



ABN 57 099 496 474

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT
AND
MANAGEMENT INFORMATION CIRCULAR
AND
PROXY FORM**

**in respect of a
GENERAL MEETING OF SHAREHOLDERS**

to be held at 10.00 a.m. (WST) on 29 September 2011

Level 1, 9 Havelock Street, West Perth

As at and dated 23 August 2011

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 GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting ("**Meeting**") of holders of ordinary shares of Marengo Mining Limited ABN 57 099 496 474 ("**Company**") ("**Shareholders**") will be held at **Level 1, 9 Havelock Street, West Perth, Western Australia** on **29 September** at **10.00 a.m. WST** for the purpose of transacting the following business.

Resolution 1 – Ratification of Allotment and Issue of Shares

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the allotment and issue of 110,000,000 Shares issued on terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue the subject of this Resolution and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 2 – Approval of Marengo Mining Limited Performance Rights Plan

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

"That for the purposes of Listing Rule 7.2, Exception 9(b), as an exception to Listing Rule 7.1 and for all other purposes, the Shareholders approve the performance rights plan for employees and Directors known as the "Marengo Mining Limited Performance Rights Plan" and the grant of Performance Rights and the issue of Shares under such plan, the rules of which are set out in Annexure A to the Explanatory Statement accompanying this Notice".

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any associate of a Director except one who is ineligible to participate in any employee incentive scheme in relation to the entity. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 3 – Approval of Termination Benefit under Mr Leslie Emery's Employment Agreement

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

"That for the purposes of Listing Rule 10.19 and sections 200B, 200E and 208 of the Corporations Act, and for all other purposes, the termination payment described in the Explanatory Statement which may become payable to the Company's Managing Director, Mr Leslie Emery, under the terms of Mr Emery's Employment Agreement, be approved."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit (including Mr Emery) and any associate of such an officer. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 4 – Approval of Termination Benefit under Mr John Horan’s Consultancy Agreement

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

"That for the purposes of Listing Rule 10.19 and sections 200B, 200E and 208 of the Corporations Act, and for all other purposes, the termination payment described in the Explanatory Statement which may become payable to the Company's Chairman, Mr John Horan, under the terms of Mr Horan's Consultancy Agreement, be approved."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit (including Mr Horan) and any associate of such an officer. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 5 – Approval of the grant of Performance Rights to Mr Leslie Emery

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

"That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 750,000 Performance Rights for no consideration under the Marengo Mining Limited Performance Rights Plan, to Mr Leslie Emery or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 6 – Approval of the grant of Performance Rights to Mr John Horan

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

"That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 500,000 Performance Rights for no consideration under the Marengo Mining Limited Performance Rights Plan, to Mr John Horan or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 7 – Approval of the grant of Performance Rights to Dr Douglas Dunnet

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

"That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 500,000 Performance Rights for no consideration under the Marengo Mining Limited Performance Rights Plan, to Dr Douglas Dunnet or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 8 – Approval of the grant of Performance Rights to Mr John Hick

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

“That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 500,000 Performance Rights for no consideration under the Marengo Mining Limited Performance Rights Plan, to Mr John Hick or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 9 – Approval of the grant of Performance Rights to Ms Elizabeth Martin

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

“That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 500,000 Performance Rights for no consideration under the Marengo Mining Limited Performance Rights Plan, to Ms Elizabeth Martin or her nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 10 – Approval of the grant of Performance Rights to Sir Rabbie Namaliu

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

“That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 500,000 Performance Rights for no consideration under the Marengo Mining Limited Performance Rights Plan, to Sir Rabbie Namaliu or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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.

Resolution 11 – Approval of the grant of Performance Rights to Ms Susanne Sesselmann

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

“That, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 500,000 Performance Rights for no consideration under the Marengo Mining Limited Performance Rights Plan, to Ms Susanne Sesselmann or her nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote 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 1-11 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;

"**Performance Right**" means a right to acquire a Share granted on the terms set out in the f;

"**PRP**" means the Marengo Mining Limited Performance Rights Plan;

"**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.

Shareholders are referred to the Explanatory Statement and Management Information Circular for more information with respect to this matter 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 10:00 a.m. WST on 27 September 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 1, 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.
2. in respect of Shareholders registered on the Company's Canadian register, prior to 10.00 a.m. WST on 27 September 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.

If you are a beneficial Shareholder 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.

By Order of the Board of Directors

John Ribbons
Company Secretary

Dated: 23 August 2011

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 the Company for use at the general meeting of Shareholders to be held on 29 September 2011 at 10.00 a.m. WST, and any adjournment thereof, at the place and for the purposes set forth in the accompanying notice of meeting attached hereto.

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 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.

Resolution 1 – Ratification of Allotment and Issue of Shares

Background

As announced on 18 November 2010, in December 2010 the Company completed an equity raising in Canada pursuant to a short form prospectus lodged with the Canadian securities regulatory authorities in preliminary form on 19 November 2010 and in final form evidencing the final pricing and terms of the Offering on 1 December 2010 (the "**Offering**").

The Offering was led by Paradigm Capital Inc. ("**Paradigm**") with a syndicate including Fraser Mackenzie Limited (collectively, the "**Agents**") pursuant to an Agency Agreement dated 30 November 2010.

Under to the Offering, the Company issued 110,000,000 units of the Company ("**Units**") at an effective price of C\$0.50 per Unit raising gross proceeds of C\$55,000,000. Each Unit consisted of one Share and one subscription receipt (a "**Subscription Receipt**"). Each Subscription Receipt entitled the holder thereof to acquire one Share upon satisfaction of certain release conditions. In the aggregate, the Company issued:

- (a) 110,000,000 Shares; and
- (b) 110,000,000 Subscription Receipts.

In addition, Paradigm exercised its over-allotment option to acquire an additional 33,000,000 Subscription Receipts for additional gross proceeds of C\$8,250,000.

All 143,000,000 Subscription Receipts were converted on a one Share per Subscription Receipt basis following Shareholder approval obtained for that conversion on 21 December 2010.

Including the proceeds from the exercise of the over-allotment option, the total gross proceeds of the Offering were C\$63,250,000.

The net proceeds from the Offering have been and will continue to be used to advance the district exploration program at the Company's 100% owned Yandera copper-molybdenum-gold deposit located in Madang Province, Papua New Guinea ("**Yandera Project**"), as well as for permitting and other pre-construction expenditures relating to the Yandera Project, and for general corporate and working capital purposes.

Ratification of issue of Shares

As set out above, Shareholder approval was obtained on 21 December 2010 for the conversion of the Subscription Receipts to Shares. However, Shareholders have not yet approved the issue of the 110,000,000 Shares issued under the Offering pursuant to Listing Rule 7.1 or Listing Rule 7.4.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 1 is required to be approved in accordance with Listing Rule 7.4 to ratify previous issues of Shares. The Company confirms that the allotment and issue of the Shares the subject of Resolution 1 did not breach Listing Rule 7.1.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Statement for that purpose:

- (a) 110,000,000 Shares were allotted and issued by the Company;
- (b) funds raised from the issue of Shares have been and will continue to be applied to advance the district exploration program at the Company's 100% owned Yandera copper-molybdenum-gold deposit located in Madang Province, Papua New Guinea ("Yandera Project"), as well as for permitting and other pre-construction expenditures relating to the Yandera Project, and for general corporate and working capital purposes;
- (c) the issue price per Share was C\$0.25;
- (d) the Shares were allotted to investors introduced by the Agents, all of whom are unrelated parties of the Company;
- (e) C\$27,500,000 (less costs) was raised from the issue of Shares;
- (f) the Shares rank equally with existing ordinary fully paid shares on issue in the Company; and
- (g) a voting exclusion statement is included in the Notice.

The Directors, who do not have a material interest in the outcome of Resolution 1, recommend Shareholders vote in favour of Resolution 1 as it will provide the Company with further flexibility should any Share issue be considered desirable or advisable in the next 12 months.

Resolution 2: Approval of the Marengo Mining Limited Performance Rights Plan

Introduction

The PRP is an incentive plan which is designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward. It was adopted by the Board on 23 June 2011.

The Company wishes to exempt issues of securities under the PRP from contributing towards the rolling annual limit of 15% of issued ordinary shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without shareholder approval. Shareholder approval of the PRP is sought under Listing Rule 7.2 Exception 9(b) whereby Shareholders may approve in advance the issue of securities made under an employee incentive scheme as an exception to the limit under Listing Rule 7.1.

Reasons for the PRP

To achieve its corporate objectives, the Company needs to attract and retain its key staff.

Your Board believes that grants made to eligible employees under the PRP ("**Eligible Employees**") will provide a powerful tool to underpin the Company's employment strategy and that the implementation of the PRP will:

- (a) enable the Company to recruit and retain talented people needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the PRP ("**Participants**") with those of Shareholders; and
- (d) provide incentives to Participants to focus on superior **performance** that creates Shareholder value.

Outline of the PRP

Participation

The Board may from time to time in its absolute discretion offer Performance Rights to full or part-time employees of the Company (including Directors) or its subsidiaries who are declared by the Board to be eligible to receive grants of Performance Rights under the PRP ("**Eligible Employees**") ("**Offer**").

Performance Rights granted under the PRP expire 5 years from the grant date.

Offers to participate

An Offer must set out the performance conditions to be met by the Eligible Employee ("**Performance Conditions**"), vesting, expiry and other similar terms attached to such Performance Rights. Unless the Board otherwise determines, no amount is payable on the grant of a Performance Right.

Rules of the PRP

Under the PRP, Performance Rights may be offered to Eligible Employees as determined by the Board. The vesting of Performance Rights will be subject to certain criteria. A copy of the rules of the PRP is annexed as Annexure A to this Explanatory Memorandum.

The following is a summary of the key terms of the PRP:

- (a) Participation: The Board retains complete discretion to make offers of Performance Rights to any Eligible Employee.
- (b) No Transfer: Except on the death of a Participant or permanent incapacitation of a Participant, Performance Rights may not be transferred except with the prior written consent of the Board, and will lapse immediately if transferred.
- (c) Vesting: Each Performance Right issued to a Participant will vest on the date specified in the invitation. The vesting of a Performance Right under the PRP is conditional on the satisfaction of the Performance Conditions attaching to the Performance Right. Notwithstanding the foregoing, and subject to the Listing Rules and the TSX Rules:
 - i) the Board may vest some or all of a Participant's Performance Rights even if a Performance Condition has not been satisfied, if the Board considers that to do so would be in the interests of the Company to do so; and
 - ii) the vesting of a Participant's Performance Rights may be subject to such further conditions as determined by the board of directors of the Company.

Performance Rights may also vest if:

- i) a takeover bid is made in respect of Shares; or
 - ii) if a Court orders a meeting to be held in relation to a merger by way of scheme of arrangement or any person becomes bound or entitled to acquire shares in the Company under sections 414 or 6A of the Corporations Act.
- (d) Lapse: An unvested Performance Right will lapse on the earliest to occur of:
- i) the Performance Right lapsing in accordance with a provision of the PRP;
 - ii) the applicable Performance Conditions (as defined in the PRP) not being achieved within any prescribed period; or
 - iii) any date set out in an invitation by which it is stated that the Performance Right will automatically lapse.
- (e) Maximum percentage of available securities to Insiders under all Share compensation arrangements. The aggregate number of Shares issuable to Insiders pursuant to the grant of Performance Rights under the PRP and any other share compensation arrangement shall not exceed 10% of the Shares then outstanding. Insiders shall not be issued, pursuant to the PRP and any other share compensation arrangement, within any one year period, securities convertible into a number of Shares which exceeds 10% of the Shares then outstanding.

- (f) Causes of Cessation of Entitlement. If a Participant ceases to be an employee of any the Company or its subsidiaries other than in those circumstances specifically referenced in rule 8.3 of the PRP, any Performance Rights granted to that Participant under the PRP will automatically lapse on the cessation of the Participant's employment.
- (f) 5% limit: The Board is not entitled to make an offer under the PRP if offers of Performance Rights (or other securities of the Company) under the PRP or under similar plans (excluding offers that do not require the use of a disclosure document) in the previous 5 years would exceed 5% of the issued capital in the Company.
- (g) Nature of Performance Rights: A Performance Right is a right to receive a Share on the terms set out in the PRP and the Offer. The Performance Conditions applicable to any performance period relating to Performance Rights shall be as set out in the Offer.
- (h) Amendment or termination of the PRP: The Board retains the discretion to amend the rules of the PRP or to suspend or terminate it at any time.
- (i) Amendments Without Shareholder Approval. The board of directors of the Company may amend the PRP at any time, provided that no such amendment may be made without obtaining any required regulatory approvals or require the approval of the shareholders of the Company pursuant to the PRP.
- (j) Amendments Requiring Shareholder Approval. The approval of Shareholders will be required for any amendment that:
 - (a) changes a Performance Condition of a Performance Right held by an Insider;
 - (b) extends the expiry date of any Performance Right held by an Insider;
 - (c) increases the number of Shares which may be issued upon vesting of Performance Rights granted under the Plan;
 - (d) allows a Participant to transfer Performance Rights other than where the transfer is effected by force of law on death or bankruptcy of the Participant to the Participant's legal personal representative or trustee in bankruptcy, as applicable;
 - (e) would have the potential to broaden or increase Insider participation in the Plan;
 - (f) extends the term of any outstanding Performance Right to a date beyond the latest vesting date currently stipulated in the Listing Rules or TSX Rules;
 - (g) increases in the maximum number of Shares permitted to be issued on the exercise of Performance Rights; or
 - (h) amends the amending provisions contained in the PRP.

Adoption of the PRP is subject to the prior approval of the TSX-V.

Listing Rule Requirements

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

- (a) a summary of the rules of the PRP is set out above;
- (b) this is the first approval sought under Listing Rule 7.2, Exception 9(b) with respect to the PRP; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 2.

Resolution 3 – Approval of Termination Benefit under Mr Leslie Emery's Employment Agreement

Background

The Company proposes to enter into a renewed Employment Agreement with Mr Leslie Emery (the terms of which are set out below) ("**Mr Emery's Agreement**").

Mr Emery is a founding Director having been employed as the Company's Managing Director since 23 April 2002. If Mr Emery's Agreement is terminated, in certain circumstances, the Company is required to pay to Mr Emery an amount, as liquidated damages and without deduction, equal to 3 years base salary which will include any payments in lieu of the minimum notice period required by law ("**Termination Payment**").

The Termination Payment is subject to any approvals required under the Listing Rules and the Corporations Act. Resolution 3 seeks this approval.

Mr Emery's Agreement

The material terms of Mr Emery's Agreement are as follows.

Remuneration

Mr Emery's base salary is \$493,993 per annum, plus superannuation. Mr Emery is also entitled to reimbursement of 75% of his telecommunication charges, and 100% of his mobile phone charges, and the provision of a fully maintained Company motor vehicle

Term and Termination

Mr Emery's Agreement is effective from the date that Shareholders approve the Termination Payment under this Resolution 3 and will continue until it is terminated in accordance with its terms .

The Company may terminate Mr Emery's employment for any reason upon providing 2 months notice to Mr Emery in writing. In this case, Mr Emery is entitled to be paid, as liquidated damages and without deduction, a termination benefit equal to 3 years base salary which will include any payments in lieu of the minimum notice period required by law (ie the Termination Payment).

Mr Emery may terminate his Agreement by giving 1 month's written notice to the Company if he:

- a) is demoted from his position without good cause; or
- b) is requested, without good cause, to assume responsibilities or perform tasks not reasonably consistent with his position.

In these circumstances, Mr Emery is entitled to be paid the Termination Benefit.

In addition, Mr Emery's employment may be terminated by the Company in writing effective immediately if Mr Emery is guilty of gross misconduct, convicted of a criminal offence, becomes bankrupt or insolvent or in a range of other circumstances. However, no termination benefit is due to be made to Mr Emery in this case.

Mr Emery may terminate his employment at any time by giving the Company 3 months notice in writing.

Listing Rule 10.19

Shareholder approval of the benefits that may become payable to Mr Emery pursuant to the Termination Payment is sought under Listing Rule 10.19.

Listing Rule 10.19 provides that without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the amount of the Termination Payment, and the equity interests of the Company at the time it may become payable, it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case such Termination Payment does exceed this 5% threshold.

Section 200E of the Corporations Act

Shareholder approval of the benefits that may become payable to Mr Emery pursuant to the Termination Payment is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a director in connection with the director's retirement or removal from office unless the company's shareholders approve that benefit under section 200E or unless the benefit falls within certain exceptions set out in the Corporations Act.

A payment will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the director's remuneration or if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services).

The amounts of the Termination Payment prescribed in Mr Emery's Agreement do not fall within any of the categories of exception set out in the Corporations Act and accordingly Shareholder approval is sought (see example below).

Section 200E of the Corporations Act requires that where shareholders are asked to approve a payment or other benefit to a director that would otherwise be prohibited by section 200B, shareholders must be given details of the amount of the payment, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount.

The amount of any payment or other benefit that may be made to Mr Emery in connection with his retirement or removal from office depends on both his remuneration, and the balance of the Term remaining, at the date of termination. However, an example is set out below:

Mr Emery's salary under his Agreement is \$493,993 per annum. Under Mr Emery's Agreement, the Termination Benefit payable to Mr Emery in the applicable circumstances set out above is equal to 3 years base salary which will include any payments in lieu of the minimum notice period required by law. Therefore the Termination Benefit payable to Mr Emery under his Agreement will be \$1,481,979.

Chapter 2E of the Corporations Act – Related Party Benefits

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Emery is a related party of the Company by virtue of section 228(2) of the Corporations Act and the Termination Payment would constitute the giving of a financial benefit. As none of the exceptions set out in the Corporations Act apply, any payment of the Termination Payment to Mr Emery requires Shareholder approval.

Information for Shareholders in respect of Chapter 2E

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve any proposed Termination Payment to Mr Emery under Resolution 3.

- a) **(Identity of the related party):** The related party of the Company to which a financial benefit may be given under Resolution 3 is Mr Leslie Emery, the Managing Director.
- b) **(Nature of the financial benefit):** The nature of the financial benefit to be given to Mr Emery is the payment of the Termination Payment.
- c) **(Reason and basis for giving the financial benefit):** The reasons for proposing the Termination Payment to Mr Emery is, as specified above, to provide liquidated damages to Mr Emery where his employment is terminated without cause or where Mr Emery is demoted from his position without good cause or is requested, without good cause to assume responsibilities or perform tasks not reasonably consistent with his position. The independent Directors determine that the Termination Payment is appropriate in all the circumstances for the reasons set out below.
- d) **(Value of the financial benefit):** \$1,481,979.
- e) **(Advantages and disadvantages of Shareholders approving Resolution 3):**

The Board considers the advantages for Shareholders of approving Resolution 3 are as follows:

The passing of Resolution 3 will:

- 1) recognise Mr Emery's involvement and assistance in;
 - i. identifying the opportunity and negotiating the Company's entry into the Yandera Project; and

- ii. initiating and negotiating the arrangements between the Company and China Nonferrous Metals.
- 2) be evidence that the Company and its Shareholders will honour, and give effect to, arrangements made in good faith by the Board; and
- 3) indicate that the Company will give due consideration to providing fair and just remuneration and compensation for services, assistance and acts benefiting the Company.

The Board considers the disadvantages for Shareholders of approving Resolution 3 are as follows.

The issue of the Termination Payment would:

- 1) decrease cash resources by \$1,481,979;
- f) **(Related Party's existing interests):** Details regarding the securities in the Company in which Mr Emery currently holds an interest and the current voting power of Mr Emery as at the date of this Notice, are set out below.

	Shares	Options	Voting Power
Leslie Emery	5,935,000	1,500,000	0.6%

- g) **(Trading history)** The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 10 August 2011:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price (cents) / Date
43.0 / 30 December 2010	8.6 / 25 August 2010	20.5 / 10 August 2011

- h) **(Other Information)** Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by proposed Resolution 3.

Interests of Directors and Directors' recommendation

Mr John Horan, Dr Douglas Dunnet, Mr John Hick, Ms Elizabeth Martin, Sir Rabbie Namaliu and Ms Susanne Sesselmann are independent Directors for the purposes of Resolution 3 as they do not have a material personal interest in the outcome of that Resolution. Each of them approved the proposal to put Resolution 3 to Shareholders and recommend that Shareholders vote in favour of Resolution 3 because the Board has formed the view that the circumstances in which the Termination Payment is to be made to Mr Emery and the amount of the payment is appropriate because it represents liquidated damages payable to Mr Emery where his employment is terminated without cause prior to the expiry of the Term. The Board is also of the opinion that the Termination Payment is not excessive or unusual for an executive of the calibre of Mr Emery and his term of service with the Company.

As noted above, Mr Emery is a founding Director having been employed as its Managing Director since 23 April 2002.

Mr Leslie Emery has a material personal interest in the outcome of Resolution 3 and has abstained from any deliberation and voting or making a recommendation in relation to the Resolution 3.

Resolution 4 – Approval of Termination Benefit under Consultancy Agreement

Background

On 29 May 2002 the Company entered into an Consultancy Agreement with Adelaide Resources Pty Ltd, a Company associated with Mr John Horan (the terms of which are set out below) ("**Mr Horan's Agreement**").

Mr Horan is a founding Director having been engaged as its Chairman since 23 April 2002.

Mr Horan's Agreement was originally for a period of 2 years from the date the Company listed on ASX. Since the expiration of that initial term, Mr Horan's Agreement was extended several times, most recently to 1 September 2013.

If Mr Horan's Agreement is terminated, in certain circumstances, the Company is required to pay to Mr Horan an amount equivalent to the amount which Mr Horan would have received had his Agreement continued until the expiration of the term as extended in accordance with the terms of Mr Horan's Agreement ("**Termination Payment**").

Shareholder approval is sought for Resolution 4 pursuant to Listing Rule 10.19 and section 200E of the Corporations Act to ensure that the thresholds prescribed by that Listing Rule and that section are not exceeded.

Mr Horan's Agreement

The material terms of Mr Horan's Agreement are as follows.

Remuneration

Mr Horan's fee is \$105,000 per annum. Mr Horan is also entitled to reimbursement of any GST that may be applicable to Mr Horan providing the services specified under the Agreement.

Term and Termination

Mr Horan's Agreement was effective from the date that the Company listed on ASX and was initially for a term of 2 years. As set out above, Mr Horan's Agreement was extended several times, most recently to 1 September 2013.

Mr Horan may terminate his Consultancy Agreement by giving 3 months written notice to the Company. Mr Horan may also terminate his Agreement by giving 28 days written notice if the Company fails to pay moneys due or payable to Mr Horan for 14 days after demanding in writing to pay such moneys.

The Company may terminate Mr Horan's Consultancy Agreement without liability to the Company except for that which may have accrued up until the date of notice in certain circumstances including if Mr Horan is guilty of personal misconduct or if he is convicted of a criminal offence.

The Company may also terminate Mr Horan's Consultancy Agreement by giving 1 month's written notice and by paying to Mr Horan an amount equivalent to the amount which Mr Horan would have received had his Agreement continued until the expiration of the term as extended in accordance with its terms (ie the Termination Payment).

Mr Horan's fee under his Agreement is \$105,000 per annum plus GST. If Mr Horan's Agreement is terminated on 1 September 2011 pursuant to the applicable circumstances set out above, Mr Horan will be entitled to a termination benefit of \$210,000 which is the amount Mr Horan would have received had his Agreement continued until the expiration of the term as extended in accordance with the terms of Mr Horan's Agreement.

Listing Rule 10.19

Please refer to Resolution 3 for details regarding Listing Rule 10.19.

Section 200E of the Corporations Act

Please refer to Resolution 3 for details regarding section 200E of the Corporations Act.

Chapter 2E of the Corporations Act – Related Party Benefits

Please refer to Resolution 3 for details regarding Chapter 2E of the Corporations Act.

Information for Shareholders in respect of Chapter 2E

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve any proposed Termination Payment to Mr Horan under Resolution 4.

- a) (**Identity of the related party**): The related party of the Company to which a financial benefit may be given under Resolution 4 is Mr John Horan, a Director.

- b) **(Nature of the financial benefit):** The nature of the financial benefit to be given to Mr Horan is the payment of the Termination Payment.
- c) **(Reason and basis for giving the financial benefit):** The reasons for proposing the Termination Payment to Mr Horan is appropriate considering the term of service to the Company. The independent Directors determine that the Termination Payment is appropriate in all the circumstances for the reasons set out below.
- d) **(Value of the financial benefit):** If Mr Horan's Agreement is terminated on 1 September 2011 in the applicable circumstances set out above, Mr Horan will be entitled to a termination benefit of \$210,000.

e) **(Advantages and disadvantages of Shareholders approving Resolution 4):**

The Board considers the advantages for Shareholders of approving Resolution 4 are as follows:

The passing of Resolution 4 will:

- 1) recognise Mr Horan's role as Chairman;
- 2) be evidence that the Company and its Shareholders will honour, and give effect to, arrangements made in good faith by the Board;
- 3) indicate that the Company will give due consideration to providing fair and just remuneration and compensation for services, assistance and acts benefiting the Company; and

The Board considers the disadvantages for Shareholders of approving Resolution 4 are as follows.

The issue of the Termination Payment would:

- 1) decrease cash resources by \$210,000 if Mr Horan's Agreement is terminated on 1 September 2011 in the applicable circumstances;
- f) **(Related Party's existing interests):** Details regarding the securities in the Company in which Mr Horan currently holds an interest and the current voting power of Mr Horan as at the date of this Notice, are set out below.

	Shares	Options	Voting Power
John Horan	1,360,000	1,250,000	0.1%

- g) **(Trading history)** The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 10 August 2011:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
43.0 / 30 December 2010	8.6 / 25 August 2010	20.5 / 10 August 2011

- h) **(Other Information)** Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by proposed Resolution 4.

Interests of Directors and Directors' recommendation

Mr Leslie Emery, Dr Douglas Dunnet, Mr John Hick, Ms Elizabeth Martin, Sir Rabbie Namaliu and Ms Susanne Sesselmann are independent Directors for the purposes of Resolution 4 as they do not have a material personal interest in the outcome of that Resolution. Each of them approved the proposal to put Resolution 4 to Shareholders and recommend that Shareholders vote in favour of Resolution 4 because the Board has formed the view that the circumstances in which the Termination Payment is to be made to Mr Horan and the amount of the payment is appropriate because it represents liquidated damages payable to Mr Horan where his employment is terminated without

cause prior to the expiry of the Term. The Board is also of the opinion that the Termination Payment is not excessive or unusual for a non executive Chairman of the calibre of Mr Horan.

As noted above, Mr Horan is a founding Director having been employed as its Chairman since 29 May 2002.

Mr John Horan has a material personal interest in the outcome of Resolution 4 and has abstained from any deliberation and voting or making a recommendation in relation to the Resolution 4.

Resolutions 5 to 11 – Approval of the grant of Performance Rights to the Directors

The Performance Rights

Pursuant to the PRP described above, the Company proposes to issue the following Performance Rights to each of the Directors:

- a) 750,000 Performance Rights to Mr Leslie Emery (or a nominee);
- b) 500,000 Performance Rights to Mr John Horan (or a nominee);
- c) 500,000 Performance Rights to Dr Douglas Dunnet (or a nominee);
- d) 500,000 Performance Rights to Mr John Hick (or a nominee);
- e) 500,000 Performance Rights to Ms Elizabeth Martin (or a nominee);
- f) 500,000 Performance Rights to Sir Rabbie Namaliu (or a nominee); and
- g) 500,000 Performance Rights to Ms Susanne Sesselman (or a nominee).

The Directors face considerable ongoing responsibilities and challenges in their roles within the Company. The grant of these Performance Rights will provide a long term incentive for outstanding performance and promote their opportunities for Share ownership in the Company.

The Performance Rights will be granted as soon as possible following the Meeting and will vest if:

- a) the Company obtains a market capitalisation of \$400,000,000; or
- b) a decision to mine is made.

Subject to achievement of either one of these Performance Conditions, one Share will be issued for each Performance Right that has vested.

Chapter 2E of the Corporations Act – Related Party Transactions

The issue of Performance Rights to the Directors constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act.

Please refer to Resolution 3 for details regarding Chapter 2E of the Corporations Act.

Information for Shareholders in respect of Chapter 2E

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the grant of the Performance Rights to the Directors under Resolutions 5 to 11.

- a) **(Identity of the related party):** The related parties of the Company to which a financial benefit may be given under Resolutions 5 to 11 are:
 - 1) Mr Leslie Emery;
 - 2) Mr John Horan;
 - 3) Dr Douglas Dunnet;
 - 4) Mr John Hick;
 - 5) Ms Elizabeth Martin;
 - 6) Sir Rabbie Namaliu; and
 - 7) Ms Susanne Sesselman,

each a Director.

- b) **(Nature of the financial benefit):** The financial benefits to be provided to each Director under Resolutions 5 to 11 are Performance Rights. A copy of the rules of the PRP is annexed as Annexure

A. None of the Directors will be required to make any payment for the grant of the Performance Rights or on the exercise of a vested Performance Right. The maximum number of Performance Rights that could vest, and hence be exercised by the Directors under Resolutions 5 to 11, are as follows:

- 1) Mr Leslie Emery – 750,000 Performance Rights;
- 2) Mr John Horan – 500,000 Performance Rights;
- 3) Dr Douglas Dunnet – 500,000 Performance Rights;
- 4) Mr John Hick – 500,000 Performance Rights;
- 5) Ms Elizabeth Martin – 500,000 Performance Rights;
- 6) Sir Rabbie Namaliu – 500,000 Performance Rights; and
- 7) Ms Susanne Sesselman – 500,000 Performance Rights.

c) **(Directors recommendations to members and reasons):**

- 1) Resolution 5 – Mr Horan, Dr Dunnet, Mr Hick, Ms Martin, Sir Namaliu and Ms Sesselman (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5 as they believe the granting of these Performance Rights to Mr Leslie Emery will align his rewards with the long-term creation of value for Shareholders. Mr Leslie Emery has a material personal interest in the outcome of Resolution 5 and has abstained from any deliberation and voting or making a recommendation in relation to Resolution 5.
- 2) Resolution 6 – Mr Emery, Dr Dunnet, Mr Hick, Ms Martin, Sir Namaliu and Ms Sesselman (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6 as they believe the granting of these Performance Rights to Mr John Horan will align his rewards with the long-term creation of value for Shareholders. Mr John Horan has a material personal interest in the outcome of Resolution 6 and has abstained from any deliberation and voting or making a recommendation in relation to Resolution 6.
- 3) Resolution 7 – Mr Emery, Mr Horan, Mr Hick, Ms Martin, Sir Namaliu and Ms Sesselman (who have no interest in the outcome of Resolution 7) recommend that Shareholders vote in favour of Resolution 7 as they believe the granting of these Performance Rights to Dr Douglas Dunnet will align his rewards with the long-term creation of value for Shareholders. Dr Douglas Dunnet has a material personal interest in the outcome of Resolution 7 and has abstained from any deliberation and voting or making a recommendation in relation to Resolution 7.
- 4) Resolution 8 – Mr Emery, Mr Horan, Dr Dunnet, Ms Martin, Sir Namaliu and Ms Sesselman (who have no interest in the outcome of Resolution 8) recommend that Shareholders vote in favour of Resolution 8 as they believe the granting of these Performance Rights to Mr John Hick will align his rewards with the long-term creation of value for Shareholders. Mr John Hick has a material personal interest in the outcome of Resolution 8 and has abstained from any deliberation and voting or making a recommendation in relation to Resolution 8.
- 5) Resolution 9 – Mr Emery, Mr Horan, Dr Dunnet, Mr Hick, Sir Namaliu and Ms Sesselman (who have no interest in the outcome of Resolution 9) recommend that Shareholders vote in favour of Resolution 9 as they believe the granting of these Performance Rights to Ms Elizabeth Martin will align her rewards with the long-term creation of value for Shareholders. Ms Elizabeth Martin has a material personal interest in the outcome of Resolution 9 and has abstained from any deliberation and voting or making a recommendation in relation to Resolution 9.
- 6) Resolution 10 - Mr Emery, Mr Horan, Dr Dunnet, Mr Hick, Ms Martin and Ms Sesselman (who have no interest in the outcome of Resolution 10) recommend that Shareholders vote in favour of Resolution 10 as they believe the granting of these Performance Rights to Sir Rabbie Namaliu will align his rewards with the long-term creation of value for Shareholders. Sir Rabbie Namaliu has a material personal interest in the outcome of Resolution 10 and has abstained from any deliberation and voting or making a recommendation in relation to the Resolution 10.

- 7) Resolution 11 - Mr Emery, Mr Horan, Dr Dunnet, Mr Hick, Ms Martin and Sir Namaliu (who have no interest in the outcome of Resolution 11) recommend that Shareholders vote in favour of Resolution 11 as they believe the granting of these Performance Rights to Ms Susanne Sesselman will align her rewards with the long-term creation of value for Shareholders. Ms Susanne Sesselman has a material personal interest in the outcome of Resolution 11 and has abstained from any deliberation and voting or making a recommendation in relation to the Resolution 11.

d) **(Directors' interests in the outcome of the Resolutions):**

- 1) If Resolution 5 is passed, Mr Leslie Emery will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights. None of the other Directors (other than Mr Leslie Emery) have a relevant interest in the outcome of Resolution 5.
- 2) If Resolution 6 is passed, Mr John Horan will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights. None of the other Directors (other than Mr John Horan) have a relevant interest in the outcome of Resolution 6.
- 3) If Resolution 7 is passed, Dr Douglas Dunnet will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights. None of the other Directors (other than Dr Douglas Dunnet) have a relevant interest in the outcome of Resolution 7.
- 4) If Resolution 8 is passed, Mr John Hick will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights. None of the other Directors (other than Mr John Hick) have a relevant interest in the outcome of Resolution 8.
- 5) If Resolution 9 is passed, Ms Elizabeth Martin will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights. None of the other Directors (other than Ms Elizabeth Martin) have a relevant interest in the outcome of Resolution 9.
- 6) If Resolution 10 is passed, Sir Rabbie Namaliu will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights. None of the other Directors (other than Sir Rabbie Namaliu) have a relevant interest in the outcome of Resolution 10.
- 7) If Resolution 11 is passed, Ms Susanne Sesselmann will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights. None of the other Directors (other than Ms Susanne Sesselman) have a relevant interest in the outcome of Resolution 11.

e) **(Value of the financial benefit):**

Details	Input
*Share price	\$0.205
Conversion Price	Nil
Risk Free Rate (RBA Cash Rate)	4.75%
Volatility (Annualised)	104.83%
Start Date	29 September 2011
Expiry Date	29 September 2015
Value per Performance Right	\$0.205

* Based on 5 day VWAP of the fully paid ordinary shares 5 days prior to the date of this Notice, being 10 August 2011.

Director	Number of Performance Rights	Value as determined by Black-Scholes valuation
Mr Leslie Emery	750,000	\$153,750
Mr John Horan	500,000	\$102,500
Dr Douglas Dunnet	500,000	\$102,500
Mr John Hick	500,000	\$102,500
Ms Elizabeth Martin	500,000	\$102,500
Sir Rabbie Namaliu	500,00	\$102,500
Ms Susanne Sesselmann	500,00	\$102,500

f) **(Other remuneration currently provided to the Directors):** The Directors' base salaries per annum are as follows:

Director	Salary and Fees (\$)	Superannuation (\$)	Other (\$)
Mr Leslie Emery	493,993	44,459	18,500
Mr John Horan	105,000	-	-
Dr Douglas Dunnet	57,798	5,202	-
Mr John Hick	63,000	-	-
Ms Elizabeth Martin	63,000	-	-
Sir Rabbie Namaliu	63,000	-	-
Ms Susanne Sesselmann	63,000	-	-

g) **(Current holdings in the Company's securities):**

Directors	Shares	Options
Mr Leslie Emery	5,935,000	1,500,000
Mr John Horan	1,360,000	1,250,000
Dr Douglas Dunnet	278,967	500,000
Mr John Hick	-	500,000
Ms Elizabeth Martin	-	500,000
Sir Rabbie Namaliu	210,200	1,000,000
Ms Susanne Sesselmann	184,000	500,000

- h) **(Other Information)** Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by proposed Resolutions 5 to 11.

Listing Rule 10.14

Listing Rule 10.14 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires Shareholders to approve the issue of Performance Rights under the PRP to Mr Leslie Emery, Mr John Horan, Dr Douglas Dunnet, Mr John Hick, Ms Elizabeth Martin, Sir Rabbie Namaliu and Ms Susanne Sesselmann.

For the purposes of Listing Rule 10.15A, the following information is provided to Shareholders with respect to Resolutions 5 to 11:

- a) the Performance Rights will be granted to each of the Directors, or their nominees, as noted above;
- b) the maximum number of Performance Rights to be granted is 3,750,000;
- c) the Performance Rights will be granted for no consideration. In addition, once vested, the Performance Rights become immediately exercisable. Following exercise of the Performance Rights, the Company must issue the Shares. The Shares will be for no consideration;
- d) no funds will be raised by the grant of the Performance Rights;
- e) all Directors, or their permitted nominees, are entitled to participate in the PRP;
- f) no Directors, or their permitted nominees, have received any Performance Rights under the PRP;
- g) details of the Performance Rights issued under the PRP will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued and that approval for the issue of Performance Rights was obtained under Listing Rule 10.14;
- h) no loan will be offered to any of the Directors in relation to the acquisition of the Performance Rights or any Shares resultant from the exercise of the Performance Rights;
- i) any persons who become entitled to participate in the PRP after this Resolution is approved and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14; and
- j) the Performance Rights will be issued as soon as practicable after the Meeting, but in any event no later than 3 years after the Meeting.

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

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 **Level 1, 9 Havelock Street, West Perth, Western Australia**, on **29 September 2011** at **10.00 a.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 **10.00a.m.** WST on **27 September 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 1, 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 **10:00 a.m.** WST on **27 September 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 8 August 2011 995,568,613 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 **31 August 2011** as the record date for determining the Shareholders of the Company entitled to receive the Notice of Meeting and **10.00 a.m.** (WST) on **27 September 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.	196,595,080	26.61%
Quantum Partners LDC	146,855,934	19.88%

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.

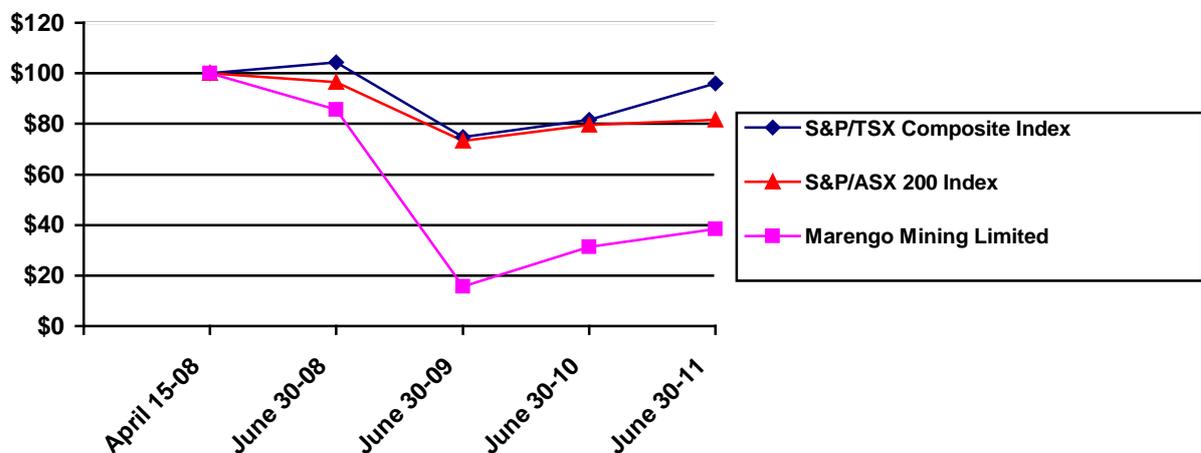
Bonuses are used to reward executive officers for achieving certain objectives. The Company's performance and the performance of the individual during the period is considered in determining whether a bonus will be paid and if so, the amount of the bonus.

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 unaudited compensation of the Named Executive Officers for the financial year ended June 30, 2011 and audited information for financial years ended June 30, 2010 and June 30, 2009.

<u>Name and Principal Position</u>	<u>Financial Year</u>	<u>Salary</u>	<u>Share-based awards</u>	<u>Option-based awards</u>	<u>Non-equity incentive plan compensation</u>		<u>Pension value</u>	<u>All Other Compensation</u>	<u>Total Compensation</u>
					<u>Annual incentive plans</u>	<u>Long-term incentive plans</u>			
		(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>	<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 share or units of shares that have not vested</u> (#)	<u>Market or payout value of share-based awards that have not vested</u> (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>	<u>Option-based awards – Value vested during the year</u> (A\$)	<u>Share-based awards – Value vested during the year</u> (A\$)	<u>Non-equity incentive plan compensation – Value earned during the year</u> (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 from 31 August 2011 to 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 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.

At the Meeting, Shareholders will be asked to approve certain changes to the Emery Agreement. Please refer to the section on "Resolution 3 – Approval of Termination Benefit under Mr Leslie Emery's Employment Agreement" in this Explanatory Statement and Management Information Circular for more information about the proposed changes to the Emery Agreement.

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 share 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	—	—	—
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>	<u>Option-based awards – Value vested during the year</u> (A\$)	<u>Share-based awards – Value vested during the year</u> (A\$)	<u>Non-equity incentive plan compensation – Value earned during the year</u> (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	4,400,000	\$0.25546	45,353,431
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,400,000	\$0.25546	45,353,431

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. Stantons International was first appointed as auditor of the Company on 23 April 2002.

Additional Information

Financial information is provided in the Company's annual audited financial statements and any interim financial statements submitted subsequent to the filing of the most recent annual financial statements and the Management's Discussion and Analysis ("MD&A") included in those statements.

Copies of these 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 (including the financial statements and MD&A referred to above) 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: August 23, 2011

Annexure A

Performance Rights Plan Rules

Marengo Mining Limited
ACN 099 496 474

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1. Definitions and Interpretations

1.1 Definitions

In this Plan, unless the context otherwise requires:

Applicable Laws means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the ASX Listing Rules;
- (c) the TSX Rules;
- (d) the constitution of the Company;
- (e) Taxation Laws;
- (f) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), (c) (d) and (e) above; and
- (g) any other legal requirement that applies to the Plan.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

ASIC Class Order has the meaning given to it in rule 6.

ASX Listing Rules means the official Listing Rules of the ASX, as they apply to the Company from time to time.

Board means the Board of the Directors of the Company, a committee appointed by such board of Directors or any person or body to which the Board has delegated powers under this Plan.

Company means Marengo Mining Limited ACN 099 496 474.

Corporations Act means the Corporations Act 2001 (Cth) as amended from time to time.

Director has the meaning given in section 9 of the Corporations Act.

Eligible Employee means a full or part-time employee (including a Director of the Company) of a Group Company who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.

Expiry Date means, in relation to a Performance Right, the date determined by the Board prior to the offer of the relevant Performance Right, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Grant Date.

Grant Date, in relation to a Performance Right, means the date from which the Performance Right takes effect.

Group Company means the Company, its Subsidiaries and any other entity declared by the Board to be a member of the group for the purposes of the Plan.

Insider has the meaning given in the TSX Rules.

Participant means a person who has been granted a Performance Right under the Plan.

Performance Condition means one or more conditions which must be satisfied or circumstances which must exist before a Performance Right can vest.

Performance Right means a right to acquire a Share in the manner set out in this Plan.

Plan means the Marengo Mining Limited Performance Rights Plan as set out in these rules, subject to any amendments or additions made under rule 11.

Restricted Shares has the meaning given to it in rule 9.1.

Restriction Period has the meaning given to it in rule 9.1.

Securities has the meaning given in the ASX Listing Rules (except where otherwise specified in these rules).

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

Subsidiary has the meaning given in section 9 of the Corporations Act.

Takeover Bid has the meaning given in section 9 of the Corporations Act.

Taxation Laws means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth), each as amended from time to time.

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.

1.2 Interpretation

In this Plan, headings are for convenience only and do not affect the interpretation of the Plan and, unless the context otherwise requires:

- (a) any words importing the singular include the plural and vice versa;
- (b) any words importing a gender include any gender;
- (c) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamation, ordinances and by-laws issued under that statute;
- (d) a reference to the ASX Listing Rules or the TSX Rules includes any variation, consolidation or replacement of those rules (as applicable) and is to be taken to be subject to any waiver or exemption granted to the Company from compliance with those rules;
- (e) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings; and
- (f) a reference in the Plan to a party to a document includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation.

2. Invitation to Participate

2.1 The Board may issue invitations to Eligible Employees

- (a) The Board may from time to time, in its absolute discretion, issue invitations in writing (in such form as the Board decides) to Eligible Employees inviting applications for the grant of Performance Rights on the terms set out in the Plan and on such additional terms and Performance Conditions as the Board determines (which may include granting the Performance Rights in tranches) for up to the number of Performance Rights specified in the invitation.
- (b) Unless the Board otherwise determines, no amount is payable by an Eligible Employee in relation to the grant of a Performance Right or on vesting of a Performance Right.

2.2 Number of Performance Rights

The number of Performance Rights specified in each invitation will be determined by the Board in its absolute discretion.

2.3 Information in Invitation

The Board will advise each Eligible Employee who is issued an invitation of the following information relevant to the Performance Rights that may be granted under the Plan pursuant to that invitation:

- (a) the number of Performance Rights which may be granted (each Performance Right entitling its holder to one Share on that Performance Right vesting);
- (b) the date and time by which the application for Performance Rights must be received by the Company;
- (c) the date on which, subject to these rules, the Performance Rights will vest (in accordance with rule 5);
- (d) any applicable Performance Conditions attaching to the Performance Rights;
- (e) the Expiry Date and
- (f) any other relevant conditions to be attached to the Performance Rights or Shares (including, for example, any restrictions on transfer of the Shares).

3. Applications For Performance Rights

3.1 Eligible Employee may apply for Performance Rights

Following receipt of an invitation, application for the Performance Rights specified in that invitation may be made by the Eligible Employee.

3.2 Application for number of Performance Rights specified in invitation

The Eligible Employee may apply for up to the number of Performance Rights specified in the invitation by sending to the person nominated by the Company an application (in the form included with the invitation) duly completed and signed, which must include an agreement by the Eligible Employee to be bound by these rules.

3.3 When Company must receive application

The application must be received by the Company within the period for acceptance specified in the invitation, unless otherwise determined by the Board.

4. Grant of Performance Rights

4.1 Company to grant or procure grant of Performance Rights

On acceptance of a duly signed and completed application for Performance Rights, the Company may grant Performance Rights to the Eligible Employee, with effect from such dates as the Board determines or as may be determined in accordance with a resolution of the Board, on the terms set out in the Plan and additional terms as the Board determines.

4.2 Performance Rights are not transferable

- (a) Subject to rule 4.2(b), a Performance Right granted under the Plan is not capable of being transferred by the Participant, except with prior written consent of the Board, and will lapse immediately if it is transferred.
- (b) Rule 4.2(a) will not apply to the transmission of Performance Rights to a legal personal representative of a Participant following the Participant's death.

5. Grant of Performance Rights to Insiders

The aggregate of either:

- (a) the number of Shares issuable to Insiders pursuant to the grant of Performance Rights or pursuant to grants under any of the Company's other security based compensation arrangements; and
- (b) the number of Shares issued to Insiders pursuant to the grant of Performance Rights or pursuant to grants under any of the Company's other security based compensation arrangements, within any one year period,

may not exceed 10% of the Company's issued and outstanding Shares.

6. Limit on grant of Performance Rights

6.1 5% limit

The number of Shares to be issued on exercise of the Performance Rights when aggregated with:

- (a) the number of Shares which would be issued were each outstanding invitation, Performance Right or option, being an invitation made or Performance Rights or options granted pursuant to the Plan or any other employee incentive scheme extended only to employees or Directors of the Company, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee incentive scheme extended only to employees or Directors of the Company;

but disregarding any invitation made, or Performance Rights or options acquired or Share issued by way of or as a result of:

- (a) an offer to a person situated at the time of receipt of the offer outside Australia; or
- (b) an "excluded offer" or "excluded invitation" (each as defined in the Corporations Law as in force prior to the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999 (Cth));
- (c) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or

- (d) an offer made under a disclosure document, must not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the invitation.

7. Overriding restrictions on grant and upon vesting

Notwithstanding any provision of these rules or the terms of any Performance Right, no Performance Rights may be offered or may vest if to do so would contravene:

- (a) the Corporations Act, the ASX Listing Rules or the TSX Rules; or
- (b) the local laws or customs of an Eligible Employee's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

8. Lapse of a Performance Right

8.1 Vesting

- (a) Subject to these rules, each Performance Right issued to a Participant will vest on the date specified in the invitation.
- (b) The vesting of a Performance Right under this rule 8.1(a) is conditional on the satisfaction of the Performance Conditions attaching to the Performance Right.
- (c) Notwithstanding rule 8.1(b) and subject to the ASX Listing Rules and the TSX Rules:
 - (i) the Board may vest some or all of a Participant's Performance Rights even if a Performance Condition has not been satisfied, if the Board considers that to do so would be in the interests of the Company to do so; and
 - (ii) the vesting of a Participant's Performance Rights may be subject to such further conditions as determined by the Board.

8.2 Lapse of a Performance Right

An unvested Performance Right will lapse on the earliest to occur of:

- (a) the Performance Right lapsing in accordance with a provision of this rule 8;
- (b) the Performance Right lapsing in accordance with rule 4.2(a);
- (c) the applicable Performance Conditions not being achieved within any prescribed period;
- (d) the Expiry Date; or
- (e) any date set out in an invitation by which it is stated that the Performance Right will automatically lapse.

8.3 Vesting in specific circumstances

Where a Participant ceases to be an employee of any Group Company in any of the circumstances referred to below and at that time the Participant continues to satisfy all Performance Conditions, the Board may determine that any Performance Rights granted under the Plan vest during such period whether or not the date for vesting has been attained. If no determination is made by the Board within 6 months of the Participant ceasing to be an employee, all Performance Rights held by a Participant will automatically lapse. The circumstances are:

- (a) total and permanent disability
- (b) death; and
- (c) such other circumstances as the Board may determine.

8.4 Performance Rights lapse if cease to be an employee

- (a) Subject to this rule 8.4(b), if a Participant ceases to be an employee of any Group Company in circumstances other than those referred to in rule 8.3, any Performance Rights granted to the Participant under the Plan will automatically lapse on the cessation of the Participant's employment.
- (b) A Participant will not be treated for the purposes of rule 8.4(a) as ceasing to be an employee of a Group Company until such time as the Participant is no longer an employee of any of the Group Companies.

8.5 Performance Rights lapse on a winding up

If a resolution is passed to wind up the Company, the Performance Rights lapse automatically on the passing of the resolution.

8.6 Fraudulent or dishonest actions

Where, in the opinion of the Board, a Participant acts fraudulently or dishonestly or is in breach of his or her obligations to any Group Company then the Board may deem any unvested Performance Rights of the Participant to have lapsed.

8.7 Performance Rights may be cancelled if Participant consents

Notwithstanding any other provisions of the Plan, and subject to the ASX Listing Rules and the TSX Rules, if a Participant and the Board have agreed in writing that some or all of the unvested Performance Rights granted to that Participant may be cancelled on a specified date or on the occurrence of a particular event, then the Board may cancel those Performance Rights on the relevant date or on the occurrence of the particular event (as the case may be).

8.8 Vesting procedure

- (a) Subject to these rules, each Performance Right entitles the Participant to one Share upon vesting.
- (b) Upon the vesting of Performance Rights, the Participant becomes entitled to be issued, transferred or allocated the relevant Shares not later than 21 days after the date of vesting pursuant to the provisions of rule 8.8(c).
- (c) Within 21 days after a Performance Right under the Plan has vested, the Board must issue to or procure the transfer to the Participant or his or her personal representative (as the case may be) of one Share in respect of each Performance Right of the Participant which has vested, provided that the Company will not be entitled to issue Shares to Directors of the Company without any shareholder approval that may be required under the ASX Listing Rules or the TSX Rules first being obtained.
- (d) All Shares issued, acquired or allocated on the vesting of Performance Rights (as the case may be) under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue, acquired or allocated except:
 - (i) as regards any rights attaching to the Shares by reference to a record date prior to the date of their issue, acquisition or allocation; or

- (ii) in respect of any restrictions on disposal or otherwise dealing in the Shares determined pursuant to rule 9.1.
- (e) The Company and any person nominated by the Company from time to time are irrevocably appointed jointly and severally by each Participant as attorney to do all things necessary considered by the Company appropriate to effect a transfer, issue or allocation of Shares upon vesting of a Performance Right, including agreeing to become a member of the Company on the Participant's behalf.

8.9 Quotation of Performance Rights

Performance Rights will not be quoted on ASX, the TSX or any other securities exchange.

8.10 Shares to be quoted on ASX and TSX

If Shares of the same class as those issued, acquired or allocated (as the case may be) under the Plan are quoted by the ASX or the TSX, the Company will apply to the ASX or the TSX (as applicable) within the period required by ASX or the TSX Rules (as applicable) for those Shares to be quoted.

8.11 Takeover

- (a) In the event of a Takeover Bid, any Performance Rights granted will vest where, in the Board's absolute discretion, the Performance Conditions applicable to those Performance Rights have been satisfied on a pro rata basis over the period from the Grant Date to the date of the Takeover Bid.
- (b) Any Performance Right referred to in rule 8.11(a) which the Board determines will not vest will automatically lapse, unless the Board determines otherwise.

8.12 Takeover, compromise or arrangement

- (a) The Board may, in its absolute discretion, vest all or a specified number of a Participant's Performance Rights where the Board is satisfied that the Performance Conditions applicable to those Performance Rights have been satisfied on a pro rata basis over the period from the Grant Date to the date where:
 - (i) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
 - (ii) any person becomes bound or entitled to acquire Shares in the Company under:
 - (A) section 414 of the Corporations Act (upon a scheme of arrangement being approved); or
 - (B) Chapter 6A of the Corporations Act (compulsory acquisition following a Takeover Bid).
- (b) If no determination is made under rule 8.11(a) or if the Board determines that some or all of a Participant's Performance Rights shall not vest, those Performance Rights will automatically lapse, unless the Board determines otherwise.

9. Restriction on disposal of Shares

9.1 Restriction Period

Where the Board issues an invitation to an Eligible Employee inviting an application for the grant of Performance Rights, the Board may, in its discretion, determine that a restriction period will apply to some or all of the Shares issued or transferred to a Participant, following vesting of their Performance Rights (**Restricted Shares**) (**Restriction Period**).

9.2 Waiver of restriction period

The Board may, in its sole discretion, having regard to the circumstances at the time, waive a Restriction Period determined pursuant to rule 9.1.

9.3 No disposal of Shares while restricted

A Participant must not dispose of or otherwise deal with any Shares issued, transferred to the Participant under the Plan while they are Restricted Shares.

9.4 Enforcement of Restriction Period

The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Restricted Shares issued for as long as those Shares are Restricted Shares.

9.5 Lapse of restrictions attaching to Shares

When a Share ceases to be a Restricted Share, all restrictions on disposing of or otherwise dealing or purporting to deal with that Share provided in or under these rules will cease.

10. Bonus issues and reconstructions

10.1 Bonus issue

- (a) If Securities are issued by way of a “bonus issue” (as that term is defined in the ASX Listing Rules) to the holders of Shares, a Participant is entitled, upon vesting of a Performance Right, to receive in addition to the Share in respect of which the Performance Right vests and without the payment of any further consideration, the number of Securities which the Participant would have received if the Performance Right had vested before the record date for the bonus issue.
- (b) Any additional Securities to which a Participant becomes entitled under rule 10.1(a) will, until those additional Securities are issued or allocated to the Participant, be regarded as additional Securities into which the Performance Rights may vest for the purposes of any application of this rule 10.1.

10.2 Reorganisation

- (a) In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled will be changed in accordance with the ASX Listing Rules (if applicable) or the TSX Rules (if applicable).
- (b) Any additional Securities to which a Participant becomes entitled under rule 10.2(a) will, until those additional Securities are issued or allocated to the Participant, be regarded as additional Performance Rights to which the Participant is entitled for the purpose of any application of this rule 10.2.

10.3 Advice

The Company must give notice to each Participant of any adjustment to the number of Shares which the Participant is entitled to subscribe for or be issued upon vesting of a Performance Right.

10.4 Limited right to participate in new issues

Subject to rules 10.1 and 10.2, a Performance Right does not confer on a Participant the right to participate in any new issue of Securities of the Company.

10.5 Fairness in application

In the application of this rule 10, the Board may (as far as possible) make whatever adjustments it deems necessary or desirable to ensure that the consequences of that application are fair as between the Participants and the holders of other Securities in the Company subject to the ASX Listing Rules (if applicable) or the TSX Rules (if applicable).

11. Amendments

11.1 Board may amend

Subject to rules 11.2 to 11.5 and the ASX Listing Rules (if applicable) or the TSX Rules (if applicable), the Board may at any time by resolution amend, add to, revoke or substitute (**amend**) all or any of the provisions of the rules (including this rule) of the Plan, or the terms of any Performance Rights granted under it, in any respect.

11.2 Shareholder approval for certain amendments

Notwithstanding rule 11.1, and subject to and without limiting the provisions of the Corporations Act, the ASX Listing Rules or the TSX Rules, the approval of shareholders of the Company will be required for any amendment that:

- (a) changes a Performance Condition of a Performance Right held by an Insider;
- (b) extends the expiry date of any Performance Right held by an Insider;
- (c) increases the number of Shares which may be issued upon vesting of Performance Rights granted under the Plan (other than pursuant to rules 10.1 and 10.2);
- (d) allows a Participant to transfer Performance Rights other than where the transfer is effected by force of law on death or bankruptcy of the Participant to the Participant's legal personal representative or trustee in bankruptcy, as applicable;
- (e) would have the potential to broaden or increase Insider participation in the Plan; or
- (f) extends the term of any outstanding Performance Right to a date beyond the latest vesting date currently stipulated in the Rules;
- (g) increases in the maximum number of Shares permitted to be issued on the exercise of Performance Rights; or
- (h) amends the amending provisions contained in this rule 11.

11.3 Restrictions on amendments

Without the consent of the Participant, no amendment may be made to the terms of any granted Performance Right which, in the opinion of the Board, materially reduces the rights of the Participant in respect of that Performance Right, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans; or
- (b) to correct any manifest error or mistake; or
- (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to Taxation Laws (including an official announcement by the Commonwealth of Australia) and / or changes in the interpretation of Taxation Laws by a Court or competent jurisdiction; or
- (d) to enable any Group Company to comply with the Applicable Laws.

11.4 Notice of amendments

As soon as reasonably practicable after making any amendment under rule 11.1, the Board must give notice in writing of the amendment to any affected Participant.

11.5 Retrospective effect

- (a) The Board may determine that any amendment to these rules or the terms of Performance Rights granted under the Plan made in accordance with this rule 11, be given retrospective effect.
- (b) Amendment of these rules or the terms and conditions upon which Performance Rights are granted under the Plan by the Board shall be of immediate effect unless otherwise determined by them.

12. Miscellaneous

12.1 Terms of employment not affected by Plan

- (a) The rights and obligations of any Participant under the terms of their office or employment with a Group Company are not to be affected by their participation in the Plan and these rules will not form part of or be incorporated into any contract of engagement or employment of any employee with a Group Company.
- (b) No Participant will have any rights to compensation or damages in consequence of the termination of their office or employment for any reason whatsoever in so far as those rights arise or may arise from their ceasing to have rights under the Plan as a result of such termination.

12.2 Board to administer

- (a) The Plan is administered by the Board which has power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with these rules; and
 - (ii) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of its powers or discretions arising under the Plan.

- (b) Except as otherwise expressly provided in the Plan and the ASX Listing Rules or the TSX Rules, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Performance Rights under the Plan and in the exercise of any power or discretion under the Plan.

12.3 Board power to waive

Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any additional terms or conditions (including any Performance Condition) in relation to any Performance Rights granted to any Participant.

12.4 Board decision is final

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Performance Rights granted under it, the decision of the Board is final and binding.

12.5 Compliance with Applicable Laws

Notwithstanding anything in this Plan, the terms of Performance Rights granted under the Plan and all things done under the Plan must comply with all applicable requirements of Applicable Laws.

12.6 Termination

The future operation of the Plan may be suspended or terminated at any time at the discretion of the Board.

12.7 Notices

- (a) Any notice or other communication under or in connection with the plan may be given by personal delivery or by sending the same by post or facsimile, in the case of a company to its registered office, and in the case of an individual's last notified address, or, where a Participant is a Director or employee of a Group Company, either to the Participant's last known address or to the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office or employment.
- (b) Where a notice or other communication is given by post, it is deemed to have been received 48 hours after it was put into the post properly addressed and stamped. Where a notice or other communication is given by facsimile, it is deemed to have been received on completion of transmission.

12.8 Governing Law

The Plan and any Performance Rights issued under it are governed by the laws of Western Australia.



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

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

Proxy Form

For your vote to be effective it must be received by 10:00am (WST) Tuesday 27 September 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 your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

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 General Meeting of Marengo Mining Limited to be held at Level 1, 9 Havelock Street, West Perth, Western Australia on Thursday, 29 September 2011 at 10:00am (WST) and at any adjournment of that meeting.

Important for Resolutions 2 - 11: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolutions 2 - 11 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 Resolutions 2 - 11 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 2 - 11.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, 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.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Ratification of Allotment and Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6	Approval of the grant of Performance Rights to Mr John Horan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Marengo Mining Limited Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Approval of the grant of Performance Rights to Dr Douglas Dunnet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Termination Benefit under Mr Leslie Emery's Employment Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval of the grant of Performance Rights to Mr John Hick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Termination Benefit under Mr John Horan's Consultancy Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval of the grant of Performance Rights to Ms Elizabeth Martin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of the grant of Performance Rights to Mr Leslie Emery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of the grant of Performance Rights to Sir Rabbie Namaliu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					Resolution 11	Approval of the grant of Performance Rights to Ms Susanne Sesselmann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected 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 / /