

QUARTERLY REPORT

MONTEZUMA MINING COMPANY LTD

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Three Months Ending: 30 September 2010

ASX CODE: MZM
ISSUED SHARES: 42.33M
52 WEEK HIGH: \$0.44
52 WEEK LOW: \$0.18
CASH ON HAND: \$5.10M

CONTACT:

JUSTIN BROWN
Managing Director
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BOARD:

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

KEY PROJECTS:

PEAK HILL (100%)
Gold

DURACK (earning 85%)
Gold, Copper (VMS)

BUTCHERBIRD (100%)
Manganese, Copper

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

KEY SHARE HOLDINGS:

AUVEX RESOURCES LTD
7,500,000 FPO Shares

BUXTON RESOURCES LTD
3,010,000 FPO Shares

*Note: Unless otherwise stated,
all drill intersections are reported
as down-hole widths.*

HIGHLIGHTS

BUTCHERBIRD WEST (MANGANESE):

- Drilling confirms large tonnages of beneficiable manganese mineralisation.
- Best Results include;
 - 10BBRC028: 16m @ 12.50% Mn from surface
 - 10BBRC054: 15m @ 11.61% Mn from surface
 - 10BBRC006: 24m @ 9.38% Mn from surface
- Results to date support at Bindi Hill support an ****Exploration Target of 20-30 Mt @ 8-15% manganese**. Excellent potential to exceed this with further drilling

BUTCHERBIRD EAST (MANGANESE):

- Drilling confirms additional large tonnages of beneficiable manganese mineralisation.
- Best Results include;
 - 10BBRC185: 19m @ 11.89% Mn from 2m
 - 10BBRC127: 22m @ 12.28% Mn from surface
 - 10BBRC130: 10m @ 14.61% Mn from surface (including 6m @ 18.58% Mn)
- Results to date support an ****Exploration Target of 80-100 Mt @ 10-15% manganese** at two of four key targets. Excellent potential to exceed this with further drilling.
- 9,000m RC and DD drilling programme commencing mid-October 2010 to support maiden JORC Resource Estimate.

BUTCHERBIRD EAST (COPPER):

- Results include;
 - 10BBC01: **4m @ 6.97% Cu**, 566ppm Co
 - 10BBC05: 4m @ 1.52% Cu, 140ppm Co
- The copper mineralisation has a strong associated cobalt, lead and zinc mineralised halo.
- System appears to be a shear hosted polymetallic deposit with significant potential requiring follow up work.
- Airborne EM programme currently being planned over several manganese targets will also test this feature.

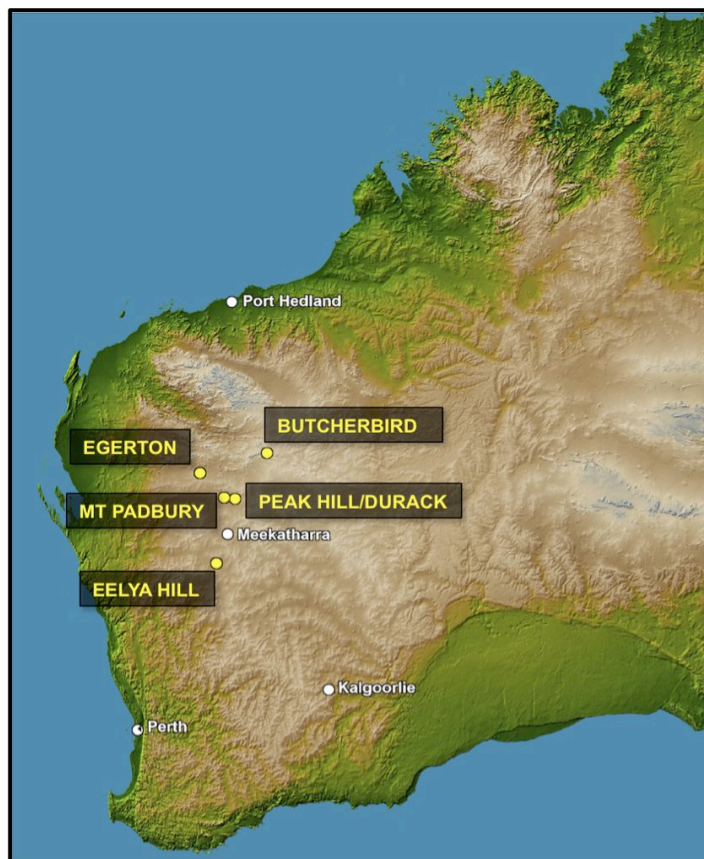
***It should be noted that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.*

BUTCHERBIRD (100%)

The Butcherbird Manganese and Copper project straddles the Great North Highway approximately 120km south of Newman. Reconnaissance surface sampling initially highlighted extensive surface manganese enrichment associated with supergene weathering processes.

RC drilling to test the targets defined from surface work has confirmed the potential for the Project to host large tonnage, beneficiable manganese mineralisation.

The work to date has identified six primary target areas, two of which have been targeted for extensive infill drilling during the coming Quarter. Further regional exploration is also being undertaken to define additional manganese deposits within the Company's tenure.



BUTCHERBIRD WEST

RC Drilling

Drilling results from the phase 1 drilling at the Bindi Bindi Hill, Alcoa Hole and Cadgies Flats manganese Prospects within the Butcherbird manganese/copper project were received and compiled during the Quarter. The programme comprised 90 holes for 3,132m.

The drilling and associated preliminary metallurgical testing results have confirmed the presence of broad areas of beneficiable manganese material starting at surface and extending over significant mineable widths of 5-24m.

The work completed to date supports an ****Exploration Target potential at Bindi Bindi Hill of 20-30 Mt at 8-12% Mn**. Beneficiation test work completed so far suggests that the material can be beneficiated by crushing, screening and dense media separation and work is ongoing to further refine this process.

***It should be noted that the 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*

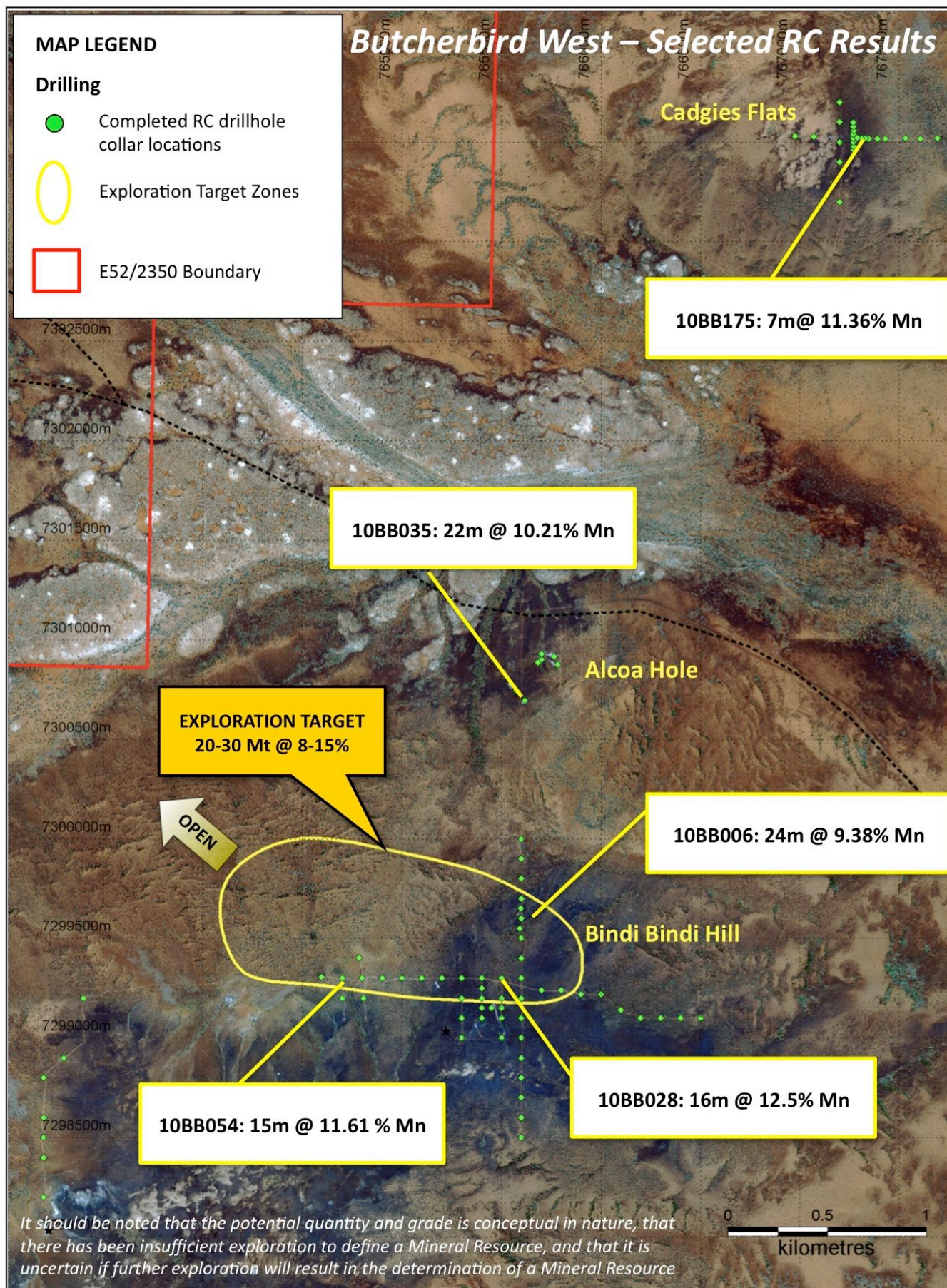


Figure 1. Plan view showing completed drillhole locations, selected RC composite intersections and prospect locations at Butcherbird (west). Individual assays are from 1m splits, using fused disc XRF analysis.

At Cadgies Flat the mineralisation is somewhat thinner, at around 5m but some very high grades have been returned from rock chips in this area and based on mapping since the first pass drilling was completed, we now believe that the best areas have yet to be drilled

Hole ID	Prospect	Northing	Easting	From	To	Interval	Mn(%)	Including	Fe(%)	SiO2(%)	P(%)
10BB001	Alcoa Hole	7300915	765764	0	1	1	7.26		8.3	46.1	0.03
				8	10	2	11.3		10.04	46.4	0.1
				12	14	2	9.1		8.56	49.95	0.12
10BB002	Alcoa Hole	7300900	765700	22	23	1	14.41		14.69	29.7	0.05
10BB003	Alcoa Hole	7300876	765781	4	9	5	10.66		9.27	43.76	0.06
				18	24	6	13.12		9.73	44.02	0.06
				29	38	9	11.54		11.21	37.86	0.07
10BB034	Alcoa Hole	7300694	765616	8	11	3	8.29		9.46	50.13	0.05
				25	37	12	11.6		9.98	37	0.08
10BB035	Alcoa Hole	7300745	765573	2	24	22	10.21	2m@16.03	11.29	45.01	0.08
				29	34	5	7.88		8.76	43.92	0.08
10BB005	Bindi Bindi Hill	7299650	765598	5	17	12	9.22		10.85	46.58	0.1
				20	29	9	9		10.14	40.5	0.14
10BB006	Bindi Bindi Hill	7299549	765593	0	24	24	9.38		9.99	43.47	0.09
10BB007	Bindi Bindi Hill	7299150	765500	0	10	10	12.2		10.8	43.94	0.1
10BB008	Bindi Bindi Hill	7299150	765450	0	9	9	11.8		11.23	43.03	0.1
10BB009	Bindi Bindi Hill	7299151	765400	0	9	9	10.24		10.57	42.68	0.12
10BB010	Bindi Bindi Hill	7299250	765400	1	12	11	10.86		11.55	42.34	0.11
10BB017	Bindi Bindi Hill	7299000	765300	0	2	2	7.38		9.65	47.1	0.08
10BB018	Bindi Bindi Hill	7299100	765300	6	12	6	9.72		8.88	46.38	0.09
10BB019	Bindi Bindi Hill	7299200	765300	0	10	10	12.81		10.57	42.92	0.1
10BB020	Bindi Bindi Hill	7299300	765300	2	11	9	13.15		11.68	40.66	0.11
10BB022	Bindi Bindi Hill	7299100	765400	0	4	4	11.23		10.05	40.48	0.08
				10	13	3	9.24		9.93	47.5	0.09
10BB023	Bindi Bindi Hill	7299200	765400	0	10	10	12.22	5m@16.21	9.57	42.5	0.11
10BB024	Bindi Bindi Hill	7299300	765400	0	15	15	11.87	3m@16.78	9.48	43.37	0.09
10BB025	Bindi Bindi Hill	7299000	765500	1	4	3	7.76		8.86	46.76	0.07
10BB026	Bindi Bindi Hill	7299100	765500	0	8	8	12.12	3m@17.14	9.07	42.43	0.08
10BB027	Bindi Bindi Hill	7299200	765500	0	13	13	12.16	4m@18.50	9.84	43.82	0.1
10BB028	Bindi Bindi Hill	7299300	765500	0	16	16	12.5	1m@22.23	9.61	45.06	0.1
10BB029	Bindi Bindi Hill	7299000	765600	1	6	5	5.33		8.04	47	0.13
10BB030	Bindi Bindi Hill	7299100	765600	0	6	6	8.01		7.78	46.43	0.09
10BB031	Bindi Bindi Hill	7299200	765600	0	7		12.42	2m@12.42	11.12	42.08	0.11
10BB032	Bindi Bindi Hill	7299300	765600	1	16	15	8.82		9.55	43.69	0.08
10BB054	Bindi Bindi Hill	7299300	764700	0	15	15	11.61	2m@22.70	9.02	46.62	0.08
				22	24	2	9.6		10.35	47.15	0.07
10BB054B	Bindi Bindi Hill	7299200	764700	1	6	5	8.09		10.52	49.94	0.1
				25	26	1	10.53		8.88	47.4	0.09
10BB054S	Bindi Bindi Hill	7299306	764597	4	25	21	10.58	9m@13.77	10.55	46.7	0.09
10BB055	Bindi Bindi Hill	7299300	764800	2	8	6	11.66	2m@13.89	8.96	47.13	0.08
				18	19	1	14.02		9.79	43.5	0.14
10BB055B	Bindi Bindi Hill	7299403	764784	8	24	16	9.87		10.86	47.79	0.1
10BB055C	Bindi Bindi Hill	7299200	764807	0	1	1	15.1		7.27	45.7	0.05
10BB056	Bindi Bindi Hill	7299300	764900	1	2	1	13.3		7.48	51.7	0.03
				5	13	8	9.04		8.54	50.31	0.07
10BB057	Bindi Bindi Hill	7299300	765000	1	13	12	12.26	6m@14.26	10.03	45.33	0.1
				23	26	3	6.49		8.09	47.27	0.12
10BB058	Bindi Bindi Hill	7299300	765100	1	14	13	8.28	4m@10.47	10.09	46.5	0.1
10BB059	Bindi Bindi Hill	7299300	765200	0	8	8	8.71	1m@12.00	8.02	44.55	0.1

Hole ID	Prospect	Northing	Easting	From	To	Interval	Mn(%)	Including	Fe(%)	SiO2(%)	P(%)
10BB060	Bindi Bindi Hill	7298500	765600	1	2	1	10.38		10.91	46.7	0.04
10BB061	Bindi Bindi Hill	7298600	765600	4	6	2	9.6		9.82	46.95	0.09
10BB065	Bindi Bindi Hill	7299400	765600	0	17	17	8.66	5m@11.06	9.26	42.21	0.09
10BB066	Bindi Bindi Hill	7299500	765600	0	19	19	8.47	3m@10.77	10.07	45.23	0.09
10BB067	Bindi Bindi Hill	7299600	765600	1	27	26	9.52	2m@20.68	9.31	42.01	0.11
10BB068	Bindi Bindi Hill	7299700	765600	6	15	9	8.14		11.35	47.49	0.12
				20	33	13	8.09		9.39	39.77	0.09
10BB069	Bindi Bindi Hill	7299800	765600	14	18	4	7.4		10.98	44.52	0.1
10BB071	Bindi Bindi Hill	7300000	765600	40	50	10	8.37		9.08	37.64	0.1
10BB072	Bindi Bindi Hill	7299240	765700	1	15	14	12.14	4m@15.76	10.52	42.12	0.09
10BB073	Bindi Bindi Hill	7299240	765800	0	16	16	9.73	2m@14.48	10.02	42.34	0.1
10BB074	Bindi Bindi Hill	7299220	765900	1	13	12	9.64		9.42	41.21	0.08
10BB075	Bindi Bindi Hill	7299220	766000	0	12	12	9.31		9.41	44.33	0.08
10BB076	Bindi Bindi Hill	7299140	766100	0	11	11	10.76	4m@13.54	9.75	46.94	0.1
10BB077	Bindi Bindi Hill	7299100	766200	0	11	11	9.94		9.64	48.34	0.07
10BB078	Bindi Bindi Hill	7299100	766300	0	12	12	9.31		9.06	46.16	0.08
10BB079	Bindi Bindi Hill	7299100	766400	0	12	12	9.96	4m@12.76	9.83	47.87	0.12
10BB080	Bindi Bindi Hill	7299100	766500	0	12	12	10.59	5m@10.59	9.81	44.68	0.12
10BB103	Cadgies Flats	7303520	767250	0	2	2	7.39		8.78	49.8	0.1
				6	7	1	8.98		10.77	47.3	0.09
				12	16	4	9.31		9.98	40.35	0.14
10BB105	Cadgies Flats	7303520	767210	7	17		7.81	1m@15.80	10.68	46.96	0.14
10BB106	Cadgies Flats	7303520	767190	2	4	2	9.83		8.37	43.8	0.12
				6	7	1	9.14		11.75	46.8	0.15
				10	13	3	8.23		11.21	42.97	0.14
10BB107	Cadgies Flats	7303520	767170	5	11	6	8.68		10.98	47.27	0.15
10BB108	Cadgies Flats	7303520	767150	1	2		8.21		10.42	39.3	0.15
				4	11	7	8.9	1m@15.33	12.43	44.58	0.15
10BB163	Cadgies Flats	7303461	767271	0	5	5	9.11		9.76	47.18	0.12
10BB164	Cadgies Flats	7303480	767270	0	6	6	10.91	2m@16.88	9.73	46	0.1
				15	18	3	8.21		10.4	41.3	0.13
10BB165	Cadgies Flats	7303500	767269	0	4	4	9.07		10.09	45.98	0.15
				11	18	7	6.79		9.3	46.66	0.1
10BB166	Cadgies Flats	7303520	767269	0	4	4	9.68	1m@14.33	10.91	46.2	0.11
				13	17	4	9.24		10.37	39.98	0.12
10BB167	Cadgies Flats	7303539	767269	0	4	4	8.68	1m@16.42	10.54	47.75	0.11
				14	17	3	8.44		10.51	40.97	0.11
10BB168	Cadgies Flats	7303557	767270	2	4	2	11.06	1m@14.71	7.89	48.05	0.16
10BB169	Cadgies Flats	7303578	767268	0	4	4	8.19	1m@14.79	10.01	45.12	0.16
				14	18	4	8.13		9.79	42.1	0.1
10BB170	Cadgies Flats	7303598	767267	0	4	4	9.58	1m@17.66	9.55	45.6	0.11
				7	9	2	8.85		9.65	48.75	0.1
10BB171	Cadgies Flats	7303522	767289	0	5	5	10.58	2m@14.29	10.1	46	0.11
				8	10	2	10.26		8.7	47.65	0.12
				14	18	4	8.3		10.07	41.65	0.13
10BB172	Cadgies Flats	7303520	767310	0	6	6	10.23		12.71	44.05	0.14
				13	19	6	7.06		9.11	45.27	0.11
10BB173	Cadgies Flats	7303519	767328	2	8	6	9.2	3m@11.23	10.72	47.62	0.12
10BB174	Cadgies Flats	7303517	767348	1	5	4	10.25	2m@13.86	8.78	47.98	0.07
				18	22	4	7.86		9.98	41.82	0.11
10BB175	Cadgies Flats	7303518	767391	2	9	7	11.36	4m@13.14	10.34	45	0.09
				16	23	7	6.67		9.14	45.16	0.09
10BB176	Cadgies Flats	7303517	767430	0	11	11	6.93	1m@15.72	10.86	51.34	0.1
				20	24	4	7.33		9.9	42.92	0.1

Hole ID	Prospect	Northing	Easting	From	To	Interval	Mn(%)	Including	Fe(%)	SiO2(%)	P(%)
10BB177	Cadgies Flats	7303519	767533	2	12	10	8.37	3m@11.67	10.39	50.39	0.11
				22	24	2	9.1		10.14	39.85	0.14
10BB178	Cadgies Flats	7303518	767607	0	12	12	7.81	1m@17.43	10.38	51.12	0.1
				22	25	3	8.34		9.37	42.27	0.1
10BB179	Cadgies Flats	7303520	767692	0	1	1	7.31		25.25	30.1	0.05
10BB180	Cadgies Flats	7303528	767071	7	10	3	11.08		12.43	43.53	0.13
10BB181	Cadgies Flats	7303530	766976	3	13	10	7.61	2m@11.08	10	48.89	0.11
10BB043	Mungajerrie	7298200	763200	13	14	1	11.62		12.17	43.2	0.03
10BB047	Mungajerrie	7298600	763200	2	7	5	8.22		7.2	52.18	0.09
10BB050	Mungajerrie	7298900	763300	6	8	2	8.25		7.5	51.35	0.07
10BB053	Mungajerrie	7299200	763400	7	9	2	7.08		5.68	55.8	0.06

Table 1. RC Drilling results from the Bindi Bindi Hill, Alcoa Hole, and Cadgies Flats Prospects within the Butcherbird Project area. Composite results shown from geologically constrained zones and a bottom cut of approximately 6% manganese. Assays are from 1m splits using XRF fused disc analysis.

Rock Chip Sampling

Further surface sampling has been undertaken over potential new areas and the results continue to highlight the extensive surface manganese at Butcherbird. The data show a potential extension to the target area at Bindi Bindi Hill and have also identified a new target area at Bilby Hill to the southeast.

Sample ID	East (GDA)	North (GDA)	Fe (%)	Mn (%)	Al (%)	Si (%)	Ca (%)	Mg (%)	S (%)	P (%)	Ti (%)	LOI (%)
BBG040	767597	7303489	11.89	33.22	2.63	8.18	0.07	0.08	0.04	0.10	0.10	11.30
BBG041	767564	7303463	13.78	31.52	2.63	8.46	0.09	0.10	0.05	0.10	0.10	10.50
BBG042	767629	7303555	9.58	34.54	3.78	7.15	0.04	0.07	0.04	0.05	0.12	11.80
BBG043	767671	7303541	11.75	35.16	2.51	6.92	0.05	0.06	0.04	0.10	0.09	11.50
BBG044	767568	7303561	6.83	43.29	3.55	3.11	0.07	0.07	0.03	0.08	0.11	13.00
BBG045	767668	7303586	6.78	45.85	2.60	2.54	0.04	0.06	0.01	0.03	0.09	12.70
BBG046	767675	7303665	10.91	34.62	2.88	7.53	0.04	0.07	0.02	0.14	0.09	11.50
BBG047	767626	7303719	4.94	40.97	2.68	7.57	0.04	0.06	0.01	0.07	0.11	10.90
BBG048	767548	7303677	5.52	41.20	2.93	6.78	0.05	0.07	0.02	0.07	0.11	11.20
BBG049	767464	7303685	40.99	0.56	3.23	10.42	0.05	0.07	0.07	0.58	0.11	9.35
BBG050	767409	7303679	19.65	24.47	2.73	9.26	0.10	0.08	0.04	0.21	0.11	10.50
BBG051	767546	7303608	5.41	40.74	2.55	7.39	0.06	0.06	0.01	0.10	0.10	11.00
BBG052	767294	7303451	3.22	45.07	2.11	6.08	0.11	0.11	0.04	0.11	0.09	10.40
BBG053	767315	7303473	5.77	41.98	2.07	6.78	0.13	0.16	0.03	0.07	0.09	10.40
BBG054	767327	7303512	3.57	42.13	2.65	7.48	0.09	0.11	0.03	0.05	0.11	10.20
BBG055	767323	7303551	3.48	44.45	2.30	6.26	0.14	0.11	0.03	0.10	0.10	10.40
BBG056	767324	7303590	5.13	42.83	2.00	6.82	0.09	0.11	0.03	0.07	0.08	10.20
BBG057	767302	7303623	4.67	41.67	2.63	7.06	0.11	0.13	0.12	0.05	0.10	10.50
BBG058	767246	7303602	7.34	39.73	2.35	6.87	0.11	0.08	0.07	0.16	0.08	10.30
BBG059	767231	7303148	13.78	23.85	4.40	11.73	0.04	0.05	0.04	0.10	0.31	10.60

Sample ID	East (GDA)	North (GDA)	Fe (%)	Mn (%)	Al (%)	Si (%)	Ca (%)	Mg (%)	S (%)	P (%)	Ti (%)	LOI (%)
BBG063	764993	7299406	7.13	43.22	2.21	4.77	0.06	0.07	0.02	0.07	0.08	11.70
BBG064	764790	7299437	9.72	32.68	3.32	8.93	0.05	0.11	0.02	0.14	0.11	11.00
BBG065	765025	7299755	4.74	40.43	2.51	8.09	0.08	0.13	0.02	0.04	0.11	9.98
BBG066	764715	7299812	5.46	48.95	2.34	1.58	0.06	0.02	0.06	0.03	0.10	13.00
BBG067	764447	7299608	7.69	36.71	4.96	5.61	0.04	0.04	0.02	0.02	0.24	13.20
BBG068	764671	7299336	8.88	41.28	2.58	4.35	0.04	0.05	0.02	0.02	0.08	12.00
BBG069	764490	7299239	9.51	34.85	4.37	6.26	0.02	0.10	0.02	0.03	0.14	12.00
BBG070	764526	7299208	6.26	35.55	4.20	8.88	0.03	0.11	0.02	0.03	0.16	11.20
BBG072	765782	7297418	10.28	39.03	2.12	4.77	0.05	0.04	0.02	0.08	0.10	11.80
BBG073	765788	7297350	20.14	23.08	2.58	8.97	0.06	0.02	0.05	0.21	0.13	11.50
BBG074	765772	7297294	7.20	40.20	4.17	4.34	0.04	0.02	0.02	0.02	0.15	13.20
BBG075	765885	7297343	10.70	34.70	4.56	5.61	0.04	0.03	0.02	0.03	0.17	13.00

Table 2. Table 2: Rock chip samples from Butcherbird.

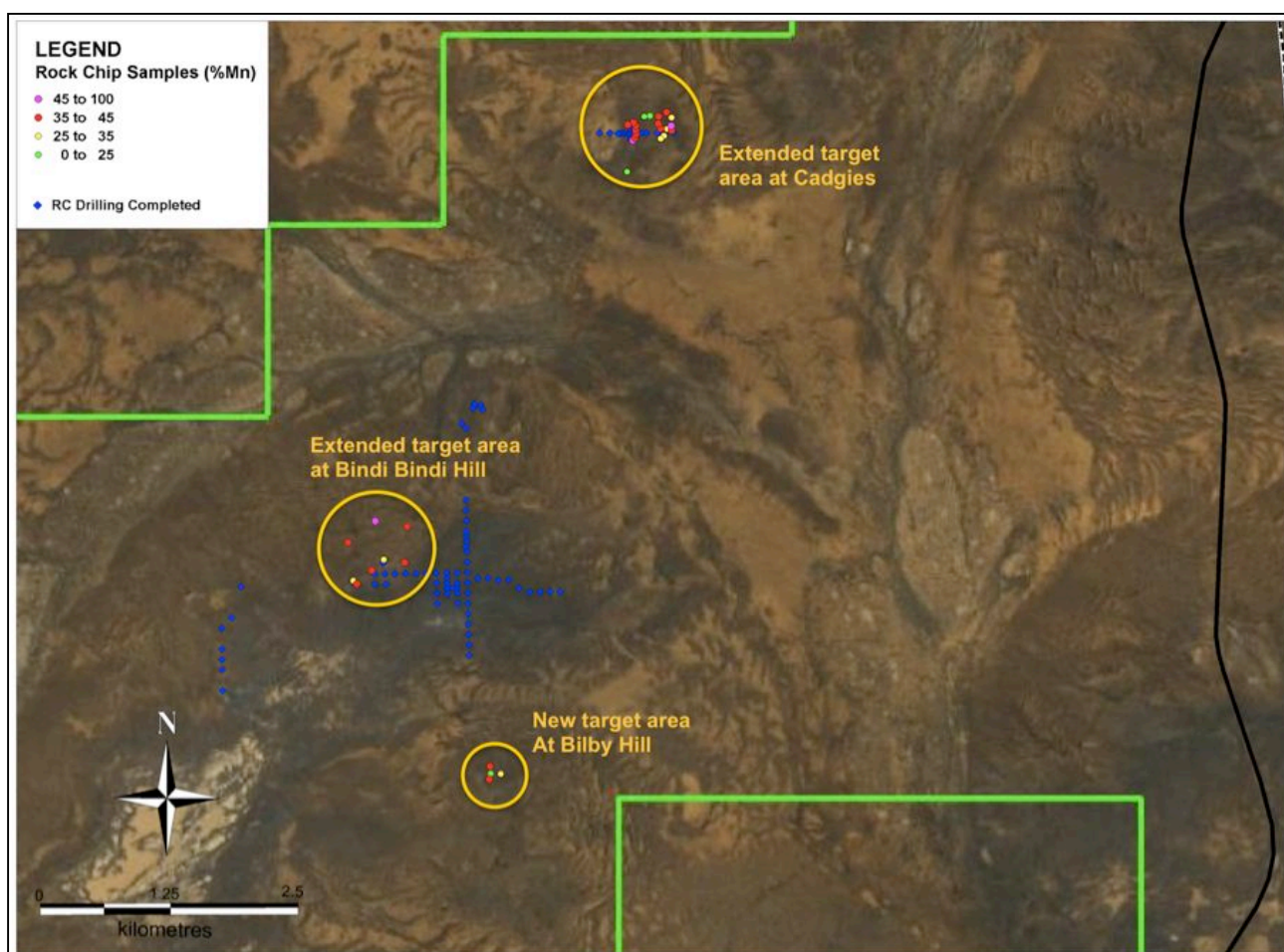


Figure 2. Latest rock chip sampling showing new and extended target areas.

BUTCHERBIRD EAST

RC Drilling

During the Quarter, drilling results were also received in relation to the RC drilling programmes at the Yanneri Ridge, Budgie Hill, Ilgararie Ridge and Ilgararie Hill manganese Prospects within the Butcherbird manganese/copper project. A total of 67 holes were completed for 2,376m.

The drilling results further confirmed the presence of additional broad areas of beneficiable manganese material starting at surface and extending over significant mineable widths of 5-28m.

All four target areas are priority targets with the potential to yield significant tonnages of manganese ore. In all cases, mineralisation is open along strike and down dip, with cross sections showing very consistent mineralised horizons starting at or near surface.

Hole ID	Prospect	Northing	Easting	From	To	Interval	Mn(%)	Including	Fe(%)	SiO2(%)	P(%)
10BB091	Budgie Hill	7307700	778804	0	10	10	9.49	5m@11.15	11.43	45.02	0.28
10BB099	Budgie Hill	7306411	779954	9	16	7	10.34	3m@10.99	15.04	44.4	0.2
10BB098	Budgie Hill	7306321	779955	3	8	5	9.41		10.21	49.59	0.11
10BB100	Budgie Hill	7306487	779941	0	7	7	9.72	2m@12.16	11.54	47.4	0.12
10BB101	Budgie Hill	7306582	779946	0	6	6	9.35		13.07	43.44	0.16
10BB208	Budgie Hill	7306488	779850	1	9	8	13.05	5m@15.54	12.88	41.85	0.13
10BB113	Ilgararie Ridge	7304094	773801	5	8	3	9.98		15	44.21	0.09
10BB114	Ilgararie Ridge	7304198	773793	1	5	4	10.51		11.69	46.34	0.13
				12	20	8	11.65		14.24	42.55	0.2
10BB202	Ilgararie Ridge	7304297	773799	8	20	12	10.67	2m@15.08	12.9	45.15	0.2
10BB203	Ilgararie Ridge	7304401	773799	1	3	2	7.68		8.43	37.06	0.02
				15	25	8	11.04		12.99	44.23	0.17
10BB204	Ilgararie Ridge	7304501	773799	8	25	17	10.46		13.37	44.52	0.17
10BB205	Ilgararie Ridge	7304601	773800	7	14	7	9.19	1m@16.17	11.52	48.08	0.11
				23	31	8	10.19		13.51	42.04	0.17
10BB201	Ilgararie Ridge	7304712	773777	7	11	4	12.22	2m@15.97	11.63	43.88	0.09
				24	25	1	16.56		9.56	41.36	0.08
				34	38	4	9.8		9.12	42.04	0.08
10BB200	Ilgararie_Hill	7302394	774021	3	4	1	14.13		8.98	44.63	0.08
				16	18	2	10.9		12.29	45.61	0.11
				24	28	4	11.11		12.91	38.04	0.12
10BB199	Ilgararie_Hill	7302496	774016	29	30	1	11.71		11.92	45.36	0.11
				33	40	7	10.13		9.6	42.92	0.12
10BB198	Ilgararie_Hill	7302603	774023	0	14	14	10.22	8m@11.85	13.86	45.6	0.15
10BB197	Ilgararie_Hill	7302698	774024	0	9	9	11.16		13.52	44.36	0.14
10BB196	Ilgararie_Hill	7302801	774020	0	1	1	20.18		8.61	39.45	0.04

Hole ID	Prospect	Northing	Easting	From	To	Interval	Mn(%)	Including	Fe(%)	SiO2(%)	P(%)
10BB119	Ilgararie_Hill	7302864	774021	4	10	6	11.55		13.24	43.48	0.1
10BB126	Yaneri Ridge	7297849	773317	0	22	22	9.96	2m@16.06	13.12	44.6	0.1
								3m@15.98			
								2m@17.57			
10BB188	Yaneri Ridge	7298001	773300	8	30	22	10.82	2m@14.20	11.58	43.73	0.12
10BB189	Yaneri Ridge	7298098	773298	15	30	15	9.76		11.18	44.56	0.12
10BB190	Yaneri Ridge	7298198	773298	5	7	2	8.66		7.08	52.54	0.04
10BB145	Yaneri Ridge	7297710	774099	0	5	5	7.11		11.52	50.43	0.04
10BB146	Yaneri Ridge	7297749	774101	0	13	13	8.86	1m@22.07	12.17	47.9	0.07
10BB146				17	21	4	10.98		11.04	45.99	0.1
10BB147	Yaneri Ridge	7297801	774100	0	15	15	12.04	2m@18.42	12.28	44.45	0.08
10BB148	Yaneri Ridge	7297898	774102	5	18	13	12.27	2m@16.80	11.93	43.83	0.13
								3m@15.44			
								1m@19.17			
10BB149	Yaneri Ridge	7297996	774100	0	17	17	11.54		11.72	44.74	0.11
10BB152	Yaneri Ridge	7297592	774498	19	21	2	9		11.9	46.57	0.14
10BB153	Yaneri Ridge	7297646	774522	0	6	6	11.86		10.79	45.23	0.12
10BB154	Yaneri Ridge	7297691	774529	0	9	9	11.44	1m@16.56	13.09	44.1	0.11
10BB155	Yaneri Ridge	7297806	774502	0	4	4	9.4		11.21	49.99	0.13
10BB156	Yaneri Ridge	7297901	774498	0	13	13	13.58	4m@14.58	12.1	41.86	0.12
10BB157	Yaneri Ridge	7297406	774893	0	1	1	8.55		9.76	48.03	0.04
10BB159	Yaneri Ridge	7297598	774903	0	4	4	7.81		8.67	37.56	0.11
10BB160	Yaneri Ridge	7297701	774903	0	4	4	10.87		10.17	42.21	0.11
10BB160				10	12	2	9.33		10.21	36.73	0.1
10BB162	Yaneri Ridge	7297899	774899	0	28	28	10.63	4m@13.18	12.2	43.34	0.14

Table 3. RC Drilling results from the Budgie Hill, Yanneri Ridge, Ilgararie Hill and Ilgararie Ridge Prosects within the Butcherbird Project area. Composite results shown from geologically constrained zones and a bottom cut of approximately 6% manganese.

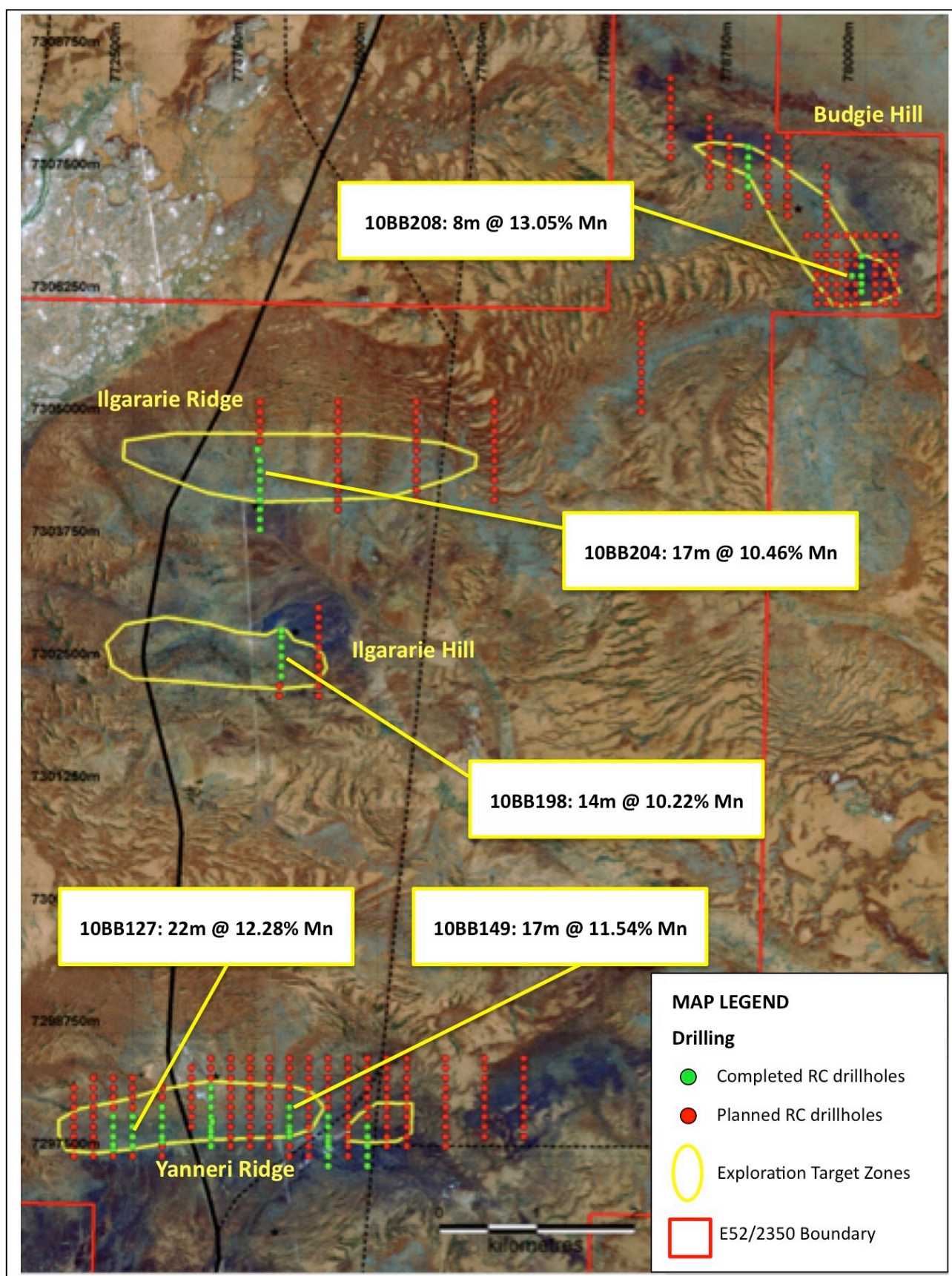


Figure 3. Plan view showing completed drillhole locations, selected RC composite intersections and prospect locations at Butcherbird East.

BENEFICIATION TESTING

Beneficiation testing conducted during the Quarter yielded encouraging first pass DMS beneficiation test results for composite material sampled from recent drilling at the Budgie Hill and Yanneri Ridge Prospects at the Butcherbird manganese project.

Grades of up to 37.65% have been achieved using a separation Specific Gravity (“SG”) of 3.4, with favourable values for both phosphorous and iron, two key impurities in manganese ore. Work is ongoing to further investigate and refine the beneficiation behaviour of the material. Results to date are shown in the table below.

The work completed to date continues to define large tonnages of mangiferous material and beneficiation test data continues to show that the material from a number of identified deposits can be upgraded to commercial grades using routine techniques.

Composite	Rock Unit	From	To	Feed Description	Yield	Mn %	P %	Fe %	SiO2 %
208-1	Manganese Zone Mineralisation	0	5	DMS Concentrate	23.3%	37.65	0.06	8.71	16.36
				DMS Tail	8.8%	7.06	0.09	17.14	44.92
				-1.18mm Fines%	68.0%				
208-2	Manganese Zone Mineralisation	5	10	DMS Concentrate	12.0%	36.24	0.08	9.48	16.73
				DMS Tail	4.0%	2.13	0.23	34.99	31.77
				-1.18mm Fines%	84.0%				
208-3	Manganese Zone Mineralisation	10	17	DMS Concentrate	11.3%	31.15	0.09	13.99	18.26
				DMS Tail	6.1%	5.89	0.27	32.20	29.31
				-1.18mm Fines%	82.5%				
091-1	Manganese Zone Mineralisation	0	5	DMS Concentrate	13.8%	32.97	0.11	12.35	17.95
				DMS Tail	5.3%	11.90	0.26	26.89	27.09
				-1.18mm Fines%	80.9%				
091-3	Manganese Zone Mineralisation	10	16	DMS Concentrate	15.9%	35.88	0.11	8.50	17.86
				DMS Tail	4.9%	21.17	0.18	16.21	24.13
				-1.18mm Fines%	79.2%				
091-4	Manganese Zone Mineralisation	16	21	DMS Concentrate	4.2%	35.84	0.07	7.30	18.67
				DMS Tail	17.1%	3.24	0.06	8.69	54.64
				-1.18mm Fines%	78.7%				
201-1	Manganese Zone Mineralisation	7	13	DMS Concentrate	11.4%	34.97	0.08	9.06	19.22
				DMS Tail	11.1%	26.01	0.10	11.43	26.78
				-1.18mm Fines%	77.5%				
201-2	Manganese Zone Mineralisation	13	19	DMS Concentrate	4.4%	30.22	0.14	11.75	20.90
				DMS Tail	16.5%	21.74	0.13	15.99	26.93
				-1.18mm Fines%	79.0%				
201-4	Manganese Zone Mineralisation	24	29	DMS Concentrate	17.5%	31.47	0.14	13.18	18.60
				DMS Tail	6.0%	14.11	0.33	25.48	25.64
				-1.18mm Fines%	76.5%				
185-1	Caprock, minor Manganese	0	5	DMS Concentrate	11.2%	34.11	0.07	11.64	17.82
				DMS Tail	27.2%	5.29		15.27	51.17
				-1.18mm Fines%	61.6%				
185-2	Manganese Zone Mineralisation	5	10	DMS Concentrate	15.5%	37.29	0.08	7.71	18.13
				DMS Tail	5.8%	19.00		17.16	30.03
				-1.18mm Fines%	78.7%				

Composite	Rock Unit	From	To	Feed Description	Yield	Mn %	P %	Fe %	SiO2 %
185-3	Manganese Zone Mineralisation	10	15	DMS Concentrate	18.5%	33.81	0.11	10.72	18.84
				DMS Tail	10.2%	24.60		15.25	25.41
				-1.18mm Fines%	71.2%				
185-4	Manganese Zone Mineralisation	15	21	DMS Concentrate	20.7%	33.88	0.10	10.12	18.70
				DMS Tail	6.9%	20.06		18.54	27.38
				-1.18mm Fines%	72.5%				
185-5	Manganese Zone Mineralisation	21	25	DMS Concentrate	5.9%	33.97	0.17	11.98	16.19
				DMS Tail	6.5%	6.85		28.03	31.22
				-1.18mm Fines%	87.7%				
138-2	Manganese Zone Mineralisation	7	12	DMS Concentrate	10.8%	36.56	0.07	8.39	18.74
				DMS Tail	15.5%	20.20		14.00	30.94
				-1.18mm Fines%	73.7%				
138-3	Manganese Zone Mineralisation	12	17	DMS Concentrate	14.2%	36.25	0.09	7.69	19.03
				DMS Tail	8.7%	23.72		14.10	27.15
				-1.18mm Fines%	77.0%				
138-4	Manganese Zone Mineralisation	17	23	DMS Concentrate	14.0%	34.36	0.09	9.02	19.64
				DMS Tail	9.7%	27.13		11.70	25.80
				-1.18mm Fines%	76.3%				
138-5	Manganese Zone Mineralisation	23	27	DMS Concentrate	6.5%	36.10	0.13	7.86	16.88
				DMS Tail	5.4%	17.77		16.78	31.06
				-1.18mm Fines%	88.1%				

Table 4. Table 1: XRF assay values of DMS fractions at 3.4 SG. Analyses was performed on the >1.18mm fraction. Yield % values for each composite are calculated from mass recoveries. Composites which yielded concentrate grades >30%Mn are shown.

5 drill holes were selected for DMS test work. Each hole was further subdivided into approx 5m benches, based on geological boundaries. Each bench comprises 1m drilled intervals composited by the test lab.

Each Composite was screened at 1.18mm to separate out the fines fraction, which comprises weathered clays and finely pulverised rock material. The composites were then crushed to achieve a grain size of between 1.18mm and 6.7mm.

The feed material was run through the Dense Media Separation Cyclone at a SG. of 3.4. The DMS Concentrate material comprises rock chips with SG.'s greater than 3.4, while the DMS Tail constitutes material with SG.s lighter than 3.4.

The Concentrate and Tails were analysed using Fused Bead XRF to determine grades as reported. The fines fraction was not assayed due to the high clay contents.

All testwork was undertaken by Nagrom, with specialised equipment suited to this small scale DMS study.



Figure 4. Composite 208-2, DMS Tail on left, DMS Concentrate on right.

TONNAGE POTENTIAL

Based on the work to date, Exploration Target ranges have been determined for several of the manganese deposits at Butcherbird as follows.

Prospect	Exploration Target	
	Tonnage Potential	Grade Estimate
Yanneri Ridge	40-50 Mt	10-15% Mn
Budgie Hill	40-50 Mt	10-15% Mn
Bindi Bindi Hill	20-30 Mt	8-12% Mn
Ilgararie Hill	Insufficient Drilling	
Ilgararie Ridge	Insufficient Drilling	
TOTAL **	100-130 Mt	8-15% Mn

Table 5. Butcherbird Exploration Target size estimates for zones drilled to date.

***It should be noted that the 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*

WORK PROGRAMME GOING FORWARD

The consistency of grade, low stripping ratios, positive beneficiation behaviour, excellent infrastructure and large size underpin the Company's strategy to rapidly develop the Project. Drilling will now be accelerated to provide the required data for a scoping study which will investigate the commercial and logistical hurdles to near term development of Butcherbird as a significant manganese producing operation.

RC and Diamond drilling is scheduled to re-commence mid-late October 2010 and will also support more definitive metallurgical testing which is expected to yield better recoveries and potentially higher beneficiation grades than the work completed to date on RC chips. The drilling will also support a maiden JORC Resource Estimate over selected mineralised zones.

	2010			2011		
Task	October	November	December	January	February	March
EM Survey						
RC Drilling						
DD Drilling						
Detailed Met Tests						
JORC Resource						
MLA Applications						
Scoping Study						

Table 6. Indicative timeline for work at Butcherbird over the next two quarters.

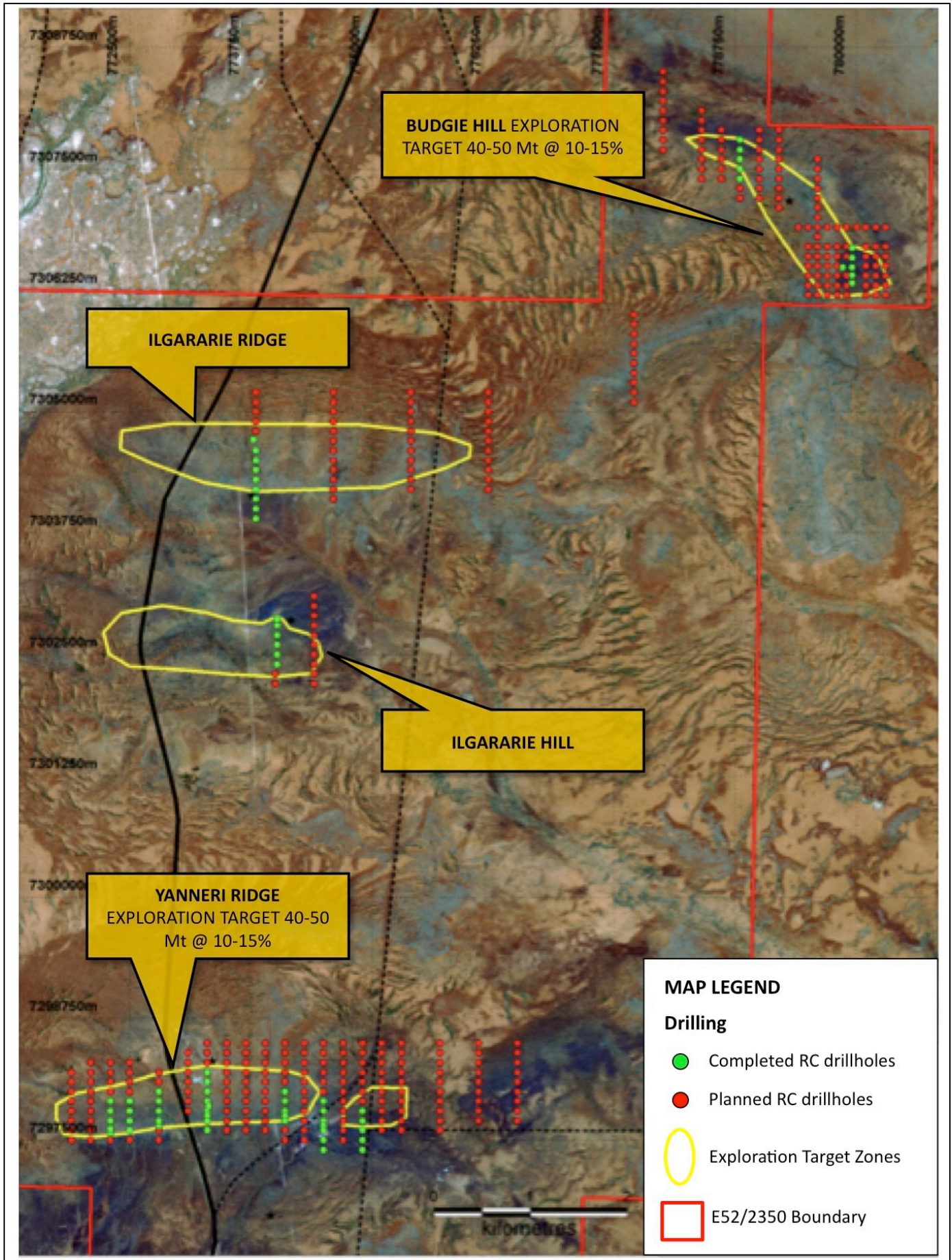


Figure 5. Plan view showing completed drillhole locations, and planned RC collar locations for the upcoming infill drilling programme at Butcherbird (east).

BUTCHERBIRD COPPER

The maiden drilling programme at the historic Butcherbird copper mine was completed during the Quarter, with the assays returning encouraging high grade copper results from the oxide zone beneath the small scale historic shafts.

The drilling programme comprised a total of five RC holes for 470m, targeting sulphide mineralisation beneath the surface oxide expression, however an intrusive dolerite may have truncated the mineralisation at this location so no true primary sulphide material was intersected.

The tenor and poly-metallic nature of the results however suggest that the shear hosted mineralisation represents a target with significant potential, further supported by an approximately 4km long interpreted host structure defined in the regional aeromagnetic data.



Figure 6. RC Drilling chips for 10BBC01 showing strong copper oxide mineralization 16-20m downhole.

The success of this first drilling programme has enhanced the prospectivity of the target and follow up work is currently being planned, including an airborne EM survey to attempt to define a sulphide body beneath the surficial oxide expression.

The tenor of the copper values and leaching properties suggested by the behaviour in the laboratory indicates the potential for a heap leach operation should sufficient tonnages of oxide material be defined by follow up drilling. The primary target however remains the sulphide mineralisation at depth which will be the focus of the geophysical work and deeper drilling in the next programme.

Hole_ID	From	To	Cu %	Au ppm	Ag ppm	As ppm	Co ppm	Fe %	Ni ppm	Pb ppm	Zn ppm	Cd ppm	Sb ppm	Bi ppm
10BBC05	19	20	0.11	0.005	1	38	475	1.98	143	50	40	0.1	28	1
	20	21	0.04	0.005	0.5	55	30	2.26	23	54	23	0.1	38	2
	21	22	0.05	0.005	1	61	30	1.9	35	275	26	0.1	178	3
	22	23	0.34	0.01	2	65	125	2.39	116	535	47	0.2	425	5
	23	24	1.69	0.01	2	25	128	0.79	154	449	36	0.2	449	11
	24	25	1.36	0.005	2	51	152	1.74	185	447	101	0.2	289	10
	25	26	0.45	0.005	1	42	16	1.03	34	256	101	0.1	115	1
	26	27	0.79	0.005	5	72	22	7.85	50	779	320	0.3	156	11
	27	28	0.14	0.005	2	47	203	3.39	149	1490	850	0.5	57	2
	28	29	0.04	0.005	2	38	49	2.56	121	1540	730	0.3	29	1
	29	30	0.06	0.01	41	25	43	7.05	136	1940	1075	0.5	7	1
	30	31	0.02	0.005	3	26	35	4.5	127	1775	805	8.5	4	0.5
	31	32	0.01	0.005	3	20	35	7.75	119	601	1175	8.7	2	0.5
10BBC06	51	52	0.34	0.01	10	70	67	7.15	93	316	141	0.3	35	2
	52	53	0.08	0.03	4	73	50	7.35	120	785	142	0.2	210	6
	53	54	0.45	0.02	62	47	215	8.15	163	996	76	0.8	103	2
10BBC01	15	16	0.46	0.005	2	77	228	7.87	221	293	80	0.2	185	3
	16	17	9.69	0.005	1	24	483	1.86	216	51	58	0.3	75	14
	17	18	10.79	0.005	2	24	620	1.36	358	36	54	0.2	83	8
	18	19	4.35	0.005	1	40	785	3.43	274	159	58	0.3	117	7
	19	20	3.06	0.005	1	23	375	1.34	165	64	66	0.2	61	6
	20	21	0.22	0.01	1	31	531	3.22	175	392	150	0.2	20	1
	21	22	0.10	0.005	1	21	269	1.29	96	264	91	0.3	6	1
	22	23	0.11	0.005	2	27	508	1.92	200	603	252	0.2	8	1
10BBC03	20	21	0.15	0.005	1	52	43	7.25	64	143	56	0.3	75	8
10BBC02	52	53	0.43	0.005	10	61	117	7.31	71	878	250	0.6	132	5
	53	54	0.15	0.005	2	31	13	0.96	25	399	60	0.2	34	1

Table 7. Significant assays from recent drilling at the Butcherbird copper mine. Intervals with copper grades in excess of 0.1% are shown. All samples are 1m metre intervals assayed by Aqua Regia digest with AAS finish. These results have also been confirmed by mixed acid digest analysis.

PEAK HILL (85-100%)

Gold Production

Gravity processing of old mill site material has continued to yield important gold production from the Peak Hill site.

Montezuma has in place a Tribute Mining Agreement with Resource Gold Pty Ltd ("RGL") to process suitable material from within the Project using RGL's gravity plant. All costs and environmental liabilities are carried by RGL and Montezuma receives 25% of all metal produced.

Work during the quarter has produced a total of 316.51 ounces of gold and 25.54 ounces of silver, from the sale of which Montezuma received 25% of total proceeds.

The cash-flow generated by the gold processing programme will help to fund accelerated exploration at Peak Hill and the surrounding tenure as well as at the company's exciting new copper/manganese project at Butcherbird to the northeast.

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 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Montezuma Mining Company Limited

ABN

46 119 711 929

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	106	106
1.2	Payments for (a) exploration & evaluation	(955)	(955)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(231)	(231)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	88	88
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(992)	(992)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(15)	(15)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	(25)	(25)
Net investing cash flows		(40)	(40)
1.13	Total operating and investing cash flows (carried forward)	(1,032)	(1,032)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,032)	(1,032)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	46	46
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	46	46
	Net increase (decrease) in cash held	(986)	(986)
1.20	Cash at beginning of quarter/year to date	6,091	6,091
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,105	5,105

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	77
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil
3.2	Credit standby arrangements	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	1,100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	136	459
5.2 Deposits at call	4,969	5,632
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,105	6,091

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	P37/7053	Registered Holder	100%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

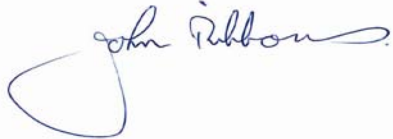
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	42,331,903	42,331,903		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	230,000	230,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	15,995,267 600,000 250,000 1,500,000 4,500,000 800,000 3,500,000 50,000	15,995,267 Nil Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> 20 cents 20 cents 30 cents 35 cents 35 cents 20 cents 20 cents 35 cents	<i>Expiry date</i> 31 August 2011 31 August 2011 16 April 2011 23 July 2011 31 August 2011 2 March 2012 30 November 2012 30 November 2012
7.8 Issued during quarter	600,000	Nil	20 cents	31 August 2011
7.9 Exercised during quarter	155,000 75,000	155,000 Nil	20 cents 20 cents	31 August 2011 2 March 2012
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does ~~/does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: • **October 2010**

Print name: **John Ribbons**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** [ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic \(if any\) must be complied with.](#)

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+ See chapter 19 for defined terms.