



**MARENGO MINING LIMITED**  
**ABN 57 099 496 474**  
**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE THREE MONTH PERIOD ENDED**  
**30 SEPTEMBER 2008**

**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 period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.**

**MARENGO MINING LIMITED**  
**30 SEPTEMBER 2008 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 MONTH PERIOD ENDED 30 SEPTEMBER 2008**

	<b>Three Month Period Ended</b>	
	<b>30 September 2008</b>	<b>30 September 2007</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE FROM CONTINUING OPERATIONS</b>	<b>976,115</b>	<b>372,190</b>
<b>EXPENDITURE</b>		
Depreciation expense	(47,804)	(13,916)
Salaries and employee benefits expense	(356,661)	(191,561)
Exploration expenditure	(3,916,105)	(2,346,690)
Corporate expenditure	(373,870)	(165,648)
Occupancy expenditure	(63,230)	(19,321)
Insurance expenditure	(27,647)	(19,593)
Administration costs	(214,278)	(143,670)
Borrowing costs	(1,724)	-
Share based payment expense	(142,612)	-
Other expenses	-	(76,394)
	<hr/>	<hr/>
<b>LOSS BEFORE INCOME TAX</b>	<b>(4,167,816)</b>	<b>(2,604,603)</b>
Income tax benefit / (expense)	-	-
	<hr/>	<hr/>
<b>LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF MARENGO MINING LIMITED</b>	<b>(4,167,816)</b>	<b>(2,604,603)</b>
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted loss per share (cents)	<b>(6.3)</b>	<b>(1.9)</b>

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 30 SEPTEMBER 2008**

	<b>30 September</b>	<b>30 June</b>
	<b>2008</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	19,207,764	23,352,570
Trade and other receivables	712,466	828,723
<b>TOTAL CURRENT ASSETS</b>	<b>19,920,230</b>	<b>24,181,293</b>
<b>NON CURRENT ASSETS</b>		
Other financial assets	829,092	817,301
Plant and equipment	771,870	622,054
Mining properties	13,771,408	9,352,520
<b>TOTAL NON CURRENT ASSETS</b>	<b>15,372,370</b>	<b>10,791,875</b>
<b>TOTAL ASSETS</b>	<b>35,292,600</b>	<b>34,973,168</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	3,791,670	2,745,003
Provisions	400,177	240,608
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,191,847</b>	<b>2,985,611</b>
<b>TOTAL LIABILITIES</b>	<b>4,191,847</b>	<b>2,985,611</b>
<b>NET ASSETS</b>	<b>31,100,753</b>	<b>31,987,557</b>
<b>EQUITY</b>		
Contributed Equity	58,355,202	58,540,993
Reserves	4,312,544	845,741
Accumulated losses	(31,566,993)	(27,399,177)
<b>TOTAL EQUITY</b>	<b>31,100,753</b>	<b>31,987,557</b>

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 THREE MONTH PERIOD ENDED 30 SEPTEMBER 2008**

	<b>Three Month Period Ended</b>	
	<b>30 September 2008</b>	<b>30 September 2007</b>
	<b>\$</b>	<b>\$</b>
<b>TOTAL EQUITY AT THE BEGINNING OF THE PERIOD</b>	<b>31,987,557</b>	<b>13,999,519</b>
Exchange differences on translation of foreign operations	<b>3,324,191</b>	(68,961)
<b>NET INCOME RECOGNISED DIRECTLY IN EQUITY</b>	<b>3,324,191</b>	(68,961)
<b>LOSS FOR THE PERIOD</b>	<b>(4,167,816)</b>	(2,604,603)
<b>TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF MARENGO MINING LIMITED</b>	<b>(843,625)</b>	(2,673,564)
Transactions with equity holders in their capacity as equity holders:		
Shares issued for the period	-	15,196,430
Transaction costs	<b>(185,791)</b>	(1,037,016)
Options issued to Directors	<b>142,612</b>	-
Options issued to suppliers	-	81,331
	<b>(43,179)</b>	14,240,745
<b>TOTAL EQUITY AT THE END OF THE PERIOD</b>	<b>31,100,753</b>	<b>25,566,700</b>

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 MONTH PERIOD ENDED 30 SEPTEMBER 2008**

	Three Month Period Ended	
	30 September 2008	30 September 2007
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	659,483	217,731
Payments to suppliers and employees	(632,812)	(695,866)
Interest received	324,198	93,713
Interest paid	(1,724)	-
Expenditure on mining interests	(2,281,724)	(1,887,726)
<b>Net cash (used in) operating activities</b>	<b>(1,932,579)</b>	<b>(2,272,148)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for DFS expenses	(2,012,783)	-
Payments for plant and equipment	(114,041)	(71,440)
<b>Net cash (used in) investing activities</b>	<b>(2,126,824)</b>	<b>(71,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	-	14,946,430
Payment of share issue costs	(185,791)	(703,055)
<b>Net cash (used in)/provided by financing activities</b>	<b>(185,791)</b>	<b>14,243,375</b>
Net increase/(decrease) in cash and cash equivalents	(4,245,194)	11,899,787
Cash and cash equivalents at the beginning of the period	23,352,570	7,171,035
Effects of exchange rate changes on cash and cash equivalents	100,388	(4,428)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>19,207,764</b>	<b>19,066,394</b>

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

**MARENGO MINING LIMITED**  
**30 SEPTEMBER 2008 INTERIM FINANCIAL REPORT**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT**

This general purpose consolidated financial report for the interim three month reporting period ended 30 September 2008 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 2007, the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2007. Adoption of these standards and Interpretations did not have any effect on the financial performance or position of the Group.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132,101,114,117,133,139,1,4, 1023 and 1038)
- ASB 2007-04 Amendments to Australian Accounting Standards arising from ED 151 and other amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, 2, 4, 5, 107 and 108)

**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.

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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
	\$	\$	\$
<b>Three Months Ended 30 September 2008</b>			
Total segment revenue	976,115	-	976,115
Intersegment elimination			-
Consolidated revenue			<u>976,115</u>
Segment result	<u>(843,564)</u>	<u>(4,007,816)</u>	<u>(4,851,380)</u>
Intersegment elimination			683,564
Loss before income tax			<u>(4,167,816)</u>
<b>Three Months Ended 30 September 2007</b>			
Total segment revenue	371,802	388	372,190
Intersegment elimination			-
Consolidated revenue			<u>372,190</u>
Segment result	<u>(9,427,023)</u>	<u>(2,360,890)</u>	<u>(11,787,913)</u>
Intersegment elimination			9,183,310
Loss before income tax			<u>(2,604,603)</u>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE**

	30 September 2008 Shares	30 September 2008 \$	30 September 2007 Shares	30 September 2007 \$
<b>Issues of ordinary shares during the quarter</b>				
Placement issued at 36 cents per share	-	-	41,666,667	15,000,000
Conversion of listed 20 cent options	-	-	982,148	196,430
Share issue costs	-	(185,791)	-	(1,037,016)
	-	(185,791)	42,648,815	14,159,414

	Number of options	
	30 September 2008	30 September 2007
<b>Movements of options during the quarter</b>		
Issued, exercisable at 50 cents, on or before 15 August 2013	5,750,000	-
Issued, exercisable at 36 cents, on or before 15 February 2009	-	993,055
Listed options exercised at 20 cents	-	(982,148)
<b>Net movement</b>	5,750,000	10,907

**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**

Subsequent to the end of reporting date, the following events have occurred:

- On 11 November 2008, the Company held an Annual General Meeting where the following resolutions were passed:
  - Adoption of Remuneration Report; and
  - Re-election of Dr Douglas Dunnet, Sir Rabbie Namaliu, Ms Susanne Sesselmann, Mr John Hick and Ms Elizabeth Martin as Directors.