



MARENGO MINING LIMITED

ABN 57 099 496 474

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2009 and any public announcements made by Marengo Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

MARENGO MINING LIMITED

31 DECEMBER 2009

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MARENGO MINING LIMITED

31 DECEMBER 2009

DIRECTORS' REPORT

Your directors submit their report on Marengo Mining Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009 (the "Consolidated Entity").

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Douglas Dunnet
Les Emery
John Hick
John Horan
Elizabeth Martin
Sir Rabbie Namaliu
Susanne Sesselmann

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year ending 31 December 2009 by geographic segments is set out below:

| | Half-Year Ending 31 December 2009 | |
|---------------------------------------|--|--------------------|
| | Revenues | Results |
| | \$ | \$ |
| Australia | 79,336 | (8,994,399) |
| Papua New Guinea | - | (5,506,589) |
| Consolidation eliminations | - | 6,490,030 |
| Consolidated Entity revenues and loss | <u>79,336</u> | <u>(8,010,958)</u> |

During the period the Company successfully raised a total of A\$21.7M. A\$5.4M was raised from an Australian placement in September 2009 which followed a successful A\$16.3M Canadian placement during August 2009.

Activities of the Company during the period also included:

- Completion of 10 diamond drill holes at the Kombruku Prospect, four kilometres from the Yandera Central Porphyry resource;
- regional airborne geophysical survey completed over the south-eastern portion of the Yandera project area;
- Yandera DFS focused on hydroelectric power options, planning for bathymetry survey for Deep Sea Tailings Placement (DSTP), planning for the collection of a +50 tonne bulk sample of mineralisation for additional metallurgical testing; and
- completion of village census along proposed Yandera mine access road.

MARENCO MINING LIMITED

31 DECEMBER 2009

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.



L S G Emery

Managing Director

Perth, 11 February 2010

Stantons International

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WEST PERTH WA 6005, AUSTRALIA
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11 February 2010

Board of Directors
Marengo Mining Limited
Level 2, 9 Havelock Street
WEST PERTH WA 6005

Dear Sirs

RE: MARENGO MINING LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Marengo Mining Limited.

As Audit Director for the review of the financial statements of Marengo Mining Limited for the period ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



John P Van Dieren
Director

MARENGO MINING LIMITED

31 DECEMBER 2009

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

| | Half-Year Ended | |
|--|---------------------|---------------------|
| | 31 December 2009 | 31 December 2008 |
| | \$ | \$ |
| REVENUE FROM CONTINUING OPERATIONS | 79,336 | 1,320,320 |
| EXPENDITURE | | |
| Depreciation expense | (105,557) | (87,606) |
| Salaries and employee benefits expense | (606,033) | (557,565) |
| Exploration expenditure | (5,437,217) | (8,142,055) |
| Corporate expenditure | (527,048) | (621,822) |
| Occupancy expenditure | (156,910) | (154,712) |
| Insurance expenditure | (95,781) | (114,211) |
| Administration and other expenditure | (1,027,790) | (998,409) |
| Share based payment expense | 6(a) (133,958) | (215,993) |
| LOSS BEFORE INCOME TAX | (8,010,958) | (9,572,053) |
| Income tax benefit/(expense) | - | - |
| NET LOSS FOR THE HALF-YEAR | (8,010,958) | (9,572,053) |
| OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD | | |
| Exchange differences on translation of foreign operations | (1,792,771) | 5,384,887 |
| Other comprehensive income for the period, net of tax | (1,792,771) | 5,384,887 |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF MARENGO MINING LIMITED | (9,803,729) | (4,187,166) |
| Basic and diluted loss per share (cents) | (1.9) | (3.6) |

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

MARENGO MINING LIMITED**31 DECEMBER 2009****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

| | 31 December 2009 \$ | 30 June 2009 \$ |
|----------------------------------|------------------------------------|--------------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 16,898,257 | 5,088,081 |
| Trade and other receivables | 347,471 | 479,986 |
| TOTAL CURRENT ASSETS | 17,245,728 | 5,568,067 |
| NON-CURRENT ASSETS | | |
| Other financial assets | 446,841 | 425,657 |
| Plant and equipment | 680,061 | 734,491 |
| Mining properties | 14,491,363 | 15,598,014 |
| TOTAL NON-CURRENT ASSETS | 15,618,265 | 16,758,162 |
| TOTAL ASSETS | 32,863,993 | 22,326,229 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 992,929 | 918,643 |
| Provisions | 430,590 | 485,586 |
| TOTAL CURRENT LIABILITIES | 1,423,519 | 1,404,229 |
| TOTAL LIABILITIES | 1,423,519 | 1,404,229 |
| NET ASSETS | 31,440,474 | 20,922,000 |
| EQUITY | | |
| Contributed equity | 78,280,833 | 58,511,763 |
| Reserves | 3,839,819 | 5,079,457 |
| Accumulated losses | (50,680,178) | (42,669,220) |
| TOTAL EQUITY | 31,440,474 | 20,922,000 |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

MARENGO MINING LIMITED

31 DECEMBER 2009

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

| | Issued Capital Ordinary | Options Reserve | Foreign Currency Translation Reserve | Accumulated Losses | Total |
|--|--|----------------------------|---|-------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| BALANCE AT 1 JULY 2008 | 58,540,993 | 1,121,451 | (275,710) | (27,399,177) | 31,987,557 |
| Total comprehensive loss for the period | - | - | 5,384,887 | (9,572,053) | (4,187,166) |
| Share issue transaction costs | (185,791) | - | - | - | (185,791) |
| Employees and consultants share options | - | 215,993 | - | - | 215,993 |
| BALANCE AT 31 DECEMBER 2008 | 58,355,202 | 1,337,444 | 5,109,177 | (36,971,230) | 27,830,593 |
| BALANCE AT 1 JULY 2009 | 58,511,763 | 1,479,520 | 3,599,937 | (42,669,220) | 20,922,000 |
| Total comprehensive loss for the period | - | - | (1,792,771) | (8,010,958) | (9,803,729) |
| Shares issued during the period | 22,013,760 | - | - | - | 22,013,760 |
| Share issue transaction costs | (2,244,690) | - | - | - | (2,244,690) |
| Employees and consultants share options | - | 553,133 | - | - | 553,133 |
| BALANCE AT 31 DECEMBER 2009 | 78,280,833 | 2,032,653 | 1,807,166 | (50,680,178) | 31,440,474 |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

MARENGO MINING LIMITED**31 DECEMBER 2009****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

| | Half-Year Ended | |
|--|---------------------|---------------------|
| | 31 December 2009 | 31 December 2008 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Gains on foreign exchange | 2,600 | 201,303 |
| Payments to suppliers and employees | (1,890,958) | (2,089,458) |
| Expenditure on mining interests | (5,784,229) | (7,423,319) |
| Interest received | 53,088 | 533,037 |
| Net cash outflow from operating activities | (7,619,499) | (8,778,437) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for DFS expenses | (567,329) | (2,974,001) |
| Proceeds on disposal of plant and equipment | 14,683 | - |
| Payments for plant and equipment | (111,072) | (165,369) |
| Net cash outflow from investing activities | (663,718) | (3,139,370) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issue | 22,013,760 | - |
| Payments of share issue costs | (1,854,745) | (185,791) |
| Net cash inflow/(outflow) from financing activities | 20,159,015 | (185,791) |
| Net increase/(decrease) in cash and cash equivalents | 11,875,798 | (12,103,598) |
| Cash and cash equivalents at the beginning of the half-year | 5,088,081 | 23,352,570 |
| Effects of exchange rate changes on cash and cash equivalents | (65,622) | 53,960 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR | 16,898,257 | 11,302,932 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

MARENGO MINING LIMITED

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose consolidated financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Marengo Mining Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not previously applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income, Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third statement of financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position. In this regard, such information is provided using different measures to those used in preparing the statement of comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

MARENGO MINING LIMITED

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2009. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- If the Group holds less than 100% of the equity interests in an acquiree and the business combination results in goodwill being recognised, the Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group elects which method to adopt for each acquisition.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

MARENGO MINING LIMITED

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION

(a) Description of segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position. The Group operates only in the exploration industry, both in Australia and overseas.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2009 is as follows:

| | Australia | | Papua New Guinea | | Total | |
|---------------------------------------|------------------------|----------------|-------------------------|----------------|------------------------|----------------|
| | Half-Year Ended | | Half-Year Ended | | Half-Year Ended | |
| | 31 December | | 31 December | | 31 December | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Segment revenue | | | | | | |
| Total segment revenue | 79,336 | 1,320,320 | - | - | 79,336 | 1,320,320 |
| Intersegment elimination | | | | | - | - |
| Consolidated revenue | | | | | 79,336 | 1,320,320 |
| Segment result | | | | | | |
| Segment result | (8,994,399) | (4,187,168) | (5,506,589) | (8,340,569) | (14,500,988) | (12,527,737) |
| Intersegment elimination | | | | | 6,490,030 | 2,955,684 |
| Loss before income tax | | | | | (8,010,958) | (9,572,053) |
| | | | | | | |
| | Australia | | Papua New Guinea | | Total | |
| | 31 | 30 June | 31 | 30 June | 31 | 30 June |
| | December | 2009 | December | 2009 | December | 2009 |
| | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Segment assets and liabilities | | | | | | |
| Segment assets | 16,721,496 | 5,413,465 | 16,142,498 | 16,912,765 | 32,863,994 | 22,326,230 |
| Intersegment elimination | | | | | (1) | (1) |
| Total assets | | | | | 32,863,993 | 22,326,229 |
| Segment liabilities | 1,100,038 | 1,119,810 | 55,112,416 | 46,311,556 | 56,212,454 | 47,431,366 |
| Intersegment elimination | | | | | (54,788,935) | (46,027,137) |
| Total liabilities | | | | | 1,423,519 | 1,404,229 |

MARENGO MINING LIMITED

31 DECEMBER 2009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE

| | Half-Year Ended | | Half-Year Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2009 | 31 December 2009 | 31 December 2008 | 31 December 2008 |
| | Shares | \$ | Shares | \$ |
| Issues of ordinary shares during the half-year | | | | |
| Issued on exercise of C19 cent options | 841,341 | 168,269 | - | - |
| Issued for cash @ C8.6 cents per share | 172,500,000 | 16,387,499 | - | - |
| Issued for cash @ 9.5 cents per share | 57,452,546 | 5,457,992 | - | - |
| Transaction costs | - | (2,244,690) | - | (185,791) |
| | 230,793,887 | 19,769,070 | - | (185,791) |

| | Number of Options Half-Year Ended | |
|---|--------------------------------------|---------------------|
| | 31 December 2009 | 31 December 2008 |
| Movements of options during the half-year | | |
| Converted, exercisable at C19 cents, on or before 31 December 2009 | (841,341) | - |
| Expired, exercisable at C19 cents, on or before 31 December 2009 | (360,574) | - |
| Issued, exercisable at C8.6 cents, on or before 31 August 2011 | 8,625,000 | - |
| Cancelled, exercisable at 25 cents, on or before 18 December 2013 | (500,000) | - |
| Issued, exercisable at 25 cents, on or before 30 November 2014 | 475,000 | - |
| Issued, exercisable at 50 cents, on or before 15 August 2013 | - | 5,750,000 |
| Lapsed, exercisable between 20 to 40 cents, on or before 30 November 2009 | - | (10,800,000) |
| Issued, exercisable at 25 cents, on or before 18 December 2013 | - | 2,300,000 |
| Net movement | 7,398,085 | (2,750,000) |

NOTE 4: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year which will significantly affect, or may significantly affect, the state of affairs or operations of the consolidated entity subsequent to the half-year ended 31 December 2009.

MARENGO MINING LIMITED**31 DECEMBER 2009****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****NOTE 6: SHARE BASED PAYMENTS****(a) Recognised share based payment expenses**

| | Half-Year Ended | |
|--|------------------|------------------|
| | 31 December 2009 | 31 December 2008 |
| | \$ | \$ |
| Options issued to Suppliers, Directors and employees as part of: | | |
| Share-based payment expense | 133,958 | 215,993 |
| Share issue transaction costs | 419,175 | - |
| Expense arising from equity-settled share based payment transactions | 553,133 | 215,993 |

(b) Employee Share Option Plan

On 31 July 2008, shareholders adopted the Marengo Mining Employee Share Option Plan ("Plan"). The Plan entitles key management personnel and employees to purchase shares in the Company.

The exercise price and expiry date of options issued under the Plan are set at the discretion of the Board.

As at 31 December 2009 2,825,000 options have been issued to Eligible Employees.

(c) Directors Options

On 31 July 2008, shareholders approved the granting of 5,750,000 options to the Directors with an exercise price of 50 cents and an expiry date of 15 August 2013.

The Options will vest in five tranches. One fifth of the Options will vest immediately on granting, one fifth will vest one year after granting, one fifth will vest two years after granting, one fifth will vest three years after granting and one fifth of the Options will vest four years after granting. Apart from the vesting date, all other terms of the Options are identical. The exercise price is at the discretion of the Board.

As at 31 December 2009 5,750,000 options have been issued to the Directors.

(d) Supplier Options

On 31 August 2009, the Company granted 8,625,000 options to suppliers as part consideration for capital raising fees with an exercise price of C8.6 cents and an expiry date of 31 August 2011. The options vested immediately.

As at 31 December 2009 8,625,000 options have been issued to suppliers.

MARENGO MINING LIMITED

31 DECEMBER 2009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 6: SHARE BASED PAYMENTS (continued)

(e) Summary of Options Granted to Suppliers, Directors and under the Plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the half-year to 31 December 2009.

| | Half-Year Ended | | | |
|---|------------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2009 | 2009 | 2008 | 2008 |
| | No. | WAEP | No. | WAEP |
| Outstanding at the start of the period | 10,301,915 | \$0.38 | 13,494,970 | \$0.30 |
| Granted during the period | 9,100,000 | \$0.10 | 8,050,000 | \$0.43 |
| Exercised/expired/cancelled during the period | (1,701,915) | \$0.21 | (10,800,000) | \$0.31 |
| Outstanding at the end of the period | 17,700,000 | \$0.26 | 10,744,970 | \$0.39 |

(f) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 31 December 2009 is 2.7 years (2008: 4.2 years).

(g) Range of exercise prices

The range of exercise prices for options outstanding at 31 December 2009 is C8.6 cents to 50 cents.

(h) Option pricing model

The fair value of the equity settled share options granted to Employees, Suppliers, Directors and under the Plan is estimated as at the date of grant using the Black-Scholes European Option Pricing Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the half-year periods to 31 December 2009 and 31 December 2008.

| | Half-Year Ended | |
|-----------------------------------|--------------------------|--------------------|
| | 31 December | 31 December |
| | 2009 | 2008 |
| Dividend Yield | 0% | 0% |
| Expected volatility | 75% | 90% |
| Risk free interest rate | 4.50% - 4.99% | 4.25% - 6.50% |
| Expected life (years) | 2 - 5 | 5 |
| Option exercise price (cents) | C8.6 - A25 | 25 - 50 |
| Share price at grant date (cents) | 10.5 - 16 | 8.8 - 21.5 |

The expected life of the options is fixed at the time of issue and is not necessarily indicative of when they may be exercised. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 7: COMMITMENTS

**Half-Year Ended
31 December
2009**

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

| | |
|---|-----------------------|
| Within one year | 24,637 |
| Later than one year but not later than five years | 183,732 |
| | <u>208,369</u> |

(b) Lease commitments: Group as lessee

Non-cancellable operating leases, minimum lease payments:

| | |
|---|-------------------------|
| Within one year | 2,773,895 |
| Later than one year but not later than five years | 258,353 |
| | <u>3,032,248</u> |

(c) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel that are not recognised as liabilities:

| | |
|---|-------------------------|
| Within one year | 917,249 |
| Later than one year but not later than five years | 1,009,750 |
| | <u>1,926,999</u> |

MARENGO MINING LIMITED

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DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Marengo Mining Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



L S G Emery

Managing Director

Perth, 11 February 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MARENGO MINING LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Marengo Mining Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration for Marengo Mining Limited (the consolidated entity). The consolidated entity comprises both Marengo Mining Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Marengo Mining Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of Interim Financial and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Marengo Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Marengo Mining Limited on 11 February 2010.


Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Marengo Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International



John P Van Dieren
Director

West Perth, Western Australia
11 February 2010

Stantons International

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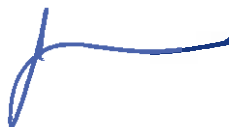
AUDITOR'S REPORT IN RESPECT OF COMPATIBILITY WITH CANADIAN GAAS

To the Board of Directors of Marengo Mining Limited (the "Company")

In accordance with the requirements contained in National Instrument 52-107 we report below on the compatibility of Canadian Generally Accepted Auditing Standards ("Canadian GAAS") and International Standards on Auditing.

We conducted our review for the half year ended 31 December 2009 in accordance with International Standards on Auditing. There are no material differences in the form or content of our report as compared to an auditor's review report prepared in accordance with Canadian GAAS and if this report was prepared in accordance with Canadian GAAS it would not contain a reservation.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



John P Van Dieren
Director

11 February 2010