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TSX: MRN  
ASX & POMSoX: MMC

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**YANDERA PROJECT EPC PRICING RECEIVED FROM CHINA'S NFC,  
FEASIBILITY STUDY UPDATE AND INTERIM FUNDING ARRANGEMENT**

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**Key Points**

- **Fixed Engineering, Procurement & Construction (EPC) pricing, for processing facilities, mine infrastructure and port facilities of US\$1.42 billion received from China's NFC, to form part of pending Feasibility Study (FS).**
- **Ongoing pending Feasibility Study optimisation work results in a decision to potentially increase the initial processing rate at Yandera to 30Mtpa.**
- **EPC pricing based on the anticipated increased processing rate, with CAPEX remaining below the Company's guidance.**
- **Letter of Intent for project financing provided to NFC by a leading Chinese state bank, with the facility expected to be for 70 per cent of the total CAPEX, subject to pending FS.**
- **Review of the Feasibility Study continuing, with the study due for completion in March 2013.**
- **Marengo's major shareholder, The Sentient Group, will provide an interim US\$10M working capital facility whilst Feasibility Study optimisation is completed.**

Marengo Mining Limited (TSX: MRN, ASX/POMSoX: MMC) is pleased to announce that it has received pricing for a fixed lump sum, turnkey, Engineering, Procurement and Construction (EPC) contract for development of its Yandera Copper-Molybdenum-Gold Project in Madang Province, Papua New Guinea from major Chinese engineering, construction and mining Company, China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd (NFC).

The EPC pricing provides a strong foundation for the completion and delivery of the Yandera Feasibility Study, which is scheduled for completion in March 2013. As previously advised, NFC has prepared its EPC pricing by working in parallel with the Feasibility Study team as part of the overall development strategy at Yandera.

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Even with the potential increased throughput, the development CAPEX numbers have remained just below the Company's prior guidance:

Item	Amount
Fixed EPC pricing, subject to contract completion, to include complete processing facilities, crushing, grinding, mine infrastructure, administration facilities, access road, concentrate pipeline, filter plant, port site, ship-loader and tailings dam construction	<b>US\$1.42 billion</b>

Other infrastructure, including mining fleet, pre-strip and power transmission line, subject to the completion of the pending Feasibility Study, is currently estimated in the range of US\$300M – US\$400M for a total project CAPEX in the range of US\$1.7-\$1.85 billion.

These CAPEX estimates do not include owner's costs, working capital, capitalised operating costs and third party power supply, all of which will be included in the development costs in the pending FS.

The President of NFC, Mr Wang Hongqian, commented: "Marengo's Yandera project is a high priority for NFC. We remain fully supportive of Marengo as it advances the development of the project".

A Letter of Intent for project financing has been provided to NFC by a leading Chinese state bank. Marengo expects that, when completed, the facility is estimated to be for approximately 70 per cent of the total development capital of the project, subject to completion of pending Feasibility Study.

Marengo's President & CEO, Mr Les Emery said "For a company at Marengo's stage to have received a fixed price EPC quote from such a respected, major Chinese engineering, construction and mining company is a huge achievement and a recognition of the value inherent in the Yandera Project".

With the EPC pricing now provided by NFC, Marengo will include this in the Feasibility Study, which is expected to be completed in March 2013.

Negotiations between Marengo and NFC on the EPC contract have now commenced.

#### **FEASIBILITY STUDY UPDATE**

A final review of the Yandera Feasibility Study has been underway since late 2012.

Extensive work has been completed to date as part of the Yandera Feasibility Study, which is being prepared by Mining One, Ravensgate Mining Industry Consultants and Arccon Mining Services, together with other respected Australian and international consultancies.

Some of the recent highlights from the pending Feasibility Study include:

- a decision to increase the anticipated mine throughput rate to 30Mtpa;
- very good metallurgical recoveries and concentrate grades;
- further optimization work in mine planning, pit design and tailings management, particularly in light of the increase in throughput.

Further to the decision to potentially increase the plant processing rate to 30Mtpa, as part of the optimization of the proposed Feasibility Study, Marengo is pleased to report that the ongoing metallurgical testwork program continues to confirm the high copper recoveries and grades achieved in the 2012 program.

Copper recoveries from hypogene / fresh samples, taken from three main zones of the Yandera deposit vary from 85-95% with copper concentrate grades varying from 25-40% for copper, with gold, silver and molybdenum recoveries at economic levels.

Optimization work performed early in 2013 on Gremi and Imbruminda zone bulk samples are showing outstanding recoveries, with the Gremi bulk adit sample achieving a copper recovery of 95.8% and a final concentrate grade of 40% copper, with recoverable molybdenum, gold and silver, in the lock cycle tests, performed at ALS Ammtec's Perth laboratories.

Test work performed on Imbruminda samples reported copper recovery of 94% and a final concentrate grade of 41% copper, in the lock cycle tests. Good molybdenum, gold and silver recovery was demonstrated in this test as well.

The results from the test program are important in that Gremi and Imbruminda are expected to supply the first decade of production to the process plant. A revised mining plan will be completed for the 30Mtpa option, as part of the completion of the Feasibility study.

Commenting on the progress of the Feasibility Study, Marengo's Chief Operating Officer, Mr Paul Korpi, said: "The upcoming completion of the pending FS is the culmination of a significant effort by all of the Yandera team members and our consultants. Marengo looks forward to continuing to work with NFC, the PNG National Government, the Madang Provincial Government and our local Yandera community."

## **Funding**

Given the extensive nature of the review being undertaken of the Feasibility Study and the additional optimisation opportunities currently being considered, Marengo's major shareholder, Sentient, will provide an unsecured, interest-bearing working capital facility of US\$10 million, repayable on or before 31 December 2013.



**Les Emery**  
**President/CEO**  
**6 February 2013**

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## NOTES

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, Madang Province, Papua New Guinea" (dated April 2012) which is available on the Company's website and at the (Canadian) *SEDAR* website.

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, lodged concurrently on the *SEDAR* website (or attached to this release).

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. The information disclosed herein is subject to change and receipt of the feasibility study. No decisions to place the project into commercial production has been made and any such decision is subject to a review of many factors including those matters set out in the feasibility study when it is received by the company.

The contents of this release have been approved by Mr. Allan R G Brown, BSc(Hons) Metallurgy, FAusIMM, Member MICA, Chartered Professional, a "Qualified Person" as set out in National Instrument 43-101 (NI43-101) by reason of education, affiliation with a professional association (as defined in NI43-101) and past relevant work experience.

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allan R G Brown. Mr Allan R G Brown consults to the Company through Allan R G Brown & Associates Pty Ltd and is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Allan R G Brown has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC, 2004). Mr Allan R G Brown consents to the inclusion in this report of the matters based on the information in the form and context that the information appears.