

QUARTERLY REPORT

MONTEZUMA
MINING COMPANY LTD

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Three Months Ending: 31 December 2007

ASX CODE: MZM

ISSUED SHARES: 36.9M

52 WEEK HIGH: \$0.36

52 WEEK LOW: \$0.15

CONTACT:

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Managing Director

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BOARD:

Denis O'Meara: Chairman

Terry Grammer: Non-Exec

Ian Cornelius: Non-Exec

KEY PROJECTS:

PEAK HILL (100%)

Gold

MT PADBURY (90%)

Gold, Manganese

CALLAWA (100%)

Copper, Gold

TALGA (90%)

Gold, VMS

ROBINSON RANGE (70%)

Uranium, Gold

HIGHLIGHTS

- Successful maiden drilling programme at the Peak Hill Project identifies a new high grade gold zone.
- Best results include:
 - JBRC0003 6m @ 16.24 g/t from 116m
2m @ 3.88 g/t from 130m
9m @ 2.42 g/t from 138m (EOH)
 - JBRC0007 8m @ 9.35 g/t from 86m
- Successful maiden drilling programme at Mt Padbury confirms significant bedrock gold beneath RAB anomaly.
- Best results include:
 - MPRC001 16m @ 1.04 g/t from 14m
 - MPRC002 16m @ 1.63 g/t from 24m
(incl. 8m @ 2.7 g/t)
10m @ 1.11 g/t from 48m
(incl. 2m @ 4.26 g/t)
 - MPRC003 24m @ 0.42 g/t from 64m
- High grade manganese mineralisation confirmed at the Mt Padbury project.
- Assay results up to 55% manganese in two distinct zones proximal to the Mt Padbury manganese mine

With the acquisition of the Peak Hill Mine and the commencement of drilling at Peak Hill and the highly prospective Mt Padbury Gold Project, Montezuma has successfully made the transition from grass roots exploration to become an emerging producer in the Peak Hill region.

The drilling results to date have supported the Boards strategy and the Company intends to continue aggressive exploration through 2008, with a clear focus on Peak Hill gold and bringing the previously successful mine back into production in the medium term.

PEAK HILL (MZM 100%)

During the quarter, Montezuma announced 2m composite assay results from the successful 20 hole programme drilled in the Jubilee Prospect area within the Peak Hill Project. The programme was the Company's first step in its plans to reactivate the dormant gold producer by building on the existing resource base of over 200,000oz.

Highlights from the programme include:

- JBRC0003 6m @ 16.24 g/t from 116m
 2m @ 3.88 g/t from 130m
 9m @ 2.42 g/t from 138m (EOH)
- JBRC0007 8m @ 9.35 g/t from 86m

A total of 20 holes were completed for 2,511m. All holes were drilled at -60°. Four planned holes were not drilled due to clearance issues.

The programme was designed to test extensions to known mineralisation as well as deeper structural repetitions. The programme achieved both, particularly in hole JBRC0003, which intersected an overall mineralised zone of 35m down-hole width beneath previous drilling.

Gold at Jubilee occurs within quartz stock-work within the quartz/sericite Peak Hill Schists. The mineralisation occurs spatially alongside the margins of a doleritic dyke which crosscuts the basement lithologies.

Some delays were experienced in releasing these results due to coarse gold issues which have impacted on the assay process. Work is ongoing and a suitable assay methodology is being investigated to provide more robust data from the re-splits and from future drilling in the area.

Assay results >0.5 g/t from the drilling (2m composites) are listed below.

Hole ID	Northing	Easting	Az.	Dip	From	To	Grade	Composite
JBRC001	672539	7165450	180	-60	26	28	0.67	
					30	32	0.87	4m @ 0.77 g/t
					96	98	0.81	
					116	118	2.78	
JBRC002	672521	7165479	180	-60	118	120 EOH	0.66	4m @ 1.72 g/t
					2	4	0.86	
JBRC003	672530	7165519	180	-60	4	6	1.33	
					6	8	1.27	
					8	10	0.75	8m @ 1.05 g/t
					18	20	1.04	
					116	118	16.30	
JBRC003	672530	7165519	180	-60	118	120	30.89	
					120	122	1.53	6m @ 16.24 g/t
					130	132	3.88	2m @ 3.88 g/t
					138	140	8.31	
					140	142	0.30	
					142	144	0.54	
					144	146	0.93	
				146	147 EOH	1.66	9m @ 2.42 g/t	

JBRC004	672643	7165408	180	-60	20	22	1.25	
JBRC005	672641	7165448	180	-60	28	30	1.48	
					44	46	0.65	
JBRC006	672643	7165482	180	-60	96	98	1.03	
					98	100	0.82	4m @ 0.93 g/t
JBRC008	672624	7165341	270	-60	50	52	0.67	
JBRC009	672600	7165303	270	-60	38	39	1.45	
					44	45	0.57	
					124	125	4.67	
					125	126	1.51	2m @ 3.09 g/t
					129	130	7.31	
JBRC015	672345	7165476	180	-60	4	6	0.52	
JBRC016	672390	7165303	180	-60	142	144	0.51	
JBRC017	672390	7165343	90	-60	86	88	0.70	
					88	90	35.10	
					90	92	1.10	
					92	94	0.51	8m @ 9.35 g/t
					128	130	1.48	
JBRC018	672401	7165383	90	-60	134	136	3.63	2m @ 3.63 g/t
JBRC019	672381	7165311	90	-60	144	146	2.14	

These encouraging results continue to support Montezuma's strategy of building on the existing +200,000 oz resource base at Peak Hill with the strategic goal of generating sufficient resources to support a stand-alone producing mine within 3 years.

MT PADBURY (MZM earning 90% from Independence Group NL)

GOLD

During the quarter the Company completed the maiden RC drilling programme at the Wood Creek Prospect (Mt Padbury Project) which returned very encouraging results, confirming that mineralisation continues at depth below the surface geochemical and RAB anomalies.

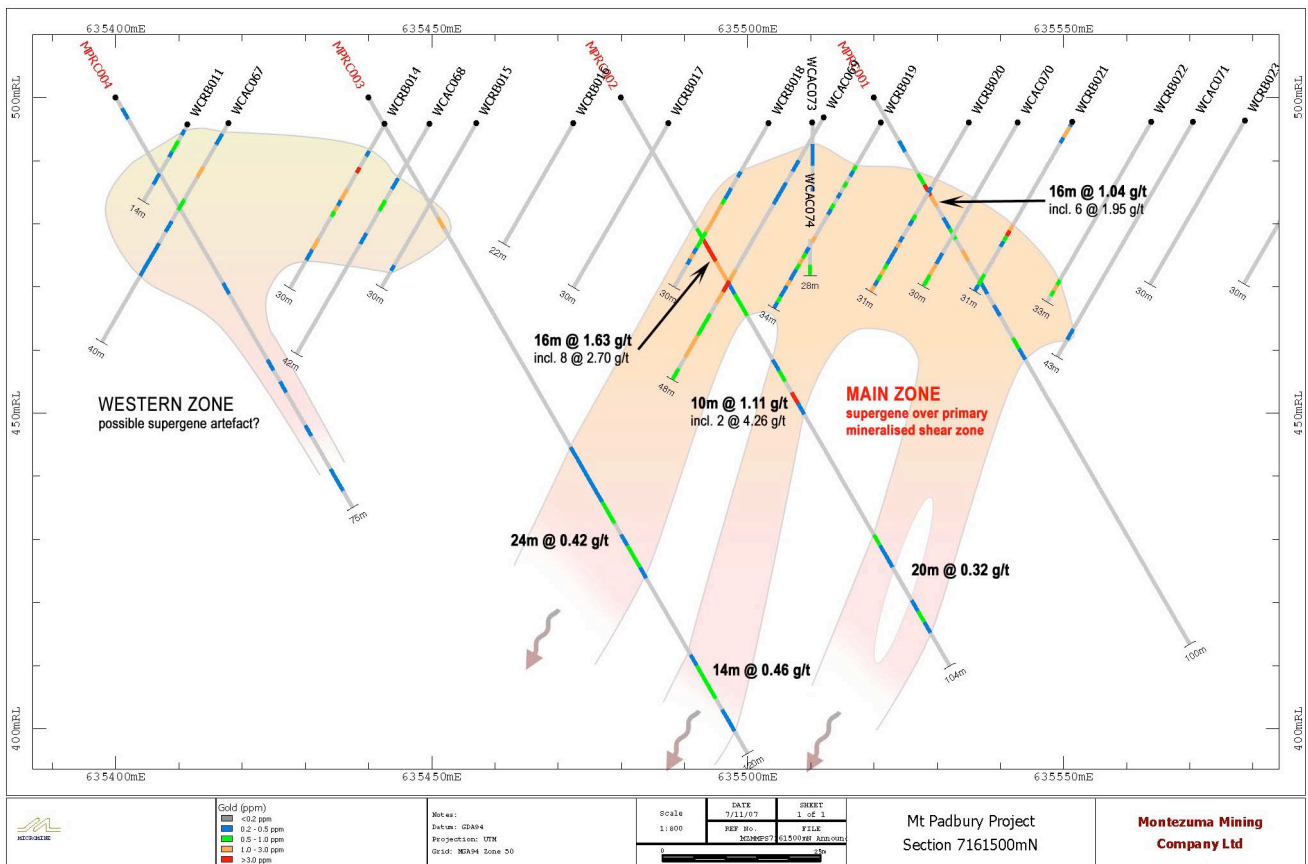
A total of 4 holes were drilled for 399m to test beneath a RAB anomaly that had previously defined a 150m wide corridor of gold mineralisation in two zones to a depth of approximately 30m.

The current programme has returned highly encouraging results, with significant mineralisation defined within pervasively silicified, brecciated, weakly sulphidic (pyrite/chalcopyrite), quartz veined doleritic rocks within a regional scale northwest striking shear zone.

The RC drilling has confirmed that the target shear zone is host to significant bedrock gold mineralisation, with approximately 10km of strike length as yet untested. Combined with strong alteration and sulphide mineralisation consistent with a potentially large system, the Wood Creek Prospect is confirmed as a high priority target within the portfolio.

Hole ID	Northing	Easting	Az	Dip	From	To	Grade	Intersection
MPRC001	7161500	635520	90	-60	14	16	0.61	
					16	18	3.65	
					18	20	1.60	
					20	22	0.14	
					22	24	0.24	
					24	26	0.86	
					26	28	0.16	
					28	30	1.03	16m @ 1.04 g/t (incl. 6 @ 1.95)
MPRC002	7161500	635520	90	-60	24	26	0.70	
					26	28	3.48	
					28	30	3.13	
					30	32	2.91	
					32	34	1.29	
					34	36	0.29	
					36	38	0.52	
					38	40	0.74	16m @ 1.63 g/t (incl. 8 @ 2.70)
					48	50	0.49	
					50	52	0.52	
					52	54	0.08	
					54	56	4.26	
					56	58	0.21	10m @ 1.11 g/t (incl. 2 @ 4.26)
					80	82	0.66	
					82	84	0.47	
					84	86	0.36	
					86	88	0.16	
88	90	0.17						
90	92	0.02						
92	94	0.30						
94	96	0.52						
96	98	0.40						
98	100	0.18	20m @ 0.33 g/t					
MPRC003	7161500	635440	90	-60	22	24	1.14	2m @ 1.14 g/t
					64	66	0.28	
					66	68	0.25	
					68	70	0.21	
					70	72	0.49	
					72	74	0.22	
					74	76	0.77	
					76	78	0.57	
					78	80	0.08	
					80	82	0.46	
					82	84	0.81	
					84	86	0.73	
					86	88	0.21	24m @ 0.42 g/t
					102	104	0.23	
					104	106	0.52	
106	108	0.86						
108	110	0.81						
110	112	0.18						
112	114	0.26						
114	116	0.38	14m @ 0.46 g/t					
MPRC004	635400	7161500	90	-60	No significant results			

Follow up drilling is being planned to define the strike extent of the gold mineralisation along this regional scale structure, with subsequent RC testing to further test the most prospective zones within the target corridor.



A significant discovery at Mt Padbury would potentially have a positive impact on planned operations at Peak Hill, located approximately 30km to the east. Subject to feasibility, the strategic view is that ore from Mt Padbury would be trucked to a centralised operation at Peak Hill.

MANGANESE

Sampling during the quarter returned encouraging manganese results from reconnaissance rock chip sampling of two zones of manganese mineralisation within the Mt Padbury.

The manganese occurs as secondary replacement/enrichment within volcanic metasediments of the Padbury Group and the tenor of the results from sampling to date gives a clear indication that the area has potential for significant tonnages of high grade mineralisation.

Sample	Zone	Mn %	Fe %	Si %	P %	Al %
MPRK0006	1	55.8	3.8	0.21	0.009	0.89
MPRK0005	1	48.8	8.68	0.36	0.048	1.68
MPRK0003	2	40.8	5.47	4.86	0.058	4.55
MPRK0001	2	31.9	20.6	3.03	0.121	1.97
MPRK0004	2	30.8	20.4	3.56	0.064	2.86
MPRK0002	2	27.5	20.4	4.48	0.031	3.98

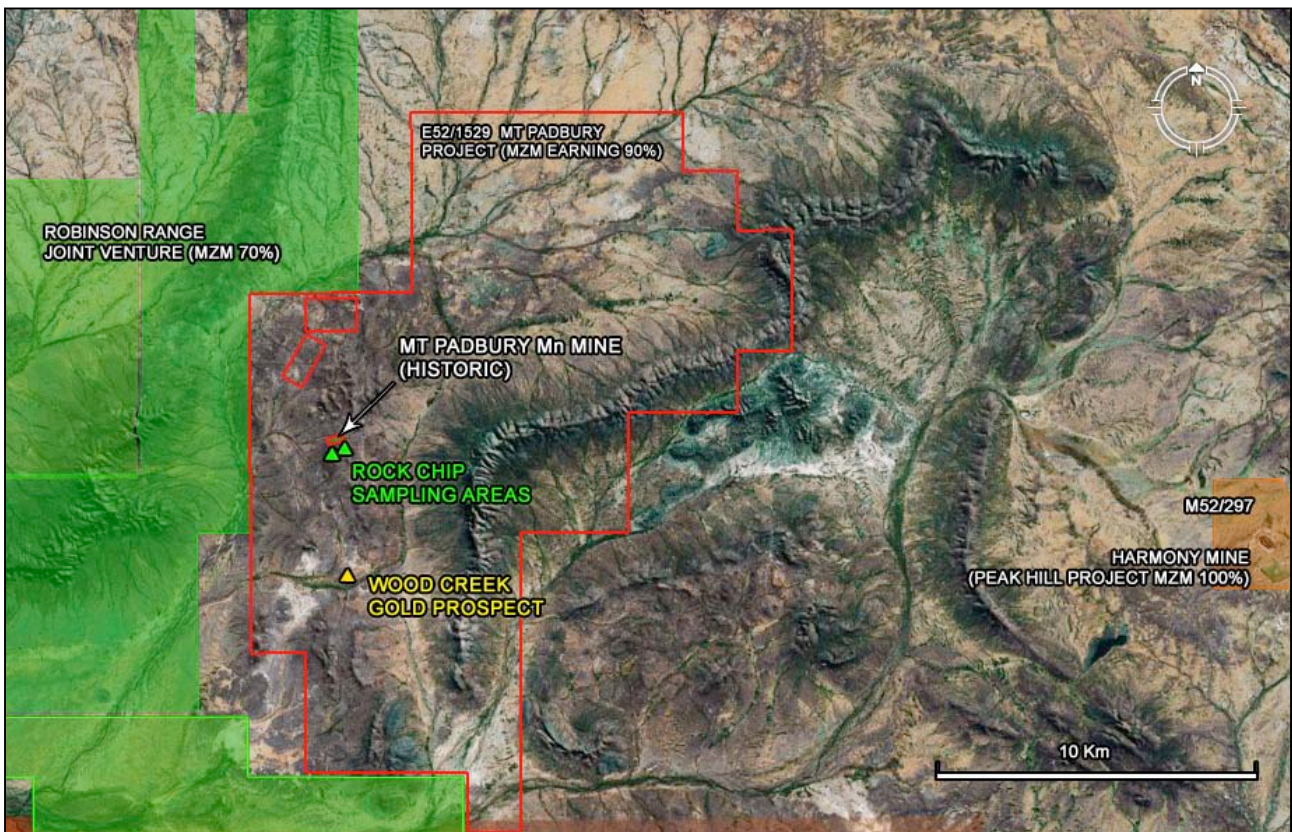
The samples were collected to the south of the (excised) Mt Padbury manganese mine. Regionally, the area has a history of manganese production, with mining occurring from several centres from the 1940's through to the late 1960's.

There has been little activity on manganese in the region since that period, however previous workers recorded 9 exploration targets within the Mt Padbury Project, in addition to the known mineralisation. Montezuma is of the view that with the prevailing strong manganese prices and renewed work using modern exploration techniques, the area has good potential to yield economic mineralisation.

The Company has entered into discussions with several parties to investigate opportunities to generate maximum value from the manganese mineralisation.



The Board believes that the manganese mineralisation within the Mt Padbury project, in conjunction with strategic partnerships with other parties active in the region represents an opportunity to generate early returns and ongoing revenues to underpin the Company's exploration activities at the Peak Hill Mine and the surrounding >3000km² of regional exploration tenure.



CALLAWA (MZM 100%)

A drilling rig is currently being sourced to undertake first pass testing of the virgin Callawa Prospect in the East Pilbara region of Western Australia. Surface sampling at Callawa has previously returned results of up to 29% copper with significant associated gold and silver anomalism.



This target has never been drilled and all statutory clearances are in place to commence the maiden drilling programme as soon as a rig is available.

ROBINSON RANGE (MZM 70%)

Montezuma is continuing work at the Robinson Range Project which is highly prospective for unconformity style and calcrete hosted uranium mineralisation, with results to date of up to 0.53% uranium at surface.

Montezuma intends to follow up these results with drilling and geochemical programmes as soon as the Peak Hill acquisition and associated exploration programmes and budgets have been successfully bedded down and are fully operational.

Justin Brown

Managing Director

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