

## QUARTERLY REPORT



## MONTEZUMA MINING COMPANY LTD

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### Three Months Ending: 30 June 2011

ASX CODE: MZM  
ISSUED SHARES: 52.76M  
52 WEEK HIGH: \$0.95  
52 WEEK LOW: \$0.26  
CASH ON HAND: \$3.40M

#### CONTACT:

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Managing Director  
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#### BOARD:

Seamus Cornelius: Chairman  
Justin Brown: MD  
John Ribbons: Non-Exec

#### KEY PROJECTS:

BUTCHERBIRD (100%)  
Manganese, Copper

PEAK HILL (85-100%)  
Gold

DURACK (85%)  
Gold, Copper (VMS)

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

LITHEX RESOURCES LTD  
1,525,000 FPO Shares

EXTERRA RESOURCES LTD  
2,000,000 FPO Shares

## HIGHLIGHTS

### BUTCHERBIRD MANGANESE RC DRILLING:

- Programme comprised 110 RC drill holes for a total of 3,233m.
- New discovery further confirm the large tonnage potential for the Butcherbird manganese province.
- Assays confirm further widespread manganese mineralisation at known deposits and in several new target areas.
- Highlights include:

Prospect	Hole ID	From (m)	Interval (m)	Mn (%)	Including
Coodamudgi	BBRC00003	9	17	12.81	2m @ 20.32
	BBRC00004	10	15	12.24	4m @ 16.99
	BBRC00007	11	2	19.98	1m @ 22.91
	BBRC00010	32	4	18.29	1m @ 28.6
	BBRC00012	20	14	13.83	3m @ 21.07
	BBRC00015	5	18	11.55	2m @ 17.25
Mundiwindi	BBRC00024	3	13	13.11	2m @ 16.17
	BBRC00029	2	10	15.01	5m @ 16.88
	BBRC00032	0	22	12.31	2m @ 18.26
	BBRC00035	15	20	11.86	1m @ 17.28, 1m @ 17.42
	BBRC00038	26	9	18.37	3m @ 28.14
Illgararie Hill	BBRC00042	3	13	11.90	3m @ 15.94
	BBRC00043	2	13	11.78	2m @ 15.52
Richie's Find	BBRC00051	22	6	15.90	3m @ 18.58
	BBRC00055	0	2	17.13	1m @ 19.5
		5	14	12.07	
	BBRC00063	6	14	10.90	1m @ 22.29
	BBRC00106	16	6	16.63	1m @ 23.84
Tangadie	BBRC00076	11	10	10.46	3m @ 13.02
Illgararie Ridge	BBRC00098	17	4	18.31	1m @ 23.92

### BUTCHERBIRD MANGANESE METALLURGICAL STUDIES:

- Dense Media Separation ("DMS") test results received for Yanneri Ridge diamond core samples.
- Lump concentrate grades of up to 36.0% Mn confirmed.
- Crushed product grades of up to 38.6% Mn achieved.
- Further test work underway targeting grades over 40% Mn.

## **BUTCHERBIRD (100%)**

The Butcherbird Manganese and Copper project straddles the Great North Highway approximately 120km south of Newman. Work to date has successfully identified both copper and manganese mineralisation within the Project and work is ongoing to assess the commercial potential of the deposits discovered to date as well as to explore for further discoveries within the province.

## **BUTCHERBIRD MANGANESE**

The work to date has identified ten key target areas, with a Maiden Resource Estimate for the first of these at Yanneri Ridge having been completed and announced in the previous Quarterly Report.

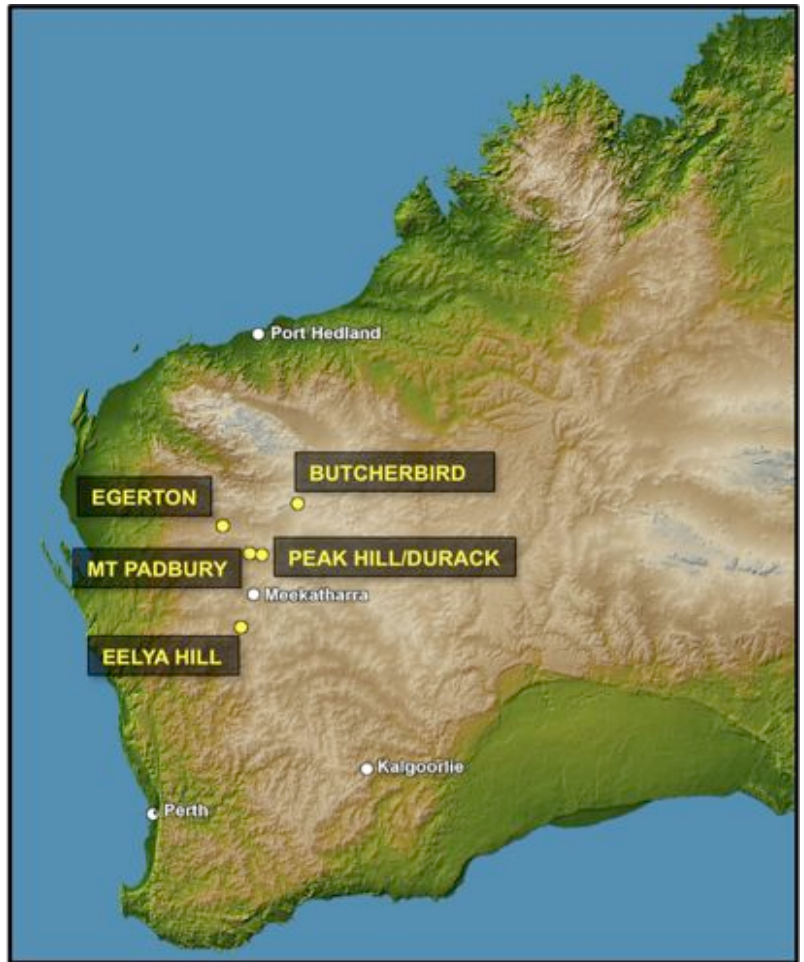
With further drilling at the known target areas as well as several high priority exploration targets identified through a regional EM survey completed last year, the Company is of the view that there is good potential for further resource increases and new discoveries, as demonstrated by the most recent drilling programme summarised in report.

In addition to the ongoing exploration work, commercial studies on the Yanneri Ridge deposit are underway with the first stage being more detailed metallurgical testwork to confirm the grade/recovery behaviour of the material with conventional beneficiation techniques.

### **Metallurgical Studies**

During the Quarter, the Company received phase one and two beneficiation results from the diamond core manganese metallurgical study on the Yanneri Ridge JORC Resource.

Six vertical PQ3 diamond core holes were drilled into the resource during late 2010 to provide whole core sample material for metallurgical studies including beneficiation test work.



The first phase of the programme investigated the amenability of the material to upgrade via DMS to produce a lump product. Results from phase 1 (see summary in Table 1 below) confirm that parts of the resource at Yanneri Ridge can be relatively easily beneficiated to grades in excess of 35% manganese with good yields and recoveries using relatively simple beneficiation techniques.

Mining Zone Intervals (Process to Cleaner DMS)								
HOLE ID	Concentrate					Feed	Total	
	Yield %	Mn %	Fe %	SiO <sub>2</sub> %	P %	Mn %	Metres	Kg
10DD01	31.4	35.3	8.9	18.3	0.109	15.4	15.1	108
10DD02	14.7	26.1	16.3	20.3	0.122	10.3	14.9	136
10DD03	20.0	32.9	9.4	19.7	0.108	16.6	16.6	164
10DD04	20.2	28.5	14.2	20.3	0.109	10.2	14.8	154
10DD05	17.3	36.0	8.9	18.4	0.091	11.3	11.4	128
10DD06	18.3	33.2	11.2	19.0	0.087	13.3	11.7	129
<b>Average</b>	20.0	31.8	11.6	19.4	0.104	12.9	84.6	819

**Table 1.** Lump DMS product grades and mass yields from the diamond core beneficiation studies on the Yanneri Ridge manganese deposit.

Phase 2 work to date utilising grinding to <1mm and wet table separation has also confirmed continued improvement in both grade and recovery, with grades of up to 38.6% Mn achieved to date. This has provided encouragement that grades in excess of 40% may be achievable with further investigation, which is currently underway.

HOLE ID	NORTHING (MGA)	EASTING (MGA)	RL	DEPTH	AZIMUTH	DIP
10DD01	7297695.51	772298.11	627.16	30	330	-90
10DD02	7297899.84	772795.38	626.74	35	330	-90
10DD03	7297904.51	773300.63	632.37	38	330	-90
10DD04	7298097.56	773898.54	633.51	30	330	-90
10DD05	7297803.36	774099.88	638.04	25	330	-90
10DD06	7297804.14	774903.29	621.63	26	330	-90

**Table 2.** Diamond drill hole collar information.

The phase 1 test work comprised a detailed investigation of hole 10DD03 to determine the optimal process pathway to derive a lump product which was then applied to the remaining core material. The process selected comprised an optimal beneficiation pathway for lump product as follows:

1. Trommeling of the whole rock feed to remove clay waste material and derive lump sized rock as DMS feed.
2. Crushing via jaw crusher.
3. Rougher (S.G. 3.0) DMS upgrade of the lump sized feed.

Cleaner (S.G.3.4) DMS upgrade to yield a product concentrate of medium grades and Secondary product of low grades.

Second phase processing was undertaken to investigate the amenability of the material to further upgrade through crushing of the lump product to <1mm and subsequent separation using wet tables. The results summarised in Table 3 confirm further incremental improvement at finer particle size.

The results of the test work to date show variability in the Mn product, notably ranges in grade in the various localities. However, the study does prove that the Manganese mineralisation in the Yanneri Ridge deposit is amenable to scrubber/trommel and DMS beneficiation to a Mn product grade that could be commercial.

The <1mm grinds of both Cleaner DMS products processed over the wet tables show increasing grades of Mn with lessening gangue grades. These products were viewed under binocular microscope and seen to comprise discrete fine crystals of high grade cryptomelane and manganite and quartzo-feldspathic gangue minerals. This observation has led the Company to believe that further grinding studies using electromagnetic separation may demonstrate further upgrade of the Mn product grades, with consequent improved liberation/loss of silica, alumina and phosphorous. This study has been commenced and results will be reported to the market on completion.

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10DD01: MZ 5.9 - 21.0m CIRCUIT SUMMARY									
PRODUCT	Yield %	Mn		Fe		SiO2		Al2O3	
		%	dist.	%	dist.	%	dist.	%	dist.
HG Primary Concentrate	27.05%	35.69	67.80%	8.51	21.92%	17.720	11.34%	4.90	12.50%
Secondary Concentrate	10.60%	28.83	21.47%	12.70	12.83%	20.757	5.21%	5.39	5.39%
Process Tails	9.21%	14.17	9.17%	19.06	16.72%	31.442	6.85%	7.44	6.46%
Fine Tails	53.14%	0.42	1.57%	9.59	48.53%	60.940	76.60%	15.10	75.65%
Calculated Head	100.00%	14.24	100.00%	10.50	100.00%	42.272	100.00%	10.61	100.00%

Table 16 10DD01 Circuit Summary

10DD02: MZ 14.1 - 29.0m CIRCUIT SUMMARY									
PRODUCT	Yield %	Mn		Fe		SiO2		Al2O3	
		%	dist.	%	dist.	%	dist.	%	dist.
HG Primary Concentrate	12.62%	25.59	30.23%	17.25	17.26%	19.896	5.78%	5.17	6.22%
Secondary Concentrate	16.38%	25.25	38.73%	15.64	20.32%	21.672	8.17%	5.47	8.54%
Process Tails	24.89%	11.63	27.11%	17.18	33.91%	36.754	21.05%	8.55	20.27%
Fine Tails	46.10%	0.91	3.93%	7.80	28.51%	61.270	65.00%	14.79	64.97%
Calculated Head	100.00%	10.68	100.00%	12.61	100.00%	43.459	100.00%	10.50	100.00%

Table 17 10DD02 Circuit Summary

10DD04: MZ 12.6 - 27.4m CIRCUIT SUMMARY									
PRODUCT	Yield %	Mn		Fe		SiO2		Al2O3	
		%	dist.	%	dist.	%	dist.	%	dist.
HG Primary Concentrate	17.21%	28.92	44.12%	14.40	18.55%	19.890	8.10%	5.22	8.70%
Secondary Concentrate	13.92%	25.78	31.80%	15.26	15.89%	21.603	7.12%	5.47	7.37%
Process Tails	33.84%	7.42	22.25%	14.92	37.79%	44.907	35.97%	10.50	34.39%
Fine Tails	35.03%	0.59	1.83%	10.59	27.77%	58.850	48.81%	14.62	49.55%
Calculated Head	100.00%	11.28	100.00%	13.36	100.00%	42.243	100.00%	10.34	100.00%

Table 18 10DD04 Circuit Summary

10DD05: MZ 8.0 - 25.5m CIRCUIT SUMMARY									
PRODUCT	Yield %	Mn		Fe		SiO2		Al2O3	
		%	dist.	%	dist.	%	dist.	%	dist.
HG Primary Concentrate	14.35%	36.83	48.89%	8.59	10.25%	17.220	5.29%	4.81	6.95%
Secondary Concentrate	9.29%	28.09	24.13%	13.43	10.37%	21.060	4.18%	5.48	5.12%
Process Tails	17.29%	12.43	19.88%	19.01	27.32%	33.816	12.50%	7.97	13.88%
Fine Tails	59.07%	1.30	7.10%	10.60	52.06%	61.760	78.03%	12.44	74.04%
Calculated Head	100.00%	10.81	100.00%	12.03	100.00%	46.756	100.00%	9.92	100.00%

Table 19 10DD05 Circuit Summary

10DD06: MZ 4.9 - 16.6m CIRCUIT SUMMARY									
PRODUCT	Yield %	Mn		Fe		SiO2		Al2O3	
		%	dist.	%	dist.	%	dist.	%	dist.
HG Primary Concentrate	14.95%	33.68	37.67%	10.69	11.85%	17.883	6.68%	4.53	7.37%
Secondary Concentrate	15.09%	26.76	30.20%	14.65	16.40%	21.261	8.02%	5.30	8.70%
Process Tails	26.60%	12.46	24.80%	19.98	39.42%	32.152	21.38%	7.64	22.12%
Fine Tails	43.36%	2.26	7.33%	10.05	32.33%	58.970	63.92%	13.10	61.81%
Calculated Head	100.00%	13.37	100.00%	13.48	100.00%	40.005	100.00%	9.19	100.00%

Table 20 10DD06 Circuit Summary

Table 3. Summary data from phase 2 <1mm grinding and wet table separation studies.

## RC Drilling Programme

During the Quarter, the exploration team completed a further round of RC Drilling at the Company's 100% owned Butcherbird Manganese/Copper Project.

The programme comprised a total of 110 holes for 3,233m, and was designed to test several high priority target areas identified as prospective from the results of an EM survey completed in late 2010. All relevant intervals have been submitted to the laboratory for manganese suite analysis with assays pending.

Visual logging of the completed holes indicated significant manganese mineralisation at Mundawindi, Coodamudgi, Ritchies Find, Ilgarrarie Hill, Cadgies Flat and Ilgarrarie Ridge, with the mineralisation typically coincident with the EM anomalies and consistent with the mineralisation style identified to date within the Project.

Subsequent assay results in relation to this programme continue to highlight the widespread manganese mineralisation within the Project area and importantly, have identified a number of zones with higher grades than that typically seen within the Project.

Several areas within these newly discovered zones of mineralisation have been selected for beneficiation testwork with initial samples expected to be submitted for assessment in early August 2011.

The results from the preliminary work will provide guidance as to whether any of these new areas should be included in the ongoing commercial studies as potential sources of commercially beneficiable ore.

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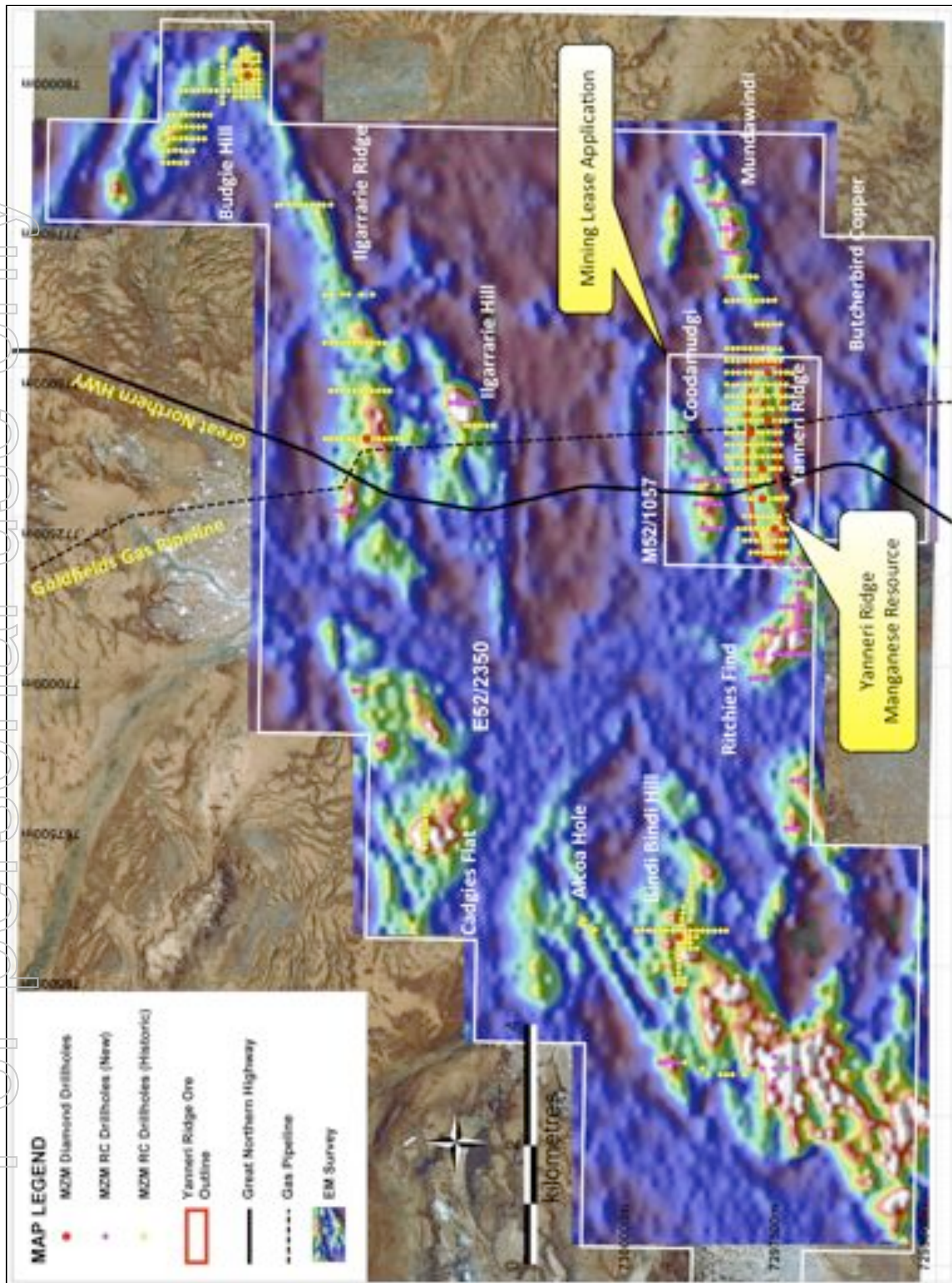


Figure 1. Drillhole collar locations at key manganese target areas within the Butcherbird Project.

Prospect	Hole_ID	Northing (MGA94)	Easting (MGA94)	Depth (m)	From (m)	To (m)	Interval (m)	Mn (%)	Including	Fe (%)	SiO2 (%)	P (%)
Coodamudgi	BBRC00003	7298800	773100	36	9	26	17	12.81	2m @ 20.32	13.54	41.14	0.062
	BBRC00004	7298700	773100	36	10	25	15	12.24	4m @ 16.99	11.01	43.78	0.071
	BBRC00007	7298910	773100	36	11	13	2	19.98	1m @ 22.91	12.21	31.57	0.055
					18	25	8	11.71	1m @ 20.2	11.89	43.64	0.145
	BBRC00008	7299000	773100	42	29	32	4	14.16	1m @ 23.02	10.69	41.38	0.096
					34	37	3	13.75	1m @ 20.25	13.19	39.62	0.170
	BBRC00010	7299200	773500	42	14	16	2	10.00		9.9	45.58	0.059
					17	20	3	12.81		7.83	33.53	0.079
					29	30	1	10.66		13.38	44.65	0.092
					32	36	4	18.29	1m @ 28.6	10.15	37.7	0.128
	BBRC00011	7299110	773500	36	19	32	14	9.69	2m @ 14.18	11.84	45.87	0.158
	BBRC00012	7299000	773500	36	20	34	14	13.83	3m @ 21.07	13.34	35.73	0.148
	BBRC00014	7298700	772700	30	0	6	6	12.35		10.19	45.74	0.106
					8	10	2	10.89		12.66	43.72	0.153
					12	13	1	10.12		11.66	46.43	0.153
15					26	11	14.00	1m @ 21.73	13.36	35.62	0.202	
BBRC00015	7298800	772700	30	0	1	1	18.96		7.65	39.21	0.057	
				5	23	18	11.55	2m @ 17.25	11.81	43.69	0.122	
BBRC00018	7298600	772700	24	9	14	5	11.06		14.85	40.76	0.040	
BBRC00019	7298700	772300	30	3	4	1	14.32		13.05	38.77	0.035	
				9	16	7	10.87		13.38	42.33	0.120	
BBRC00020	7298800	772300	30	20	24	4	11.43		12.2	43.25	0.106	
BBRC00022	7298600	772300	30	4	7	3	13.42	1m @ 17.35	12.23	40.35	0.034	
				8	13	5	9.93		12.53	45.59	0.070	
				16	25	5	11.08		14.16	38.54	0.141	
Mundiwindi	BBRC00023	7298400	776900	24	12	16	4	11.47		10.97	41.08	0.122
	BBRC00024	7298500	776900	24	0	1	1	19.58		8.86	40.31	0.087
3					16	13	13.11	2m @ 16.17	12.38	40.07	0.152	



Prospect	Hole_ID	Northing (MGA94)	Easting (MGA94)	Depth (m)	From (m)	To (m)	Interval (m)	Mn (%)	Including	Fe (%)	SiO2 (%)	P (%)
	BBRC00026	7298300	776900	24	13	15	2	9.16		11.33	45.62	0.242
					19	20	1	10.38		12.23	44.09	0.118
	BBRC00027	7298300	777300	24	0	1	1	13.10		9.72	45.12	0.061
					12	15	3	12.62		12.21	42.21	0.122
	BBRC00028	7298400	777300	18	0	6	6	10.53		10.66	40.71	0.100
	BBRC00029	7298500	777300	24	0	1	1	10.22		8.83	50.51	0.070
					2	12	10	15.01	5m @ 16.88	12.68	34.68	0.148
					13	14	1	14.50		11.09	38.26	0.113
	BBRC00030	7298600	777300	18	1	15	14	10.20	1m @ 17.33	11.16	39.38	0.116
	BBRC00031	7298500	777700	24	1	5	4	12.47		9.13	39.86	0.103
					9	10	1	15.27		8.65	40.94	0.201
					12	17	5	10.59		11.95	43.61	0.134
BBRC00032	7298600	777700	24	0	22	22	12.31	2m @ 18.26	11.79	38.6	0.130	
BBRC00033	7298700	777700	36	0	1	1	21.69		11.07	31.93	0.052	
				15	24	9	10.85	1m @ 17.09	12.05	40.39	0.138	
				26	33	7	15.88	5m @ 17.41	13.68	35.06	0.178	
BBRC00034	7298800	777700	36	2	6	4	15.98	3m @ 18.02	10.49	36.55	0.030	
				12	13	1	10.33		14.32	40.45	0.105	
				14	33	11	10.63		11.9	41.87	0.131	
BBRC00035	7298900	778100	42	6	7	1	10.63		13.19	41.9	0.035	
				15	35	20	11.86	1m @ 17.28 and 1m @ 17.42	11.42	42.62	0.134	
BBRC00038	7298900	778500	42	26	35	9	18.37	3m @ 28.14	12.5	28.64	0.148	
Illgararie Hill	BBRC00041	7303100	774400	18	1	2	1	11.88		13.97	44.87	0.061
					4	10	6	10.23		12.2	43.27	0.129
	BBRC00042	7302900	774400	18	3	16	13	11.90	3m @ 15.94	13.87	41.05	0.185
	BBRC00043	7302800	774400	18	2	15	13	11.78	2m @ 15.52	15.58	39.18	0.154

Prospect	Hole_ID	Northing (MGA94)	Easting (MGA94)	Depth (m)	From (m)	To (m)	Interval (m)	Mn (%)	Including	Fe (%)	SiO2 (%)	P (%)
	BBRC00044	7302700	774400	24	11	12	1	11.22		10.03	44.7	0.065
	BBRC00045	7303000	774400	24	2	11	9	11.60	2m @ 15.47	14.59	40.43	0.145
Richie's Find	BBRC00048	7297400	771700	36	20	21	1	11.18		13.15	40.94	0.166
					22	23	1	11.52		11.62	43	0.175
					24	32	8	12.63	1m @ 15.37	11.45	41.98	0.111
	BBRC00049	7297200	771700	24	5	6	1	14.23		10.64	41.77	0.026
					9	16	7	13.09	1m @ 16.45 and 1m @ 16.25	11.92	41.46	0.110
					18	20	2	10.23		11.18	45.26	0.170
	BBRC00050	7297300	771800	30	4	5	1	10.24		15.1	41.44	0.100
					8	9	1	11.51		11.55	43.46	0.140
					12	13	1	15.84		14.22	35.45	0.127
					15	24	9	12.56	5m @ 13.95	11.35	43.29	0.117
	BBRC00051	7297300	771600	30	7	9	2	14.03		12.59	38.63	0.039
					11	13	2	12.30		12.63	41.32	0.118
					22	28	6	15.90	3m @ 18.58	15.7	34.07	0.141
	BBRC00052	7297300	771400	30	12	14	2	10.69		12.53	43.77	0.094
					15	16	1	12.33		9.34	45.4	0.096
					20	24	4	12.02	3m @ 13.02	10.7	43.79	0.106
	BBRC00054	7297300	771200	24	10	12	2	15.69	1m @ 18.03	11.82	40.03	0.083
					13	15	2	10.83		10.3	47.33	0.122
					20	21	1	12.77		7.64	46.63	0.105
	BBRC00055	7297300	771100	24	0	2	2	17.13	1m @ 19.5	9.61	39.74	0.055
					5	18	14	12.07		11.69	43.62	0.128
	BBRC00056	7297300	771000	24	7	18	11	11.15	2m @ 15.57	12.21	43.96	0.114
	BBRC00057	7297500	771000	30	18	28	10	11.58	1m @ 16.51	12.67	43.35	0.120
	BBRC00058	7297600	771000	36	27	29	2	11.60		13.07	42.41	0.092
	BBRC00059	7297400	771000	30	18	23	5	12.60	1m @ 18.02	11.54	43.25	0.113
	BBRC00060	7297190	771000	24	4	5	1	10.15		7.87	51.3	0.070
					6	17	11	12.27	2m @ 16.28	11.85	43.06	0.132

Prospect	Hole_ID	Northing (MGA94)	Easting (MGA94)	Depth (m)	From (m)	To (m)	Interval (m)	Mn (%)	Including	Fe (%)	SiO2 (%)	P (%)
	BBRC00062	7297300	770900	24	11 14	13 21	2 7	14.15 12.75	1m @ 16.03	9.73 11.45	43.23 43.5	0.083 0.089
	BBRC00063	7297300	770800	24	6	20	14	10.90	1m @ 22.29	12.75	43.9	0.117
	BBRC00064	7297300	770700	24	3 10	9 17	6 7	10.96 14.39	1m @ 19.71	10.37 10.98	46.21 41.89	0.100 0.102
	BBRC00065	7297300	770600	48	2 11 17	5 15 18	3 4 1	11.72 15.80 20.18	3m @ 17.82	9.08 13.59 12.2	48.36 37.22 33.65	0.070 0.086 0.087
	BBRC00066	7297200	770600	24	0 5 7 11 14	2 6 8 12 15	2 1 1 1 1	9.99 17.48 15.60 14.33 16.27		15.28 10.13 13.43 12.99 11.41	43.89 39.136 37.74 39.98 38.12	0.050 0.092 0.148 0.100 0.100
	BBRC00067	7297100	770600	30	4 15 20 22	7 17 21 24	3 3 1 2	10.05 11.34 10.15 11.53		16.32 8.06 9.81 12.91	36.37 48.21 47.49 40.98	0.031 0.084 0.100 0.113
	BBRC00068	7297300	770500	24	0 4 14	2 8 16	2 4 2	14.24 10.72 13.13	1m @ 17.79	5.93 9.87 11.31	49.67 47.2 43.26	0.055 0.072 0.105
	BBRC00069	7297500	770600	30	19	27	9	12.60	2m @ 18.70	11.08	43.23	0.072
	BBRC00070	7297700	770600	24	8	13	5	9.29		12.4	45.44	0.102
	BBRC00071	7297800	770600	24	11	15	4	10.92		11.63	45.08	0.106
	BBRC00072	7297900	770600	36	22	23	1	12.03		6.79	48.75	0.048
	BBRC00074	7297400	768100	30	14	22	8	9.72	1m @ 13.71	13.5	44.03	0.124
Richie's Find	BBRC000101	7298000	770200	24	13	17	4	10.59		12.47	43.61	0.133
	BBRC000102	7297900	770200	24	7 13	9 15	2 2	11.99 11.09	1m @ 14.94	10.09 12.79	44.72 43.08	0.111 0.124
	BBRC000104	7297600	770200	30	8	17	9	8.87		11.33	47.31	0.097

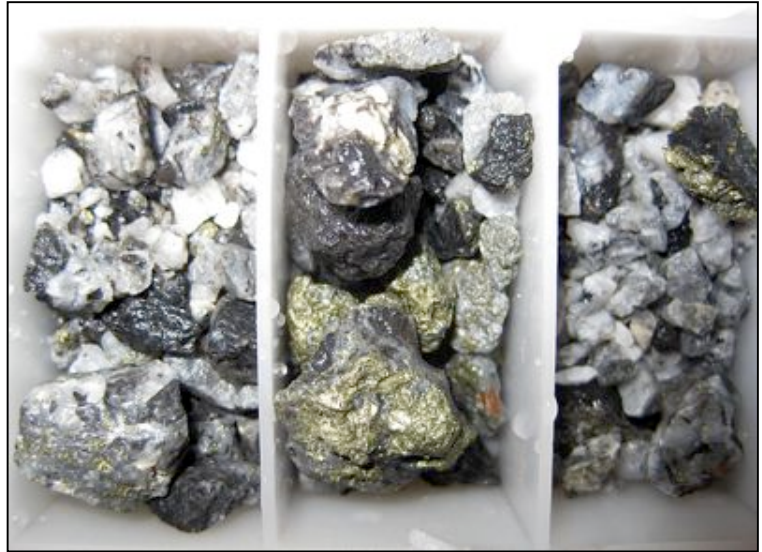
Prospect	Hole_ID	Northing (MGA94)	Easting (MGA94)	Depth (m)	From (m)	To (m)	Interval (m)	Mn (%)	Including	Fe (%)	SiO2 (%)	P (%)
	BBRC000105	7297500	770200	30	11	14	3	12.34		9.31	45.65	0.079
	BBRC000106	7297400	770200	24	16	22	6	16.63	1m @ 23.84	10.74	39.51	0.083
	BBRC000108	7297200	770200	30	17	19	2	15.59	1m @ 18.35	15.98	32.74	0.209
	BBRC000110	7298000	769800	36	23	30	7	13.24	2m @ 19.09	10.05	42.4	0.072
	BBRC000112	7297900	769800	161	24	26	2	13.34		8.62	45.58	0.085
					27	28	1	13.45		13.67	39.88	0.083
Tangadie	BBRC00075	7297300	768100	24	15	16	1	14.43		11.59	39.86	0.070
	BBRC00076	7297200	768100	30	11	21	10	10.46	3m @ 13.02	11.62	45.7	0.092
	BBRC00078	7297400	767300	24	4	9	5	10.21		10.84	46.16	0.114
					15	18	3	11.72		10.52	43.82	0.237
	BBRC00079	7297500	767300	30	19	20	1	12.23		9.35	44.94	0.140
Bindi Bindi Hill	BBRC00087	7299400	763400	24	11	15	4	10.90	1m @ 14.09	10.67	45.39	0.106
	BBRC00088	7299500	763400	24	9	10	1	13.55		9.56	43.89	0.096
					18	19	1	10.48		11.18	46.37	0.144
	BBRC00089	7299600	763400	30	11	15	4	10.24		9.89	47.39	0.091
					18	19	1	12.03		13.16	42.51	0.083
	BBRC00090	7299300	763400	30	14	15	1	10.58		10.09	46.7	0.061
Cadgies Flats	BBRC00091	7303700	769600	24	5	8	3	11.16	1m @ 14.65	9.68	46.84	0.048
					10	13	3	13.08	1m @ 17.27	11.99	42.45	0.067
	BBRC00092	7304600	769600	24	10	15	5	13.54	1m @ 18.82	10.79	42.14	0.186
	BBRC00093	7304300	768700	24	3	5	2	9.68		9.86	48.06	0.116
					7	8	1	10.18		8.17	48.44	0.074
					12	13	1	10.45		11.18	45.54	0.092
					18	22	4	11.85		14.82	40.74	0.155
	BBRC00094	7304200	768700	30	10	19	9	12.04	1m @ 15.61	11.05	43.83	0.145
	BBRC00095	7304700	769600	24	0	2	2	20.54		9.12	33.46	0.048
					13	14	1	10.05		14.78	43.5	0.109
Illgararie Ridge	BBRC00097	7304700	772600	24	4	7	3	12.76		13.65	40.27	0.202
					10	11	1	11.92		11.73	44.05	0.144

	BBRC00098	7304800	772600	24	9	13	4	12.59	1m @ 15.61	6.03	40.35	0.089
					17	21	4	18.31	1m @ 23.92	11.37	36.12	0.204
<b>Prospect</b>	<b>Hole_ID</b>	<b>Northing (MGA94)</b>	<b>Easting (MGA94)</b>	<b>Depth (m)</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Mn (%)</b>	<b>Including</b>	<b>Fe (%)</b>	<b>SiO2 (%)</b>	<b>P (%)</b>
	BBRC00099	7304900	772600	30	12	13	1	11.48		8.5	47.26	0.048
					19	20	1	10.38		14.98	43.16	0.092

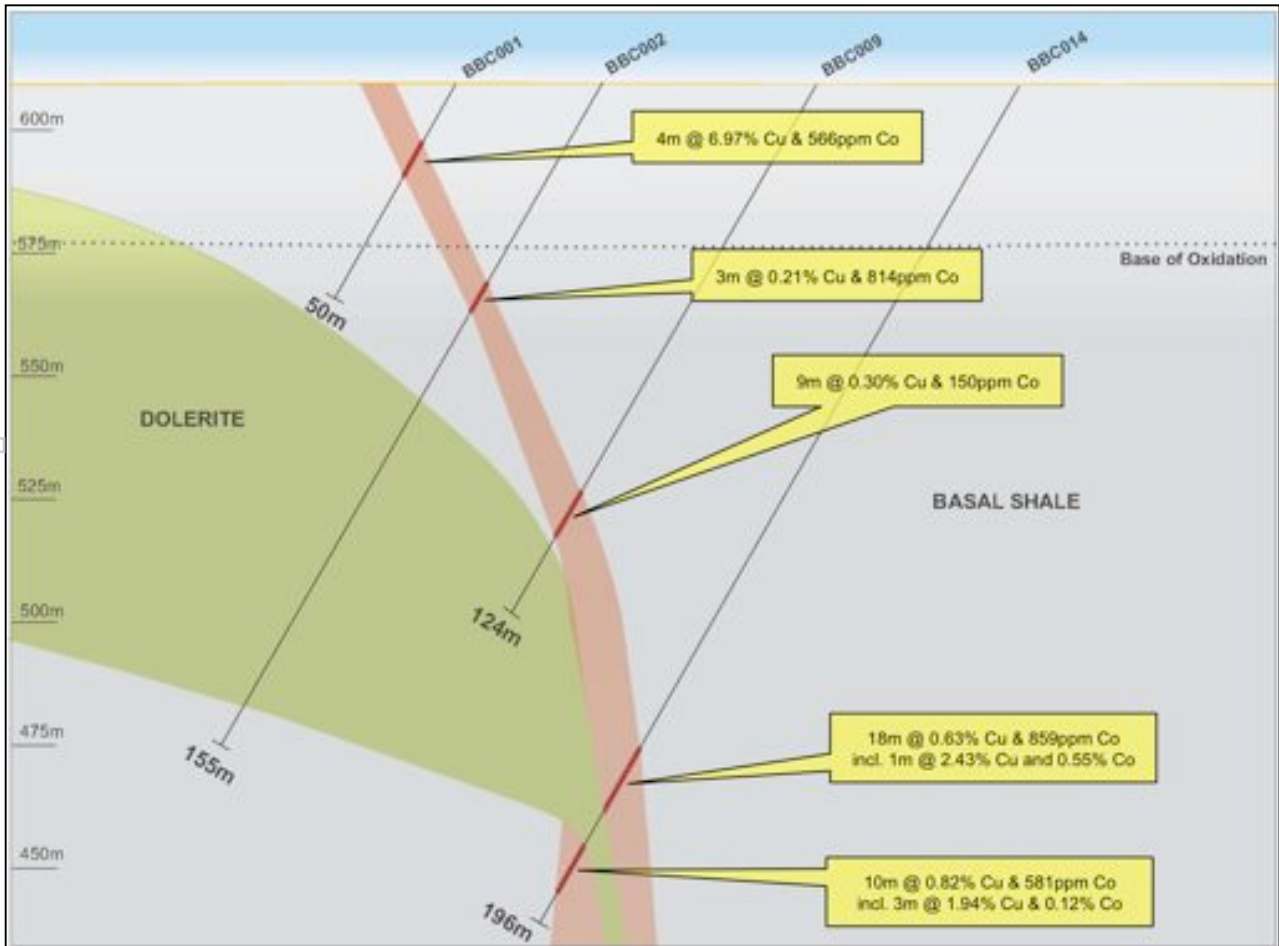
**Table 4.** Assay results from RC drilling at Butcherbird. All intervals are downhole widths. Zones of commercial interest were assayed on 1m intervals. Results have been composited according to grade and geology. Assays were completed by Nagrom Laboratories by XRF analysis.

## BUTCHERBIRD COPPER

A planned ground IP survey over the Butcherbird Copper Prospect has been pushed back to late July 2011. This was originally scheduled to be completed in parallel with the recently completed manganese drilling programme, however due to gear failure, the contractor has been unable to complete the programme on schedule.



When completed, the IP survey programme will attempt to identify the highest priority target zones along approximately 4 km of strike over which the target shear zone can be traced. Limited drilling along this target corridor in 2010 confirmed the presence of a significant zone of copper sulphide mineralisation and it is regarded as a priority exploration target. Drilling of the resultant IP targets will be completed as soon as practicable once the IP programme is complete.



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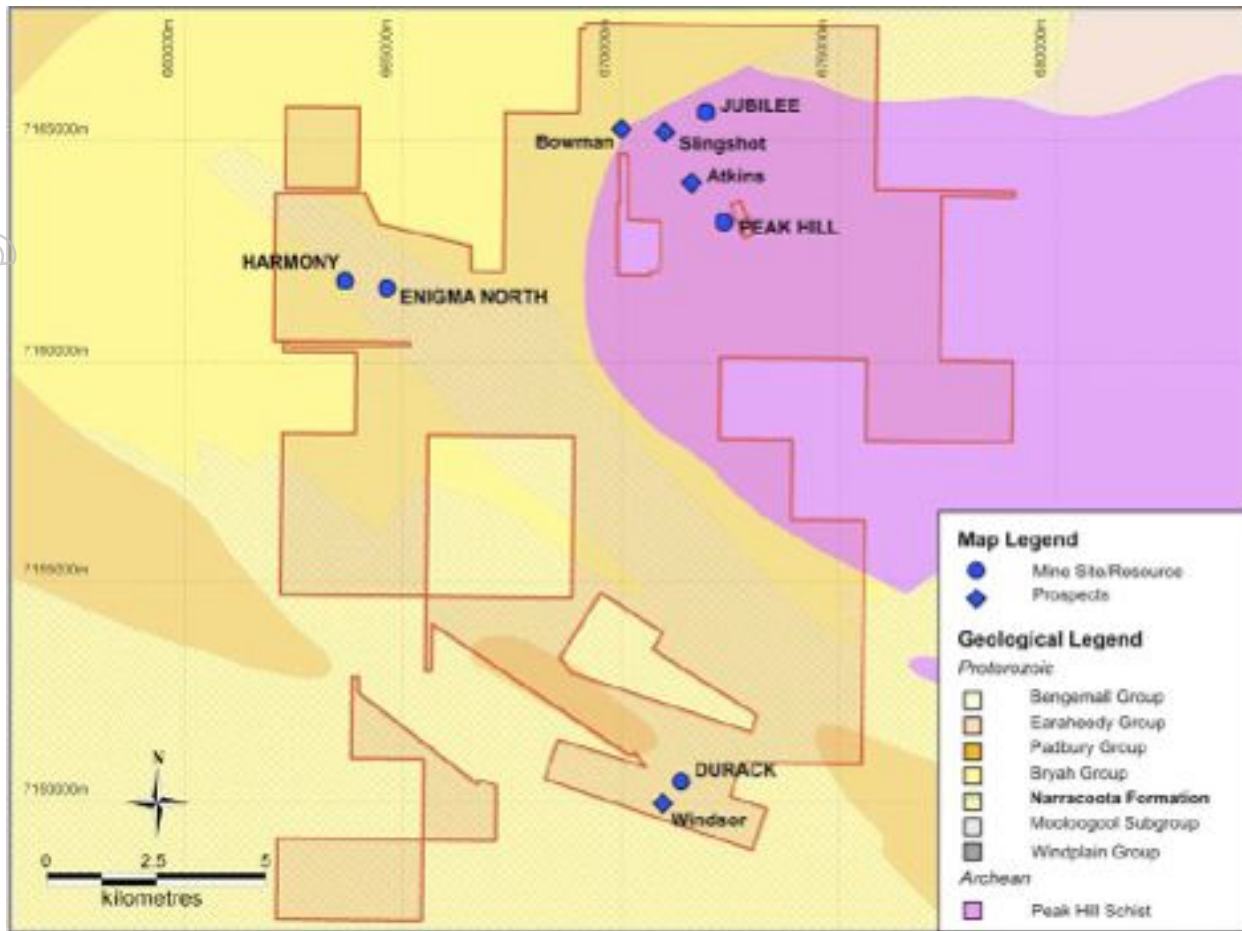
## PEAK HILL (85-100%)

During the Quarter, the Company received Mineral Resource estimates reported in accordance with the JORC Code 2004 for the Harmony, Mainpit/Fiveways, Durack and Enigma gold deposits within the Peak Hill Project. The Mineral Resource estimates were completed on behalf of the Company by Snowden Mining Industry Consultants (“Snowden”), and combined with the Mineral Resource estimate for the Jubilee deposit completed previously by CSA Global Pty Ltd (“CSA”), enable a global Mineral Resource estimate to be presented for the Peak Hill Project.

<b>Table 5. June 2011 Mineral Resources completed by Snowden.</b>				
<b>Classification</b>	<b>Material</b>	<b>Tonnes (t)</b>	<b>Au (g/t)</b>	<b>Ounces (Oz)</b>
	Oxide	1,270,000	1.24	50,000
INDICATED	Transitional	2,940,000	1.35	128,000
	Fresh	4,960,000	1.58	252,000
<b>TOTAL INDICATED</b>		<b>9,170,000</b>	<b>1.46</b>	<b>430,000</b>
	Oxide	160,000	1.00	5,000
INFERRED	Transitional	80,000	1.12	3,000
	Fresh	1,510,000	1.57	76,000
<b>TOTAL INFERRED</b>		<b>1,750,000</b>	<b>1.50</b>	<b>84,000</b>
<b>SUBTOTAL</b>		<b>10,920,000</b>	<b>1.47</b>	<b>514,000</b>

<b>Table 6. September 2009 Mineral Resources completed for the Jubilee Deposit by CSA.</b>			
<b>Classification</b>	<b>Tonnes (t)</b>	<b>Au (g/t)</b>	<b>Ounces (Oz)</b>
<b>INDICATED</b>	100,000	1.95	6,300
<b>INFERRED</b>	505,000	2.49	40,500
<b>SUBTOTAL</b>	<b>605,000</b>	<b>2.41</b>	<b>46,800</b>

<b>Table 7. Combined Global Mineral Resource Estimated for the Peak Hill Project.</b>			
<b>Classification</b>	<b>Tonnes (t)</b>	<b>Au (g/t)</b>	<b>Ounces (Oz)</b>
<b>INDICATED</b>	9,270,000	1.46	436,000
<b>INFERRED</b>	2,255,000	1.72	125,000
<b>TOTAL</b>	<b>11,525,000</b>	<b>1.51</b>	<b>561,216</b>



**Figure 2.** Regional Geology of the Peak Hill gold field showing known deposit locations.

The Peak Hill district is located approximately 125 km north of Meekathara in the northern extent of the Murchison Goldfield in Western Australia. The Peak Hill field includes the following gold deposits: Harmony, Enigma, Durack, Windsor, Bowman, Jubilee, Slingshot, Atkins and Peak Hill. The Peak Hill project is further subdivided into Main Pit/Fiveways and Mt Pleasant. The individual projects are located within 10 km of one another as shown in Figure 2 which also shows the regional geology.

The host lithologies for the gold mineralisation comprise mafic and ultramafic volcanic rocks, turbiditic metasedimentary rocks, banded iron formation and associated clastic sediments, all of which are intensely deformed and metamorphosed (Robertson et. al., 2003). Mineralisation extends up to 100 m to 300 m below surface and is open at depth in some areas.

### **Snowden Mineral Resource Estimates**

In preparing the estimates for the Harmony, Enigma, Durack and Mainpit/Fiveways deposits, Snowden considered material within 150 m of the surface to be suitable for open pit mining and chose a reporting cut-off of 0.8 g/t Au based on similar deposits. Material below 150 m will potentially be mined from underground and has been reported at a cut-off of 2.0 g/t Au based on similar deposits. Density values of between 1.9 and 2.6 g/cm<sup>3</sup> were applied dependant on the



degree of weathering. The Combined Peak Hill Mineral Resources for Snowden's work are shown in Table 5 with the breakdown by project area in Table 8.

<b>Harmony</b>					
<b>Potential Open Pit and Underground Resource</b>					
<b>Classification</b>	<b>Material</b>	<b>Density</b>	<b>Tonnes</b>	<b>Au</b>	<b>Ounces</b>
Indicated	Oxide	1.9	260,000	1.65	14,000
	Transitional	2.2	850,000	1.54	42,000
	Fresh	2.6	480,000	1.85	29,000
<b>Total indicated</b>		<b>2.3</b>	<b>1,590,000</b>	<b>1.65</b>	<b>84,000</b>
Inferred	Oxide	1.9	40,000	0.88	1,000
	Transitional	2.2	10,000	1.58	1,000
	Fresh	2.6	250,000	2.33	19,000
<b>Total Inferred</b>		<b>2.5</b>	<b>300,000</b>	<b>2.12</b>	<b>20,000</b>

<b>Enigma</b>					
<b>Potential Open Pit and Underground Resource</b>					
<b>Classification</b>	<b>Material</b>	<b>Density</b>	<b>Tonnes</b>	<b>Au</b>	
Indicated	Oxide	1.9	430,000	1.09	15,000
	Transitional	2.2	300,000	1.35	13,000
	Fresh	2.6	780,000	1.15	29,000
<b>Total indicated</b>		<b>2.3</b>	<b>1,510,000</b>	<b>1.17</b>	<b>57,000</b>
Inferred	Oxide	1.9	120,000	1.04	4,000
	Transitional	2.2	0	0.81	0
	Fresh	2.6	190,000	0.93	6,000
<b>Total Inferred</b>		<b>2.3</b>	<b>320,000</b>	<b>0.97</b>	<b>10,000</b>

<b>Durack</b>					
<b>Potential Open Pit and Underground Resource</b>					
<b>Classification</b>	<b>Material</b>	<b>Density</b>	<b>Tonnes</b>	<b>Au</b>	
Indicated	Oxide	1.9	480,000	1.19	18,000
	Transitional	2.2	790,000	1.16	30,000
	Fresh	2.6	1,040,000	1.24	41,000
<b>Total indicated</b>		<b>2.3</b>	<b>2,310,000</b>	<b>1.20</b>	<b>89,000</b>
Inferred	Oxide	-	-	-	-
	Transitional	2.2	50,000	0.99	2,000
	Fresh	2.6	530,000	1.26	21,000
<b>Total Inferred</b>		<b>2.6</b>	<b>580,000</b>	<b>1.23</b>	<b>23,000</b>

<b>Main Pit/Fiveways</b>					
<b>Potential Open Pit and Underground Resource</b>					
<b>Classification</b>	<b>Material</b>	<b>Density</b>	<b>Tonnes</b>	<b>Au</b>	
Indicated	Oxide	1.9	100,000	1.03	3,000
	Transitional	2.2	990,000	1.33	42,000
	Fresh	2.6	2,660,000	1.79	153,000
<b>Total indicated</b>		<b>2.5</b>	<b>3,760,000</b>	<b>1.65</b>	<b>199,000</b>
Inferred	Oxide	-	-	-	-
	Transitional	2.2	20,000	1.34	9,000

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	Fresh	2.6	540,000	1.75	30,000
<b>Total Inferred</b>		<b>2.6</b>	<b>560,000</b>	<b>1.74</b>	<b>31,000</b>

**Table 8.** Individual Mineral Resource estimates completed by Snowden for the Harmony, Enigma, Durack and Mainpit/Fiveways gold deposits.

Montezuma provided hanging wall and foot wall interpretations of the mineralisation for each project area. Snowden used multiple indicator kriging (MIK) as the estimation method due to the multiple mineralisation trends and highly skewed nature of the grade distributions. The laterite at Harmony is the exception as the grade distribution is less skewed and does not show multiple mineralisation trends. The laterite was estimated using ordinary kriging (OK).

The Peak Hill projects of Harmony, Enigma, Durack and Main Pit/Fiveways have been classified as Indicated and Inferred in accordance with the guidelines set out in the JORC Code (JORC, 2004). The sampling methods, drillhole spacing and grade continuity have been considered in the application of the resource categorisation. The absence of Measured Resources, even though there is recent previous mining, is due to the lack of QAQC data and limited density data.

Two of the projects, Harmony and Main Pit/Fiveways, have been mined previously by open pit methods to depths in excess of 100 m. All mined areas have been depleted from the reported Mineral Resources.

### **CSA Mineral Resource Estimates**

In addition to the recent work completed by Snowden, in 2009 CSA Global Pty Ltd. ("CSA") was commissioned by the Company to undertake Mineral Resource estimates for the J2 and J3 zones at the Jubilee gold project, located 2 km north of the historic Peak Hill Mine site. In preparing the estimates (shown in Table 6), CSA used a 1 g/t Au cut off. The deposits were classified, as per the JORC Code (2004), as Inferred and Indicated.

Within the Jubilee project, white mica schist is intruded by a body of metadolerite that has a stratigraphic thickness of up to 250m. Gold mineralisation lies adjacent to both the hanging wall and footwall contacts between the metadolerite and the schist.

The J2 zone is located south of the metadolerite/schist contact with mineralisation occurring within 40 m of the contact. Regionally, gold mineralisation is associated with stratabound quartz veins, however locally the quartz can have multiple orientations. The schist dips shallowly to the west.

The J3 zone is located within the hanging wall along the northern margin of the metadolerite/schist contact. Mineralised quartz veins in the J3 zone are regionally stratabound with local minor variation. Mineralisation is more laterally extensive than at the J2 zone, and extends approximately 100 m from the metadolerite/schist contact to the northwest.

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Drill holes used for this Mineral Resource estimate include: historical drill holes ranging from 1988 to 1995, with the majority of holes drilled in 1990-1995; and fifteen reverse circulation holes drilled by Montezuma in 2007 totalling 2,511m.

## **CORPORATE**

### **Retirement of Chairman - Denis O'Meara**

It is with regret that we advise the Company's founding Chairman, Mr Denis O'Meara, has retired from his position effective 30 June 2011.

The Board and Staff extend their sincere gratitude to Mr O'Meara for his dedicated commitment to the Company since listing in 2006. His wisdom and advice will be missed and we wish him and his family the very best for the future.

I am, however, pleased to advise that Mr Seamus Cornelius has joined the Board of Directors of Montezuma Mining Company Limited as Chairman.

Mr Cornelius brings 21 years of corporate experience in both legal and commercial negotiations. Mr Cornelius has been based in Shanghai and Beijing since 1993 where he has been living and working as a corporate lawyer.

From 2000 to 2010, Mr Cornelius was an international partner with one of Australia's leading law firms and specialised in dealing with cross border investments, particularly in the energy and resource sectors. Mr Cornelius has for many years advised large international companies on their investments in China and in recent years advised Chinese state owned entities on their investments in natural resource projects outside China, including Australia.

We welcome the addition of Seamus' experience and expertise as we guide the Company forward.

### **Lithex Resources Limited**

Montezuma has received 1,525,000 fully paid ordinary shares in the capital of Lithex Resources Limited ("Lithex") pursuant to the divestment of an interest in non-core Pilbara assets.

Lithex fully paid ordinary shares are listed on the ASX under the code LTX. 1,500,000 shares are escrowed until 17 May 2012, and the remaining 25,000 shares are escrowed until 9 December 2011.

Lithex hold a large strategic tenement holding within the Gascoyne and East Pilbara regions of Western Australia prospective for Tin, Tantalum, Lithium and Rare Earth Element mineralisation.

For further details, please refer to the Lithex website at [www.lithex.com.au](http://www.lithex.com.au).

### **Exterra Resources Limited**

Montezuma has received the following securities in Exterra Resources Limited ("Exterra") pursuant to the divestment of the Egerton Gold Project:

<b>Securities Held</b>	<b>Escrowed Until</b>
2,000,000 fully paid ordinary shares	26/05/2013
500,000 options (\$0.20, expiry 30/09/2013)	26/05/2013
1,000,000 options (\$0.20, expiry 30/09/2013)	26/05/2013

Exterra is a gold focused exploration and mining company with a number of advanced gold assets in Western Australia.

For further details, please refer to the Exterra website at [www.exterraresources.com.au](http://www.exterraresources.com.au).

### **Auvex Resources Limited**

The Company is pleased to advise that Auvex Resources Limited ("Auvex") confirmed during the Quarter that all resolutions were passed unanimously on a show of hands at both meetings of Auvex shareholders held on 7 July 2011.

The Company further understands that the passing of the resolutions in relation to both the reduction of capital and scheme of arrangement with Mineral Resources Limited ("MIN") now paves the way, subject to any remaining regulatory requirements, for the completion of the sale of Auvex's 50% owned Mesa Joint Venture assets to MIN.

The commercial terms of the scheme include the in-specie distribution of 4,5000,000 MIN shares to Auvex's shareholders. Montezuma holds approximately 5% of Auvex on a fully diluted basis, and hence the value of its allocation will represent an important inject of capital into the Company on disposal of it's shareholding in MIN.

Montezuma will also, pursuant to the proposed reduction of capital of Auvex, receive an allocation of shares in Auvex Manganese Limited, which will own the assets of Auvex other than the Mesa Joint Venture assets.

For further details please refer to the Auvex website at [www.auvexresources.com.au](http://www.auvexresources.com.au).

## Investor Coverage

Recent investor relations, corporate videos and broker/media coverage on the Company's projects can be viewed on the Company's website at <http://www.montezumamining.com.au>.

## About Montezuma Mining Company Ltd

Listed in 2006, Montezuma (ASX: MZM) is a diversified explorer primarily focused on manganese, copper and gold. Montezuma has a 100% interest in the Butcherbird Manganese/Copper Project and an 85-100% interest in the Peak Hill and Durack Gold Projects in the Murchison region of Western Australia.

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### More Information

**Justin Brown**  
Managing Director

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Mobile: +61 438 745 675

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 who is a full time employee of Montezuma Mining Company Ltd. 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.

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The information in this report that relates to the Mineral Resources for the Harmony, Enigma, Durack and Mainpit/Fiveways Deposits is based on information compiled by Mr Kevin Lowe (MAusIMM) under the supervision and guidance of Ms Lynn Olssen (MAusIMM (CP)), who are both full-time employees of Snowden Mining Industry Consultants. Lynn Olssen has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC, 2004). Lynn Olssen consents to the inclusion in this report of the matters based on the information in the form and context that the information appears.

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The team of Competent Persons involved in the preparation of the Mineral Resource for the Jubilee J2 and J3 gold deposits is as follows:

The estimate was completed under the overall supervision and direction of Steven Hodgson, MAIG, of CSA Global who is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves (JORC Code 2004 Edition) and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The resource estimate in this report relates to information provided by Montezuma Mining Company Ltd. The information including database compilation, geological interpretation and mineralisation wire framing was completed by Craig Richards B.Sc. Hons Grad.Dip. and supervised by Trevor Saul B.Sc.Hons MAusIMM. Mr Saul 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. Trevor Saul consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.