



29 August 2011

Company Announcements Office
ASX Limited
20 Bond Street
SYDNEY NSW 2000

Dear Sir or Madam

OPTION UNDERWRITING AGREEMENT SIGNED WITH DRAGON GAS LIMITED

Montezuma Mining Company Ltd "Montezuma" is pleased to advise that it has entered into Underwriting Agreements ("Agreements") with Hong Kong based investment group Dragon Gas Limited ("Dragon") in relation to two classes of options with respective strike prices of 20c and 35c and an expiry date of 31 August 2011.

The Agreements provide for Dragon to subscribe for, or arrange for the subscription for all 20c and 35c options which remain unexercised at the expiry date.

Dragon will not receive a fee in relation to the Agreements unless the number of 20c options available for underwriting falls below 2.5M, in which case Dragon will be entitled to subscribe for shares in Montezuma at 20c per share to a maximum of 2.5M shares. No fee provisions apply to the 35c options, of which approximately 2.5M remain unexercised as at the date of this release.

The funding available to the Company by virtue of these Agreements will provide important additional cash reserves to further advance activity at Montezuma's Projects.

Yours faithfully

Justin Brown

Managing Director