

17 September 2008

ASX CODE: MZM

ISSUED SHARES: 41.69M

52 WEEK HIGH: \$0.36

52 WEEK LOW: \$0.10

CONTACT:

JUSTIN BROWN

Managing Director

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BOARD:

Denis O'Meara: Chairman

Justin Brown: MD

Terry Grammer: Non-Exec

Ian Cornelius: Non-Exec

KEY PROJECTS:

PEAK HILL (100%)

Gold

MT PADBURY (100%)

Gold, Manganese, Iron

CALLAWA (100%)

Copper, Gold

TALGA (90%)

Gold, VMS

ROBINSON RANGE (70%)

Uranium, Gold

KEY SHARE POSITIONS:

AUVEX RESOURCES LTD

10,000,000 FPO Shares

BUXTON RESOURCES LTD

2,000,000 FPO Shares

MIDWEST TO PURCHASE IRON ORE RIGHTS AT MT PADBURY FOR UP TO \$6M CASH PLUS A ROYALTY

- Midwest to pay up to \$6M cash and a royalty for the iron ore rights at Mt Padbury.
- Midwest to endeavour to define a resource of over 10M tonnes at greater than 50% iron.
- Cash payments in three stages subject to various hurdles.
- First payment of \$1M cash due on or before 30 October 2008.

Montezuma is pleased to announce that it has entered into an agreement with Midwest Corporation Limited whereby Midwest will purchase 100% of the iron ore rights over E52/1529 by paying Montezuma up to \$6M cash plus a royalty on production.

The deal is subject to several conditions precedent. On satisfaction or waiver of the conditions precedent prior to 30 October 2008, Montezuma will receive an initial payment of \$1M cash.

On satisfaction of certain conditions subsequent, Montezuma will receive a further payment of \$1M cash. It is anticipated that this second payment will be made in the first half of 2009.

Midwest will commence exploration as soon as practicable to define an iron ore resource in excess of 10M tonnes grading over 50% Fe. Once this hurdle is reached, Midwest will make a third payment of \$4M cash to Montezuma.

Montezuma will retain a royalty of 0.5% on all iron ore sold grading between 30-50% Fe and 1% on all iron ore sold grading over 50%, the latter being first subject to the definition of a 10M tonne resource grading over 50% Fe.

If the conditions subsequent are not satisfied or waived, Midwest has the right to terminate the agreement at which time Montezuma will issue shares to Midwest to the value of \$1M, calculated on the volume weighted average price of Montezuma's shares over the preceding 30 days.

The completion of this sale with Midwest is an exciting milestone for Montezuma, providing the Company with important working capital to fund our ongoing exploration work at the Peak Hill Gold Project (MZM 100%) and our regional portfolio, with retained exposure to the iron ore potential should Midwest be successful in commencing a mining operation within the project area.

We look forward to keeping the market apprised as key milestones and payments related to this agreement are completed.

More Information**Justin Brown**

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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 "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.