

**MARENGO MINING LIMITED**  
**ABN 57 099 496 474**

**NOTICE OF GENERAL MEETING**  
**AND**  
**EXPLANATORY MEMORANDUM**

**Date of Meeting**

28 November 2007

**Time of Meeting**

12:30pm WDT

**Place of Meeting**

Level 2, 9 Havelock Street  
WEST PERTH WA 6005

**MARENGO MINING LIMITED**  
**ABN 57 099 496 474**  
**NOTICE OF GENERAL MEETING**

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Notice is hereby given that a General Meeting of Shareholders of Marengo Mining Limited ("**Company**") will be held at Level 2, 9 Havelock Street, West Perth, Western Australia on 28 November 2007 at 12.30pm WDT.

Capitalised terms used in this Notice and the accompanying Explanatory Memorandum are defined in the glossary contained in the Explanatory Memorandum.

An Explanatory Memorandum containing information in relation to each of the following resolutions accompanies this Notice of General Meeting.

## **BUSINESS**

### **Resolution 1 – Share Placement Facility**

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 7.1 and for all other purposes, the Directors be authorised to allot and issue up to 103,500,000 Shares each at an issue price of not less than 80% of the average market price of the Company’s Shares (calculated over the last 5 days on which sales of Shares were recorded before the date of execution of an agency agreement with Paradigm), with such Shares to be issued on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

**Voting exclusion:** The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it 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 it is cast by the person chairing the meeting a 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 – Grant of Options to Paradigm Capital Inc.**

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 7.1 and for all other purposes, the Directors be authorised to allot and issue up to 5,850,000 Options to Paradigm for no consideration, each exercisable at the same price of a Share offered under the placement referred to in Resolution 1 and expiring on the date which is 18 months from the closing date of the offer under that placement, on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

**Voting exclusion:** The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the

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directions on the proxy form, or it is cast by the person chairing the meeting a 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 – Financial Assistance by the Company to Mr Leslie Sidney George Emery**

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

*"That, for the purposes of sections 260B(1) and 208 of the Corporations Act and for all other purposes, the Company approve and authorise the provision of financial assistance to Mr Leslie Sidney George Emery by way of loan to assist him to exercise the Emery Options previously granted to him by the Company, such loan to be pursuant to the terms and conditions set out in Annexure B to the Explanatory Memorandum accompanying this Notice."*

**Voting exclusion:** The Company will in accordance with section 260B(1)(a) and section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 3 by Mr Emery and any associate of Mr Emery. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Emery, or an associate of Mr Emery.

**Explanatory Memorandum**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting.

**Snapshot Date**

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Directors have set a snapshot date to determine the identity of those persons eligible to vote at the General Meeting. The snapshot date is 5.00pm WDT on Monday, 26 November 2007.

**Proxies**

In accordance with section 249L of the Corporations Act and the Company's constitution, Shareholders are advised that:

- each Shareholder has a right to appoint one proxy, and if the Shareholder may cast two or more votes, the Shareholder may appoint two proxies;
- a proxy need not be a Shareholder of the Company;
- if a Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise; and
- if the appointment does not specify the proportion or number of the Shareholder's votes to be voted by each proxy, each proxy may exercise half of the Shareholder's votes.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

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Principal Office: Level 2, 9 Havelock Street  
West Perth WA 6005

Facsimile Number: (08) 9429 0099

Postal Address: PO Box 289  
West Perth WA 6872

The instrument appointing the proxy must be signed by the Shareholder, or by the Shareholder's attorney who is authorised to sign the instrument under a power of attorney. If a Shareholder is a company it must sign the instrument in accordance with section 127 of the Corporations Act.

A proxy is not entitled to vote unless the instrument appointing the proxy, and the authority under which the instrument is signed or a certified copy of the authority, is either deposited at the registered office of the Company or sent by facsimile to that office, and in each case to be received not less than 48 hours prior to the time of the General Meeting (being not later than 12.30pm WDT on Monday, 26 November 2007).

If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
- (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

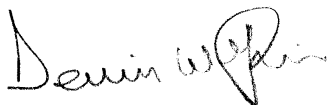
If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in anyway that the proxy sees fit.

The Chairperson intends to vote any undirected proxies in favour of the resolutions.

**Voting by Corporate Representative**

A corporation may elect to appoint a representative in accordance with section 250D of the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the General Meeting.

**By Order of the Board**



**Dennis Wilkins**  
Director and Company Secretary  
Date: 23 October 2007

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This Explanatory Memorandum is intended to provide Shareholders in Marengo Mining Limited ABN 57 099 496 474 (“**Company**”) with all the information known to the Company that is material to the decision of Shareholders on how to vote on the resolutions contained in the Notice of General Meeting of the Company.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of matters contained in the Notice of General Meeting:

**Resolution 1 Share Placement Facility**

***Background***

On 9 July 2007, the Board announced its intention to list the Company's securities on the Toronto Stock Exchange (“**TSX**”), with such listing to be achieved through a public offering of Shares in Canada pursuant to a Canadian compliant prospectus (“**Offer**”).

The TSX is the largest stock exchange in the world for trading mineral resource securities and the listing will expose Marengo Mining to a deeper investor market and expose Shareholders to the main exchange for large scale mining projects. Many of the Company's peers are currently trading on the TSX. The dual listing does not affect the Company's status as a listed company on ASX.

The Company anticipates lodging a preliminary prospectus with the British Columbia Securities Commission by the end of November 2007 and lodging a final prospectus evidencing the final pricing and terms of the Offer as determined in the agency agreement, in the weeks following this General Meeting.

The Company seeks, pursuant to this Resolution 1, approval to issue of up to 103,500,000 Shares as detailed below.

***The Resolution***

Resolution 1 seeks shareholder approval for the allotment and issue of up to 103,500,000 Shares. Up to 90,000,000 Shares are proposed to be issued to investors introduced by Paradigm Capital Inc., the lead agent to the Offer (“**Paradigm**”). The Company has also agreed to give Paradigm an option to subscribe for a further maximum of 13,500,000 Shares. Further details with respect to the Company's lead broker arrangements with Paradigm are set out below.

The effect of Resolution 1 will be to allow the Directors to issue up to 103,500,000 Shares during the period of 3 months from the date of the General Meeting (or longer period if allowed by the ASX), without using the Company's 15% placement capacity available under Listing Rule 7.1.

The following information is provided to Shareholders pursuant to and in accordance with Listing Rule 7.3.

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- (a) The maximum number of Shares proposed to be issued is 103,500,000, representing approximately 60.95% of the total number of issued Shares prior to the issue under the Offer (44.38% on a fully diluted basis) and 37.87% post the issue under the Offer (and assuming all 103,500,000 Shares are issued) (30.74% on a fully diluted basis). Further details with respect to the capital structure of the Company is set out below.
- (b) The Shares will be issued at a price that is not less than 80% of the average market value price for the Company's Shares calculated over the last 5 days on which sales of Shares were recorded before the date of execution of an agency agreement with Paradigm.
- (c) The Shares will rank equally with the Company's current issued Shares.
- (d) The Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by an ASX waiver under the Listing Rules). It is intended that allotment of up to 90,000,000 Shares will occur on one date and allotment of up to 13,500,000 Shares will occur on a different date.
- (e) The Directors (in conjunction with Paradigm) will determine to whom up to 90,000,000 Shares will be issued but these persons will not be related parties to the Company. The allottee of the remaining up to 13,500,000 Shares will be Paradigm or nominee(s) of Paradigm on behalf of investors introduced by Paradigm. Paradigm is not a related party of the Company and any nominee of Paradigm will not be a related party of the Company.
- (f) At the date of this Notice of General Meeting, the Company has approximately AUD\$18 million cash on hand. Based on the Company's current operating plans and business objectives, it is intended that the net funds raised through the Offer will be directed toward additional working capital for the Company, primarily in relation to completion of a definitive feasibility study into the economic potential of the Company's Yandera Copper/Molybdenum Project in Papua New Guinea.

***Capital Structure of the Company and Paradigm Agreement***

If the Company issues all of the 103,500,000 Shares the subject of Resolution 1, the Company will have the following capital structure:

	<b>Shares</b>	<b>Options*</b>
As at date of the Notice of Meeting	169,809,534	63,413,481
Shares issued pursuant to Resolution 1	103,500,000	-
<b>TOTAL</b>	<b>273,309,534</b>	<b>63,413,481</b>

\* These Options comprise the following:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
(listed) 47,120,426	AUD\$0.20	28/02/08
(unlisted) 2,900,000	AUD\$0.20	30/11/08
(unlisted) 4,400,000	AUD\$0.25	30/11/08
(unlisted) 3,500,000	AUD\$0.30	30/11/08
(unlisted) 170,000	AUD\$0.20	31/12/09
(unlisted) 170,000	AUD\$0.25	31/12/10

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(unlisted) 160,000	AUD\$0.30	31/12/11
(unlisted) 4,000,000	AUD\$0.40	30/11/08
(unlisted) 993,055	AUD\$0.36	15/02/09

The Company has agreed to grant Paradigm a number of Options equal to 6.5% of the number of Shares sold under the Offer. The Options proposed to be granted to Paradigm will be exercisable at the same issue price under the Offer and expire on the date which is 18 months of the closing date of the Offer. Shareholder approval for the grant of these Options is being sought pursuant to Resolution 2.

As stated above, the Company expects to enter into an agency agreement with Paradigm, pursuant to which Paradigm agrees to act as lead broker to the Offer. The Company will grant Paradigm an over-allotment option which entitles Paradigm to purchase from the Company up to an additional 15% of the total Shares issued under the Offer at the same issue price under the Offer. The over-allotment option will be exercisable by Paradigm for a period of 30 days after the Offer closes. The total number of Shares the subject of this Resolution 1 includes the Shares the subject of the over-allotment option.

For their broking services, Paradigm will receive a cash commission of 6.5% of the gross proceeds raised under the Offer, including any proceeds resulting from the issue of Shares the subject of the over-allotment option mentioned above.

***Resolution 2 – Grant of Options to Paradigm Capital Inc.***

Resolution 2 seeks shareholder approval for the allotment and issue of up to 5,850,000 Options to Paradigm, the lead manager to the offer the subject of Resolution 1.

As stated above, the Company has agreed to grant Paradigm that number of Options which is equal to 6.5% of the number of Shares sold under the Offer. The Options proposed to be granted to Paradigm will be exercisable at the same issue price under the Offer and expire on the date which is 18 months of the closing date of the Offer. The terms and conditions of the Options to be granted to Paradigm are set out in Annexure A of this Explanatory Memorandum.

The following information is provided to Shareholders pursuant to and in accordance with Listing Rule 7.3.

- (a) The maximum number of Options proposed to be granted is 5,850,000.
- (b) The Options will be granted for no consideration.
- (c) No funds will be raised from the grant of the Options.
- (d) The terms and conditions of the Options are set out in Annexure A of this Explanatory Memorandum.
- (e) The Options will be granted no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by an ASX waiver under the Listing Rules). It is intended that allotment of the Options will occur on one date.
- (f) The allottee of the Options will be Paradigm or a nominee of Paradigm. Paradigm is not a related party of the Company.

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***Resolution 3 – Financial Assistance by the Company to Mr Leslie Sidney George Emery***

***Introduction***

Prior to the Company's Australian initial public offering and listing on ASX in 2003, the Company granted Mr Leslie Sidney George Emery, a founding Director and initial promoter of the Company, the Emery Options, being 4,000,000 Options all exercisable on or before 30 November 2008 and at the following exercise prices:

- (a) one third of the Emery Options have an exercise price of AUD\$0.20 each;
- (b) one-third of the Emery Options have an exercise price of AUD\$0.25 each; and
- (c) the remaining third of the Emery Options have an exercise price of AUD\$0.30 each.

The Company proposes to give financial assistance to Mr Emery by way of a loan to enable the exercise of the Emery Options, for the reasons detailed below.

Regulatory provisions in Canada will require Mr Emery and any associates of Mr Emery to enter into escrow undertakings on any interests in securities of the Company (which in this case include the Emery Options) if the market capitalisation of the Company is less than CAD\$100,000,000 on the date of first quotation on TSX. The escrow period may extend beyond the expiry date of the Emery Options which would preclude Mr Emery realising any benefit from the Emery Options unless they are exercised beforehand. The quantum of the total financial commitment to exercise the Emery Options is AUD\$1,000,000. The independent directors of the Company believe it is unreasonable to assume Mr Emery will have access to the necessary financial sources or security, at any stage prior to the expiry date of the Emery Options, to enable the exercise the Emery Options. Accordingly, the financial assistance is being proposed to avoid placing Mr Emery in a position where he is severely financially disadvantaged by the initial public offering of the Company's Shares in Canada and listing of the Company's Shares on TSX, which the independent directors believe is for the benefit of all shareholders.

***Financial assistance under the Corporations Act***

Pursuant to section 260A of the Corporations Act, the Company may financially assist persons to acquire Shares only if:

- (a) giving the assistance does not materially prejudice:
  - (i) the interests of the Company or its Shareholders; or
  - (ii) the Company's ability to pay its creditors; or
- (b) the assistance is approved by the Company's Shareholders in accordance with section 260B of the Corporations Act.



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Section 260B of the Corporations Act provides that financial assistance is approved in accordance with section 260A of the Corporations Act if shareholder approval is given by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by the persons acquiring the Shares or by their associates.

Accordingly, Resolution 3 has been included, with the required voting exclusion statement, so that Shareholders may approve, pursuant to section 260B of the Corporations Act, the provision of financial assistance by the Company to Mr Emery who may take up the loan to fund the exercise of the Emery Options and, as a result, acquire Shares in the Company.

The loan will be provided on the terms and conditions set out in Annexure B to this Explanatory Memorandum. The principal terms of the loan provide:

- The loan will be interest free.
- If Mr Emery's employment ceases for any reason other than death, permanent disability or removal from office, the loan becomes payable within one month of such cessation. If Mr Emery's employment ceases because of death, permanent disability or removal from office, the loan becomes payable within 6 months of such cessation. The Board retains discretion to extend these time periods.
- Any dividends must be applied to reduce the outstanding loan.
- The loan will be limited recourse. That is, in the event the Shares obtained under the loan are sold for an amount less than the amount of the loan, the maximum amount Mr Emery will be required to repay would be the amount of the loan to the amount of the sale proceeds. In this way, Mr Emery is protected against a fall in the Company's Share price.

***Related Party Transactions***

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

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

The granting of financial assistance by way of a loan to enable the exercising of Options would be classified as a financial benefit. As Mr Emery, a Director and therefore a related party of the Company, might benefit from the granting of the financial assistance contemplated by this Resolution 3, shareholder approval is also sought pursuant to section 208 of the Corporations Act.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

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*The related party to whom the proposed resolution would permit the financial benefit to be given*

The related party to whom the proposed Resolution 3 would permit the financial benefit to be given is Mr Les Emery, a Director.

*The nature of the financial benefit*

The proposed financial benefit is the provision of financial assistance by way of a loan to Mr Emery, the full terms of which are attached as Annexure B to this Explanatory Memorandum.

The Emery Options, being 4,000,000 Options all exercisable on or before 30 November 2008 and at the following exercise prices:

- (a) one third of the Emery Options have an exercise price of AUD\$0.20 each;
- (b) one-third of the Emery Options have an exercise price of AUD\$0.25 each; and
- (c) the remaining third of the Emery Options have an exercise price of AUD\$0.30 each,

are the Options that may be subject to the loan.

The maximum amount of the loan to be provided to Mr Emery is \$1,000,000 being the total exercise price to be paid upon exercise of the Emery Options. However, the maximum loan the Company can provide to a person specified in Listing Rule 10.1 (which in this case includes Mr Emery) will not, at the time the loan is provided, equal or exceed 5% of the equity interests of the Company. In addition, the loan will only be provided where at the time Mr Emery lodges with the Company the application form for the loan, the weighted average price of the Shares over the previous 20 trading days on ASX is greater than relevant exercise prices of each tranche of the Emery Options.

*The value of the financial benefit*

The financial benefit that Mr Emery is receiving is a limited recourse loan to fund the exercise of the Emery Options to enable him to acquire Shares.

In the event the Shares obtained under the loan are sold for an amount less than the amount of the loan, Mr Emery will only be required to repay the loan to the amount of the sale proceeds. In this event, Mr Emery would receive a financial benefit in the form of the Company forgiving the amount of the loan that is not repaid using the sale proceeds.

In the event that the Shares obtained under the loan are sold for an amount greater than the amount of the loan, Mr Emery would be entitled to any excess of the sale proceeds over the amount of the loan. In this event, Mr Emery would have received a financial benefit as he was able to earn a capital gain on the Shares obtained by exercising the Emery Options without having to fund the acquisition of the Shares with his own funding or alternatively with a loan from a third party on commercial terms.

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*Highest, lowest and latest closing prices of the Shares*

The following table gives details of the highest, lowest and latest closing prices of the Shares trading on the ASX over the past 12 months ending on 19 October 2007:

<b>Security</b>	<b>Highest Closing Price</b>	<b>Date of Highest Closing Price</b>	<b>Lowest Closing Price</b>	<b>Date of Lowest Closing Price</b>	<b>Latest price On 22 October 2007</b>
Shares	AUD\$0.425	22 October 2007	AUD\$0.185	10 January 2007	AUD\$0.425

*Total remuneration package of the related party*

The granting of the loan will form part of Mr Emery's total remuneration package. For the financial year between 1 July 2007 and 30 June 2008, Mr Emery's total remuneration package is proposed to be as follows:

Salary and superannuation and other benefits: AUD\$295,000

Maximum amount of loan proposed to be granted (if this Resolution 3 is approved): AUD\$1,000,000.

The proposed total remuneration package for the financial year of 2007/2008 is considered by the Directors as being appropriate remuneration for Mr Emery for the reasons detailed below.

*Current Shares and Options held by related party and dilution effect*

Mr Emery is currently holding (either himself or through his Associates) 1,585,000 Shares.

At the date of the Notice of Meeting, the Company has 169,809,534 Shares on issue and 63,413,481 outstanding Options.

If the loan was granted with respect to the Emery Options to be covered by this Resolution 3 (being 4,000,000 Options in total), Mr Emery's percentage holding in Shares would increase from 0.68% to 2.35% on a fully diluted basis, based on the Company's issued share capital as at the last practicable date before printing this Notice of Meeting.

The dilution effect if the Emery Options covered under this Resolution 3 are exercised would amount to approximately 2.30% on an undiluted basis or 1.69% on a fully diluted basis of the Shares on issue, based on the Company's issued share capital as at the last practicable date before printing this Notice of Meeting.

*Benefits, costs and detriments that loan will have on the Company*

Under the Company's current circumstances, the Directors consider that the incentive to Mr Emery which would be represented by the loan allowing the exercise of the Emery

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Options would be a cost-effective and efficient incentive for the Company to provide, as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure executives and directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The financial assistance is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging Mr Emery to acquire and retain shareholdings in the Company which will align his interests with those of other Shareholders.

As the loan funds are used for payment of the exercise price payable on exercise of the Emery Options, the funds will be immediately returned to the Company in the form of subscription money. The granting of the loan will therefore have no effect on the Company's cashflow (other than in respect of any costs associated with the granting of the loan which are not expected to be material).

Upon issue of the Shares, the Company's books of account will reflect an increase in contributed equity and, until such time as the loan and any interest is repaid, a current asset in the form of the loan outstanding from Mr Emery. Upon the repayment of the loan the funds received will be available to the Company as working capital.

The main negative effect the financial assistance may have is where the Shares subject to the loan are sold at a value less than the amount outstanding on the loan, resulting in the Company not receiving full repayment of the loan. The Directors, however, do not consider that such an effect is material due to relatively small amount of the loan and any interest and the unlikelihood that Mr Emery will be willing to sell the Shares at a loss. It is not therefore expected that the giving of the financial assistance will have any significant effect on the financial position of the Company, although any loss will need to be included in the Company's accounts.

The Directors do not consider that the provision of the loan will materially affect the Company's ability to pay its creditors as it does not involve any actual payments of cash nor does it involve the Company disposing of any assets.

For these reasons, the Directors do not consider that the giving of the financial assistance will be likely to materially prejudice the interests of the Company or its Shareholders or the Company's ability to pay its creditors.

The Directors consider that the limited recourse nature of the loan will provide a strong incentive to Mr Emery to exercise the Emery Options and enable the Company to adequately incentivise Mr Emery and encourage him to increase his shareholdings in the Company to align his interests with those of other Shareholders. The limited recourse nature of the loan removes the risk of Mr Emery suffering any loss if Shares acquired by him are subsequently sold for a value less than their exercise price. The Directors therefore consider that the benefits achieved by offering a limited recourse loan exceeds the potential detriment to the Company of the loan not being fully repaid in the event of a loss on the sale of the Shares.

Other than as described in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including

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opportunity costs or taxation consequences (including any fringe benefit tax) for the Company or benefits foregone by the Company in granting the loan to Mr Emery pursuant to this Resolution 3.

***Recommendation of Directors as to the Resolution***

The Directors believe the provision of the financial assistance to enable Mr Emery to exercise Emery Options will enhance the future prospects of the Company. Mr Emery has relentlessly progressed the development of the Company's Yandera Project since first identifying it as an opportunity. On many occasions Mr Emery has sacrificed his personal and family life and other commitments to maintain the momentum behind the rapid advancement of the Yandera Project. The rapid pace at which the Yandera Project has developed, the ambitious and dedicated team and the local government support for the continued development of the Yandera Project can all be attributed to Mr Emery's management and vision. It is vital to the Company's future that the services of Mr Emery be maintained, and that he has an opportunity to participate in the Company's successes by being able to exercise the Emery Options.

It is not expected that the giving of the financial assistance will have any significant effect on the financial position of the Company, except in the event the Company is required to forgive any indebtedness to the non-recourse nature of the Loan.

As the loan funds are used for payment of the total price payable on exercise of the Emery Options, the granting of the loan by the Company does not have an effect on its cashflow as the loan funds will be immediately returned to the Company in the form of subscription funds for the resultant Shares. Upon issue of the Shares, the Company's books of account will reflect an increase in contributed equity and, until such time as the loan is repaid, a current asset in the form of the loan outstanding.

For these reasons, the independent Directors (being Messrs Horan, Wilkins and Dunnet) do not consider that the giving of the financial assistance will have a significant effect on the financial position of the Company except in the event that Mr Emery defaults in the repayment of the loan.

In the independent Directors' view, the financial assistance given by the Company to Mr Emery who may take up the offer of a loan for the exercise of the Emery Options is for the benefit of the Company and, accordingly, the independent Directors recommend that Resolution 3 be passed. No Director making this recommendation has an interest in the outcome of Resolution 3.

As Mr Emery is the proposed recipient of the loan, he has an interest in the outcome of Resolution 3, and therefore does not make a recommendation on this Resolution 3.

***Other information***

Other than the material set out in this Explanatory Memorandum, the Directors are not aware of any other information which Shareholders would reasonably require in order to decide whether or not it is in the Company's interest to pass Resolution 3.

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**GLOSSARY**

**Associate** has the meaning given to that term in sections 11 to 17 of the Corporations Act;

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

**AUD\$** means Australian dollars;

**Board** means the board of directors of Marengo Mining;

**CAD\$** means Canadian dollars;

**Constitution** means the constitution of Marengo Mining;

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

**Corporations Regulations** means the Corporations Regulations 2001 (Cth);

**Director** means a director of Marengo Mining;

**Emery Options** means the 4,000,000 Options granted to Mr Leslie Sidney George Emery, all exercisable on or before 30 November 2008 and at the following exercise prices:

- (a) one third of the Emery Options have an exercise price of AUD\$0.20 each;
- (b) one-third of the Emery Options have an exercise price of AUD\$0.25 each; and
- (c) the remaining third of the Emery Options have an exercise price of AUD\$0.30 each;

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of General Meeting contained in the Meeting Documentation;

**General Meeting** or **Meeting** means the general meeting of Marengo Mining to be held at Level 2, 9 Havelock Street West Perth, WA 6005 on 28 November 2007 at 11:30 (Perth time) to consider and, if thought fit, pass the resolutions set out in the Notice of General Meeting;

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

**Meeting Documentation** means this document comprising of the Notice of General Meeting, Explanatory Memorandum and the Proxy Form;

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

**Notice or Notice of Meeting** means the notice of general meeting which is enclosed in the Meeting Documentation;

**Option** means an option to acquire a Share;

**Paradigm** means Paradigm Capital Inc.;

**Proxy Form** means the proxy form for the General Meeting contained in the Meeting Documentation;

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

**Shareholder** means a holder of Shares;

**TSX** means Toronto Stock Exchange; and

**WDT** means Australian Western Daylight Time.

**MARENGO MINING LIMITED**  
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**NOTICE OF GENERAL MEETING**  
**ANNEXURE A**

**TERMS AND CONDITIONS OF THE OPTIONS**

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**1. Entitlement**

- (a) Subject to option terms 6, 7 and 8, each option entitles the registered option holder to subscribe for and be allotted one ordinary share in the capital of Marengo Mining Limited ("**Company**"), credited as fully paid, at an exercise price being the same price of a Share offered under the prospectus in relation to the Company's IPO prospectus for quotation of the Company's Shares on TSX ("**Exercise Price**").
- (b) The Company must, as soon as it is reasonably practicable to do so, allot shares on exercise of the option in accordance with the listing rules ("**Listing Rules**") of ASX and register the option holder or its nominee as a shareholder in the register of members in respect of the shares so allotted. No option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.
- (c) Shares issued on the exercise of options will rank pari passu with all existing ordinary shares in the capital of the Company from the date of issue.

**2. Exercise of Options**

- (a) An option is exercisable by the registered option holder lodging the notice of exercise of option in the form set out below together with, subject to option terms 7, 8 and 9, the Exercise Price for each share to be issued on exercise and the relevant option holding statement, at any office of the Company's share registrar. The exercise of some options only does not affect the registered option holder's right to exercise other options at a later time.
- (b) Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
- (c) Options may be exercised at any time on or before 5.00pm on a date which is 18 months after closing date of the offer under the Prospectus.
- (d) An option not exercised by the expiry date lapses.

**3. Transfer**

- (a) Subject to this option term 3 and any restrictions imposed by ASX, options may be transferred at any time before lapsing.
- (b) Subject to this option term 3, options are transferable by any standard form of transfer. Executed and stamped transfers will be recorded in the Company's option register on lodgement of the transfer at any office of the Company's share registrar. The Company will issue a new holding statement in the name of the transferee for the number of options so transferred.

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**ANNEXURE A**

**TERMS AND CONDITIONS OF THE OPTIONS**

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**4. Quotation**

The Company must apply to the ASX for official quotation of the shares issued on any exercise of an option.

**5. Dividends**

Shares issued on any exercise of an option will rank pari passu with all existing ordinary shares in the capital of the Company from the date of issue and will be entitled to each dividend for which the books closing date for determining entitlements falls after the date of issue.

**6. Bonus issue**

If the Company makes a bonus issue of shares or other securities pro rata to holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) at a time when:

- (a) an option has not been exercised in full; or
- (b) an option has been exercised, but shares the subject of the exercise have not been issued in fulfilment of the Company's obligation in that regard, before the record date for determining entitlements to the bonus issue,

then the number of shares over which the option is exercisable or has been exercised (as the case may be) will be increased by the number of securities which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

**7. Rights issue**

If the Company makes an offer of ordinary shares pro rata to all or substantially all holders of ordinary shares (other than a bonus issue or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) where  $(S + D)$  (as defined below) exceeds  $P$  (as defined below) at a time when:

- (a) an option has not been exercised in full; or
- (b) the option has been exercised, but shares the subject of the exercise have not been issued in fulfilment of the Company's obligation in that regard, before the record date for determining entitlements to the rights issue.

then the Exercise Price per share will be reduced according to the following formula:

$$O^1 = \frac{O - E(P - S + D)}{N + 1}$$



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Where:

- O<sup>1</sup> = the new Exercise Price per share
- O = the old Exercise Price per share
- E = the number of shares into which one option is exercisable
- P = the average market price of fully paid ordinary shares (weighted by reference to volume) sold in the ordinary course of trading on the ASX during the 5 trading days before the ex rights date or ex entitlements date
- S = the subscription price (application money plus calls) for new shares issued under the rights issue
- D = if the ordinary shares are trading on the ASX on a ex dividend basis, the (if any) dividends (on a per share basis) which have been declared but not yet paid is existing shares (except those to be issued under the rights issue)
- N = number of shares required to be held to receive a right on one new share.

The number of shares which the option holder is entitled to subscribe for on exercise of the option is to remain unchanged.

**8. Reconstruction**

The rights of an option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

**9. Advice**

The Company must give notice to the option holder of any adjustment to the number of shares which the option holder is entitled to subscribe for or be issued on exercise of the option or the exercise price per share in accordance with the Listing Rules.

**10. Right to participate in future issues**

The option holder may only participate in new issues of securities to holders of shares to the extent the option has been exercised, if that is permitted by its terms, and the shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give notice to the option holder of any new issue before the books closing date for determining entitlements to the issue in accordance with the Listing Rules.

**MARENGO MINING LIMITED**  
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**ANNEXURE B**

**TERMS AND CONDITIONS OF THE LOAN**

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**1. INTERPRETATION**

In these terms and conditions:

"**Application Form**" means an application form submitted under these terms and conditions ;

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

"**Borrower**" means Mr Leslie Sidney George Emery who elects to exercise whole or part of the Options granted to him and makes a request for the Company to provide a Loan pursuant to clause 3.1 of these terms and conditions and, in the event of death or insolvency after the grant to him of a Loan, his executors, administrators or other legal personal representatives;

"**Company**" or "**Marengo**" means Marengo Mining Limited ACN 099 496 474;

"**Executive Director**" means an executive director of the Company;

"**Equity Interests**" has the meaning ascribed to that term in the Listing Rules;

"**Listing Rules**" means the Listing Rules of ASX (as amended from time to time);

"**Loan**" means an amount of money loaned to the Borrower by the Company pursuant to these terms and conditions, from time to time;

"**Options**" means the options to acquire ordinary shares in Marengo which were granted to Borrower;

"**Shares**" means the shares to be issued to the Borrower on exercise of Options, using funds provided from a Loan; and

"**Secretary**" means the Secretary or a Secretary of Marengo from time to time.

**2. ESTABLISHMENT**

These terms and conditions have been established to benefit the Borrower.

**3. ADVANCE OF THE LOAN**

3.1 Upon delivery to Marengo of a notice of exercise of Options incorporating a duly signed and completed Application Form for a Loan, Marengo agrees, subject to clauses 3.2 and 3.3, to lend to the Borrower the amount of the Loan.

3.2 Where the amount of the Loan applied for by a person who comes within Listing Rule 10.1 of the Listing Rules exceeds 5% of the Equity Interests of the Company, the maximum amount of funds which Marengo can lend to the Borrower cannot cause the Company to exceed this threshold.

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**ABN 57 099 496 474**  
**NOTICE OF GENERAL MEETING**  
**ANNEXURE B**

**TERMS AND CONDITIONS OF THE LOAN**

---

3.3 The Loan will only be provided where at the time the Application Form is lodged with the Company in accordance with clause 3.1, the weighted average price of the Shares over previous 20 trading days on ASX is greater than exercise price of the Options.

3.4 By lodging the Application Form in accordance with clause 3.1 the Borrower is deemed to have applied for a Loan from Marengo for the exercise price of Options.

**4. INTEREST**

4.1 The Loan shall be free of interest.

**5. REPAYMENT AND EARLY REPAYMENT**

5.1 Subject to clause 5.7, the Borrower agrees to repay the Loan by instalments to the extent that dividends are applied in accordance with clause 5.2 on or before 10 years after Loan funds are provided by Marengo.

5.2 A Borrower who applies for a Loan under clause 3.1 irrevocably directs Marengo to pay an amount equal to:

- (a) the amount of any franked dividend;
- (b) one half of the amount of any unfranked dividend; or
- (c) any capital returns or other amounts or attributable to shareholders paid by Marengo,

in respect of the Borrower's Shares to Marengo for the purpose of repaying the Loan by instalment payments.

5.3 All amounts received by Marengo pursuant to clause 5.2 shall be used to repay the Loan. Such repayment shall be used to reduce the amount outstanding on each Share as nearly as practicable.

5.4 Marengo shall upon repayment in full of a Loan pay future dividends in respect of the Shares to the Borrower provided the Borrower remains the registered owner of the Shares at the time the entitlement to dividends is determined.

5.5 The Borrower hereby irrevocably appoints each of Marengo and the Secretary as his attorney in the name of and on behalf of himself, to execute all documents and papers and do such things as the attorney thinks fit for the purposes of satisfying and paying any instalment owing under the Loan to Marengo, and for the purposes of enabling the Secretary to exercise the voting rights attaching to the Borrower's Shares at all times prior to the repayment in full by the Borrower of the Loan in respect of those Shares. The Borrower agrees that the Secretary and/or Marengo as attorney for the Borrower may, in complete satisfaction of each Loan instalment owing to Marengo, negotiate over and endorse such negotiable instruments including cheques as may be receivable by the Borrower from Marengo or any broker member of the ASX.

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**TERMS AND CONDITIONS OF THE LOAN**

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5.6 The Borrower may elect to repay the balance of any amount outstanding in respect of the Loan at any time and, upon receipt of payment of the total outstanding, the Shares shall become the free and unencumbered property of the Borrower and Marengo shall deliver to the Borrower the share certificate(s) or holding statements (if any) in respect of the Shares held by Marengo.

5.7 If Mr Emery:

- (a) ceases, for any reason whatsoever, other than death, permanent disability or removal from office to be an employee or Executive Director of Marengo, or ceases to provide his full time services to Marengo under a service or consultancy agreement or arrangement with Marengo; or
- (b) fails to pay any instalment of the Loan when due and payable and such failure continues unremedied for a period of 30 days after the date of service of a notice from Marengo notifying the Borrower of the failure,

then the Loan shall become due and payable by the Borrower to Marengo within 1 month from the date of the happening of any of the events referred to above but, if the Borrower ceases to be an employee because of his death, permanent disability or removal from office, the period of 1 month shall be extended to 6 months, provided always that the board of directors of Marengo may in its sole discretion extend the period of 1 or 6 months.

**6. SALE OF SHARES ETC**

6.1 A Borrower may only sell, transfer or assign the Shares if:

- (a) the proceeds of any such sale, transfer or assignment exceed the amount of the Loan outstanding that is applicable to that number of Shares and that those proceeds are first applied against any Loan outstanding (with any excess being paid to the Borrower); and
- (b) the sale is organised through the Secretary.

6.2 For the avoidance of doubt, a Borrower may not sell, transfer, or assign the Shares if the proceeds of any such sale, transfer or assignment will not exceed the amount of the Loan outstanding that is applicable to that number of Shares sold.

6.3 A Borrower must not mortgage, charge or otherwise encumber the Shares until the repayment of the Loan in full, without obtaining the prior approval of the board of directors of Marengo which approval is within its absolute discretion.

6.4 Share certificates (if any) or statement of holding in respect of Shares shall be held by Marengo until the Loan is fully repaid at which time the Company shall deliver the certificate(s) or statements of holding to the Borrower.

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**TERMS AND CONDITIONS OF THE LOAN**

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6.5 Marengo may do all things necessary or desirable under the settlement rules of the Securities Clearing House to protect or give effect to any right or restriction under these terms and conditions.

**7. LIMITED RECOURSE**

7.1 Where the Mr Emery ceases to be an employee of Marengo or the period of 10 years after Loan funds are provided by Marengo has expired, and the market price of the Shares held by the Borrower is, upon the date of cessation or expiry (as the case may be), less than the outstanding Loan owed by the Borrower in respect of such Shares, the maximum liability in respect of the Loan shall be the lesser of:

- (a) the amount of the Loan then owing; and
- (b) the market value of the Shares.

In that event, the Borrower authorises the Secretary (or his duly authorised delegate) to sell the Shares as agent for the Borrower and apply the net proceeds of sale in full satisfaction of the Loan.

**8. DEFAULT**

8.1 If the Borrower defaults in the repayment of the Loan as required by clause 5 the Borrower authorises the Secretary (or his duly authorised delegate) to sell the Shares as agent of the Borrower through a member of the ASX.

8.2 Marengo and the Secretary will have complete discretion in respect of the sale of the Shares under this clause and will not be liable to the Borrower in respect of the timing of or price obtained on or any other circumstances relating to such sale.

8.3 Upon the sale of the Shares by Marengo pursuant to this clause, Marengo shall apply the net sales proceeds (after deducting any stamp duty brokerage or other like duty payable on the transfer and any costs or expenses incurred by the Company in exercising its rights upon default and effecting the transfer of the Shares) to pay the outstanding amount of the Loan and Marengo shall pay any balance remaining to the Borrower.

8.4 The Borrower, in consideration of the grant of the Loan, irrevocably appoints the Secretary as his attorney to complete and execute any documents including share transfers and to do all acts or things in his name and on his behalf which may be convenient or necessary for the purpose of giving effect to the provisions of this clause and the Borrower covenants with Marengo that the Borrower shall ratify and confirm any act or thing done pursuant to this power and shall indemnify the attorney against any liability or expense arising therefrom.

**9. BONUS SHARES**

If shares are issued pursuant to a bonus issue by Marengo during the period of the Loan then such bonus shares as are issued to the Borrower in respect of the Shares

**MARENGO MINING LIMITED**  
**ABN 57 099 496 474**  
**NOTICE OF GENERAL MEETING**  
**ANNEXURE B**

**TERMS AND CONDITIONS OF THE LOAN**

---

subject to the Loan shall become Shares and be subject to the provisions of these terms and conditions.

**10. ASSIGNMENT OF VOTING RIGHTS**

The Borrower hereby agrees to assign the voting rights in respect of the Shares held by him to Marengo. The Secretary shall, at the direction of the Board of Marengo, exercise the voting rights attached to the Shares.

**11. REASSIGNMENT ON REPAYMENT OF LOAN**

Marengo hereby agrees to assign the voting rights in respect of the Shares to the Borrower on the date the Borrower repays the Loan in full.

**12. REDUCTION OF LOAN**

In the event of the Borrower electing to pay an amount in reduction of a Loan, the amount paid shall be applied, in the event of the Borrower owing an amount under more than one Loan, in reduction of the amount owing under the earliest Loan.

**13. DIVIDEND REINVESTMENT PLAN**

Until the Loan is repaid the Borrower undertakes to Marengo that he will not apply for membership of any dividend reinvestment plan or any similar plan which may be established by Marengo in so far as that plan would apply to the Shares.

**14. WAIVER OR AMENDMENT**

A party shall not be taken to have:

- (a) waived any provision of or any right or entitlement under these terms and conditions; or
- (b) agreed to any amendment to these terms and conditions,

unless it does so expressly in writing duly executed by it.

**15. NOTICES**

Any notice required to be given to any person shall be deemed to have been validly given if it is in writing and either handed to the person or sent by post in a properly prepaid envelope addressed to the person at the residential address of that person.

Any notice given by post shall be deemed to have been served on the third day following the day when it was posted.

**16. PROPER LAW**

The provisions of these terms and conditions shall be governed and construed according to the laws of Western Australia.

**MARENGO MINING LIMITED**  
**ABN 57 099 496 474**  
**NOTICE OF GENERAL MEETING**  
**PROXY FORM**

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The Company Secretary  
Marengo Mining Limited  
Level 2, 9 Havelock Street  
WEST PERTH WA 6005  
PO Box 289  
WEST PERTH WA 6872

**Facsimile: 61 8 9429 0099**

I/We (name of shareholder) .....  
of (address) .....  
being a member/members of Marengo Mining Limited HEREBY APPOINT  
(name) .....  
of (address) .....  
and/or failing him (name) .....  
of (address) .....  
or failing that person then the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the  
General Meeting of the Company to be held at Level 2, 9 Havelock Street, West Perth, Western Australia, on  
28 November 2007 at 12.30pm WDT and at any adjournment of the meeting.

**PROXY INSTRUCTIONS**

*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:*

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Share Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Grant of Options to Paradigm Capital Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Financial Assistance by the Company to Mr Leslie Sidney George Emery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. The Chairman intends to vote undirected proxies in favour of the resolutions.

*This Proxy is appointed to represent \_\_\_\_\_ % of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_\_\_ % and Proxy 2 represents \_\_\_\_\_ % of my total votes*

Dated : \_\_\_\_\_ 2007.

**If the shareholder is an individual:**

Signature: \_\_\_\_\_

**If the shareholder is a company:**

Affix common seal (if required by Constitution)

\_\_\_\_\_  
Director/Sole Director and Secretary

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

**MARENGO MINING LIMITED**  
**ABN 57 099 496 474**  
**NOTICE OF GENERAL MEETING**  
**PROXY FORM**

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**INSTRUCTIONS FOR APPOINTMENT OF PROXY**

1. A Shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the Shareholder's proxy. A proxy need not be a Shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the Shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by each of the joint Shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint **proxies must be received by the Company no later than** 48 hours before the time appointed for the holding of this General Meeting **that is by 12:30pm WDT on 26 November 2007** by post to PO Box 289, West Perth WA 6872 or facsimile (61 8) 9429 0099.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way, and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.