durack Gold Projects in the Murchison region of Western Australia.

More Information

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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 who is a full time employee of Montezuma Mining Company Ltd. 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.