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**MARENGO COMPLETES CONCEPTUAL MINING  
STUDY FOR YANDERA COPPER-MOLYBDENUM  
PROJECT, PNG**  
*COMMITTS TO PROCEED WITH BANKABLE FEASIBILITY STUDY*

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Marengo Mining Limited (ASX Code: MGO) is pleased to announce the completion of a Conceptual Mining Study ("CMS") for its 100%-owned **Yandera Copper-Molybdenum Project**, located in the Bundi District, 100km SW of Madang in Papua New Guinea ("PNG").

The CMS, which commenced in October 2006, has confirmed that the Yandera Project has the potential to become a significant open pit copper-molybdenum mine. On the basis of the positive outcomes of the CMS, Marengo's Board has committed to proceed with a Bankable Feasibility Study ("BFS") on the Yandera Project.

**Summary**

**Key outcomes of the Yandera Project CMS include:**

- **a conceptual open pit encompassing 406Mt to underpin an initial 10-year mine life;**
- **initial mining rate of 25Mtpa for the first two years increasing to 40Mtpa;**
- **production of 112,000t and 88,000t of contained copper for the first two years, increasing to an average of 124,000tpa from the third year onwards.**
- **production of 4,200t of contained molybdenum for the first two years, increasing to an average of 6,700tpa from year three onwards.**
- **initial US\$942M capital cost estimate with additional US\$198M to complete the ramp-up to 40Mtpa;**
- **forecast cash operating costs of US\$10.09/tonne (US\$0.75/lb) for the first two years, and US\$9.09/tonne (US\$0.86/lb) at 40Mtpa;**
- **strong economic parameters using a copper price of US\$1.50/lb and a molybdenum price of US\$15.00/lb.**

The CMS has confirmed the potential of the Yandera Project to become a very significant strategic source of copper and molybdenum production in global terms, with a successful development expected to generate substantial value for Marengo shareholders and the nation of PNG.

## Study Parameters

The study has examined a number of production options for mining and processing potential ore from 20 Mtpa to 40 Mtpa for an initial mine life of 10 years. Given the substantial mineral resources previously reported, the mine can be expected to continue operation well beyond 10 years.

Benchmark Commodity Prices (“BCP”) used in the CMS has been set at US\$1.50/pound for copper and US\$15.00/pound for molybdenum oxide (US\$22.50/pound of molybdenum metal).

The CMS has determined that optimum mining rates for the first 10 years of production will commence at 25Mtpa for the first two years followed by an increase to 40 Mtpa for the next 8 years). This increase in throughput could be deferred in the event of metal prices being greater than the BCP and/or further drilling delineating additional zones of higher grade ore.

However, regardless of these events, an increase in throughput in Year 3 of operations may be implemented to maximise project cashflows.

### Key Parameters

Item	US\$
Copper	1.50/lb
Molybdenum Oxide	15.00/lb
Molybdenum Metal	22.50lb
Fuel Cost	0.80/Litre
Power Cost	0.048/kWhr
Operating Cost 25Mtpa	10.09/t
(Mining and Processing)	0.75/lb
Operating Cost 40Mtpa	9.09/t
(Mining and Processing)	0.86/lb
Waste : Ore Strip Ratio	2.7

### Production Statistics

Year	1	2	3 - 10
Tonnes	25Mtpa	25Mtpa	40Mtpa
Copper %	0.52	0.41	0.36
Molybdenum %	0.02	0.02	0.02
Cu Eq %	0.72	0.61	0.56

Year	Production Year (tonnes x M)	Contained Copper (tonnes x 000's)	Contained Copper (pounds x M)	Contained Molybdenum (tonnes)	Contained Molybdenum (pounds x M)
1	25	112	246	4,000	9
2	25	88	194	4,000	9
3-10	40	124	273	6,700	15

**Note:** Based on mill recovery of 86% for copper and 84% for molybdenum

**Capital Costs**

Planned Expenditure		US\$M	Planned Production
Years -1 & -2	Initial Construction	US\$942M	25Mtpa
Year +2	Upgrade	US\$198M	25Mtpa
Year +3	Total =	US\$1,140M	40Mtpa

**Major Components of Capital Costs: 25Mtpa**

Items	US\$M
Process Plant	356
Railway (Ore Haulage), Rolling Stock, Bridges, Loading/Unloading facilities	224
Shiploader/Jetty	63
Housing / Townsite (processing plant & minesite)	43
Conveyor to Loadout Stockpile (railhead)	34
First fill reagents /fuel etc	33
Mine Roads/Shovel Pits/Waste Dump	24
Engineering Project Construction Management	28
Power Reticulation	20
Access Roads	16

A significant component of the capital cost is the construction of a railway line and provision of rolling stock and ore loading and unloading facilities. The railway line will transfer ore over a distance of some 100km from the Ramu Valley to a coastal site near Madang where the processing facility would be located.

The rail installation is designed on Australian National Railway construction criteria and during the next stage of development a major focus will be on achieving significant cost reductions. In addition the Company will investigate options for the separate funding of this infrastructure from a number of sources, including organizations which provide infrastructure funding for developing nations.

**Mineral Resources**

The CMS was based on the previously announced Mineral Resources, (refer ASX release 22 May 2007) which comprises;

**Indicated Resource                    163 Mt @ 0.34 % Cu & 0.015 % Mo (0.49 % Cu Eq.)**

**Inferred Resource                    497 Mt @ 0.34 % Cu & 0.013 % Mo (0.48 % Cu Eq.)**

The CMS mining plan is based on a Whittle open pit optimisation of the current resource and includes indicated, inferred resources and extrapolated material totalling 406Mt. The conceptual mining schedule is;

Year	Tonnes	Copper (%)	Molybdenum (%)	Copper Eq. (%)
1	25,000,000	0.52	0.02	0.72
2	25,000,000	0.41	0.02	0.61
3 – 10	320,000,000	0.36	0.02	0.56
Total	370,000,000	0.38	0.02	0.58

Note: Copper Equivalent (Cu Eq) = [Cu + Mo x 10] based on a 10:1 Mo:Cu price ratio. The Conceptual Mining Study was completed by Mr H.D. Swain, FAusIMM, FIMM, Principal of Swain Associates, Consulting Mining Engineers of Western Australia.

## Bankable Feasibility Study

The Board of Marengo Mining Limited has committed to proceed with a Bankable Feasibility Study ("BFS") for the development of the Yandera Copper-Molybdenum Project.

This decision is based on the positive outcome of the CMS and the current, and forecast strength of the both copper and molybdenum markets.

The Company has recently announced a funding strategy to provide the first stage of funding for the BFS and will move to recruit additional key staff.

In addition the Company will be engaging a suitably qualified engineering group to co-ordinate the BFS.

The following timeline sets out an indicative course for the Yandera Project, based on successful completion of the BFS.

Bankable Feasibility Study & Permitting Completion	June 2009
Financing Completion, Order of Long Lead Items & Construction Commencement	September 2009
Construction Completion	March 2011
First Production	June 2011



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Appendix 1: Yandera Resource Update dated 17 May 2007, Golder Associates Pty Ltd.

### NOTES:

\*JORC refers to the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

Copper equivalent grades for reported drill hole intercepts were calculated using a molybdenum /copper price ratio of 10:1.

For reference current spot copper metal price is US\$3.20 per pound and molybdenum metal price is US\$45 per pound.

Assumed recovery is 90% based on metallurgical test work for both metals.

The calculation formula for metal content is [(resource tonnes) X (copper grade) X (90%)] + [(resource tonnes) X molybdenum grade] X 90%]

In the company's opinion all the elements included in the metal equivalents calculation have a reasonable potential to be recovered.

Sections of this report relating to drilling intercepts and mineralisation (excluding the Yandera Resource Update) 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.

The section of this report relating to the Yandera Mineral Resource was prepared by Mr Stephen Godfrey of Golder Associates Pty Ltd. Mr Godfrey is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

Mr Godfrey consents in writing to the inclusion in the report of the matters based on the information in the form and context in which it appears.



