



MARENGO
MINING LIMITED

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NEWS RELEASE

**MARENGO SIGNS KEY MEMORANDUM OF UNDERSTANDING
WITH LEADING CHINESE CONSTRUCTION AND
ENGINEERING GROUP FOR THE YANDERA PROJECT**
KEY STEP FORWARD FOR WORLD-SCALE PNG COPPER-MOLYBDENUM-GOLD PROJECT

KEY POINTS

- Memorandum of Understanding (“MOU”) signed with China Nonferrous Metal Industry’s Foreign Engineering and Construction Co. Ltd (“NFC”) for financing, construction and development of the Yandera Copper-Molybdenum-Gold Project in Madang Province, Papua New Guinea
- Establishes framework for cooperation to establish the cost and program for delivery of the Yandera Project while the current Definitive Feasibility Study is being completed
- Marengo and NFC intend to enter into formal agreements to appoint NFC as principal contractor for construction of the Yandera Project under an EPC Lump Sum Turnkey Contract
- Parties also intend to enter into formal financing agreements, with NFC to facilitate at least 70% of all project development costs with financing to be provided by Chinese banks
- Indicative timetable contemplates commencement of construction at Yandera in the first half of 2012 following signing of EPC Contract and financing which are anticipated to be in place by November 2011

Marengo Mining Limited (TSX: **MRN**, ASX and POMSoX: **MGO**) (“Marengo” or the “Company”) is pleased to announce that it has signed a Memorandum of Understanding (“MOU”) with one of China’s leading construction and engineering groups, China Nonferrous Metal Industry’s Foreign Engineering and Construction Co. Ltd (“NFC”), which the parties anticipate will pave the way for formal agreements on financing, construction and off-take for its 100%-owned **Yandera Copper-Molybdenum-Gold Project** in Papua New Guinea.



The landmark MOU, which was signed in Beijing by senior representatives of NFC and Marengo's Managing Director and CEO, Mr Les Emery, marks a key milestone for the Company and an important step towards development of the Yandera Project. The other party to the MOU is Perth-based mining engineering group, Arcon WA Pty Ltd ("Arcon"), which facilitated the introduction to NFC.

Marengo is currently in the final stages of a Definitive Feasibility Study (DFS) on the Yandera Project, which is due to be finalised by the end of 2010 and reported by the end of the first Quarter of 2011.

This will provide the foundation for financing and development of a large-scale, long-life operation to commence at Yandera, with ore production anticipated to start at approximately 25Mtpa and ramp-up subsequently to 50Mtpa, making it one of the significant new copper-molybdenum projects in the world. Yandera concentrate is expected to enter world markets from the 2013/14 financial year.

Under the MOU, Marengo has agreed to work exclusively with NFC and Arcon to establish the cost and program for delivery of the Yandera Project in parallel with the completion of the current DFS. These discussions will be conducted with a view to entering into:

- a formal construction agreement (Engineering, Procurement and Construction or EPC Contract) under which Marengo will appoint NFC as the principal contractor, under a Lump Sum Turnkey Contract, following a detailed evaluation of the project construction costs to be undertaken by NFC as part of the final stage of the DFS;
- a formal financing agreement, subject to agreement on the terms of the construction contract, under which NFC will facilitate at least 70% of the necessary financing for the project development costs of the Yandera Project through Chinese banks.

In addition, the MOU contemplates NFC placing a substantial amount of the project copper and molybdenum concentrate off-take with a variety of customers, including NFC itself, and investing in either Marengo or the Yandera Project or both, on terms to be agreed.

Under the proposed construction agreement, NFC will be permitted, to the extent reasonably practicable, to maximise the use and procurement of engineering services, mechanical equipment, fabricated steel and other construction materials, and mining equipment required for the Yandera Project in China.

NFC, which is based in Beijing and listed on the Shenzhen Stock Exchange, is currently capitalised at US\$3.2 billion. NFC undertakes international contracts for non-ferrous metal projects and exports related engineering technologies, equipment and labour services. In addition, NFC has either built or is currently building major copper and other base metal projects in Iran, Zambia, Myanmar, Mongolia, and Kazakhstan.

The NFC Group, which employs over 40,000 people, has a substantial manufacturing capacity in China producing mining plant and equipment, and has a number of design institutes employing more than 2,500 engineers.

NFC has a Co-operation Agreement with Arcon, under which Arcon is a joint venturer with NFC in providing a range of engineering construction and delivery services relating to mineral resource development projects that Arcon introduce to NFC. Arcon is owned by the former principals of Minproc Engineers of Australia.

The MOU includes an indicative timetable which contemplates the commencement of project construction at Yandera by the first half of 2012 following completion of a formal EPC contract and approved financing anticipated by November 2011.

Commenting on the MOU, Marengo Mining's Managing Director, Mr Les Emery, said:

"We are delighted to have signed this MOU with NFC and Arcon, which will see us work closely with one of China's pre-eminent construction and engineering groups to establish a definitive framework for the financing, construction and operation of the Yandera Project. This potentially paves the way for formal agreements which will underpin the development of one of the world's significant new copper projects.

"NFC has extensive experience in the engineering and construction of major copper and base metal projects worldwide. Their operating experience in a variety of environments will be invaluable to Marengo and the Yandera Project, particularly as we complete the final stage of the Definitive Feasibility Study. We will have access to NFC's vast engineering and technical resources, including their large design institutes in China.

"While the foundation of the MOU is the construction and engineering contract for the Yandera Project, it is important to note that the MOU also contemplates NFC facilitating project finance and concentrate off-take for the Project, together with potentially investing either in Marengo or the Project, or both. This illustrates the broad ranging nature of the relationship we have established."

Marengo Mining's Chairman, Mr John Horan, said:

"We are delighted to have signed this landmark MOU with one of China's leading construction and engineering groups, forging a strategic alliance which we believe will form a basis for all aspects of the funding, construction, development and operation of the Yandera Project. I congratulate the Marengo team on this significant achievement and look forward to a long and mutually beneficial association with NFC."

NFC's President Mr Wang Hongqian, said:

"NFC looks forward to a close and cooperative relationship with Marengo Mining as we work together to lay the foundations for one of the world's biggest new copper mines in PNG. We are very pleased to have signed this MOU and we look forward to working with the experienced Marengo team to deliver a new copper project of global significance."

It should be noted that the MOU is non-binding and that no party is under any obligation to proceed. Accordingly, there is no certainty that a transaction will proceed.



Les Emery
Managing Director / CEO
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ABOUT MARENGO MINING

Marengo Mining Limited is an Australian-based metals company, whose core focus is exploring and developing the world-scale Yandera Copper-Molybdenum-Gold Project, located in Papua New Guinea (100%-owned) – one of Asia Pacific's largest undeveloped copper resources.

The Company's vision is to build a diversified international copper producer, supplying rapidly growing markets across Asia and the globe.

Marengo is currently completing a Definitive Feasibility Study (DFS) on the Yandera Project, which is due to be finalised by the end of 2010 and reported by the end of the first quarter of 2011, providing the foundation for financing and development of a large-scale mining and processing operation.

Ore production is anticipated to commence at 25Mtpa, with the project set to enter world markets from 2013/14.

Marengo has established JORC compliant resources at Yandera containing 4.9 billion pounds of copper, 176 million pounds of molybdenum plus gold, silver and rhenium. A further JORC resource update is due as part of the DFS.

PNG is a Commonwealth country with a thriving mining and exploration industry which is ideally located for shipping copper and molybdenum to Asian markets. Major companies currently operating and investing in PNG include Barrick Gold, Xstrata, China Metallurgical Group, Lihir Gold, Newcrest Mining, Harmony Gold Mining and ExxonMobil. The country has long-established and transparent mining legislation.

The Company is backed by several major strategic shareholders including George Soros' Quantum Partners and The Sentient Group.

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Certain statements in this report contain forward-looking information. 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. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward looking statements in light of the risks set forth in the company's continuous disclosure filings as found at the (Canadian) SEDAR website.

For further information on the Project and the resources contained therein, please refer to the Company's Canadian NI 43-101 and Australian JORC compliant technical report "Yandera Copper Project, Mandang Province, Papua New Guinea" (dated January 2009) which is available on the Company's website and at the (Canadian) SEDAR website.

