

Marengo Mining Limited

March 2013 Quarterly Activities Report



Marengo Mining's Yandera Staff

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TSX Share Code: MRN - ASX/POMSoX Share Code: MMC

KEY POINTS

Yandera Project Development

- 🕒 Feasibility Study Continues
- 🕒 Engineering Procurement & Construction (EPC) pricing, received from China's NFC
- 🕒 EPC pricing based on an increased processing rate of 30Mtpa
- 🕒 Letter of Intent for project financing provided to NFC by a leading Chinese State Bank
- 🕒 Further drilling results include:

Imbruminda:

- 255m @ 0.42% Cu including 90m @ 0.67% Cu
- 69m @ 0.53% Cu including 21m @ 0.90% Cu
- 21m @ 1.21% Cu

Corporate & Financial

- 🕒 Binding term sheet to complete a private placement of US\$15.0 million unsecured convertible debentures to Marengo's major shareholder, The Sentient Group
- 🕒 Marengo completed its redomicile to Canada by way of a Scheme of Arrangement
- 🕒 Quarter end Cash Balance of A\$5.8 million (C\$6.1 million)

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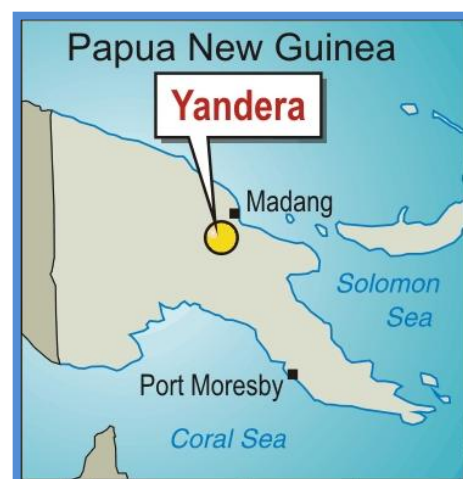
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The Yandera Copper-Molybdenum-Gold Project is a world-scale development project located in Madang Province, Papua New Guinea, some 95km south-west of the seaport of Madang within the highly prospective New Guinea copper-gold belt. The Yandera Central Porphyry System contains one of the largest undeveloped porphyry copper-molybdenum-gold systems in the south-west Pacific.

Strategic Partners

In October 2010, 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.

As part of its MoU with NFC and its Australian engineering partner, Arcon (WA) Pty Ltd (Arcon), these parties have agreed with Marengo to undertake the key phase of process plant design work, as well as other areas, for the Yandera Project development. This work has been undertaken at one of NFC's design institutes in China, which employs some 2,500 engineers who are focused on the many offshore engineering and construction projects being undertaken by NFC at any one time. Arcon will provide supporting engineering services to NFC.



On 19 September 2011, the Company entered into the Yandera Project Investment and Co-operation Agreement with Petromin PNG Holdings Limited (Petromin). Petromin is a resource and investment company established by the PNG Government to hold the Government's interest in, and invest in the development of, mining, and oil & gas projects in PNG.

This Agreement establishes the framework for the development of a Mining Equity Agreement (MEA) under which Petromin may acquire a 30% contributing interest in the Yandera Project – after which the Mining Development Contract will be entered into and a Financial Investment Decision made. At the time of entering into the MEA, Petromin will be required to reimburse Marengo a pro-rata sum of Marengo's sunk costs on the Yandera Project.

Engineering, Procurement & Construction (EPC) Pricing

During the quarter, Marengo received pricing for a lump sum, Engineering, Procurement and Construction (EPC) contract for development of the Yandera Project, Madang Province, Papua New Guinea from NFC.

As previously advised, NFC has prepared its EPC pricing by working in parallel with the Feasibility Study team, as part of the overall development strategy at Yandera.

A Letter of Intent for project financing has been provided to NFC by a leading Chinese state bank. Marengo expects that, when completed, the facility is estimated to be for approximately 70 per cent of the total development capital of the project, subject to completion of the Feasibility Study, amongst other things.

The President of NFC, Mr Wang Hongqian, commented: "Marengo's Yandera project is a high priority for NFC. We remain fully supportive of Marengo as it advances the development of the project".

Feasibility Study

The Company's continuing focus during the March Quarter was ongoing activities relating to the completion of the Feasibility Study (FS) on the Yandera Project.

The FS is based on an open-cut mining operation and processing facility to be located at Yandera, with copper/gold concentrate being delivered to the Madang Port, by pipeline. Molybdenum concentrate will be delivered by road due to the smaller volumes of this high-value product.

An integrated rock waste and process tailings management facility (TMF) is being designed to be located in the vicinity of the Yandera deposit, under stringent criteria, to ensure that the highest levels of environmental integrity are maintained. The Company plans a harbourside area in Madang Port for centralised infrastructure, including power, to be reticulated to site, close to existing roads and then along a planned road which will extend up to the Yandera site.

Marengo has been advised that the previously favoured third party power provider has been unable to progress on the arrangements under discussion due to the uncertainties in the current equities and commodities market. This has required Marengo to re-enter discussions with two other shortlisted parties to resubmit their proposals.

The FS is being completed by a team of experts drawn from Marengo, Arcon, Mining One, Coffey and other Australian and international consultants.

The Company remains committed to the development of the Yandera Project, and is pleased with the support that we have had from our strategic partner NFC, the PNG Government, as well as the financial support from our major shareholder the Sentient Group.

Drilling (Yandera Central Porphyry)

Drilling is on hold at Yandera pending the finalisation of the FS, in the meantime; final assay results from the 2012 drilling program were received with the highlights reported below.

This suite of assay results is from the in-fill drilling program at Imbruminda:

YD529 (Imbruminda)

Collar 292165E 9365361N Azimuth (AMG) 215 @ -65; E.O.H 281.6m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
18	39	21	0.17	20	0.47	<0.5
33	51	18	0.40	3	0.11	<0.5
213	237	24	0.60	56	0.24	2.33

This hole commences with two overlapping intervals: one with notable Au, the other with Cu. The third intersection is polymetallic and occurs towards the end of the hole.

YD535 (Imbruminda)

Collar 292126.8E 9365376.7N Azimuth (AMG) 215 @ -60; E.O.H 321.0m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
216	237	21	1.21	194	0.10	2.97
261	276	15	0.63	26	0.03	3.84

YD538 (Imbruminda)*Collar 291825E 9365568N Azimuth (AMG) 215 @ -60; E.O.H 361.6m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
36	117	81	0.42	92	0.03	0.61
Within this broad intersection						
96	111	15	0.64	207	0.02	1.22
Further down hole:						
279	300	21	0.37	55	0.11	1.14

YD539 (Imbruminda)*Collar 291933E 9365309N Azimuth (AMG) 215 @ -60; E.O.H 293.8m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
81	150	69	0.53	93	0.12	1.85
Within this broad intersection						
129	150	21	0.90	45	0.30	3.51
165	216	51	0.19	160	0.03	0.99

This hole is marked by a Cu-Au-driven intersection followed by Mo only.

YD541 (Imbruminda)*Collar 291844E 9365762N Azimuth (AMG) 215 @ -60; E.O.H 308m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
18	42	24	0.35	40	0.05	0.8
81	96	15	0.36	105	0.04	0.72

YD542 (Imbruminda)*Collar 292023E 9365684N Azimuth (AMG) 215 @ -75; E.O.H 408m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
9	162	153	0.26	221	0.28	1.10
Overlapping this broad intersection is the following with enhanced Mo:						
39	207	168	0.28	248	0.24	1.11
Within this is the following higher grade						
114	150	36	0.43	301	0.30	1.85

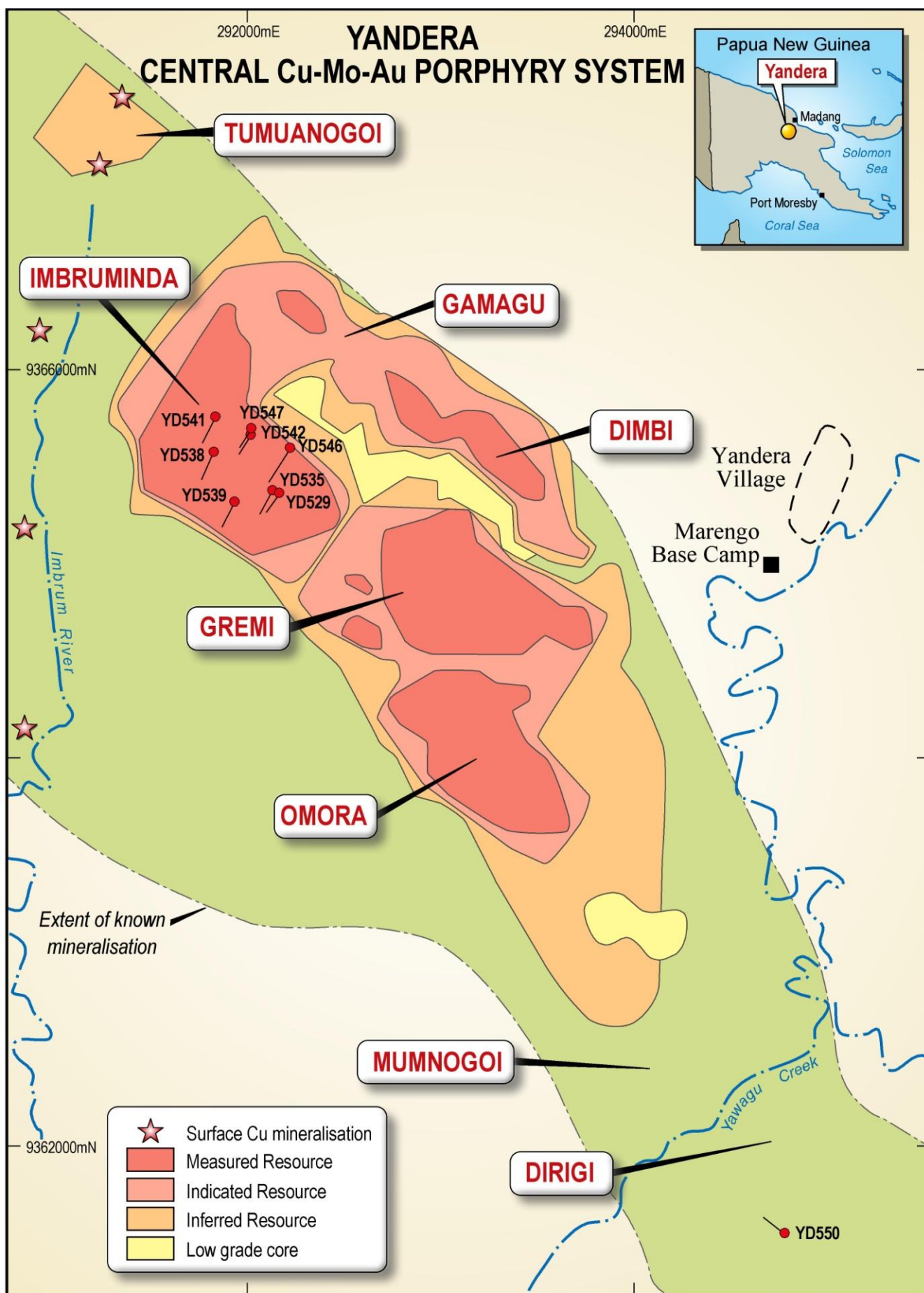
YD546 (Imbruminda)*Collar 292217E 9365598N Azimuth (AMG) 215 @ -65; E.O.H 417.6m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
153	408	255	0.42	88	0.14	2.72
The above broad intersection contains the following higher grade domains						
153	174	21	0.57	521	0.42	2.89
207	297	90	0.67	90	0.24	4.00
Within the last intersection above is the following:						
231	252	21	1.27	142	0.50	6.71

YD547 (Imbruminda)*Collar 292020.7E 9365699.2N Azimuth (AMG) 219 @ -60; E.O.H 311.8m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
69	312	243	0.15	278	0.11	1.10
Within this broad intersection, the following:						
69	120	51	0.31	574	0.30	1.84

Yandera Central Porphyry System – Drill Location



Regional Exploration

Regional exploration activities have been on hold pending the end of the wet season and this time has been spent on data compilation and interpretation. Data collected so far have allowed elimination of certain areas in EL1665 (Yomi) as sources for the reported Au occurrences, and allowed focus on other areas yet to be tested. Data from EL1851 (Yakumbu) have permitted preliminary definition of target areas for follow up in the pending dry season.

Closer to Yandera, exploration drilling at Dirigi mountain has shown potential for the discovery of a new mineralised zone. Mineralisation is found as a hydrothermal overprint in a structurally controlled breccia body. Follow up drilling is being planned to further test this ground.

YD550 (Dirigi)

Collar 294799E 9361538N Azimuth (AMG) 315 @ -70; E.O.H 375.4m

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
207	246	39	0.38	137	0.01	3.18
273	303	30	0.16	184	0.02	2.46
321	345	24	0.21	136	0.01	2.8

Community Matters

Marengo is committed to working with the community in all aspects of the current activities and future development plans for the Yandera Project. It maintains an effective and dedicated team to manage its community affairs programs.

The company's community affairs team continue to engage with local communities to provide them with updates on Marengo's site activities and future plans. As the activities expand beyond Yandera itself, the community affairs team have also expanded their area of influence, in order to keep those other communities that will be impacted by regional infrastructure informed.

Marengo's April 2013 Community Newsletter is currently being distributed to the community with the most recent activity of the Company being provided in both English and Tok Pisin (an official language of PNG) as part of the commitment to keep stakeholders and the general public informed. It will be the sixth newsletter distributed in the last three years, and will be available on the Company's website.

Regular meetings continue to be held with Government departments at both provincial and national level to ensure that these bodies are also made aware, at an early stage, of the development plans for the Yandera Project.



Safety, Health and Environment

Marengo places the highest level of importance on safety, health and environment in all areas where it is active.

It is pleasing to report that there was no significant safety or environmental incidents during the Quarter. The focus of all activities carried out by Marengo staff and consultants is to work safely, and a dedicated health and safety management team is engaged in a program of continuous improvement to achieve this goal.

The Yandera camp clinic continues to treat Marengo employees and members of the local villages for their health needs. The more serious medical cases being evacuated by helicopter to government medical facilities for further treatment.



During the Quarter the pilot sustainable development program continued, at Usino, near Yandera. Trial planting of various crops, continued in order to assess those which will be able to be taken into full scale production.



CORPORATE AND FINANCIAL

Redomicile of Marengo Mining Limited

During the Quarter, Marengo completed its redomicile to Canada by way of a Scheme of Arrangement. The redomicile has not resulted in any changes in Marengo's management, operations or strategy.

The Marengo Board of Directors has determined that the redomicile is in the best interests of shareholders and believes it will better position the Group to realize its strategic goals.

Potential advantages of the redomicile are:

- A greater ability to raise debt and equity;
- Improved market sentiment and profile;
- Access to a market more receptive to mining projects in Papua New Guinea;

- Exposure to larger and more diverse investment markets; and
- It is consistent with Marengo's growing international shareholder base and improves the potential for further international investor interest.

Following the redomicile, the Company's trading code ("ticker") on both the ASX and the POMSx is **MMC**. Marengo's trading code ("ticker") on the TSX is **MRN**.

Funding

Given the extensive nature of the Feasibility Study and the additional optimisation opportunities currently being considered, Marengo's major shareholder, Sentient Executive GP IV, Limited for the General Partner of Sentient Global Resources Fund IV, L.P. ("Sentient") initially provided an unsecured, interest-bearing working capital facility of US\$10 million, repayable on or before 31 December 2013.

Subsequently the Company announced on the 30 April 2013 that Marengo and Sentient Executive GP IV, Limited for the General Partner of Sentient Global Resources Fund IV, L.P. ("Sentient"), have further entered into a binding term sheet to complete a private placement of US\$15.0 million principal amount of 9.0% unsecured convertible debentures (the "Debentures"), with such Debentures to be issued in two tranches.

On completion of the issue and after debenture conversion Sentient Global Resources Fund IV, L.P. ("Sentient") will see its percentage increase in the Company from 22.0% to 39.1%

The Company proposes to complete the placement in two tranches, US\$9.0 million in Debentures being issued on or about May 3, 2013, and the remaining US\$6.0 million in Debentures to be issued on the second closing date, following the holding of a meeting of the shareholders of Marengo required to approve the issuance of the second tranche of Debentures.

Prospectors & Developers Association (PDAC)

The Hon. Byron Chan (pictured), PNG Minister for Mining led a delegation to the PDAC conference in Toronto, Canada in early March 2013.

Minister Chan congratulated Marengo on the receipt of the engineering quote from NFC and said that he understood that this would shortly lead to the completion of the Special Mining Lease (SML).

He also stated that the development of the Yandera Project is another example of the co-operation between the Government, both the national and provincial, the relevant departments, interested stakeholders, local communities and mining companies.

The Minister further congratulated Marengo Mining on its 8 year commitment and its proactive approach to the development of another world scale PNG mineral project.

(Sitting): Anton Yagama Usino Bundi MP, Mr. Les Emery, Hon. Byron Chan PNG Mining Minister, Solam Mirisim Telefomin MP

(Standing): Mrs. Juliana Kubak, Planning Dept, Robin Moaina MRA Chairman, Roger Gunson Executive MRA and Shadrach Himata Finance MRA



Cash Reserves

At Quarter end, the Company had cash reserves of A\$5.8 million (C\$6.1 million).



Les Emery
President/CEO

30 April 2013

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Non-Executive Director

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Non-Executive Director

Mario Caron
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Non-Executive Director

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NOTES:

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 mineral resources disclosed herein will be realized or converted to mineral reserves. Mineral Resources which are not mineral reserves do not have demonstrated economic viability.

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 were prepared and approved by Dr. Malcolm Roberts. Dr Roberts is a Fellow of the Australasian Institute of Mining and Metallurgy and a full-time employee of Marengo Mining Limited. Dr Roberts 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). Dr Roberts 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.

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. Drill samples were analysed by Intertek Group Laboratories, Jakarta, Indonesia and by Genalysis & Intertek Laboratories, Perth, Western Australia.

For further information on the Project and the resources contained therein, please refer to the Company's Canadian NI 43-101 and Australian JORC technical report "Yandera Copper Project, Madang Province, Papua New Guinea" (dated April 2012) 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. It should be noted that the Investment and Co-operation Agreement between Marengo and Petromin, referred to in this report is non-binding on Petromin and that Petromin is not under any obligation to proceed. Accordingly, there is no certainty that a transaction will proceed.

For further information on the Yandera Project, including a description of Marengo's standard data verification processes, quality assurance and quality control measures, and details of the key assumptions, parameters and methods used to estimate the mineral resources set out in this report and the extent to which the estimate of previously declared mineral resources set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or relevant issues, readers are directed to the technical report entitled "Technical Report on the Yandera Copper-Molybdenum-Gold Project Madang Province, Papua New Guinea", dated May 14, 2012, lodged concurrently on the *SEDAR* website.