

ASX RELEASE

22 January 2007

MONTEZUMA
MINING COMPANY LTD

PO Box 8535 Perth BC WA 6849

info@montezumamining.com.au

www.montezumamining.com.au

ABN 46 119 711 929

EXPLORATION UPDATE

- Key Callawa Project tenement expected to be granted this quarter to allow access for immediate follow up exploration to test high grade copper mineralisation.
- Letter agreement signed with Trafford Resources over the Pilgangoora Nickel/Gold Project. Montezuma to earn 70% of the nickel rights over Trafford's ground.
- Rig organised for early February to drill the Weebo gold target. Awaiting final government approvals following completion of Heritage survey in December.
- Soil sampling to commence over the Talga Project January 22 to define targets along strike from recent ore grade gold intercepts reported by Mining projects Group Ltd.

CALLAWA PROJECT – ELA 45/2927, ELA 45/2935, ELA 45/2974

As previously reported, following the high grade copper results (up to 28.7% copper) returned from rock chip sampling over the Callawa Project, it is the Company's intention to expedite the granting of the exploration licence applications that cover the interpreted prospective corridor.

The DoIR has since informed the company that the next review date for the key central licence application ELA45/2927 is February 2. On or about this date, the Company should receive a copy of the relevant Regional Standard Heritage Agreement. Once this is signed, there should be no further impediment to the granting of the lease, and we anticipate that it will be granted during the current quarter, allowing access for immediate follow up exploration.

PILGANGOORA PROJECT – E45/2375

Letter Agreement Signed over Gold and Nickel rights

Trafford Resources Ltd holds 10 prospecting licences and applications for an additional two licenses that cover approximately 10km of strike of the Iron Stirrup Ultramafic, which is prospective for nickel sulphide mineralisation and which also extends into Montezuma's Pilgangoora tenement. Trafford's leases also cover several of the historic Lynas Find gold deposits previously exploited by Lynas Gold.

Montezuma and Trafford have entered into a split commodity agreement whereby Montezuma can earn a 70% interest in the nickel rights over Trafford's tenements and Trafford can earn a 70% interest in the gold rights over Montezuma's tenement, each by completing a Bankable Feasibility Study within five years.

The agreement is subject to several conditions precedent, but once completed will pave the way for Trafford to increase its gold resource base in the area and increase the potential for the discovery of sufficient resources to move into production, and will give Montezuma access to a significantly increased strike extent of stratigraphy prospective for nickel sulphide mineralisation.

The tenements held by Trafford covered by the agreement include granted licences P45/2557, P45/2562, P45/2566, P45/2558, P45/2563, P45/2567, P45/2559, P45/2564, P45/2560, P45/2565 and applications for P45/2628 and P45/2629.

WEEBO PROJECT – E37/802, ELA37/833, ELA37/889

Drilling to commence early February subject to the receipt of final approvals

Following the completion of Heritage Surveys over the Weebo Project in December, final clearances are being sought from government authorities to commence a RAB/Aircore drilling programme to test the auger anomaly reported in the Prospectus. The anomaly is located approximately 10km from the Thunderbox Gold Mine (2.2 M oz Au) and overlies the interpreted granite greenstone contact with a peak value of 90ppb gold and strike extent of in excess of 500m, open to the northwest and southeast.

The drilling programme will comprise an initial 2,500m of drilling on a 200X100m grid with follow up on significant intersections to follow immediately upon receipt of initial assays (subject to continued rig availability).

A drilling rig has been organised and the programme is expected to commence in early February subject to the receipt of the necessary approvals to proceed.

Results will be despatched for analysis immediately and results will be reported as soon as they become available.

TALGA PROJECT – E45/2680

Surface Geochemical Sampling

A contractor has been appointed to undertake a regional soil sampling programme on a 160 X 20m grid over the prospective greenstone stratigraphy within the eastern portion of E45/2680. The target area is prospective for gold and VMS style mineralisation.

The soil sampling programme has commenced and is intended to define targets for follow up sampling and drill testing in the third quarter of this year.

Justin Brown
Managing Director
Montezuma Mining Company Ltd
Mobile – 0438 745 675

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 Geoscientists. 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 is an Executive Officer of South Boulder Mines Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.