



MEDIA RELEASE

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MARENGO COMMITS TO YANDERA BANKABLE FEASIBILITY STUDY FOLLOWING POSITIVE CMS

- **Yandera Conceptual Mining Study confirms potential for robust, long-life copper-molybdenum project.**
- **Initial 10-year mine life with 25mtpa production increasing to 40mtpa from year 3.**
- **Annual production increasing to 124,000tpa copper metal and 6,700tpa molybdenum.**
- **Estimated US\$942M capital cost with additional US\$198M to expand to 40mtpa.**
- **Bankable Feasibility Study targeted for completion in June 2009, with commencement of construction targeted for September 2009.**

Marengo Mining Limited (ASX Code: MGO, POMSoX: MGO) has committed to proceed with a Bankable Feasibility Study on its 100%-owned **Yandera Copper-Molybdenum Project** in Papua New Guinea (PNG) after today announcing the completion of a successful Conceptual Mining Study ("CMS") which confirmed the potential for a robust, long-life project.

Marengo said today (**Friday**) that the CMS, which commenced in October 2006, had confirmed the potential for Yandera to become a very significant strategic source of copper and molybdenum production for world markets.

The CMS reviewed a number of production options for the project, based around a large open pit design containing 406 million tonnes which would underpin an initial 10 year mine life – commencing at a 25mtpa production rate for the first two years, increasing to 40mtpa thereafter.

This would deliver production of approximately 112,000 tonnes of copper metal in the first year and approximately 88,000 tonnes in year 2, increasing to more than 124,000 tonnes per annum from year 3 onwards. Contained molybdenum production would commence at 4,200 tonnes per annum before increasing to more than 6,700 tonnes per annum.

Using a long-term copper price of US\$1.50/lb and a molybdenum oxide price of US\$15.00/lb (well below current spot prices), the Yandera Project is forecast to have a cash operating cost of US75c/lb for the first two years, and US86c/lb at the 40mtpa production rate.

The initial capital cost estimate is US\$942 million, with a further US\$198 million estimated to be required to complete the ramp-up to 40mtpa. The major components of this are the processing plant (US\$356 million) and the ore haulage railway to the coast and associated infrastructure (US\$224 million).

Marengo's Managing Director, Mr Les Emery, said there were numerous options either to significantly reduce the cost of the rail installation, which was designed on Australian National Railway construction criteria, or to separately fund the infrastructure components from a number of sources.

"Based on the excellent results of the CMS, we have made the decision to proceed with a Bankable Feasibility Study for the development of the Yandera Project," Mr Emery said.

"Given the current and forecast strength of both the copper and molybdenum markets, we believe this project represents a robust and exciting opportunity for the Company with the potential to become a significant strategic supplier of copper and molybdenum to world markets over many years."

"We have received very strong support from investors, both in Australia and North America, for our funding strategy for the BFS, which is premised on the recently announced share placement. We have engaged Paradigm Capital Inc of Toronto, Canada to arrange to place a portion of these shares with North American investors," Mr Emery commented.

"The introduction of these overseas investors to the Company's share register is expected to facilitate interest in Marengo ahead of a planned prospectus filing in Canada later in 2007," he added.

"We are aiming to commence the Bankable Feasibility Study immediately, with the study expected to take approximately 23 months to complete, positioning us to commence construction in September 2009," Mr Emery said. "At this stage, our timeline envisages completion of construction by March 2011 with first production targeted for June 2011."

Mr Emery said Marengo would continue its intensive resource extension and in-fill drilling programs at Yandera, with ongoing drilling expected to form a significant component of the BFS. "We have two rigs currently operational at Yandera and expect to shortly bolster these with two additional rigs. These will continue to work throughout the year and will add value to the project, targeting further increases in the resource inventory," he added.

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