



Marengo Mining's Yandera Base Camp, December 2010

Marengo Mining Limited

December 2010 Quarterly Activities Report

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ASX/POMSoX Share Code: MGO
TSX Share Code: MRN

HIGHLIGHTS

YANDERA COPPER-MOLYBDENUM-GOLD PROJECT

Definitive Feasibility Study (DFS) / Project Development

- ☺ Good progress made in all field activities
- ☺ Formation of mining operation subsidiary

Exploration / Resource Drilling

- ☺ Drilling at Dimbi zone intersects 405 metres @ 0.52% CuEq
- ☺ Drilling at Imbruminda zone intersects 387 metres @ 0.58% CuEq
- ☺ In-fill drilling at the Gremi Zone intersects 342 metres @ 0.86% CuEq
363 metres @ 0.69% CuEq
93 metres @ 1.20% CuEq
276 metres @ 0.70% CuEq
- ☺ Five drill rigs are now operational for the 2011 season.

Corporate

- ☺ Canadian capital raising completed, raising A\$64.5M (C\$63.25M)
- ☺ Cash balance at quarter end of A\$71M (C\$72.1M)



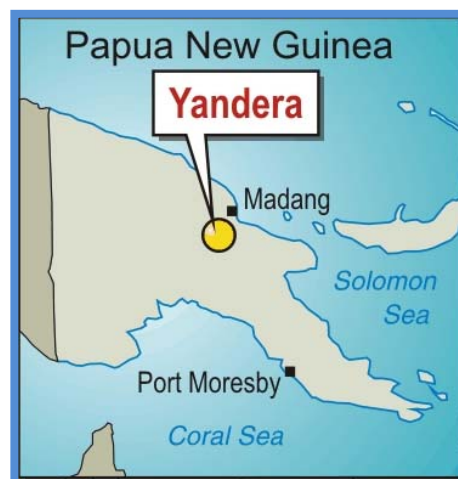
ABOUT MARENGO MINING

Marengo Mining Limited is an Australian-based metals company focused on the development of its 100%-owned Yandera Copper-Molybdenum-Gold Project in Papua New Guinea (PNG).

With its headquarters in Perth, Western Australia, Marengo listed on the Australian Securities Exchange on November 13, 2003 and subsequently on Papua New Guinea's POMSx exchange on November 10, 2006. Marengo reinforced its global development strategy with the successful completion of a listing on the Toronto Stock Exchange in April 2008.

Since 2007 Marengo has successfully raised over A\$133M, underpinning the current Definitive Feasibility Study and exploration programs, on the Yandera Project.

For current resource estimates for the **Yandera Project** refer to the Company's website (www.marengomining.com)



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

Project Development - Strategic Partner

As previously announced during the quarter, the Company signed a Memorandum of Understanding (“MoU”) with China Nonferrous Metal Industry’s Foreign Engineering and Construction Co Ltd (“NFC”), for the financing, construction and development of the Yandera Project.

Marengo and NFC intend to enter into formal agreements to appoint NFC as principal contractor for construction of the Yandera Project under a fixed price Engineering Procurement Construction (EPC) Contract. The parties also intend to enter into formal financing agreements to facilitate at least 70% of all project development costs with financing to be provided by Chinese banks.

The indicative timetable contemplates commencement of construction at Yandera and other infrastructure locations in the first half of 2012.

In addition, the MoU contemplates Marengo placing a substantial amount of the project copper and molybdenum concentrate off-take with a variety of customers, including NFC itself.

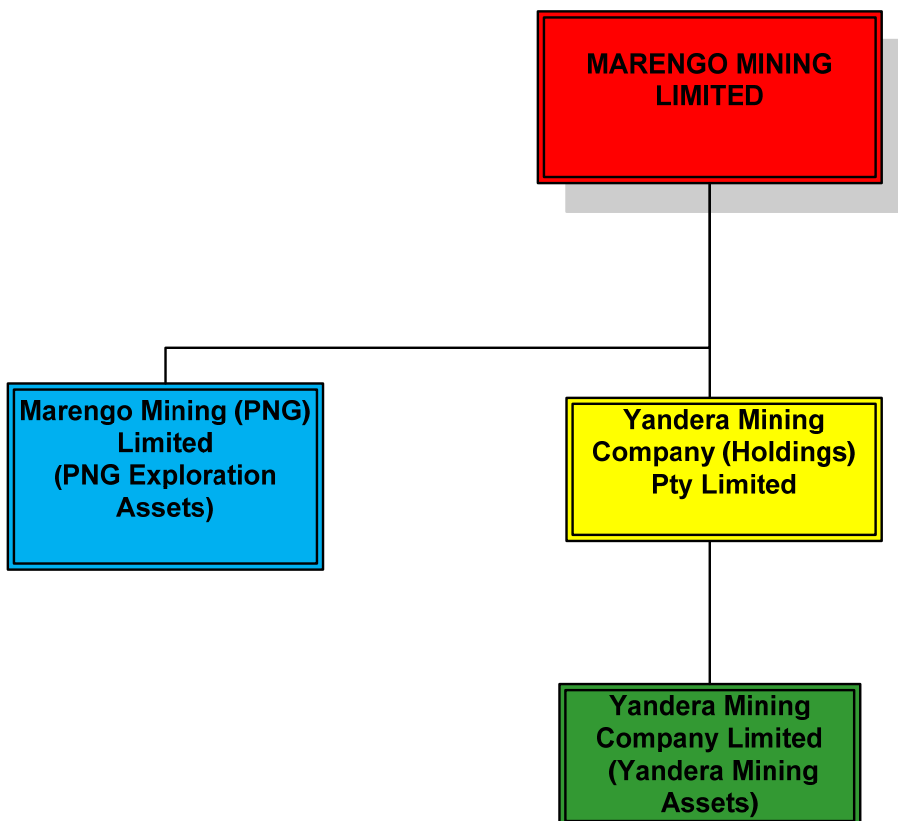
NFC, which is based in Beijing and listed on the Shenzhen Stock Exchange, is currently capitalised at more than \$3 billion and undertakes international contracts for non-ferrous metal projects and exports related engineering technologies. With international experience spanning many years, NFC has either built or is currently building major copper and other base metal projects in Iran, Zambia, Myanmar, Mongolia and Kazakhstan.

The NFC Group, which employs over 40,000 people, has a substantial manufacturing capacity in China, producing mining plant and equipment, and has a number of design institutes employing more than 2,500 engineers.

PNG Corporate Structure

During the quarter, and as part of the planning for the development of the Yandera Project, Marengo restructured its subsidiary structure, principally by the formation of a dedicated operating company for the Yandera mine, Yandera Mining Company Limited (“YMCL”). It is envisaged that YMCL will operate the Yandera Project and hold all of the assets of the mine, including the mine lease, plant and infrastructure licences.

Marengo will continue to hold and operate the current and future PNG exploration assets through Marengo Mining (PNG) Limited.



Definitive Feasibility Study (DFS)

To the end of the quarter, good progress was achieved with many of the DFS field activities, including geotechnical drilling and hydrogeological testing of the pit walls and of the comminution site, as well as foundation testing of the hydroelectric and general infrastructure sites. The final four, smaller, programs are planned for the current quarter. This includes the waste rock dump, tailings storage and concentrator geotechnical drilling programs.

The revised geological resource has been rescheduled to be completed during the current quarter to allow the inclusion of the remainder of 2010 drill results that are arriving from the laboratory. This will be the final resource figure to be used in the DFS and for use in the mine design and planning study.

The hydroelectric power study is progressing well with some layout changes, however still targeting 65MW of combined power from three systems. One of these changes includes the joining of two systems in series to improve efficiency and to make one of the powerhouses redundant. The other change involves some amendments to the underground layouts to reduce capital expenditure.

Marengo and NFC continue to cooperate on various matters associated with the completion of the DFS, particularly in the areas of review of the existing flow sheet and design criteria, as any further improvements in this area can have a significant impact in the outcomes of the DFS. Although the timing of this work may impact on the timeline for completion of the DFS this should not impact on the overall timeline for development of the project.

During the quarter, preparatory arrangements were completed for the construction of the bulk sample adits. Following mining approvals good mining rates have been achieved and this work will be completed early in the current quarter. Bulk sample material will be transported to both Perth, Australia and to NFC's facilities in China, for respective laboratory test work programs to feed the mineral processing studies.



Yandera – Bulk Sample Adit

There are numerous engineering desk top studies underway with many due for completion early in the new calendar year. The draft reports are expected to be received by the end of current quarter and will be reviewed before the final documentation is compiled.

Drilling

Geological activities throughout the quarter concentrated on drilling activities at Yandera.

The drilling programme continued throughout the quarter with five rigs operating on site. Of these, one rig was assigned to a deep drilling campaign initially planned as four holes each of some 1,000 metres depth each, together with rigs focussing on in-fill drilling at the Gremi zone.

The objectives at Imbruminda and Dimbi are to extend the known mineralised zones on approximately 100m section lines, so far as practicable. Gremi drilling is essentially infill, to increase drill sample density to approximately 50m spacing and to be sufficient to produce a Measured Resource category in the next resource calculation, scheduled for completion during the early part of 2011.

The latest drilling results have also increased confidence in the geological model with much improved prediction of geology and grades for the drill holes, especially at Gremi. The Imbruminda drilling is also enabling a better predictive model and areas of better gold values and shallower copper mineralisation are increasing the potential of this zone to generate easily accessible tonnage. Likewise at Dimbi, further broad widths of mineralisation were intersected. However, this zone is at an earlier stage of drilling, although expected to contribute to the next resource estimation.

Since the start of the current quarter five diamond drill rigs have re-commenced at Yandera. These rigs will continue to drill most zones, including the deep drilling program.

Results from the third and fourth drill hole of the deep drilling programme have now been received and are detailed below.

YD 296 (Dimbi)

292929E 9365758N, Collar Azimuth (AMG) 035° @ -70°; E.O.H 501.1m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
3	408	405	0.43	88	0.05	1.42	0.52
Within this broad zone, the following narrower intersections are noted							
51	72	21	0.48	142	0.10	2.39	0.63
102	129	27	0.37	91	0.10	2.36	0.46
162	297	135	0.66	130	0.06	1.63	0.79
360	408	48	0.53	101	0.06	1.44	0.63

CuEq% = Cu% + (10 x Mo%); Refer Notes

YD 303 (Dimbi)

292872E 9365849N, Collar Azimuth (AMG) 035° @ -70°; E.O.H 500.6m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
222	291	69	0.78	49	0.05	2.97	0.82
Within this broad zone, the following narrower intersections are noted							
222	249	27	1.14	64	0.06	3.70	1.21
279	291	12	1.26	91	0.08	4.25	1.35
Further down hole							
327	348	21	1.28	237	0.08	4.81	1.52

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 312 (Dimbi)

292994E 9365642N, Collar Azimuth (AMG) 035° @ -70°; E.O.H 456.9m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
72	87	15	0.27	237	0.25	1.52	0.51
375	393	18	0.63	257	0.17	3.40	0.86
420	456.9	36.9	0.80	473	0.44	3.32	1.28

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 313 (Dimbi)

292825E 9366027N, Collar Azimuth (AMG) 035° @ -70°; E.O.H m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
138	186	48	0.96	67	0.18	6.17	1.03

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 301 (Imbruminda)

291978E 9365664N, Collar Azimuth (AMG) 220° @ -65°; E.O.H 563.6m

This hole was drilled to the SW to follow up on a high grade zone encountered in previous drilling in YD213 and YD248. Copper with increasing molybdenum with depth occurs below 60m. From 5.8m to 60m elevated gold values averaging 0.34g/t are present but without significant Cu mineralisation.

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
60	447	387	0.40	183	0.18	2.04	0.58
Within this broad zone, the following narrower intersections are noted							
186	228	42	0.69	180	0.32	2.74	0.87
339	417	78	0.60	514	0.23	2.77	1.12

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 307 (Imbruminda)

291696E 9366040N, Collar Azimuth (AMG) 050° @ -70°; E.O.H 520.8m

This hole was drilled to the NW to follow up on mineralisation encountered in YD278 (see September 2010 Quarterly). Mineralisation was encountered over the final 116 m as detailed below.

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
405	520.8	115.8	0.53	295	0.06	1.28	0.83
Within this zone, the following narrower intersections are noted							
432	456	24	0.76	133	0.08	1.63	0.89
468	492	24	0.93	553	0.10	2.39	1.48

CuEq% = Cu% + (10 x Mo%): Refer Notes

Gremi In-fill Drilling Programme

The following holes were drilled as part of the Gremi in-fill drilling programme for resource definition.

YD 306 (Gremi)

293116E 9364702N, Collar Azimuth (AMG) 035° @ -45°; E.O.H 381.9m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
6	369	363	0.45	235	0.07	1.95	0.69
Within this broad zone, the following narrower intersections were noted							
15	117	102	0.66	103	0.03	2.34	0.76
258	285	27	0.50	226	0.18	2.02	0.72
342	369	27	0.43	728	0.30	1.74	1.16

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 311 (Gremi)

293014E 9364755N, Collar Azimuth (AMG) 035° @ -50°; E.O.H 362.7m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
192	285	93	1.05	145	0.08	4.36	1.20
Within this broad zone, the following narrower intersection was noted							
267	279	12	2.14	242	0.18	7.55	2.38

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 315 (Gremi)

293082E 9364728N, Collar Azimuth (AMG) 035° @ -45°; E.O.H 176.5m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
39	177	138	0.58	69	0.07	2.39	0.65
Within this broad zone, the following narrower intersections are noted							
39	102	63	0.70	68	0.04	3.11	0.76
120	150	30	0.73	77	0.15	2.22	0.81

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 317 (Gremi)

293449E 9364880N, Collar Azimuth (AMG) 215° @ -65°; E.O.H 368m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq%
150	183	33	0.33	165	0.16	1.60	0.49
Below the following narrower intersections with higher Au & Mo grades are found:							
195	207	12	0.30	189	0.27	2.10	0.49
234	354	120	0.33	238	0.19	1.72	0.57
Within this broad zone, the following higher grade intersection was noted							
267	294	27	0.62	415	0.19	1.84	1.04

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 320 (Gremi)

293342E 9364969N, Collar Azimuth (AMG) 215° @ -55°; E.O.H 407.6m

Worth noting are the high Mo grades in this hole. Gold values are also higher than expected.

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
120	405	285	0.33	312	0.11	1.89	0.65
Within this broad zone, the following narrower intersections are noted							
132	165	33	0.64	616	0.08	2.59	1.26
213	246	33	0.46	348	0.18	2.80	0.81
285	339	54	0.41	156	0.18	1.94	0.57

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 321 (Gremi)

292902E 9364853N, Collar Azimuth (AMG) 035° @ --50°; E.O.H 443.6m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
93	369	276	0.56	145	0.12	2.96	0.70
Within this broad zone, the following narrower intersection with elevated Au & Mo							
264	351	87	0.74	283	0.25	3.36	1.02

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 322 (Gremi)

293001E 9365126N, Collar Azimuth (AMG) 215° @ --65°; E.O.H 304.5m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
102	228	126	0.63	192	0.16	3.88	0.82
Within this broad zone, the following narrower intersections are noted							
102	120	18	1.07	370	0.38	6.60	1.44
153	228	75	0.70	206	0.13	3.97	0.91

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 325 (Gremi)

293082E 9365099N, Collar Azimuth (AMG) 215° @ --60°; E.O.H 439.4m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
93	435	342	0.56	299	0.13	2.28	0.86
Within this broad zone, the following narrower intersections are noted							
123	147	24	0.84	3.9	0.14	3.21	1.15
180	303	123	0.70	451	0.19	3.00	1.15
309	339	30	0.53	203	0.10	1.65	0.73
405	435	30	0.97	474	0.20	2.77	1.45

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 326 (Gremi)

293073E 9364748N, Collar Azimuth (AMG) 035° @ --65°; E.O.H 440.6m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
30	324	294	0.50	108	0.06	2.03	0.61
Within this broad zone, the following narrower intersections are noted							
63	99	36	1.06	204	0.06	3.59	1.26
120	135	15	0.55	58	0.06	2.20	0.61
171	210	39	0.58	207	0.07	2.26	0.78
285	324	39	0.61	175	0.13	2.73	0.78

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 327 (Gremi)

293152E 9364645N, Collar Azimuth (AMG) 035° @ --50°; E.O.H 470m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
138	408	270	0.42	140	0.09	1.94	0.56
Within this broad zone, the following narrower intersections are noted							
147	171	24	0.72	130	0.03	2.71	0.85
189	219	30	0.61	81	0.04	3.15	0.69
318	339	21	0.74	374	0.33	3.44	1.11
Previous occurs over a larger intercept dominated by Mo							
318	438	120	0.41	256	0.17	1.87	0.67

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 328 (Gremi)

292946E 9365116N, Collar Azimuth (AMG) 035° @ --50°; E.O.H 314.5m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
72	285	213	0.38	182	0.06	2.58	0.57
Within this broad zone, the following narrower intersections are noted							
126	159	33	0.73	172	0.07	5.20	0.91
237	258	21	0.54	110	0.04	2.34	0.65

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 330 (Gremi)

292978E 9364794N, Collar Azimuth (AMG) 035° @ --55°; E.O.H 350.6m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
87	117	30	0.44	170	0.07	1.55	0.61
150	204	54	0.46	29	0.04	3.18	0.49
Towards the end of hole, the following Mo & Au intersection							
315	336	21	0.42	148	0.16	1.64	0.57

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 331 (Gremi)

292946E 9364808N, Collar Azimuth (AMG) 035° @ --50°; E.O.H 356.4m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
42	294	252	0.46	68	0.09	2.82	0.53
Within this broad zone, the following narrower intersections are noted							
84	126	42	0.62	138	0.11	2.30	0.76
246	279	33	0.64	82	0.25	4.02	0.73

CuEq% = Cu% + (10 x Mo%): Refer Notes

Deep Drilling Programme

The four hole, deep drilling programme was completed with YD323 at Gremi in early December. Assay results from the first two deep holes have been reported and the results from the third and fourth, YD308, in the Imbruminda zone, and YD 323, in the Gremi zone are set out below. YD 308 passed out of the main zone of mineralisation at 471 m and did not encounter any further significant mineralisation, although Au is increasing in the final 60 m. YD 323 gave a consistently good grade for the first 411m. Below this, only a few narrow mineralised intersections were encountered. The results confirm the strong structural focus of mineralising fluids in ore body genesis as observed in other holes around the deposit.

Given the success of the first deep drilling programme further deep drill holes (to ~ 1000m) will be commenced from early in the 2011 field season. It is expected that this will lead to further resource definition below the current resource.

YD308 (Imbruminda)

291914E 9365720N, Collar Azimuth (AMG) 000° @ -90°; E.O.H 971.2 m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
3.5	471	468	0.53	115	0.29	3.01	0.65
Within this broad zone, the following narrower intersections are noted							
48	84	36	0.88	88	1.03	4.12	0.97
198	243	45	1.12	120	0.40	4.34	1.24
309	402	93	0.66	212	0.31	3.65	0.87

CuEq% = Cu% + (10 x Mo%): Refer Notes

YD 323 (Gremi)

292984E 9364969N, Collar Azimuth (AMG) 000° @ --90°; E.O.H 998m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
3	414	411	0.50	153	0.11	2.29	0.66
555	576	21	0.51	295	0.29	1.94	0.80

CuEq% = Cu% + (10 x Mo%): Refer Notes

**Figure 1
Yandera Central Porphyry – Long Section**

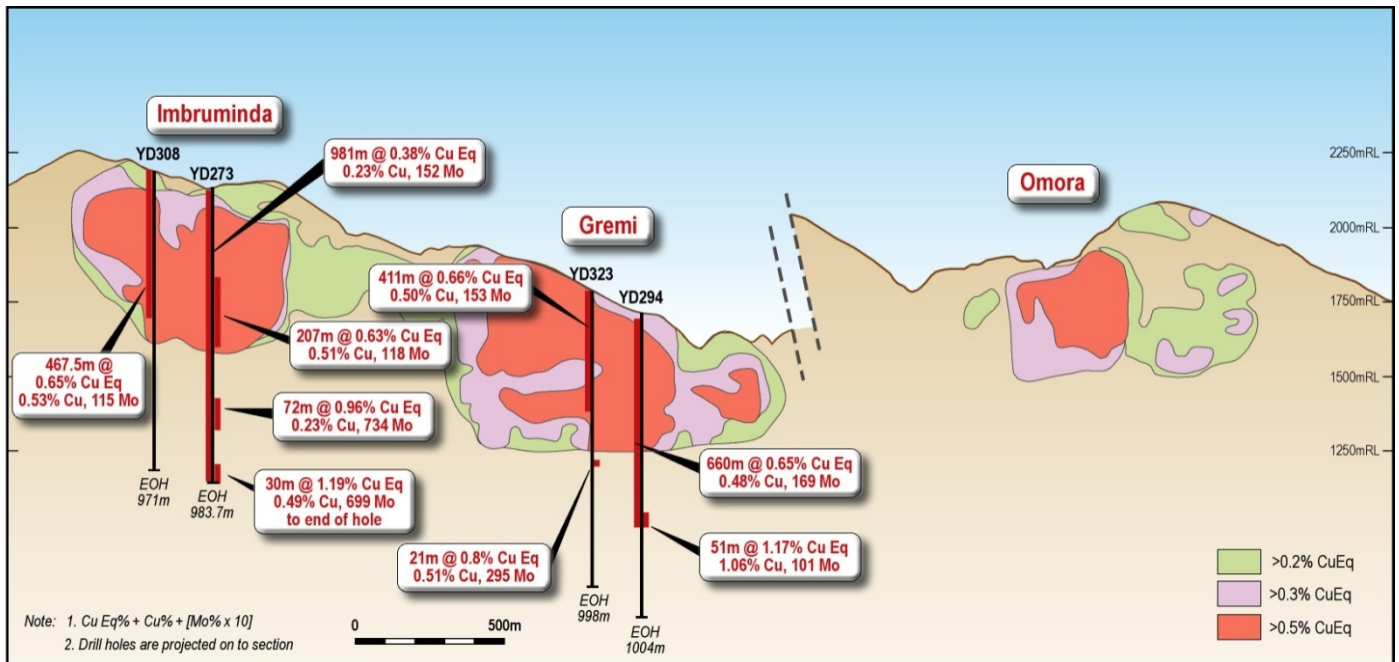
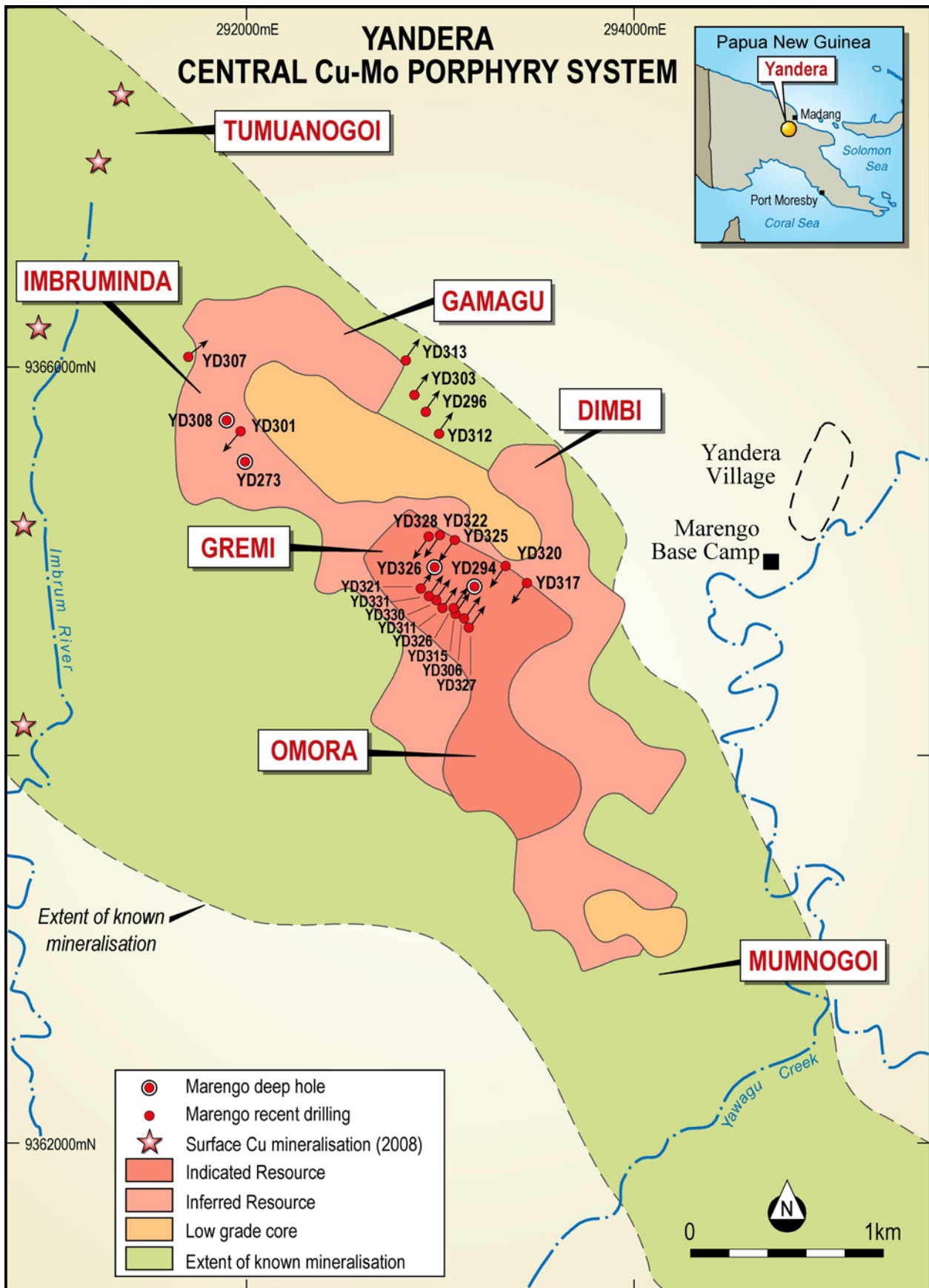


Figure 2
Yandera Central Porphyry System – Drill Location Plan



Community Matters

During the quarter increasing field activity at Yandera and DFS investigations associated with infrastructure options between Yandera and the Madang coast were accompanied by an increase in community awareness work in these areas prior to field studies. Marengo places a very high priority on maintaining good relationships with the communities within the project areas and also close liaison with various government departments at a National and Provincial level.

Household census surveys were completed in several areas of possible infrastructure developments at the same time as the initial community awareness programme. The census surveys were conducted by a team led by Marengo's independent consulting anthropologist, who has had extensive experience in the Yandera region.

Health, Safety & Environment

Marengo is committed to providing a safe and healthy workplace, and continues to take steps to ensure that this is practised at all levels within the Company. It is pleasing to report that during the quarter the Yandera site continued to operate without any serious work injuries. Several local employees attended safety courses during the quarter and training will continue in order to increase the skills base of the Safety Department.

Environmental monitoring of streams continued and the environment team was expanded during the quarter in order to include environmental activities associated with the examination of the infrastructure options between Yandera and the Madang coast.

At all times Marengo aims to operate to world class environmental standards and continues to operate without any significant effect on the environment or local communities.

CORPORATE AND FINANCIAL

Canadian Capital Raising Completed

During the quarter the Company completed a Canadian prospectus offering of 110 million units ("unit") at an effective price of C\$0.25 per share, raising gross proceeds of C\$55M. Each Unit consisted of one ordinary share ("Ordinary Share") of the Company and one subscription receipt ("Subscription Receipt"). Each Subscription Receipt was converted into one Ordinary Share of the Company following shareholder approval, received on 21 December 2010.

The Offering was conducted by Paradigm Capital Inc, of Toronto ("Paradigm").

In addition, Paradigm exercised its over-allotment option to acquire an additional 33 million Subscription Receipts, for additional gross proceeds of C\$8.25M. These Subscription Receipts have also been converted into Ordinary Shares.

Including the proceeds from the exercise of the over-allotment option, the total gross proceeds of the offering were C\$63.25M (A\$64.5M).

A number of leading North American investment funds participated in the offering, which was also strongly supported by several of the Company's existing major shareholders. At the end of the quarter the Company's major shareholders comprised:

- | | |
|---|--------|
| • Sentient Global Resources Fund | 22.20% |
| • Quantum Partners LDC (Soros) | 18.87% |
| • OMERS (Ontario Municipal Employees Retirement System) | 6.12% |

This successful capital raising follows a Canadian prospectus offering during the previous quarter, which raised gross proceeds of C\$20.16M (A\$21.4M).

Annual General Meeting

The Annual General Meeting of Marengo Mining Limited was held on 11 November 2010, with all resolutions being passed.

General Meeting

A General Meeting of Marengo Mining Limited was held on 21 December 2010 at which the resolution to approve the recent capital raising was passed.

Cash Reserves

At the end of the quarter the Company had cash reserves of A\$71M (C\$72.1M).



Les Emery

Managing Director / CEO
31 January 2011

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DIRECTORS

John Horan
Chairman

Les Emery
CEO / Managing Director

Doug Dunnet
Non-Executive Director

Sir Rabbie Namaliu
Non-Executive Director

Susanne Sesselmann
Non-Executive Director

John W Hick
Non-Executive Director

Elizabeth Martin
Non-Executive Director

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Company Secretary & CFO

Dennis Wilkins
Company Secretary

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Canada - TSX
Papua New Guinea – POMSoX

ASX/POMSoX CODE

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TSX CODE

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The Many Faces of Yandera



This news release does not constitute an offer to sell or the solicitation of an offer to buy any ordinary shares within the United States. The ordinary shares have not been offered and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, the ordinary shares may not be offered or sold in the United States or to U.S. persons (as such terms are defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or an exemption from such registration are granted.

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.

Scientific and technical information in this report including that relating to drilling intercepts and mineralization but excluding the Yandera resource estimate were prepared by Mr Peter Dendle. Mr Dendle 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 mineralization 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 is also a "Qualified Person" as defined by National Instrument 43-1-1 "Standards of Disclosure for Mineral Projects" ("NI 43-101") Mr Dendle verified the data underlying the information in this report prepared by him.

Except to the extent not set out herein, for a (i) summary description of rock types, geological controls and dimensions of mineralised zones, and the identification of any significantly higher grade intervals within a lower grade intersection; (ii) a summary of the relevant analytical values, widths and, to the extent known, the true widths of the mineralised zones; (iii) a summary description of the geology, mineral occurrences and nature of the mineralization found; and (iv) a summary description of the type of analytical or testing procedures utilized, sampled, sample size, the name and location of each analytical or testing laboratory used and any relationship of the laboratory to the issuer please refer to the Company's technical report filed on SEDAR and dated November 9, 2007. There is no drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to herein.

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.

Copper equivalent (CuEq) values are estimated on the basis of $CuEq = Cu\% + [10 \times Mo\%]$ i.e. copper metal @ US\$2/lb and molybdenum metal @ US\$20/lb. Adjustment factors to account for differences in relative metallurgical recoveries will depend upon the completion of definitive metallurgical testing. Metallurgical recoveries and net smelter returns are assumed to be 100%. **By-product metal values (i.e. gold, silver and rhenium) are not incorporated in the copper equivalent value.**

Drill samples were analysed by Intertek Group Laboratories, Jakarta, Indonesia.

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 January 2009) which is available on the Company's website and at the (Canadian) SEDAR website.

It should be noted that the Memorandum of Understanding between Marengo and NFC referred to in this report is non-binding and that no party is under any obligation to proceed. Accordingly, there is no certainty that a transaction will proceed.