

QUARTERLY REPORT

for the period ending 30 June 2005

highlights of the quarter

- ☛ *Marengo targets JORC compliant resource for the massive Yandera copper – molybdenum porphyry system in Papua New Guinea.*
- ☛ *Acquisition of a comprehensive database for exploration and evaluation work undertaken for an expenditure of US\$20million between 1970 and 1989 on the Yandera Project.*
- ☛ *Shareholders approve a placement to raise an additional A\$500,000 to accelerate activities on the Papua New Guinea copper, molybdenum and gold interests.*
- ☛ *Positive landowner meeting held at Marengo's Bolubolu Project (PNG – gold) to allow an expected approval to take place during the September quarter.*
- ☛ *Major target at the Bowgan uranium and gold project (Northern Territory) is expected to be drilled during the current quarter.*
- ☛ *Cash balance (after placement) stands at A\$2M, with 37M shares on issue.*

contact us

For further information please visit our website at www.marengominig.com

Level 2, 9 Havelock Street or PO Box 289
West Perth WA 6005 West Perth WA 6872

Phone: (618) 9429 0000
Fax: (618) 9429 0099
Email: marengo@marengominig.com

ASX Codes:
Shares – MGO
Options – MGOO



Les Emery – Managing Director Ph: (61 8) 9429 0001
Email: lese@marengominig.com

Ron Smit – Exploration Director Ph: (61 8) 9429 0003
Email: rons@marengominig.com

Working to unlock the mineral treasures of Papua New Guinea.

PAPUA NEW GUINEA

Marengo has now positioned itself with projects in Papua New Guinea (PNG) that have the potential to grow into world class metal mines. A tight capital structure and funds on hand give shareholders excellent leverage to the future success of Marengo.

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.

Marengo, through its subsidiary Marengo Mining (PNG) Limited, is concentrating its efforts on this richly endowed nation.



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

The company's main objective is to progress its understanding of the Yandera (Copper-Molybdenum) porphyry so that it can initiate a drilling campaign that will deliver an Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC") compliant mineral resource. In order to achieve this, the company has acquired all available project information and has outsourced the digital data capture.

In conjunction with this effort a field program has commenced to investigate the potential for epithermal gold systems peripheral to, and along strike from the Yandera porphyry mineralisation.

It is Marengo's intention to be in a position to undertake a limited diamond drilling campaign (due diligence holes plus key target holes), before the end of 2005 and to commence an aggressive and systematic drill campaign in early 2006.

Data Acquisition and Interpretation

During the quarter, Marengo acquired from Triako Resources Limited ("Triako") an almost complete set of Yandera reports which contains exploration and project evaluation information spanning the period 1970 to 1989. This dataset

includes 144 hard copy reports and in excess of 500 sepia plans and sections. Acquisition of this data was by way of the issue to Triako of 400,000 fully paid shares in Marengo.

The information contained the dataset includes all exploration and drilling data, resource estimates (non-JORC) and development scoping studies. Historical cost of this work is estimated to be in the order of US\$20M.

This data will now be utilised in a detailed re-assessment of the Yandera Project, particularly in light of very strong copper prices and record molybdenum prices.



Field Work

During the quarter the company conducted a number of on-site landowner meetings to inform the community of its planned exploration activities. The attitude towards Marengo is very positive with the principal landowners supporting the company's involvement in the project.

An exploration camp, built using local timber and labour is under construction at Yandera and will be completed during July.

The PNG arm of Perth based Terra Search Pty Ltd has been engaged to capture digitally all historical data within the exploration licence. The main objective of this exercise is the capture of the historical diamond drill hole information, to allow 3D modelling and visualization of the Yandera Cu-Mo porphyry. It is expected that this process will generate a new understanding on the controls of mineralisation and lead to the selection of high quality drill targets. A secondary objective is to capture regional reconnaissance information to enable prioritization of areas for additional field work. This work will be ongoing during the current quarter.

A stream sediment sampling program has commenced principally designed to test for gold peripheral to the mineralised porphyry. Results and discussion will be provided in the next quarter.



JORC Compliant Resource

The Yandera porphyry is an extremely large mineralised system. Previous exploration in the 1970's outlined eight coherent mineralised zones which were identified from 102 diamond drill holes totalling 32,000 metres over an area of more than 12km². The pattern and density of drilling is such that virtually all of the mineralised zones are open in one or more directions.

During the late 1970's a number of papers were published stating the indicated and inferred resources for the Yandera Cu-Mo porphyry (Economic Geology V73, 1978 pp. 810 - 856). These resources were compiled by competent geoscientists using the best estimation tools available at the time. Nonetheless, given the modest drilling density and the complexity of the mineral system this estimate would not be currently considered compliant with the JORC Code.

Marengo however, is confident that the quantity and grade of those earlier estimates are of the right order and that with further drilling a target size greater than 300 million tonnes with copper grades in the range 0.35–0.45% and molybdenum grades in the range of 150–200 ppm can be attained (200 ppm Mo is conservatively equivalent to 0.20% Cu at today's prices). Marengo is also confident that it can define substantial tonnes within this body of mineralisation at higher grades, approaching 1% copper equivalent.

Marengo intends to commence an aggressive and systematic drill campaign in 2006. Activities for the remainder of this calendar year will involve the digitisation of historical information, 3D modelling and visualisation of the Cu-Mo porphyry system, followed by a limited diamond drilling program (due diligence holes plus key target holes).

Yandera Cu-Mo Porphyry Project

The Yandera Project is located 95km southwest of the coastal town of Madang, Papua New Guinea. It consists of one granted Exploration Licence (EL1335) covering 1163 km².

41 of the 102 diamond holes outlined, with varying degrees of confidence, three coherent mineralised zones with average copper grades better than 0.35% Cu. These better drilled prospects are known as Gremi, Omora and Imbruminda.

In 1976 a mining study was completed over these three prospects and an indicated and inferred resource calculated. Pit outlines were chosen subjectively to include the maximum amount of higher grade mineralisation but to reduce the waste to a minimum a pit slope angle of 45° was assumed in the absence of engineering data. The pits were divided into 15m benches and 50m x 50m blocks on each bench. Mineralisation zone boundaries were drawn on each bench by geologists. The block grade was based on computer calculation of copper and molybdenum grade of drill holes adjacent to, and intersecting such blocks.

The Gremi zone is the most closely drilled with 16 holes, and geological confidence in the quantity and grade is highest. Copper grade is estimated at 0.43% Cu with modest molybdenum and gold credits. The Omora zone has been tested by 14 holes and has slightly higher copper grades and significant molybdenum credits (>300 ppm). The Imbruminda zone is less well drilled with 11 holes and the possible range of quantity and grade is greater.



A significant feature of the Gremi and Omora zones is that they outcrop and stripping ratios would be low. The mineralisation at Imbruminda is deeper and as a consequence stripping ratios would be higher.

It should be noted that the above information is sourced from a variety of reports prepared in the late 1970's by BHP Minerals Limited and Triako Mines NL. The mineral inventory prepared by these companies would not meet current JORC standards and as such the above target quantity and grade must not be misconstrued as an estimate of Mineral Resource.

The potential quantity and grade of the Yandera Cu-Mo porphyry is conceptual in nature and to date there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource, as set out in the JORC code.



Farm-in Terms

Under an agreement with Belvedere Limited (a private PNG company), 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 up to a 90% interest in the property, by sole funding to the completion of a bankable feasibility study (subject to Belvedere electing not to contribute).

Copper Market

Due to substantial world demand for metals, particularly from China, copper has enjoyed prices not seen since the 1980's. Forecasts are for strong copper prices to continue, due to this demand and shrinking stockpiles.

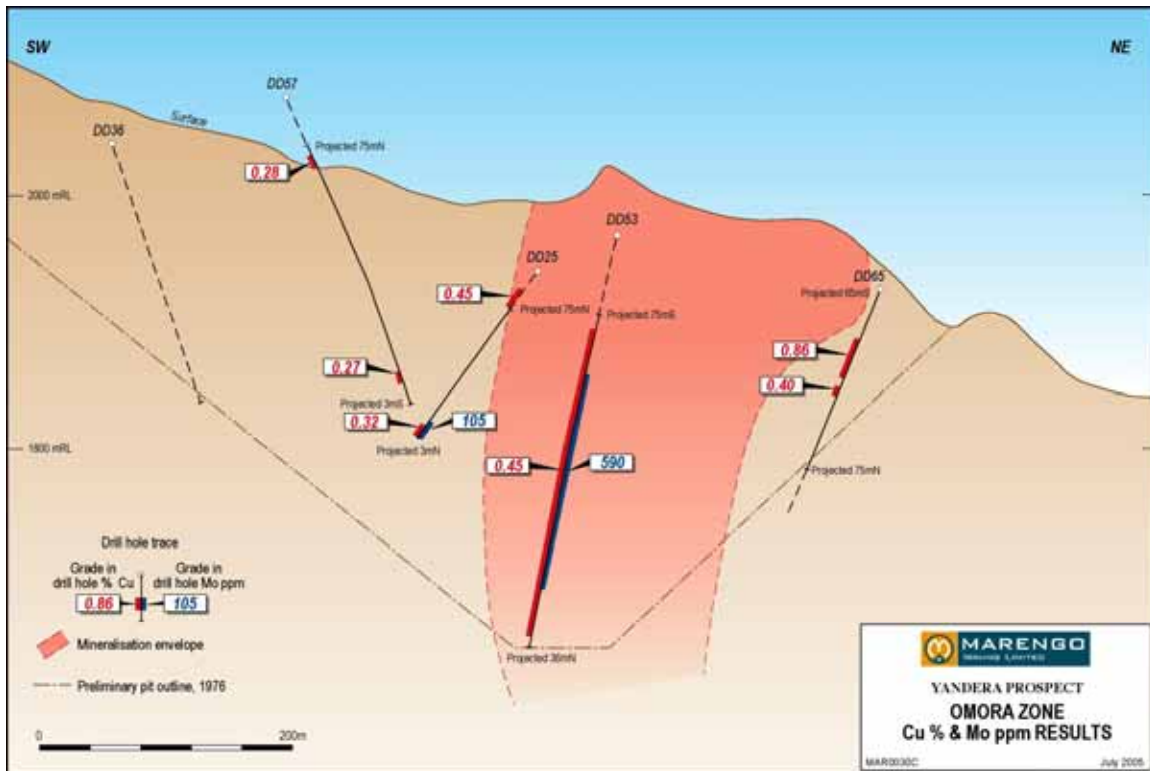
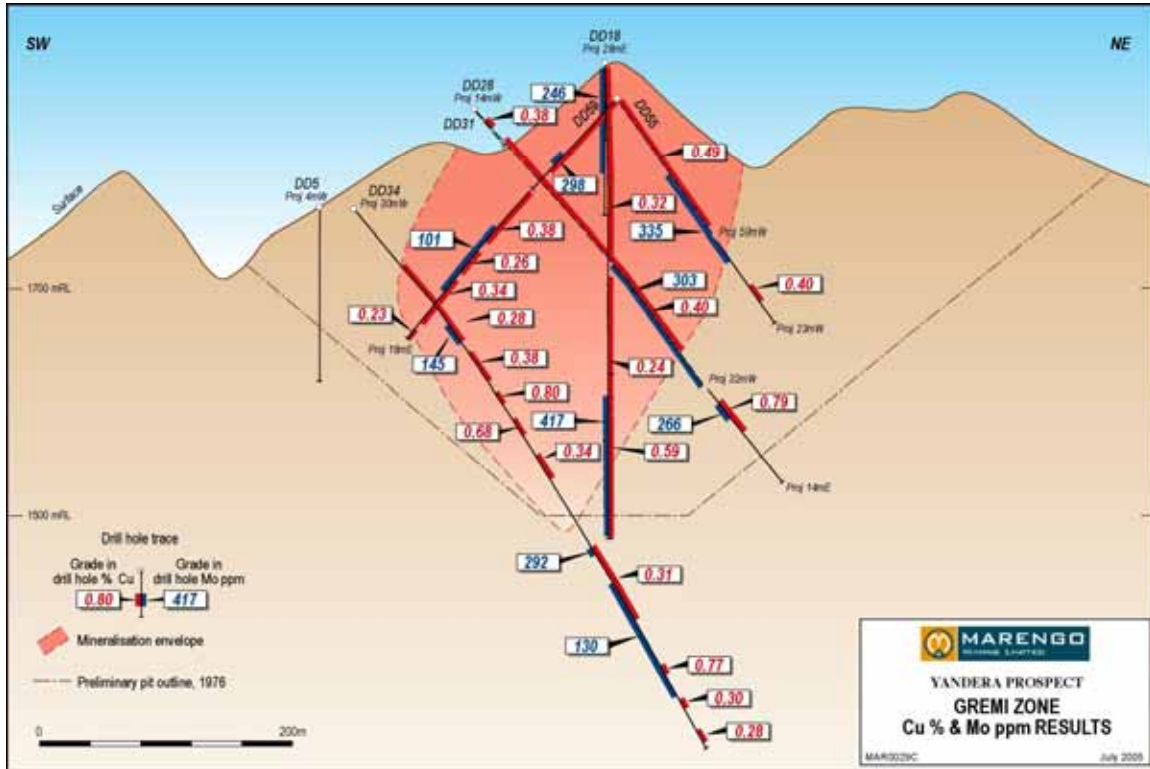
Molybdenum Uses and Market

Whilst copper is relatively well understood, molybdenum (the co-product in the Yandera project) is less well known.

Molybdenum is a metallic element, most frequently used as an alloying additive in stainless steels. Its alloying versatility is unmatched because its addition enhances strength, hardness and corrosion resistance.

With forecasts for continuing strong growth in the stainless steel market, molybdenum demand is set to mirror this growth, as it is intimately linked to iron and steel demand.

After a number of years of relatively flat prices (around US\$5/lb for molybdenum oxide), molybdenum has seen sustained price growth over the past three years. Currently molybdenum oxide is trading at around US\$32/lb



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.

A Warden's hearing was held onsite during the quarter to inform the local communities of the company's proposed exploration activities. The landowners were supportive of these plans and did not lodge any objections with the Warden.

The Warden will now lodge his report and recommendation with the PNG Department of Mining. It is expected that a grant of the exploration licence application will be made during the current quarter.

Once the licence is granted Marengo intends to rapidly advance the project to a drill testing stage.

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 at the Bolubolu Project area indicates that significant potential exists for the discovery of gold mineralisation.

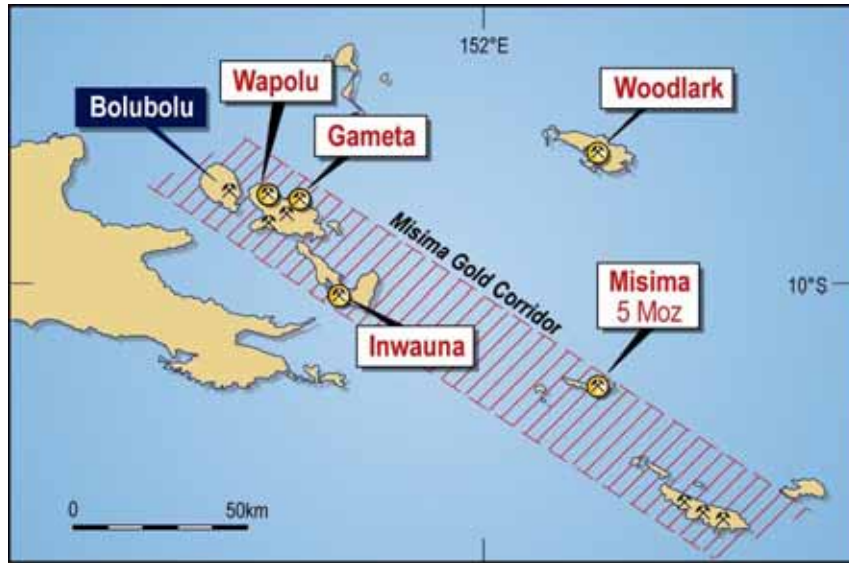
The main target is the Bolubolu North prospect, located along the faulted contact of the metamorphic core complex and an area characterised by anomalous gold and a zone of magnetic destruction and structural complexity. This prospect was discovered in the mid 1980's (Esso/City Resources) and has never 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)

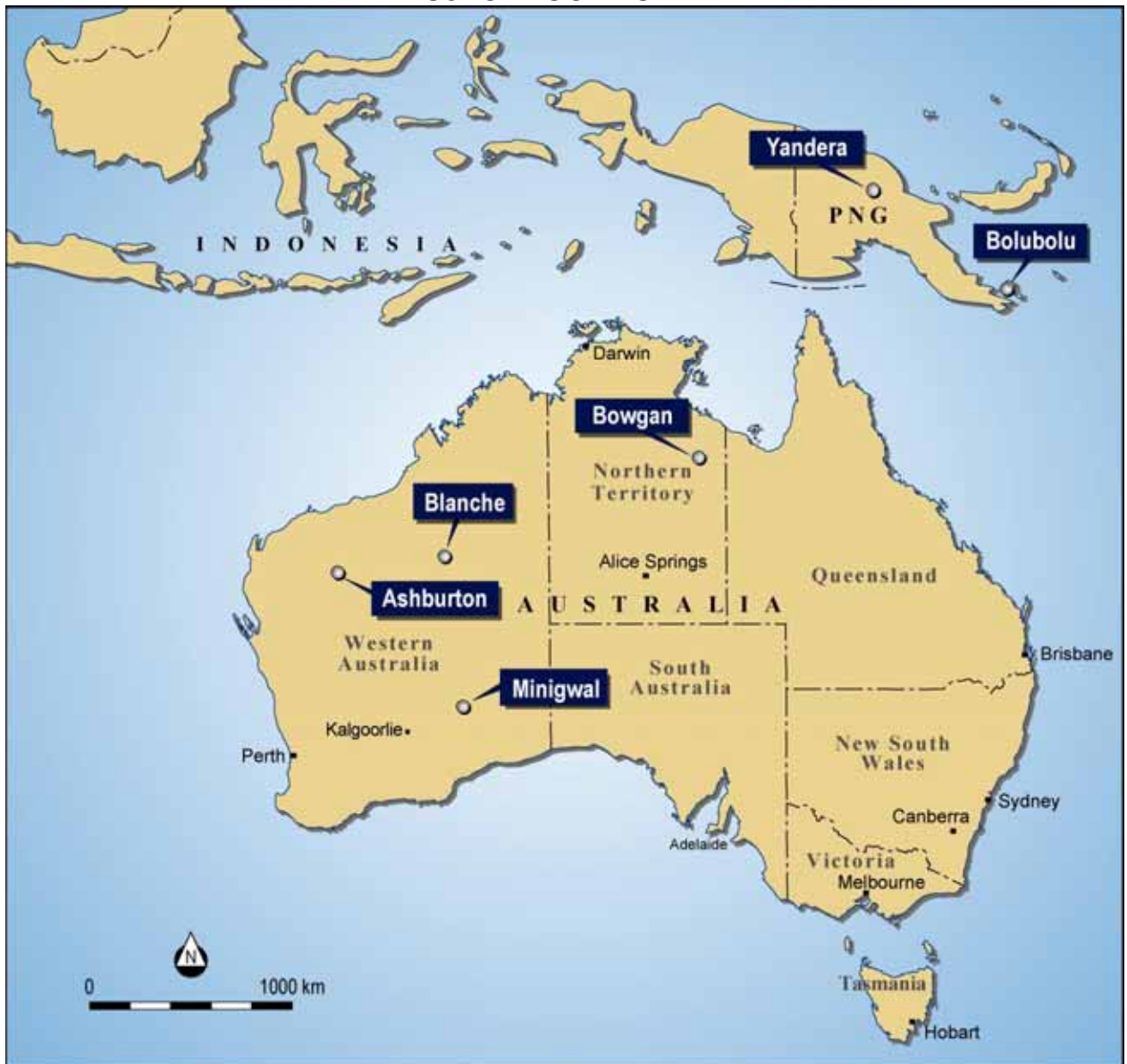
Other prospects in the area include Bolubolu South, Motouya and Goila. These prospects have anomalous gold along with highly elevated arsenic and antimony levels.



BOLUBOLU PROJECT LOCATION



PROJECT LOCATION MAP

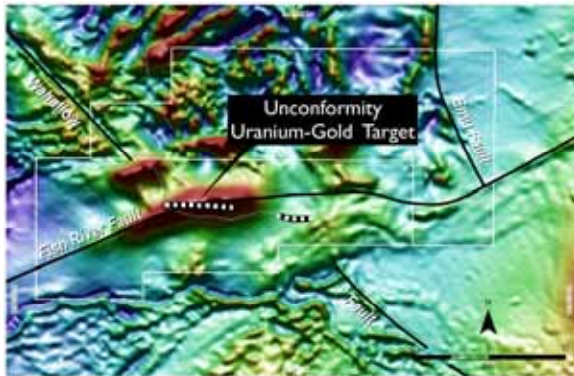


BOWGAN PROJECT, NORTHERN TERRITORY
(100% MARENGO)*Target – Uranium, Gold & Diamonds*

This project has progressed to a drill ready status. During the quarter a community meeting was held with the local stakeholders (pastoralist and indigenous parties). It was a positive outcome with no objections raised regarding the company's planned activities.

Following the community meeting, a ground magnetic survey was completed to test specific magnetic features associated with the planned drill targets. A total of twenty-one line kilometres along seven lines were completed. This line data will be modelled to provide further information on the depth of cover.

A 1,000m drill program is planned to test the main target which is a well defined coincident magnetic and electromagnetic anomaly located along the Fish River Fault. Drilling is subject to drill rig availability and it is expected that drilling should commence by the September quarter.

**MINIGWAL PROJECT – Western Australia**
(100% MARENGO)*Target – Iron, titanium & vanadium*

A review of the metallurgical work completed last quarter on this magnetite discovery indicates good recoveries, which are above industry standards for this type of ore. Of the three fresh samples tested (Davis Tube Recovery) the amount of concentrate recovered is greater than 45%. The concentrate iron grade is good, generally >66% Fe with acceptable silica and phosphorus levels. The concentrates titanium and vanadium levels are high; ranging from 2.0-3.0% TiO₂ and 0.5-0.8% V₂O₅.

The company is intent on advancing this project and will seek out a partner to fund it to the next stage, which will involve a drill-out of the mineralised zone.

OTHER PROJECTS (WESTERN AUSTRALIA)**BLANCHE PROJECT, RUDALL BLOCK, WA**
(100% MARENGO)*Target – Diamonds*

Seeking a joint venture partner to drill test a number of circular features, which represent viable kimberlite targets.

ASHBURTON PROJECTS, ASHBURTON DISTRICT, WA*(100% MARENGO)**Target – Gold & base metals*

With the exception of tenements in the Jamie Bore area, which remain the subject of a farm-out to Poondano Exploration Pty Ltd (for iron ore), all Ashburton project areas have been relinquished.

BINNERGIE PROJECT, YILGARN BLOCK, WA*(100% MARENGO)**Target – Base metals & precious metals*

Project relinquished during the quarter.

Corporate**PLACEMENT**

As previously announced, the company arranged for a placement to raise an additional A\$500,000, which has been principally earmarked for accelerating its PNG copper, molybdenum and gold interests.

This placement, to clients of RM Capital Pty Ltd (a Perth based Australian Financial Services licensee), provides for the issue of 3,333,333 new fully paid shares, at an issue price of 15 cents per share, with an attaching 28 February 2005 (20 cent) option ("Marengo Options").

The placement which was approved by shareholders on 22 July 2005, will raise the net sum of A\$500,000, as RM Capital have agreed to take an issue of 900,000 Marengo Options, in lieu of a fee.

SUBSTANTIAL SHAREHOLDERS

During the quarter the company received no substantial shareholder notices (refer to Corporate Directory for current major shareholders).

ONLINE SHARE REGISTER

Shareholders can now access their share details at Security Transfer Registrar's website at www.securitytransfer.com.au.

Finance

CASH AT BANK

At the end of the quarter the company had cash reserves of A\$1.53M.

This will be bolstered to A\$2M with the completion of the recently approved placement.

Corporate Directory

BOARD OF DIRECTORS

John Horan	Chairman
Les Emery	Managing Director (Email: lese@marengominig.com)
Ron Smit	Exploration Director (Email: rons@marengominig.com)
Dennis Wilkins	Finance Director
Doug Dunnet	Non-Executive Director

COMPANY SECRETARY

Dennis Wilkins

ISSUED SHARE CAPITAL (POST PLACEMENT)

Fully Paid Shares: 37,233,710
(ASX Code: MGO)

Listed Options (20 cents expiring 28/02/08):
17,081,079
(ASX Code: MGOO)

The information in this report is based on information compiled by Mr Ron Smit, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smit has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Smit consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

MAJOR SHAREHOLDERS

Current major shareholders are:

Directors	13.0%
Allundy Pty Ltd	13.6%

REGISTERED OFFICE

Level 2
9 Havelock Street
WEST PERTH WA 6005

(PO Box 289, WEST PERTH WA 6872)

Phone: (61 8) 9429 0000
Fax: (61 8) 9429 0099

Website: www.marengominig.com
Email: marengo@marengominig.com

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

(PO Box 535, APPLECROSS WA 6953)

Phone: (61 8) 9315 2333
Fax: (61 8) 9315 2233
Website: www.securitytransfer.com.au
Email: registrar@securitytransfer.com.au



Les Emery
Managing Director

25 July 2005