



**CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING
9 NOVEMBER 2006**

Ladies and Gentlemen

Welcome to the 2006 Annual General Meeting of Marengo Mining Limited where I am delighted to report on an excellent year of substantial progress for the Company.

In a relatively short period of time we have firmly established our presence in Papua New Guinea (PNG). We have now joined the other Australian and International companies which are successfully exploring for or mining in that country which is richly endowed in metals and minerals.

Indeed, as our nearest neighbour, PNG is fast becoming an increasingly attractive country for foreign exploration and mining companies, Australians in particular. Exploration is on the rise and the current Government has taken positive initiatives to ensure that the resources industry remains vibrant and internationally competitive. The recent establishment of the Mineral Resources Authority (MRA) is a major step in that direction.

The Government has also sought assistance in generating new geological data. There is a major geophysical and mapping project in the Central Highlands and the World Bank assistance program has digitised most of the historical geochemical data.

Importantly, however, are the Government's medium to long term development plans and the national policy reforms which aim to attract more exploration and development investment through an appropriate fiscal regime. This comes on top of the new tax regime which became effective in 2003 and incorporated a raft of incentives for exploration as well as corporate taxation benefits for foreign investors.

Clearly, PNG with its vast natural resources and its attractive and welcoming investment policy is open for exploration and mining business. Marengo Mining Limited is now part of that business.

Our flagship in PNG is the Yandera Project, in the foothills of the Highlands, located some 95 kilometres south-west of the seaport of Madang and just 20 kilometres from the potentially huge Ramu nickel laterite project.

We believe that Yandera contains one of the largest undeveloped copper-molybdenum porphyry systems in the south-west Pacific.

During the year that ended in June we continued our rapid build-up of activity and achieved some important milestones. We:

- moved to 100% ownership of the Yandera Project;



- appointed an experienced and professional Project Manager and significantly increased the geological and technical support at the Project;
- commenced a major drilling program;
- successfully digitised some \$US20 million of exploration and drilling results from an inherited, pre-existing drill database;
- raised \$7.2 million, with some major players, through two successful share placements; and
- applied for a secondary listing of the Company's shares on the Port Moresby Stock Exchange.

After that, things only got better.

The period since June has seen the Yandera Project advance to a new and exciting phase, with the release of an initial mineral resource estimate and the commencement of a pre-feasibility study.

A preliminary resource estimate, prepared by an international mining consultancy group, Golder Associates Pty Ltd, for the central portion of the Yandera Porphyry System produced an:

Inferred Resource of 127 Million Tonnes @ 0.7% Copper Equivalent (at 0.5% Copper Equivalent cut-off), which equates to 1.96 billion pounds of contained copper metal equivalent, or an

Inferred Resource of 371 Million Tonnes @ 0.49% Copper Equivalent (at 0.3% Copper Equivalent cut-off), which equates to 4.01 billion pounds of contained copper metal equivalent.

The mineralised system is large, at least 2 by 5 kilometres and extends well beyond the area with the inferred resources. This envelope has previously been tested with some widespread drilling, which identifies a "mineral inventory" with tonnages similar and fully additional to the inferred resource. These tonnages and grades cannot be placed in the resource classification at this stage.

It is our intention to increase the resource estimate and to focus on the various ways to achieve this, including drill follow up of some of the identified targets within the wider envelope of the mineralised system and also further interpretation of historical and current drilling.

However, with the current excellent preliminary resource estimate we have commenced a pre-feasibility study on the central porphyry zones.

The study will include preliminary mine design and open pit optimisation, metallurgical testwork, plant flowsheet design and throughput options with capital and operating cost estimates. A number of these activities have commenced. In addition, baseline studies for the environmental and social aspects of Yandera Project development will be implemented.

On the capital raising front we recently announced a share placement comprising 50 million shares at 25 cents each to raise A\$12.5million, to be made in two tranches to both existing and new Australian, and international institutional and professional investors.

The first tranche of 10 million shares is within the limit set by the ASX Listing Rules and has already been issued under Marengo's existing 15% placing capacity. The issue of the second tranche of 40 million shares will require shareholder approval at a meeting to be held on 1 December. The placement shares will rank *pari passu* with the Company's existing ordinary shares from the date of allotment.

As part of the raising, Sentient Global Resources Fund II ("Sentient") has agreed to subscribe for A\$6.3 million and will, at completion of the placement, become Marengo's largest shareholder with a stake of 19.7%.

Sentient Global Resources Funds total over US\$500 million and are used for investment in development of quality metal, mineral and energy assets across the globe.

A number of Marengo's current key shareholders, including Sempra Metals & Concentrate Corp (USA) and Nasfund Limited (PNG), have also agreed to participate in this strongly supported capital raising.

The proceeds of the placement will underpin the next key phase of activity at the Yandera Project including the pre-feasibility study and ongoing programs of diamond drilling designed to substantially increase the initial 371 million tonne copper-molybdenum resource.

Following completion of the placement, Marengo will have 128 million shares on issue, with a market capitalisation on yesterday's closing share price, of some A\$35 million. Marengo has received approval to list on the Port Moresby Stock Exchange Limited (POMSoX) with the aim of building a shareholder base in the Company's country of focus. It is expected that the Company's securities will commence trading shortly.

We are now seeing the benefits of Marengo's deliberate drive for quality and success in our exploration efforts that could eventually lead us to the development of a successful major mining operation.

Your directors believe that the current activity and strong and attractive potential of Marengo Mining Limited, even in the short term, should have a positive effect on the Company's share price in the near future.

Having said that, however, rest assured that the Marengo team is not necessarily market driven. Rather, as an experienced and professional unit under the management and guidance of Les Emery, it will continue to push forward and deliver the desired results. As that occurs, the share price will obviously take care of itself.

We believe the Company has demonstrated that the Yandera Copper-Molybdenum Project has the potential to become a world class mining project, which will add significant value for the shareholders of Marengo Mining Limited and the nation of Papua New Guinea.

The directors thank the staff for their dedicated efforts in driving the Company forward and appreciate the continuing support of shareholders.

Thank you ladies and gentlemen.