

Marengo Mining Limited

December 2013 Quarterly Activities Report



Yandera Site Meeting

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TSX Share Code: MRN - ASX/POMSoX Share Code: MMC

Yandera Copper-Molybdenum-Gold Project, PNG

- 🕒 **Dimbi Drilling completed a nine hole campaign in 2013, identifying near-surface higher grade zones with important strategic implications, for future mine start-up**
- 🕒 **Drilling results from this campaign, from 3 different holes drilled, include the following apparent widths:**
 - **129m @ 0.53% Cu from 69m (including 27m @ 0.71% Cu)**
 - **42m @ 0.82% Cu (from 93m – 135m)**
 - **90m @ 0.51% Cu (from 150m – 240m)**
- 🕒 **Significant copper grades were intersected in seven of the nine widely spaced drill holes in the program**
- 🕒 **Optimization work on Feasibility Study continuing**
- 🕒 **Independent advisory group commissioned to complete the first phase of a study to advise on the optimal power supply, with the report received subsequent to the end of the Quarter. Ongoing discussions continue with a number of groups, regarding the provision of power to the Yandera Project**

Corporate & Financial

- 🕒 **Appointment of Canadian Chief Financial Officer, Mr. Alexander Dann**
- 🕒 **Completion of refinancing with Marengo's major shareholder, The Sentient Group**
- 🕒 **Sentient agrees to provide financial support for the Company's 2014 activities**
- 🕒 **Quarter end cash balance of US\$4.0 million**
- 🕒 **Annual and Special Meeting held since the end of the Quarter with all resolutions passed**

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YANDERA PROJECT, MADANG PROVINCE, PNG

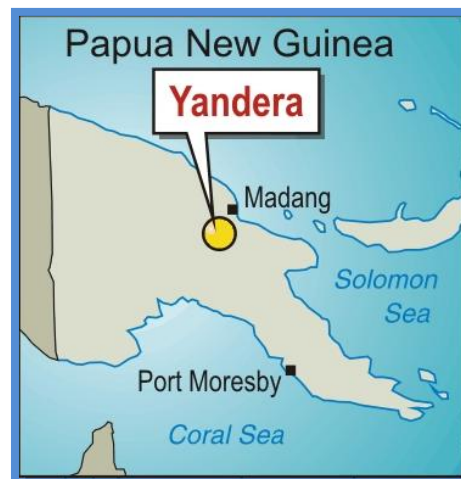
(MARENGO MINING LIMITED – 100%)

The Yandera Copper-Molybdenum-Gold Project is a world-scale development project located in Madang Province, Papua New Guinea, some 95km south-west of the seaport of Madang within the highly prospective New Guinea copper-gold belt. The Yandera Central Porphyry System contains one of the largest undeveloped porphyry copper-molybdenum-gold systems in the south-west Pacific.

Strategic Partner

In October 2010, the Company signed a Memorandum of Understanding (MoU) with China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd (NFC), for the financing, construction and development of the Yandera Project.

As part of the MoU, NFC agreed with Marengo to undertake the key phase of process plant design work, as well as working with the Company in other areas, for the Yandera Project development.



Engineering, Procurement & Construction (EPC) Pricing

During 2013, Marengo received from NFC pricing for a lump sum, Engineering, Procurement and Construction (EPC) contract for development of the Yandera Project. This pricing was subsequently incorporated into the Feasibility Study.

NFC prepared its EPC pricing by working in parallel with the Feasibility Study team, as part of the overall development strategy for the Yandera Project.

Marengo continues to work with NFC to explore various structures for an ongoing relationship, as the project moves to the next phase.

The President of NFC, Mr Wang Hongqian, previously commented: "Marengo's Yandera Project is a high priority for NFC. We remain fully supportive of Marengo as it advances the development of the project".

Feasibility Study

Following a review of the technical work undertaken as part of the Feasibility Study, the Company's Board of Directors decided that additional work is required in a number of specific areas before a final Feasibility Study can be prepared. This includes identifying an alternative cost-competitive source of power for the Project, after Marengo's preferred third party power provider decided to withdraw from the proposed power supply arrangements. Discussions on this matter are being held with a number of organisations, including the PNG Government.

Marengo also has a non-binding Memorandum of Understanding (MOU) with the Madang Development Corporation, the business arm of the Madang Provincial Government, to identify potential power solutions for a number of industries in the Madang Province.

So far, work on the Feasibility Study indicates that Yandera has the potential to generate substantial cash flows, however in the absence of a power solution that can support the Project, it is exposed to escalating capital and operating costs.

Further opportunities to enhance the Project include:

- A review of processing plant throughput rates;
- Reviewing the option of Deep Sea Tailings Placement (DSTP) versus a land-based Tailings Management Facility (TMF); and
- Further optimisation of the mine plan.

The objective of this review is to help ensure that the Yandera Project is robust at all phases of the commodity price cycle.

Marengo remains committed to the future development of the Yandera Project, and is pleased with the support that the Company has received from its strategic partner NFC, the PNG Government, as well as the financial support from its major shareholder The Sentient Group.

Power Advisory Appointment

In the September Quarterly Report, the Company commented on the importance of identifying an alternative cost competitive source of power for the Yandera Project. Accordingly, Marengo has appointed Origin Capital Group (Origin) following a comprehensive selection process to undertake an initial phase of work into the optimal power supply for the Project.

Origin is a leading Australian based independent advisory group which has operated in the power sector since inception in 1998, and has undertaken numerous advisory and fundraising assignments in PNG. Origin has undertaken work for the Papua New Guinea Treasury, PNG Ports Corporation, Ramu Agri-Industries, and PNG Sustainable Development, which it advised on the acquisition of power generation, transmission and distribution assets.

Origin has completed a Phase One report on the Yandera power requirements and is currently being reviewed by management, prior to presentation to the Board.

Dimbi Drilling Campaign

In the nine-hole diamond drilling campaign, which was completed during the quarter, **significant copper grades were intersected in seven drill holes**; YD 551, YD 552, YD 553, YD 554, YD 556, YD 557 and YD 558. These drill holes were collared on the hanging wall of Dimbi Fault and relatively close to the fault line, which dips steeply NE, and strikes NW.

The seven holes drilled at Dimbi in 2013 which intersected elevated copper grades (and also variously for the other target metals, Mo, Ag and Au), are contained within a roughly rectangular area 500m x 300m with its long axis parallel to Dimbi Fault and sitting on the hanging wall.

Table 1: Summary of core sample analyses for the 9 hole drilling campaign carried out in 2013

YD551 (Dimbi)

Collar 292715E 9365998N Azimuth (AMG) 145@-60; E.O.H. 197.6 m (Terminated)

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
69	198	129	0.53			
Including:						
69	78	9	0.89			
105	132	27	0.71	113		
138	159	21	0.61			
165	198	33	0.60	108		
Above this intersection:						
6	27	21			0.22	

YD552 (Dimbi)*Collar 292871E 9365857N Azimuth (AMG) 325@-60; E.O.H. 209 m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
48	78	30	0.42			
Including:						
60	63	3	1.77	135	0.2	
87	102	15	0.35			
Including:						
90	93	3		145		
174	204	30	0.56			
Including:						
186	201	15	0.72			
192	198	6	1.00	346		

YD553 (Dimbi)*Collar 293087E 9365699N Azimuth (AMG) 325@-60; E.O.H. 201 m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
108	117	9	0.34			
153	198	45	0.45			
Including:						
153	162	9	0.68	142		
168	198	30	0.45			
Including:						
189	192	3		442		

YD554 (Dimbi)*Collar 292794E 9365761N Azimuth (AMG) 325@-60; E.O.H. 127 m (Terminated)*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
87	99	12	0.42	184	0.2	
Including:						
90	99	9	0.49			

YD555 (Dimbi)*Collar 293042E 9365998N Azimuth (AMG) 325@-60; E.O.H. 213 m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	Zn %
0	213	213					0.15
Including:							
51	153	102					0.24

YD556 (Dimbi)*Collar 292979E 9365909N Azimuth (AMG) 325@-60; E.O.H. 240 m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
150	240	90	0.51			
Including:						
168	240	72	0.60			
168	195	27	0.83			
201	213	12	0.50			
216	237	21	0.64			
189	195	6		217		

YD557 (Dimbi)*Collar 292957E 9365578N Azimuth (AMG) 325@-60; E.O.H. 228 m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
93	135	42	0.82			
Including:						
120	135	15	1.85			
120	123	3	3.05			
93	135	42		100	0.08	2.34
Including:						
120	123	3		551		10.8
186	198	12	0.40			
174	198	24			0.10	1.30

YD 558 (Dimbi)*Collar 293119E 9365763N Azimuth (AMG) 330@-60; E.O.H. 219 m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t
18	72	54	0.40			
Including:						
66	69	3	0.87			
42	72	30	0.51	224		2.3
Including:						
66	69	3				4.2

YD559 (Dimbi)*Collar 293143E 9365995N Azimuth (AMG) 330@-60; E.O.H. 201 m*

From (m)	To (m)	Width (m)	Cu %	Mo ppm	Au g/t	Ag g/t	Zn %
0	201	201					0.21
Including:							
84	87	3					1.13
171	174	3				3.8	

The two holes that intersected lower level copper mineralisation, YD 555, and YD 559, were collared on the north-eastern margin of the Dimbi block, distant from the Dimbi Fault, and were notable for intersecting sphalerite mineralisation in quartz veins. Drill core samples from these two holes have returned elevated zinc analyses. These two holes probably close off any copper mineralisation extensions, laterally, to the north-east of the Dimbi Block; however, Dimbi Zone mineralisation remains open along strike to NW and SE.

Core logging and analysis results show that emplacement of copper mineralisation in Dimbi Block is clearly structure-controlled. At Dimbi Zone the mineralised structures generally strike to the north-east. All drill holes sited near the Dimbi Fault intersected targeted Cu mineralisation in those structures.

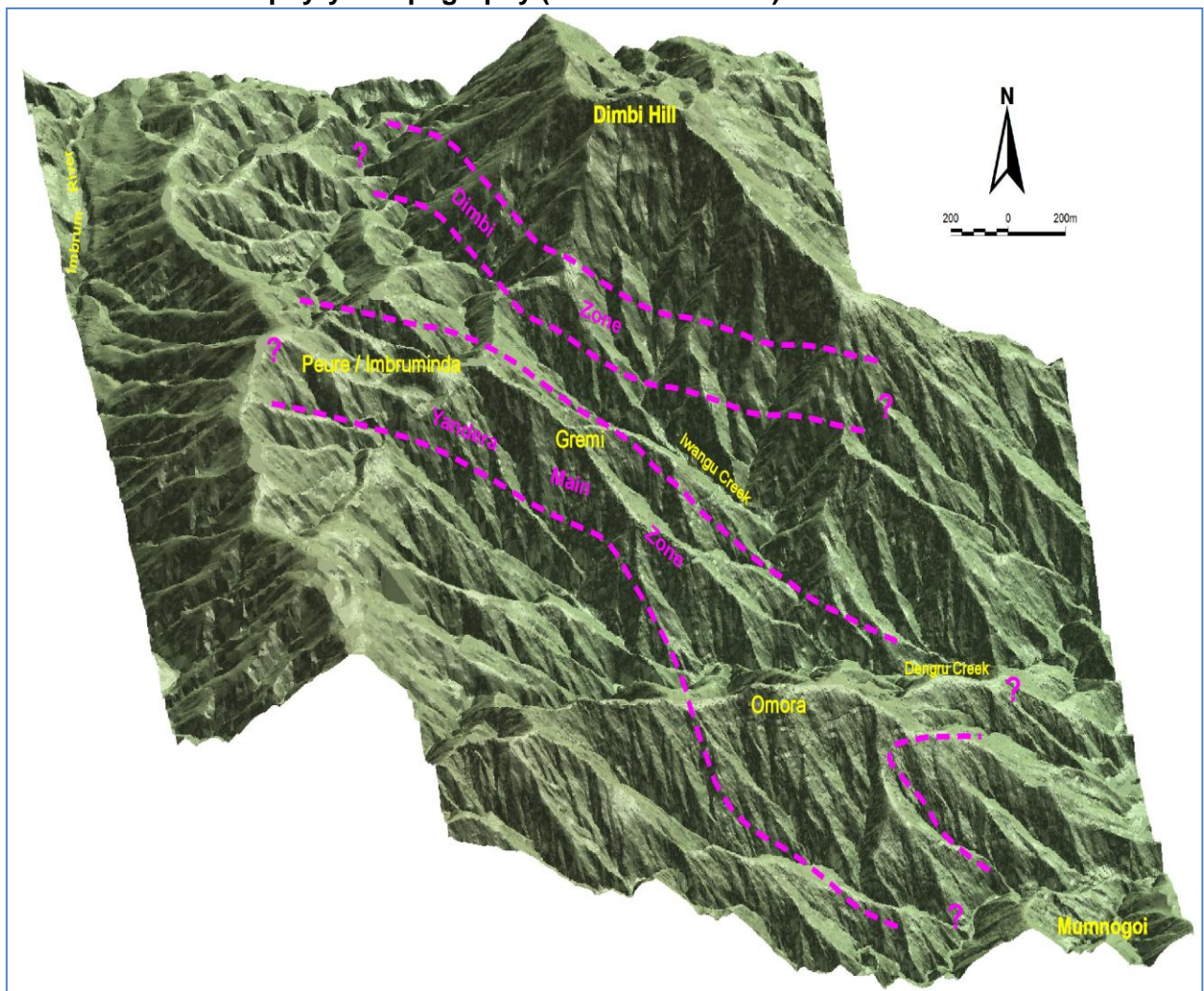
The 2013 drilling results have effectively defined the lateral extent (to the north and north-east) of copper mineralisation in the Dimbi zone; that is within an elongated zone parallel to and broadly confined to the hanging wall of the Dimbi Fault. Further, the 2013 drilling campaign analysis results overall, were highly consistent with legacy stream and soil geochemistry available over Dimbi zone. Strong Cu anomalism in the soil geochemical surveys is concentrated on the hanging wall of the Dimbi Fault and extends to NW and SE beyond the rectangular zone tested by drilling during 2013.

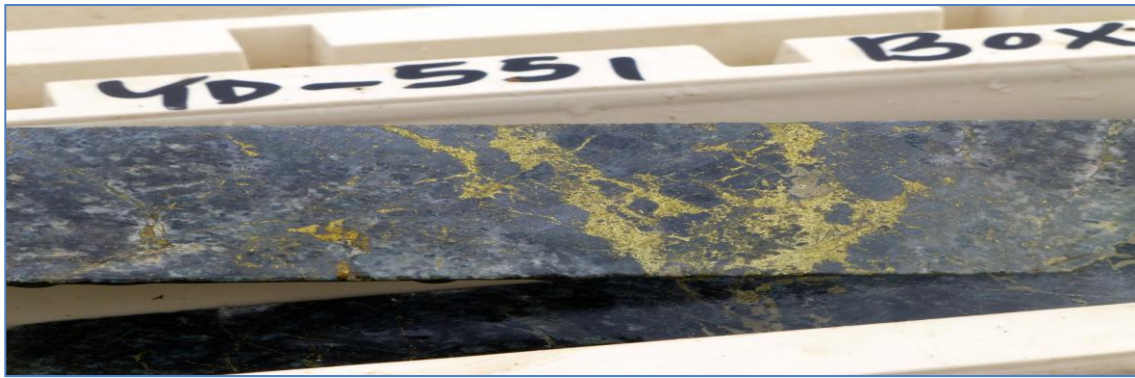
A strong zoning pattern of the base metals mineralisation at Dimbi is apparent. Zinc mineralisation increases in intensity moving away from Dimbi Fault towards the north and north-east. This observation is consistent with stream geochemistry results from that area. The 2013 drill holes near the Dimbi Fault averaged low values of 163 ppm, 207 ppm, 121 ppm, 97 ppm, 373 ppm, 86 ppm and 318 ppm Zn respectively over the lengths of the holes, whereas holes on the north-east margin averaged 1467 and 2050 ppm respectively over the lengths of the holes. Zinc appears to be marginal to the Dimbi copper mineralisation and increasing in grade moving to the north-east. Zinc mineralisation where present in a porphyry system is typically in an outer mineralised shell of the porphyry system.

Inspection of legacy stream geochemistry survey results for Cu, Mo, Au, Zn and Ag from drainages on the northern slopes of Dimbi Hill show anomalous gold from these drainages. This is consistent with mapping on the northern slopes of Dimbi Hill where epithermal-style gold features were recognised in that area during the 2013 mapping campaign.

The objective of the 2013 drilling campaign was to characterise indications of near-surface elevated copper grades within the Dimbi Zone that could constitute a starter pit for any Yandera mining operation. Given the impressive strike rate of 7 out of 9 holes delivering elevated grades within 200m of surface, this objective was clearly met, and further drill testing of the open zones along the Dimbi Fault to the north-west and to the south east is in the planning stages, as is infill drilling of the rectangular area containing the successful 2013 drill holes.

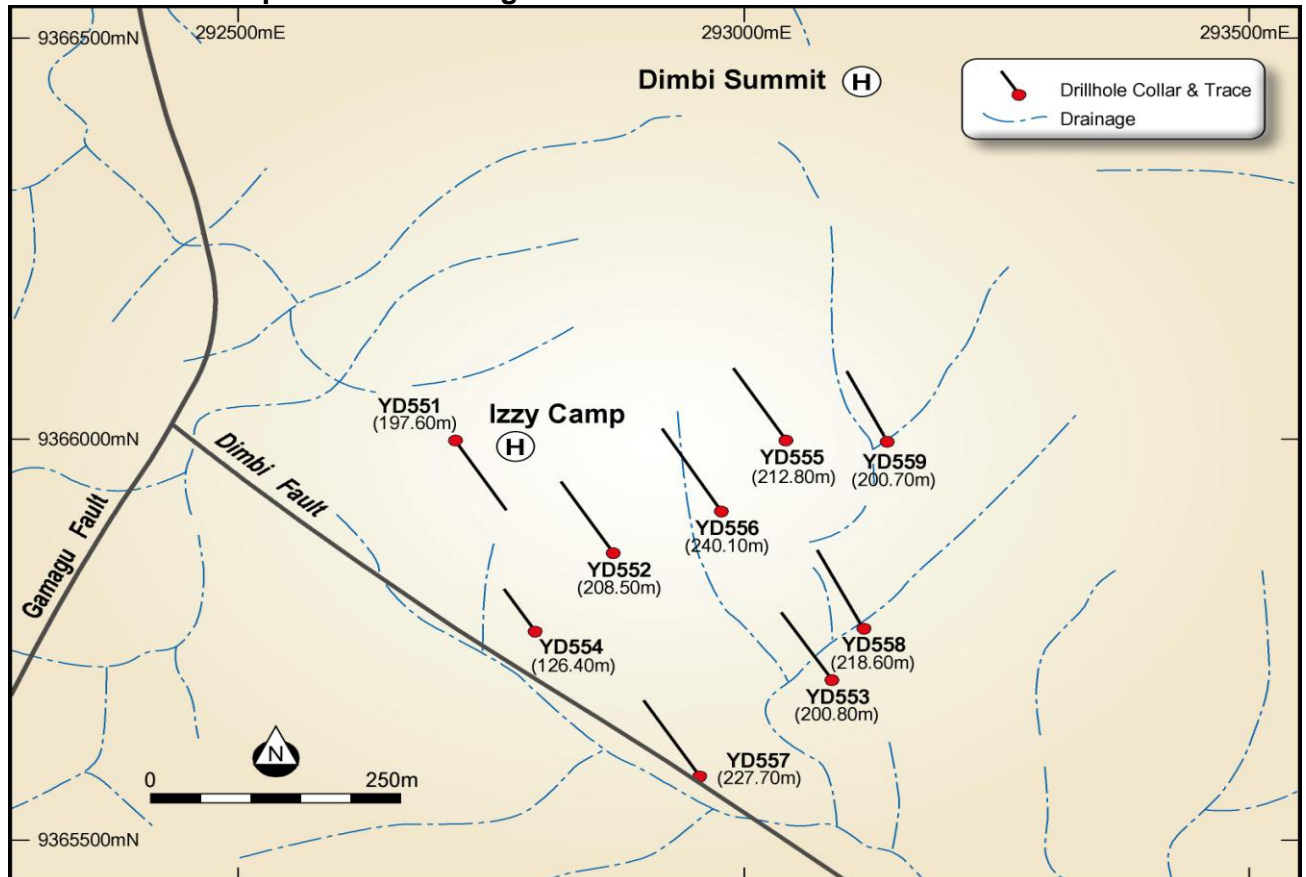
Yandera Central Porphyry – Topography (in isometric view)





Photograph showing closely spaced chalcopyrite veins in hole YD 551 at Dimbi.

Drill Hole location plan Dimbi drilling 2013



Rig drilling YD 556 at The Dimbi Zone

Termination of Jant Agreement

Following the ongoing review of the requirements for Yandera Project development, Marengo has terminated the option to acquire the Madang waterfront land from PNG wood-chip operators Jant Limited.

Community Matters

Marengo is committed to working with the community across all aspects of the current activities and future development plans for the Yandera Project. It maintains an effective and dedicated team to manage its community affairs programs.

Regular meetings continue to be held with Government departments at both provincial and national level, to ensure that these bodies are also made aware, at an early stage, of the development plans for the Yandera Project.

Safety, Health and Environment

Marengo places the highest level of importance on safety, health and environment in all areas where it is active.

The Yandera camp clinic continues to be staffed to treat Marengo employees and members of the local villages for their health needs.

The more serious medical cases being evacuated by helicopter to Government medical facilities for further treatment.

Marengo continues to support a pilot sustainable development program, at the Usino area, near Yandera.



Appointment of Canadian Chief Financial Officer

During the Quarter, Marengo was pleased to announce the appointment of Mr. Alexander Dann to the role of Chief Financial Officer ("**CFO**") of the Company, based in Toronto, Canada, and effective January 1, 2014.

Mr. Dann is a Chartered Accountant with over 20 years of experience leading financial operations and strategic planning for multi-national companies, primarily in the mining sector. Mr. Dann has held senior roles with Falconbridge Limited, Rio Algom Ltd., and most recently as CFO of Avion Gold Corp., prior to its acquisition by Endeavour Mining Corporation.

Completion of Financing and Financial Support

The Company completed, following shareholder approval at the Annual and Special Meeting held in January, the previously announced loan conversion and debenture exchange agreement with its major shareholder, Sentient Executive GP IV, Limited for the General Partner of Sentient Global Resources Fund IV, L.P. (collectively, "Sentient"). As part of the agreement, among other things, Sentient will ensure the Company has sufficient funds to maintain solvency for a period of 12 months from the date of the signing of the Company's consolidated financial statements and entity accounts for the period ending December 31 2013.

Cash Reserves

At Quarter end, the Company had cash reserves of US\$4.0 million



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President & CEO

www.marengomining.com

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Chairman

Les Emery
President & CEO

Sir Rabbie Namaliu
Non-Executive Director

Elizabeth Martin
Non-Executive Director

Ian Hume
Non-Executive Director

Keith Morrison
Non-Executive Director

Pieter Britz
Non-Executive Director

CHIEF OPERATING OFFICER
Paul Korpi

CHIEF FINANCIAL OFFICER

Alex Dann

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NOTES:

Schedule of Mining Tenements held at the end of the Quarter:

Yandera Project

Mining Tenements	Tenement Name	Location	Percentage
EL1335	Yandera	Madang Province PNG	100%
EL1416	Bundi	Madang Province PNG	100%
EL1633	Yomi	Madang Province PNG	100%
ELA2261	Koinambe	Madang Province PNG	100% (Pending)
ELA2262	Togoban	Madang Province PNG	100% (Pending)
EL1854	Lila	Madang Province PNG	100%
EL2114	Guebi	Madang Province PNG	100%
EL2115	Marum	Madang Province PNG	100%

Tenements disposed during the Quarter: (allowed to lapse)

Yandera Project

Mining Tenements	Tenement Name	Location	Percentage
EL1851	Yakumbu	Madang Province, PNG	100%

EL – Exploration Licence ELA – Exploration Licence Application

This document contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the proposed transaction and the business, operations and financial performance and condition of Marengo Mining Limited ("Marengo"). Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to the prospects for and success of exploration activities; the benefits of the development potential of the properties of Marengo; the future price of molybdenum, gold and copper; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; and currency exchange rate fluctuations. Except for statements of historical fact relating to Marengo, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate," "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Marengo and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include the actual results of exploration activities, changes in market conditions, risks relating to international operations, fluctuating metal prices and currency exchange rates, and other risks of the mining industry. Although Marengo has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Marengo undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed. Reference is made to the most recent annual information form of Marengo filed with Canadian securities regulators which includes further discussion of the risk factors which may impact the business and operations of Marengo.

Scientific and technical information in this report including that relating to drilling intercepts and mineralization were prepared by Mr Frederick Cook. Mr Cook is a Fellow of the Australasian Institute of Mining and Metallurgy and a full-time employee of Marengo Mining Limited. Mr Cook has sufficient experience which is relevant to the style of mineralization 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 Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). Mr Cook consents in writing to the issue of this report, to the extent of matters based on his information in the form and context in which it appears.

Except to the extent not set out herein, for a (i) summary description of rock types, geological controls and dimensions of mineralised zones, and the identification of any significantly higher grade intervals within a lower grade intersection; (ii) a summary of the relevant analytical values, widths and, to the extent known, the true widths of the mineralised zones; (iii) a summary description of the geology, mineral occurrences and nature of the mineralization found; and (iv) a summary description of the type of analytical or testing procedures utilized, sampled, sample size, the name and location of each analytical or testing laboratory used and any relationship of the laboratory to the issuer please refer to the Company's technical report filed on SEDAR and dated November 9, 2007. There is no drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to herein.

For further information on the Project and the resources contained therein, please refer to the Company's Canadian NI 43-101 and Australian JORC technical report "Yandera Copper Project, Madang Province, Papua New Guinea" (dated April 2012) which is available on the Company's website and at the (Canadian) SEDAR website.

It should be noted that the Memorandum of Understanding between Marengo and NFC referred to in this report is non-binding and that no party is under any obligation to proceed. Accordingly, there is no certainty that a transaction will proceed.

For further information on the Yandera Project, including a description of Marengo's standard data verification processes, quality assurance and quality control measures, and details of the key assumptions, parameters and methods used to estimate the mineral resources set out in this report and the extent to which the estimate of previously declared mineral resources set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or relevant issues, readers are directed to the technical report entitled "Technical Report on the Yandera Copper-Molybdenum-Gold Project Madang Province, Papua New Guinea", dated May 14, 2012, lodged concurrently on the SEDAR website. The resources disclosed herein are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them to be categorized as mineral reserves. There is no certainty that the mineral resources disclosed herein will be realized or converted to mineral reserves. Mineral Resources which are not mineral reserves do not have demonstrated economic viability.