

QUARTERLY REPORT

MONTEZUMA
MINING COMPANY LTD

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ABN 46 119 711 929

Three Months Ending: 31 March 2010

ASX CODE: MZM
ISSUED SHARES: 42.10M
52 WEEK HIGH: \$0.34
52 WEEK LOW: \$0.06
CASH ON HAND: \$2.37M

CONTACT:

JUSTIN BROWN
Managing Director
+61 8 9228 4833

BOARD:

Denis O'Meara: Chairman
Justin Brown: MD
Ian Cornelius: Non-Exec

KEY PROJECTS:

PEAK HILL (100%)
Gold

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

BUTCHER BIRD (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

HIGHLIGHTS

- **PEAK HILL (85-100%)**
 - Drilling comprising approximately 5-6,000m expected to commence in late April 2010.
 - Work continues on assessing the VMS potential of the Naracoota Volcanics along strike from De Grussa discovery.
 - Gold production continues to generate significant revenues.
 - A total of 437.61 oz of gold and 24.96 oz of silver poured for the quarter.
- **DURACK/WINDSOR (earning 85%)**
 - Preparations underway to commence follow up drilling at the Windsor discovery and other priority target areas.
 - Mineralisation is open, with further drilling required.
- **BUTCHER BIRD MANGANESE (100%)**
 - E52/2350 granted during the quarter.
 - Drilling expected to commence in the coming quarter to test the high-grade manganese and copper results from previous sampling.
- **MT PADBURY IRON ORE**
 - Maiden Inferred Mineral Resource Estimate of 13.3 Mt of iron mineralisation grading 56% Fe.
 - \$4M cash payable to Montezuma on or before April 30, 2010.
- **AUVEX RESOURCES LIMITED (MZM 7.5M SHARES)**
 - Sold 2.5M fully paid ordinary shares at \$0.40 each to raise \$1M in working capital to fund exploration.
 - Transaction values the remaining shares at \$3M.

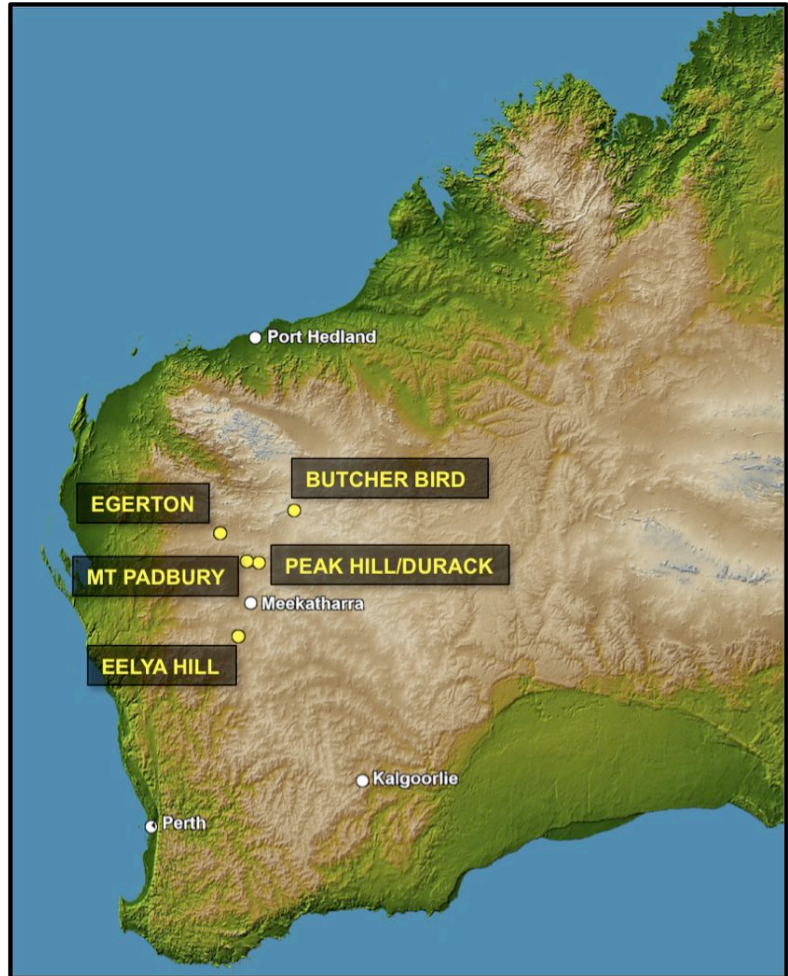
PEAK HILL (85-100%)

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 437.61 ounces of gold and 24.96 ounces of silver.



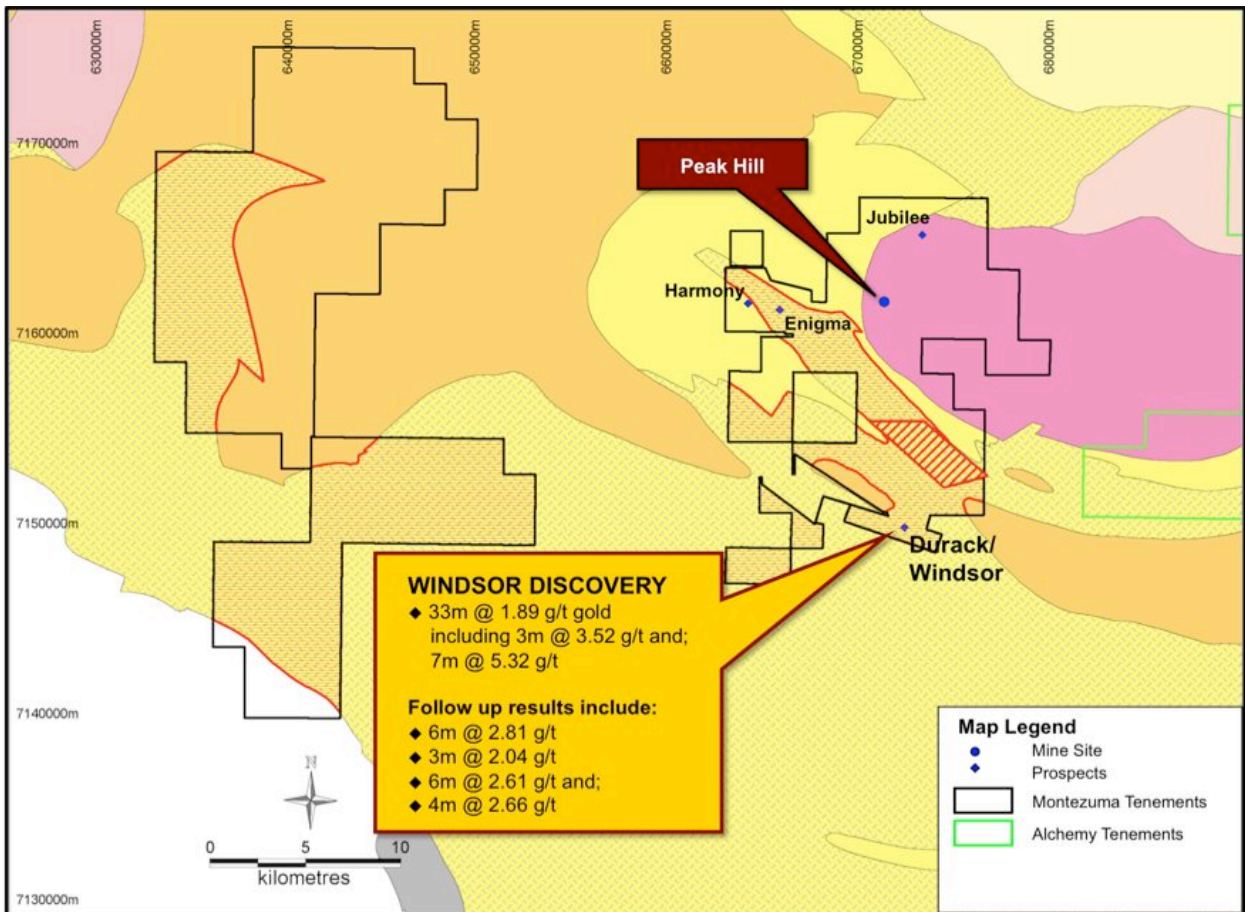
The cashflow generated by the gold processing programme will help to fund accelerated exploration at Peak Hill and the surrounding tenure as well as at the company's exciting new copper/manganese project at Butcher Bird to the northeast.

DURACK (Earning 85%)

Windsor Gold Zone

Detailed review of the data returned from the drilling in the previous quarter was undertaken, with a clear focus on the new Windsor zone. At Windsor, discovery hole D09002 returned a best intersection of 33m @ 1.89 g/t gold including 3m @ 3.52 g/t and 7m @ 5.32 g/t in a new zone outside the existing known resources.

Further RC holes will be completed as part of the next round of drilling at the Peak Hill/Durack Projects slated to commence in late April 2010.



BUTCHER BIRD (MZM 100% under application)

Manganese

The main Exploration Licence at Butcher Bird, E 52/2350 was granted during the quarter, allowing drill testing to commence over several priority manganese and copper targets in the coming quarter.

E52/2350 straddles the Great North Highway approximately 120km south of Newman. The land is open with sparse vegetative cover, giving good access to all areas of the licence.

Based on the large regional extent of the surface manganese mineralisation, the available outcrop remote sensing data, Butcher Bird has demonstrated excellent potential to host commercial quantities of manganese. Exploration targets include:

Prospect	Mineralisation Style	Approx. Area	Approx Tonnes of Manganese (Mt)	Approx. Grade of Manganese
Yanneri Ridge	Supergene Manganese enriched shales	260,000 m ²	1.9 – 2.1 Mt	35% to 44%

Yanneri Flats	Manganese bearing scree downslope of richer areas	500,000 m2	0.9 – 1.1 Mt	35% to 40%
Yanneri Flats	Manganese rich paleochannel	250,000 m2	0.4 – 0.6 Mt	35% to 45%
Bindi Bindi Hill	Manganese rich paleochannel	250,000 m2	1.4 – 1.6 Mt	35% to 45%
Bindi Bindi Hill	Manganese bearing scree downslope of richer areas	900,000 m2	0.9 – 1.1 Mt	30% to 40%
Bindi Bindi Flats	Buried Manganese rich paleochannel	1,000,000 m2	0.4 – 0.6 Mt	30% to 35%
Illgararie Hill	Supergene Manganese enriched shales	400,000 m2	0.9 – 1.1 Mt	30% to 35%
Cadgies Flats	Buried Manganese rich paleochannel	500,000 m2	0.4 – 0.6 Mt	30% to 35%

Table: Estimated manganese Exploration Targets at the Butcher Bird Project

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

Copper

Work in previous quarters has also highlighted the potential for primary copper sulphide mineralisation, with grades of up to 21.7% returned from samples in and around the old Butcher Bird copper mine.

Drill testing of both the copper and manganese targets is expected to commence in the coming quarter.

AUVEX RESOURCES LIMITED (MZM 7.5M SHARES)

During the quarter, the Company sold 2.5M fully paid ordinary shares in Auvex Resource Limited at \$0.40 each for a total consideration of \$1M. The transaction involves the sale of 25% of the Company's total shareholding in Auvex and values the remaining 7.5 million shares at \$3M.

The funds received will be used to fund accelerated exploration at the Peak Hill, Durack and Butcher Bird Projects.

MT PADBURY (100% of rights other than iron ore and manganese)

The Company received notification from Sinosteel Midwest Corporation Limited ("Sinosteel Midwest") that they have defined (Resource Statement attached) a Maiden JORC compliant Inferred Mineral Resource Estimate for the Jabiru Prospect at the Mt Padbury Project of 13.3 Mt of iron mineralisation grading 56% Fe.

The key significance of this milestone is that the Mineral Resource Estimate exceeds the threshold required to trigger a third cash payment of \$4M to the Company. Under the terms of the sale agreement, the payment is due on or before 30 April 2010.

On commencement of production from the project, Montezuma will also receive a 0.5% royalty on the gross proceeds of the sale of all iron ore grading between 30-50% Fe and a 1% royalty on the gross proceeds of the sale of all iron ore grading over 50%.

The additional funding will further underpin aggressive exploration at the Company's Projects. Target generation activities have identified a number of high priority targets at all projects and an extensive campaign of RAB and RC drilling is planned targeting gold, high-grade DSO manganese ore and copper massive sulphide mineralisation.

More Information

Justin Brown

Managing Director

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Mobile: 0438 745 675

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 "Australian 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.

Resource Statement Robinson Range – Jabiru Deposit March 2010

The March 2010, Jabiru mineral resources have been classified in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“2004 JORC Code”), and is shown in Table 1 below.

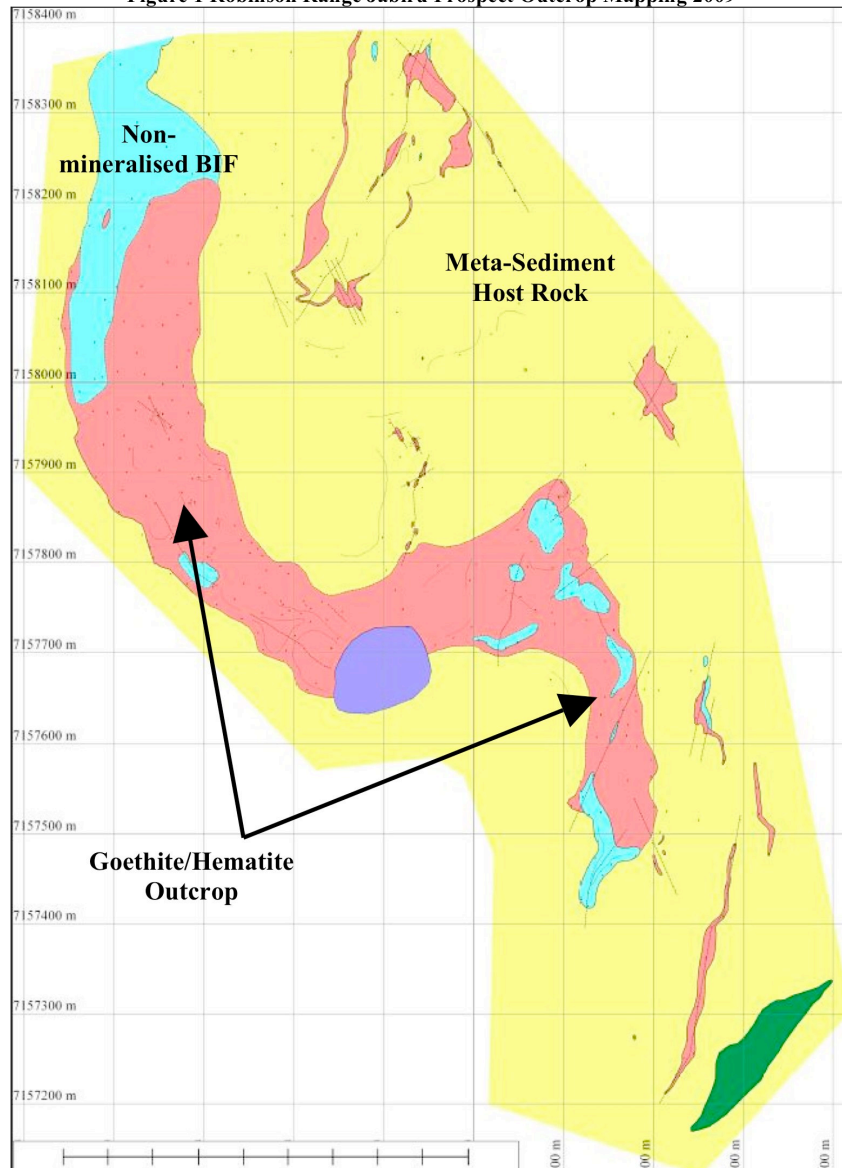
TABLE 1- March 2010 Robinson Range Jabiru Deposit Resource Statement

Bedded Iron Resource (+50% Iron)											
Deposit	Classification	Volume	Density	Tonnes	Fe	SiO ₂	Al ₂ O ₃	LOI	P	S	TiO ₂
		1,000 m ³	t/m ³	1,000 T	%	%	%	%	%	%	%
Jabiru	Inferred Resource	4,800	2.8	13,300	56	7	4	7	0.06	0.2	0.13

Notes:

- Iron mineralisation at Jabiru is located on tenure held by Montezuma Mining Company Ltd (MZM), which Sinosteel Midwest Corporation Ltd (SMC) has acquired the Iron Ore Rights and is conducting exploration;
- Available data for Jabiru consists of 76 RC drill holes, for a total of 6,960m of drilling. Drilling was on 80 to 100m section spacing, and approximately 25m apart across section;
- As shown in Figure 1, iron mineralisation at Jabiru is located in a re-folded synformal structure, which has been defined along approximately 750m strike length. Horizontal widths at surface range from 10 to 190m horizontally, but narrows with depth, with the fold keel approximately 70m below surface;
- 5,909 samples were submitted for chemical analysis which other than loss on ignition, was performed by XRD at contract laboratories in Perth;
- Loss on ignition analysis was performed for all samples at a 1,000°C using a thermogravimetric method;
- Samples submitted for analysis included routine standards, blanks, field and laboratory duplicate samples which did not identify any sample or laboratory discrepancies;
- Interpretation of the mineralisation was constrained by stratigraphy and prepared using a total iron cut-off of greater than 46% iron and less than 25% silica;
- Grade interpolation was by Ordinary Kriging within mineralised boundaries for iron, silica, alumina, loss on ignition, phosphorus and sulphur;
- Dry bulk density was derived from 1,440 geophysical bulk density determinations which were applied on the basis of elevation. Bulk density has been assumed to be dry, based on drilling conditions and the regional water table; and
- Consideration was given to the mineralisation style, current geological understanding, available analytical data, available bulk density data (including the absence of any available core), and geostatistical criteria when assigning the resource classification.

Figure 1 Robinson Range Jabiru Prospect Outcrop Mapping 2009



The classification was undertaken by Kahan Cervoj, a full-time employee of Sinosteel Midwest Corporation Ltd, and a member of The Australian Institute of Mining and Metallurgy (AusIMM) with sufficient experience relevant to the style of mineralisation and type of deposit described to qualify as a Competent Person, as defined by the 2004 edition of the *"Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves"*. Mr Cervoj consents to the inclusion in this 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.

Name of entity

Montezuma Mining Company Ltd

ABN

46 119 711 929

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	133	287
1.2 Payments for (a) exploration and evaluation	(191)	(949)
(b) development	-	-
(c) production	-	-
(d) administration	(91)	(259)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	28	64
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	(121)	(857)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(72)
(c) other fixed assets	(1)	(6)
1.9 Proceeds from sale of: (a) prospects	25	25
(b) equity investments	1,000	1,000
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) Environmental Bond	-	-
Net investing cash flows	1,024	947
1.13 Total operating and investing cash flows (carried forward)	903	90

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	903	90
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	35
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		-	35
Net increase (decrease) in cash held		903	125
1.20	Cash at beginning of quarter/year to date	1,465	2,243
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,368	2,368

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	59
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

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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

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+ See chapter 19 for defined terms.

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	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	750
4.2 Development	-
Total	750

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	1,141	247
5.2 Deposits at call	1,227	1,218
5.3 Bank overdraft		
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,368	1,465

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				
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	42,101,903	42,101,903		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	16,150,267 1,500,000 4,500,000 875,000 3,500,000	16,150,267 Nil Nil Nil Nil	<i>Exercise price</i> 20 cents 35 cents 35 cents 20 cents 20 cents	<i>Expiry date</i> 31 August 2011 23 July 2011 31 August 2011 2 March 2012 30 November 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/cancelled 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: **27 April 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.