EXPLORATION LICENCE 24196
(CRESWELL DOWNS)
BOWGAN JV PROJECT

FINAL RELINQUISHMENT REPORT

29TH JULY 2009

Brunette Downs
1:250,000 Map Sheet

Registered titleholder: Marengo Mining Limited.

Prepared by: G Price
July 2009
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SUMMARY

The Bowgan Project, located 250 km northeast of Tennant Creek, consists of two contiguous exploration licences, EL 24115 (Bowgan) and 24195 (Benmara), and EL 24196 (Creswell Downs), which is located southwest of the other two licences.

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

The mineralisation model was 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 criterion.

Assessment of previous exploration data concluded that the target stratigraphy was absent from the area to be relinquished. Apart from an initial reconnaissance visit conducted to this area of EL24196 during August 2006, no other exploration field work was completed within the relinquished area of this tenement.

Consequently, in November 2007, an initial 50% block reductions were for EL24196 was completed by Mega Hindmarsh and Marengo in accordance to Section 26 and 28, of the Mining Act (dated 18 September 2007). In November 2008, a second and final 50% block reduction was completed by Mega Hindmarsh and Marengo.

In summary, the current active tenement area for EL24196 consists of 20 blocks out the original 79 blocks that were granted on the 7th December 2004.

This report details exploration work completed within the block areas relinquished in November 2007 and November 2008.
1. INTRODUCTION

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

This report describes mineral exploration activities undertaken by Mega Hindmarsh Pty Ltd (Mega 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 EL24196 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 EL 24196, which lies to the south west of EL24115 and EL 24195 (constituting the “Bowgan Project”), within Brunette Downs Pastoral Lease.

Table 1: Creswell Project Tenement Details

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Name</th>
<th>Tenement Holder</th>
<th>Number of graticular blocks</th>
<th>Date Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL 24196</td>
<td>Creswell Downs</td>
<td>Marengo Mining</td>
<td>79 (258 sq km)</td>
<td>7/12/2004</td>
</tr>
</tbody>
</table>

In April 2006, Hindmarsh Resources Limited (now 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. 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. Mega Hindmarsh Resources Pty Limited (Hindmarsh) has planned its exploration program so that these sites are avoided.

2.3 Consultation with Pastoralists

The station manager at Brunette Downs was informed of Mega Hindmarsh Pty Limited’s field activities.
Figure 1: Location of Bowgan project within the Barkly Tablelands region of the Northern Territory, showing EL24196 (Creswell Downs) and the location of contiguous tenements EL24115 (Bowgan) and EL24195 (Benmara) further towards the east.
3. GEOLOGY & GENERAL DISCUSSION

The project area lies within the South Nicholson Basin. The geology of the area 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 exploration for gold, base metals and uranium has been undertaken in the district 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.

5. 2006-8 EXPLORATION: MEGA HINDMARSH PTY LIMITED

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 was 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 criterion.

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).

Assessment of previous exploration data concluded that the target stratigraphy was largely absent from the area to be relinquished. No potential conductor lithology or magnetic features worthy of follow-up were defined in these areas.

Apart from an initial reconnaissance visit conducted during August 2006, no other exploration field work was completed within the relinquished area of tenement EL24196.
6. REFERENCES

Figure 2: EL24196 (Creswell Downs), showing blocks selected for relinquishment. Blocks selected for relinquishment during the first 50% reduction (November 2007) are denoted in Red dots, with blocks selected for relinquishment during the second and final 50% reduction (November 2008) are denoted in Blue.