Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement,
application for quotation of additional securities
and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Montezuma Mining Company Limited

ABN

46 119 711 929

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Unlisted Options
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	(1,000,000)
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	$0.275 unlisted options, expiry 14 January 2016

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No
5	Issue price or consideration	N/A
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Expiry of options
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	20 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil

+ See chapter 19 for defined terms.

6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 9,969,652 7.1A – 7,046,435
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	N/A

8	Number and +class of all +securities quoted on ASX (*including* the securities in section 2 if applicable)

Number	+Class
70,464,350	Ordinary Fully Paid Shares

9	Number and +class of all +securities not quoted on ASX (*including* the securities in section 2 if applicable)

Number	+Class
3,000,000	30 November 2016 – 32.5 cent options
3,000,000	30 November 2017 – 38 cent options
1,020,000	30 July 2016 – 20 cent options
1,000,000	30 July 2016 – 30 cent options
2,000,000	19 November 2018 – 20 cent options
1,000,000	30 June 2017 – 20 cent options
1,000,000	1 July 2017 – 20 cent options
2,750,000	18 November 2019 – 21.5 cent options
150,000	31 January 2018 – 34 cent options
500,000	15 September 2017 – 27.5 cent options
250,000	22 October 2018 – 32 cent options
200,000	20 November 2018 – 35 cent options
2,200,000	20 November 2020 – 35 cent options

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 – DELETED – NOT APPLICABLE
Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

+ See chapter 19 for defined terms.

34   Type of securities
        (*tick one*)

(a)   ☒   Securities described in Part 1

(b)   ☐   All other securities

                Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee
                incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

*Tick to indicate you are providing the information or
documents*

35   ☐   If the +securities are +equity securities, the names of the 20 largest holders of the
                additional +securities, and the number and percentage of additional +securities held by
                those holders

36   ☐   If the +securities are +equity securities, a distribution schedule of the additional
                +securities setting out the number of holders in the categories
                1 - 1,000
                1,001 - 5,000
                5,001 - 10,000
                10,001 - 100,000
                100,001 and over

37   ☐   A copy of any trust deed for the additional +securities

Quotation agreement

1   +Quotation of our additional +securities is in ASX's absolute discretion. ASX may
        quote the +securities on any conditions it decides.

2   We warrant the following to ASX.

        •   The issue of the +securities to be quoted complies with the law and is not for
                an illegal purpose.

        •   There is no reason why those +securities should not be granted +quotation.

        •   An offer of the +securities for sale within 12 months after their issue will
                not require disclosure under section 707(3) or section 1012C(6) of the
                Corporations Act.

                Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give
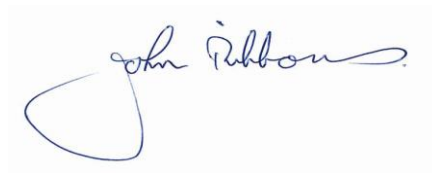   this warranty

        •   Section 724 or section 1016E of the Corporations Act does not apply to any
                applications received by us in relation to any +securities to be quoted and
                that no-one has any right to return any +securities to be quoted under

+ See chapter 19 for defined terms.

sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3   We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4   We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ....   Date: 25 January 2016

(Company Secretary)

Print name: John Ribbons

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	70,464,350
Add the following: • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2	Nil
• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval	Nil
• Number of partly paid ordinary securities that became fully paid in that 12 month period *Note:* • *Include only ordinary securities here – other classes of equity securities cannot be added* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
"A"	70,464,350

Step 2: Calculate 15% of "A"	
"B"	0.15 *[Note: this value cannot be changed]*
Multiply "A" by 0.15	10,569,652

Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period *not counting* those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 *Note:* • *This applies to equity securities, unless specifically excluded – not just ordinary securities* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	600,000 unlisted options
"C"	600,000

Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 *Note: number must be same as shown in Step 2*	10,569,652
Subtract "C" *Note: number must be same as shown in Step 3*	600,000
Total ["A" x 0.15] – "C"	9,969,652 *[Note: this is the remaining placement capacity under rule 7.1]*

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" *Note: number must be same as shown in Step 1 of Part 1*	70,464,350
Step 2: Calculate 10% of "A"	
"D"	0.10 *Note: this value cannot be changed*
Multiply "A" by 0.10	7,046,435
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A *Notes:* • *This applies to equity securities – not just ordinary securities* • *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed* • *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil
"E"	Nil

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 *Note: number must be same as shown in Step 2*	7,046,435
Subtract "E" *Note: number must be same as shown in Step 3*	Nil
Total ["A" x 0.10] – "E"	7,046,435 *Note: this is the remaining placement capacity under rule 7.1A*

+ See chapter 19 for defined terms.