EXPLORATION LICENCES 24115 and 24195
BOWGAN JV PROJECT

PARTIAL RELINQUISHMENT REPORT

26 NOVEMBER 2008

Mount Drummond, Walhallow, Brunette Downs, Calvert River
1:250,000 Map Sheets

Registered titleholder: Marengo Mining Limited

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November 2008
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1. Bowgan Project Tenement Detail
SUMMARY

The Bowgan Project, located 250 km northeast of Tennant Creek, consists of two contiguous exploration licences, EL 24115 and 24195. EL 24196 is located southwest of the other two licences and is reported separately.

In April 2006, Hindmarsh Resources Limited (Mega Hindmarsh Pty Ltd) and Marengo Mining Limited entered into a Joint Venture agreement.

The mineralisation model considered was unconformity-related uranium and gold near the contact between the crystalline basement rocks (Murphy Metamorphics) and the overlying sedimentary rocks of the South Nicholson Basin, similar to the Westmoreland deposits. Identification of a potential chemical trap, such as cross-cutting dolerite or graphitic shale, was also used as a targeting criterion.

Assessment of previous exploration data, including geophysical data (AEM, ATMI) drill hole information and geological interpretation concluded that the target stratigraphy was absent from the area to be relinquished. Apart from an initial reconnaissance visit conducted to this area of EL24115/95 during August 2006, no other exploration field work was completed within the relinquished area of these tenements.

Consequently, in November 2008, a 36% block reduction being completed for EL24115 variance of covenance granted on 16th of October 2008), and a 50% block reduction for EL24195 was completed by Mega Hindmarsh Pty Limited and Marengo in accordance to Section 26 and 28, of the Mining Act (dated 18 September 2007). Variance of covenance was granted on 16th of October 2008, with a 36% block reduction being completed for EL24115.

This report finalises the relinquishment of these blocks.
1. INTRODUCTION

The Bowgan Project is located 250 km northeast of Tennant Creek on the Barkly Tableland (Figure 1). Access to the licences is via the Calvert Road and a network of well maintained graded station tracks.

This report describes mineral exploration activities undertaken by Mega Hindmarsh Pty Limited (Hindmarsh) and Marengo Mining Ltd within the part of this tenement relinquished on 26th November 2008. The main activities included comprehensive interpretation of previous geophysical and geochemical data to define potential drilling targets. Apart from an initial reconnaissance visit conducted to this area of EL24115/95 during August 2006, no other exploration field work was completed within the relinquished area.

2. TENEMENT DETAILS

2.1 Tenure

Marengo Mining Limited is the registered titleholder of two contiguous exploration licences EL 24115 and 24195 as detailed in Table 1. These exploration licences lie within the Walhallow Pastoral Lease.

Table 1: Tenement Details

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Name</th>
<th>Tenement Holder</th>
<th>No. of graticular blocks</th>
<th>Date Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL 24115</td>
<td>Bowgan</td>
<td>Marengo Mining</td>
<td>55 (180 sq km)</td>
<td>7/10/2004</td>
</tr>
<tr>
<td>EL 24195</td>
<td>Benmara</td>
<td>Marengo Mining</td>
<td>63 (206 sq km)</td>
<td>7/10/2004</td>
</tr>
</tbody>
</table>

In April 2006 Mega Hindmarsh Pty Limited and Marengo Mining Limited entered into a Joint Venture arrangement, whereby Hindmarsh is entitled to earn a 51% interest in the Bowgan Project by expending $200,000 in three years. Mega Hindmarsh is Manager and Operator of the Joint Venture.

2.2 Native Title Parties and Aboriginal Heritage

In May 2005, Marengo convened a meeting with Northern Land Council (NLC) representatives and registered native title claimants at Benmara Homestead. The meeting was not attended by the native title claimants.

Marengo also requested an inspection of the Register of Sacred Sites maintained by the Aboriginal Areas Protection Authority (AAPA). This was completed in January 2005, with results indicating that a number of registered sacred sites and recorded sacred sites are located within the project area. Hindmarsh has planned its exploration program to avoid these sites.

2.3 Consultation with Pastoralists

The station managers at Walhallow and Brunette Downs were informed of Mega Hindmarsh Pty Limited’s field activities.
Figure 1: Location of Bowgan Project, EL24115 (Bowgan) and EL24195 (Benmara).
3. **GEOLOGY**

The project lies within the South Nicholson Basin, the geology of which is dominated by a central dome of South Nicholson Group (magnetically quiet and some sub-crop of sandstone). The dome axis/crest is marked by a linear east-west trending magnetic feature belonging to the underlying Murphy Inlier and lies adjacent to the interpreted position of the Fish River Fault.

4. **PREVIOUS EXPLORATION**

Previous work in the district for gold, base metals and uranium has been undertaken by BHP, who explored along the Fish River Fault for SEDEX style mineralisation, and diamond explorers, who have been active in this area for many years.

Exploration activities undertaken by Marengo Mining Limited in the 2005 field season consisted of:
- Interpretation of geophysical data sets acquired from the Northern Territory Geological Survey
- Four ground magnetic survey lines across the interpreted position of the Fish River Fault
- Preparation of drill site access
- Drilling of nineteen reverse circulation drill holes to test a variety of geophysical targets.

Detailed results are described in First Annual Report for the period 13 October 2004 to 12 October 2005, by Marengo Mining.

5. **2006-08 EXPLORATION**

A reconnaissance geological survey was undertaken in August 2006. Following this, Hawke Geophysics Pty Ltd was contracted to review previously acquired geophysical data in order to identify the unconformity contact between the crystalline basement rocks (in particular the Murphy Metamorphics) and the overlying sedimentary rocks of the South Nicholson Basin.

The mineralisation model considered was for unconformity associated uranium and gold near the contact between crystalline basement rocks (Murphy Metamorphics) and the overlying sedimentary rocks of the South Nicholson Basin, similar to the Westmoreland deposits. Identification of a potential chemical trap, such as a cross-cutting dolerite or graphitic shale, was a targeting criteria.

To assist in finding graphitic units, GeoTEM (airborne EM) survey data were reprocessed to produce conductivity-depth inversion (CDI) sections and depth slice products (Integrated Geophysical Solutions of West Perth).

Neither conductors nor magnetic features worthy of follow-up were defined on the area to be relinquished.
Figure 1: EL24115 (Bowgan) and EL24195 (Benmara), showing blocks selected for relinquishment (denoted by pink dots for EL24115, black dots for EL24195).