



**MARENGO**  
MINING LIMITED

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**CHAIRMAN'S ADDRESS & MANAGING DIRECTOR'S REVIEW OF  
ACTIVITIES TO ANNUAL GENERAL MEETING  
11 NOVEMBER 2010**

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**Chairman's Address**

Ladies and Gentlemen

It's always a pleasure to address an annual meeting of shareholders when there is good news to report, and there is good news to report.

Shareholders are aware that we have had a sustained period of significant progress.

Our recent announcements and investor presentations, together with our latest annual and quarterly reports, have kept the market informed of the advances we have made to the financial year's end, and have continued to make in the months since.

I take this opportunity to draw your attention to some key events relating to our flagship Yandera Copper-Molybdenum-Gold Project in Madang Province, Papua New Guinea, that have taken place.

The recent signing of a Memorandum of Understanding (MOU) with one of China's leading construction and engineering groups, China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC") marked a key milestone for Marengo.

This landmark MOU will provide the foundation for the financing and development of our Yandera Project. We will work exclusively with NFC to establish the cost and program delivery for Yandera, in parallel with the completion of the current Definitive Feasibility Study (DFS). These discussions will be conducted with a view to entering into:

- a formal construction agreement (Engineering, Procurement and Construction or EPC Contract) under which Marengo will appoint NFC as the principal contractor, under a lump sum turnkey contract, following a detailed evaluation of the project construction costs to be undertaken by NFC as part of the final stage of the DFS; and



- a formal financing agreement, subject to agreement on the terms of the construction contract, under which NFC will facilitate at least 70% of the necessary financing for the project development costs of the Yandera project through Chinese banks.

In addition, the MOU contemplates NFC taking part of the project copper and molybdenum concentrate off-take and investing in either Marengo or the Yandera Project, or both.

Under the proposed construction agreement, NFC will be permitted, to the extent reasonably practicable, to maximize the use and procurement of Chinese engineering services, mechanical equipment, fabricated steel and other construction materials, and mining equipment required for the Yandera Project.

We are delighted to have signed this landmark MOU with one of China's leading construction and engineering groups, forging a strategic alliance which we believe will form a basis for all aspects of the funding, construction, development and operation of the Yandera Project.

Successful Australian and international equity raisings are an important platform from which to drive the company's development forward, and we are delighted to have completed an equity raising of \$A21.4 million in August, in Canada and Australia, following a similar raising of \$A21.7 million in Canada and Australia in September 2009. We are delighted that our two major shareholders, Sentient Global Fund (26.65%) and George Soros' Quantum Partners LDC (19.9%) have maintained their level of holdings in these capital raisings, demonstrating their continuing support for Marengo.

In regard to increasing the size of the resource at Yandera the ongoing deep drilling program continues to produce significant results, with confirmation of depth extensions of major mineralised systems. We are also currently completing an infill drilling program in the Gremi zone of the Central Porphyry in order to elevate a portion of the current resource from the Indicated to Measured category.

This ongoing drilling program is giving us confidence in the potential to substantially increase the resource inventory at Yandera.

We are also very encouraged by the continuing improvement in the copper price, with many major investment banks and research groups being very positive on the outlook for the red metal in both the near and the longer term. Even the most bearish previous attitudes have been somewhat moderated by the more bullish, but considered view, that increasing demand for consumption, particularly from China and India, is outpacing production.

It is from this that the imperative emerges for our corporate schedule to have the DFS released in the first quarter of 2011 and the financing approved by November 2011, with project construction commencing in the first quarter of 2012. There are still some milestones to be reached.

However, while we continue to advance with the project, we will maintain a balanced, professional approach and avoid the trap of getting ahead of ourselves.

Marengo is acknowledged as a good corporate citizen and is welcomed in Papua New Guinea.

We have established and are maintaining very positive working relationships with the Yandera and Upper Bundi communities. Our valued relationships extend to other communities and official bodies in the Madang Province, including the Provincial Government, and then up to the National Government.

In our specific sector, the advice and professional assistance of the Mineral Resources Authority (MRA) is always appreciated.

I would like to offer my thanks and appreciation for the outstanding contribution of our most able and committed Managing Director, Les Emery, on the progress of the company's interests that he and his team and associates have achieved so far. Les' leadership, energy, and management skills have enabled the Marengo team to move the company closer towards its goal of being a major copper producer with a world-scale resource base at Yandera.

This thanks and appreciation also extends to all our employees, contractors and consultants, not only in Papua New Guinea and Australia, but in other parts of the Globe.

In conclusion, I thank my co-directors for their support and wise counsel throughout the year and their continuing commitment to our company's vision for its future as a major diversified international copper producer.

John Horan  
Chairman  
11 November 2010

### **Managing Directors Review of Activities**

Ladies and Gentlemen

The past year has seen Marengo Mining Limited achieve significant advances at the Yandera Project.

As a result of ongoing support from existing and new investors, Marengo has been able to maintain a level of momentum that is normally restricted to much larger companies. With access to funds Marengo has again been able to complete an aggressive campaign of diamond drilling, which has seen five drilling rigs operating on the Yandera Central Porphyry for most of the year and in addition, two rigs operating on proposed infrastructure locations.

The Yandera Definitive Feasibility Study ("DFS") has continued throughout the year and has seen very positive results generated from many of the components of the study.

Since Marengo acquired an interest in the Yandera Project in 2005, the Company has focused on this project alone, as it took the view that the Yandera Project was a "company maker". During the ensuing years we have had our detractors who have expressed the view that the Yandera Project, for varying reasons would not move to the production stage. I believe that we are now demonstrating that this is not the case and in fact thanks to the support of our investors, employees and consultants we are proving that the Yandera Project is poised to become a very relevant addition to world copper and molybdenum producers.

Over recent months we have formed a strong bond with one of China's largest manufacturing and engineering groups, in China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd ("NFC"). With the assistance of NFC the project capital costs will be reviewed on the basis of NFC supplying equipment and construction services to the Yandera Project. It is anticipated that this will see significant cost savings to the project development costs and the provision by NFC of a fixed price contract, for the total project development.

The recently executed Memorandum of Understanding with NFC, is the first step in completing a transaction which will see the Yandera Project secure, not only a fixed price construction contract, but also a substantial amount of Chinese bank funding. I believe that the structure of the arrangements with NFC is a first, in that Marengo will continue to retain ownership of the project whilst securing supply, construction and financing from major Chinese entities. We see the bond being forged with NFC as one which will strengthen even further given the belief that both Marengo and NFC have in the Yandera Project and Papua New Guinea as an investment destination.

During the year the drilling activity at Yandera has been running at full pace and at times has placed enormous stress on the site and its management. To their credit these pressures were handled in the usual professional manner and the record speaks for itself. To the end of last month we have seen a total of 91 holes completed at Yandera for a total advance of 29,100 metres. It is expected that by the end of the year the total advance will be well in excess of 30,000 metres.

To achieve these figures we employ some 400 staff, consultants and casual labour, the administration of which is a task on its own.

Drilling has been focused on a number of areas, including infill drilling to upgrade classification of resource categories, drilling of extensions of the existing resources and for the first time, drill testing of depth extensions.

It is pleasing to report that as reported over past months all aspects of the drilling have produced positive results. In particular the deep drilling program of four holes has proved a great success. The fourth and final hole of a program to drill test both the Imbruminda and Gremi zones to a depth of approximately 1000 metres is almost complete and as previously announced very significant results have been obtained at both zones.

Whilst the 2010 field season is drawing to a close, planning for an active 2011 field program is underway and in addition to continuing to demonstrate the further potential of the Yandera Central Porphyry activities will move further afield to explore what is rapidly becoming recognized as a major mining camp, along the Yandera Belt.

The Company values its relationship with the communities at and around Yandera and continues to be sensitive to their needs. Continuous consultation with all stakeholders is the key to any successful activity and Marengo believes that the effort put into this area is well justified.

Marengo is committed to providing a safe and healthy workplace and continues to take steps to ensure that this is practiced at all levels within the Company. The extension of medical services by Marengo to local communities is another area where our presence is making a big difference.

None of these activities can take place without the support of investors and Marengo is fortunate that it has the support of investors who share our confidence in the Yandera Project. Over recent years we have had exceptional support from a growing number of international investment funds and we believe that we continue to deliver the necessary results to maintain that support.

Our success to date is the result of a team effort by a vast group of people and whilst I cannot single out anyone in particular, I would like to acknowledge them all for their support and dedication during the year. The Marengo team is spread across the globe, with our operating team in Papua New Guinea, the Australian based management, financial and legal team, and the Canadian, legal, investment banking, and investor relations team. Thank you one and all.

Les Emery  
Perth, Western Australia  
11 November 2010

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