

19 October 2005

Dear Optionholder

I am pleased to provide you with a copy of our 2005 Annual Report, which was recently circulated to our shareholders.

As an optionholder, in Marengo Mining Limited, I felt that you may also be interested in reading about the achievements of the company over the past twelve months.

Since early this year, Marengo has shifted its primary focus to mineral projects in our nearest neighbour, Papua New Guinea ("PNG"), a country which has a rich mineral endowment and has an active and vibrant mining industry.

Our major activity in PNG is centered on the Yandera Project, where Marengo can earn an initial 50% interest in one of the largest undeveloped copper-molybdenum porphyry systems in the south-west Pacific. In addition, we are continuing our search for viable gold deposits with regional gold exploration at Yandera and at our other PNG project, Bolubolu, scheduled for 2006.

The recent announcement regarding the placement of shares to parties, including Australian, British and PNG based institutions, to raise an additional A\$6 million, I believe, is testament to the level of market support being enjoyed by Marengo.

If you have any questions regarding our activities or Marengo in general, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Les Emery', written over a thin red horizontal line.

**Les Emery**  
**Managing Director**

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