



MARENGO MINING LIMITED

ABN 57 099 496 474

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THREE AND NINE MONTH PERIODS ENDED
31 MARCH 2009**

This unaudited interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2008 and any public announcements made by Marengo Mining Limited during the interim reporting periods in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

MARENGO MINING LIMITED
31 MARCH 2009 INTERIM FINANCIAL REPORT

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All amounts are expressed in Australian Dollars unless otherwise stated.

MARENGO MINING LIMITED
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CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTH PERIODS ENDED 31 MARCH 2009

	Three Month Period Ended		Nine Month Period Ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	\$	\$	\$	\$
REVENUE FROM CONTINUING OPERATIONS	55,792	304,194	1,376,113	977,262
EXPENDITURE				
Depreciation expense	(57,271)	(19,761)	(144,877)	(50,136)
Salaries and employee benefits expense	(810,219)	(278,565)	(1,367,784)	(716,422)
Exploration expenditure	(2,254,410)	(3,384,290)	(10,396,465)	(7,712,789)
Corporate expenditure	(75,566)	(79,868)	(697,388)	(354,945)
Occupancy expenditure	(90,680)	(31,379)	(245,392)	(63,437)
Insurance expenditure	(55,776)	(25,766)	(169,987)	(65,995)
Administration costs	(42,515)	(14,731)	(1,040,925)	(470,813)
Share based payment expense	(10,065)	-	(226,058)	-
LOSS BEFORE INCOME TAX	(3,340,710)	(3,530,166)	(12,912,763)	(8,457,275)
Income tax benefit / (expense)	-	-	-	-
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF MARENGO MINING LIMITED	(3,340,710)	(3,530,166)	(12,912,763)	(8,457,275)
Basic and diluted loss per share (cents)	(1.2)	(1.7)	(4.8)	(5.1)

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

MARENGO MINING LIMITED
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	31 March 2009 \$	30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	8,020,072	23,352,570
Trade and other receivables	286,415	828,723
TOTAL CURRENT ASSETS	8,306,487	24,181,293
NON CURRENT ASSETS		
Other financial assets	408,733	817,301
Plant and equipment	810,321	622,054
Mining properties	16,577,935	9,352,520
TOTAL NON CURRENT ASSETS	17,796,989	10,791,875
TOTAL ASSETS	26,103,476	34,973,168
CURRENT LIABILITIES		
Trade and other payables	837,568	2,745,003
Provisions	452,083	240,608
TOTAL CURRENT LIABILITIES	1,289,651	2,985,611
TOTAL LIABILITIES	1,289,651	2,985,611
NET ASSETS	24,813,825	31,987,557
EQUITY		
Contributed Equity	58,540,993	58,540,993
Reserves	6,584,772	845,741
Accumulated losses	(40,311,940)	(27,399,177)
TOTAL EQUITY	24,813,825	31,987,557

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2009

	Nine Month Period Ended	
	31 March 2009	31 March 2008
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE PERIOD	31,987,557	13,999,519
Exchange differences on translation of foreign operations	5,512,973	414,654
NET INCOME RECOGNISED DIRECTLY IN EQUITY	5,512,973	414,654
LOSS FOR THE PERIOD	(12,912,763)	(8,457,275)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF MARENGO MINING LIMITED	(7,399,790)	(8,042,621)
Transactions with equity holders in their capacity as equity holders:		
Shares issued for the period	-	23,791,536
Transaction costs	-	(1,612,321)
Employees and consultants share options	226,058	-
Options issued to suppliers	-	81,331
	226,058	22,260,546
TOTAL EQUITY AT THE END OF THE PERIOD	24,813,825	28,217,444

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE AND NINE MONTH PERIODS ENDED 31 MARCH 2009

	Three Month Period Ended		Nine Month Period Ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Gains on foreign exchange	-	-	201,303	219,014
Payments to suppliers and employees	(1,330,199)	(379,253)	(3,605,447)	(1,616,299)
Interest received	228,045	273,913	761,081	700,712
Expenditure on mining interests	(1,244,243)	(3,940,059)	(8,568,519)	(7,949,845)
Net cash (used in) operating activities	(2,346,397)	(4,045,399)	(11,211,582)	(8,646,418)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for DFS expenses	(1,024,727)	-	(3,998,728)	-
Payments for plant and equipment	(82,929)	(147,263)	(248,298)	(267,044)
Net cash (used in) investing activities	(1,107,656)	(147,263)	(4,247,026)	(267,044)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issue	-	8,353,225	-	23,791,536
Payment of share issue costs	-	(188,378)	-	(1,520,932)
Net cash provided by financing activities	-	8,164,847	-	22,270,604
Net (decrease)/increase in cash and cash equivalents	(3,454,053)	3,972,185	(15,458,608)	13,357,142
Cash and cash equivalents at the beginning of the period	11,302,932	16,556,956	23,352,570	7,171,035
Effects of exchange rate changes on cash and cash equivalents	171,193	(1,274)	126,110	(310)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8,020,072	20,527,867	8,020,072	20,527,867

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

MARENGO MINING LIMITED
31 MARCH 2009 INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

This general purpose consolidated interim financial report for the three and nine month periods ended 31 March 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Marengo Mining Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Since 1 July 2008, the consolidated entity has elected not to early adopt any new standards or amendments.

Going Concern

This interim financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the consolidated entity is dependant upon it maintaining, and where needed, raising sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the consolidated entity and consider the entity able to meet its debts as and when they fall due.

Significant Accounting Policy

Exploration, evaluation and feasibility costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs and feasibility study costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

MARENGO MINING LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION

Primary reporting format – geographic segments

	Australia \$	Papua New Guinea \$	Total \$
Three Months Ended 31 March 2009			
Total segment revenue	55,792	-	55,792
Intersegment elimination			-
Consolidated revenue			55,792
Segment result	(3,213,289)	(2,355,956)	(5,569,245)
Intersegment elimination			2,228,535
Loss before income tax			(3,340,710)
Three Months Ended 31 March 2008			
Total segment revenue	303,637	557	304,194
Intersegment elimination			-
Consolidated revenue			304,194
Segment result	(2,535,980)	(3,440,576)	(5,976,556)
Intersegment elimination			2,446,390
Loss before income tax			(3,530,166)
Nine Months Ended 31 March 2009			
Total segment revenue	1,376,113	-	1,376,113
Intersegment elimination			-
Consolidated revenue			1,376,113
Segment result	(7,400,457)	(10,696,525)	(18,096,982)
Intersegment elimination			5,184,219
Loss before income tax			(12,912,763)
Nine Months Ended 31 March 2008			
Total segment revenue	976,705	557	977,262
Intersegment elimination			-
Consolidated revenue			977,262
Segment result	(7,279,218)	(7,804,450)	(15,083,668)
Intersegment elimination			6,626,393
Loss before income tax			(8,457,275)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE

	31 March 2009 Shares	31 March 2009 \$	31 March 2008 Shares	31 March 2008 \$
Issues of ordinary shares during the period				
Issued for cash @ 36 cents per share	-	-	41,666,667	15,000,000
Issued on conversion of options (20 cents per share)	-	-	43,957,680	8,791,536
Share issue costs	-	-	-	(1,612,321)
	-	-	85,624,347	22,179,215

	Number of options	
	31 March 2009	31 March 2008
Movements of options during the period		
Issued, exercisable at 50 cents, on or before 15 August 2013	5,750,000	-
Issued, exercisable at 25 cents, on or before 18 December 2013	2,300,000	-
Issued, exercisable at 25 cents, on or before 31 March 2014 ⁽¹⁾	550,000	-
Expired, exercisable at 20 cents, on 30 November 2008	(1,566,666)	-
Expired, exercisable at 25 cents, on 30 November 2008	(3,066,666)	-
Expired, exercisable at 30 cents, on 30 November 2008	(2,166,668)	-
Expired, exercisable at 40 cents, on 30 November 2008	(4,000,000)	-
Expired, exercisable at 36 cents, on 15 February 2009	(993,055)	-
Issued, exercisable at 36 cents, on or before 15 February 2009	-	993,055
Listed options exercised at 20 cents	-	(43,957,680)
Listed options expired on 7 March 2008	-	(4,424,894)
Net movement	(3,193,055)	(47,389,519)

(1) These options were offered to, and accepted by, employees in February 2009, and have been valued and included in the accounts. These options were not allotted until 15 April 2009.

NOTE 4: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 March 2009 which has significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent reporting periods.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 6: SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

	Three Month Period Ended		Nine Month Period Ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	\$	\$	\$	\$
Expenses arising from equity-settled share based payment transactions	10,065	-	226,058	-

(b) Employee Share Option Plan

On 31 July 2008, shareholders adopted the Marengo Mining Employee Share Option Plan ("Plan"). The Plan entitles key management personnel and employees to purchase shares in the Company.

The exercise price and expiry date of options issued under the Plan are set at the discretion of the Board.

As at 31 March 2009 2,850,000 options have been issued to Eligible Employees.

(c) Directors Options

On 31 July 2008, shareholders approved the granting of 5,750,000 options to the Directors with an exercise price of 50 cents and an expiry date of 15 August 2013.

The Options will vest in five tranches. One fifth of the Options will vest immediately on granting, one fifth will vest one year after granting, one fifth will vest two years after granting, one fifth will vest three years after granting and one fifth of the Options will vest four years after granting. Apart from the vesting date, all other terms of the Options are identical. The exercise price is at the discretion of the Board.

As at 31 March 2009 5,750,000 options have been issued to the Directors.

(d) Summary of Options Granted to Directors and under the Plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the nine months to 31 March 2009.

No options were exercised during the nine months to 31 March 2009.

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Granted during the year	8,600,000	\$0.42	-	-
Outstanding at the end of the year	8,600,000	\$0.42	-	-

(e) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 31 March 2009 is 4.5 years (2008: N/A).

MARENGO MINING LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 6: SHARE BASED PAYMENTS (continued)

(f) Range of exercise prices

The range of exercise prices for options outstanding at 31 March 2009 is 25 cents to 50 cents.

(g) Option pricing model

The fair value of the equity settled share options granted under the Plan and to the Directors is estimated as at the date of grant using the Black-Scholes European Option Pricing Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the nine month periods to 31 March 2009 and 31 March 2008.

	Nine Month Period Ended	
	31 March 2009	31 March 2008
Dividend Yield	0%	-
Expected volatility	75% - 90%	-
Risk free interest rate	3.685% - 6.5%	-
Expected life (years)	5	-
Option exercise price (cents)	25 - 50 cents	-
Share price at grant date (cents)	5.5 - 21.5 cents	-

The expected life of the options is fixed at the time of issue and is not necessarily indicative of when they may be exercised. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

15 May 2009

Board of Directors
Marengo Mining Limited
Level 2
9 Havelock Street
WEST PERTH WA 6005

Dear Sirs

RE: MARENGO MINING LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Marengo Mining Limited.

As Audit Director for the review of the interim financial report of Marengo Mining Limited for the three and nine month periods ended 31 March 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



K G Lingard
Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MARENGO MINING LIMITED

We have reviewed the accompanying Interim Financial Report of Marengo Mining Limited, which comprises the consolidated condensed balance sheet as at 31 March 2009, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the three and nine month periods ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the Interim Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by an Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 March 2009 and its performance for the three and nine month periods ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Marengo Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the interim financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to

obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Marengo Mining Limited on 15 May 2009.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Marengo Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2009 and of its performance for the three and nine month periods ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

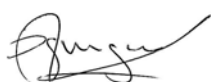
Without qualification to the review, as referred to in note 1 to the Interim Financial Report, the financial statements have been prepared on a going concern basis. At 31 March 2009 the consolidated entity had working capital of \$7,016,836 and incurred losses for the three and ninth month periods ended totalling \$3,340,710 and \$12,912,763 respectively, increasing accumulated losses to \$40,311,940 as at 31 March 2009. The directors have stated in note 1 that the consolidated entity is dependent upon it maintaining, and where needed, raising sufficient funds for its operations and commitments.

The ability of the Company and the consolidated entity to continue as going concerns and to meet planned and committed expenditure requirements is subject to the Company and the consolidated equity raising further equity and/or loan capital.

In the event that the consolidated group is not successful in raising further funds, the realisable value of the consolidated entity's non-current assets may be significantly less than their current carrying values and the consolidated entity may not be able to continue in its present form and may not be able to meet its current liabilities and future commitments.

STANTONS INTERNATIONAL (Authorised Audit Company)

Stantons International



K G Lingard
Director

West Perth, Western Australia
15 May 2009