



Quarterly Report

for the period ending 30 September 2007



www.marengominig.com

Share Code: MGO
Option Code: MGOO

KEY POINTS

- 🕒 A\$15 million share placement completed.
- 🕒 Contract awarded for the completion of a Definitive Feasibility Study for the Yandera Copper-Molybdenum Project.
- 🕒 Three key staff appointments made.
- 🕒 Drilling at Yandera Central continues to intersect broad zones of mineralisation, including:
 - 423 metres @ 0.39%Cu, 152ppm Mo (0.55% CuEq)
- 🕒 High grade base metal, gold and silver assays from Yandera regional exploration (Queen Bee, Gogobangu and Bononi Prospects). Results include 12.1% Cu, 13.7% Mo, 271g/t Ag, 3.76% Zn & 19g/t Au.

YANDERA BASE



PNG – PROJECT LOCATION MAP Figure 1



YANDERA PROJECT, MADANG PROVINCE, PNG (MARENGO MINING LIMITED – 100%)

Definitive Feasibility Study

During the quarter, Marengo reviewed proposals from a number of international engineering groups for the completion of the Definitive Feasibility Study (“DFS”) on the Yandera Project.

Since the end of the quarter the DFS contract has been awarded to an alliance of leading Australian-based resource engineering, construction company, GRD Minproc Limited, and URS Australia Pty Ltd, the Australian arm of international engineering and environmental group, URS Corporation (“URS”).

GRD Minproc is a leading engineering construction company specialising in the design and delivery of mineral resources projects around the world. With a global reputation for technical expertise, GRD Minproc has carried out work in 35 countries, including Papua New Guinea (PNG).

URS is one of the largest engineering design services firms worldwide, providing engineering, environmental and social expertise to businesses and communities within the Asia-

Pacific region and around the globe. URS operates with a global network of around 30,000 personnel in 330 locations; in the Asia-Pacific, it has 18 offices with more than 1,500 professionals.

The award of the DFS follows the completion of a Conceptual Mining Study (“CMS”) earlier this year which confirmed the potential for a robust, long-life development of the Yandera Project, as a significant strategic source of copper and molybdenum for world markets.

The CMS reviewed a number of production options based on a large open pit design, which would underpin an initial 10-year mine life, commencing at a 25Mtpa production rate for the first two years and increasing to 40Mtpa thereafter. Metal prices of US\$1.50 per pound of copper metal and US\$15.00 per pound of molybdenum oxide were used in the CMS.

This is expected to deliver production of approximately 112,000 tonnes of contained copper metal in the first year and increasing to more than 124,000 tonnes per annum (from Year 3 onwards). Contained molybdenum metal production would commence at 4,200 tonnes in the first year and increasing to some 6,700 tonnes per annum (from Year 3 onwards).

The DFS, which is scheduled for completion by mid-2009, will include detailed open pit design and mining schedules, ore reserve estimation, process plant design, infrastructure and ore transport options, permitting, community & environmental matters, final capital cost estimates and project economics.

The initial capital cost estimate produced as part of the CMS was US\$942 million, with a further US\$198 million estimated to be required to complete the ramp-up to 40Mtpa. A number of options have already been identified, to potentially reduce the capital cost and these will be further explored in detail as part of the DFS.

Resource Drilling

During the quarter 6 holes were completed (YD129 to YD134) and 2 holes were in progress (YD135 and YD136) for a total drilling advance of 2,275.50 meters. The drilling is being carried out at the Omora and Gremi prospect areas and within the proposed stage 1 area. Drilling progress during the quarter did not achieve target levels however since the end of the quarter a third drill rig has arrived on site. A fourth rig is ready for mobilization from Madang, however the general shortage of experienced drill crews may not allow this rig to be in operation until early 2008.

Assay Results

Assay results have been received for holes YD125 to YD130 and are summarized below:

Note: CopperEquivalent (CuEq = Cu + [Mo x 10])

YD 125 (Omora)

Typical Omora breccias are not present but mineralisation is associated with crackle breccias in granodiorite and some diorite porphyry. Pyrite is the dominant sulphide mineral.

YD125

From	To	Width	Cu %	Mo ppm	Au ppm	Ag ppm	CuEq %
216.00	279.00	63.00	0.39	120	0.03	2.8	0.51
Included in the above intersection:							
237.00	264.00	27.00	0.53	158	0.04	3.4	0.69

YD126 (Omora)

This hole was drilled 100m SE of YD124. This hole is located on the eastern fringe of Omora and returned only a minor intersection of 0.25% Cu, and 57 ppm Mo over 27m from 305m.

YD127 (Omora)

YD127 was drilled NW of YD120 targeted at Cu in typical Omora breccias. Results returned significant mineralisation throughout the hole.

YD 127 - The entire hole from 3m averages:

From	To	Width	Cu %	Mo ppm	Au ppm	Ag ppm	CuEq %
3.00	426.80	423.80	0.39	152	0.05	2.6	0.55

Within this intersection are the following intercepts:

From	To	Width	Cu %	Mo ppm	Au ppm	Ag ppm	CuEq %
70.00	115.00	45.00	0.39	68	0.06	2.0	0.47
115.00	151.00	36.00	1.20	224	0.10	4.4	1.42
151.00	190.00	39.00	0.52	351	0.04	3.1	0.87
190.00	316.00	126.00	0.47	200	0.06	3.1	0.67
The above includes the following:							
115.00	316.00	201.00	0.61	234	0.07	3.3	0.84

YD128 (Omora)

Located on the site of YD126 but orientated towards the SW. This hole is the furthest south that has been drilled. Only some narrow intercepts are present but of interest are the high zinc values of up to 4.6%. This may be part of the broad zoning around the main mineralised areas and will require some interpretation later. Sphalerite mineralisation is sometimes common in specimens brought in from the surrounding areas but has not been significant in the main Yandera central area

YD128

From m	To m	Width m	Cu %	Mo ppm	Au ppm	Ag ppm	CuEq %
89.00	101.00	12.00	0.20	13	0.05	4.7	0.20*
152.00	188.00	36.00	0.46	15	0.04	2.9	0.46 **
353.00	371.00	18.00	0.31	120	0.02	2.65	0.43

* This interval also averaged 1.62% zinc.

** This interval also averaged 0.11% zinc

YD129 (Omora)

Located on the site of historic hole DDH065 but orientated NE at -60° @ 30° mag targeting the T6 magnetic anomaly and chargeability anomaly. This hole was completed at 439.70m in weak mineralisation – at maximum depth of the rig. Assay results only identified one zone of weak mineralisation: 109m – 130m, 21m @ 0.02ppm Au, 1.8ppm Ag, 0.24% Cu, 51ppm Mo

YD130 (Omora)

Located on the site of historic hole DDH019 but angled to the NE to test the margin of magnetic anomaly T6. The assay results returned are very encouraging as this hole is in a previously untested area between Omora and Gremi:

YD130

From m	To m	Width m	Cu %	Mo ppm	Au ppm	Ag ppm	CuEq %
132	156	24.00	0.48	146	0.03	2.0	0.62
174	228	52.00	0.37	35	0.06	1.3	0.40
249	345	96.00	0.33	96	0.03	1.3	0.43
402	414	12.00	0.35	23	0.03	1.7	0.35

Geological Interpretation

During the quarter further mapping with an emphasis on structural data was carried out in the Gremi and Omora areas using cleaned out old contour trails. This data is being integrated with the orientated core structural measurements and will be fully evaluated at the end of the season. Initial plots are clearly indicating the dominant NW major trend with the transverse N to NE trend appearing to be significant in the mineralised structures. Further work is in progress.

Regional Reconnaissance

Prospecting (stream sampling and rock chip/grab sampling) has been carried out in the Yandera area surrounding the main Yandera Central deposit, and in the Queen Bee area along strike to the NW. Both areas have returned samples of Cu with Mo and lesser Zn mineralisation warranting follow up mapping to enable targeted detailed exploration.

Initial results for the rock sampling have returned a number of potentially significant results which warrant follow up geochemistry and geological mapping. Some of the significant results are as follows:

Gogobangu North: Located approximately 2km east of Yandera Central Resource is a distinct gold anomaly with 5 samples returning values greater than 0.2ppm. The highest value of 19.1ppm Au also returned 75ppm Ag, 0.12% Cu, 247ppm Mo, 0.78% Pb, and 3.76% Zn. Several other samples returned anomalous Zn, Pb, and Mo values, but Cu values are generally low. The geological setting is not clear at present however the area may be considered strike parallel to Yandera rather than a strike extension. Geological mapping will be carried out later this year. Selected anomalous samples are listed below:

Sample#	Rock Type	Au ppm (g/t)	Ag ppm (g/t)	Cu ppm	Pb ppm	Zn ppm	Mo ppm
YE0120	Float	0.51	6.9	24	1110	431	140
YE0125	Float	1.71	13.7	75	128	183	161
YE0126	Float	0.81	31.0	60	238	59	171
YE0130	Chip	0.36	1.8	95	212	629	1
YE0131	Chip	4.87	5.9	53	728	1160	111
YE0134	Chip	19.10	75.7	1200	7880	37600	247
YE0141	Chip	0.21	0.6	145	414	337	1

North and South Bononi: Located approximately 4km SE of Yandera Central Resource. Anomalous samples are spread out over a north – south extent of approximately 2km and are not as coherent as the Gogobangu anomaly. Rock chip samples returned up to 12%Cu, 0.2ppm Au, 271ppm Ag, and 8330ppm Mo. Follow up geochemistry and geological mapping is certainly warranted and will be carried out on completion of the regional sampling programme. Selected anomalous samples are listed below:

Sample#	Rock Type	Au ppm (g/t)	Ag ppm (g/t)	Cu %	Pb ppm	Zn ppm	Mo ppm
YE0168	Chip	0.20	185.0	12.1	79	312	<1
YE0171	Chip	0.10	271.0	1.54	152	68	<1
YE0193	Float	0.01	2.3	0.36	12	209	<1
YE0199	Float	0.08	11.8	0.83	46	101	2
YE0210	Chip	0.08	25.5	5.14	11	86	8330
YE0211	Chip	0.01	0.8	0.25	4	62	5
YE0212	Chip	0.08	3.6	0.69	21	65	677

Queen Bee. Reconnaissance prospecting to locate previously reported base metal mineralisation has now been completed and assays from selected rock chip samples assays have been received.

The object of this work was to obtain accurate location and geochemical data for the mineralisation to enable follow up geological mapping, targeted at prospective areas in this area along strike to the north-west of Yandera. Prospecting was mainly along creeks and ridge lines, due to the terrain. Three areas of sporadic mineralisation mainly associated with breccias and veins in granodiorite and diorite have been identified.

A total of 68 samples were selected for analysis. Some of the more significant assay results are tabulated below. All samples are rock chip samples from in situ outcrop or coarse float derived from nearby sources. Assays were carried out by Intertek Laboratory, Jakarta. Gold by fire assay method FA50, plus ICP analysis for 34 elements.

Sample ID	Area	Au ppm (g/t)	Ag ppm (g/t)	Cu %	Mo ppm	Pb ppm	Zn ppm	Other
QE0326	QB South	0.026	118.0	0.20	3	700	4,710	
QE0327	QB South	0.458	3.8	0.02	6	11	23	
QE0333	QB South	0.03	0.6	0.05	155	10	30	
QE0343	QB South	0.095	11.1	1.82	6	54	246	
QE0358	QB South	0.033	1.8	0.47	54	5	40	
QB0407	QB Marum	0.039	2.7	0.08	137,000	39	49	
QB0408	QB Marum	0.03	1.8	0.41	18	8	194	
QB0411	QB Marum	0.029	0.5	0.08	555	61	87	
QB0412	QB Marum	0.119	49.3	9.89	445	34	304	
QB0413	QB Marum	0.576	30.2	6.80	14	9	361	
QE0376	QB South East	2.55	39.0	1.13	5	1,650	97,500	2170ppm As
QE0400	QB South East	0.45	5.0	0.07	5	508	65	

The QB South and QB Marum areas are located approximately 4km and 8km respectively north-west along strike from the Yandera Central resource and the geological setting is similar although detailed geological mapping has yet to be done.

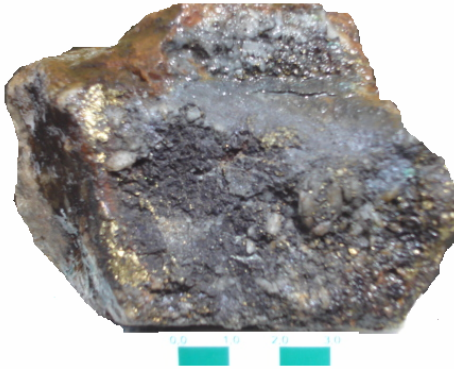
The QB South-East area does not appear to be a strike extension of the mineralisation and has a somewhat different geochemical signature, however all areas are within the structural corridor immediately west of the north-west trending Bundi Fault zone, with early Miocene granodiorite and diorite intruded by later Miocene porphyries.

Prospecting is continuing along the north-west strike across the Marum River to locate any further mineralised occurrences. Geological mapping and more systematic geochemical work will commence early in 2008 leading to drill testing of the more prospective targets.

Gogobangu – Karisokera. Further prospecting in this area, approximately 2km south east of Omora, has located bornite, chalcopyrite and molybdenite mineralisation in breccias, in the Dirigi Creek and Yawagu Creek areas. Geological mapping of the Dirigi Creek area will be carried out prior to drilling proposals. This area is to the south of the southern quartz core area which is scheduled for drill testing in 2008.

Although the focus of exploration remains at the Yandera Central, more work will be carried out on the satellite prospects such as Queen Bee and Gogobangu during 2008 with the of generating drill targets

Marengo Mining - Yandera Cu-Mo Project



5% Cu. Tarnished Cu in Breccia Matrix
Bononi Prospect - Yandera

Marengo Mining - Yandera Cu-Mo Project

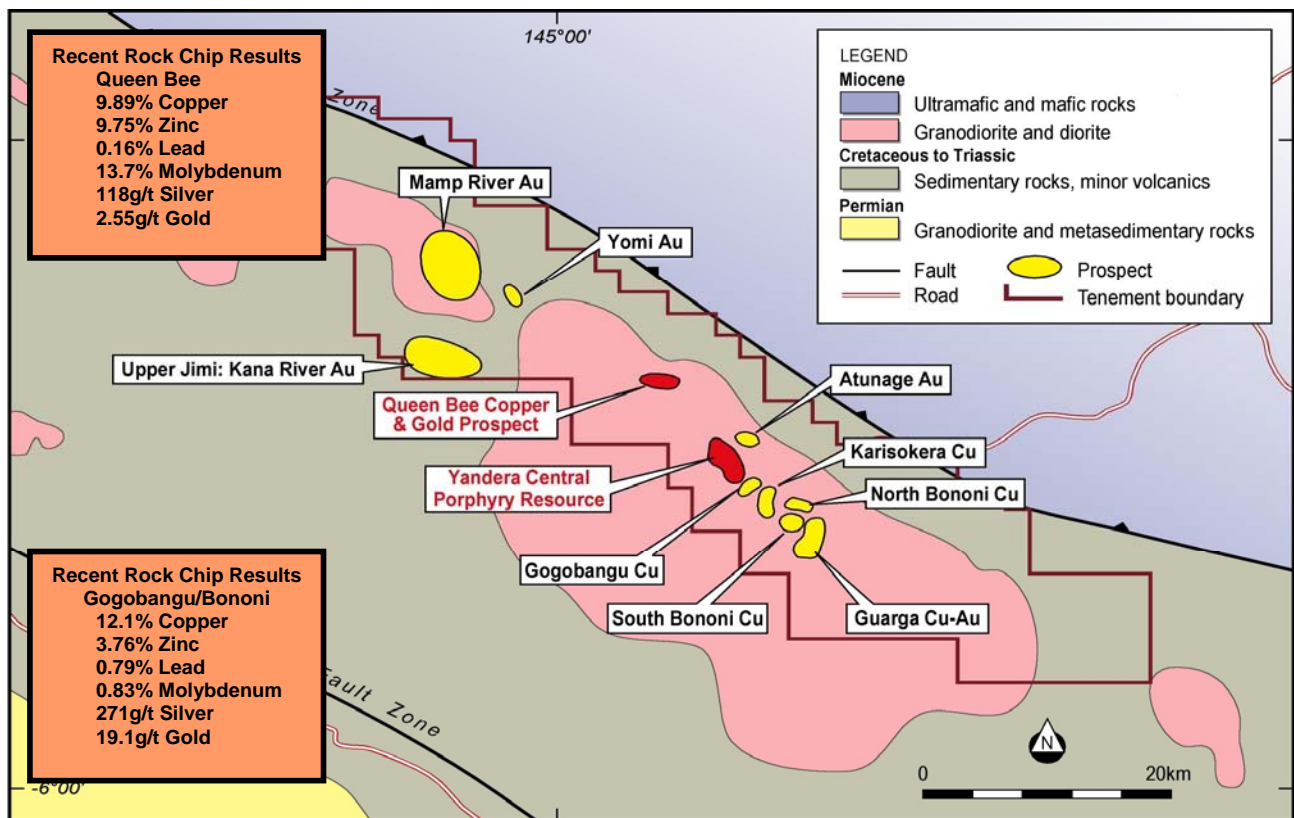


Cpy-Bn in Heterolithic Breccia
Karizokora (Dirigi Ck) Prospect - Yandera



Mineralised Breccia - Karisokera





Community Relations

During the quarter an international anthropologist with extensive experience in the Yandera region lead a team to complete a comprehensive household survey and census of Yandera Village.

This work is an integral component of assessing the social impacts of mining operations on local communities and will enable Marengo to establish, in consultation with landowners and other stakeholders, strategies to maximize the benefits of future developments on the local communities.

Marengo has also increased it's Community Relations Team, with the recruitment of very well experienced personnel, who have a firm understanding of the issues that are required to be addressed, as the Company progresses the DFS.

In addition Marengo has commenced a local landowner, land boundary survey as part of the process to generate a digital database of traditional landownership, within the project area.

Environmental

Marengo received an initial report from consultants who carried out a review of the areas to be monitored, to enable completion of baseline studies for the DFS. Areas to be addressed will include flora and fauna surveys, together with studies on groundwater systems and impacts of future mining operations on the environment.

During the quarter Marengo's own climate monitoring station was commissioned and this will form an integral part of the site environmental monitoring facilities.



BOLUBOLU PROJECT, GOODENOUGH ISLAND, PNG

During the quarter the company reviewed exploration results from its previous program and elected to relinquish the project in order to concentrate efforts on the Yandera Project

BOWGAN PROJECT, NORTHERN TERRITORY *(MARENGO MINING LIMITED DILUTING TO 25%)*

Marengo entered into a joint venture agreement with Hindmarsh Resources Limited (now a subsidiary of Mega Uranium Ltd), whereby Hindmarsh will be entitled to earn a 51% interest in the project, by spending \$200,000 on exploration within 3 years.

Hindmarsh have reported that orientation soil and vegetation sampling surveys (total 376) were completed in September and geochemical sampling will be carried out over geophysical targets previously defined, during December.

CORPORATE

CAPITAL RAISING

During the quarter the company completed its previously announced A\$15 million share placement, at an issue price of A\$0.36 per share. The placement was strongly supported both by existing and new Australian and international institutional and professional investors.

As announced on 16 August 2007, the first tranche of the placement consisted of a brokered private placement of 15,277,777 fully paid shares with Paradigm Capital Inc of Toronto, Canada as agent. This first tranche was issued on August 15, 2007 and raised gross proceeds of A\$5.5 million.

The second and third tranches of the placement consisted of a non-brokered placement of 26,388,890 fully paid shares, also at an issue price of A\$0.36 per share, raising an additional A\$9.5 million, to existing and new Australian and international institutional and professional investors. These subsequent tranches were issued following shareholder approval, on 5 September 2007.

This placement saw two of the Marengo's existing shareholders increase their respective holdings, with Sentient Global Resources Fund moving to a 21.4% position and Contango Asset Management Limited moving to 5.7%.

The placement has also resulted in the introduction, for the first time, of a number of North American institutions to Marengo's share register.

The placement represents the second major capital raising to be successfully completed by Marengo within 12 months, following the A\$12.3 million capital raising completed in October 2006 (at A\$0.25 per share). The placement has increased Marengo's available cash reserves, providing a strong platform for the company to pursue its growth strategy to become an international mining company.

Marengo intends to use the proceeds of the placement to fund the recently announced definitive feasibility study ("DFS"), and for general working capital.

The placement, which was increased from A\$12.5 million to A\$15.0 million to accommodate increased demand, forms the cornerstone of Marengo's funding strategy for the DFS.

The company has entered into a letter agreement with Paradigm Capital Inc. pursuant to which has appointed Paradigm Capital Inc. as lead agent in respect of an offering of Marengo's shares in Canada by way of prospectus, subject to the terms and conditions contained in the letter agreement.

Shareholders will shortly be provided with further details on the proposed offering.

STAFF APPOINTMENTS

Since the end of the quarter the Company was pleased to announce three senior executive appointments as it continues to build its operational, geological and senior management team for the DFS on its 100%-owned **Yandera Copper-Molybdenum Project** in Papua New Guinea.

The new appointments further increase the depth of expertise within the Company as it progresses towards development of the Yandera Project.

GRANT CALDERWOOD has been appointed to the role of **Operations Manager**. Mr Calderwood has extensive experience in feasibility study, mining development and operations within Australia, Africa, Asia, Central America and PNG. He also has significant experience in project analysis, business and technical improvement practice.

Until recently Mr Calderwood was Project Manager for the expansion study at the Porgera Joint Venture operation in PNG. He holds a degree in Engineering from Curtin University of Technology in Western Australia.

ANDREW MELONCELLI has been appointed to the role of **Manager – Finance & Treasury**. Mr Meloncelli has extensive experience working for public companies listed on both the ASX and AIM in the areas of corporate compliance, finance, prospectus fundraisings, taxation and as Assistant Company Secretary for an ASX 200 company.

He holds a Commerce Degree from the University of Western Australia and is an Associate Member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia, and a Fellow of the Financial Services Institute of Australasia.

MALCOLM ROBERTS has been appointed to the role of **Principal Geologist**. Dr Roberts gained a PhD at Manchester University in the UK, specialising in the petrogenesis of granitoid magmas, after completing his first degree in Geology at the University of Wales in Cardiff. He completed three years of post-doctorate studies at Salzburg University, Austria and subsequently lectured at Rhodes University in South Africa.

In 2003, Dr Roberts joined the Council for Geoscience to take up a role as senior geologist based in the Eastern Cape Province, South Africa where he was heavily involved in regional mapping in Mozambique. In early 2006, Dr Roberts joined the Mining Sector Support Program's Geomap Project in Papua New Guinea, as the representative of the Council for Geoscience, to provide expert support to a European Union-funded capacity development scheme for Papua New Guinea.

His work on this project has involved geological mapping and mineral reconnaissance studies as well as petrological, geochemical support and training of young Papua New Guinean geologists.

FINANCE

CASH AT BANK

As at 30 September 2007 the Company had cash reserves of A\$19M.

ANNUAL GENERAL MEETING

Shareholders and interested investors are reminded that the Company's Annual General Meeting will be held at 4.00pm at the Celtic Club, Upstairs Function Room, 48 Ord Street, West Perth on the 8 November 2007.

An invitation is extended to attend and meet with Marengo's board and management.

ONLINE SHARE REGISTRY

Australian Shareholders can access their share details at Security Transfer Registrar's website at www.securitytransfer.com.au



CORPORATE DIRECTORY

BOARD OF DIRECTORS

John Horan Chairman
Les Emery Managing Director
(Email: lese@marengomining.com)
Dennis Wilkins Finance Director
Doug Dunnet Non-Executive Director

COMPANY SECRETARY

Dennis Wilkins

SENIOR EXECUTIVES

Peter Dendle – Project Manager – Yandera
Grant Calderwood – Operations Manager
Andrew Meloncelli – Manager Finance & Treasury
Malcolm Roberts – Principal Geologist
Johan Smit – Principal Consulting Geologist

SUBSIDIARY (PAPUA NEW GUINEA)

Marengo Mining (PNG) Limited – 100%

MAJOR SHAREHOLDERS

Current major shareholders are:

Sentient Global Resources Fund II	21.4%
Merrill Lynch Australia	5.6%
ANZ Nominees Limited	7.3%
RBC Dexia Investor Service	5.5%

REGISTERED OFFICE

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ISSUED SHARE CAPITAL (AS AT TODAY'S DATE)

Fully Paid Shares: 169,809,534
(ASX Code: MGO)
Listed Options (20 cents expiring 28/02/08):
47,120,426
(ASX Code: MGOO)
Unlisted Options (20-30 cents expiring 30/11/08)
14,300,000
(ASX Code: MGOAQ)
Unlisted Options (30 cents expiring 30/11/08)
500,000
(ASX Code: MGOAQ)
Unlisted Options (20-30 cents expiring various dates):
500,000
(ASX Code: MGOAS)
Unlisted Options (36 cents expiring 15/02/09):
993,055
(ASX Code: MGOAS)

SHARE REGISTRY (Australia)

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
(PO Box 535, APPLECROSS WA 6953)

Phone: (61 8) 9315 2333
Fax: (61 8) 9315 2233
Website: www.securitytransfer.com.au
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Les Emery
Managing Director

29 October 2007

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Certain statements in this release contain forward-looking information. These statements include, but are not limited to, statements with respect to future exploration, development, production and costs. 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.

Sections of this report were prepared by Mr Peter Dendle who is a member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Marengo Mining Limited. Mr Dendle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). Mr Dendle consents in writing to the issue of this report, to the extent of matters based on his information in the form and context in which it appears.