ACN 099 496 474

MARENGO MINING LIMITED

ABN 57 099 496 474

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2011

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 2011 and any public announcements made by Marengo Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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CORPORATE DIRECTORY

Directors
John Horan (Non Executive Chairman)
Les Emery (Managing Director and Chief Executive Officer)
Douglas Dunnet (Non Executive Director)
Sir Rabbie Namaliu (Non Executive Director)
Susanne Sesselmann (Non Executive Director)
Elizabeth Martin (Non Executive Director)
John Hick (Non Executive Director)

Company Secretaries
John Ribbons
Dennis Wilkins

Chief Financial Officer
Mark Churchward

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Stock Exchange Listings
Marengo Mining Limited shares are listed on Australian Securities Exchange (ASX) and Port Moresby Stock Exchange (POMSoX) under the code 'MGO' and Toronto Stock Exchange (TSX) under the code 'MRN'.

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Marengo Mining Limited (the Company) and the entities it controlled during the half year ended 31 December 2011.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

John Horan

Les Emery

Douglas Dunnet

Sir Rabbie Namaliu

Susanne Sesselmann

Elizabeth Martin

John Hick

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year ending 31 December 2011 by geographic segments is set out below:

	Half-Year Ending 31 December 2011	
	Revenues	**Results**
	$	**$**
Australia	1,235,557	(25,056,869)
Papua New Guinea	3,805	(282,632)
Consolidation eliminations	-	24,172,764
Consolidated Entity revenue and loss	1,239,362	(1,166,737)

During the half year, the Company continued to make progress on its Definitive Feasibility Study (DFS) on the Yandera project, which is proceeding towards completion by mid 2012.

In September 2011, the Company entered into a non-binding Investment and Co-operation Agreement with Petromin PNG Holdings Limited and its wholly owned subsidiary, Eda Kopa (Yandera) Limited (Petromin), which have been nominated by the Government of Papua New Guinea to take up the State's interest in the Yandera project.

The agreement establishes the process by which a Mining Equity Agreement (MEA) will be developed by the parties to enable Petromin to acquire a 30% contributing interest in the Yandera Project, once the DFS has been completed, the Mining Development Contract (MDC) is entered into and a Financial Investment Decision (FID) is made. At the time of entering into the MEA, Petromin will be required to reimburse Marengo a proportionate sum of Marengo's sunk costs on the project.

DIRECTORS' REPORT (continued)

During the period, the Company raised net proceeds of $604,693 from the conversion of options into a total of 7,331,250 ordinary shares.

Where C$ has been noted in the document this represents Canadian dollars.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of directors.

L S G Emery
Managing Director
13 February 2012

Auditor's Independence Declaration

As lead auditor for the review of Marengo Mining Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Marengo Mining Limited and the entities it controlled during the period.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
13 February 2012

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Half-Year Ended 31 December 2011 $	 31 December 2010 $
Revenue from Continuing Operations		**1,239,362**	**269,646**
Other income	6	**485,207**	**-**
Expenditure			
Depreciation expense		**(137,034)**	(116,519)
Salaries and employee benefits expense		**(720,503)**	(606,021)
Exploration expenditure		**(129,181)**	(173,291)
Corporate expenditure		**(853,950)**	(748,051)
Occupancy expenditure		**(211,657)**	(94,001)
Insurance expenditure		**(150,838)**	(104,512)
Administration and other expenditure		**(543,543)**	(300,846)
Share based payment expense		**(48,429)**	(152,628)
Foreign exchange realised and unrealised losses		**(96,171)**	(2,485,893)
Loss Before Income Tax		**(1,166,737)**	(4,512,116)
Income tax expense		**-**	-
Net Loss for the Half-Year		**(1,166,737)**	(4,512,116)
Other Comprehensive Income (Loss) for the period			
Exchange differences on translation of foreign operations	7	**10,855,883**	(5,322,737)
Other comprehensive income (loss) for period, net of tax		**10,855,883**	(5,322,737)
Total Comprehensive Income (Loss) for the period attributable to members of Marengo Mining Limited		**9,689,146**	(9,834,853)
Basic and diluted profit (loss) per share (cents)		**(0.12)**	(0.62)

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	31 December 2011 $	30 June 2011 $
Current Assets			
Cash and cash equivalents		**32,574,521**	57,323,915
Trade and other receivables		**1,100,549**	1,687,846
Total Current Assets		**33,675,070**	59,011,761
Non-Current Assets			
Other financial assets	6	**-**	514,793
Plant and equipment		**1,169,419**	970,631
Exploration and development costs	4	**122,378,388**	86,741,633
Total Non-Current Assets		**123,547,807**	88,227,057
Total Assets		**157,222,877**	147,238,818
Current Liabilities			
Trade and other payables		**4,713,258**	3,892,348
Provisions		**799,712**	978,830
Total Current Liabilities		**5,512,970**	4,871,178
Total Liabilities		**5,512,970**	4,871,178
Net Assets		**151,709,907**	142,367,640
Equity			
Contributed equity		**159,173,498**	158,568,805
Reserves		**9,512,306**	(392,005)
Accumulated losses		**(16,975,897)**	(15,809,160)
Total Equity		**151,709,907**	142,367,640

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 30 June 2010	78,109,418	(289,865)	(11,498,705)	66,320,848
Net loss for the half year	-	-	(4,512,116)	(4,512,116)
Other comprehensive loss	-	(5,322,737)	-	(5,322,737)
Total comprehensive loss	-	(5,322,737)	(4,512,116)	(9,834,853)
Transactions with owners in their capacity as owners				
Shares issued	80,514,239	-	-	80,514,239
Employees and consultants share options	-	421,028	-	421,028
Balance at 31 December 2010	158,623,657	(5,191,574)	(16,010,821)	137,421,262
Balance at 30 June 2011	158,568,805	(392,005)	(15,809,160)	142,367,640
Net loss for the half year	-	-	(1,166,737)	(1,166,737)
Other comprehensive income	-	10,855,883	-	10,855,883
Total comprehensive income	-	10,855,883	(1,166,737)	9,689,146
Transactions with owners in their capacity as owners				
Shares issued	604,693	-	-	604,693
Employees and consultants share options	-	(951,572)	-	(951,572)
Balance at 31 December 2011	159,173,498	9,512,306	(16,975,897)	151,709,907

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-Year Ended	
	31 December 2011 $	31 December 2010 $
Cash Flows from Operating Activities		
Payments to suppliers and employees	**(3,402,536)**	(1,293,810)
Interest received	**1,920,267**	246,907
Net cash ouflow from operating activities	**(1,482,269)**	(1,046,903)
Cash Flows from Investing Activities		
Payments for plant and equipment	**(264,769)**	(132,075)
Payments for exploration and development	**(23,728,379)**	(15,521,687)
Net cash ouflow from investing activities	**(23,993,148)**	(15,653,762)
Cash Flows from Financing Activities		
Proceeds from issue of shares	**696,468**	86,330,906
Payments of share issue costs	**(91,775)**	(5,548,267)
Net cash inflow from financing activities	**604,693**	80,782,639
Net (decrease)/increase in cash and cash equivalents	**(24,870,724)**	64,081,974
Cash and cash equivalents at the beginning of the half-year	**57,323,915**	6,660,704
Effects of exchange rate changes on the balance of cash held in foreign currencies	**121,330**	(52,709)
Cash and cash equivalents at the end of the half-year	**32,574,521**	70,689,969

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) Statement of compliance

This condensed consolidated financial report for the interim half-year reporting period ended 31 December 2011 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 2011 and any public announcements made by Marengo Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of preparation

All amounts are presented in Australian dollars unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011. Note 2 discloses the impact of the change in accounting policy in relation to the capitalisation of exploration expenditure in respect of the corresponding interim reporting period.

(c) Impact of new standards issued but not yet applied

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective1 January 2013). In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.There is also new guidance on participating and protective rights and on agent/principal relationships. While the Group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules. AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The Group is not currently party to any joint arrangements, so this standard will not have any impact on its current financial statements, but may do so if and when the Group enters into any joint ventures. AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the Group's investments. Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a “partial disposal” concept. The Group is still assessing the impact of these amendments. The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013).

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iii) AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (effective 1 July 2012).

In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements* which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 July 2012.

(iv) AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013).

In July 2011, the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: CHANGE IN ACCOUNTING POLICY

The Group changed its accounting policy relating to the capitalisation of exploration expenditure for the financial year ending 30 June 2011. Previously, exploration and evaluation costs were written off in the year they were incurred, with only acquisition and feasibility study costs being capitalised. The Group elected, during the year ended 30 June 2011, to capitalise all exploration, evaluation, acquisition and feasibility costs.

The Group retrospectively applied the change in accounting policy as if it had always applied and therefore has restated exploration and evaluation expenditure in relation to each area of interest for comparative purposes, including adjustment to the opening balances to the 2010 financial year to show the full effect of this change in accounting policy.

The impact of the change in accounting policy is as follows:

	31 Dec 2010 $	Increase (Decrease) $	31 Dec 2010 Restated $
BALANCE SHEET (EXTRACT)			
Exploration & development costs	26,044,925	41,583,146	67,628,071
NET ASSETS	95,908,527	41,512,735	137,421,262
Accumulated losses	(63,714,560)	47,703,739	(16,010,821)
TOTAL EQUITY	95,908,527	41,512,735	137,421,262

Balance sheet amounts other than those mentioned above were not affected by the retrospective adoption of the revised accounting policy.

Income statement amounts relating to management/administrative expenses charged by the Company to its PNG subsidiary resulted in the consolidated loss being reduced and the capitalised development and expenditure costs being increased:

	31 Dec 2010 $	Increase (Decrease) $	31 Dec 2010 Restated $
STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)			
Salaries & employee benefits expense	820,374	(214,353)	606,021
Exploration expenditure	173,291	-	173,291
Corporate expenditure	988,586	(240,535)	748,051
Occupancy expenditure	218,971	(124,970)	94,001
Insurance expenditure	141,288	(36,776)	104,512
Administration and other expenditure	2,873,737	(87,497)	2,786,240
LOSS FOR THE PERIOD	5,216,247	(704,131)	4,512,116

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business from both a functional and geographic perspective and has identified two reportable segments. The adminstration, fund raising and investment activities of the Group form the Australia segment, with exploration and project development activities comprising the Papua New Guinea segment.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2011 is as follows:

	Australia Half-Year Ended 31 December		Papua New Guinea Half-Year Ended 31 December		Total Half-Year Ended 31 December	
	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$
Segment revenue						
Segment revenue	**1,235,557**	269,646	**3,805**	-	**1,239,362**	269,646
Intersegment elimination					**-**	-
Consolidated revenue					**1,239,362**	269,646
Segment result						
Segment result	**(25,056,869)**	(17,936,983)	**(282,632)**	(254,485)	**(25,339,501)**	(17,921,823)
Intersegment elimination					**24,172,764**	13,409,708
Consolidated loss before income tax					**(1,166,737)**	(4,512,116)

	Australia		Papua New Guinea		Total	
	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011
	$	$	$	$	$	$
Segment assets						
Segment assets	**33,092,193**	58,387,381	**126,204,450**	89,447,816	**159,296,643**	147,835,197
Intersegment elimination					**(2,073,766)**	(596,379)
Consolidated assets					**157,222,877**	147,238,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 4: EXPLORATION & DEVELOPMENT COSTS

	31 Dec 2011 $	30 June 2011 $
Cost	**122,378,388**	86,741,633
Less accumulated amortisation	**-**	-
Net book amount	**122,378,388**	86,741,633
Opening net book amount	**86,741,633**	60,731,435
Foreign exchange differences	**10,242,966**	(968,806)
Additions	**25,522,970**	27,285,076
Written off during the period	**(129,181)**	(306,072)
Closing net book amount	**122,378,388**	86,741,633

NOTE 5: CHANGES IN EQUITY SECURITIES ON ISSUE

	Half-Year Ended		Half-Year Ended	
	31 Dec 2011 Shares	31 Dec 2011 $	31 Dec 2010 Shares	31 Dec 2010 $
Issues of ordinary shares during the half-year				
Issued for cash @ C25 cents per share	-	-	253,000,000	64,515,000
Issued for cash @ C8.4 cents per share	-	-	240,000,001	21,600,000
Issued on exercise of C11.6 cent options	-	-	744,000	93,000
Issued on exercise of C8.6 cent options	**7,331,250**	**696,468**	1,293,750	122,906
	7,331,250	**696,468**	495,037,751	86,330,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: SHARE BASED PAYMENTS

Director's Loan

On 11 June 2008, the Company entered into a loan agreement with the Managing Director for $1,000,000. The purpose of the loan was to allow the Managing Director to exercise 4,000,000 unlisted options expiring on 30 November 2008. The loan is interest free, repayable within one month of cessation of employment, and any dividends received must be applied to repay the loan. The loan is a limited recourse loan; in the event the shares obtained under the loan are sold for an amount less than the amount of the loan, then the amount to be repaid is limited to the amount of the share sale proceeds. This agreement was approved by shareholders at the 28 November 2007 Annual General Meeting. The terms of this limited recourse loan are such that it is required to be accounted for as an option under the requirements of Accounting Standard AASB 2 *Share-based Payments,* through share reserve accounts, rather than as an asset (loan receivable) on the balance sheet. The reclassification of this loan receivable from an asset to an option was undertaken in the latest quarter. As a result, an amount of $485,207 was taken into the statement of comprehensive income and is disclosed as other income.

NOTE 7: OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD

Other comprehensive income (loss) for the period consists entirely of exchange differences on the translation of foreign operations. The gain of $10,855,883 for the half year to 31 December 2011 was due to an approximate 10% depreciation in the value of the Australian dollar against the PNG kina over net assets in the PNG subsidiaries. The loss of $5,322,737 for the half year to 31 December 2010 was due to an approximate 8% appreciation in the value of the Australian dollar against the PNG kina over net assets in the PNG subsidiaries.

NOTE 8: CONTINGENCIES

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

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year which will significantly affect, or may significantly affect, the state of affairs or operations of the Group subsequent to the half-year ended 31 December 2011.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Marengo Mining Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

L S G Emery
Managing Director
13 February 2012

Independent auditor's review report to the members of Marengo Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Marengo Mining Limited, which comprises the balance sheet as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Marengo Mining Limited Group (the consolidated entity). The consolidated entity comprises both Marengo Mining Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the 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 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 December 2011 and its performance for the half-year 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 annual financial report.

A review of a half-year 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*.

Independent auditor's review report to the members of Marengo Mining Limited (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
13 February 2012