

MARENGO DRAWS STRONG SUPPORT FOR A\$6M PLACEMENT TO UNDERPIN PNG DRILLING

PNG PROGRAM NOW FULLY FUNDED AS BOWGAN URANIUM DRILLING COMMENCES IN NT

Diversified metals company, Marengo Mining Limited (**ASX Code: MGO**), has secured the backing of a group of Australian, British and PNG-based institutions in a **A\$6 million share placement** to underpin an intensive resource drilling program at its Yandera Copper-Molybdenum Project in Papua New Guinea, as well as other exploration activities.

On completion of the placement – comprising the issue of a total of 24 million fully-paid ordinary shares at a price of 25 cents, together with one free attaching option – Marengo will have over A\$7 million in cash reserves, ensuring that it is fully-funded to progress an active exploration program throughout 2006. The placement was made to parties introduced by The Venture Group Limited of Sydney and DJ Carmichael Pty Limited of Perth.

Marengo's Managing Director, Les Emery, said that he was delighted with the overwhelmingly positive response to the placement, which attracted support from a wide range of institutions and sophisticated investors.

“The strong interest in our project reflects both the quality of the underlying assets and the considerable revival of interest in mining and resource activity in PNG, particularly following the recent announcements regarding the Ramu nickel-cobalt project, which is located in the same region as our Yandera Project,” Mr Emery said.

“We are pleased to welcome a number of new investors to our register, all of whom are very supportive of our planned exploration programs in PNG,” he added.

The funds raised will principally be directed towards an intensive diamond drilling program of the extensive Yandera copper-molybdenum porphyry system, and will comprise up to 10,000 metres over the existing (and outcropping) Gremi and Omora prospects, to enable a JORC compliant resource statement to be prepared by the end of 2006.

Marengo reached agreement earlier this year to earn an initial 50% interest in the Yandera Project, located in the Madang Province of PNG, by spending \$0.5 million, with the right to increase its interest further up to 90%, subject to the election of its joint venture partner, PNG-registered company Belvedere Limited.

First discovered by Australian Government geologists in the 1950s, Yandera was explored by Kennecott Exploration Ltd and BHP Minerals Limited in the 1960s and 1970s, with over US\$20 million spent on exploration (principally diamond drilling).

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Marengo announced to the ASX earlier this year (12 July 2005) that, following a review of the historical data, it was targeting a JORC compliant resource for the project. The Company said that it was confident that the quantity and grade of the earlier (non-JORC) estimates was of the right order and that with further drilling, a target size greater than **300 million tonnes** with grades approaching **1% copper** equivalent was achievable. Digitisation and 3D modeling of the extensive diamond drilling database (some 32,000 metres) is ongoing and scheduled to be completed later this year.

Mr Emery said the diamond drilling program would build on the substantial database of information on the Yandera Project generated by previous explorers, including Kennecott and BHP Minerals, and now held by Marengo.

“Once a JORC compliant resource statement is produced, we will aim to complete an initial scoping study for future project development,” Mr Emery said.

“While the copper-molybdenum system will clearly be our primary focus, we will also allocate funds towards assessment of the epithermal gold potential of the Yandera Project, due to the numerous old and new alluvial workings located within the area,” he added. “In addition, funds will be directed towards the Bolubolu Project and any follow-up on our Australian projects (including Bowgan), as warranted.”

Mr Emery said the placement would enable Marengo to place the necessary contracts to enable it to achieve its timetable for drilling the Yandera Project.

Following completion of the placement, which will be subject to Shareholder approval, Marengo will have 61 million shares on issue, retaining strong leverage to exploration success and the delineation of a substantial copper-molybdenum resource in PNG.

BOWGAN URANIUM DRILLING COMMENCES

Marengo also announced today that reverse circulation drilling had commenced at its 100%-owned **Bowgan uranium-gold project** in the Northern Territory.

A program of approximately 2,000 metres is planned on a well-defined, coincident magnetic and electromagnetic target located along the Fish River Fault, approximately 300km north-east of Tennant Creek, which is considered to be highly prospective for unconformity hosted (Coronation Hill-style) uranium-gold mineralization. Regionally, this province contains several significant deposits, including the Westmoreland uranium deposit and the Eva uranium-gold deposit.

The Bowgan target was first discovered by a major Australian mining company, but was never drill tested. From geophysical modelling, the target depth has been estimated to be relatively shallow at a depth of 50 metres.

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