MARENGO
MINING LIMITED

Working to unlock the mineral treasures of Papua New Guinea.

Annual Report | 2005

"Marengo has now positioned itself with projects in Papua New Guinea (PNG) that have the potential to grow into world class metal mines."

Les Emery
Managing Director

PAPUA NEW GUINEA

As Australia's nearest neighbour (some 150 kilometres from Cape York Peninsula) PNG has a long history of mining, dating back to 1878 and has historically been amongst the world's largest copper and gold producers.

Located on one of the world's most dynamic tectonic zones, PNG has, and continues to produce world class ore deposits, such as Bougainville, Lihir, Misima, Ok Tedi and Porgera. In addition, recent developments have seen the discovery of medium size ore deposits, including Tolukuma, Kainantu, Hidden Valley and Simberi.

Since gaining independence in 1975, PNG has, along with other nations, suffered periods of downturn in mineral exploration investment. However, in recent years there has been a strengthening of investment back into PNG. This has occurred as a result of increasing world demand for commodities (with resultant price increases), together with a change to a more favourable fiscal regime for investment. PNG operates a parliamentary democracy, based on the Westminster model, where all major parties support private enterprise and foreign investment.

Marengo is pleased to join many existing Australian and international companies who successfully operate both exploration and mining projects in PNG, a trend which is gaining momentum.

Marengo, through its subsidiary Marengo Mining (PNG) Limited, is concentrating its efforts on this richly endowed region.

CORPORATE DIRECTORY

DIRECTORS
John Patrick Horan *Chairman*
Leslie Sidney George Emery
Managing Director
Ronald Smit *Exploration Director*
Dennis William Wilkins *Finance Director*
Douglas Dunnet *Non-Executive Director*

COMPANY SECRETARY

Dennis William Wilkins

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ASX CODES

Shares	MGO
Options (28 February 2008)	MGOO

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NOTE: To assist shareholders in reading this report a Glossary of Technical Terms is set out on pages 22 and 23.

HIGHLIGHTS

Marengo shifts its primary focus to Papua New Guinea (PNG)

Agreement reached on the massive Yandera copper-molybdenum porphyry system in PNG

Acquisition of a comprehensive database for exploration and evaluation work undertaken for an expenditure of US$20 million between 1970 and 1989 on the Yandera Project

Marengo secures the Bolubolu Gold Project located within the Misima Gold Corridor (PNG)

Major uranium- gold target at Bowgan (Northern Territory) to be drilled before the end of 2005

Cash balance stands at A$2 million, with 37 million shares on issue

"Papua New Guinea is located on one of the world's most dynamic tectonic zones which produces world class metal mines such as Lihir, Bougainville, Ok Tedi and Porgera. Marengo, through its recently incorporated subsidiary Marengo Mining (PNG) Limited, is concentrating its efforts on this richly endowed region."

John Horan
Chairman

CHAIRMAN'S LETTER

Dear Fellow Shareholder

I have great pleasure in presenting to you the 2005 Annual Report for Marengo Mining Limited, particularly in a year in which the company's exploration activity gathered significant momentum.

There has been a substantial shift away from our more traditional suite of Western Australian projects, with our primary focus now being Papua New Guinea ("PNG").

PNG is located on one of the world's most dynamic tectonic zones which produces world class metal mines such as Lihir, Bougainville, Ok Tedi and Porgera. Marengo, through its recently incorporated subsidiary Marengo Mining (PNG) Limited, is concentrating its efforts on this richly endowed region.

Our strategy of evaluating resource projects from both within and outside Australia has enabled us to secure two very exciting projects in PNG which, we believe, will give Marengo shareholders an excellent opportunity to add value to their investment.

In April of this year Marengo reached agreement to earn an initial 50% interest in the Yandera Project, which contains, amongst other things one of the largest undeveloped copper-molybdenum porphyry systems of its type in the south-west Pacific.

Recent acquisition of a database detailing some US$20 million of exploration at Yandera between 1970 and 1989 has provided Marengo with immediate access to a wealth of information on this project.

Digitisation of this data has commenced and will enable Marengo to have the entire project database modelled for the first time. We have started work on the extensive diamond drilling database, which includes 102 drill holes for a total of some 32,000 metres.

We are confident that with further drilling a substantial zone of mineralisation approaching 1% copper equivalent (copper-molybdenum combined) can be established at Yandera.

An exploration licence application at Bolubolu, on Goodenough Island (PNG), is expected to be granted shortly and will give us access to a high quality gold project in a corridor where world class gold mines have already been discovered.

Added to our PNG projects, we will shortly be drilling our Bowgan Project in the Northern Territory of Australia. This project contains a well defined geophysical target, which has the potential to produce (Coronation Hill style) uranium-gold mineralisation.

Since the end of the financial year we have also completed a placement of shares and options, raising an additional A$500,000 to bolster Marengo's cash reserves to almost A$2 million. This placement is in keeping with the Board's strategy of maintaining a suitable level of liquidity, whilst keeping shareholder dilution to a minimum.

Our small team has achieved a lot over the past year and it is now pleasing to see some market recognition of this effort. It is hoped that this will continue to strengthen as the year progresses.

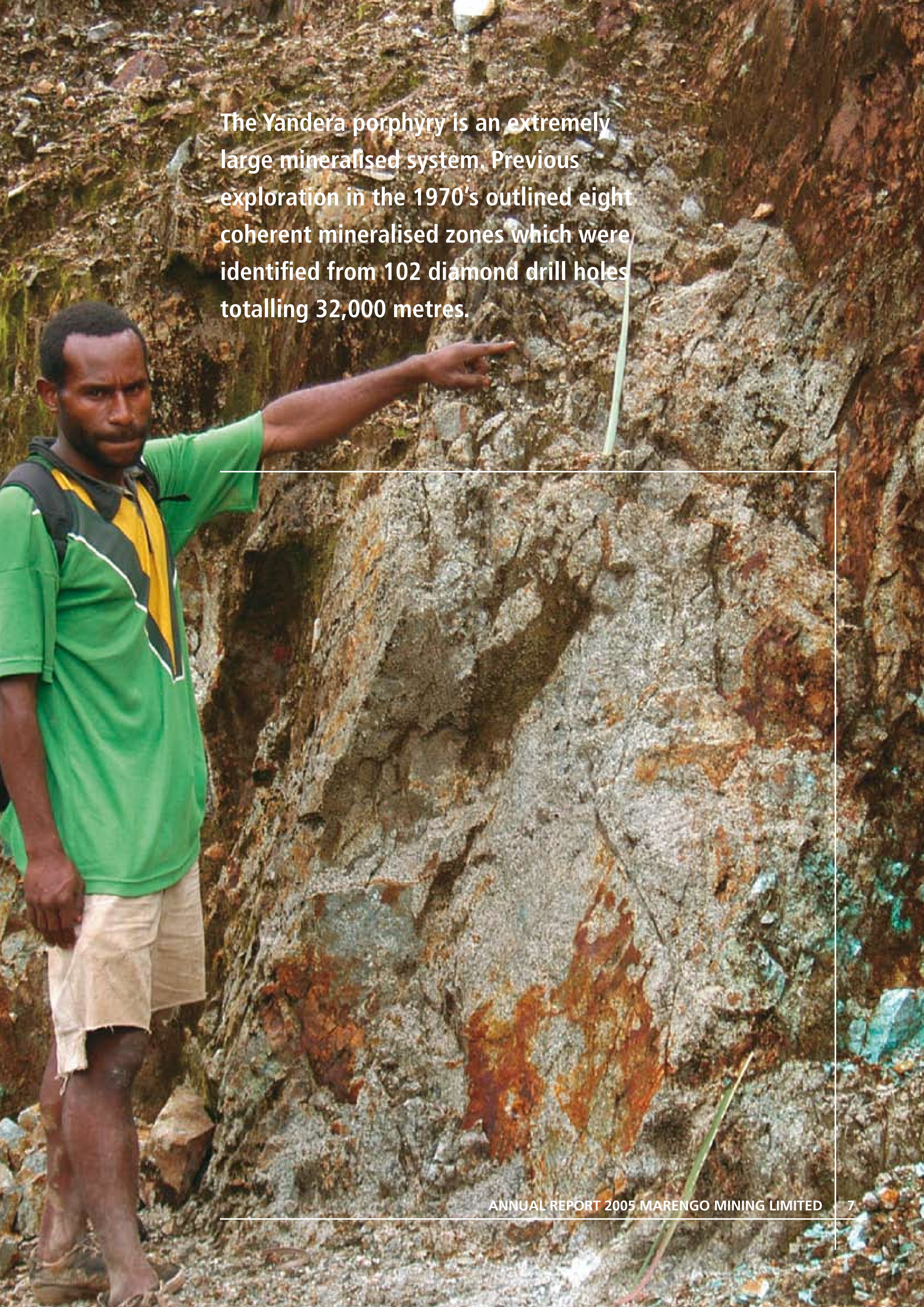
I therefore thank my fellow directors and staff for their focus and effort during this past exciting year.

On behalf of the Board, we look forward to meeting with as many shareholders as possible at our Annual General Meeting, details of which are included in the enclosed Notice of Meeting.

Yours sincerely

John Horan

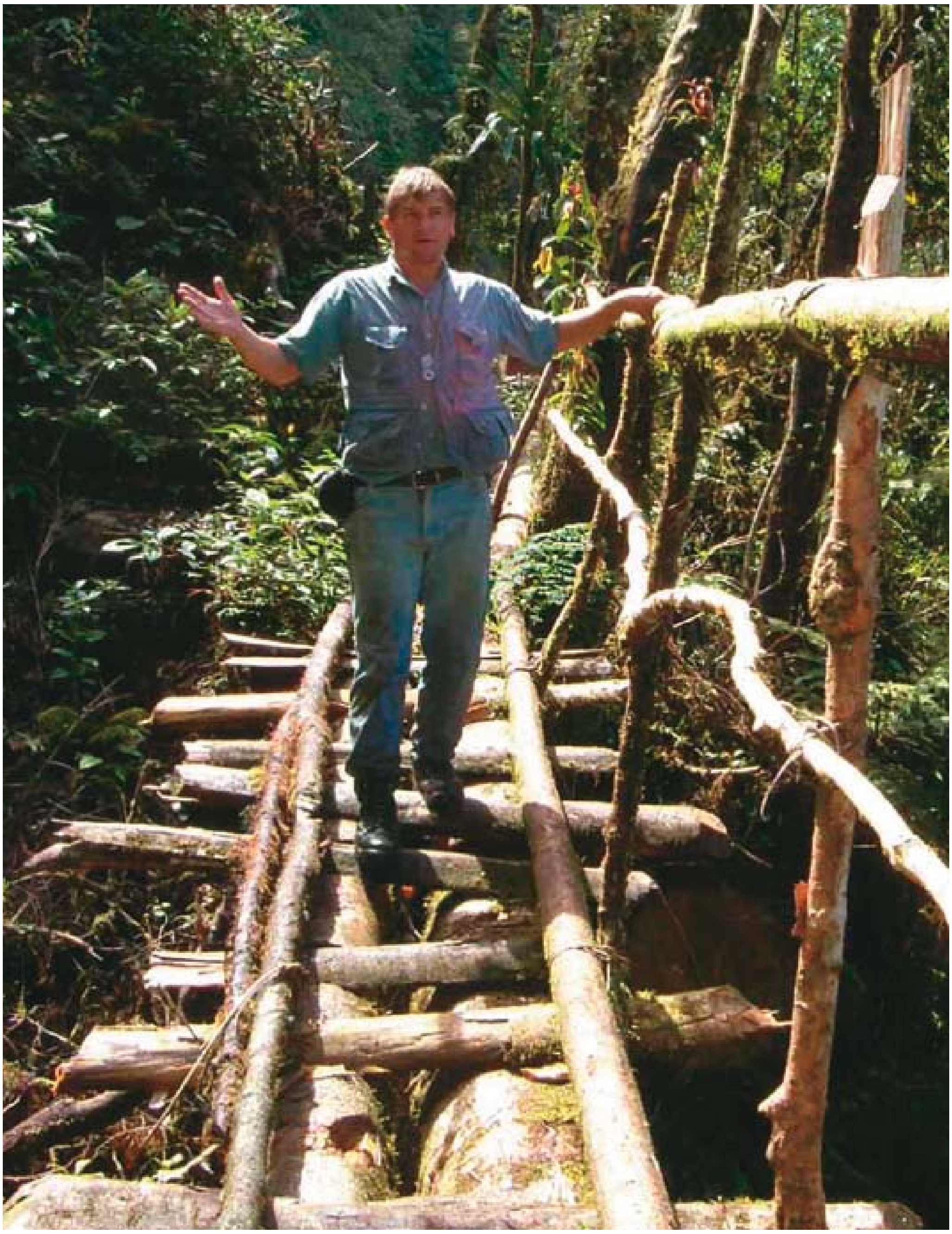
Chairman



The Yandera porphyry is an extremely large mineralised system. Previous exploration in the 1970's outlined eight coherent mineralised zones which were identified from 102 diamond drill holes totalling 32,000 metres.

"Marengo is confident that the quantity and grade of those earlier estimates are of the right order and that with further drilling a target size greater than 300 million tonnes with copper grades in the range of 0.35-0.45% and molybdenum grades in the range of 150-200 ppm can be attained".

Ron Smit
Exploration Director



REVIEW OF OPERATIONS

YANDERA PROJECT, MADANG PROVINCE, PNG (MARENGO MINING (PNG) LIMITED – RIGHT TO EARN 90% INTEREST) Target – Porphyry copper-molybdenum, Epithermal gold

In April of this year the Company entered into an agreement on the Yandera Project which is located 95 kilometres southwest of the coastal town of Madang, Papua New Guinea. It consists of one granted Exploration Licence (EL1335) covering 1163 square kilometres.

Under an agreement with Belvedere Limited (a private PNG company), Marengo can earn an initial 50% interest in the project by spending A$500,000 on exploration within 24 months. Thereafter Marengo has the right to earn up to a 90% interest in the property, by sole funding to the completion of a bankable feasibility study (subject to Belvedere electing not to contribute).

Marengo has acquired a comprehensive database for exploration and evaluation work undertaken for an expenditure of US$20 million between 1970 and 1989 on the Yandera Project.

The company's main objective is to progress its understanding of the Yandera (copper-molybdenum) porphyry so that it can initiate a drilling campaign that will deliver a JORC Code compliant mineral resource. In order to achieve this, the company has acquired all available project information and has outsourced the digital data capture.

In conjunction with this effort a field program has commenced to investigate the potential for epithermal gold systems peripheral to, and along strike from the Yandera porphyry mineralisation.

It is Marengo's intention to be in a position to undertake a limited diamond drilling campaign (due diligence holes plus key target holes), before the end of 2005 (subject to rig availability), and to commence an aggressive and systematic drill campaign in early 2006.

JORC Compliant Resource

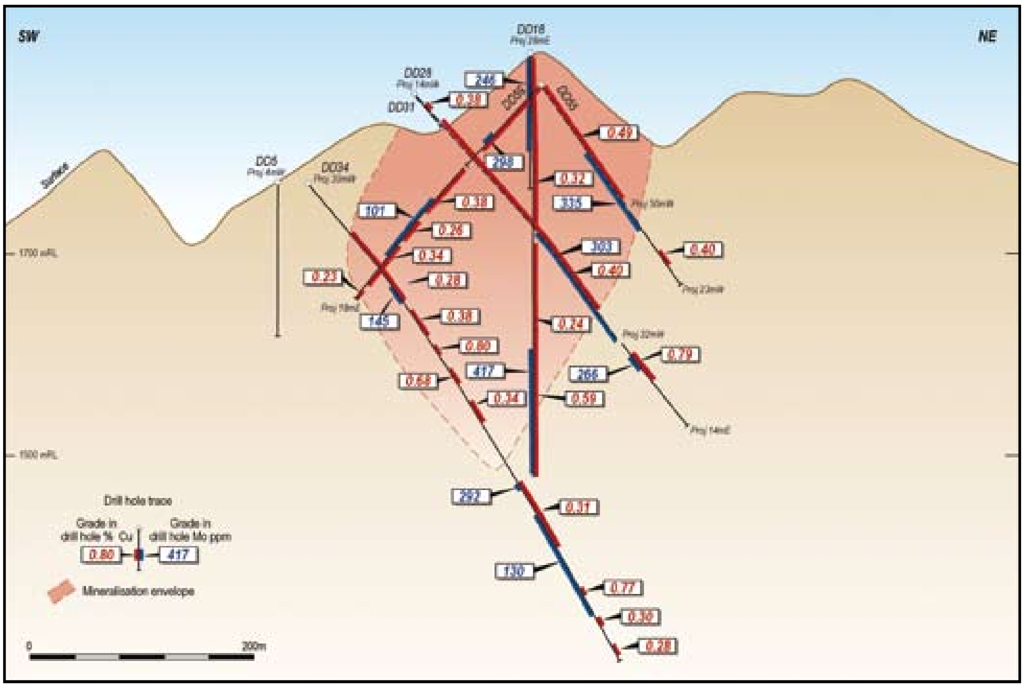
The Yandera porphyry is an extremely large mineralised system. Previous exploration in the 1970's outlined eight coherent mineralised zones which were identified from 102 diamond drill holes totalling 32,000 metres over an area of more than 12 square kilometres. The pattern and density of drilling is such that virtually all of the mineralised zones are open in one or more directions.

During the late 1970's a number of papers were published stating the indicated and inferred resources for the Yandera Cu-Mo porphyry (Economic Geology V73, 1978 pp. 810 - 856). These resources were compiled by competent geoscientists using the best estimation tools available at the time. Nonetheless, given the modest drilling density and the complexity of the mineral system this estimate would not be currently considered compliant with the JORC Code.

Marengo, is confident that the quantity and grade of those earlier estimates are of the right order and that with further drilling a target size greater than 300 million tonnes with copper grades in the range 0.35–0.45% and molybdenum grades in the range of 150–200 ppm can be attained (200 ppm is conservatively equivalent to 0.20% copper at today's prices). Marengo is also confident that it can define substantial tonnes within this body of mineralisation at higher grades, approaching 1% copper equivalent.

41 of the 102 diamond holes outlined, with varying degrees of confidence, three coherent mineralised zones with average copper grades better than 0.35% copper. These better drilled prospects are known as Gremi, Omora and Imbruminda.

In 1976 a mining study was completed over these three prospects and an indicated and inferred resource calculated. Pit outlines were chosen subjectively to include the maximum amount of higher grade mineralisation, but to reduce the waste to a minimum, a pit slope angle of 45° was assumed in the absence of engineering data. The pits were divided into 15 metre benches and 50 metre x 50 metre blocks on each bench. Mineralisation zone boundaries were drawn on each bench by geologists. The block grade was based on computer calculation of copper and molybdenum grade of drill holes adjacent to, and intersecting such blocks.



Yandera Project – Gremi Zone Diamond Drill Section

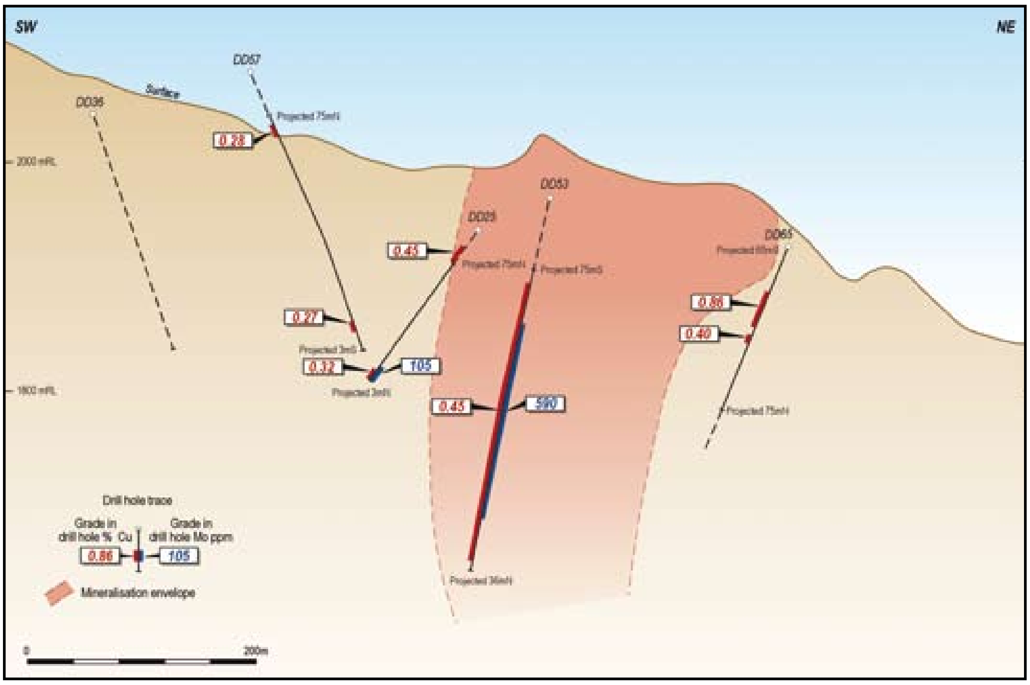
The Gremi zone is the most closely drilled with 16 holes, and geological confidence in the quantity and grade is highest. Copper grade is estimated at 0.43% with modest molybdenum and gold credits. The Omora zone has been tested by 14 holes and has slightly higher copper grades and significant molybdenum credits (>300 ppm). The Imbruminda zone is less well drilled with 11 holes and the possible range of quantity and grade is greater.

A significant feature of the Gremi and Omora zones is that they outcrop and stripping ratios would be low. The mineralisation at Imbruminda is deeper and as a consequence stripping ratios would be higher.

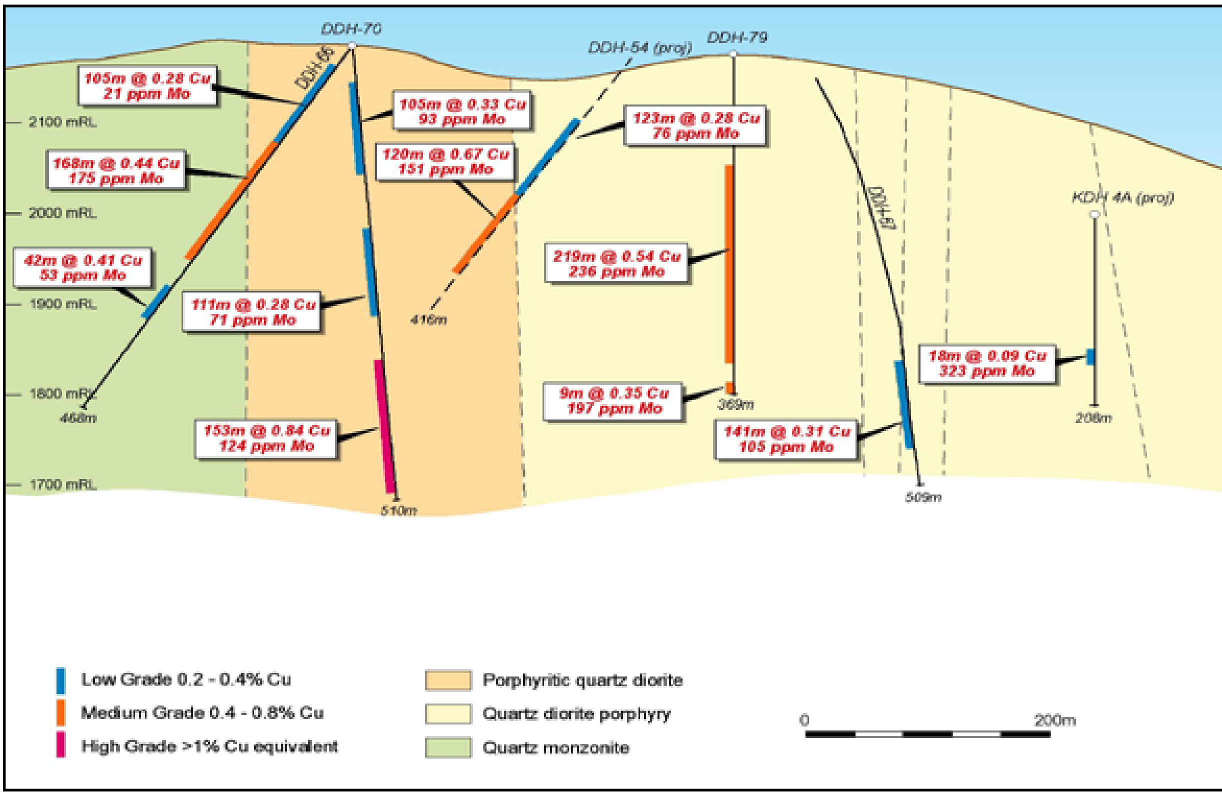
Activities for the remainder of this calendar year will involve the digitisation of historical information, 3D modelling and visualisation of the mineralised porphyry system, followed by a limited diamond drilling program (due diligence holes plus key target holes), subject to rig availability.

Data Acquisition and Interpretation

Marengo has acquired from Triako Resources Limited ("Triako") an almost complete set of Yandera reports which contains exploration and project evaluation information spanning the period 1970 to 1989. This dataset includes 144 hard copy reports and in excess of 500 sepia plans and sections. This data was acquired from Triako by the issue of 400,000 fully paid shares in Marengo.



Yandera Project – Omora Zone Diamond Drill Section



Yandera Project – Diamond Drill Long Section

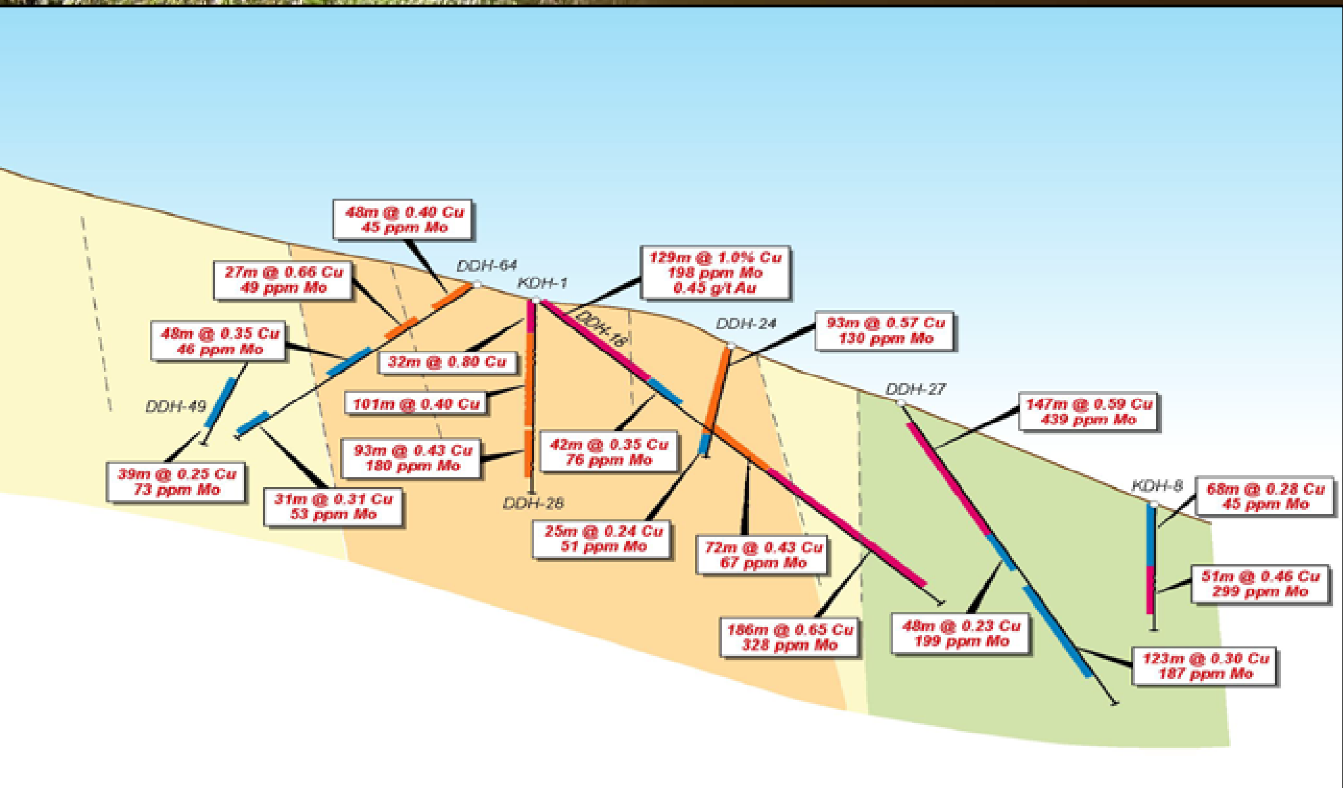
The information contained in this dataset includes all exploration and drilling data, resource estimates (non-JORC) and development scoping studies. The historical cost of this work is estimated to be in the order of US$20 million.

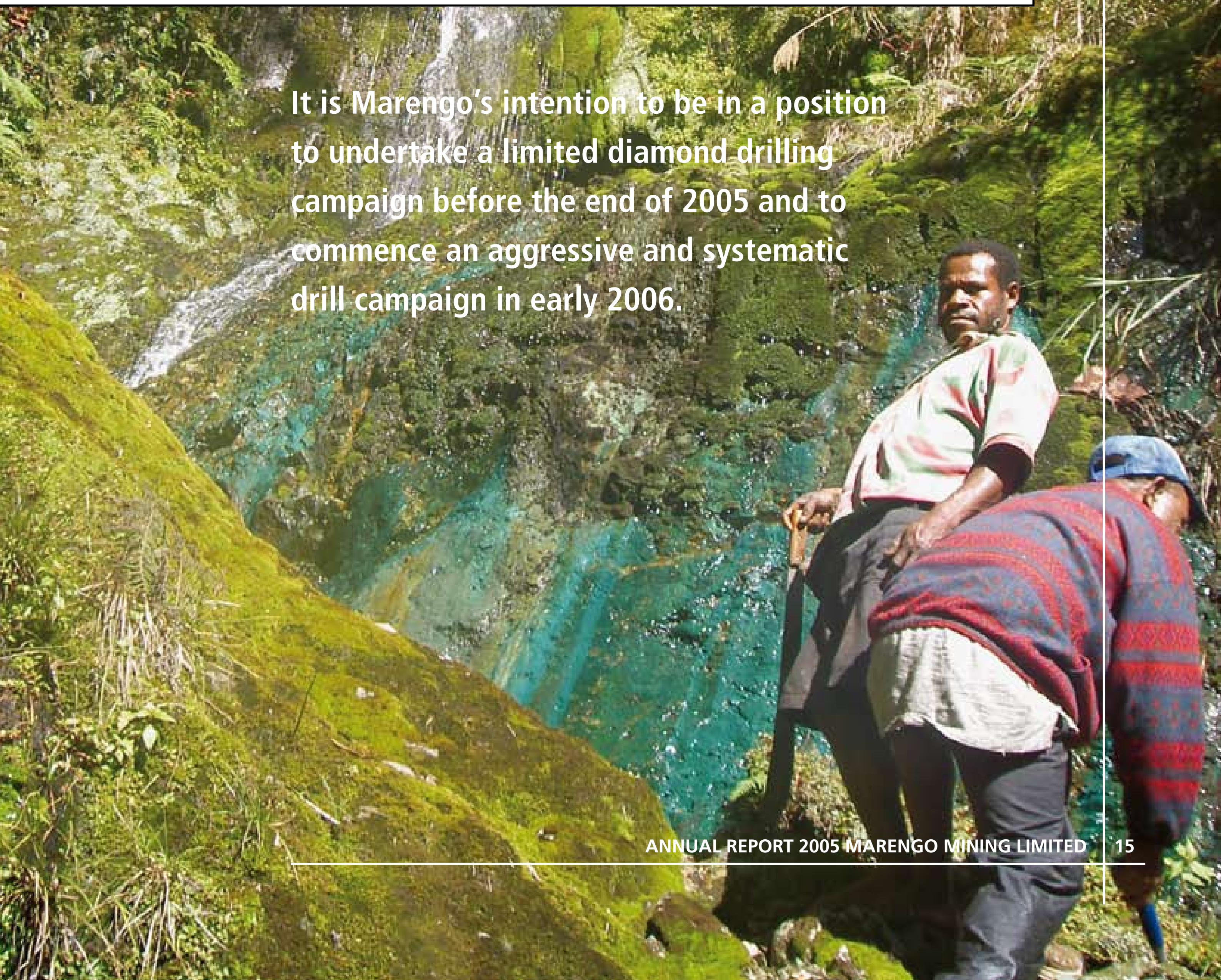
This data will now be utilised in a detailed re-assessment of the Yandera Project, particularly in light of very strong copper prices and record molybdenum prices.

Current Work

The company has conducted a number of on-site landowner meetings to inform the community of its planned exploration activities. The attitude towards Marengo is very positive with the principal landowners supporting the company's involvement in the project. An exploration camp, built using local timber and labour, is under construction at Yandera.

The PNG arm of Perth based Terra Search Pty Ltd has been engaged to capture digitally all historical data within the exploration licence. The main objective of this exercise is the capture of the historical diamond drill hole information, to allow 3D modelling and visualization of the Yandera mineralised porphyry. It is expected that this process will generate a new understanding on the controls of mineralisation and lead to the selection of high quality drill targets. A secondary objective is to capture regional reconnaissance information to enable prioritisation of areas for additional field work.





It is Marengo's intention to be in a position to undertake a limited diamond drilling campaign before the end of 2005 and to commence an aggressive and systematic drill campaign in early 2006.

A stream sediment sampling program has commenced principally designed to test for gold peripheral to the mineralised porphyry.

Yandera Epithermal Gold

There is widespread alluvial mining in the Yandera district within and peripheral to the known porphyry mineralisation. In addition to this, there are both long-known and newly discovered alluvial gold occurrences throughout the exploration licence, including Jimi Gap (where local miners are producing coffee jars of rough nuggets mixed with finer gold, some attached to quartz, from numerous widespread small gullies).

The main target type is Kainantu-style high grade epithermal quartz-gold veins (> 1Mt @ 30 g/t gold). The geological setting of the exploration licence is favourable, with major fracture systems developed peripheral to the numerous late-stage intrusive rocks.

Copper Market

Due to substantial world demand for metals, particularly from China, copper has enjoyed prices not seen since the 1980’s. Forecasts are for strong copper prices to continue, due to this demand and shrinking stockpiles.

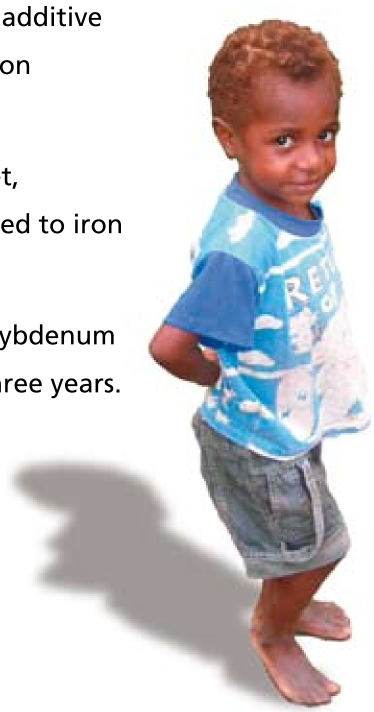
Molybdenum Uses and Market

Whilst copper is relatively well understood, molybdenum (the co-product in the Yandera project) is less well known.

Molybdenum is a metallic element, most frequently used as an alloying additive in stainless steels. Its alloying versatility is unmatched because its addition enhances strength, hardness and corrosion resistance.

With forecasts for continuing strong growth in the stainless steel market, molybdenum demand is set to mirror this growth, as it is intimately linked to iron and steel demand.

After a number of years of relatively flat prices (around US$5/lb for molybdenum trioxide), molybdenum has seen sustained price growth over the past three years. Currently molybdenum trioxide is trading at around US$32/lb.



BOLUBOLU PROJECT, GOODENOUGH ISLAND, PNG
(100% MARENGO MINING (PNG) LIMITED) Target - Gold

The Bolubolu Project is located on Goodenough Island, Milne Bay Province, Papua New Guinea. It is located 350 kilometres east of Port Moresby. The project consists of one application for an Exploration Licence that covers 157 square kilometres.

Following very positive meetings with the local communities, it is expected that the licence application will shortly be granted.

Once the licence is granted Marengo intends to rapidly advance the project to a drill testing stage.

Goodenough Island is the northern most island in the D'Entrecasteaux Island chain which constitutes a new mineral district that contains a number of significant gold deposits and prospects associated with emergent metamorphic core complexes. This mineral district is included in the Misima Gold Corridor.

The geological and structural setting of the Bolubolu Project area has many similarities to the Wapolu and Gameta gold deposits (gold resources of 880,000 ounces) located on neighbouring Fergusson Island. Gold mineralisation is associated with shallow detachment fault zones developed along the margin of the metamorphic core complexes.

Previous exploration at the Bolubolu Project area indicates that significant potential exists for the discovery of gold mineralisation.

The main target is the Bolubolu North prospect, located along the faulted contact of the metamorphic core complex and an area characterised by anomalous gold and a zone of magnetic destruction and structural complexity. This prospect was discovered in the mid 1980's (Esso/City Resources) and has never been drilled tested. Stream pan concentrate samples up to 35 g/t Au and float samples up to 25 g/t Au were reported. The best mineralised zones (trench sampling) from a fault breccia were:

- 39 metres at 2.1 g/t Au including 6 metres at 11.9 g/t Au (horizontal zone);
- 8 metres at 4.9 g/t Au including 4 metres at 6.1 g/t Au (vertical zone)

Other prospects in the area include Bolubolu South, Motouya and Goila. These prospects have anomalous gold, along with highly elevated arsenic and antimony levels.

BOWGAN PROJECT, NORTHERN TERRITORY
(100% MARENGO) Target – Uranium, gold & diamonds

The Company holds three exploration licences located approximately 200 kilometres south of Booraloola in the Northern Territory, where the target is unconformity hosted uranium – gold mineralisation (Coronation Hill style) along the Fish River Fault.

The main target is a 6 kilometre long linear magnetic anomaly, which has in parts a coincident electromagnetic anomaly. This direct drill target has never been tested and geophysical modelling indicates a shallow depth to target of approximately 50 metres.

A ground magnetic survey was completed to test specific magnetic features associated with the planned drill targets. A total of twenty-one line kilometres along seven lines were completed. This line data will be modelled to provide further information on the depth of cover.

This project has progressed to a drill ready status and a 1000 metre RC drill program is planned to test the main target which is a well defined coincident magnetic and electromagnetic anomaly located along the Fish River Fault. Drilling is scheduled to commence by the end of September 2005.

In addition, the Company intends to seek a farm-in partner to further explore the project's demonstrated diamond potential.

MINIGWAL PROJECT, Western Australia

(100% MARENGO) Target – Iron, titanium & vanadium

The project is located approximately 280 kilometres northeast of Kalgoorlie, on the western edge of the Great Victoria Desert.

In February 2005 the Company completed a 42 hole air-core drilling program totalling 1755 metres. This drill program has shown that the mafic intrusive consists of a banded vanadiferous meta-ferrogabbro and a phosphatic meta-gabbro hosted by quartzo-feldspathic granite gneiss and metasedimentary rocks.

Two holes from this drill program intersected massive high-grade magnetite-ilmenite mineralisation. The meta-ferrogabbro is the host rock and is considered prospective for additional Fe-Ti-V-P mineralisation.

Preliminary metallurgical work on this magnetite discovery indicates good recoveries, which are above industry standards for this type of ore. Of the three fresh samples tested (Davis Tube Recovery) the amount of concentrate recovered is greater than 45%. The concentrate iron grade is good, generally >66% Fe with acceptable silica and phosphorus levels. The concentrates titanium and vanadium levels are high; ranging from 2.0-3.0% TiO2 and 0.5-0.8% V_20_5.

The company is intent on advancing this project and will seek out a partner to fund it to the next stage, which will involve a drill-out of the mineralised zone.

BLANCHE PROJECT, Western Australia

(100% MARENGO) Target – Diamonds

This project is located 350 kilometres east of Newman, in the Rudall Metamorphic Complex, and was acquired by Marengo in July 2004.

An aeromagnetic survey flown by BHP Minerals Ltd in the mid 1990s detected an intense circular magnetic feature (Blanche Pipe) on the western margin of the Great Victoria Desert. Marengo drill tested this target in the latter part of 2004 and identified this structure to be a serpentinised peridotite.

It is apparent that other circular structures with variable but weaker magnetic character (some with coincident topographic features) occur along the same northwesterly trending structural corridor that hosts the Blanche Pipe. These features represent viable kimberlite targets which warrant investigation, and a joint venture partner is sought.

ASHBURTON PROJECTS, Western Australia
(100% MARENGO) Target – Iron

During the year, the gold and base metal potential of a number of the project areas were downgraded.

With the exception of tenements in the Jamie Bore area, which remain the subject of a farm-out to Poondano Exploration Pty Ltd (for iron ore), all Ashburton project areas have been relinquished.

OTHER PROJECTS

During the year the Mt Korong and Binneringie Projects were relinquished.

Information on the Yandera Cu-Mo Porphyry Project is in part sourced from a variety of reports prepared in the late 1970's by BHP Minerals Limited and Triako Mines NL. The mineral inventory prepared by these companies would not meet current JORC standards and as such the above target quantity and grade must not be misconstrued as an estimate of Mineral Resource.

The potential quantity and grade of the Yandera Cu-Mo porphyry is conceptual in nature and to date there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource, as set out in the JORC code.

The information in this report is based on information compiled by Mr Ron Smit, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smit 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 Mineral Resources and Ore Reserves. Mr Smit consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

TENEMENT SCHEDULE

As at 29 August 2005

PAPUA NEW GUINEA

Yandera	EL1335
Bolubolu	EL1394*

NORTHERN TERRITORY

Bowgan	EL24115 – Bowgan
	EL24195 – Benmara
	EL24196 – Creswell

WESTERN AUSTRALIA

Ashburton	E52/1644* - Resolution Well
	E52/1628* - Jamie Bore
Blanche	E45/2324 - Blanche
	E45/2649 – Lake Winifred
	E45/2665* - Tabletop
Minigwal	E39/918 Minigwal

* Denotes Application

GLOSSARY OF TECHNICAL TERMS

Airborne magnetics/Aeromagnetics

Measurement of the earth's magnetic field from a surveying aircraft for the purpose of recording the magnetic characteristics of rocks.

Anomalism/Anomaly

Said of geochemical and geophysical data which deviates from regularity.

Au

The chemical symbol for gold.

Base metals

A metal substance, commonly refers to metals lead, copper, zinc, nickel.

Breccia

A rock comprised of angular fragments of other rocks.

Cu

The chemical symbol for copper.

Diamond drilling

Method of obtaining cylindrical core by drilling with diamond-set or diamond-impregnated-bit.

Drilling

A technique or process of making a circular hole in the ground with drilling machine to obtain geological information and/or sample material

Epithermal

Said of hydrothermal mineral deposit formed within about 1km of the Earth's surface, occurring mainly as veins.

Fe

The chemical symbol for iron.

g/t

Grams per tonne.

Gabbro

A coarse grained igneous rock.

Gneiss

A metamorphic rock with coarse textural lineation or banding of the constituent minerals into alternating felsic and mafic layers.

Granite

An intrusive felsic rock.

Ilmenite

An iron titanium oxide mineral.

JORC Code

Joint Ore Reserves Committee - Australasian Code for Reporting of Mineral Resources and Ore Reserves.

Kimberlite

A type of silicate rock, one of the source rocks for diamond.

Mafic

Descriptive of rocks composed dominantly of magnesium and iron forming silicates.

Magnetite

A magnetic iron oxide mineral.

Metamorphism or Metamorphic

The mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals.

Mineralisation

The concentration of metals and their chemical compounds within a body of rock.

Mo

The chemical symbol for molybdenum.

P

The chemical symbol for phosphorus.

Porphyry

An igneous rock of any composition that contains conspicuous phenocrysts in a fine grained groundmass.

Porphyry Copper Deposit

A large body of rock, typically porphyry, that contains disseminated chalcopyrite and other sulphide minerals. Such deposits are mined in bulk on a large scale, generally in open pit, for copper and by-product molybdenum.

ppb

Parts per billion (1000 million)

ppm

Parts per million

Platinum group elements

(PGE or PGM) which includes dense metallic elements comprising palladium, platinum, osmium, iridium, ruthenium and rhodium.

Precious metals

A group of metals sold in bullion form including gold, silver, and PGM.

Proterozoic

A geological period of time 2,500 years to 500 million years.

Reverse circulation (RC) drilling

A percussion drilling technique in which the cuttings are recovered through the drill rods thus minimizing sample losses and contamination.

Rock chip sampling

The collection of representative samples of rock fragments within a limited area.

Rotary percussion drilling

Rotary drilling technique in which the sample is produced using a hammer and brought to surface outside the rod string by compressed air.

Stream sediment sampling

The determination of relative or absolute abundance of elements in stream sediments.

Sulphide

A mineral compound characterized by the linkage of sulphur and metal.

Ti

The chemical symbol for titanium.

Thrust

A reverse fault characterised by a low angle of inclination.

Unconformity

A surface of erosion or non-deposition that separates younger strata from older rocks.

V

The chemical symbol for vanadium.

2005 Directors' Report, Corporate Governance Statement and Financial Statements

Your directors submit their report for the year ended 30 June 2005.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

John Patrick Horan, FCPA, FCIS (Chairman)

Mr John Horan is a Fellow of CPA Australia, a Fellow of the Chartered Institute of Secretaries in Australia, a member of the Finance and Treasury Association Limited and a member of the Australian Mining and Petroleum Law Association. He has many years experience in the financial, corporate, technical, and management areas of the mining industry.

In July 1993 he established Adelaide Resource Management Pty Ltd to provide corporate advisory services to the mining industry. He has been a director of a number of Australian Stock Exchange listed companies and is currently Chairman of Michelago Limited (since 1995) and a director of Adelaide Resources Limited (since 1994).

Mr Horan was the Finance Director of Homestake Gold of Australia Limited (now Barrick Gold Corporation), one of Australia's largest gold producers, from 1987 until June 1993. He first joined Homestake in 1978 and was responsible for financial, commercial and corporate management functions prior to 1987 when he played a substantial role in the float of the Australian subsidiary. He also fulfilled key responsibilities in subsequent very large debt and equity capital raisings.

From the early 1960s until the second half of the 1970s he held various financial accounting, corporate administrative and management positions in Poseidon Limited and CRA Limited (now Rio Tinto Limited) following initial technical experience in CRA's mining operations at Broken Hill.

Leslie Sidney George Emery (Managing Director)

Mr Les Emery has been involved in the Western Australian mining industry for more than 35 years and has experience in exploration, mining and corporate administration. Until June 2001 he was Managing Director of Lynas Corporation Limited (formerly Lynas Gold NL) for 15 years and was instrumental in the transition of that company from explorer to gold producer with the development of the Lynas Find Gold Mine and the subsequent relocation of the Lynas Find treatment plant to the Paraburdoo region to form and operate the Paraburdoo Gold Project in joint venture with Sipa Exploration NL. In 1999 Mr Emery negotiated the entry of Lynas Corporation into that company's now core business, the Mt Weld rare earths & tantalum/niobium project.

In addition to Lynas Corporation Limited, Mr Emery has previously been a director of a number of listed Australian resource companies, including Herald Resources Limited (as Managing Director), Sundowner Minerals NL, Roebuck Resources NL and Acclaim Exploration NL. From 1975 to 1981 he was employed by the Western Australian Department of Mines (now the Department of Industry and Resources). Prior to this he was employed by Western Mining Corporation Limited.

Mr Emery is a past Vice President and Executive Councillor of the Association of Exploration and Mining Companies Inc (AMEC) and has served as a commissioned officer in the Australian Citizen Military Forces (now the Army Reserve).

Dennis William Wilkins, B.Bus, AICD, ACIS (Finance Director)

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years.

Mr Wilkins previously served as the Finance Director and Company Secretary for a mid tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DWCorporate which provides advisory, funding and administrative management services to the resource sector. Mr Wilkins is a director of Bonaparte Diamond Mines NL and South Boulder Mines Limited.

Douglas Dunnet, B.Sc.(Hons), PhD. F.AusIMM (Non Executive Director)

Dr Doug Dunnet is a geologist with over 30 years experience. He has a strong background in management of mining project initiation and development in Australia and North America, including 14 years with the Anaconda (USA) group of companies, culminating as Exploration Manager for the Australian subsidiary during the period 1980 - 1983. He has extensive experience in the Archaean and Proterozic rocks of Australia and North America.

In 1984 Dr Dunnet became a principal of Aurex Pty Ltd, a contracting and consulting company. In 1987 he initiated the listing of and became Managing Director of Orion Resources NL and a director of Ranger Minerals Ltd. He was subsequently instrumental in acquiring a 45% interest in the Yilgarn Star Gold Mine near Southern Cross and guiding Orion to a market capitalisation of over $130 million, prior to the takeover by Sons of Gwalia NL. This included the successful transition from significant open pit mining to major underground mining operations producing in excess of 100,000 ounces of gold per annum.

Dr Dunnet was formerly Chairman (Non Executive) of Paladin Resources Limited, a listed Australian mineral exploration company.

Ronald Smit, B.Sc.(Hons), M.AusIMM (Exploration Director)

Mr Ron Smit is a geologist with over 20 years experience in the mineral exploration and mining industry. He worked for BHP Minerals (now BHP Billiton) for much of this period and held many senior technical and management positions including the last four as Exploration Manager, Western Australia and Northern Territory.

He has conducted exploration for base metals, precious metals and diamonds throughout Australia and North America. He has extensive experience in Archaean and Proterozoic mineral systems and has been involved in the discovery of gold deposits in the Eastern Goldfields and manganese in the Northern Territory.

Mr Smit's core strengths are business development, project management, project generation and risk assessment.

COMPANY SECRETARY

Dennis William Wilkins, B.Bus, AICD, ACIS

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Marengo Mining Limited were:

	Ordinary Shares	Options over Ordinary Shares
John Patrick Horan	260,000	925,000
Leslie Sidney George Emery	1,485,000	4,000,000
Dennis William Wilkins	1,104,193	2,000,000
Douglas Dunnet	365,907	600,000
Ronald Smit	1,665,000	2,500,000

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

CORPORATE INFORMATION

Nature of operations and principal activities

During the year the consolidated entity carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying gold, copper, iron and other economic mineral deposits.

The only significant change in the nature of the activities during the year was the addition of a geographical segment within which the company operates. During the year the company acquired an interest in a company registered in Papua New Guinea. This wholly owned subsidiary carried out the same activities as the parent entity in Papua New Guinea.

A Review of Operations and the Chairman's Report are contained elsewhere in the annual report.

Employees

The consolidated entity had 3 employees as at 30 June 2005 (2004: 4 employees).

OPERATING AND FINANCIAL REVIEW

Group Overview

During the year, Marengo Mining Limited (the company), undertook mineral exploration and evaluation on projects located in Western Australia, Northern Territory and Papua New Guinea ("PNG").

In April 2005, the company entered into an agreement to earn an initial 50% interest in the Yandera Project in the Madang Province of PNG, from Belvedere Limited (a private PNG company), by expending A$500,000 on exploration of the project area. Following completion of the first stage, the company can earn up to a 90% interest in the Yandera Project, by sole funding to completion of a bankable feasibility study (subject to Belvedere Limited not electing to contribute).

The Yandera Project, is a porphyry copper molybdenum project, which also has potential for epithermal gold mineralisation, will be the focus of the company's current year activities.

The company also made application for an exploration licence on Goodenough Island (PNG) where previous exploration identified gold mineralisation from trench sampling. The company awaits approval of the licence before further exploration takes place.

Three exploration licences, covering the Bowgan Project (Northern Territory) were granted and following site meetings with various stakeholders a percussion drilling program was formulated to test a geophysical anomaly for uranium and gold potential. This drilling is scheduled to commence before the end of September 2005.

The Minigwal Project (Western Australia) was drill tested and intersected high grade magnetite ilmenite mineralisation. The company intends to seek a partner to fund the next stage of exploration on this project.

The company also drilled the Blanche Project (Western Australia), to test an intense magnetic feature, which was subsequently identified as non diamondiferous. A joint venture partner is being sought to further test other potential kimberlite targets within the project area.

The gold and base metal potential of a number of the Ashburton project areas was downgraded and with the exception of the Jamie Bore area, which remain the subject of farm out to Poondano Exploration Pty Ltd (for iron ore),all other project areas have been relinquished.

During the year the Mt Korong and Binneringie Projects were relinquished.

Finance Review

Marengo Mining Limited (the company) began the financial year with a cash reserve of $2,577,560. Funds were used to actively advance the company's projects located in Western Australia, Northern Territory and Papua New Guinea.

During the year total exploration expenditure incurred by the company amounted to $779,902. In line with the company's accounting policies, all exploration expenditure was written off at year end. Net administration expenditure incurred amounted to $542,297. This has resulted in an operating loss after income tax for the year ended 30 June 2005 to be $1,322,118 (2004 : $1,180,840).

At 30 June 2005 surplus funds available totalled $1,545,186. Subsequent to this date a share placement was approved by the shareholders of the company on 22 July 2005. The share placement raised a net sum of $500,000 from the issue of 3,333,333 fully paid ordinary shares at an issue price of 15 cents per share. This share placement also provided for the issue of one free attaching 28 February 2005, 20 cent option for each share issued under the placement.

The placement has resulted in the company having a cash surplus in excess of $2 million. This has strengthened the company's financial position to advance its projects during the current year.

Operating Results for the Year

Summarised operating results are as follows:

	2005	
	Revenues $	Results $
Geographic segments		
Australia	**111,182**	**(1,330,370)**
Papua New Guinea	**-**	**8,252**
Consolidated entity revenues and loss from ordinary activities before income tax expense	**111,182**	**(1,322,118)**

Shareholder Returns

	2005	2004
Basic loss per share (cents)	**(4.0)**	(4.1)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 19 of the Financials Statements, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The economic entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The entity is subject to significant environmental regulation in respect to its exploration activities.

The company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the year under review.

SHARE OPTIONS

Unissued shares

At the date of this report there are 28,676,080 unissued ordinary shares in respect of which options are outstanding. These options do not entitle the holders to participate in any share issue of the company or any other body corporate.

	Number of options
Balance at the beginning of the year	22,597,746
Share options issued during the year	
Exercisable at 25 cents, on or before 30 November 2008	1,500,000
Exercisable at 20 cents, on or before 28 February 2008	250,000
Total options issued to 30 June 2005	1,750,000
Total number of options outstanding as at 30 June 2005	24,347,746
Issued subsequent to year end	4,333,334
Options exercised (20 cents, 28 February 2008)	(5,000)
Total number of options outstanding at the date of this report	**28,676,080**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums insuring all the directors of Marengo Mining Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums to be paid is estimated to be $33,000.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of Marengo Mining Limited (the company).

Remuneration policy

The remuneration policy of Marengo Mining Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the economic entity's financial results. The board of Marengo Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black Scholes methodology.

The board policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). Fees for non executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee option plans.

Performance based remuneration

The company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of directors and executives interests in options at year end, refer note 22 of the financial statements.

Employment contracts of directors and senior executives

For details of service agreements between directors/executives and Marengo Mining Limited, refer note 22 of the Financial Statements.

Table 1: Director remuneration for the year ended 30 June 2005

	Salary & Fees	Non Monetary	Superan-nuation	Retirement benefits	Equity Options	Other Bonuses	Total
John Patrick Horan							
2005	**30,000**	-	-	-	-	-	**30,000**
2004	30,250	-	1,012	-	-	-	31,262
Leslie Sidney George Emery							
2005	**110,000**	-	**9,900**	-	-	-	**119,900**
2004	90,624	-	8,156	-	-	-	98,780
Dennis William Wilkins							
2005	**84,000**	-	**1,800**	-	-	-	**85,800**
2004	58,595	-	4,219	-	-	-	62,814
Douglas Dunnet							
2005	**20,000**	-	**1,800**	-	-	-	**21,800**
2004	20,000	-	1,800	-	-	-	21,800
Ronald Smit							
2005	**100,000**	-	**9,000**	-	-	-	**109,000**
2004	52,500	-	4,725	-	-	-	57,225

Table 2: Remuneration of the 5 named executives who receive the highest remuneration for the year ended 30 June 2005

The company did not have any employees who are classified as named executives for the current reporting period. Mr Smit was classified as a named executive in the 2004 directors report. Mr Smit was subsequently appointed as a director of the parent entity and his remuneration is therefore included in Table 1.

Table 3: Options granted as part of remuneration for the year ended 30 June 2005

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Marengo Mining Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders. No options have been granted as part of remuneration during the year. For details of directors and executives interests in options at year end, refer note 22 of the financial statements.

Table 4: Performance Income as a proportion of total remuneration

No performance based bonuses have been paid to executive directors and executives during the financial year. It is the intent of the board to include performance bonuses as part of remuneration packages when mine production commences.

DIRECTORS' MEETINGS

During the year the company held 12 meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings A	Directors Meetings B
John Patrick Horan	12	12
Leslie Sidney George Emery	12	12
Dennis William Wilkins	12	12
Douglas Dunnet	12	12
Ronald Smit	2	3

Notes

A Number of meetings attended.
B Number of meetings held during the time the director held office during the year.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE AND NON AUDIT SERVICES

The auditor's independence declaration for the year ended 30 June 2005 has been received and is disclosed on page 56.

NON AUDIT SERVICES

The following non audit services were provided by the entity's auditor, Stanton Partners.

The directors are satisfied that the provision of non audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non audit service provided means that auditor independence was not compromised.

Stanton Partners received or are due to receive the following amounts for the provision of non audit services:

Tax compliance services $3,500

Signed in accordance with a resolution of the directors.

Leslie Sidney George Emery
Director
Perth, 9 September 2005

The Board of Directors

The company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the company's activities increase in size, nature and scope the size of the board will be reviewed periodically and the optimum number of directors required to supervise adequately the company's constitution determined within the limitations imposed by the constitution and as circumstances demand.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long term shareholder value.

To fulfil this role, the board is responsible for oversight of the management and the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines 2004 with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the company's present position with regard to adoption of these Principles.

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management	N/A	The company has not adopted this recommendation to formalise and disclose the functions reserved to the board and those delegated to management. The company has a small board, comprising five directors, two of whom are non executive (including the Chairman). The company considers the expense of sourcing additional directors at this stage of its development is unwarranted. The roles and functions within the company must remain flexible in order for it to best function within its level of available resources. The full board currently meets every month. In addition, strategy meetings and any extraordinary meetings are held at such other times as may be necessary to address any specific significant matters that may arise. The board believes the alignment of the interests of directors with those of shareholders as being the most efficient way to ensure shareholders interests are protected.
Principle 2:	Structure the board to add value		
2.1	A majority of board members should be independent directors	A	Given the company's background, the nature and size of its business and the current stage of its development, the board comprises five directors, two of whom are non executive (including the independent Chairman). The board believes that this is both appropriate and acceptable at this stage of the company's development.
2.2	The chairperson should be an independent director	A	The positions of Chairman and Managing Director are held by separate persons.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual	N/A	The board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the board carries out the process of determining the need for, screening and appointing new directors. In view of the size and resources available to the company, it is not considered that a separate nomination committee would add any substance to this process.
	The board should establish a nomination committee		
	Provide the information indicated in Guide to reporting on Principle 2	A (in part)	The skills and experience of directors are set out in the company's Annual Report and on its website.
Principle 3:	Promote ethical and responsible decision making		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity 3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices	A	The company has formulated a Code of Conduct which can be viewed on the company's website.

	ASX Principle	Status	Reference/comment
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees	A	The company has formulated a securities trading policy which can be viewed on its website.
3.3	Provide the information indicated in Guide to Reporting on Principle 3	A	The company has established an audit committee which comprises two non executive directors. The charter for this committee is disclosed on the company's website. Sourcing alternative or additional directors to strictly comply with this Principle is considered expensive with costs outweighing potential benefits. In addition, the board as a whole addresses the governance aspects of the full scope of the company's activities to ensure that it adheres to appropriate ethical standards. All matters which might properly be dealt with by special committees are subject to regular scrutiny at full board Meetings.
Principle 4:	Safeguard integrity in financial reporting		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards	A	
4.2	The board should establish an audit committee	A	
4.3	Structure the audit committee so that it consists of:	A (in part)	
	• Only non executive directors	✓	
	• A majority of independent directors	✓	
	• An independent chairperson who is not the chairperson of the board	✓	
	• At least three members	✗	The company only has two non executive directors.
4.4	The audit committee should have a formal charter	A	
4.5	Provide the information indicated in Guide to reporting on Principle 4	A	
Principle 5:	Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance	N/A	The company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The board is acutely aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2	Provide the information indicated in Guide to Reporting on Principle 5	N/A	The board receives monthly reports on the financial position of the company with performance being measured against approved budgets.
Principle 6:	Respect the rights of shareholders		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	A	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the company website and the distribution of specific releases covering major transactions or events.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report	A	Shareholders are encouraged to exercise their right to vote, either by attending meetings, or by lodging a proxy. The company's auditors attend all shareholders' meetings.

	ASX Principle	Status	Reference/comment
Principle 7:	Recognise and manage risk		
7.1	The board or appropriate board committee should establish policies on risk oversight and management	N/A	While the company does not have formalised policies on risk management the board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at board meetings and risk management culture is encouraged amongst employees and contractors.
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that: 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the polices adopted by the Board 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects	N/A	Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • land access and native title considerations • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations
7.3	Provide information indicated in Guide to Reporting on Principle 7	N/A	
Principle 8:	Encourage enhanced Performance		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives	N/A	The company does not consider it appropriate to have a sub committee of the board to consider remuneration matters. The remuneration of executive and non executive directors is reviewed by the board with the exclusion of the director concerned. The remuneration of management and employees is reviewed by the board and approved by the chairman. Acting in its ordinary capacity, the board from time to time carries out the process of considering and determining performance issues including the identification of matters that may have a material effect on the price of the company's securities. Whenever relevant, any such matters are reported to ASX.

	ASX Principle	Status	Reference/comment
Principle 9:	Remunerate fairly and responsibly		
9.1	Provide disclosure in relation to the company's remuneration policies and benefits to these policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	N/A	The company discloses remuneration related information in its Annual Report to shareholders in accordance with the Corporations Act 2001. Remuneration levels are determined by the board on an individual basis, the size of the company making individual assessment more appropriate than formal remuneration policies. In doing so, the board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.
9.2	The board should establish a remuneration committee	N/A	
9.3	Clearly distinguish the structure of non executive directors remuneration from that of executives	A	
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders	A	
9.5	Provide information indicated in ASX Guide to Reporting on Principle 9	A (in part)	
Principle 10:	Recognise legitimate interests of Stakeholders		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders	A	The company's Code of Conduct is set out in the company's website. The board continues to review existing procedures over time to ensure adequate processes are in place. All directors, employees and contractors are expected to act with the utmost integrity and objectivity in their dealings with other parties, striving at all times to enhance the reputation and performance of the company.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
REVENUE FROM ORDINARY ACTIVITIES	2	**111,182**	96,942	**111,182**	96,942
EXPENDITURE FROM ORDINARY ACTIVITIES					
Depreciation expenses	3	**(9,541)**	(5,483)	**(9,541)**	(5,483)
Salaries and employee benefits expense		**(302,238)**	(274,482)	**(302,238)**	(274,482)
Exploration expenditure		**(779,902)**	(745,664)	**(553,135)**	(745,664)
Corporate expenditure		**(84,496)**	(44,899)	**(83,297)**	(44,899)
Occupancy expenditure		**(48,995)**	(33,707)	**(48,995)**	(33,707)
Insurance expenditure		**(33,182)**	(39,243)	**(33,182)**	(39,243)
Administration costs		**(77,809)**	(59,515)	**(66,594)**	(59,515)
Other expenses from ordinary activities		**(97,137)**	(74,789)	**(344,570)**	(74,789)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**(1,322,118)**	(1,180,840)	**(1,330,370)**	(1,180,840)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	-	-	-	-
NET LOSS ATTRIBUTABLE TO MEMBERS OF MARENGO MINING LIMITED	14	**(1,322,118)**	(1,180,840)	**(1,330,370)**	(1,180,840)
Share issue costs	13	-	(501,485)	-	(501,485)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF MARENGO MINING LIMITED AND RECOGNISED DIRECTLY IN EQUITY		-	(501,485)	-	(501,485)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF MARENGO MINING LIMITED		**(1,322,118)**	(1,682,325)	**(1,330,370)**	(1,682,325)
Basic loss per share (cents per share)		**(4.0)**	(4.1)		

The Statement of Financial Performance is to be read in conjunction with the Notes to the Financial Statements.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
CURRENT ASSETS					
Cash assets	15(b)	1,545,186	2,577,560	1,484,888	2,577,560
Receivables	6	9,926	14,184	9,278	14,184
TOTAL CURRENT ASSETS		1,555,112	2,591,744	1,494,166	2,591,744
NON CURRENT ASSETS					
Receivables	7	-	-	40,000	-
Other financial assets	8	-	-	1	-
Plant and equipment	10	36,655	33,569	36,655	33,569
TOTAL NON CURRENT ASSETS		36,655	33,569	76,656	33,569
TOTAL ASSETS		1,591,767	2,625,313	1,570,822	2,625,313
CURRENT LIABILITIES					
Payables	11	68,779	49,857	55,591	49,857
Provisions	12	44,398	20,253	44,398	20,253
TOTAL CURRENT LIABILITIES		113,177	70,110	99,989	70,110
TOTAL LIABILITIES		113,177	70,110	99,989	70,110
NET ASSETS		1,478,590	2,555,203	1,470,833	2,555,203
EQUITY					
Contributed equity	13	4,437,958	4,191,958	4,437,958	4,191,958
Reserves	14	(495)	-	-	-
Accumulated losses	14	(2,958,873)	(1,636,755)	(2,967,125)	(1,636,755)
TOTAL EQUITY		1,478,590	2,555,203	1,470,833	2,555,203

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		**(565,380)**	(865,632)	**(558,140)**	(865,632)
Interest received		**111,182**	96,886	**111,182**	96,886
Expenditure on mining interests		**(565,549)**	-	**(338,782)**	-
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	15(a)	**(1,019,747)**	(768,746)	**(785,740)**	(768,746)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(12,627)**	(23,256)	**(12,627)**	(23,256)
Advances to related parties		-	-	**(294,305)**	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(12,627)**	(23,256)	**(306,932)**	(23,256)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		-	3,556,077	-	3,556,077
Payment of share issue costs		-	(481,485)	-	(481,485)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	3,074,592	-	3,074,592
NET INCREASE/(DECREASE) IN CASH HELD		**(1,032,374)**	2,282,590	**(1,092,672)**	2,282,590
Add opening cash brought forward		**2,577,560**	294,970	**2,577,560**	294,970
CLOSING CASH CARRIED FORWARD	15(b)	**1,545,186**	2,577,560	**1,484,888**	2,577,560

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Marengo Mining Limited (the parent entity) and all entities which Marengo Mining Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Property, plant and equipment

Cost and valuation

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

Depreciation

Depreciation is calculated on a reducing balance basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 20% and 40% per annum.

(e) Recoverable Amount

Non current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present values.

(f) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred.

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

(h) Taxes

Income tax

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

Except for certain specific hedges, all resulting exchange differences arising on settlement or re statement are recognised as revenues and expenses for the financial year. Any gains or costs on entering a hedge are deferred and amortised over the life of the contract.

Translation of financial reports of overseas operations

All overseas operations are deemed self sustaining as each is financially and operationally independent of Marengo Mining Limited. The financial reports of overseas operations are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

(j) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(k) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits

are charged against profits on a net basis in their respective categories.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Control of the right to receive the interest payment.

(m) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(o) Cash and cash equivalents

Cash on hand and in banks and short term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(p) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(q) Joint ventures

Interest in the joint venture operations are brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred. Details of the company's interests are shown in note 26.

Interest in joint venture partnerships are carried at the lower of the equity accounted amount and recoverable amount in the financial report.

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

2. REVENUE FROM ORDINARY ACTIVITIES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Revenues from non operating activities				
Interest				
Bank interest	**111,182**	96,942	**111,182**	96,942
Total revenues from ordinary activities	**111,182**	96,942	**111,182**	96,942

3. EXPENSES AND LOSSES/(GAINS)

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
(a) Expenses				
Depreciation of non current assets	**9,541**	5,483	**9,541**	5,483
Doubtful debts - controlled entities	-	-	**254,305**	-
Exploration expenditure	**779,902**	745,664	**553,135**	745,664
(b) Losses/(gains)				
Net foreign currency translation losses	**4,082**	-	-	-

4. INCOME TAX

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
The prima facie tax, using tax rates applicable in the country of operation, on operating loss differs from the income tax provided in the financial statements as follows:				
Prima facie tax benefit on loss from ordinary activities	**(396,635)**	(354,252)	**(399,111)**	(354,252)
Tax effect of permanent differences	**708**	32,715	**699**	32,715
Tax effect of temporary differences	-	1,500	-	1,500
Future income tax benefit not brought to account	**395,927**	320,037	**398,412**	320,037
Income tax expense attributable to ordinary activities	-	-	-	-
Income tax losses				
Future income tax benefit arising from tax losses of the consolidated entity not recognised at reporting date as realisation of the benefit is not regarded as virtually certain	**1,815,893**	1,419,966	**1,818,378**	1,419,966

No income tax is payable by the company. The directors have considered it prudent not to bring to account the future income tax benefit of income tax losses and exploration deductions until there is virtual certainty of deriving assessable income of a nature and amount to enable such benefit to be realised.

This future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

6. RECEIVABLES (CURRENT)

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Sundry debtors		**9,926**	14,184	**9,278**	14,184
		9,926	14,184	**9,278**	14,184

7. RECEIVABLES (NON CURRENT)

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Related party receivables					
Wholly owned group					
- controlled entities	23	-	-	**294,305**	-
- provision for diminution	23	-	-	**(254,305)**	-
		-	-	**40,000**	-

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

8. OTHER FINANCIAL ASSETS (NON CURRENT)

Investments at cost comprise:

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Shares					
Controlled entities - unlisted	9	-	-	1	-
		-	-	1	-

9. INTERESTS IN CONTROLLED ENTITIES

Name	Country of incorporation	Percentage of equity interest held by the parent entity 2005 %	Percentage of equity interest held by the parent entity 2004 %	Investment 2005 $	Investment 2004 $
Marengo Mining (PNG) Ltd	Papua New Guinea	100	-	1	-
				1	-

10. PROPERTY, PLANT AND EQUIPMENT

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Plant & equipment					
At cost		54,711	42,084	54,711	42,084
Accumulated depreciation		(18,056)	(8,515)	(18,056)	(8,515)
Total plant and equipment	10(a)	36,655	33,569	36,655	33,569

(a) Reconciliations
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the financial year.

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Plant & equipment					
Carrying amount at beginning of year		33,569	15,796	33,569	15,796
Additions		12,627	23,256	12,627	23,256
Depreciation expense		(9,541)	(5,483)	(9,541)	(5,483)
Carrying amount at end of year		36,655	33,569	36,655	33,569

11. PAYABLES (CURRENT)

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Trade creditors		6,776	18,653	6,776	18,653
Other creditors and accruals		62,003	31,204	48,815	31,204
		68,779	49,857	55,591	49,857

12. PROVISIONS (CURRENT)

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Employee benefits	17	44,398	20,253	44,398	20,253
		44,398	20,253	44,398	20,253

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

13. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	**4,437,958**	4,191,958	**4,437,958**	4,191,958
	4,437,958	4,191,958	**4,437,958**	4,191,958

(b) Movements in shares on issue

	2005 Number of shares	2005 $	2004 Number of shares	2004 $
Beginning of the financial year	**31,750,377**	**4,191,958**	77,626,070	1,017,366
Issued during the year				
– Shares issued for cash	-	-	55,613,630	55,630
– 10:1 Reconstruction	-	-	(119,916,559)	-
– Issue to satisfy underwriting fee	-	-	250,000	2,500
– Issue to satisfy advisory fee	-	-	175,000	17,500
– Shares at 20c each	-	-	17,500,000	3,500,000
– Shares to acquire tenements	-	-	500,000	100,000
– Shares on conversion of options	-	-	2,236	447
– Shares at 9.9c each to acquire tenements	**1,500,000**	**148,500**	-	-
– Shares at 15c each to acquire tenements	**250,000**	**37,500**	-	-
– Shares at 15c each to acquire tenements	**400,000**	**60,000**	-	-
less transaction costs	-	-	-	(501,485)
End of the financial year	**33,900,377**	**4,437,958**	31,750,377	4,191,958

(c) Movements in options on issue

	Number of options 2005	Number of options 2004
Beginning of the financial year	**22,597,746**	10,410,000
Issued during the year		
– Exercisable at 20c, on or before 28 Feb 2008	**250,000**	10,999,982
– Exercisable at 20c, on or before 30 Nov 2008	-	233,334
– Exercisable at 25c, on or before 30 Nov 2008	**1,500,000**	233,333
– Exercisable at 30c, on or before 30 Nov 2008	-	233,333
– Exercisable at 20c, on or before 31 Dec 2009	-	170,000
– Exercisable at 25c, on or before 31 Dec 2010	-	160,000
– Exercisable at 30c, on or before 31 Dec 2011	-	160,000
Less: Options exercised (20c, 28 Feb 2008)	-	(2,236)
End of the financial year	**24,347,746**	22,597,746

	Notes	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $

14. RESERVES AND ACCUMULATED LOSSES

	Notes				
Foreign currency translation reserve		**(495)**	-	-	-
Accumulated losses	14(a)	**(2,958,873)**	(1,636,755)	**(2,967,125)**	(1,636,755)

(a) Accumulated losses

Balance at the beginning of year	**(1,636,755)**	(455,915)	**(1,636,755)**	(455,915)
Net loss attributable to members of Marengo Mining Limited	**(1,322,118)**	(1,180,840)	**(1,330,370)**	(1,180,840)
Balance at end of year	**(2,958,873)**	(1,636,755)	**(2,967,125)**	(1,636,755)

15. STATEMENT OF CASH FLOWS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
(a) Reconciliation of the net loss after tax to net cash flows from operations				
Net loss	**(1,322,118)**	(1,180,840)	**(1,330,370)**	(1,180,840)
Non Cash Items				
Depreciation of non current assets	**9,541**	5,483	**9,541**	5,483
Doubtful debts expense - controlled entities	**-**	-	**254,305**	-
Exploration expenditure - issue of shares	**246,000**	100,000	**246,000**	100,000
Net foreign translation loss	**(495)**	-	**-**	-
Exploration expenditure written off	**-**	390,711	**-**	390,711
Changes in assets and liabilities				
Decrease in trade and other receivables	**5,206**	17,326	**5,853**	17,326
(Decrease)/increase in trade and other creditors	**17,974**	(120,146)	**4,786**	(120,146)
Increase in employee entitlement provisions	**24,145**	18,720	**24,145**	18,720
Net cash outflow from operating activities	**(1,019,747)**	(768,746)	**(785,740)**	(768,746)

(b) Reconciliation of cash

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Cash balance comprises:				
cash assets	**1,545,186**	2,577,560	**1,484,888**	2,577,560
Closing cash balance	**1,545,186**	2,577,560	**1,484,888**	2,577,560

(c) Acquisition of Controlled Entity

On 21 February 2005 the company acquired all the share capital of Marengo Mining (PNG) Ltd, a company registered in Papua New Guinea. There were no disposals of controlled entities during the financial year.

	$
Consideration	
cash (unpaid)	**1**
	1

16. EXPENDITURE COMMITMENTS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
(a) Exploration commitments				
The company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:				
not later than one year	**161,758**	486,040	**161,758**	486,040
later than one year and not later than five years	**939,000**	2,639,360	**939,000**	2,639,360
	1,100,758	3,125,400	**1,100,758**	3,125,400
(b) Lease expenditure commitments				
Operating leases (non cancellable):				
Minimum lease payments				
– not later than one year	**24,867**	37,775	**24,867**	37,775
– later than one year and not later than five years	**23,750**	16,560	**23,750**	16,560
aggregate lease expenditure contracted for at reporting date	**48,617**	54,335	**48,617**	54,335

17. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Employee Benefits				
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on costs	**-**	26,110	**-**	26,110
Provisions (current)	**44,398**	20,253	**44,398**	20,253
	44,398	46,363	**44,398**	46,363

Employee Share Scheme

At reporting date no employee share scheme had been established.

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent liabilities or contingent assets of the company at balance date.

19. SUBSEQUENT EVENTS

Subsequent to year end a share placement was approved by the shareholders of the company on 22 July 2005. The share placement raised a net sum of $500,000 from the issue of 3,333,333 fully paid ordinary shares at an issue price of 15 cents per share. This share placement also provided for the issue of one free attaching 28 February 2008, 20 cent option for each share issued under the placement.

Apart from the above there has not been any other matter or circumstance, that has arisen since 30 June 2005, that has significantly affected, or may significantly affect the operations of the consolidated entity, the result of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

The financial effect of each of the above events has not been recognised.

	2005 $	2004 $
20. LOSS PER SHARE		
The following reflects the income and share data used in the calculations of basic loss per share:		
Net loss	**(1,322,118)**	(1,180,840)
Loss used in calculating basic loss per share	**(1,322,118)**	(1,180,840)

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic loss per share	**33,259,829**	28,600,290

Effect of dilutive securities:
There were no dilutive potential ordinary shares on issue at balance date, accordingly diluted loss per share has not been disclosed.

	Consolidated		The Company	
	2005 $	2004 $	2005 $	2004 $
21. AUDITORS' REMUNERATION				
Amounts received or due and receivable by Stanton Partners for:				
– an audit or review of the financial report of the consolidated entity	**13,500**	10,990	**13,500**	10,990
– other services in relation to the consolidated entity				
tax compliance	**3,500**	1,200	**3,500**	1,200
independent accountants report	-	3,500	-	3,500
	3,500	4,700	**3,500**	4,700
	17,000	15,690	**17,000**	15,690

22. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of specified directors and specified executives

(i) Specified directors

John Patrick Horan	Chairman
Leslie Sidney George Emery	Managing Director
Dennis William Wilkins	Finance Director
Douglas Dunnet	Non Executive Director
Ronald Smit	Exploration Director

(ii) Specified executives

The company did not have any employees that are classified as named executives for the current financial year. Mr Smit was classified as a named executive in the 2004 financial report. Mr Smit was subsequently appointed as a director of the parent entity and his remuneration is therefore included in table (ii.)

(b) Remuneration of specified directors and specified executives

(i) Remuneration policy

The objective of the company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Non Executive Directors

The constitution of the company provides that the non executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the company in general meeting (currently $200,000). The Chairman's fees are determined independently to the fees of non executive directors based on comparative roles in the external market.

Directors fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs service outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Service agreements

The agreements relating to remuneration are set out below:

John Horan, Chairman:

- Term of agreement - 3 years commencing 13 November 2003.
- A fee for the year ended 30 June 2005 of $30,000, to be reviewed annually by the board.
- Payment of termination benefit on early termination by the company, other than for gross misconduct, equal to the fee for the remaining term of the agreement.

Leslie Emery, Managing Director:

- Term of agreement - 3 years commencing 13 November 2003.
- Base salary, inclusive of statutory superannuation, for the year ended 30 June 2005 of $119,900 to be reviewed annually by the board.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes any accrued long service leave and annual entitlements, superannuation, retiring allowance, superannuation gratuity to the value of which does not exceed the maximum amount ascertained in accordance with the formula set out in section 200G of the Corporations Act 2001.

Dennis Wilkins,Director/Company Secretary:

- Term of agreement   12 months commencing 13 November 2004.
- Directors fees, inclusive of statutory superannuation, for the year ended 30 June 2005 is $21,800. In addition Mr Wilkins' firm, DWCorporate, is paid a fixed annual fee of $64,000 for the provision of book keeping, accounting and company secretarial services.

Ronald Smit, Exploration Director:

- Term of agreement - 2 years commencing 13 November 2004.
- Base salary, inclusive of statutory superannuation, for the year ended 30 June 2005 of $109,000 to be reviewed annually by the board.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to the base salary for the remaining term of the agreement.

Retirement benefits

Other retirement benefits may be provide directly by the company if approved by shareholders.

(ii) Remuneration of Specified Directors and Specified Executives

	Salary & Fees	Non Monetary	Superan-nuation	Retirement benefits	Equity Options	Other Bonuses	Total
John Patrick Horan							
2005	**30,000**	-	-	-	-	-	**30,000**
2004	30,250	-	1,012	-	-	-	31,262
Leslie Sidney George Emery							
2005	**110,000**	-	**9,900**	-	-	-	**119,900**
2004	90,624	-	8,156	-	-	-	98,780
Dennis William Wilkins							
2005	**84,000**	-	**1,800**	-	-	-	**85,800**
2004	58,595	-	4,219	-	-	-	62,814
Douglas Dunnet							
2005	**20,000**	-	**1,800**	-	-	-	**21,800**
2004	20,000	-	1,800	-	-	-	21,800
Ronald Smit							
2005	**100,000**	-	**9,000**	-	-	-	**109,000**
2004	52,500	-	4,725	-	-	-	57,225

Specified executives

The company did not have any employees that are classified as named executives for the current financial year. Mr Ron Smit was classified as a named executive in the 2004 financial report. Mr Smit was subsequently appointed as a director of the parent entity and his remuneration is therefore included in table (ii.)

(c) Remuneration options: Granted and vested during the year

No remuneration options were granted or vested during the year.

(d) Shares issued on exercise of remuneration options

There were no shares issued on exercise of remuneration options during the year.

(e) Option holdings of specified directors and specified executives

	Balance at beginning of year 1 July 2004	Granted as Remuner-ation	Options Exercised	Net Change Other	Balance at end of year 30 June 2005	Vested at 30 June 2005 Total	Not exercisable	Exercis-able
Specified directors								
John Patrick Horan	900,000	-	-	25,000	925,000	925,000	-	925,000
Leslie Sidney George Emery	4,000,000	-	-	-	4,000,000	4,000,000	-	4,000,000
Dennis William Wilkins	2,000,000	-	-	-	2,000,000	2,000,000	-	2,000,000
Douglas Dunnet	600,000	-	-	-	600,000	600,000	-	600,000
Ronald Smit	1,000,000	-	-	1,500,000	2,500,000	2,500,000	-	2,500,000
Total	8,500,000	-	-	1,525,000	10,025,000	10,025,000	-	10,025,000

(f) Shareholdings of specified directors and specified executives

	Balance 1 July 2004		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30 June 2005	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Specified directors										
John Patrick Horan	260,000	-	-	-	-	-	-	-	260,000	-
Leslie Sidney George Emery	1,275,000	-	-	-	-	-	210,000	-	1,485,000	-
Dennis William Wilkins	1,104,193	-	-	-	-	-	-	-	1,104,193	-
Douglas Dunnet	265,907	-	-	-	-	-	100,000	-	365,907	-
Ronald Smit	165,000	-	-	-	-	-	1,500,000	-	1,665,000	-
Total	3,070,100	-	-	-	-	-	1,810,000	-	4,880,100	-

(g) Loans to specified directors and specified executives

There were no loans to specified directors and specified executives during the year.

(h) Other transactions and balances with specified directors and specified executives

Services

DWCorporate, a company of which Mr Wilkins is principal, provided company secretarial and other corporate services to Marengo Mining Limited during the year. The amounts paid were at arms length and are disclosed at note 22(ii.) above.

23. RELATED PARTY DISCLOSURES

Wholly owned group transactions

Loans

Marengo Mining Limited has provided an interest free loan to its wholly owned subsidiary, Marengo Mining (PNG) Limited totalling $294,305 at balance date. There were no repayments made during the year.

Other related party transactions

The company has entered into employment contracts and consultancy agreements with the directors as detailed in note 22.

Refer to note 22 for details on shares and options issued to directors.

24. SEGMENT INFORMATION

Segment products and locations

The consolidated entity's operations are in the mining industry. Geographically, the group operates in two predominant segments, being Australia and Papua New Guinea. The head office and investment activities of the group take place in Australia.

24. SEGMENT INFORMATION - PRIMARY SEGMENT

Geographic segments	Australia		Papua New Guinea		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	$	$	$	$	$	$	$	$
Revenue								
Sales to customers outside the consolidated entity	-	-	-	-	-	-	-	-
Other revenues from customers outside the consolidated entity	111,182	96,942	-	-	-	-	111,182	96,942
Intersegment revenues	-	-	-	-	-	-	-	-
Share of net profit of equity accounted investments	-	-	-	-	-	-	-	-
Total segment revenue	111,182	96,942	-	-	-	-	111,182	96,942
Non segment revenues								
							-	-
							-	-
Unallocated revenue							-	-
Total consolidated revenue							111,182	96,942
Results								
Segment result	(1,330,370)	(1,180,840)	8,252	-	-	-	(1,322,118)	(1,180,840)
Non segment expenses								
							-	-
Unallocated expenses							-	-
Consolidated entity loss from ordinary activities before income tax expense							(1,322,118)	(1,180,840)
Income tax expense							-	-
Consolidated entity loss from ordinary activities after income tax expense							(1,322,118)	(1,180,840)
Extraordinary item							-	-
Net loss							(1,322,118)	(1,180,840)
Assets								
Segment assets	1,570,822	2,625,313	20,945	-	-	-	1,591,767	2,625,313
Non segment assets								
							-	-
							-	-
							-	-
Unallocated assets							-	-
Total assets							1,591,767	2,625,313
Liabilities								
Segment liabilities	99,989	70,110	13,188	-	-	-	113,177	70,110
Non segment liabilities:							-	-
							-	-
							-	-
Non allocated liabilities							-	-
Total liabilities							113,177	70,110
Other segment information:								
Equity accounted investments included in segment assets	-	-	-	-	-	-	-	-
Acquisition of property, plant and equipment, intangible assets and other non current assets	12,627	23,256	-	-	-	-	12,627	23,256
Depreciation	9,541	5,483	-	-	-	-	9,541	5,483
Non cash expenses other than depreciation and amortisation	254,305	-	-	-	-	-	254,305	-

25. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $	2005 %	2004 %
(i) Financial assets														
Cash	**1,544,686**	2,577,360	-	-	-	-	-	-	**500**	200	**1,545,186**	2,577,560	**5.4**	5.2
Trade and other receivables	-	-	-	-	-	-	-	-	**9,926**	14,184	**9,926**	14,184	-	-
Total financial assets	**1,544,686**	2,577,360	-	-	-	-	-	-	**10,426**	14,384	**1,555,112**	2,591,744		
(ii) Financial liabilities														
Trade creditors	-	-	-	-	-	-	-	-	**(6,776)**	(18,653)	**(6,776)**	(18,653)	-	-
Other creditors and accruals	-	-	-	-	-	-	-	-	**(62,003)**	(31,204)	**(62,003)**	(31,204)	-	-
Total financial liabilities	-	-	-	-	-	-	-	-	**(68,779)**	(49,857)	**(68,779)**	(49,857)		

(b) Net fair values

All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value.

(c) Credit risk exposures

Concentrations of credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

26. JOINT VENTURE

In April 2005, the company entered into an agreement to earn an initial 50% interest in the Yandera Project in the Madang Province of PNG, from Belvedere Limited (a private PNG company), by expending A$500,000 on exploration of the project area. Following completion of the first stage, the company can earn up to a 90% interest in the Yandera Project, by sole funding to completion of a bankable feasibility study (subject to Belvedere Limited not electing to contribute).

27. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

Marengo Mining Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. In 2004, the company allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. As a result, Marengo Mining Limited established a project team to address each of the areas in order of priority. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, Marengo Mining Limited's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when Marengo Mining Limited prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net loss for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

	Notes	Consolidated		The Company	
		30 June 2005**	1 July 2004*	30 June 2005**	1 July 2004*
		$	$	$	$
Total equity under AGAAP		**1,478,590**	2,555,203	**1,470,833**	2,555,203
Adjustments to accumulated losses					
Recognition of share based payment expense	(i)	**(34,088)**	(864)	**(34,088)**	(864)
		(34,088)	(864)	**(34,088)**	(864)
Adjustments to contributed equity					
Recognition of share based payment expense	(i)	**34,088**	864	**34,088**	864
		34,088	864	**34,088**	864
Total equity under AIFRS		**1,478,590**	2,555,203	**1,470,833**	2,555,203

* This column represents the adjustments as at the date of transition to AIFRS.

** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 June 2005.

(i) Under AASB 2 (Share Based Payments), the company would recognise the fair value of options granted to employees as remuneration as an expense on a pro rata basis over the vesting period in the income statement with a corresponding adjustment to equity. Share based payment costs are not recognised under AGAAP.

(b) Reconciliation of net loss under AGAAP to that under AIFRS

YEAR ENDED 30 JUNE 2005	Notes	Consolidated	The Company
		$	$
Net loss as reported under AGAAP		**(1,322,118)**	**(1,330,370)**
Share based payment expense	(i)	**(33,224)**	**(33,224)**
Net loss under AIFRS		**(1,355,342)**	**(1,363,594)**

(i) Under AASB 2 (Share Based Payments), the company would recognise the fair value of options issued to employees as remuneration as an expense on a pro rata basis in the income statement. Share based payment costs are not recognised under AGAAP. This would result in an increase in operating loss under AIFRS.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

In accordance with a resolution of the directors of Marengo Mining Limited, I state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

On behalf of the Board

Leslie Sidney George Emery

Director

Perth, 9 September 2005

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash-flows, accompanying notes to the financial statements, and the director's declaration for Marengo Mining Limited (the Company) and the consolidated entity for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Marengo Mining Limited is in accordance with:

a) the Corporations Act 2001, including:
   (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
b) other mandatory professional reporting requirements in Australia.

STANTON PARTNERS

J P Van Dieren

Partner
Perth, Western Australia
9 September 2005

9 September 2005

The Directors
Marengo Mining Ltd
Level 2
9 Havelock Street
WEST PERTH WA 6005

Dear Sirs

RE: MARENGO MINING LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Marengo Mining Ltd.

As Audit Partner for the audit of the financial statements of Marengo Mining Ltd for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTON PARTNERS

John Van Dieren
Partner

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 9 September 2005.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	108	46,938
1,001 - 5,000	99	322,883
5,001 - 10,000	152	1,302,089
10,001 100,000	261	10,422,699
100,001 and over	64	25,144,102
	684	37,238,711
The number of shareholders holding less than a marketable parcel of shares are:	129	4,347

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Allundy Pty Ltd	3,008,811	8.08
2	Yellowrock Pty Ltd	1,972,811	5.30
3	Smit Ronald	1,665,000	4.47
4	Ruthless Pty Ltd	1,260,000	3.38
5	Macfam Pty Ltd	1,001,769	2.69
6	Wilkins D and Garbutt Wilkins N	874,733	2.35
7	Goldearth Investments Pty Ltd	800,000	2.15
8	Todarello Anthony Domenic	775,000	2.08
9	Elemental Minerals Ltd	650,000	1.75
10	Wisevest Pty Ltd	600,000	1.61
11	Seydor Limited	500,000	1.34
12	Aylworth Holdings Pty Ltd	490,996	1.32
13	Thomas Terrance John	482,220	1.29
14	Thomas Nancy Lee	468,357	1.26
15	Triako Resources Limited	400,000	1.07
16	Bowan Peter	360,000	0.97
17	Worldpower Pty Ltd	350,000	0.94
18	Zelman Pty Lyd	350,000	0.94
19	Kisda Pty Ltd	350,000	0.94
20	Buchanan Gregory James	311,936	0.84
		16,671,633	44.77

(c) Twenty largest option holders

The names of the twenty largest holders of quoted options are:

		Listed options	
		Number of options	Percentage of total options
1	Allundy Pty Ltd	4,410,000	24.53
2	Chatsworth Stirling Pty Ltd	1,750,000	9.74
3	Yellowrock Pty Ltd	1,646,667	9.16
4	French Cameron John	969,820	5.40
5	Oregon Pty Ltd	706,298	3.93
6	Worldpower Pty Ltd	350,000	1.95
7	Hayes Peter Alaric	349,808	1.95
8	Consulting Lawrence Crowe	300,000	1.67
9	Grundy Nominees Pty Ltd	300,000	1.67
10	Proud Stephanie	294,700	1.64
11	Fragomeni John Giovanni	262,500	1.46
12	Brooks Donald Stuart	261,250	1.45
13	Alluvial Resources Pty Ltd	250,000	1.39
14	Upper Mantle Investments	250,000	1.39
15	Whybrow Jeremy Sean	213,716	1.19
16	Coltrange Pty Ltd	200,000	1.11
17	Crichton Peter	200,000	1.11
18	Pescud Narelle	191,667	1.07
19	Rah (STC) Pty Ltd	150,000	0.83
20	Leivers Alan Henry	150,000	0.83
		13,206,426	73.47

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Marengo Mining Limited
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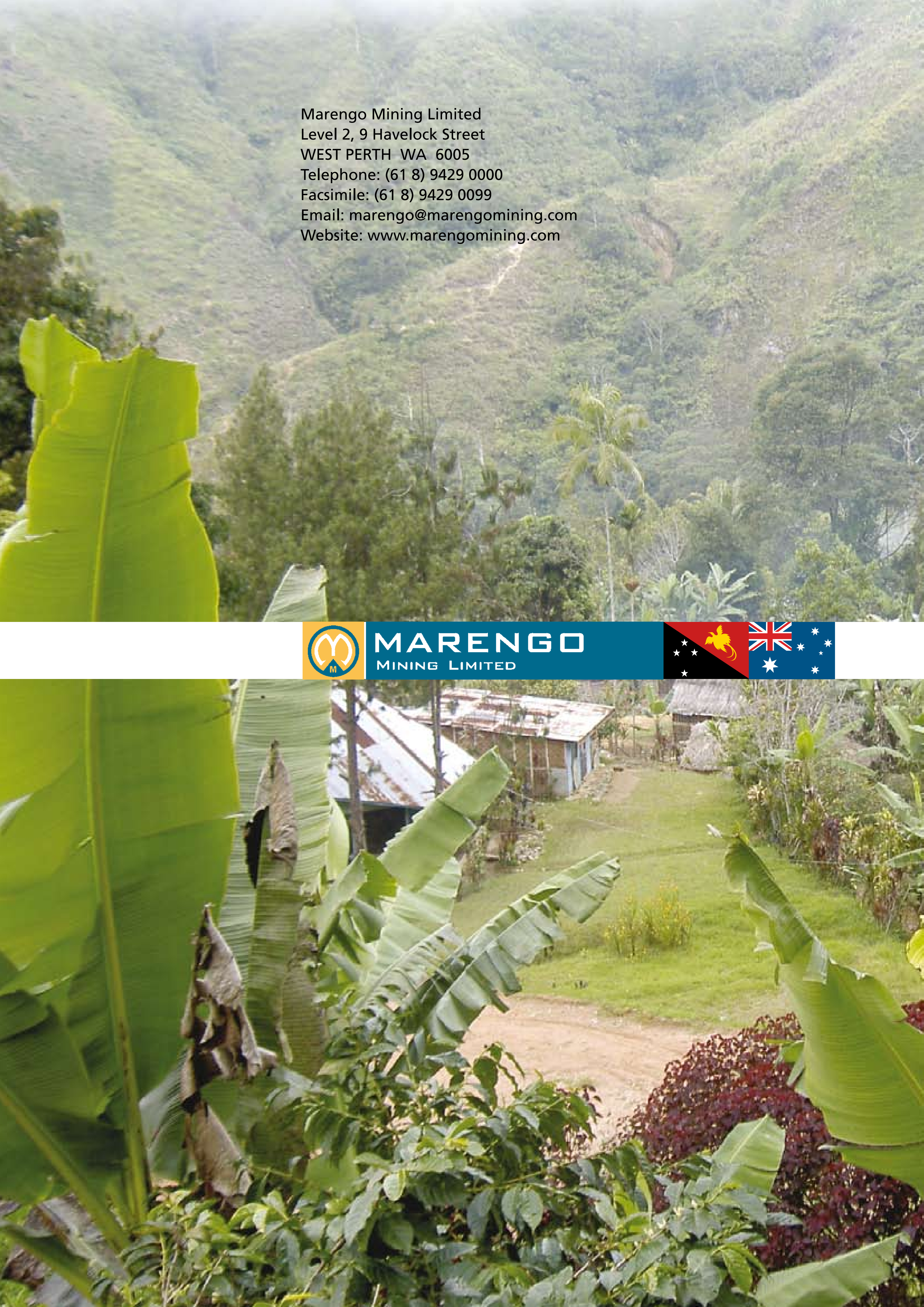

MARENGO
MINING LIMITED