

MARENGO SPREADS ITS WINGS IN THE PACIFIC SECURING PNG COPPER, GOLD PORTFOLIO

NEW FOCUS FOR WA GOLD COMPANY AS PNG MINING REVIVAL GATHERS MOMENTUM

WA-based Marengo Mining Limited (ASX Code: MGO) has signalled a new growth strategy in the Pacific Rim, today announcing that it had secured a portfolio of **porphyry copper** and **epithermal gold** projects in **Papua New Guinea** (PNG) amidst a growing revival of interest in new mining and exploration projects in that country.

Marengo said today (**Tuesday**) it had identified a number of new opportunities in PNG following an exhaustive 18-month worldwide project generation effort – including a farm-in joint venture on a potentially world-scale porphyry copper project and a major epithermal gold exploration opportunity.

The Perth-based Company – led by well-known Australian mining executive, Les Emery – originally listed on the ASX in November 2003 following a A\$3.5 million IPO, focusing initially on gold projects in the Ashburton region of WA.

Mr Emery said the decision to expand its focus offshore was motivated by the relative scarcity of quality project opportunities in Australia and the company-making potential of the new PNG projects, which will form the core of a newly established subsidiary, Marengo Mining (PNG) Limited.

“As is well-known, PNG has a long mining history dating back to 1878, yet – along with other nations – has suffered periods of downturn in mineral exploration investment since gaining independence in 1975,” Mr Emery said. “In recent years there has been a strengthening of investment back into PNG, with new opportunities emerging as a result of increasing world demand and prices for commodities and changing market sentiment towards the country.”

“The prospectivity of the region is well-established, with major world-class ore deposits such as Bougainville, Lihir, Misima, OK Tedi and Porgera,” he added. “There is also a new generation of discoveries currently in or moving towards production including Tolukuma, Kainantu, Hidden Valley and Simberi. Moreover, the PNG Government is actively encouraging investment in exploration and mining through a very favourable fiscal regime to support its recovering domestic economy.”

Recent developments include the announcement last week of an agreement between Highlands Pacific Ltd and China’s state-owned China Metallurgical Construction Corp (MCC) to develop the Ramu nickel project in PNG, located 20km from Marengo’s Yandera Project, and the granting of a licence to Harmony Gold to develop the 1.8Moz Hidden Valley Project. ASX-listed junior Allied Gold Limited (ASX: ALD) has recently announced high-grade drilling results from the 1.59Moz Simberi Gold Project as it moves towards completion of a Bankable Feasibility Study on near-surface oxide resources by mid-year.

Marengo’s new PNG portfolio includes rights to earn up to a 90% interest in a porphyry copper-gold-molybdenum and epithermal gold project located in Madang Province, 450km north-west of Port Moresby through a farm-in agreement with Belvedere Limited. Belvedere is a private PNG company headed by Mr Peter Macnab, a highly regarded Australian geologist who was instrumental in the discovery of the giant Lihir deposit and an early stakeholder in the Misima Island deposit.

The **Yandera Project** comprises a granted exploration licence covering an area of 1,163 sq km and includes the Yandera Porphyry Copper Prospect, one of PNG’s largest undeveloped porphyry copper deposits. First discovered by Australian Government geologists in 1957, Yandera was explored by Kennecott Exploration Ltd in the 1960s and 1970s, with over US\$20 million spent on exploration and two separate but not currently JORC compliant resource estimates produced.

Results from this drilling included **468 metres at 0.65% copper and 0.19 g/t gold** from surface, **294 metres at 0.49% copper and 0.45 g/t gold** from 57 metres, and **150 metres at 0.87% copper and 0.21 g/t gold** from 174 metres.

The Yandera area is also prospective for Kainantu-style high-grade epithermal quartz gold vein mineralisation, with a series of major gold anomalies identified by Belvedere personnel; there are also widespread alluvial gold occurrences throughout the exploration licence.

Marengo can earn an initial 50% interest in the Yandera Project by spending A\$500,000 on exploration within 24 months. Thereafter, it can earn a 90% interest in the property by completing a feasibility study subject to Belvedere electing not to contribute.

In addition to Yandera, Marengo has applied for title to the Bolubolu Project, located on Goodenough Island, in PNG's Milne Bay Province, 350km east of Port Moresby within the Misima Gold Corridor. Bolubolu consists of one application for an exploration licence covering some 157 sq km.

Mr Emery said the geological and structural setting of the project had many similarities to the Wapolu and Gameta gold deposits (gold resources of 880,000 ounces) located on neighbouring Fergusson Island with previous exploration indicating significant prospectivity for new gold discoveries.

Previous exploration at Bolubolu produced trench samples including 39 metres at 2.1 g/t gold (including 6 metres at 11.9 g/t) and 8 metres at 4.9 g/t gold (including 4 metres at 6.1 g/t). The grant of the exploration licence over this area is expected to take 3-6 months.

Marengo is in a strong financial position to pursue exploration and farm-in obligations for the new PNG projects, with current remaining cash reserves of A\$1.8 million and a tight capital structure (33.25 million shares on issue).

Mr Emery said that Marengo would focus its resources on the new strategic direction in PNG, while continuing to add value to its recently announced high-grade magnetite (iron) discovery with associated ilmenite (titanium) at the Minigwal Project in WA.

"In the immediate future, we have also announced plans to drill test the highly prospective 100%-owned Bowgan Project in the Northern Territory for uranium-gold mineralisation and seek a farm-in partner to further test the project's demonstrated diamond potential," Mr Emery added.

- ENDS -

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ASX ANNOUNCEMENT

MARENGO SECURES PAPUA NEW GUINEA COPPER-GOLD PROJECTS

Key Points

-  Marengo to focus attention on Pacific Rim mineral systems by securing exciting new copper and gold projects in Papua New Guinea (“PNG”).
-  Marengo has farmed into a joint venture in PNG over a granted exploration licence (1,163km²) which includes the high profile Yandera Porphyry Copper Project, where previous diamond drilling has intersected significant copper values with molybdenum and gold credits, such as:
 - 468 metres @ 0.65% Cu, 206 ppm Mo, 0.19 g/t Au
 - 294 metres @ 0.49% Cu, 40 ppm Mo, 0.45 g/t Au
 - 150 metres @ 0.87% Cu, 289 ppm Mo, 0.21 g/t Au

In addition, the licence area contains a number of other prospects where limited exploration has identified copper, gold and molybdenum mineralisation.
-  Marengo has lodged an application for an exploration licence covering some 157km² on Goodenough Island, PNG (Bolubolu Project) where previous exploration produced trench sample results including:
 - 39 metres @ 2.1g/t Au (incl. 6 metres @ 11.9g/t Au)
 - 8 metres @ 4.9g/t Au (incl. 4 metres @ 6.1 g/t Au)

This project has not been drill tested.
-  New subsidiary, Marengo Mining (PNG) Limited formed to operate PNG assets.

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NEW HORIZONS

PAPUA NEW GUINEA INITIATIVE

Following an extensive project generation effort, covering many months and regions, Marengo has identified a number of opportunities in highly prospective Papua New Guinea (“PNG”).

As Australia’s nearest neighbour (some 150km from Cape York Peninsula) PNG has a long history of mining, dating back to 1878 and has historically been amongst the world’s largest copper and gold producers.

Located on one of the world’s most dynamic tectonic zones, PNG has and continues to produce world class ore deposits, such as Bougainville, Lihir, Misima, OK Tedi and Porgera. In addition, recent developments have seen the discovery of medium size ore deposits, including Tolukuma, Kainantu, Hidden Valley and Simberi.

Since gaining independence in 1975, PNG has, along with other nations, suffered periods of downturn in mineral exploration investment. However, in recent years there has been a strengthening of investment back into PNG. This has occurred as a result of increasing world demand for commodities (with resultant price increases), together with a change to a more favourable fiscal regime for investment.

PNG operates a parliamentary democracy, based on the Westminster model, where all major parties support private enterprise and foreign investment.

Marengo is pleased to join many existing Australian and international companies who successfully operate both exploration and mining projects in PNG, a trend which is seen gaining momentum over recent months.

It is anticipated that Marengo, through its subsidiary Marengo Mining (PNG) Limited, will add to its project portfolio over the coming months.

With A\$1.8M in cash and a tight capital structure (33.25M shares on issue) Marengo offers excellent leverage to projects with the potential to be “company makers”.



PNG – PROJECT LOCATION MAP**YANDERA PROJECT, MADANG PROVINCE, PNG**

(MARENGO MINING (PNG) LIMITED – RIGHT TO EARN 90% INTEREST)

Target – Porphyry Cu-Mo-Au, Epithermal Au

Marengo Mining Limited has entered into an agreement with Belvedere Limited, a private PNG company headed by Peter Macnab a highly regarded and successful Australian geologist (instrumental in the discovery of Lihir and an early stakeholder in Misima).

Marengo can earn an initial 50% interest in the project by spending A\$500,000 on exploration within 24 months, thereafter Marengo has the right to earn a 90% interest in the property by sole funding to the completion of a feasibility study subject to Belvedere Limited electing not to contribute.

Furthermore, Marengo will reimburse the vendors a total of A\$100,000 over a 12 month period, for previous exploration expenditure.

Upon earning a 50% interest, Marengo will issue 2,000,000 20 cent options (or 8% of options on issue at the time, whichever is greater) to Belvedere Limited.

Introduction

The Yandera Project, which includes the Yandera Porphyry Copper prospect, lies along the lower northern flanks of the Bismarck Range in Madang Province of Papua New Guinea. It is located 450km northwest of Port Moresby and

95km southwest of Madang. The project consists of one granted Exploration Licence (EL1335) that covers an area of approximately 1163km². The licence was granted on 20 November 2003.

Marengo's objective, beside the evaluation of the porphyry mineralisation, is to explore for gold-bearing epithermal veins peripheral to the known porphyry mineralisation. Evidence indicates the prospectivity for this style of mineralisation to be very high with field reports noting auriferous quartz-carbonate stringers, auriferous manganese oxide stringers and several alluvial gold workings.

Yandera Porphyry Copper Prospect

The Yandera Porphyry Copper Prospect is one of PNG's largest undeveloped porphyry copper deposits.

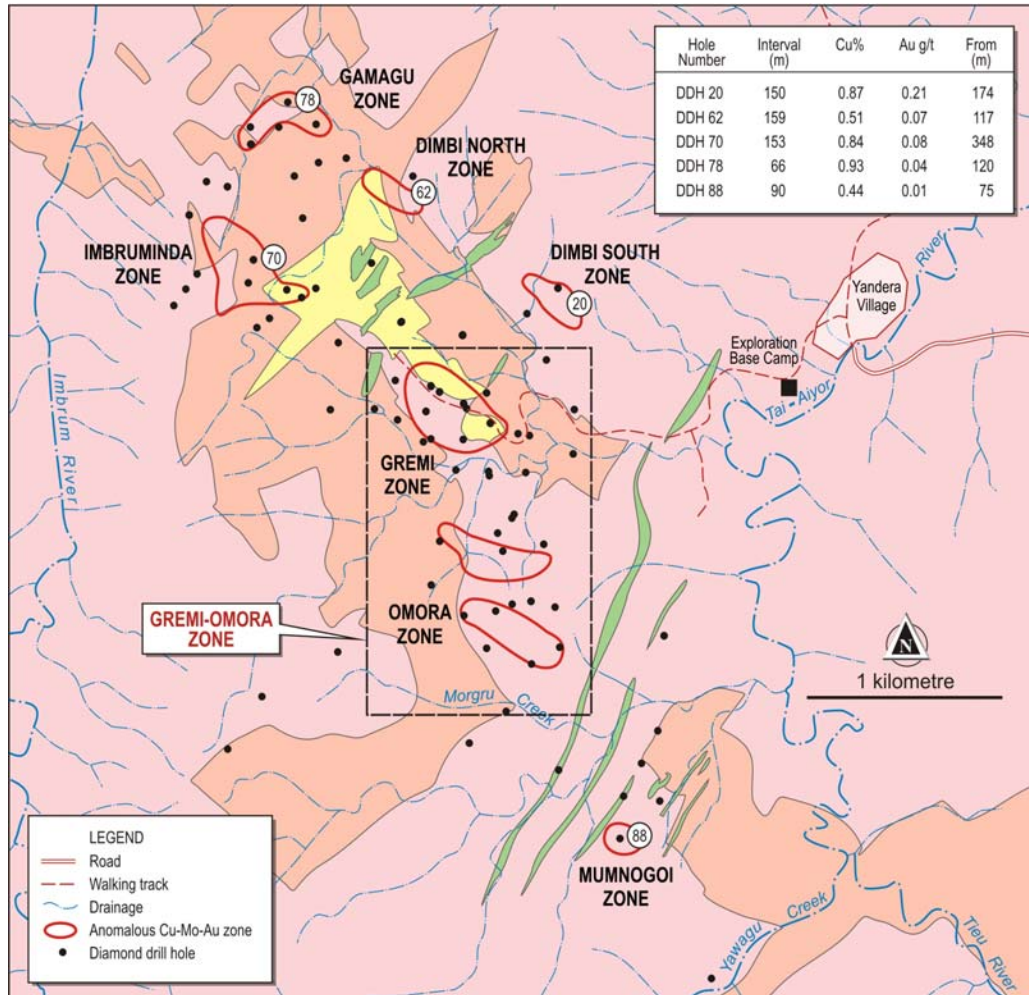
It was discovered by Australian government geologists in 1957. The first mineral exploration group to advance the discovery was Kennecott Exploration Limited in 1965. From 1965 to 1982 a major drilling and sampling program was completed which identified eight separate zones of coherent copper-molybdenum mineralisation with associated gold. In excess of US\$20 million has been spent on exploration. 102 diamond drill holes totalling >32,000 metres were drilled over a 4km x 2km area. Based on this evaluation, two separate but currently non-JORC compliant mineral resource estimates were compiled.

A summary of some of the wider mineralized intercepts are shown in the table below:

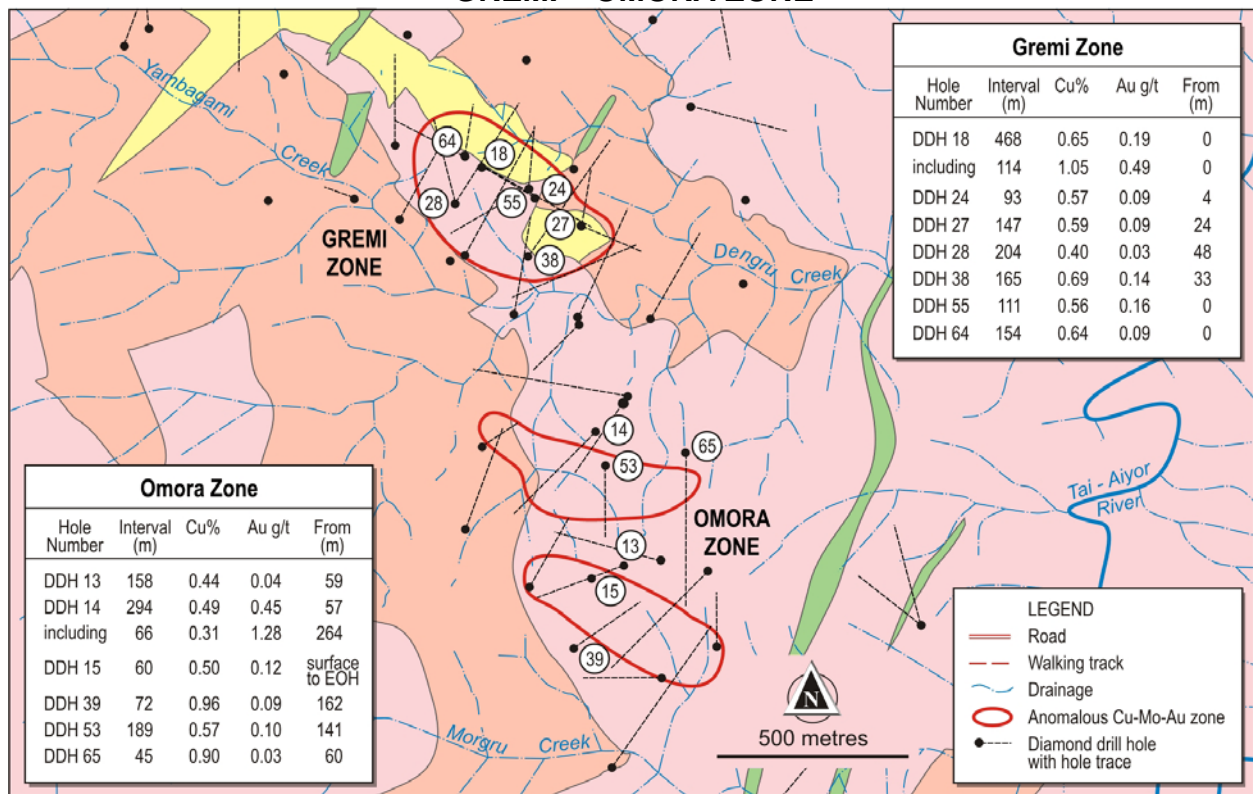
Hole_No.	Prospect	Interval (m)	Cu %	Mo ppm	Au g/t	From (m)
18	Gremi	468	0.65	206	0.19	0
includes	Gremi	114	1.05	213	0.49	0
24	Gremi	93	0.57	130	0.09	4
27	Gremi	147	0.59	439	0.09	24
28	Gremi	204	0.40	144	0.03	48
38	Gremi	165	0.69	161	0.14	33
55	Gremi	111	0.56	92	0.16	0
13	Omora	158	0.44	909	0.04	59
14	Omora	294	0.49	40	0.45	57
includes	Omora	66	0.31	16	1.28	264
15	Omora	60	0.50	36	0.12	0
39	Omora	72	0.96	402	0.09	162
53	Omora	189	0.57	580	0.10	141
65	Omora	45	0.90	15	0.03	60
20	Dimbi S	150	0.87	289	0.21	174
62	Dimbi N	159	0.51	300	0.07	117
70	Imbrum	153	0.84	124	0.08	348
78	Gamagu	66	0.93	75	0.04	120
88	Mumno	90	0.44	152	0.01	75

Note: the nominal sample interval is 3 metre; intercepts are weighted averages calculated using a 0.3% copper cut-off grade

YANDERA PORPHYRY CU-MO-AU PROSPECT



YANDERA PORPHYRY CU-MO-AU PROSPECT GREMI – OMORA ZONE



A number of drill holes have intercepts of >30 metres with grades exceeding 1.0% Cu. These better grades are associated with hydrothermal and contact breccias and are key target areas for additional drilling. The objective is to define a higher grade core approaching 100 Mt at > 1% Cu equivalent within the much larger mineralised envelope.

The mineralisation is hosted by quartz diorite porphyry. The porphyry shows complex alteration and overprinting patterns related to multiple intrusive events. In general terms it can be described as having a central potassic core with an outer envelope of propylitic alteration. Pervasive structurally controlled phyllic alteration occurs mainly as an overprint over potassic alteration. Zoned alteration and geochemical halos persist for a large distance beyond the existing drilling.

Epithermal Gold Prospectivity

There is widespread alluvial mining in the Yandera district within and peripheral to the known porphyry mineralisation. In addition to this, there are both long-known and newly discovered alluvial gold occurrences throughout the exploration licence, including Jimi Gap (where local miners are producing coffee jars of rough nuggets mixed with finer gold, some attached to quartz, from numerous widespread small gullies).

The main target type is Kainantu-style high grade epithermal quartz-gold veins (> 1Mt at 30 g/t). The geological setting of the exploration licence is favourable with major fracture systems developed peripheral to the numerous late-stage intrusive stocks.

Recent field visits by Belvedere Limited personnel to the Yandera district have noted:

- **Imuru-Karisokera gold anomaly** – local villagers are selectively mining a number of auriferous manganese oxide stringers veins in weathered bedrock. Rich alluvials in creeks draining Karisokera Hill erode quartz-carbonate veins sets.
- **Kindaukevi-Mokinangi gold anomaly** - significant pannable gold won from creeks draining a major lithological contact between the granodiorite, porphyry intrusions and calcareous sediments.
- **Yandera porphyry copper gold anomaly** – significant pannable gold won from all creeks draining Omora, Gremi, Dimbi and Gamagu zones. The gold recovered range in size from fine (<mm) up to 1cm across and is of very high fineness. Their form varies from

slightly rounded and water worn, flat to wirely and dendritic. Quartz floats with or without copper minerals has been reported from most creeks with pannable gold. More recently at Gamagu local miners have been mining quartz-limonite and manganocarbonate (manganese oxide) sulphide veins in weathered diorite. Good fine gold tail have been noted when these veins were crushed and panned

- **Karamuke gold anomaly** – Quartz-pyrite-chalcopyrite veins have been noted in the auriferous creeks draining rocks located peripheral to the porphyry copper zone.

Exploration Strategy – The exploration strategy will investigate the economic potential of the porphyry copper deposit as well the potential for epithermal gold systems.

At the Yandera Porphyry Copper Prospect the following activities are planned

- a detailed re-assessment of all scientific information including 3D computer modelling of all drill data.
- field mapping by experienced geologists to incorporate recent advancements in the understanding of these giant systems with particular emphasis on improving the understanding of the controls of higher grade mineralisation.
- Drill testing to provide oriented drill core for structural and alteration analysis as well as provide samples for metallurgical studies.

The epithermal gold program will initially involve the detailed field mapping of old and new alluvial workings throughout the licence area but with particular emphasis on the Yandera district and the Jimi Gap area. This work will be supplemented with stream, soil, rock and trench sampling.

BOLUBOLU PROJECT, GOODENOUGH ISLAND, PNG
(100% MARENGO MINING (PNG) LIMITED)
Target - Gold

The Bolubolu Project is located on Goodenough Island, Milne Bay Province, Papua New Guinea. It is located 350km east of Port Moresby. The project consists of one application for an Exploration Licence that covers 157km².

Goodenough Island is the northern most island in the D'Entrecasteaux Island chain which constitutes a new mineral district that contains a number of significant gold deposits and prospects associated with emergent metamorphic core complexes. This mineral district is included in the Misima Gold Corridor.

The geological and structural setting of the Bolubolu Project area has many similarities to the Wapolu and Gameta gold deposits (gold resources of 880,000oz) located on neighbouring Fergusson Island. Gold mineralisation is associated with shallow detachment fault zones developed along the margin of the metamorphic core complexes.

Previous exploration in Bolubolu Project area indicates that significant potential exists for the discovery of gold mineralisation.

The main target is the Bolubolu North prospect, located along the faulted contact of the metamorphic core complex and an area characterised by anomalous gold and a zone of magnetic destruction and structural complexity. This prospect was discovered in the mid 1980's (Esso/City Resources) and has never been drilled tested. Stream pan concentrate samples up to 35 g/t Au and float samples up to 25 g/t Au were reported. The best mineralised zones (trench sampling) from a fault breccia were:

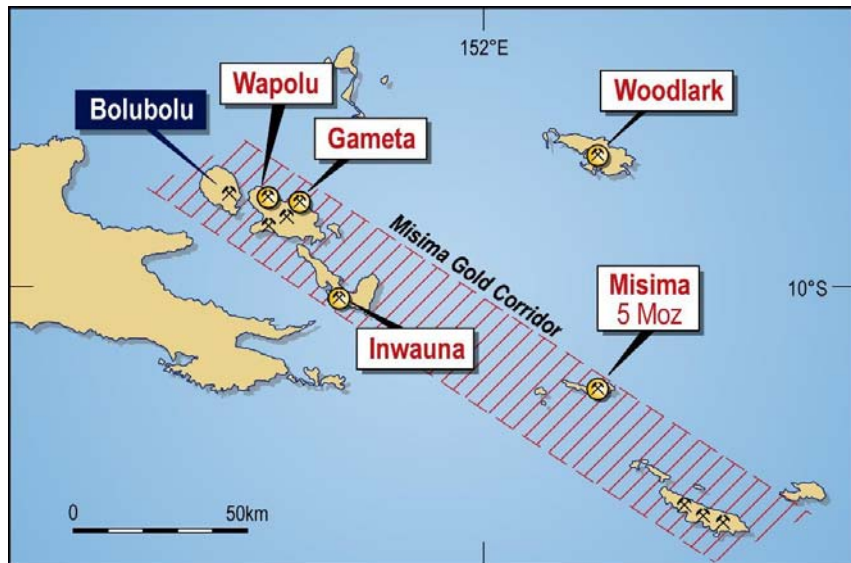
- 39m at 2.1 g/t Au including 6m at 11.9 g/t Au (horizontal zone);
- 8m at 4.9 g/t Au including 4m at 6.1 g/t Au (vertical zone)

Other prospects in the area include Bolubolu South, Motouya and Goila. These prospects have anomalous gold along with highly elevated arsenic and antimony levels.

The granting of the exploration licence is expected to take 3-6 months and will involve community meetings with the local landholders. Once the licence is granted, it is Marengo's intention to rapidly advance the project to a drill testing stage.

Other prospects in the area include Bolubolu South, Motouya and Goila. These prospects have anomalous gold along with highly elevated arsenic and antimony levels.

BOLUBOLU PROJECT LOCATION



BOLUBOLU PROJECT GEOLOGICAL SETTING

