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MEDIA RELEASE

MARENGO COMMENCES YANDERA PRE-FEASIBILITY AFTER ANNOUNCING 371MT INITIAL RESOURCE

Diversified metals group Marengo Mining Limited (ASX Code: MGO) has commenced a pre-feasibility study on its 100%-owned Yandera Copper-Molybdenum Project in Papua New Guinea after today unveiling a preliminary mineral resource estimate for the central portion of the project totalling over **4 billion pounds of contained copper metal equivalent**.

The initial resource – which has an in-situ value of some US\$14 billion at current copper prices – has reinforced the potential of the Yandera Project to underpin a world-class mining development. The preliminary resource estimate was prepared by respected international mining industry consultancy group Golder Associates Pty Ltd. It comprises:

- **Inferred Resource of 127 Million Tonnes @ 0.7% Copper Equivalent** (at 0.5% Copper Equivalent cut-off), **which equates to 1.96 billion pounds of contained copper metal equivalent, or an**
- **Inferred Resource of 371 Million Tonnes @ 0.49% Copper Equivalent** (at 0.3% Copper Equivalent cut-off), **which equates to 4.01 billion pounds of contained copper metal equivalent.**

A similar tonnage of mineral inventory has been established for each cut-off. However this cannot be placed in a resource classification at this stage.

Marengo's Managing Director, Mr Les Emery, said the initial resource estimate was completed ahead of the Company's original schedule and was based on 98 diamond drill holes completed during the 1970s by BHP Limited and other former explorers and the first 7 diamond drill holes completed by Marengo as part of its current resource drilling program.

"We are very pleased with this result, which confirms the Yandera Project as a potentially world-class mining project with significant potential for further additions to the mineral inventory with ongoing drilling," Mr Emery said.

"Based on the excellent progress achieved to date, we have also today announced the commencement of a pre-feasibility study, in parallel with ongoing diamond drilling programs which are scheduled to continue until November 2006," he added. "Our efforts will be focused on converting as much of the mineral inventory into a resource category as soon as possible, as part of subsequent resource estimations. In addition, drilling will target near-surface zones with the potential to maximise cash flow in the early stages of mining operations."

Marengo has appointed Mr David Swain of Swain Associates to manage the Yandera pre-feasibility study on the Yandera Project. The study will include preliminary mine design and open pit optimisation, metallurgical testwork, plant flowsheet design and throughput options with capital and operating cost estimates. A number of these activities have commenced.



Mr Swain is a mining engineer, with extensive experience in this role, having been involved in projects in Africa (Zambian Copper Belt), Western Australia (Goldsworthy) and Tasmania, as well as holding senior positions with Bougainville Copper Limited from 1973 to 1980.

Marengo also today announced further excellent results from its current diamond drilling program at Yandera, with drilling continuing to intersect broad zones of copper-molybdenum mineralisation. The results of drill hole YD 111 have now been received and include another substantial intersection of **240 metres at 0.89% Copper Equivalent (from 12 to 252 metres)**.

The intercept also contained individual 3 metre composite assays of up to 1.15 g/t gold and 14.7 g/t silver, however these metals have not been included in the copper equivalent calculation for this intercept. This drill hole has not been included in the current resource estimate.

A total of 13 holes have now been completed by Marengo to date, with approximately a further 8 holes remaining to be drilled or currently in progress.

Mr Emery said the information from the current drill program, together with additional historical data, would be included in a subsequent resource estimation scheduled for completion during the first quarter of 2007.

"In parallel with this current drilling, we will also continue to evaluate the extensive Yandera database which has been generated at an estimated historical cost of over US\$20 million, as the basis for planning diamond drilling programs during 2007," he said.

Marengo has recently applied for a secondary listing of its securities on the Port Moresby Stock Exchange Limited (POMSoX), as part of a strategy to build a local shareholder base in its country of focus and to give PNG investors an opportunity to trade Marengo securities on a local stock exchange. It is anticipated that POMSoX listing will take place shortly.

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