



Quarterly Report

for the period ending 31 March 2007



www.marengomining.com

Share Code: MGO
Option Code: MGOO

- **2007 Field season commenced at Yandera Copper-Molybdenum-Gold Project with two diamond drills operating since late February.**

- **New resource estimate for Yandera well advanced, with scheduled completion mid May 2007.**

- **Pre-feasibility study for Yandera continues on schedule for completion end of June 2007.**

MOLYBDENUM

Molybdenum is truly the metal of the 21st century.

Its unique properties, which enhance the strength and corrosion resistance of many steel products (particularly stainless steel), has seen rapidly growing consumption and a consequent price rise.

Molybdenum also plays an increasing role in the petroleum industry, from corrosion resistant pipelines to the catalysts used for the removal of sulphur and other impurities in crude oil. It also has an important role in industries as diverse as nuclear power, automotive and aerospace.

With increasing pressure on supplies to feed a world market of some 400 million pounds of consumption per year, the price of molybdenum oxide (the compound which is generally quoted on world markets) has risen to around US\$30 per pound from a price of US\$5 per pound in 2003.

With current molybdenum resources at Yandera of some 170 million pounds, Marengo Mining can become a significant contributor to an exciting and growing market.



Working to unlock the mineral treasures of Papua New Guinea



PNG – PROJECT LOCATION MAP

Figure 1



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

Diamond Drilling

The 2007 field season commenced at Yandera in mid-February, with the start-up of a diamond drilling program over the central porphyry system.

As with the previous season, two diamond drill rigs have been contracted to complete a similar program to the 7000 metre program undertaken during the 2006 field season.

Drilling has initially been focused on the Omora Zone, where drilling late in 2006 intersected a broad zone of previously unidentified gold-molybdenum mineralisation in Hole YD120 (39 metres @ 3.54g/t gold and 664 ppm molybdenum). This intersection was in close proximity to the known copper-molybdenum mineralisation of the Omora zone.

Drilling will also target further extensions to zones of copper-molybdenum mineralisation located within the boundaries of the conceptual open-pit, which forms part of a pre-feasibility study, due for completion by the end of June 2007.

To date, three drill holes have been completed (Holes YD122 to YD124) for a total of 1,210

metres, with another two holes (YD125 & YD126) in progress.

Results are awaited for the completed holes.

Resource Statement

In October 2006, Marengo announced an initial JORC compliant resource statement for the Yandera central porphyry system, prepared by international mining consulting group, Golder Associates Pty Ltd.

This statement, which utilised 98 of the previous 102 diamond drill holes completed during the 1970's by BHP and Kennecott, together with the first 7 holes completed by Marengo, reported an **Inferred Resource of 371 million tonnes @ 0.49% Copper Equivalent (ie 0.35% copper + 0.014% molybdenum*) at a 0.3% Copper Equivalent Cut-off**.

This estimate is confined to portions of the Gremi, Omora and Imbruminda zones (refer Fig 3), leaving significant scope for the resource base to grow.

All data from the 2006 drilling program has now been added to the extensive Yandera drill database (now over 40,000 metres) and Golder are currently finalising a new resource statement.

It is expected that this statement will be completed by mid May.

Based on the current resource statement a portion of the Yandera central porphyry system contains some 2.9 billion pounds of copper and 170 million pounds of molybdenum (calculated as oxide) which at current prices have a combined value of some A\$18 billion.

Note: Copper Equivalent = [Cu + Mo x 10] based on a 10:1 Mo:Cu price ratio.

Pre-Feasibility Study

During the quarter, activities related to the Pre-Feasibility study continued on schedule, including further metallurgical testwork, together with assembling data for capital and operating cost estimates.

Recoveries of up to 98% copper and 92% molybdenum were obtained from hypogene (sulphide) drill core samples, this comprising the major portion of the resource base. Recent activities were focused on optimising reagent type and consumption, and grind size.

Open pit design and mining cost parameters will be completed as soon as the revised resource estimate becomes available.

The concept for operating the Yandera project is to produce individual copper and molybdenum concentrates for direct sale to smelters. The conceptual flowsheet for this process is shown below.

It is anticipated that the Pre-Feasibility Study will be completed by 30 June 2007, with results being released shortly thereafter.

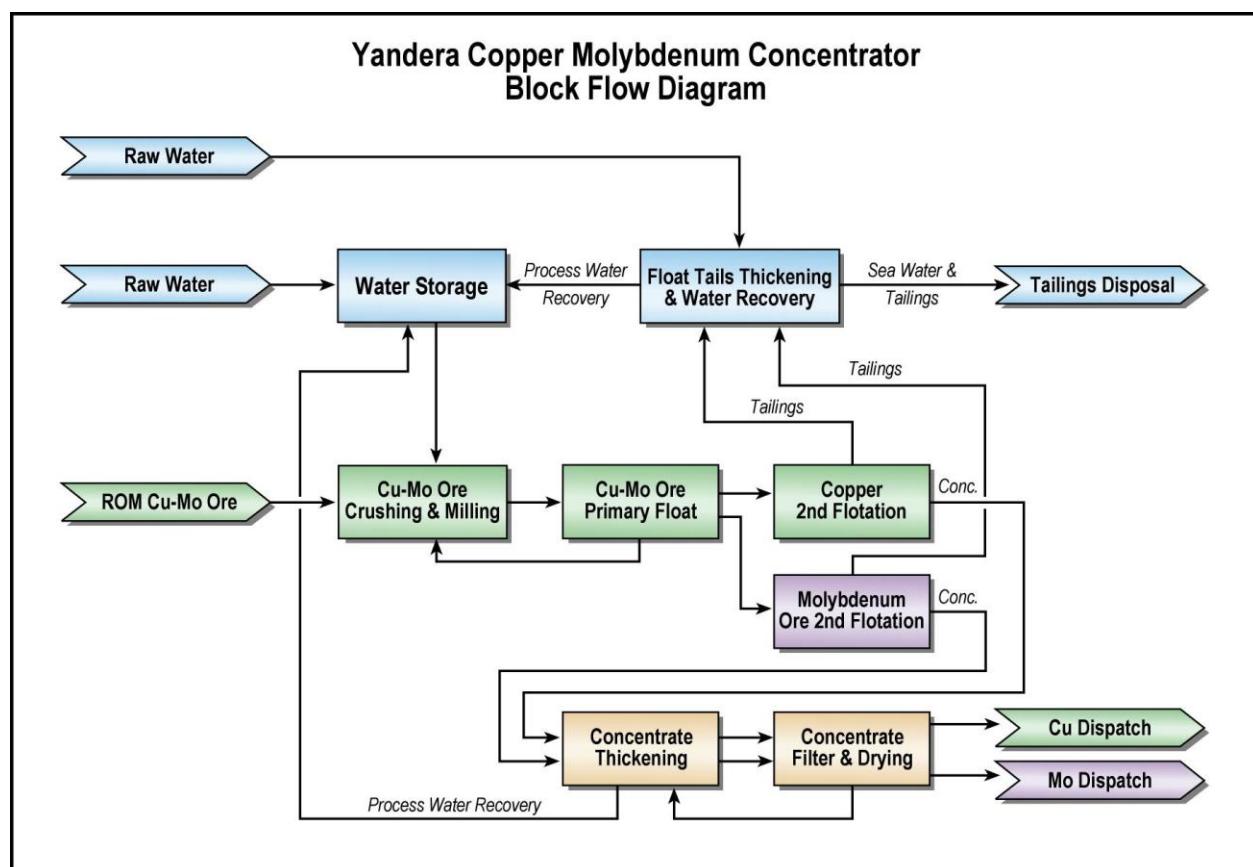
Molybdenum

One of the significant features of the Yandera porphyry system is the significant level of molybdenum contained within the resource.

The current resource estimate indicates an average grade of 140 ppm molybdenum, which is comparable to many of those porphyry deposits being mined today. However, within the resource, there are zones containing much higher grades of molybdenum (with individual three metre sections assaying up to 2% molybdenum).

Given the current focus on molybdenum and the projections for a continued global supply deficit, one of the components of the study will be to establish those areas where molybdenum values are elevated. This will enhance the potential to maximize cash flows in the early years of the project.

Figure 2



The Yandera porphyry system contains significant levels of molybdenum. Of the 121 diamond drill holes completed to 31 December 2006 some 539 intervals of 3 metres or greater intersected molybdenum results of greater than 200 ppm (ie 0.20% copper equivalent) including the following:

Hole	Interval (m)	Mo (ppm)	Hole	Interval (m)	Mo (ppm)
001	11	1000	053	231	671
013	91	1542	080	27	794
018	144	374	104	63	900
027	342	241	107	81	1037
035	18	376	117	42	973
039	69	412	120	39	664

Rhenium

Rhenium (Re) is one of the world's more valuable metals, having uses including, the production of platinum–rhenium catalysts used in the production of lead-free, high octane petroleum, and high-temperature superalloys that are used to make jet engine parts.

It is also utilised in the manufacture of thermocouples and electrical contacts.

The world's rhenium supplies are obtained from molybdenum sulphide ores extracted from copper-molybdenum porphyry mines, although not all ores contain rhenium concentrations.

The Yandera project is fortunate in that it has what is considered to be a significant level of rhenium in the higher grade molybdenum zones. This may add further value to the Yandera mine products, as smelter credits (as with gold and silver), although no economic assessment of this has yet been made.

Rhenium is currently trading at approximately US\$7000/ kilogram (US\$218/oz)

During the 1970's, BHP obtained rhenium assays on eighteen samples from the Yandera deposit, with values ranging from 0.38 to 1.85 ppm (g/t) Re.

Marengo recently submitted sixteen samples of Yandera hypogene (sulphide) drill core with values of between 500 and 7872 ppm molybdenum to assay for rhenium. The rhenium assays on these samples, which returned values of between 0.6 and 6.6 ppm (g/t) confirmed the BHP work and has highlighted another potential value driver for this project.

Copper

The copper market continues to move towards record levels, driven by ongoing demand from China and other nations, combined with concerns over the long term supply situation

from other parts of the world, such as South America.

As with many of those copper-molybdenum or copper-gold porphyry projects discovered during the 1960's, or earlier, that have remained somewhat dormant for many years, the Yandera project is now demonstrating a real ability to become a significant contributor to the economy of Papua New Guinea.

Drilling results from the 2006 season continued to demonstrate that in addition to substantial zones with grades around 0.3% copper (+ or – molybdenum), wide zones with much higher grades of copper have been identified.

This is confirmed by previously reported intersections including:

81m @ 1.35% Cu

33m @ 1.24% Cu

114m @ 1.05% Cu

72m @ 0.90% Cu

150m @ 0.87% Cu

153m @ 0.83% Cu



DRILL HOLE PLAN

Figure 3



BOLUBOLU PROJECT, GOODENOUGH ISLAND, PNG

(MARENGO MINING LIMITED – 100%)

The Bolubolu Project is located on Goodenough Island, Milne Bay Province, Papua New Guinea, 350km east of Port Moresby.

The project area of some 360km² has the potential to host significant deposits associated with emergent metamorphic core complexes.

Rock chip sampling during the 2006 field season produced assays of up to 27.2 g/t gold and 17 g/t silver.

Follow-up field activities are currently being planned for the 2007 field season.



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

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

Hindmarsh has reported that, since entering the joint venture, it has completed geological and geophysical interpretation of the project area. This work has identified 19 uranium target locations for initial ground follow-up.

Based on follow-up data collection, 21 sites have been proposed for drill testing during the 2007 field season.

CORPORATE

PORT MORESBY STOCK EXCHANGE LISTING

Since listing of the Company's securities on the Papua New Guinea, Port Moresby Stock Exchange Limited (POMSoX) late in 2006, the Company has seen active trading in its stock.

The listing has seen an increasing number of PNG holders join the Company's register.

POMSoX codes for Marengo are the same as the ASX ie. MGO (shares) and MGOO (options).

ONLINE SHARE REGISTER (AUSTRALIA)

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

FINANCE

CASH AT BANK

As at 31 March 2007 the Company had cash reserves of A\$9.2m.



CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Dennis Wilkins

SENIOR EXECUTIVES

Peter Dendle – Project Manager – Yandera

Johan Smit – Principal Consulting Geologist

SUBSIDIARIES (PAPUA NEW GUINEA)

Marengo Mining (PNG) Limited – 100%
Belvedere Limited – 100%

MAJOR SHAREHOLDERS

Current major shareholders are:

Sentient Global Resources Fund II	19.86%
RAB Special Situations Fund (UK)	7.42%
Sempra Metals and Concentrates Corp.	5.36%

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ISSUED SHARE CAPITAL (AS AT TODAY'S DATE)

Fully Paid Shares:	126,880,719 (ASX Code: MGO)
Listed Options (20 cents expiring 28/02/08):	48,382,574 (ASX Code: MGOO)
Unlisted Options (20-30 cents expiring 30/11/08)	14,300,000 (ASX Code: MGOAQ)
Unlisted Options (30 cents expiring 30/11/08)	500,000 (ASX Code: MGOAQ)
Unlisted Options (20-30 cents expiring various dates):	500,000 (ASX Code: MGOAS)

SHARE REGISTRY (Australia)

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30 April 2007

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