



*Copper sulphide (predominantly chalcopyrite) in diamond drill core – Yandera Project*

## Marengo Mining Limited

### March 2011 Quarterly Activities Report

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[www.marengomining.com](http://www.marengomining.com)

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

### HIGHLIGHTS

#### YANDERA COPPER-MOLYBDENUM-GOLD PROJECT

##### Resource Upgrade:

- Measured Resource of 113 Mt @ 0.57% copper equivalent, for 1.0 billion pounds of contained copper and 45 million pounds of contained molybdenum;
- Indicated Resource of 245 Mt @ 0.50% copper equivalent, for 1.9 billion pounds of contained copper and 68 million pounds of contained molybdenum; and
- Inferred Resource of 417 Mt @ 0.45% copper equivalent, for 3.6 billion pounds of contained copper and 91 million pounds of contained molybdenum.
- Inferred Mineral Resource of 776 Mt of by-product metals (gold, silver and rhenium) for 2.2 Moz of gold, 42 Moz of silver and 1.5 Moz of rhenium.
- 32% increase in copper leaves Marengo well positioned to achieve its target of establishing a minimum 20-year mine life.
- Upgraded resource estimate does not include results for the successful deep drilling programme, commenced during the latter part of 2010 and continuing.



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## Exploration / Resource Drilling

- 📍 In-fill drilling at Gremi intersects 279 metres @ 0.59% CuEq  
375 metres @ 0.44% CuEq  
140 metres @ 0.70% CuEq
- 📍 Drilling at Imbruminda intersects 240 metres @ 0.51% CuEq
- 📍 Drilling at Dimbi intersects 54 metres @ 0.59% Cu Eq

## Corporate & Financial

- 📍 Standard Bank appointed as financial advisor for Yandera Project Development.
- 📍 Restructure of PNG subsidiaries to form a dedicated operating company for the Yandera mine.
- 📍 Cash balance at quarter ended of A\$65.8M (C\$65.95M).

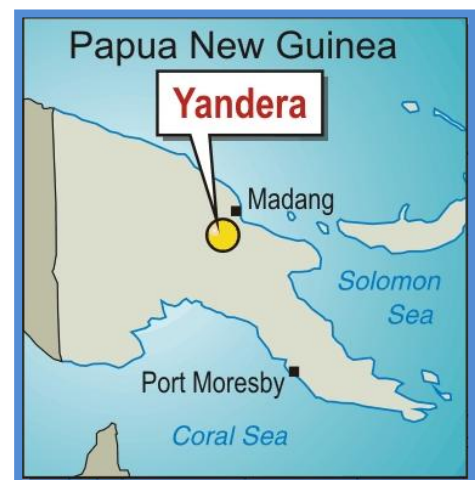
## ABOUT MARENGO MINING

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 POMSIX 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](http://www.marengomining.com))



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

### Project Development - Strategic Partner

In October 2010, the Company signed a Memorandum of Understanding (“MoU”) with China Nonferrous Metal Industry’s Foreign Engineering and Construction Co Ltd (“NFC”), a member of the China Nonferrous Group, 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.

During and since the end of the quarter, NFC’s corporate and technical management have met with the Company’s management to work towards the completion of the EPC pricing, at the earliest possible time. This pricing is a key component for the completion of the Definitive Feasibility Study (“DFS”) for the Yandera Project. Meetings were also held with Chinese banking organisations to further this aspect of the project development, in parallel with other activities.

The indicative timetable contemplates commencement of construction at Yandera and other infrastructure locations in the first half of 2012, following execution of the EPC contract, finance approval and permitting.

In addition, the MoU contemplates Marengo placing a portion of the Yandera Project’s copper and molybdenum concentrate off-take with NFC, and these discussions are also continuing.

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.



Recent management meetings with NFC

## Upgraded Resource Estimate

During the quarter the Company announced a substantial upgrade to its mineral resource inventory at Yandera

The upgraded resource estimate comprises a **Measured Resource of 113 million tonnes (Mt) at 0.57% copper equivalent (CuEq), an Indicated Resource of 245 Mt at 0.50% CuEq and an Inferred Resource of 417 Mt at 0.45% CuEq, based on a 0.3% CuEq cut-off** (Refer Notes).

The revised estimate has led to a **32% increase in contained copper metal**.

The updated resource estimate was prepared in accordance with the JORC Code by international mining consultancy group, Golder Associates Pty Ltd ("Golder"), which also prepared Marengo's October 2008 resource update. The updated resource estimate corresponds with Canadian Institute of Mining, Metallurgy and Petroleum classifications. This resource estimate incorporates assay results from 345 diamond drill holes totalling 113,716 metres, which were drilled up until the end of 2010. **Additionally, Marengo reported an Inferred Resource estimate of 776 million tonnes containing by-product metals, comprising gold (Au), silver (Ag) and rhenium (Re), for 2.2 million ounces of gold, 42 million ounces of silver and 1.5 million ounces of rhenium.**

**These by-product metals have not been included in the copper equivalent values stated above,** and are expected to make a significant positive contribution to the overall Project economics.

Importantly, the updated resource **does not contain any resource estimate for the mineralised zones identified from the deeper diamond drill holes** completed during the latter part of the 2010 and being continued this year.

This drilling identified mineralisation to a depth of 981 metres at the Imbruminda zone, some 400 metres below the base of the current resource estimate, and down to a depth of 660 metres at the Gremi zone, some 200 metres below the base of the current resource estimate at the Imbruminda zone.

The updated resource estimate has confirmed the Company's belief that the Yandera Project will continue to grow in scale and has justified the continued focus on drilling at the Yandera Central Porphyry deposit. With the contained copper inventory increasing by some 32% the Yandera Project has the potential to achieve the Company's goal of developing a project with a minimum operating life of at least 20 years.

### YANDERA PROJECT

Table 1 Copper-Molybdenum

Cut-off (% CuEq)*	Tonnes (million)	CuEq* (%)	Cu (ppm)	Mo (ppm)
<b>MEASURED RESOURCE</b>				
<b>0.30</b>	<b>113</b>	<b>0.57</b>	<b>3,980</b>	<b>181</b>
0.25	124	0.55	3,826	173
0.20	132	0.53	3,700	167
<b>INDICATED RESOURCE</b>				
<b>0.30</b>	<b>245</b>	<b>0.46</b>	<b>3,468</b>	<b>124</b>
0.25	349	0.40	3,126	106
0.20	490	0.35	2,772	89
<b>INFERRED RESOURCE</b>				
<b>0.30</b>	<b>417</b>	<b>0.45</b>	<b>3,383</b>	<b>96</b>
0.25	647	0.39	3,327	81
0.20	1,017	0.45	3,383	96

\*CuEq. Calculated as  $[Cu + (10 \times Mo)]$ : Refer Notes.

**Table 2 By-Products\***

The Copper-Molybdenum resource includes the following by-product metals:

Cut-off (% CuEq)*	Tonnes (million)	Au (g/t)	Ag (g/t)	Re (ppm)
<b>INFERRED RESOURCE</b>				
<b>0.30</b>	<b>776</b>	<b>0.09</b>	<b>1.68</b>	<b>0.06</b>
0.25	1,119	0.08	1.58	0.05
0.20	1,639	0.07	1.50	0.05
*Not included in CuEq.				

Note: The by-product resource is contained within Inferred resource in Table 2. Au and Ag grades have been estimated from a smaller set of data than the Cu and Mo grades. Re has been calculated by regression against Mo based on a limited amount of sampling. Uncertainty in the characterisation of the Au, Ag and Re metal content of the resource has resulted in no part of the by product resource being classified as Indicated.

A National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* compliant technical report in connection with the updated resource was subsequently filed on the Company's website and on Canadian SEDAR.

## Definitive Feasibility Study (DFS)

A major focus of the quarter continued to be working towards the completion of the DFS with staff and consultants being fully focused on this activity.

With the completion of the Upgraded Resource Estimation, during the quarter, further open pit mine optimisation programs have been run, to provide a life of mine ore schedule, which will, in turn, be fed into the financial model component of the DFS.

Further geotechnical drilling of various sites was carried out, in particular in rock waste dump areas.

The hydroelectric power study is continuing on schedule, targeting 65MW of electricity from a "run of river" fed turbine system, similar to a number of installations currently operating in the country.

Marengo and NFC continue to meet and 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, with a target date for project start up of late 2014.

Numerous components of the DFS are now reaching completion and as received these are incorporated into the financial model.

Regular update briefings continue to be held with PNG government and statutory bodies, to ensure that all components of the permitting process are well understood prior to making formal application for mine development.

## Drilling

Drilling at Yandera commenced, following the Christmas shutdown, in January 2011. Operations have now ramped up to five rigs employed on the deeps program, in-fill, resource and geotechnical drilling.

The in-fill drilling program at Gremi was completed during the quarter with a total of 21 holes strategically placed to give the maximum measured resource for the next resource estimation. One deep hole was completed at Imbruminda (YD339) and a second has been commenced in the same zone (YD357). The first 300m of assay results for YD339 have been received to date and are reported below.

Further results are awaited, although core logging shows good mineralisation down to 650m. A second deep hole (YD357) is at 40m and drilling good mineralisation in porphyritic dacite.

The resource drilling program has focussed on extending data at the Dimbi and Imbruminda zones, whilst the geotechnical program involved a total of four holes investigating waste rock dump possibilities in the Tai-Ayor and Imbrum River valleys.

During and since the end of the quarter, the following assay results have been received;

### YD 339 (Imbruminda)

Collar 292181E 9365437N Azimuth (AMG) 000 @ -90; E.O.H 984.5 m

These are the results of the first 300 m of the first deep hole for 2011. **Encouragingly, this hole commences with a 99 m intersection grading 0.34 g/t Au.**

Results of the upper section of the hole are as follows;

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
63	303	240	0.42	87	0.17	1.69	0.51
Within this broad intersection the following higher grades occur:							
63	102	39	0.63	45	0.37	3.06	0.67
147	237	90	0.46	140	0.18	1.71	0.60

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

The following holes are part of the Gremi in-fill drilling program;

### YD 335 (Gremi)

Collar 293267E 9364697N Azimuth (AMG) 035 @ -55; E.O.H 302.7 m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
15	294	279	0.32	272	0.07	1.65	0.59
Within the broad zone the following higher grade intersections are noted:							
15	90	75	0.53	346	0.06	2.73	0.87
237	294	57	0.43	340	0.11	1.68	0.77

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

### YD 336 (Gremi)

Collar 292874E 9365047N Azimuth (AMG) 035 @ -85; E.O.H 404.1 m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
24	399	375	0.30	134	0.14	2.18	0.44
Within the broad zone the following higher grade intersection is noted:							
186	399	213	0.34	196	0.19	2.17	0.53

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

**The second intersection above also includes 129 m at 0.24 g/t Au at similar Cu & Mo grades.**

### YD 337 (Gremi)

Collar 293358E 9364952N Azimuth (AMG) 210 @ -65; E.O.H 368 m

This hole is worth noting for the high Mo grades.

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
228	368	140	0.22	485	0.08	0.77	0.70

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

In addition to the drill results, the assay results from the sample adit (Adit Alpha) channel chip sampling were received:

### Adit Alpha (Gremi)

Collar 293195E 9364921N Azimuth (AMG) 230 @ 0 (horizontal); EOH 49.4 m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
5	49	44	0.46	282	0.19	2.14	0.75
Within the broad zone the following higher grade intersection occurs:							
17	40	23	0.61	451	0.26	2.58	1.06

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

Other results received since quarter end include drilling from the Dimbi and Imbruminda zones as follows;

### YD 305 (Dimbi)

Collar 293235E 9365637N Azimuth (AMG) 215 @ -70; E.O.H 453 m

This is one of a number of holes planned to test the along strike continuity of the Dimbi mineralised structure.

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
222	276	54	0.52	68	0.06	1.45	0.59

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

### YD 329 (Imbruminda)

Collar 292017E 9365540N Azimuth (AMG) 035 @ -60; E.O.H 397.5 m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
177	198	21	0.41	82	0.08	1.23	0.49
249	270	21	0.44	183	0.23	2.13	0.62

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

Au appears to increase towards the base of this hole.

The following two holes in the Imbruminda zone were collared on the same drill pad testing mineralisation extensions to the NW along strike from YD278.

### YD 333 (Imbruminda)

Collar 291813E 9366048N Azimuth (AMG) 215 @ -60; E.O.H 400.9 m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
204	216	12	0.75	248	1.36	3.75	1.00

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

### YD 334 (Imbruminda)

Collar 291814E 9366049N Azimuth (AMG) 035 @ -65; E.O.H 449.8 m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	CuEq %
231	243	12	0.56	62	0.15	1.18	0.62
312	342	30	0.46	126	0.45	3.16	0.59

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

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

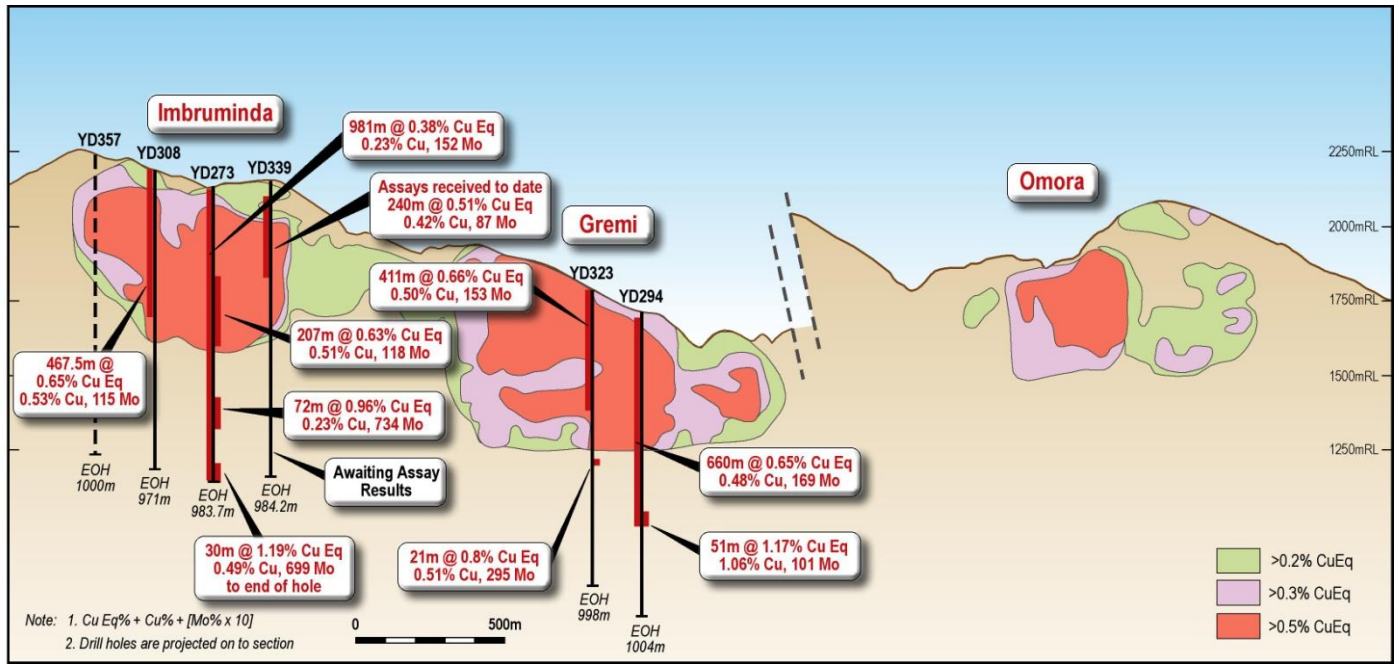
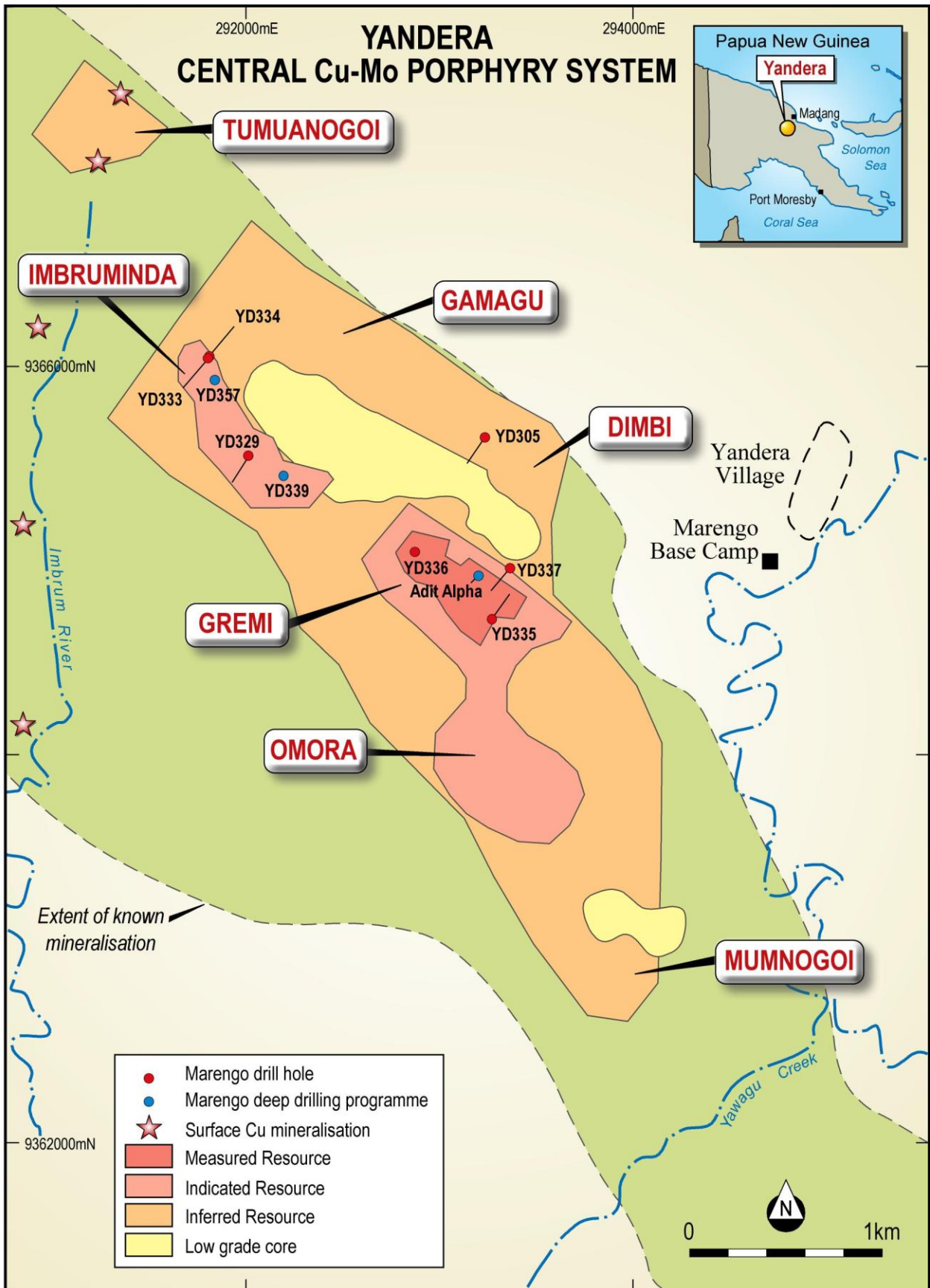




Figure 2  
Yandera Central Porphyry System – Drill Location Plan



## Community Matters

During the quarter Community Affairs staff concentrated on continuing community awareness of Marengo's activities and land boundary surveys in the areas of possible infrastructure development. Assistance was given to the Madang Provincial Government by way of logistical preparations for Landowner Association executive elections which were held at the end of March by the Provincial Electoral Commission.

Discussions were held with officials from the Ramu Nickel Coastline and Inland Pipeline Landowner Associations regarding the establishment of associations to represent landowners along the proposed route of the Marengo slurry pipeline.

## Safety, Health and Environment

No serious incidents or accidents occurred during the quarter and a strong emphasis continues to be placed on workplace safety with regular meetings and training as appropriate.

Health matters in both the Marengo workforce and local community continue to be monitored by Marengo medical staff and patients are either treated at Yandera Camp or referred to Government clinics or hospital. Marengo continues to operate helicopter medical evacuation of serious medical cases.

In late March environment consultants Coffey International Ltd commenced environmental baseline study field work in the Yandera, Ramu River and Rai coastal areas.

Marengo also funded the construction of new bridgework over the fast flowing Imbrum River, in the Yandera area. This work was undertaken by local labour and has provided the local population a safer route for travel.

Currently Marengo assists local communities in areas, such as health and education. As the Yandera Project develops, this will be increased to include sponsorship of training and local businesses, improved medical facilities and infrastructure.

### Marengo funded bridge crossing Imbrum River, near Yandera



## CORPORATE AND FINANCIAL

### Yandera Project – Financial Advisor

Since the end of the quarter Standard Bank has been mandated to act as financial advisor for the development of the Yandera Project.

Standard Bank's mandate is to advise Marengo on a comprehensive funding solution for the development of the Yandera Project through to completion of construction. This includes working closely with Marengo and NFC.

As set out in the MoU, NFC will facilitate at least 70% of the necessary financing for the project development costs of the Yandera Project, through Chinese banks.

Standard Bank was selected based on its significant experience in financing mining projects globally, as well as its specific expertise raising finance from Chinese sources. Standard Bank will utilise its teams in London and Beijing to undertake this work.

### PNG Corporate Structure

During the quarter, and as part of the planning for the development of the Yandera Project, Marengo continued to restructure 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.

### Cash Reserves

At the end of the quarter the Company had cash reserves of A\$65.8M (C\$65.95M).



**Les Emery**  
Managing Director / CEO  
29 April 2011

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## CORPORATE DIRECTORY

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*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*

### COMPANY SECRETARIES

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*Company Secretary & CFO*

**Dennis Wilkins**  
*Company Secretary*

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### STOCK EXCHANGE LISTINGS

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Canada - TSX  
Papua New Guinea – POMSoX

### ASX/POMSoX CODE

MGO

### TSX CODE

MRN

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## 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.

The section of this report relating to the Yandera Resource Estimate was prepared from information by Mr Stephen Godfrey of Golder Associates Pty Ltd. Mr Godfrey is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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 Godfrey consents to the inclusion in this announcement of the matters based on this information, in the form and context it appears.

The updated mineral resource estimate and the resource estimate for the by-product metals and all other scientific and technical information contained in this release was prepared by or under the supervision of Stephen Godfrey, Associate, Principal Resource Geologist, Golder Associates Pty Ltd. Mr Godfrey is a "Qualified Person" as defined by National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101"). Mr Godfrey is independent of Marengo, as such term s defined in NI 43-101. Mr. Godfrey has read and approved the contents of this release. Mr Godfrey verified the data disclosed and underlying the information contained in this release. The effective date of the updated mineral resource estimate and the resource estimate for the by-product metals is February 28, 2011. The method used to verify the data was similar to that described in Marengo's technical report filed on SEDAR and dated November 9, 2007. The key assumptions, parameters and methods used to estimate the mineral resources are as set out in Appendix A hereto. The estimate of mineral resources are not materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

The resources disclosed herein are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them to be categorized as mineral reserves. There is no certainty that the resources disclosed herein will be realized. Mineral Resources which are not mineral reserves do not have demonstrated economic viability.

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.

**NOTES (Cont'd)**

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.

**The Many Faces of Yandera**