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

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

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**CHAIRMAN'S ADDRESS & MANAGING DIRECTOR'S ACTIVITIES  
UPDATE TO ANNUAL GENERAL MEETING  
8 NOVEMBER 2012**

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**Chairman's Address**

Marengo Mining Limited has come a long way since being incorporated in 2002 and listed on the ASX in 2003, embarking on the ambitious Yandera Project in Papua New Guinea in early 2005, and listing on the Port Moresby and Toronto Stock Exchanges in 2006 and 2008 respectively.

Together with the proposed re-domicile to Canada, the Company is now at a pivotal stage of its growth, as it prepares to set itself for the production phase of the large copper-gold-molybdenum deposit at Yandera. The challenges Marengo faces in this next phase are not inconsiderable, but the Company's performance to this point provides grounds for reasonable optimism for a successful and rewarding outcome.

Marengo has so far been successful in its fundraising, initially to enable the Company to get off the ground and then to move ahead putting together the pieces of the jigsaw to bring the picture to its present stage. Much of the capital has been raised against the background of a difficult and uncertain economic climate. We have been fortunate to have secured the support of sound financial backers through our major shareholders, Sentient Global Resources Fund and Quantum Partners LDC (Soros), along with many other valued investors.

We have been welcomed and supported by the Government of Papua New Guinea, and have established constructive working relationships with the government and with relevant government departments. PNG's support for Marengo is indicated in real terms in the Investment and Co-operation Agreement that establishes the framework for the government's wholly owned subsidiary, Petromin PNG Holdings Limited, to acquire a 30% contributing interest in the Yandera Project.



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We have opened up sound pathways of communication and cooperation with the local communities in the project area, and this has enabled Marengo to work through important and sensitive issues with them in a way that is good for all concerned.

Environmental health, and the safety and wellbeing of workers and of the communities in which we operate, have always been of utmost concern to Marengo, and we have instigated initiatives and structures to put principles into practice. We have also taken the opportunity to support community needs in other important aspects of their community life.

Marengo Mining Limited is proud to be regarded by the PNG government and the local communities as a responsible and respectful corporate citizen, doing our best to make a worthwhile contribution to their people's lives and prosperity.

As the Company has grown over the years, so have staffing needs. We have been able to recruit capable and committed people to work with Marengo at all the different levels of its operations. As a result, the Company now has a high-calibre senior executive team to lead it through present and future challenges, and a quality staff in whom we have justifiable confidence to do the job very well.

Changes to the Board of Directors have been made to reflect the evolving technical and business challenges Marengo now faces, as well as the proposed re-domicile to Canada.

Dr Louis Gignac, the incoming Chairman, brings a wealth of mining knowledge, expertise and experience that will anchor the Company in the coming critical phase. The Board will be further strengthened by Canadian-based Mario Caron and Keith Morrison, who have extensive backgrounds as operators and directors in mining and associated mining business, and Sydney-based Ian Hume whose skills include broad knowledge and heavy-weight experience in financing and project development. Continuing on the Board will be Sir Rabbie Namaliu, and Canada-based John Hick and Elizabeth Martin.

I would like to express my sincere appreciation to retiring founding director, Dr Doug Dunnet, and retiring director Susanne Sesselmann, for their thoughtful and valuable contributions in helping to bring the Company to where it now is. We wish them well in the future.

I would also like now to pay tribute to our MD, Les Emery. Les' vision, energy and ability to get the job done have been major driving forces in bringing Marengo from its inception to its present position, as it steps onto the threshold of major development towards production from the Yandera Project. I congratulate and commend Les for what has been achieved both through his own efforts, and through his leadership of the Company since 2002.

Marengo is not quite there yet and there is still groundwork to be done. Exploration drilling continues to determine the scope of the resource. The Feasibility Study, due to be completed soon, will open the door for the signing of the EPC contract with China Nonferrous Metal Industry's Foreign Engineering and Construction Company Limited to develop the Project, and to assist with arranging major financing from Chinese banks. Marengo still has a job ahead of it, but all the signs are that it is up to the task.

As you are aware, this is my last meeting as I step down from the Board as founding Chairman, as Marengo moves confidently into the future. I am proud to have been part of Marengo Mining Limited as it has emerged from an optimistic thought bubble to the vibrant organisation, with such real potential, that it is today. I have great faith in the future for Marengo (and its share price!).

I want to express my appreciation to my fellow directors, and indeed the whole Marengo staff, for their support and goodwill over a long period of time. I also thank sincerely the local people at Yandera and Usino Bundi for their welcome and support. They have carried me on their shoulders!

My association with Marengo and its people has been a positive and personally rewarding experience, and I thank you. You have my warmest best wishes for now and for the future.

Thank you.  
John Horan  
Chairman  
8 November 2012

### **MANAGING DIRECTOR'S ADDRESS - ACTIVITIES UPDATE**

Ladies and Gentlemen,

I would like to present to you a summary of the past years activities of Marengo Mining Limited as we continue to direct our efforts towards achieving the goal of taking the Company into the next stage of its life, that of a producer, through the development of the Yandera Project.

Marengo is very fortunate to have the Yandera Project as its key asset and this has been the principal focus of the Company since we first entered the Project in 2005.

Rarely does a small-cap company have an opportunity to gain access to a project which has the potential to become a world scale, long term copper producer and even more rare for that company to be in the position to retain control of the project into development. The road since 2005 has not been easy, not because of operational issues, but because of external global factors, principally being almost continuous instability in the equity markets, which of course are the lifeblood of a company such as Marengo. In spite of this challenge we have been successful in moving this project forward, under our own steam to a point where the completion of a feasibility study on the Yandera Project is imminent.

To date, Marengo has spent in excess of \$150M on the Yandera Project, with a large proportion of those funds being invested in major drilling programs, which today sees Yandera with more than 500 diamond drill holes for over 150 kilometres of drill core. As you can see from our previously filed resource estimates, Marengo has continued to build on the scale of the Yandera Project in both deposit size, resource classification and metal inventory. The Yandera Central deposit has been the main focus of this drilling and has demonstrated that it has scale, strike and depth potential as well as identifying higher grade zones, within the deposit, as evidenced by significant, high grade drill intersections, reported over recent months.

All of these factors bode well for the Yandera Project and the ability of Marengo to take this project forward into production. The current Feasibility Study is almost complete, as well as being the subject of an extensive review process. We are well aware of the interest the results of this study have created, however, we will not take shortcuts in the process.

In addition to the Feasibility Study activities, being undertaken by Marengo in conjunction with Arcccon Engineering and a large number of consultant groups, we are fortunate to have developed a close bond with one of China's leading engineering and construction groups, China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd or NFC. The strategic alliance that was formed in October 2010 has seen us working alongside NFC as they undertake some components of the feasibility study, such as comprehensive metallurgical testwork, but the most important aspect of our relationship is in the area of optimising capital costs. Under the arrangements in place between NFC and Marengo, NFC is in the process of completing a competitive, fixed price Engineering Procurement and Construction (EPC) quotation, by the end of 2012. It is envisaged that this EPC quotation will follow the release of Marengo's Feasibility Study and will provide the Company with the ability to seek, by way of facilitation from NFC, suitable funding from Chinese banks, for the development of the Yandera project.

I believe that the structure of the strategic alliance between NFC and Marengo was the first of its kind and will lead us to demonstrating the benefits of its structure in creating successful outcomes for both organisations.

In addition to our alliance with NFC, Marengo is very proud to have continued to work closely with the nation of Papua New Guinea (PNG) and the people of this resource rich and pro-mining nation. Our relationship with the local communities around the Yandera Project and the Usino Bundi region continues to be strong and I believe that we have been successful in this regard, because the Company acknowledges these communities as important stakeholders in the project. In addition, we have continued our efforts in ensuring that we maintain active dialogue with all other local stakeholders, as well as the Madang Provincial Government and the national government of Papua New Guinea. Our aims are fully aligned with all of the stakeholders in wanting to see the development of a long life, profitable, world scale mining project, which will provide economic and social benefits to all. We are proud of the reputation that the Company has developed over the past seven years, as that of a caring, socially and environmentally responsible company, and this is something that Marengo values highly.

The past year again saw a high level of site activities, which in turn provided a significant amount of local employment and economic benefit to the local communities and the Madang Province. I am pleased to advise that this activity was carried out without any serious injuries being sustained by either our employees, contractors or consultants and that no environmental incidents occurred. Marengo continues to provide support to the local communities in both health and education, as tangible demonstrations of our commitment to the people of this region.

Marengo continues to be proactive in its approach to the environment and community, and has, over past months, initiated a pilot sustainable development program in the Yandera district. With the assistance of local landowners and the Madang Provincial Government, the Company has commenced the development of a trial parcel of land, where various crops will be planted to establish parameters to assist local communities in developing sustainable food crops going forward. The Company is particularly proud of this initiative as it has been commenced at an early stage and again demonstrates our commitment to the communities that we work.

For the year to June 30, 2012 Marengo drilled a total of 26,947 metres and drilling has continued since that date. A focus of this drilling, in addition to completing geotechnical and hydrogeological drilling for the Feasibility Study, has been on in-fill drilling, within the Yandera Central deposit, particularly focusing on identifying zones of higher grade mineralization. As mentioned, this program has been very successful in providing a number of significant intersections in both down hole length and grade, and among the best ever reported from the Project.

In addition to its relationship with NFC, Marengo continues to work closely with the PNG Government, who has shown every support for the Company's ambitions to develop the Yandera Project. We continue to have dialogue with the Government's nominee, Petromin PNG Holdings Limited (Petromin), whereby Petromin will be able to take up a 30% contributing interest in the development of the Yandera Project.

In addition to activities at Yandera and since the end of the financial year, Marengo has been active on a number of fronts, both operationally and corporately. We have entered into an agreement to acquire a significant parcel of land, adjacent to the Madang Port, which can provide a suitable location for concentrate shipping, as well as a possible location for power supply facilities, warehousing and administration functions.

On a corporate front we successfully completed a \$20M financing by way of a Canadian prospectus issue and have commenced the process by which Marengo will redomicile from Australia to Canada. The latter is part of the Company's strategy to ensure that as we move forward to the development phase of the Yandera Project, that we have put Marengo in the best possible position to finance the development of this exciting project.

Over past months Marengo has continued to build its team and we are particularly pleased to welcome Paul Korpi as the Company's Chief Operating Officer. Paul brings with him extensive experience in developing projects like Yandera in many parts of the world. In addition, we have been fortunate to engage Mr Stevie Nion as PNG – Country Manager. Stevie has had a long and distinguished career in the PNG public service resource sector, with his most recent appointment being with the PNG state company, Petromin.

The solid performance and progress made this year by Marengo is the result of a lot of hard and diligent work by a lot of people. The Marengo team has now grown to a level where it is not possible to thank them all individually, however, I do want to ensure that whether they are based in PNG, Australia or Canada, that their contribution is appreciated. We have exciting times ahead and I am sure that this will continue to motivate us all?

I would also like to thank all of our consultants and contractors, who have provided the support to us during the year and would in particular like to thank the Arccon Engineering team for their efforts during the course of the Feasibility Study.

We have seen the recent departure of three members for our Board of Directors, in Mr John Horan, Dr Doug Dunnet and Ms Susanne Sesselmann and I would like to add my appreciation to John Horan's for the contribution that Doug and Susanne have made to Marengo.

With the retirement of John Horan, who was the Company's founding Chairman, I would like to thank John on behalf of myself, my fellow directors and shareholders for his past ten years of support, contribution and dedication to Marengo. John, Doug Dunnet and I shared a vision in 2002 and I am pleased to say that the vision is getting closer to reality by the day.

Thank you

Les Emery  
Managing Director/CEO  
8 November 2012

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