

**MARENGO MINING LIMITED**  
**ACN 099 496 474**

**FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2003**

**MARENGO MINING LIMITED**  
**FINANCIAL REPORT**  
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**MARENGO MINING LIMITED  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

Your directors submit their report on the Company for the half year ended 31 December 2003.

**DIRECTORS**

The names of the directors of Marengo Mining Limited in office during the whole of the half year and at the date of this report are:

John Patrick Horan  
Leslie Sidney George Emery  
Dennis William Wilkins  
Douglas Dunnet

**REVIEW OF OPERATIONS AND RESULTS**

Marengo is a mineral exploration company with 100% control of five projects based on Kalgoorlie style archean gold deposits and Carlin Trend (USA) style sediment-hosted gold deposits.

During the half year the Company:

- Acquired 100% control of the Mt Korong Gold Project which has a 12 kilometre long structure located on granted tenements;
- Successfully listed on ASX at the completion of an IPO capital raising which closed oversubscribed in early November 2003;
- Carried out preliminary exploration programme on its Ashburton property; and,
- Completed an initial drilling programme on its Mt Korong Project.

The Operating Loss for the half year amounted to \$208,793.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, appearing to read 'Les Emery', is written over a vertical line that serves as a signature separator.

Les Emery  
Director

Date: 11 March 2004

**MARENGO MINING LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	<b>31 Dec 2003 \$</b>
Revenue from operating activities	-
Revenue from outside the operating activities	29,034
<b>Total Revenue from ordinary activities</b>	<u>29,034</u>
Depreciation and amortisation	(1,438)
Salaries and wages	(96,809)
Administration expenses	(39,616)
Consultants	(9,091)
Other expenses from ordinary activities	(90,873)
<b>Loss from ordinary activities before income tax expense</b>	<u>(208,793)</u>
Income tax expense	-
<b>Net loss</b>	<u><u>(208,793)</u></u>
<b>Basic loss (cents per share)</b>	<u><u>(0.94)</u></u>

**MARENGO MINING LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2003**

	<b>Note</b>	<b>31 December 2003 \$</b>	<b>30 June 2003 \$</b>
<b>Current Assets</b>			
Cash assets		2,846,878	294,969
Receivables		114,829	31,528
<b>Total Current Assets</b>		<u><b>2,961,707</b></u>	<u><b>326,497</b></u>
<b>Non-Current Assets</b>			
Property, plant and equipment		25,056	15,796
Mining tenements and capitalised exploration costs		653,811	390,712
<b>Total Non-Current Assets</b>		<u><b>678,867</b></u>	<u><b>406,508</b></u>
<b>TOTAL ASSETS</b>		<u><b>3,640,574</b></u>	<u><b>733,005</b></u>
<b>Current Liabilities</b>			
Payables		84,292	170,021
Provisions		1,533	1,533
<b>Total Current Liabilities</b>		<u><b>85,825</b></u>	<u><b>171,554</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>85,825</b></u>	<u><b>171,554</b></u>
<b>NET ASSETS</b>		<u><b>3,554,749</b></u>	<u><b>561,451</b></u>
<b>Equity</b>			
Contributed Equity	5 (a)	4,219,457	1,017,366
Accumulated losses		(664,708)	(455,915)
<b>TOTAL EQUITY</b>		<u><b>3,554,749</b></u>	<u><b>561,451</b></u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**MARENGO MINING LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	<b>31 Dec 2003</b> \$
<b>Cash flows from operating activities</b>	
Payments to suppliers and employees	(372,252)
Interest received	15,866
<b>Net cash (used in) operating activities</b>	<u><b>(356,386)</b></u>
 <b>Cash flows from investing activities</b>	
Payments for mining tenements	(40,000)
Exploration expenditure	(123,099)
Payments for plant and equipment	(10,697)
<b>Net cash (used in) investing activities</b>	<u><b>(173,796)</b></u>
 <b>Cash flows from financing activities</b>	
Proceeds from share issues	3,556,077
Capital raising costs	(473,986)
<b>Net cash from financing activities</b>	<u><b>3,082,091</b></u>
 <b>Net increase in cash held</b>	 2,551,909
 Cash at the beginning of the reporting period	 294,969
 <b>Cash at the end of the reporting period</b>	 <u><u><b>2,846,878</b></u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

# MARENGO MINING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

This general purpose financial report for the interim half year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The 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 2003 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.

The Company was not a disclosing entity in accordance with the Corporations Act 2001 as at 31 December 2002. Accordingly, no half yearly financial reports were prepared for previous half year and no comparative information for the period ended 31 December 2002 is provided.

The accounting policies adopted are consistent with those of the previous financial report unless stated otherwise.

### NOTE 2 DIVIDENDS

No dividends have been paid or provided for in the half year.

### NOTE 3 SEGMENT INFORMATION

The reporting entity operates within the exploration industry in Western Australia.

### NOTE 4 SUBSEQUENT EVENTS

On 19 January 2004 the Company announced its intention to sell unmarketable parcels of shares. This process was completed during March 2004 and should result in significantly less shareholders reducing costs associated with administration of the Company.

Apart from the above, 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 reporting entity subsequent to the half year ended 31 December 2003.

**MARENGO MINING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 (a) MOVEMENTS IN SHARE CAPITAL**

During the half year the Company :

	<b>Shares</b>	<b>\$</b>
Balance as at 1 July 2003	77,626,070	1,017,366
• Issued Shares pursuant to an Underwritten Rights Issue	55,613,630	55,630
• Consolidated the capital of the Company on a 10:1 basis (Reconstruction)	(119,916,559)	0
• Issued Shares in satisfaction of obligations pursuant to an Underwriting Agreement	250,000	2,500
• Issued Shares to satisfy obligations pursuant to a Corporate Advisory Agreement	175,000	17,500
• Issued Shares pursuant to an IPO Prospectus	17,500,000	3,500,000
• Issued Shares in part consideration for the purchase of the Mt Korong Project	500,000	100,000
• Option conversion	2,236	447
	<b>31,750,377</b>	<b>4,693,443</b>
Less Capital Raising Costs		(473,986)
		<b>4,219,457</b>

**NOTE 5 (b) MOVEMENTS IN OPTIONS**

During the half year the Company issued the following options:

	<b>Options</b>
• Acquisition of a Database Licence	2,500,000
• Satisfaction of Corporate Advisory Fees	1,750,000
• Issued Options on a 1:2 attaching basis to applications for Shares pursuant to an IPO Prospectus	8,749,982
• Issued Options in part consideration for the purchase of the Mt Korong Project	250,000
• Option conversion December 2003	(2,236)
	<b>13,247,746</b>

## **MARENGO MINING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

These issued options are exercisable at 20 cents each on or before 28 February 2008.

In addition 600,000 unlisted options to acquire ordinary shares were issued to Douglas Dunnet during the period pursuant to shareholder approval. One third of these options are exercisable at 20 cents per share, one third exercisable at 25 cents per share and one third exercisable at 30 cents per share. These options expire on or before 30 November 2008.

#### **NOTE 6 EARNINGS PER SHARE**

Weighted average number of ordinary shares used in calculation of basic earnings per share is 29,669,316. Options to purchase ordinary shares not exercised at 31 December 2003 have not been included in the determination of basic earnings per share.

Diluted earnings per share does not represent an inferior view of the Company's performance and is not disclosed for this reason.

#### **NOTE 7 CONTINGENT LIABILITIES**

Native Title claims have been made with respect to areas that include tenements in which Marengo Mining Limited has interests. The Company is unable to assess whether or not and to what extent the claims may affect the Company or its projects.

Apart from the above matter, the Company is not aware of any contingent liabilities which existed as at the end of the half year or have arisen as at the date of this report.

**MARENGO MINING LIMITED**  
**DIRECTORS' DECLARATION**

The directors declare that the financial statements and notes set out on pages 2 to 7:

- (i) Comply with Accounting Standard (AASB 1029; Interim Financial Reporting), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) Give a true and fair view of the reporting entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date.

In the directors' opinion 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.



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Les Emery  
Director

West Perth  
Date: 11 March 2004



## STANTON PARTNERS

1 HAVELOCK STREET  
WEST PERTH 6005  
WESTERN AUSTRALIA

**TELEPHONE: (08) 9481 3188**

Facsimile: (08) 9321 1204

e-mail: australia@stanton.com.au

### **INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MARENGO MINING LIMITED**

#### **Scope**

We have reviewed the financial report of Marengo Mining Limited for the half-year ended 31 December 2003 as set out on pages 2 to 8. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 Interim Financial Reporting and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

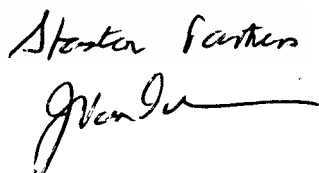
Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## **Statement**

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:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

## **STANTON PARTNERS**



**J P Van Dieren**  
**Partner**

Perth, Western Australia  
11 March 2004