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**ANNOUNCEMENT**

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**MARENGO DELIVERS POSITIVE OUTCOMES FROM PHASE 1 OF THE  
YANDERA DEFINITIVE FEASIBILITY STUDY**

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**Perth, Western Australia:** Marengo Mining Limited (Marengo) is pleased to announce that it has completed the Phase 1 component of the Definitive Feasibility Study ("Phase 1") for its 100%-owned **Yandera Copper-Molybdenum Project (the "Project")** in Papua New Guinea (PNG).

Phase 1 comprised a comparative development options analysis study for the Yandera Project and delivered a number of positive outcomes to underpin the Phase 2 component of the Definitive Feasibility Study ("Phase 2"), which is scheduled to be completed by mid-2009. Key highlights of Phase 1 included:

- **Open-cut mining of a minimum of 450 million tonnes at a grade of 0.48% copper equivalent over an initial 10-year time frame;**
- **Ore processing commencing at 25Mtpa for the first two years of operations and increasing to a long-term rate of 50Mtpa;**
- **Proposed near and/or in-mine crushing of ore before being conveyed to a near-mine processing plant encompassing separate copper and molybdenum flotation circuits to produce two concentrate streams;**
- **Transportation of the copper concentrate via slurry pipeline to the Port of Madang for drying and storage prior to shipping;**
- **Alternative tailings management options identified; and**
- **Implementation of world-class environmental standards and community relations initiatives to ensure a successful project development for all stakeholders.**

**Phase 1 Overview**

The comparative options analysis study involved input from a number of study groups, as follows:

- Marengo Mining – legal, financial, community, power supply, site survey and information;
- GRD Minproc – study management and process design;
- URS Australia – project infrastructure;
- Golder Associates – resource and mining engineering and technical topics;
- Klohn Crippen Berger – waste rock dumps and tailings management;
- Coffey Natural Systems – environmental management and deep sea tailings placement;



Level 2, 9 Havelock Street West Perth Western Australia 6005  
PO Box 289 West Perth Western Australia 6872  
Email: [marengo@marengomining.com](mailto:marengo@marengomining.com)

Telephone: +61 8 9429 0000  
Facsimile: +61 8 9429 0099  
Website: [www.marengomining.com](http://www.marengomining.com)



The studies were guided by a Marengo-generated design philosophy which was specifically aimed at achieving practical and commercial operational outcomes.

The study was based on mining a minimum of 450 Mt at a grade of 0.48% copper equivalent (refer note below) over an initial 10 year timeframe. The average strip ratio has been determined at 3:1 with ore processed at 25 million tonnes per annum (Mtpa) for the first 2 years of production and 50Mtpa thereafter.

As previously reported by Marengo on 22 May 2007 and 11 September 2007, the current Yandera Central Porphyry resource comprises:

- **an Inferred Resource of 497 million tonnes @0.48% Copper Equivalent (at a 0.3% Copper Equivalent cut-off); and**
- **an Indicated Resource of 163 million tonnes @ 0.49% Copper Equivalent (at a 0.3% Copper Equivalent cut-off).**

The resource was prepared pursuant to JORC, by Mr Stephen Godfrey of international mining consultancy group, Golder Associates Pty Ltd. A full copy of Golder's report was released to the Australian Securities Exchange on 22 May 2007 and filed with Canadian securities regulators on SEDAR on 6 February 2008.

### **Processing**

Phase 1 determined that primary ore from the Yandera Project will undergo near and/or in-mine crushing prior to being conveyed 2.5 - 4.0 km to the process plant. Marengo will use two world-class 40 foot SAG mills (rated at 25Mtpa each) with ball mills in tandem for the grind circuit, and will utilise independent copper and molybdenum flotation circuits to extract the two concentrate streams.

The accommodation camp, offices and ancillary buildings, such as workshops and warehouses, will be located adjacent to the plant site. These will be constructed in the usual forms such as portable units, kit type buildings, colour bond sheds and some custom built structures.

Several sites were considered and the preferred plant site is currently undergoing sterilisation drilling and will shortly be ground surveyed.

### **Concentrates**

The copper concentrate will be pumped to the port site in a slurry pipeline which will be laid alongside the mine access road and the major highway into the town of Madang. At the port site, the concentrate will be treated in a thickener and drying facility, prior to being stored inside a covered storage shed. This shed will have a capacity of 60,000 tonnes and will typically be out-loaded in batches of 30 – 35,000 tonnes by Handymax-size cargo vessels.

The molybdenum concentrate will be placed in shipping containers and will be back-loaded to the port facility. Significantly, this molybdenum concentrate will contain less than 5% of the combined co-product metal content from the Project for approximately 30% of the gross metal revenue generated. The potential for further downstream processing of the molybdenum concentrate will be further examined during Phase 2.

### **Access Road**

Several access routes have been identified for the Yandera Project and a notional route paralleling and crossing the Baia River down into the Ramu Valley is being considered. However, this will require refined survey and geotechnical testing prior to final selection. Ultimately, the access road will connect with existing road infrastructure including the Lae-Madang Highway.

### **Tailings**

Phase 1 determined several possibilities for tailings management, as follows:

- a tailings storage facility (TSF) within the Ramu valley, approximately 28 km from the plant site,
- deep sea tailings placement (DSTP) approximately 100 km from the plant site, or
- a combination of both of the above.

The Ramu Valley is the preferred site to establish a TSF because of the flatter terrain, lower drainage management requirements and geotechnical aspects. Further studies will be conducted to determine if it would be necessary to implement the DSTP within the initial 10 year operating life.

**Port**

The preferred port location was determined to be the existing port of Madang and several potential sites were identified at Madang itself. Several regional sites were also considered, however these generally required larger initial capital expenditures.

The ports of Madang and Lae are expected to be the points for import of equipment and mine consumables.

**Power Supply**

Preliminary estimates of the project power demand have determined peak loads of up to 240 MW for the 50 Mtpa stage. The national utility power provider and a number of private providers have been approached to develop single and/or multiple deliverable solutions for the project. These will be developed during Phase 2.

**Environmental**

Marengo is working to world class environmental standards, such as those adopted by the World Bank/IFC, which also embrace the Equator Principles. The work program required for the Environmental Impact Study (EIS) for the Yandera Project has already commenced and the Environmental Management Plan (EMP) will be produced towards the end of the Definitive Feasibility Study.

Environmental baseline monitoring of the Yandera Project has begun and is increasing in activity.

**Community Affairs**

Marengo's site-based Community Relations Office is undertaking all the long-term studies and projects as required by Papua New Guinea's statutory authorities. This is being performed to a very high standard, which should produce a positive response from local communities, as well as the provincial and national governments. Marengo continues to place a major emphasis on community relations and information flow to all of the Yandera Project's stakeholders.

**Project Costs**

Phase 1 was based on comparative estimates for capital and operating costs established during the Conceptual Mining Study (refer to Australian Securities Exchange announcement dated 27 July 2007). Detailed capital and operating costs will be established during Phase 2.

**Phase 2**

Phase 2 has already commenced and is based upon the robust outcomes of Phase 1. The study will be performed to accepted industry standards and is designed to give Marengo sound operational and financial outcomes upon which to base the development of the Yandera Project. Phase 2 is scheduled to be completed by mid-2009.

[www.marengominig.com](http://www.marengominig.com)  
[www.irasia.com/listco/au/marengo](http://www.irasia.com/listco/au/marengo)

For further information:

**Les Emery**

**Managing Director**

Marengo Mining Limited

Telephone: +61 8 9429 0000

Email: [marengo@marengominig.com](mailto:marengo@marengominig.com)

**Australia:**

Nicholas Read

Read Corporate

Tel: +61 8 9388 1474

Email: [info@readcorporate.com.au](mailto:info@readcorporate.com.au)

**North America:**

Victoria Russell

Investor Relations – Marengo Mining Limited

Tel: +1 416 644 8680

Email: [investor@marengominig.com](mailto:investor@marengominig.com)

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Certain statements in this release contain forward-looking information. These statements include, but are not limited to, statements with respect to future exploration, development, production and costs. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others, the results of future exploration, risks inherent in resource estimates, increases in various capital costs, availability of financing and the acquisition of additional licences, permits and surface rights.

JORC refers to the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

Copper equivalent grades for reported drill hole intercepts were calculated using a molybdenum /copper price ratio of 10:1. For reference current spot copper metal price is US\$3.90 per pound and molybdenum oxide price is US\$33 per pound.

In the company's opinion both elements included in the metal equivalents calculation have a reasonable potential to be recovered.

The section of this report relating to the Yandera Resource Estimate was prepared by Mr Stephen Godfrey of Golder Associates Pty Ltd. Mr Godfrey is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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 (The JORC Code, 2004 Edition). This estimate was initially reported to the ASX in 22 May 2007, with the consent of both Mr Godfrey and Golder Associates Pty Ltd. Annexed to the release of 22 May 2007 was a full copy of Golder's report. The Yandera Resource Estimate was also included in the Company's 2007 Annual Report which was lodged with the ASX on 11 September 2007.





