



ABN 57 099 496 474

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

MANAGEMENT INFORMATION CIRCULAR

AND

PROXY FORM

in respect of an

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held at 4:00 p.m. (WST) on Thursday, 10 November 2011

The Celtic Club

48 Ord Street

WEST PERTH WA

As at and dated 27 September 2011

The **2011 Annual Report** may be viewed on the Company's website at

www.marengomining.com

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

MARENGO MINING LIMITED
ABN 57 099 496 474

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of ordinary shares of Marengo Mining Limited ABN 57 099 496 474 (the “**Company**”) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 10 November 2011 at 4:00 p.m. WST for the purpose of transacting the following business, in each case, as more particularly described in the Explanatory Statement accompanying this Notice.

Financial Statements

To receive the audited financial statements of the Company for the financial year ended 30 June 2011, and the report of the auditors and directors thereon.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following advisory only resolution:

"That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, approval is given for the Remuneration Report forming part of the Company's 2011 Annual Report to be adopted."

Short Explanation: section 250R of the Corporations Act requires a listed company to put to Shareholders at each AGM a resolution adopting the report on the remuneration of the Company's Directors, executives and senior managers included in the Company's Annual Report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory and does not bind the Company's Directors.

A reasonable opportunity will be provided to Shareholders for discussion of the Remuneration Report at the Annual General Meeting.

Resolution 2 – Re-election of Douglas Dunnet as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Douglas Dunnet, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a Director of the Company."

Short Explanation: Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election.

Resolution 3 – Re-election of Sir Rabbie Namaliu as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Sir Rabbie Namaliu, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a Director of the Company."

Short Explanation: Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election.

Resolution 4 – Appointment of Auditor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"To appoint PricewaterhouseCoopers as auditor of the Company."

Resolution 5 – Re-Approval of the Employee Share Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, the Company approves the issue of securities under the employee incentive option scheme known as "Marengo Mining Employee Share Option Plan", the rules of which are annexed as Annexure A to the Explanatory Statement accompanying this Notice of Annual General Meeting, as an exception to Listing Rule 7.1. The Marengo Mining Employee Share Option Plan be and is hereby re-approved, confirmed and ratified and all unallocated options, rights and entitlements under the Marengo Mining Employee Share Option Plan are hereby approved."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a Director and any associates of a Director or by any person who is eligible to receive options pursuant to the Marengo Mining Limited Employee Share Option Plan.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Other Business

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Definitions

For the purpose of Resolutions 1-5 and the Explanatory Statement accompanying this Notice, the following definitions apply:

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Board**" means the board of Directors;

"**Company**" means Marengo Mining Limited ABN 57 099 496 474;

"**Constitution**" means the Company's constitution, as amended from time to time;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Directors**" means the directors of the Company;

"**Explanatory Statement**" means the explanatory statement accompanying this Notice;

"**Insiders**" means an insider of the Company as defined in the *Securities Act* (Ontario), as amended from time to time, other than a person who falls within such definition solely by virtue of being a director or senior officer of a subsidiary of the Company;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Notice**" means this Notice of Annual General Meeting;

"**Plan**" means the Company's Employee Share Option Plan, as previously approved by the Shareholders on July 31, 2008;

"Resolution" means a resolution contained in this Notice;

"Share" means a fully paid ordinary share in the capital of the Company;

"Shareholder" means the holder of a share;

"TSX" means the Toronto Stock Exchange;

"TSX Rules" means the TSX Company Manual and any rules and policies of the TSX, as they apply to the Company from time to time; and

"WST" means Australian Western Standard Time.

Capitalised terms referred to in this Notice are defined in the Explanatory Statement.

By order of the Board



John Ribbons
Company Secretary
Dated: 27 September 2011

Shareholders are referred to the Explanatory Statement and Management Information Circular for more information with respect to the matters to be considered at the Meeting.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in accordance with its instructions and in accordance with the following:

1. in respect of Shareholders registered on the Company's Australian share register, prior to 4:00 p.m. WST on 8 November 2011 by:
 - (i) facsimile to the Company at (08) 9429 0099 (International +61 8 9429 0099) or to Computershare Investor Services Pty Ltd at 1 800 783 447 (International: +61 3 9473 2555); or
 - (ii) delivery to the registered office of the Company at Level 1, 9 Havelock Street, West Perth, Western Australia 6005 or Computershare Investor Services Pty Ltd at Level 2, 45 St George's Terrace, Perth, Western Australia 6000; or
 - (iii) mail to the Company at PO Box 289, West Perth, Western Australia 6872 or Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne, Victoria, 3001 (reply paid envelope).
2. in respect of Shareholders registered on the Company's Canadian register, not later than 48 hours prior to the Meeting, or any adjournment thereof (excluding Saturdays, Sundays and holidays) by mail to Computershare Investor Services Inc, at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by facsimile at 1 866 249 7775.

If you are a beneficial Shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

MARENGO MINING LIMITED
ABN 57 099 496 474

EXPLANATORY STATEMENT AND MANAGEMENT INFORMATION CIRCULAR

This Explanatory Statement and Management Information Circular is furnished in connection with the solicitation of proxies by Marengo Mining Limited (“**Marengo**” or the “**Company**”) for use at the annual general meeting of the holders of the ordinary shares of the Company (the “**Shareholders**”) to be held on Thursday, 10 November 2011 at 4:00 p.m. WST, and any adjournment thereof (the “**Meeting**”), at the place and for the purposes set forth in the accompanying Notice of Meeting.

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the matters set forth in the notice of meeting attached hereto (the “**Notice**”) for approval at the Meeting. The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision regarding the matters set forth in the Notice.

2011 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2011, consisting of the Annual Financial Report, the Directors’ Report and the Auditor’s Report.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chair of the Meeting will also provide shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

Resolution 1 - Adoption of Remuneration Report

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about the Board’s policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- a description of the relationship between the Company’s remuneration policy and the Company’s performance;
- a summary of performance conditions for each of the Directors and senior executives, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company’s specified executives.

The Remuneration Report, which is part of the 2011 Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the 2011 Annual Report are available by contacting the Company’s share register or visiting the Company’s web site www.marengomining.com.

The results of the Shareholder vote on Resolution 1 are particularly relevant for the Company’s next AGM following recent amendments to the Corporations Act, which took effect on 1 July 2011. If 25% or more of the votes cast on Resolution 1 are against the adoption of the Remuneration Report, then at the Company’s subsequent AGM a resolution must be put to Shareholders as to whether another meeting should be held within 90 days at which all Directors (other than the Managing Director) who were in office at the date of approval of the relevant Remuneration Report must stand for re-election.

Voting on the Remuneration Report

In accordance with section 250R(4) of the Corporations Act, a vote on the Remuneration Report Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on the Resolution if:

- (c) the person does so as a proxy appointed in writing that directs how the proxy is to vote on the Remuneration Report Resolution; and
- (d) the vote is not cast on behalf of the person described in paragraphs (a) or (b) above.

In respect of Resolution 1, Shareholders are advised that their votes will not be counted if the Chairman is appointed to vote on their behalf with an undirected proxy form. As a result, if Shareholders wish to appoint the Chairman to vote on their behalf, they should ensure that they have specified the way that the Chairman must vote on Resolution 1.

Resolution 2 - Re-Election of Douglas Dunnet as a Director

The Board presently consists of seven (7) Directors: Mr John Horan, Mr Leslie Emery (also the Company's Managing Director), Dr Douglas Dunnet, Sir Rabbie Namaliu, Ms Susanne Sesselmann, Mr John Hick and Ms Elizabeth Martin.

In accordance with the Company's Constitution, the directors of the Company shall be elected and shall retire in rotation, with one-third of the directors (excluding the Managing Director and rounded down to the nearest whole number) subject to election at each annual general meeting of Shareholders held to elect directors.

Based on the foregoing, pursuant to the Company's Constitution Dr Dunnet must retire from office as of the Meeting. However, being eligible, Dr Dunnet offers himself for re-election. Dr Dunnet has been a Director of the Company since 2002. Shareholders approved Dr Dunnet's initial appointment at the Company's 2002 annual general meeting of Shareholders. If re-elected, Dr Dunnet will hold office for a term of three years from the date of his election or until Dr Dunnet is required to seek re-election pursuant to the Company's Constitution at an annual general meeting of Shareholders following such date, whichever is earlier.

Dr Doug Dunnet is a geologist with over 40 years experience. He has a strong background in management of mining project initiation and development in Australia and North America, including 14 years with the Anaconda (USA) group of companies, culminating as Exploration Manager for the Australian subsidiary during the period 1980-1983. He has extensive experience in the Archaean and Proterozoic rocks of Australia and North America.

In 1984 Dr Dunnet became a principal of Aurex Pty Ltd, a contracting and consulting company. In 1987 he initiated the listing of and became Managing Director of Orion Resources NL and a director of Ranger Minerals Ltd. He was subsequently instrumental in acquiring a 45% interest in the Yilgarn Star Gold Mine near Southern Cross and guiding Orion to a market capitalisation of over \$130 million, prior to the takeover by Sons of Gwalia NL. This included the successful transition from significant open pit mining to major underground mining operations producing in excess of 100,000 ounces of gold per annum.

Dr Dunnet was formerly Chairman (Non Executive) of Paladin Energy Limited, a listed Australian uranium company.

The Directors recommend that Shareholders vote in favour of the re-election of Dr Dunnet.

Resolution 3 - Re-Election of Sir Rabbie Namaliu as a Director

The Board presently consists of seven (7) Directors: Mr John Horan, Mr Leslie Emery (also the Company's Managing Director), Dr Douglas Dunnet, Sir Rabbie Namaliu, Ms Susanne Sesselmann, Mr John Hick and Ms Elizabeth Martin.

In accordance with the Company's Constitution, the directors of the Company shall be elected and shall retire in rotation, with one third of the directors (excluding the Managing Director and rounded down to the nearest whole number) subject to election at each annual general meeting of Shareholders held to elect directors.

Based on the foregoing, pursuant to the Company's Constitution Sir Rabbie Namaliu's must retire from office as of the Meeting. However, being eligible, Sir Rabbie Namaliu offers himself for re-election. Sir Rabbie Namaliu has been a Director of the Company since 2008. Shareholders approved Sir Rabbie Namaliu appointment at the Company's 2008 annual general meeting of Shareholders. If re-elected, Sir Rabbie Namaliu will hold office for a term of three years from the date of his election or until Sir Rabbie Namaliu is required to seek re-election pursuant to the Company's Constitution at an annual general meeting of Shareholders following such date, whichever is earlier.

Sir Rabbie Namaliu served as Foreign Minister and Immigration Minister in the Government of Papua New Guinea from August 2002 to July 2006 and Minister for Treasury from July 2006 to August 2007. He served as Prime Minister between 1988-1992 and Speaker of the National Parliament between 1994-1997. He earlier served as Foreign Minister, 1982-1984 and has held several other senior Ministries including Primary Industry, and Petroleum & Energy since his first election to Parliament as MP for Kokopo (East New Britain) in 1982.

As Foreign Minister for Papua New Guinea Minister in 1984, Sir Rabbie was President of the ACP Council of Ministers and Co-President of the ACP-EU Council of Ministers with the Foreign Minister for Ireland. He also chaired the Pacific Islands Forum Ministerial Committee on the proposed amalgamation of the Forum and Pacific Community in 1984, the other members being the Foreign Ministers of New Zealand and Tonga.

Sir Rabbie had a distinguished public service career before entering Parliament. He was Chairman of the Public Services Commission from 1976-1979 and earlier served as Principal Private Secretary to the Chief Minister and then first Prime Minister, Sir Michael Somare from 1974-1975 and in 1976 he served as East New Britain Provincial Commissioner.

He was a Senior Tutor and later Lecturer in History at the University of Papua New Guinea, and was the first Papua New Guinean graduate to be appointed to the University's academic staff.

Sir Rabbie holds a Bachelor of Arts (BA) degree from UPNG, and a Master of Arts (MA) degree from the University of Victoria, British Columbia, Canada and an Honorary Doctorate of Laws (Hon.LLD) from the same University.

Sir Rabbie is currently Chancellor of the University of Vudal (PNG) from August 2007.

The Directors recommend that Shareholders vote in favour of the re-election of Sir Rabbie Namaliu.

The following table sets out the name of the nominee for re-election as a Director of the Company and each Director whose term of office as a Director will continue after the Meeting, the province or state and the country in which each is ordinarily resident, all offices of the Company now held by each of them, their present principal occupations, business or employment, the period of time for which each has been a Director of the Company, and the number of Shares of the Company or its subsidiary beneficially owned by each, or over which control or direction is exercised, directly or indirectly as at the date hereof.

Name and Residence⁽¹⁾	Position with the Company	Principal Occupation or Employment⁽¹⁾	Period as a Director of the Company	No. of Shares beneficially owned directly or indirectly⁽¹⁾
John Horan⁽²⁾⁽⁴⁾ South Australia, Australia	Non-Executive Chairman	Principal of Adelaide Resource Management Pty Limited (provides consulting services to various public and private companies including Marengo)	Since 23 April 2002	1,360,000
Les Emery⁽³⁾ Western Australia, Australia	Managing Director	Managing Director of Marengo Mining Limited	Since 23 April 2002	5,935,000
Douglas Dunnet⁽²⁾ New South Wales, Australia	Non-Executive Director	Geologist, currently retired, formerly providing consulting services	Since 23 April 2002	278,967
Sir Rabbie Namaliu⁽³⁾ East New Britain, Papua New Guinea	Non-Executive Director	Director of Kramer Ausenco (PNG), Kina Asset Management Limited, Bougainville Copper Limited and Kina Securities Limited and former member of PNG National Parliament	Since 11 February 2008	210,200

Name and Residence⁽¹⁾	Position with the Company	Principal Occupation or Employment⁽¹⁾	Period as a Director of the Company	No. of Shares beneficially owned directly or indirectly⁽¹⁾
Susanne Sesselmann Bavaria, Germany	Non-Executive Director	Director of the Sentient Group ⁽⁵⁾ (a private equity resources fund)	Since 15 May 2008	184,000
John Hick⁽⁴⁾ Ontario, Canada	Non-Executive Director	Independent consultant and director of the following public companies Aeroquest International Ltd., Carpathian Gold Inc, First Uranium Corporation, Hudson Resources Inc., and Timminco Ltd.	Since 10 June 2008	Nil
Elizabeth Martin⁽²⁾⁽⁴⁾ Ontario, Canada	Non-Executive Director	Director of Aura Minerals Inc. a publicly traded company.	Since 10 June 2008	Nil

Notes:

- (1) The information as to residence, principal occupation and shares beneficially owned is not within the knowledge of management of the Company and has been furnished by the respective individuals.
- (2) Member of the Audit Committee.
- (3) Member of the Safety and Environment Committee.
- (4) Member of the Remuneration Committee.
- (5) The Sentient Group owns, controls or directs, directly or indirectly, 220,619,080 shares, or 22.20% of the issued and outstanding Shares of the Company.

Except as noted below, no proposed director is or has, within the past ten years, been a director, chief executive officer or chief financial officer of any other issuer that, while that person was acting in that capacity:

- (1) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under securities legislation that was issued while the proposed director was acting in that capacity;
- (2) was subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under Canadian securities legislation which resulted from an event that occurred while that person was acting in that capacity; or
- (3) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity.

During 2008, Mr Hick was a director and non-executive Chairman of the Board of Tamaya Resources Limited, an Australian incorporated and ASX listed company, which made a voluntary appointment of an administrator, Ernst & Young (Australia) ("**Administrators**"), as a result of becoming insolvent. The reasons for the insolvency are summarized in the questionnaire and report to the Administrators dated November 14, 2008, as filed with the Australian Securities Exchange. As a result of the voluntary administration, effective upon the appointment of the Administrators on October 26, 2008, the appointed Administrators immediately assumed all legal powers, rights and obligations of the directors of Tamaya and the directors had no legal rights with respect to the administration or management of Tamaya or its assets.

No proposed director has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No proposed director has been subject to either: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Resolution 4 – Appointment of Auditor

The Board has determined that the Company wishes to appoint PricewaterhouseCoopers (the “**Successor Auditor**”), as auditor of the Company. Management has asked for and received the resignation of its former auditor, Stantons International Audit and Consulting Pty Ltd (the “**Former Auditor**”).

In accordance with the Corporations Act 2001 there is a requirement for shareholders to approve the appointment of the Successor Auditor as the auditor of the Company.

During the term of the Former Auditor’s appointment as auditors of the Company, there were no reportable events within the meaning ascribed to that term in National Instrument 51-102. The report of the Former Auditor on the financial statements of the Company for the last two most recently completed fiscal years contained no adverse opinion or other disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

Pursuant to National Instrument 51-102, a copy of the Reporting Package is attached to this Proxy Circular as Annexure B. This Reporting Package contains:

- Notice of Change of Auditors;
- Letter of Agreement from Successor Auditor; and
- Letter of Agreement from Former Auditor.

Resolution 5 – Re-Approval of the Employee Share Option Plan

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for options to acquire Shares (“**Options**”) in order to increase the range of potential incentives available to them and to strengthen the links between the Company and its employees and accordingly adopted the Plan on 10 June 2008. The Plan was previously approved by the Shareholder on 31 July 2008.

Shareholder approval is required if any issue of employee options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purposes of Listing Rule 7.1 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders within three years of the date of issue.

Prior shareholder approval will be required before any Directors or related parties of the Company can participate in the Plan.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following information is provided:

- (a) a copy of the rules of the Plan is attached as Annexure A to this Explanatory Statement;
- (b) approval is sought under Listing Rule 7.2 Exception 9 with respect to the Plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 5.

It is considered by the Directors that the future grant of Options under the Plan will provide select employees with the opportunity to participate in the future growth of the Company.

The Plan provides for the granting of Options that permit the acquisition of Shares by the Plan’s participants. The purpose of the Plan is to advance the interests of the Company by providing eligible directors and employees with an opportunity to acquire a financial interest in the Company thereby aligning their interests more closely with shareholders and providing greater incentive for them to focus on the Company’s longer-term goals.

The Plan may be administered by the Board which may delegate, to any person or persons on such conditions as it determines, the exercise of any of its powers or discretions under the rules of Plan. The material provisions of the Plan are as follows:

- *Eligible Participants.* Permanent full-time or permanent part-time employees and directors (“**Eligible Participant**”) of the Company and any related body corporate of the Company that the Board determines will participate in the Plan.

- *Shares Subject to the Plan.* The Plan provides that the maximum number of Shares issuable upon the exercise of Options shall not exceed 5% of the total number of issued and outstanding Shares from time to time. As a result, should the Company issue additional ordinary shares in the future, the number of ordinary shares issuable under the Plan will increase accordingly. As of the date hereof, Options for the purchase of a total of 9,325,000 Shares have been granted and are outstanding under the Plan (representing 1% of the issued and outstanding Shares of the Company as of the date hereof), out of a total available of 50,119,993.
- *Maximum Percentage of Available Securities to Insiders under the Plan.* The Plan does not limit insider participation.
- *Maximum Percentage of Available Securities to any One Person or Company under the Plan.* The Plan does not provide for a maximum number of Shares which may be issued to an individual pursuant to the Plan and any other share compensation arrangement (expressed as a percentage or otherwise).
- *Method of Determining Option Exercise Price.* The Board shall fix the price per Share issued pursuant to the Option at the time the Option is granted, provided that the price per Share fixed by the Board shall not be less than the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded during the relevant period, or the market value of the Shares determined by the Board, on the date the Board resolves to offer such Option to an Eligible Participant or, if the grant of such Option is subject to shareholder approval, the date upon which the Board resolves to seek shareholder approval for the offer of such Option.
- *Vesting of Options and Option Period.* At the time of the grant of an Option the Board may determine when any Option will become exercisable. Options must be exercised in multiples of 100, unless the participant exercises all Options able to be exercised at that time.
- *Term of Options.* At the time of the grant of an Option the Board may determine the term of any Option.
- *Causes of Cessation of Entitlement.* The Plan sets out provisions regarding the exercise and cancellation of Options if an Eligible Participant's employment terminates or an Eligible Participant otherwise ceases to be eligible under the Plan. Under the Plan:
 - If the Eligible Participant ceases to be eligible as a result of (i) their position being made redundant; (ii) retirement; or (iii) death or total permanent disability, the Eligible Participant may exercise their Options in accordance with the rules of the Plan within 180 days from the date of cessation of employment or such longer period determined by the Board.
 - If the Eligible Participant ceases to be eligible for any reason other than those specified above, the Eligible Participant may exercise their Options in accordance with the rules of the Plan within 30 days from the date of cessation of employment or such longer period determined by the Board provided that the Eligible Participant has not, in the Board's opinion, committed any act of fraud, theft or gross misconduct in relation to the affairs of a related body corporate of the Company (whether or not charged with an offense) or brought a related body corporate of the Company into disrepute.
 - If the Eligible Participant's employment is suspended pursuant to the terms of their employment agreement, all Options held by that participant may not be exercised during the period of suspension.
 - If (i) a takeover bid is made to the holders of Shares; (ii) pursuant to an application, a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company; (iii) the Company passes a resolution for voluntary winding up; or (iv) an order is made for the compulsory winding up of the Company, participants may exercise all of their Options in accordance with the rules of the Plan within 30 days from the date of such written notice (or such longer period determined by the Board).
- *Assignability.* The Plan sets out provisions regarding a participant's ability to assign, transfer, sell, grant a security interest over or otherwise deal with an Option. Under the Plan:
 - Options may be transferred to a relative of, or a body Corporate controlled by the participant or a related body corporate of any such entities subject to the transferee agreeing to be bound by the rules of the Plan and the constitution of the Company.
 - Options may be transferred on the death of a participant, by the Participant's legal personal representative, and in the event that an order is made for the participant's estate to be administered under the laws relating to mental health, the person who is appointed to administer such estate subject to the transferee agreeing to be bound by the rules of the Plan and the constitution of the Company.

- *Amendments, Suspension or Termination of the Plan.* The Board may amend, suspend or terminate the Plan, at any time, provided that no such amendment, suspension or termination may be made without obtaining any required regulatory approvals or adversely affect the rights of any optionee who holds an Option at the time of such amendment, without the written consent of at least 75% of the participants affected by the proposed change.
- *Amendments Requiring Shareholder Approval.* Shareholder approval will be required for amendments to the Plan or to the terms of any Option that will cause:
 - a reduction of the exercise price of a previously issued Option held by an insider of the Company;
 - an extension of the expiry date of any Option held by an insider;
 - an increase in the number of Shares which may be issued on exercise of Options granted under the Plan;
 - a participant to transfer Options other than where the transfer is effected by force of law on death of the participant to the participant's legal personal representative;
 - a broadening or an increase in insider participation in the Plan; and
 - an extension in the term of any outstanding Option to a date beyond the latest exercise date currently stipulated in the rules of the Plan.

A copy of the Plan is attached as Annexure A to this Explanatory Statement.

A voting exclusion statement has been included for the purposes of Resolution 5. The Company will disregard any votes cast on this Resolution 5 by any Eligible Participant.

Directors' Recommendations

The Directors of the Company (except where they have a beneficial interest in a Resolution) believe that all Resolutions are in the best interests of the Company and the Directors recommend the proposed Resolutions.

MANAGEMENT INFORMATION CIRCULAR

The Company is a reporting issuer in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators, the following disclosure is required to be included with this Explanatory Statement.

Purpose of Solicitation

This Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting of the Company. The Meeting will be held at **The Celtic Club, 48 Ord Street West Perth, Western Australia**, on **10 November 2011** at **4.00 p.m. WST**, for the purposes set forth in the Notice accompanying this Explanatory Statement and Management Information Circular.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. Brokers, nominees or other persons holding Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such shares. The costs of soliciting proxies will be borne by the Company.

Appointment of Proxies

Enclosed herewith is a form of proxy for use at the Meeting. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for the Shareholder and on the Shareholder's behalf at the Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person in the blank space provided in the form of proxy.**

A proxy will not be valid unless it is signed by the Shareholder or by the Shareholder's attorney duly authorised in writing or, if the Shareholder is a corporation, executed by a duly authorised officer in accordance with the instructions attached on the enclosed form of proxy. The proxy to be acted upon must be delivered:

1. in respect of Shareholders registered on the Company's Australian share register, prior to **4.00 p.m. WST** on **8 November 2011** by:
 - (i) facsimile to the Company at (08) 9429 0099 (International +61 8 9429 0099) or to Computershare Investor Services Pty Ltd at 1 800 783 447 (International: +61 3 9473 2555); or
 - (ii) delivery to the registered office of the Company at Level 2, 9 Havelock Street, West Perth, Western Australia 6005 or Computershare Investor Services Pty Ltd at Level 2, 45 St George's Terrace, Perth, Western Australia 6000; or
 - (iii) mail to the Company at PO Box 289, West Perth, Western Australia 6872 or Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne, Victoria 3001 (reply paid envelope); and
2. in respect of Shareholders registered on the Company's Canadian share register, prior to **4:00 p.m. WST** on **8 November 2011**, by mail to Computershare Investor Services Inc, at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by facsimile at 1 866 249 7775.

Revocation of Proxies

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

Voting of Proxies

The form of proxy accompanying this Explanatory Statement and Management Information Circular confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the time of printing this Management Information Circular, management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

Advice for Beneficial Holders

Shares may not be registered in the Shareholder's name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates). **A non-registered shareholder cannot be recognised at the Meeting for the purpose of voting their Shares unless such holder is appointed by the applicable intermediary as a proxyholder.**

In Canada, non-registered owners who have not objected to their intermediary disclosing certain ownership information about themselves to Marengo are referred to as non-objecting beneficial owners (“**NOBOs**”). Those non-registered owners who have objected to their intermediary disclosing ownership information about themselves to Marengo are referred to as objecting beneficial owners (“**OBOs**”).

In accordance with applicable securities legislation, Marengo has elected to seek voting instructions directly from NOBOs. As a result, NOBOs can expect to receive a voting instruction form (a “**VIF**”), together with the meeting materials from the Company's transfer agent, Computershare Investor Services Inc. (“**Computershare**”). These VIFs are to be completed and returned to Computershare in accordance with the instructions. Computershare will tabulate the results of the VIFs received from NOBOs and provide appropriate instructions at the Meeting with respect to the Shares represented by such VIFs.

The Company has distributed copies of the Meeting materials to intermediaries for distribution to all OBOs who have not waived their rights to receive these materials. Often, intermediaries will use a service company (such as Broadridge Financial Solutions Inc.) to forward these meeting materials to non-registered Shareholders. With those meeting materials the intermediaries will provide OBOs with a form of VIF. When properly completed this VIF will constitute voting instructions which the intermediary must follow.

The mechanisms described above for registered Shareholders cannot be used by non-registered shareholders and the instructions on the VIF **must** be followed. The VIF is provided instead of a proxy. By returning the VIF in accordance with its instructions, a non-registered owner is able to direct how his or her Shares are to be voted at the Meeting.

The purpose of these procedures is to allow non-registered Shareholders to direct the voting of the shares that they own but that are not registered in their name. Should a non-registered Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on his behalf), the non-registered Shareholder should carefully follow the instructions provided on the VIF.

Proxies returned by intermediaries as “non-votes” because the intermediary has not received instructions from the non-registered Shareholder with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such broker “non-votes” will, however, be counted in determining whether there is a quorum.

All proxy-related material sent by the Company has been sent using information (as to name, address and shareholdings) obtained pursuant to, and in accordance with, applicable securities legislation from the intermediaries. By electing to send materials directly to NOBOs, the Company (and not the intermediary) has assumed responsibility for: (i) delivering the meeting materials to you; and (ii) executing proper voting instructions.

Voting Shares and Record Date

The authorised capital of the Company consists of an unlimited number of ordinary shares of which as of 27 September 2011 1,002,399,863 ordinary shares were issued and outstanding as fully paid. The ordinary shares are the only shares of the Company entitled to be voted at the Meeting and subject to certain exclusions of votes described above, each ordinary share is entitled to one vote at the Meeting.

The directors of the Company have fixed **11 October 2011** as the record date for determining the Shareholders of the Company entitled to receive the Notice of Meeting and **4:00 p.m. (WST)** on **8 November 2011** as the record date for determining the Shareholders of the Company entitled to vote at the Meeting.

A simple majority of votes cast are required to approve all matters to be submitted to a vote of Shareholders at the Meeting.

Principal Holders of Shares

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, or exercises control or direction over directly or indirectly, Shares carrying 10% or more of the votes attached to all of the issued and outstanding Shares other than:

<u>Name</u>	<u>Total Number of Shares Owned, Controlled or Directed</u>	<u>Percentage of Voting Shares</u>
Sentient Executive GP II Ltd.	220,619,080	22.20%
Quantum Partners LDC	187,514,934	18.87%

Statement of Executive Compensation

Named Executive Officers

The Company's compensation practices are designed to attract, motivate and retain highly qualified employees and executives to manage the business of the Company by rewarding individual and corporate performance and aligning the interests of the Named Executive Officers (as defined in Form 51-102F6 – Statement of Executive Compensation) (the “**Named Executive Officers**” or “**NEOs**”) with the Company's Shareholders.

As at June 30, 2011, the Company had two Named Executive Officers: Les Emery, Managing Director and John Ribbons, Chief Financial Officer and Company Secretary.

Compensation Discussion & Analysis

Overview of Compensation Program

On 12 September 2008, the Board established a remuneration committee (the “**Remuneration Committee**”). The Remuneration Committee is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of the Company's executive officers. The Remuneration Committee ensures that total compensation paid to all Named Executive Officers is fair and reasonable and is consistent with the Company's compensation philosophy.

Compensation Philosophy and Objectives

The primary objective of the Remuneration Committee is to assist the Board in discharging its responsibilities related to compensation matters, including ensuring that the Company has an executive compensation plan that is both motivational and competitive so that it will attract, retain and inspire senior executives of a quality and nature that will allow for, and enhance, the sustainable development, growth and ultimate profitability of the Company. As set out in its charter, the Remuneration Committee assists the Board in fulfilling its responsibilities by:

- reviewing and making recommendations to the Board with respect to salary and incentive compensation, including bonuses and stock option awards and other benefits, direct or indirect, and any employment agreements and/or change of control packages for senior executives as well as compensation for the non-executive directors;
- making recommendations to the Board with respect to general salary guidelines for the Company;

- administering the Company's compensation plans, including stock option plans, as adopted by the Board from time to time;
- reviewing the Company's policies in respect of benefits; and
- ensuring that the Company's compensation practices and philosophies are consistent with the objective of enhancing shareholder value and attracting and retaining qualified senior executives.

Elements of Compensation Program, Determination of Amounts for each Element, Rationale for Amounts of Each Element

The Remuneration Committee's overall objective in determining the compensation to be paid to the Company's executive officers, including the Named Executive Officers, is to ensure compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives and to encourage and reward on the basis of individual and corporate performance. Currently, the Company's performance is determined by, and measured against, the development of its Yandera project.

Generally, compensation is provided by the Company to its executive officers as a combination of salary, stock option grants and bonuses.

Executive salaries are generally established by comparison to competitive salary levels of other mineral resource companies of comparable size and complexity. Salaries are also affected by the individuals' performance, level of experience, level of responsibility and length of service.

The Company uses stock option grants to align the interests of executive officers with the longer-term interests of shareholders and to reward those who make a long term contribution and commitment to the Company. The number and terms of outstanding options are taken into consideration when determining whether and how many new options should be granted.

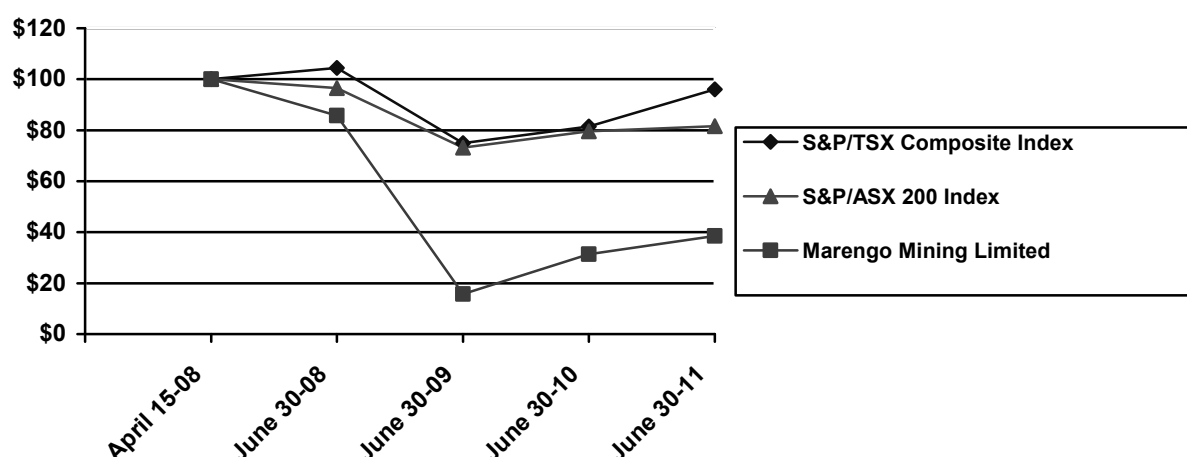
Bonuses are used to reward executive officers for achieving certain objectives. The Company's performance and the performance of the individual during the period is considered in determining whether a bonus will be paid and if so, the amount of the bonus.

Compensation of the Managing Director

Compensation of the Managing Director includes a base cash compensation level and stock option grants. The compensation of the Managing Director is reviewed annually. The compensation of the Managing Director is determined in accordance with the factors described above for the compensation of the Company's executive officers generally. More particularly however, in determining the Managing Director's compensation, members of the Remuneration Committee and the Board have regard to (i) current base compensation; (ii) past performance; (iii) objectives for the ensuing year; (iv) market and industry practice and trends; and (v) when appropriate, the advice of independent experts.

Performance Graph

The following graph compares the total cumulative shareholder return for C\$100 invested in the Shares of the Company with the cumulative shareholder return of the S&P/TSX Composite Index and the S&P/ASX 200 Index for the period commencing on April 15, 2008, the date of the listing of the Shares on the TSX, and ending on June 30, 2011.



The performance of the Company's Shares is not directly linked to compensation paid to executive officers of the Company. However the Company's remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and the performance of its directors and executive officers. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Option-based awards

The Company uses stock option grants to align the interests of executive officers with the longer-term interests of shareholders and to reward those who make a long term contribution and commitment to the Company. The Board has sole discretion to determine the employees to whom option grants should be made and to determine the terms and conditions of any such options (after considering the recommendation of the Remuneration Committee). The number and terms of outstanding options are taken into consideration when determining whether and how many new options should be granted.

Summary Compensation Table

The following table and the notes thereto summarises the audited compensation of the Named Executive Officers for the financial years ended June 30, 2011, June 30, 2010 and June 30, 2009.

Name and Principal Position	Financial Year	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All Other Compensation	Total Compensation
					Annual incentive plans	Long-term incentive plans			
		(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)
Les Emery ⁽⁶⁾ Managing Director	2011	443,992 ⁽⁵⁾	—	18,755 ⁽⁴⁾	—	—	146,971 ⁽³⁾	24,821 ⁽²⁾	634,539
	2010	432,429 ⁽⁵⁾	—	35,097 ⁽⁴⁾	—	—	146,971 ⁽³⁾	29,576 ⁽²⁾	643,863
	2009	538,887 ⁽⁵⁾	—	81,869 ⁽⁴⁾	—	—	43,930 ⁽³⁾	16,339 ⁽²⁾	681,025
John Ribbons ⁽¹⁾ Chief Financial Officer and Company Secretary	2011	70,000	—	—	—	—	6,300	—	76,300
	2010	65,000	—	—	—	—	5,850	—	70,850
	2009	15,000	—	—	—	—	1,350	—	16,350

Notes:

- (1) Mr Ribbons is employed by DWCorporate Pty Ltd ("DWCorporate"). Since March 30, 2009, DWCorporate has provided management services to the Company including the provision of Mr Ribbons as Chief Financial Officer and Company Secretary. The compensation attributed to Mr Ribbons represents the estimated compensation that DWCorporate pays to Mr Ribbons that is attributable to the services he provided to the Company.
- (2) Represents car allowance.
- (3) Represents superannuation payments of \$44,296 and long service leave entitlement of \$102,675.
- (4) Option based payments. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.
- (5) Includes unused annual leave entitlement.
- (6) Mr Emery does not receive additional compensation for serving as a director.

Narrative Discussion

DWCorporate provided Chief Financial Officer, Company Secretary and other corporate services to the Company during the financial year. The amounts paid were at normal commercial rates. Mr Ribbons is employed and remunerated by DWCorporate.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table discloses the individual outstanding share-based awards and option-based awards at the end of the most recently completed financial year to each NEO.

<u>Named Executive Officer</u>	Option Based Awards			Share-Based Awards		
	Number of Securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date (date)	Value of unexercised in-the-money options (A\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)
Les Emery Managing Director	1,500,000	0.50	15/08/2013	—	600,000	54,000
John Ribbons⁽¹⁾ Chief Financial Officer and Company Secretary	—	—	—	—	—	—

Notes:

(1) DWCorporate provide services to the Company as Chief Financial Officer and Company Secretary. Mr Ribbons is employed and remunerated by DWCorporate. Mr Ribbons has not received option based awards attributable to services performed for the Company.

Incentive plan awards – value vested or earned during the year

The following table summarises the aggregate value of incentive plan awards vested or earned during the most recently completed financial year to each NEO.

<u>Named Executive Officer</u>	Option-based awards – Value vested during the year (A\$)	Share-based awards – Value vested during the year (A\$)	Non-equity incentive plan compensation – Value earned during the year (A\$)
Les Emery Managing Director	18,755	—	—
John Ribbons Chief Financial Officer and Company Secretary	—	—	—

Narrative discussion

Options

There are currently 82,268,300 outstanding options. The exercise price of these options range from C\$0.084 to A\$0.50 per share. The expiry dates of options granted range upto 23 February 2016.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one Share with full dividend and voting rights.

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Marengo to increase goal congruence between executives, directors and shareholders.

At a Shareholders meeting held on 31 July 2008, the Shareholders approved the grant of 5,750,000 options to certain directors (including the nominee) of the Company. These 5,750,000 options were granted on 15 August 2008. Of these 5,750,000 options, 1,500,000 were granted to Les Emery, a Named Executive Officer (the “**Emery Options**”). The Emery Options have an exercise price of \$A0.50 per Share, expire on 15 August 2013 and vest annually in five equal installments commencing on the date of grant.

On 18 December 2008, 2,300,000 options were granted to employees of the Company. These options have an exercise price of \$A0.25 per Share, expire on 18 December 2013 and vest annually in five equal installments commencing on the date of grant.

A further 550,000 options were granted to employees of the Company on 15 April 2009. These options have an exercise price of \$A0.25 per Share and expire on 31 March 2014.

A further 475,000 options were granted to employees of the Company on 1 December 2009. These options have an exercise price of \$A0.25 per Share and expire on 30 November 2014.

A further 150,000 options were granted to employees of the Company on 1 April 2010. These options have an exercise price of \$A0.25 per Share and expire on 22 March 2015.

A further 650,000 options were granted on 16 April 2010. These options have an exercise price of \$A0.25 per Share and expire on 31 March 2015.

A further 475,000 options were granted on 25 October 2010. These options have an exercise price of \$A0.22 per Share and expire on 25 October 2015.

A further 500,000 options were granted on 23 February 2011. These options have an exercise price of \$A0.32 per Share and expire on 23 February 2016.

Pension Plan Benefits

The Company does not have a pension plan and has not provided any pension plan benefits to its Named Executive Officers, aside from superannuation contributions provided to Mr Emery.

Termination and Change of Control Benefits

Marengo has entered into Mr Emery’s Agreement, originally dated 29 May 2002 (with effect as of 13 November 2003) and amended on 7 September 2006 and 21 August 2009 (the “**Emery Employment Agreement**”) pursuant to which Mr Emery is employed as Managing Director of Marengo for a term ending on 1 September 2013. Pursuant to Mr Emery’s Agreement, Mr Emery is paid an annual salary of A\$493,993 plus a superannuation contribution of A\$45,833 to be reviewed annually by the Board. Mr Emery is also provided with a fully maintained company motor vehicle with a deemed value of A\$18,500 per annum.

Under the current terms of the Emery Employment Agreement, Mr Emery is entitled to a termination benefit on early termination by the Company, other than for gross misconduct, which includes: (i) any accrued long service leave; and (ii) annual leave entitlements, superannuation, retiring allowance, superannuation gratuity or similar payment the value of which does not exceed the maximum amount ascertained in accordance with the formula set out in section 200G of the Corporations Act (such amount being the average of the total remuneration paid to Mr Emery over the three years immediately prior to his termination).

Under the terms of the Emery Employment Agreement:

- Marengo may terminate Mr Emery’s employment upon the occurrence of certain events including in the event that Mr Emery commits a wilful breach of the terms of the Emery Employment Agreement or is otherwise guilty of any serious misconduct or gross negligence;
- Marengo may terminate the Emery Employment agreement at any time by giving one month’s notice, subject to the payment of the amounts described above; and
- Mr Emery may terminate his employment upon providing three months’ notice to Marengo.

As at June 30, 2011, Mr Emery had an annual leave benefit totalling \$197,253.

Marengo has entered into standard protection deeds (the “**Deeds**”) with each of its directors and certain of its officers which provide for, amongst other things: (a) an indemnity of the directors and officers, to the extent permitted by law, against any liability which they may incur while carrying out duties as directors or officers of Marengo; (b) access to the documents of the Board; and (c) the provision of directors’ and officers’ liability insurance.

Other than the agreements described above, and contained in this Notice there are no employment contracts in existence between Marengo or its subsidiaries and any of the Named Executive Officers and there is no arrangement or agreement made between Marengo and any of the Named Executive Officers pursuant to which a payment or other benefit is to be made or given by way of compensation in the event of that officer's resignation, retirement or other termination of employment, or in the event of a change of control of Marengo or a change in the Named Executive Officer's responsibilities, other than those detailed in the Notice.

Director Compensation

Compensation Table

The following table sets out all amounts of unaudited compensation provided to the directors for the Company's most recently completed financial year.

<u>Name</u>	<u>Fees Earned</u> (A\$)	<u>Share-based Awards</u> -	<u>Option-based awards</u> (A\$)	<u>Non-equity incentive plan compensation</u>	<u>Pension value</u>	<u>All other compensation</u> (A\$)	<u>Total</u> (A\$)
John Horan (Chairman)	96,600	-	15,629	-	-	2,165 ⁽¹⁾	117,394
Douglas Dunnet	52,500	-	6,251	-	4,725	2,165 ⁽¹⁾	68,641
Sir Rabbie Namaliu	57,225	-	12,503	-	-	2,165 ⁽¹⁾	74,893
Susanne Sesselmann	57,225	-	6,251	-	-	2,165 ⁽¹⁾	68,641
John Hick	57,225	-	6,251	-	-	2,165 ⁽¹⁾	68,641
Elizabeth Martin	57,225	-	6,251	-	-	2,165 ⁽¹⁾	68,641

Notes:

(1) Share of directors' and officers' liability insurance paid.

Narrative discussion

During the most recently completed financial year, each non-executive director and the Chairman received fees for services rendered during that year as shown in the above table. Executive officers do not receive additional compensation for serving as directors. Directors are also reimbursed for all reasonable expenses incurred in their capacity of directors. Generally, directors of Marengo do not receive additional amounts for committee participation or special assignments, however should the non-executive directors provide services in excess of those expected of such a position, the Company will provide reasonable remuneration for those services. There are no other arrangements under which directors were compensated for their services as directors or as consultants or experts during the Company's most recently completed financial year.

Outstanding share-based awards and option-based awards

The following table discloses the individual outstanding share-based awards and option-based awards at the end of the most recently completed financial year to each director.

<u>Name of Director</u>	<u>Option Based Awards</u>				<u>Share-Based Awards</u>	
	<u>Number of Securities underlying unexercised options</u> (#)	<u>Option exercise price</u> (A\$)	<u>Option expiration date</u> (date)	<u>Value of unexercised in-the-money options</u> (A\$)	<u>Number of shares or units of shares that have not vested</u> (#)	<u>Market or payout value of share-based awards that have not vested</u> (A\$)
John Horan (Chairman)	1,250,000	0.50	15/08/2013	—	—	—
Douglas Dunnet	500,000	0.50	15/08/2013	—	—	—

<u>Name of Director</u>	Option Based Awards			Share-Based Awards		
	Number of Securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
Sir Rabbie Namaliu	1,000,000	0.50	15/08/2013	—	—	—
Susanne Sesselmann	500,000	0.50	15/08/2013	—	—	—
John Hick	500,000	0.50	15/08/2013	—	—	—
Elizabeth Martin	500,000	0.50	15/08/2013	—	—	—

Incentive plan awards – value vested or earned during the year

The following table summarises the aggregate value of incentive plan awards vested or earned during the most recently completed financial year to each Director.

<u>Name of Director</u>	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
	(A\$)	(A\$)	(A\$)
John Horan (Chairman)	15,629	—	—
Douglas Dunnet	6,251	—	—
Sir Rabbie Namaliu	12,503	—	—
Susanne Sesselmann	6,251	—	—
John Hick	6,251	—	—
Elizabeth Martin	6,251	—	—

Securities Authorised for Issuance Under Equity Compensation Plans

The following table sets out information as of **June 30, 2011** with respect to compensation plans under which equity securities of the Company are authorised for issuance.

Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights (A)	Weighted-average exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) (C)
Equity compensation plans approved by securityholders	9,325,000	\$0.39599	40,794,993
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	9,325,000	\$0.39599	40,794,993

Statement of Corporate Governance Practices

National Instrument 58-101 of the Canada Securities Administrators – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires that the Company disclose in this Management Information Circular its system of corporate governance. NI 58-101 also sets out a series of guidelines for effective corporate governance which address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members.

Board of Directors

The Board of the Company is currently comprised of seven directors, six of whom (a majority) are independent. Specifically, all of the directors other than Mr Emery are independent within the meaning of NI 58-101. Mr Emery is not independent as he is currently the Managing Director of the Company. The Chair of the Board, Mr Horan, is independent within the meaning of NI 58-101.

Although the Company has only one non-independent director, being the Managing Director, Mr Emery, the Board will regularly excuse management from part of its meetings and meet in non-executive session. A total of eleven Board meetings have been held, none of which excluded members of management.

The attendance record of the Directors at meetings of the Board held since the beginning of the Company’s most recently completed financial year was as follows.

<u>Director</u>	<u>Type of Meeting</u>		
	<u>Board of Directors (Non-Independent)</u>	<u>Board of Directors (Independent)</u>	<u>Audit Committee</u>
	<u>Attended/Eligible</u>	<u>Attended/Eligible</u>	<u>Attended/Eligible</u>
John Horan	N/A	11 / 11	4 / 4
Leslie Emery	11 / 11	N/A	N/A
Douglas Dunnet	N/A	11 / 11	4 / 4
Sir Rabbie Namaliu	N/A	11 / 11	N/A
Susanne Sesselmann	N/A	11 / 11	N/A
John Hick	N/A	11 / 11	N/A
Elizabeth Martin	N/A	10 / 11	4 / 4

Other Directorships

The following directors of the Company are directors of other issuers that are reporting issuers or the equivalent in Canada or elsewhere:

<u>Director</u>	<u>Reporting Issuer</u>
John Horan	Adelaide Resources Limited
Les Emery	Nil
Douglas Dunnet	Nil
Sir Rabbie Namaliu	Bougainville Copper Limited and Kina Asset Management Limited
Susanne Sesselmann	The Sentient Group Limited, Sentient Executive GP I Limited, Sentient Executive GP II Limited, Sentient Executive GP III Limited, Metals Recycling Limited, Sentient China Investments Ltd, Sentient Trustees PTC Limited and Sentient China Titanium Investments Limited
John Hick	Aeroquest International Ltd., Carpathian Gold Inc, Eurotin Inc, First Uranium Corporation, Hudson Resources Inc., and Timminco Ltd
Elizabeth Martin	Aura Minerals Inc.

Board Mandate

The Board is in the process of adopting a written mandate. Generally speaking, the Board is responsible for the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction.

Position Descriptions

The Board has not adopted written position descriptions for the Chairman of the Board on the basis that the role of the Chairman of the Board is well understood by all of the Directors. Similarly, the Board has not adopted a written position description for the Managing Director, Mr Emery, on the basis that his role and responsibilities are well understood by him and by the other Directors. The role of chair of the Audit Committee is set out in its charter.

Orientation and Continuing Education

The Company does not provide a formal orientation or education program for new directors. However, new directors are educated about the nature and operation of the Company's business, current issues, corporate strategy and the role of the Board, its committees and its directors by the current directors and senior officers. The Board encourages directors to participate in continuing education opportunities in order to ensure that directors maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Company's business.

Ethical Business Conduct

The Board has adopted a written code for ethical business conduct, and a copy may be obtained from Mr John Ribbons, Company Secretary, at +61 (08) 9429 0000. The code applies to all employees, officers, directors and consultants. The Board monitors compliance with the code by requiring management to assume responsibility for the conduct of those who report to them. This means ensuring that the code is clearly communicated, leading by example and ensuring controls are established and maintained to prevent or detect breaches. To encourage ethical business practices, with the prior approval of the Chair, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil his duties and responsibilities as a director.

In addition, the Company is of the view that fiduciary duties placed on individual directors by applicable legislation and restrictions in applicable legislation respecting participation in Board decisions in which an individual director has an interest ensures that the Board operates independently of management and in the best interests of Shareholders.

Nomination and Compensation of Directors

The full Board is currently responsible for all matters related to director recruitment, orientation, compensation and continuing education and evaluations of the Board, its committees and its members including periodically assessing the skills present on the Board, making recommendations as to whether and how those skills ought to, or could be, enhanced, implementing a process for the identification of suitable candidates for appointment to the Board. However, given its size, the Board has not yet adopted a formal process for identifying new candidates for nomination.

Compensation

The Remuneration Committee is comprised of John Hick (Chairman), John Horan and Elizabeth Martin, all of whom are independent in accordance with applicable securities regulations.

The executive director receives a base salary (which is based on factors such as length of service and experience) and superannuation. Executive packages are reviewed annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The executive director receives a superannuation guarantee contribution required by the government, which is currently 9%.

Non executive directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. Remuneration paid to non executive directors is reviewed annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The Remuneration Committee is responsible for, among other things, evaluating the performance of the Company's management in light of the Company's performance and making recommendations to the Board with respect to the compensation level for the Company's management based on this evaluation. The Remuneration Committee reviews compensation annually. Further information regarding the activities and recommendations of the Remuneration Committee is provided above under "Executive Compensation".

Other Board Committees

The Board currently has no standing committees other than the Audit Committee, Remuneration Committee and Safety and Environment Committee.

The information prescribed by Part 5 of MI 52-110 is set out under the heading "Audit Committee" in the Company's Annual Information Form dated 28 September 2011.

The primary objective of the Safety and Environment Committee is to assist the Board to discharge its responsibilities in the following areas:

- ensuring the Company adopts, maintains and applies appropriate safety and environment policies and procedures;
- ensuring that the Company maintains effective safety and environment related internal control and risk management systems; and
- providing a formal forum for communication between the Board and senior management in safety and environment matters, both Company specific and otherwise.

The members of the Safety and Environment Committee are Sir Rabbie Namaliu (Chairman), Mr Emery and Mr Hick.

Assessments

Given the size of the Company, assessments of the Board, its committees and its Directors are carried out periodically on an informal basis. To date, the Board has not found it necessary to institute any formal process in order to satisfy itself that the Board, its committees and its individual Directors are performing effectively.

Interest of Certain Persons or Companies in Matters to be Acted Upon

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, nor any associate or affiliate of the foregoing persons, has a material interest, direct or indirect, in the matters to be acted upon at the Meeting, except as otherwise disclosed in this Explanatory Statement and Management Information Circular.

Interest of Informed Persons in Material Transactions

Since the commencement of the Company's most recently completed financial year there were no transactions and there are no proposed transactions that have materially affected or would materially affect the Company or any of its subsidiaries in which any informed person of the Company or any associate or affiliate of any informed person has any material interest (direct or indirect).

Auditors

The auditor of the Company is Stantons International Audit and Consulting Pty Ltd. Stantons International Audit and Consulting Pty Ltd was first appointed as auditor of the Company on 23 April 2002.

Additional Information

The Company will provide to any person, upon request to the Company Secretary, one copy of the Company's 2011 Annual Report which includes the financial statements of the Company for the most recently completed financial year and the audit opinion issued thereon and/or one copy of the Company's Management's Discussion and Analysis in respect of such financial statements.

Copies of the above documents will be provided free of charge to Shareholders. The Company may require the payment of a reasonable charge by any person or company who is not a Shareholder of the Company, and who requests a copy of such document. Additional information relating to the Company can be found at www.asx.com.au or at www.sedar.com.

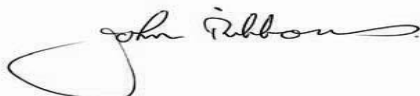
ENQUIRIES

Shareholders can contact Mr John Ribbons, Company Secretary, at +61 (08) 9429 0000 if they have any queries in respect of the matters set out in these documents.

APPROVAL OF THIS EXPLANATORY STATEMENT AND MANAGEMENT INFORMATION CIRCULAR

The contents and the sending of this Explanatory Statement and Management Information Circular have been approved by the Directors of the Company.

By Order of the Board of Directors



John Ribbons
Company Secretary

Dated: 27 September 2011

Annexure A

MARENGO MINING EMPLOYEE SHARE OPTION PLAN RULES

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules, unless something else is clearly intended:

- (a) Act means the *Corporations Act 2001* (Cth).
- (b) Application means an application by a Participant for Options referred to in Rule 3.2(a).
- (c) Associate means a relative of, or a body Corporate (as those terms are defined in the Corporations Act) controlled by the Participant or a related body corporate of any such entities;
- (d) Associated Company means a body that:
 - (i) is a related body corporate of the Company in terms of section 50 of the Act;
 - (ii) the Board determines will participate in the Plan; and
 - (iii) agrees to be bound by these Rules.
- (e) ASIC means the Australian Securities and Investments Commission.
- (f) ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;
- (g) Board means the board of directors of the Company or a committee appointed by the Board.
- (h) Business Day means a day that is not a Saturday, Sunday or a public holiday in Western Australia.
- (i) Certificate means the certificate issued by the Company to a Participant in respect of an Option, in such form as the Board may approve from time to time or, if the Board has determined that Options will be uncertificated, a statement issued to the Participant that discloses the number of Options entered in the register of Option holders.
- (j) Company means Marengo Mining Limited (ABN 57 099 496 474).
- (k) Constitution means the constitution of the Company.
- (l) Date of Grant means, in respect of an Option, the date the Board resolves to offer such Option to an Eligible Employee provided that if under the Listing Rules or the TSX Rules, the grant of such Option is subject to shareholder approval, "Date of Grant" means the date upon which the Board resolves to seek shareholder approval for the offer of such Option.
- (m) Eligible Employee means an Employee whom the Board determines to be eligible to participate in the Plan.
- (n) Employee means a natural person who is a:
 - (i) permanent full-time or permanent part-time employee of an Employing Company; or
 - (ii) director of an Employing Company.
- (o) Employing Company means the Company and any Associated Company.
- (p) Employment Agreement means the employment agreement between the Employing Company and the Eligible Employee.

- (q) Exercise Notice means a duly completed and executed notice of exercise of an Option by a Participant in the form approved by the Board from time to time.
- (r) Exercise Period means the period commencing on the First Exercise Date and ending on the Last Exercise Date.
- (s) Exercise Price means the price determined by the Board but which will not be less than the Market Value of a Share on the Date of Grant of the Option and specified in an Invitation that the Participant pays per Share upon exercising the Options, as may be adjusted in accordance with Rule 4.
- (t) Event means:
 - (i) a takeover bid is made to the holders of Shares;
 - (ii) pursuant to an application made to the Court, the Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company;
 - (iii) the Company passes a resolution for voluntary winding up;
 - (iv) an order is made for the compulsory winding up of the Company; or
 - (v) any other circumstances determined by the Board from time to time.
- (u) First Exercise Date means the date determined by the Board and specified in an Invitation.
- (v) Invitation means an invitation to participate in the Plan referred to in Rule 3.1(a).
- (w) Insider has the meaning given to it in section 1 of the *Securities Act* (Ontario).
- (x) Last Exercise Date means the day ending at 5.00pm WST time on such date determined by the Board and specified in an Invitation.
- (y) Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
- (z) Market Value of a Share means:
 - (i) the VWAP of the Shares, on such stock exchange where the majority of the trading volume and value of the Shares occurs, for the five trading days prior to the Date of Grant; and
 - (ii) if the Shares are not quoted on any stock exchange, the value determined by the Board as the market value.
- (aa) Nominee means a person nominated by an Eligible Employee pursuant to Rule 3.2(a)(ii).
- (bb) Option means an option granted under the Plan to subscribe for one fully paid share in the capital of the Company.
- (cc) Option Fee means any fee determined by the Board and specified in an Invitation which is payable by an Eligible Employee to the Company on making an Application.
- (dd) Participant means an Eligible Employee (or their Nominee, as the case may be) who:
 - (i) has received an Invitation;
 - (ii) makes an Application which is accepted by the Board; and
 - (iii) holds an Option under the Plan.
- (ee) Plan means the Marengo Mining Employee Share Option Plan constituted by these Rules.

- (ff) Relevant Requirements means any performance, vesting and/or other criteria determined by the Board and specified in an Invitation, as reduced or waived in whole or in part at anytime by the Board and notified to the Participant.
- (gg) Rules means these rules of the Plan, as amended from time to time.
- (hh) Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.
- (ii) Shares means fully paid ordinary shares in the capital of the Company.
- (jj) Special Circumstances means the Eligible Employee ceasing to be an Eligible Employee as a result of the:
 - (i) Eligible Employee's position being made redundant;
 - (ii) Eligible Employee's retirement; and
 - (iii) Eligible Employee's death or total permanent disability.
- (kk) Tax means all kinds of taxes, duties, imposts, deductions, charges and withholdings imposed by a government, together with interest and charges.
- (ll) TSX means the Toronto Stock Exchange.
- (mm) TSX Rules means the rules and policies of the TSX in respect of security based compensation arrangements, as the same may be amended from time to time.
- (nn) VWAP means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded during the relevant period.
- (oo) WST means Australian Western Standard Time.

1.2 Interpretation

In these Rules, unless something else is clearly intended:

- (a) the transfer by an Eligible Employee from one Employing Company to another does not constitute cessation of employment;
- (b) if an Employing Company which is the employer of an Eligible Employee ceases to be an Employing Company and the Eligible Employee does not contemporaneously become an Employee of another Employing Company, that Eligible Employee ceases to be an Eligible Employee;
- (c) a reference to these Rules is a reference to these Rules as amended, varied, novated, supplemented or replaced from time to time;
- (d) a reference to any legislation or any provision of any legislation includes:
 - (i) all regulations, orders or instruments issued under the legislation or provision; and
 - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (e) words or expressions:
 - (i) importing the singular include the plural and vice versa;
 - (ii) importing a gender include the other genders; and
 - (iii) denoting individuals include corporations, firms, unincorporated bodies, authorities and instrumentalities;

- (f) a reference to a party to these Rules includes that party's executors, administrators, successors and permitted assigns;
- (g) where a word or phrase is defined or given meaning, any other part of speech or grammatical form has a corresponding meaning;
- (h) any heading, index, or table of contents is for convenience only and does not affect the interpretation of these Rules;
- (i) where an act would be required to be done, or a time limit or period would expire, on a day which is not a Business Day, the act may be done, or the limit or period will expire, on the following Business Day;
- (j) a reference to anything (including to any right) includes a part of that thing;
- (k) a right includes any remedy, privilege, authority or power;
- (l) where a consent or approval is required under these Rules, the requirement will, unless something else is clearly intended, mean the prior written consent or approval;
- (m) wherever used in these Rules, the expressions "including", "such as" and similar expressions shall not imply any limitation; and
- (n) a reference to notice means written notice given in the manner provided in these Rules for service of notices.

1.3 Contractors

Invitations must not be made to any Eligible Employees who are contractors unless ASIC has granted the Company case-by-case relief to allow contractors to participate in the Plan in accordance with *ASIC Regulatory Guide 49 (Employee Share Schemes)*. Such relief may not be granted and is at the sole discretion of ASIC. The Company is not obliged to make a relief application in respect of any contractor and any decision to make an application for relief shall be at the Company's sole discretion.

2. OPERATION OF THE PLAN

2.1 Name of the Plan

This Plan shall be called the Marengo Mining Employee Share Option Plan.

2.2 Purpose

The Plan provides Eligible Employees with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with shareholders and provide greater incentive for them to focus on the Company's longer-term goals.

2.3 Commencement

The Plan commences on the date that these Rules are adopted by the Board.

2.4 Operation

The Plan must be operated in accordance with these Rules which bind each Employing Company and each Participant.

2.5 Plan Expenses

The Company must pay all expenses, outgoings, costs and charges incurred in establishing and operating the Plan excluding the costs related to the issue of Shares pursuant to an exercise of Options or any other dealing with the Options and Shares.

2.6 Maximum number of Shares

The number of Shares to be received on exercise of the Options the subject of an Invitation when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or directors of an Employing Company, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or directors of an Employing Company;

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (c) an offer to a person situated at the time of receipt of the Invitation outside Australia; or
- (d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (e) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares as at the time of the Invitation.

3. GRANT OF OPTIONS

3.1 Invitation

- (a) The Board may from time to time invite an Eligible Employee to participate in the Plan and make an Application (Invitation).
- (b) Each Invitation must specify:
 - (i) name and address of the Eligible Employee to whom the Invitation was made;
 - (ii) that the Eligible Employee may renounce the Invitation in favour of a nominee;
 - (iii) the date of the Invitation;
 - (iv) the number of Options available to the Eligible Employee;
 - (v) that the Eligible Employee may accept the whole or any lesser number of Options offered;
 - (vi) the minimum number of Options and any multiple of such minimum or other number which may be accepted;
 - (vii) the Option Fee (if applicable);
 - (viii) the Exercise Price or the manner of determining the Exercise Price;
 - (ix) the duration of the Options;
 - (x) the First Exercise Date;
 - (xi) the Last Exercise Date;
 - (xii) the dates or time periods for exercising the Options for the purposes of Rule 4.2(d) applicable at the date of the Invitation;
 - (xiii) the time period for making an Application;

- (xiv) the Relevant Requirements (if any); and
- (xv) other specific terms and conditions applicable to the Invitation (if any) which are not inconsistent with these Rules.
- (c) Each Invitation must be issued with an application form and such other information and documents as may be required by the Act (including any applicable instrument of exemption or modification) and the Listing Rules.

3.2 Application

- (a) Following receipt by an Eligible Employee of an Invitation, the Eligible Employee (or their Nominee, as the case may be) may, within the time period specified in the Invitation (Application):
 - (i) apply for Options by delivering to the Company a duly completed and executed application form (in the form attached to the Invitation); or
 - (ii) subject to clause 3.2(b), nominate a nominee (being an Associate of the Eligible Employee) in whose favour the Eligible Employee wishes to renounce the Invitation by notice in writing to the Directors.
- (b) The Board may, in its absolute discretion, resolve not to allow a renunciation of an Invitation in favour of a Nominee in accordance with clause 3.2(a)(ii) without giving any reason for the decision.
- (c) By making the Application, the Eligible Employee (or their Nominee, as the case may be) agrees to be bound by these Rules and the Constitution.

3.3 Acceptance

- (a) Following receipt by the Company of an Application, the Company may grant the Options referred to in the Application to the Eligible Employee.
- (b) The Company must issue to a Participant a Certificate in respect of the Options granted to them stating:
 - (i) the number of Options issued to the Participant;
 - (ii) the Exercise Price of those Options; and
 - (iii) the Date of Grant.

3.4 Option Terms

Subject to the Listing Rules and the TSX Rules, unless otherwise determined by the Board when it resolves to grant the Option, each Option is granted on the terms set out in Rule 4.

4. OPTION TERMS

4.1 Entitlement

- (a) Subject to these Rules, each Option entitles the Participant, on exercise of the Option, to subscribe for and be issued one Share at the Exercise Price.
- (b) Shares issued on the exercise of Options will rank equally with existing fully paid ordinary shares in the capital of the Company in all respects from the date of issue.

4.2 Exercise of Options

- (a) Subject to the satisfaction of any Relevant Requirements and these Rules, an Option which has not lapsed is exercisable during the Exercise Period by the Participant lodging with the Company Secretary, or such other person nominated by the Board for that purpose, an Exercise Notice for a specified number of Options accompanied by the:
 - (i) Exercise Price for the number of Options specified in the Exercise Notice; and
 - (ii) Certificate for those Options.
- (b) Options must be exercised in multiples of 100, unless the Participant exercises all Options able to be exercised at that time.
- (c) The Exercise Notice only becomes effective when the Company has received the full amount of the Exercise Price for the number of Options specified in the Exercise Notice in clear funds.
- (d) An Option may only be exercised during the Exercise Period at any of the following times:
 - (i) in a period specified in the Company's corporate governance policies from time to time or as otherwise approved under such policies; or
 - (ii) at or within such additional or replacement dates or periods as may be determined by the Board and notified to a Participant.
- (e) If, at anytime during the Exercise Period, an Eligible Employee ceases to be an Employee as a result of Special Circumstances, the Participant may exercise their Options in accordance with Rule 4.2(a) within 180 days from the date of cessation of employment (or such longer period determined by the Board).
- (f) Subject to clause 4.4(a)(vii) if, at anytime during the Exercise Period, an Eligible Employee ceases to be an Employee other than as a result of Special Circumstances, the Participant may exercise their Options in accordance with Rule 4.2(a) within 30 days from the date of cessation of employment (or such longer period determined by the Board).
- (g) If, at any time prior to the Last Exercise Date, the Board gives written notice to the Participants that an Event has occurred, Participants may exercise all of their Options in accordance with Rule 4.2(a) within 30 days from the date of such written notice (or such longer period determined by the Board).
- (h) If, at any time during the Exercise Period, an Eligible Employee's employment is suspended pursuant to the terms of their Employment Agreement, all Options held by that Participant may not be exercised during the period of suspension.

4.3 Issue of Shares

Within 10 Business Days of the exercise of Options under these Rules, the Company must:

- (a) issue the number of Shares specified in the Exercise Notice;
- (b) deliver a holding statement for the Shares issued;
- (c) cancel the Certificate for the Options being exercised; and
- (d) if a Participant exercises less than all Options represented by a Certificate, issue a new Certificate for the balance.

4.4 Lapse of Options

- (a) An Option will lapse and become unable to be exercised on the earliest of the date that:
- (i) is the Last Exercise Date;
 - (ii) if Rule 4.2(e) applies, is 180 days from the date of cessation of employment (or such longer period determined by the Board);
 - (iii) if Rule 4.2(f) applies, is 30 days from the date of cessation of employment (or such longer period determined by the Board);
 - (iv) is the date an Eligible Employee ceases to be an Employee (or such longer period determined by the Board);
 - (v) if Rule 4.2(f) applies, is 30 days from the date of the written notice (or such longer period determined by the Board);
 - (vi) is 30 days after the Eligible Employee ceases to be an Employee at any time before the First Exercise Date, unless Rule 4.2(e) applies (or such longer period determined by the Board);
 - (vii) is the date that the Board determines that the Eligible Employee has, in the Board's opinion:
 - committed any act of fraud, theft or gross misconduct in relation to the affairs of an Employing Company (whether or not charged with an offence); or
 - brought an Employing Company into disrepute;
 - (viii) is the date that the Board determines that any Relevant Requirement in respect of the Option cannot be satisfied; and
 - (ix) is the date the Board determines that a breach or occurrence of any condition or event contained in the Invitation requires the lapse of the Option.
- (b) Notwithstanding any other Rule, if the Board makes a determination under Rule 4.4(a)(vi) and the Participant has exercised an Option but the Company has not issued the Share at that time, the Participant will cease to have any right to be issued the Share.
- (c) If an Option Fee was paid on the grant of an Option to a Participant and the Option lapses, the Board may determine that the Company will refund all or part of the Option Fee to the Participant.

4.5 Aggregation

- (a) If Options are exercised simultaneously, the Participant may aggregate the number of Shares or fractions of Shares to which the Participant is entitled to subscribe for under those Options and the total Exercise Price.
- (b) Fractions of Shares in the aggregate number only will be disregarded in determining the total entitlements of a Participant.
- (c) Fractions of a cent in the aggregate Exercise Price only will be rounded up to the nearest cent.

4.6 Dealing

- (a) Subject to Rules 4.6(b), and 4.6(d), Participants must not assign, transfer, sell, grant a Security Interest over or otherwise deal with an Option.
- (b) Subject to the Associate agreeing to be bound by these Rules and the Constitution Options may be transferred to an Associate of the Participant.
- (c) Options may be exercised in accordance with Rule 4.2:
 - (i) on the death of a Participant, by the Participant's legal personal representative; and
 - (ii) in the event that an order is made for the Participant's estate to be administered under the laws relating to mental health, the person who is appointed to administer such estate.
- (d) Subject to the transferee agreeing to be bound by these Rules and the Constitution Options may be transferred:
 - (i) on the death of a Participant, by the Participant's legal personal representative; and
 - (ii) in the event that an order is made for the Participant's estate to be administered under the laws relating to mental health, the person who is appointed to administer such estate,

upon such transfer being effected, the transferee will be deemed to be a Participant.

4.7 Quotation

- (a) Options will not be listed for official quotation on ASX or TSX.
- (b) The Company will make application to ASX and TSX for official quotation of Shares issued on the exercise of Options if other Shares are listed for official quotation on ASX and TSX at that time.

4.8 Reconstruction

In the event of any reorganisation (including consolidation, sub-division, reduction, capital return, buy back or cancellation) of the issued share capital of the Company, the rights attaching to Options must be changed to comply with the Listing Rules and the TSX Rules applying to that reorganisation at the time of the reorganisation.

4.9 New Issue of Shares

- (a) Participants will not be entitled to participate in any new issue of Shares as a result of holding Options unless they have become entitled to exercise their Options under the Plan and do so prior to the record date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.
- (b) The Company must give no less than 10 Business Days notice of any new issue of Shares to the Participant before the record date for determining entitlements to the issue in accordance with the Listing Rules, so as to permit the Participant to exercise any Option which, on its terms, may be exercised before the record date.

4.10 Bonus Issue

If the Company makes a bonus issue to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Participant would have received if the Option had been exercised prior to the record date for the bonus issue.

4.11 Rights Issue

Subject to the TSX Rules, if the Company makes a pro-rata issue to the holders of Shares (other than a bonus issue), the Exercise Price of an Option will be reduced in accordance with the formula contained in the Listing Rules.

4.12 Other Securities

If the Company offers shareholders other securities, the Board will determine whether the other securities are to be offered to Participants on the exercise of Options or whether any other equivalent securities, interest or rights will be offered to them if the other securities are not available, and the basis thereof, to the intent that on the exercise of Options the Participants will be treated whenever possible as if they were shareholders at the date that the Options are granted to the Participant.

4.13 Winding Up

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Relevant Requirements, the Participant may, during the period referred to in the notice, exercise their Options.

4.14 Adjustments

- (a) The Board will be entitled to have any calculations or adjustments which are required to be made for the purposes of Options to be made by the auditors of the Company for the time being and such calculations, in the absence of manifest error, will be final and conclusive and binding on the Participant.
- (b) The Company must notify each Participant and ASX (if applicable) of any adjustments made to the Exercise Price, the number of Options or the number of Shares underlying each Option in accordance with the Listing Rules.

4.15 Right to reports and notices

Participants will be sent all notices, reports and accounts sent to members of the Company, but will not, as a Participant, have any right to attend or vote at meetings of members.

5. PLAN LIMITS

Notwithstanding any other Rule, no Option may be offered under the Plan if to do so would contravene the Act, the Listing Rules, the TSX Rules or instruments of relief issued by ASIC from time to time relating to employee share schemes.

6. ADMINISTRATION OF THE PLAN

6.1 Board to administer

The Board will administer the Plan and may:

- (a) determine appropriate procedures for administering the Plan consistent with these Rules; and
- (b) delegate, to any person or persons on such conditions as it determines, the exercise of any of its powers or discretions under these Rules.

6.2 Discretion

Except as expressly provided in these Rules, where these Rules provide for a determination, interpretation, decision, approval or opinion of the Company or the Board, such determination, interpretation, decision, approval or opinion will be in its absolute and unfettered discretion and final.

6.3 Company and the Board

Subject to the law, any power or discretion which is conferred on the Company or the Board by these Rules may be exercised in the interests, or for the benefit, of the Company, and the Company or the Board (as the case may be) is not, in exercising such power or discretion, under any fiduciary or other obligation to any other person.

6.4 Decision of the Board

If there is any dispute or disagreement as to the interpretation of these Rules, the Board's decision is final and binding on all persons.

6.5 Independent advice

The Board may take and rely upon independent professional or expert advice in or in relation to the exercise of any of its powers or discretions under these Rules.

6.6 Other documents

The Company may require a Participant to complete and return such other documents:

- (a) as may be required by law to be completed by the Participant; or
- (b) which the Company considers should, for legal or taxation reasons, be completed by the Participant.

7. AMENDING THE RULES

7.1 Board may amend

Subject to Rule 7.3, the Listing Rules and the TSX Rules, the Board may at anytime:

- (a) amend these Rules; and
- (b) waive or amend the application of any of these Rules in relation to a Participant.

7.2 Shareholder approval for certain amendments

Subject to and without limiting the provisions of the Listing Rules and the Act, for so long as the TSX Rules apply to the Plan, the approval of shareholders of the Company will be required for any amendment to the Rules or the terms of any Option:

- (a) reducing the Exercise Price of a previously issued Option held by an Insider;
- (b) extending the expiry date of any Option held by an Insider;
- (c) increasing the number of Shares which may be issued on exercise of Options granted under the Plan (other than pursuant to sections 4.8, 4.10 and 4.11);
- (d) allowing a Participant to transfer Options other than where the transfer is effected by force of law on death of the Participant to the Participant's legal personal representative;
- (e) which would have the potential to broaden or increase Insider participation in the Plan; or
- (f) extending the term of any outstanding Option to a date beyond the latest exercise date currently stipulated in the Rules provided always that for so long as the Listing Rules apply to the Company the acts referred to in paragraphs (a), (b), (c) and (e) above will not be carried out unless they are permitted by the Listing Rules.

7.3 Rights of Participants

- (a) Subject to Rule 7.3(b), if any amendment to these Rules under Rule 7.1 reduces any of the Participant's rights in respect of their Options, the Board must obtain the prior written consent of at least 75% of the Participants affected by the proposed change.
- (b) The Board may amend these Rules without the written consent of Participants under Rule 7.3(a):
 - (i) for the purpose of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (ii) to take into consideration possible adverse tax implications to the Plan arising from rulings from the Commissioner of Taxation, changes or proposed changes to tax legislation and/or changes in the interpretation of tax legislation by a competent court or tribunal;
 - (iii) to correct a manifest error or mistake; or
 - (iv) to enable any Employing Company to comply with the Act, the Listing Rules the TSX Rules or instruments of relief issued by ASIC from time to time relating to employee share schemes.

7.4 Retrospective effect

Subject to this Rule 7, any change made pursuant to Rule 7.1 may be given such retrospective effect as is specified in the written instrument or resolution by which the change is made.

7.5 Written notice

As soon as reasonably practicable after the Company makes an amendment under Rule 7.1, the Company must notify the Participants of the amendment.

8. TERMINATION OR SUSPENSION OF THE PLAN

8.1 Change to the law

The Company must terminate or suspend the Plan if changes to the law require that it do so.

8.2 Company may terminate

The Board may from time to time suspend the operation of the Plan and may at any time terminate the Plan.

8.3 Winding up

The Plan must be immediately terminated if an order is made or an effective resolution is passed for the winding up of the Company, other than for the purposes of amalgamation or reconstruction.

8.4 Effect of termination

Where the Plan is terminated, all Options already granted remain in existence and, notwithstanding the termination, the Plan continues to have effect in relation to those Options until the last of them lapses.

9. CONNECTION WITH OTHER SCHEMES

An Employing Company is not restricted to using the Plan as the only method of providing incentive rewards to employees and may approve and introduce other incentive schemes.

10. RELATIONSHIP OF THE COMPANY AND PARTICIPANTS

10.1 General

Nothing in these Rules:

- (a) confers on any Participant who is an Employee the right to continue as an employee of an Employing Company;
- (b) affects any rights which an Employing Company may have to terminate the employment of an Employee;
- (c) may be used to increase damages in any action brought against an Employing Company in respect of such termination; or
- (d) confers on an Employee any expectation to become a Participant.

10.2 Control

The Participants will not have any control over the operation of the Plan irrespective of any rights they may have under these Rules.

11. LIABILITY

The Employing Companies and their respective directors and employees are not liable for anything done or omitted to be done by such person or any other person with respect to:

- the price, time, quantity or other conditions and circumstances of the acquisition of Options;
- any fluctuation in the market price of Shares; and
- anything done in connection with the Plan,

unless such act or omission constitutes wilful misconduct on such person's part.

12. BREACH BY A PARTICIPANT

Subject to the law, if a Participant breaches any of their obligations under these Rules, an Employing Company may set-off the value of any benefit derived or held by that Participant and any loss incurred by any Employing Company as a result of such breach, against any amounts payable by any Employing Company to the Participant, whether such amounts are payable on termination of employment or otherwise.

13. ADVICE

Eligible Employees should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them relating to participation in the Plan.

14. THE ACT, LISTING RULES, TSX RULES AND OTHER LAWS

14.1 These Rules and the Participant's entitlements under the Plan are subject to the Constitution, the Act, the Listing Rules, the TSX Rules or any other applicable laws.

14.2 Notwithstanding any other Rule, every provision set out in an exemption from, or modification to, the provisions of the Act granted from time to time by the ASIC in respect of the Plan that is required to be included in these Rules in order for the exemption or modification to have effect is deemed to be contained in these Rules. To the extent that any provision deemed by this Rule to be contained in these Rules is inconsistent with any other provision in these Rules, the deemed provision will prevail.

15. TAX REIMBURSEMENT

The Board may, at the time of an Invitation, provide that the Participant is required to reimburse the Company in the event that any Employing Company is obliged to account for Tax in connection with, or as a result of, the grant or transfer of Options to the Participant.

16. NOTICES

16.1 A notice will be deemed to be duly given:

- (a) on the day of delivery by hand or email;
- (b) 2 days after the date of posting by prepaid registered post; or
- (c) if sent by facsimile, when the answer back or message confirmation is received, as the case may be.

16.2 This Rule 16 is in addition to any other mode of service permitted by law.

16.3 A notice or direction given under these Rules is validly given to an Eligible Employee or Participant if it is handed to the person concerned, posted by ordinary prepaid post to the person's last known address or given in such other manner as the Company determines.

16.4 A notice or direction given under these Rules to the Company is validly given if it is delivered, posted by ordinary prepaid post or faxed to the address set out below:

Address: Marengo Mining Limited
Level 1, 9 Havelock Street
West Perth Western Australia 6005

Fax: (08) 9429 0099
Email: marengo@marengominig.com

or such other address as the Company may from time to time notify.

17. GOVERNING LAW

17.1 These Rules must be governed by and construed in accordance with the laws applicable in Western Australia.

17.2 The parties bound by these Rules irrevocably submit to the non-exclusive jurisdiction of the courts of Western Australia.

Annexure B



**MARENGO MINING LIMITED
(the "Corporation")**

NOTICE OF CHANGE OF AUDITOR

TO: PricewaterhouseCoopers

AND TO: Stantons International Audit and Consulting Pty Ltd

AND TO: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission

In accordance with s.4.11 of National Instrument 51-102 ("NI 51-102") the Corporation hereby notifies you of the following:

- (a) it has decided not to propose the reappointment of Stantons International Audit and Consulting Pty Ltd as auditors for the Corporation at the next scheduled annual and special meeting to be held on November 10, 2011;
- (b) it will recommend to the shareholders that PricewaterhouseCoopers be appointed as the Corporation's auditors for the next fiscal year;
- (c) none of the audit reports issued by Stantons International for the past two fiscal years ended June 30, 2011 and up to the date of this Notice have contained any reservation of audit opinion;
- (d) in the opinion of the Audit Committee and Board of Directors of the Corporation no "reportable event" as defined in NI 51-102 has occurred in connection with the audits of the two most recently completed fiscal years of the Corporation and to the date of this Notice; and
- (e) the Board of Directors have approved the decision not to reappoint Stantons International (former auditor) and appoint PricewaterhouseCoopers (successor auditor) for the next fiscal year.

As required by NI 51-102, we have requested Stantons International Audit and Consulting Pty Ltd and PricewaterhouseCoopers review this Notice and to furnish to us within twenty days of receipt of this Notice, a letter addressed to the various Commissions stating their agreement or disagreement with the information contained in this Notice and that reasons be provided in the event of a disagreement.

Dated this 23rd day of September, 2011.

A handwritten signature in black ink, appearing to read 'John Ribbons'.

**John Ribbons
Company Secretary**



Level 2, 9 Havelock Street West Perth Western Australia 6005
PO Box 289 West Perth Western Australia 6872
Email: marengo@marengomining.com

Telephone: +61 8 9429 0000
Facsimile: +61 8 9429 0099
Website: www.marengomining.com



Mr John Ribbons
Company Secretary
Marengo Mining Limited
Level 2
9 Havelock Street
WEST PERTH WA 6005

27 September 2011

Dear John,

Enclosed is our response to the change of auditor notice dated 23 September 2011 in accordance with National Instrument 51-102. We understand that this letter will be reviewed and approved by the audit committee or board of directors, filed with the relevant regulator or securities regulatory authority prior to 30 days after our appointment, and included in the information circular accompanying the notice of any meeting of shareholders at which action is to be taken concerning a change in auditor.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

PricewaterhouseCoopers, ABN 52 780 433 757
QV1, 250 St Georges Terrace, GPO BOX D198, PERTH WA 6840
T +61 8 9238 3000, F +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission

27 September 2011

Dear Sir/Madam

Marengo Mining Limited – Notice of Change of Auditor

We acknowledge receipt of a Notice of Change in Auditor (the "Notice") dated 23 September 2011, delivered to us by Marengo Mining Limited in respect of the change of auditor of Marengo Mining Limited.

Pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, please accept this letter as confirmation by PricewaterhouseCoopers that we have reviewed the Notice and, based on our knowledge at the time of receipt of the Notice, we agree with each of the statements therein, except that we have no basis to agree or disagree with the following statement:

- (d) in the opinion of the Audit Committee and Board of Directors of the Corporation no "reportable event" as defined in NI 51-102 has occurred in connection with the audits of the two most recently completed fiscal years of the Corporation and to the date of this Notice.

Yours faithfully

A handwritten signature in cursive script, likely representing a PricewaterhouseCoopers representative.

PricewaterhouseCoopers

PricewaterhouseCoopers, ABN 52 780 433 757
QV1, 250 St Georges Terrace, GPO BOX D198, PERTH WA 6840
T +61 8 9238 3000, F +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Level 1, 1 Havelock St
West Perth WA 6005
Australia
PO Box 1908
West Perth WA 6872
Australia

t: +61 8 9481 3188
f: +61 8 9321 1204
w: www.stantons.com.au
e: info@stantons.com.au

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International
Chartered Accountants and Consultants

23 September 2011

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission

RE: Marengo Mining Limited – Notice of Change of Auditor

This letter is in response to the Notice of Change of Auditor of Marengo Mining Limited dated 23 September 2011 (the "Notice") pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102") in connection with the appointment of PricewaterhouseCoopers ("PWC") as the successor auditor of Marengo Mining Limited.

As required by NI 51-102, we have reviewed the information contained in the Notice and based upon our knowledge as at the date hereof, we hereby confirm that we are in agreement with the statements contained in the Notice that related to us and that we have no basis to agree or disagree with the statements contained in the Notice that related to PWC.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

The Board of Directors

Marengo Mining Limited
Level 1
9 Havelock Street
WEST PERTH WA 6005

27 September 2011

Dear Sirs

CHANGE OF AUDITOR

I, Fiona Hardouin-Riddle, hereby nominate PricewaterhouseCoopers to be appointed as auditors of Marengo Mining Limited at the forthcoming 2011 Annual General Meeting of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Fiona Hardouin-Riddle', is written over a light grey rectangular background.

Fiona Hardouin-Riddle



MARENGO
MINING LIMITED

ABN 57 099 496 474

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 MGO
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 4.00pm (WST) Tuesday 8 November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View the Annual Report:

www.marengominig.com

Update your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

Your secure access information is: **SRN/HIN: I9999999999**



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Marengo Mining Limited hereby appoint

☐ the Chairman of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Marengo Mining Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 10 November 2011 at 4.00pm (WST) and at any adjournment of that meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of Item 1, where the company has determined that the Chairman is unable to do so. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on Item 5 even though the item is connected directly or indirectly with the remuneration of a member of key management personnel. For Item 5, this authority is also subject to you marking the box in the section below.

Important for Item 5: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Item 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 5 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 5 of business.

☐

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if the Chairman has an interest in the outcome of this item and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Douglas Dunnet as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Sir Rabbie Namaliu as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Re-approval of the Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) This section must be completed.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/

/