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YANDERA MINING COMPANY LIMITED (COMPANY NO. 1-53202)

MARENGO MINING (PNG) LIMITED (COMPANY NO. 1-76844)

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**TSX: MRN
ASX & POMSoX: MGO**

NEWS RELEASE

**MARENGO ACQUIRES PNG PORT AREA FOR YANDERA
COPPER-MOLYBDENUM-GOLD PROJECT
– PROJECT UPDATE**

Marengo signs agreement for harbourside land and ship-loader in Madang Port as Yandera Project Feasibility Study nears completion.

- Purchase agreement signed to acquire control of 18 hectares of land, together with a ship-loader, adjacent to the Madang Port.
- Land acquisition earmarked for centralised infrastructure within the Madang area for the Yandera Copper-Molybdenum-Gold Project.
- Yandera Feasibility Study continues to progress well with additional mine planning to be incorporated following recently announced high-grade copper-molybdenum results from the Omora zone.
- Major Chinese engineering group NFC focused on delivering fixed price, lump sum Engineering Procurement Construction (EPC) pricing by the end of 2012.
- Drill testing of new targets close to the Yandera deposit continues.

Marengo Mining Limited (TSX: **MRN**, ASX and POMSoX: **MGO**) ("Marengo" or the "Company") is pleased to advise that it has **entered into an agreement to purchase control of a significant parcel of land adjacent to the Madang Port** marking another key step towards possible development of its flagship **Yandera Copper-Molybdenum-Gold Project, in Papua New Guinea ("PNG")**.



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Under the terms of an agreement entered into between Marengo's subsidiary, Yandera Mining Company Limited ("YMCL") and PNG wood-chip operations company, Jant Limited, YMCL has agreed to purchase a State Lease, covering approximately 18 hectares of waterfront land ("the Land"), adjacent to the Madang Port. The Purchase Agreement also covers a ship-loader and wharf facility within the Madang Port area.

The consideration for the acquisition of control of the leasehold land and ship-loader is 22,000,000 PNG Kina (approximately A\$/C\$10M), which is payable in stage payments up to 18 months from the date of the agreement, with the first payment of 500,000 PNG Kina (approximately A\$/C\$225,000) having been paid on signing. A condition of the purchase is that YMCL will make application to the PNG Government for a replacement lease, over the land, together with any necessary rezoning, for the purpose of **establishing infrastructure related to the development of the Yandera Project.**

It is envisaged that the Madang site will be utilised for the following components of infrastructure for the project, should it proceed, being:

- **Concentrate storage and shipping facilities;**
- **Power station and associated transformers;**
- **Office and warehouse facilities; and**
- **Staff accommodation.**

Commenting on the signing of this agreement, Marengo's Managing Director and CEO, Mr Les Emery, said:

"We are pleased to announce the signing of this important agreement, which marks another important step towards the possible development of the Yandera Co-Mo-Au Project, as we move closer to completion of the Yandera Feasibility Study.

"The development of Yandera will bring another major mining project to the Madang region, delivering significant economic and social benefits to the region, the people of Madang Province and PNG as a whole.

"Having access to premium land within the Madang Port area will be of great benefit to the Yandera Project, facilitating the proposed development of centralised infrastructure to service the Project including concentrate storage and shipping facilities, a power station, office and warehouse facilities and staff accommodation."

Jant Limited Land



Ship-Loader



Feasibility, Permitting & EPC Status

Marengo is continuing to progress the Yandera Feasibility Study (the "FS") with the full resources of the Company and its consultants currently fully engaged and focused on completing the FS at the earliest possible time.

Completion of the study has been targeted for the end of the third Quarter of 2012, although the critical path lies with completion of the mining engineering activity. Following an extensive review of the schedule, it has been determined that the majority of the FS (over 90%) will be complete by the end of September, but some critical aspects of the mining engineering will extend into October.

This is the result of the new drilling data, in particular, from the Omora zone, which have highlighted significant copper and molybdenum grades which could possibly have a positive effect on the mine design and scheduling.

Initial evaluation of the Omora and Imbruminda infill drilling, as recently reported, is encouraging, by confirming targeted grade interpretations and providing scope for additional shallow and medium depth increases to resources and grades.

Securing land at the Madang Port area has enabled Marengo to plan for the centralisation of its coastal infrastructure, including concentrate storage and shipping, power generation, and other logistic functions.

With the decision to base the FS on a single Madang location for the above functions one important area of focus has been the incorporation of a central power station to supply all of Marengo's future operations power requirements. This is proposed to be by way of a generally liquified natural gas (LNG) fed power station, although other fuel sources (HFO and diesel) can be used if required.

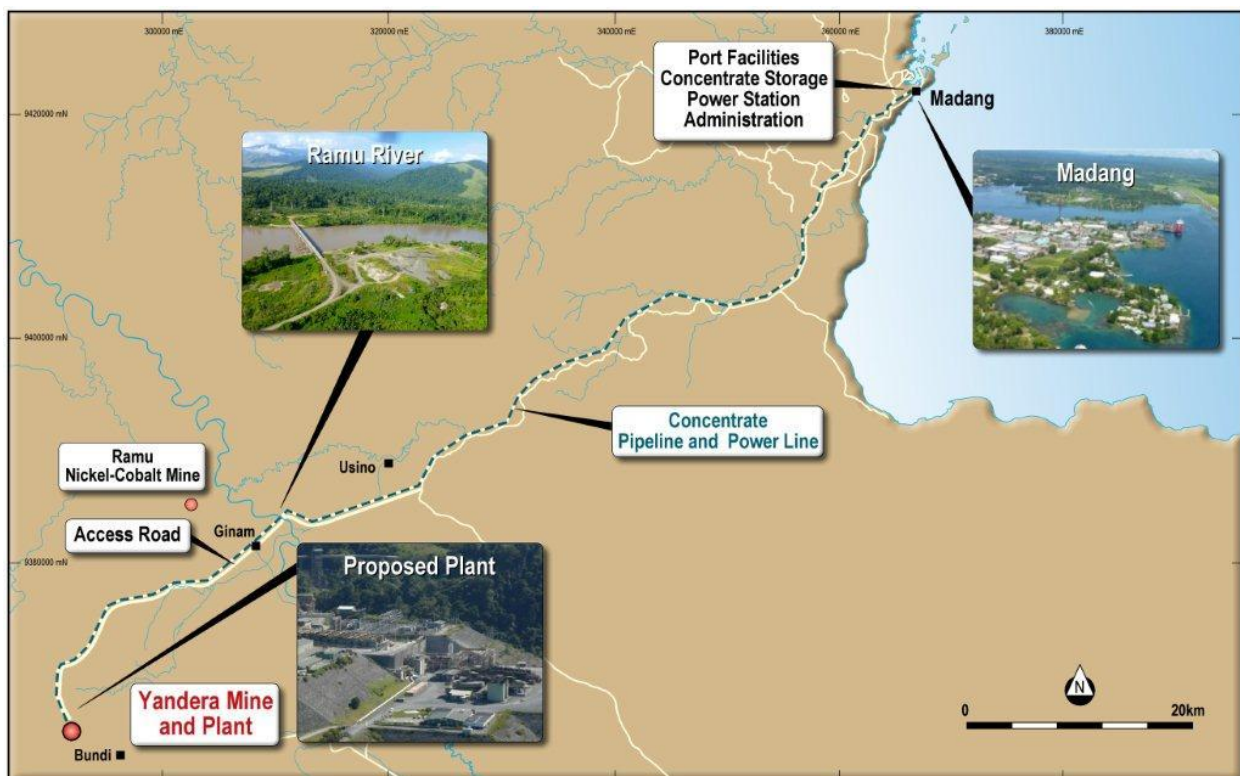
It is currently envisaged that Marengo will generate up to 95MW of electricity, using closed cycle gas turbines, for its own requirements, together with possible supplies to other parties for which discussions are ongoing.

Activities surrounding the preparation of the Environmental Impact Statement (EIS) are also progressing well, to enable this document to be filed with the PNG government, to support a subsequent application for a Special Mining Lease, for the development of the Yandera Project.

The current FS is being completed by a team of experts, from Marengo, Arcon Mining Services (Arcon) and many other Australian and international consultants. In parallel to this activity and under its arrangements with **China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd (NFC)**, for the financing, construction and development of the Yandera Project, NFC and Arcon are completing the detailed process engineering design work. This activity, which is independent of work on the FS, **is designed to provide Marengo with a fixed price, lump sum Engineering Procurement Construction (EPC) pricing by the end of 2012.**

This work is being undertaken by NFC and one of NFC's related design institutes in China, with Australian based Arcon (a member of the Allmine Group) providing supporting engineering services to NFC.

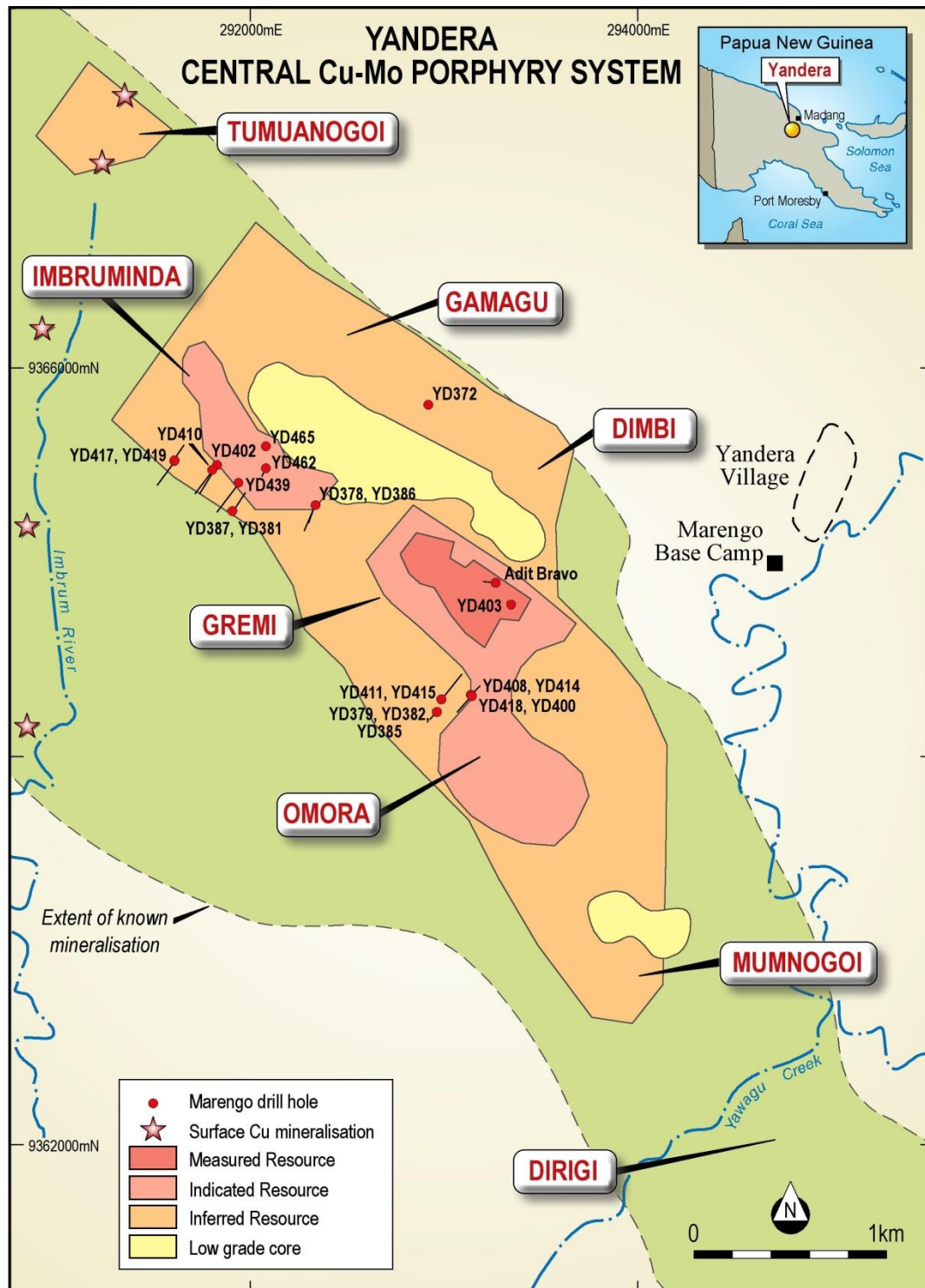
Mine to Port Plan



In-fill Drilling

It is intended that in-fill drilling will continue for the remainder of the year and, subject to available funds, into 2013. The benefits of this activity were clearly demonstrated to a great extent with the **recent release of drilling results from the Omora zone, where significantly higher copper and molybdenum grades were encountered, over extensive downhole lengths, in a number of drill holes.** For a description of these results, please see Marengo's press release dated 15 August, 2012.

Although this work will extend beyond the completion of the current FS it is hoped that it will enable further detailed mine planning to continue, so that in the event the Yandera Project receives a positive FS, and is fully financed and permitted, planning will be able to identify those areas of better grade. The early mining of these zones, where possible, could greatly enhance the future economics of the Yandera Project.



Exploration

In addition, to more broad ranging regional exploration of targets within Marengo's extensive Yandera Project area (some 1,730 square kilometres), an immediate focus is also to continue to assess areas close to the current Yandera Central mineral resources, where a number of targets have been identified.

A number of these have or are currently being drill tested, including the Dirigi Prospect, some 2 km south-east of Yandera Central, where copper – molybdenum – gold mineralisation has been encountered in two drill holes to date and further results are awaited.

Other target areas are currently being assessed using existing geological, geophysical and geochemical databases, supplemented by an active program of field mapping. It is expected that drill testing of other proximal targets will commence shortly.

Funding

On 11 July 2012 the Company announced the completion of a best efforts share offering, raising gross proceeds of C\$20M, by the issue of 133,333,333 ordinary shares at C\$0.15 per share.

The issue was supported by a number of Marengo's existing shareholders, together with a number of new investors, **including JP Morgan Asset Management (UK) Limited which took up 5.7% of the Company's issued capital.**

Substantial shareholders in Marengo now comprise;

Sentient Global Resource Fund 22.20%

Quantum Partners LDC 16.49%

OMERS (Ontario Municipal Employees Retirement System) 6.54%

JP Morgan Asset Management (UK) Limited 5.70%

As at 30 July the Company had cash reserves of approximately A\$24.5M (C\$25.8M).

For further information:

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NOTES:

Cautionary Statement Regarding Forward-Looking Information:

This news release contains forward looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or to be achieved and any other similar expressions. In providing the forward-looking information in this news release, the Company has made numerous assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) that the results of the FS continue to be positive; and (iv) that future exploration results are as anticipated. Management believes that these assumptions are reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking information. Some of these risks, uncertainties and other factors are described under the heading "Risks Factors" in the Company's annual information form available on the *SEDAR* website. Forward-looking information is based on estimates and opinions of management at the date the statements are made. Except as required by law, Marengo does not undertake any obligation to update forward-looking information even if circumstances or management's estimates or opinions should change. Readers should not place under reliance on forward-looking information.

The contents of this release have been approved by Mr Karl Smith, "a qualified person" as set out in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience. Karl Smith is a Fellow of the Australasian Institute of Mining and Metallurgy.

Scientific and technical information in this report including that relating to drilling intercepts and mineralization were prepared by Mr Peter Dendle. Mr Dendle is a member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Marengo Mining Limited. Mr Dendle has sufficient experience which is relevant to the style of mineralization 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 (The JORC Code, 2004 Edition). Mr Dendle consents in writing to the issue of this report, to the extent of matters based on his information in the form and context in which it appears.

For further information on the Yandera Project, including a description of Marengo's standard data verification processes, quality assurance and quality control measures, and details of the key assumptions, parameters and methods used to estimate the mineral resources set out in this report and the extent to which the estimate of previously declared mineral resources set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or relevant issues, readers are directed to the technical report entitled "Technical Report on the Yandera Copper-Molybdenum-Gold Project Madang Province, Papua New Guinea", dated May 14, 2012.

The resources disclosed herein are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them to be categorized as mineral reserves. There is no certainty that the mineral resources disclosed herein will be realized or converted to mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.