



ABN 57 099 496 474

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM



**For the General Meeting to be held on
Thursday, 31st July 2008 at 10 am (WST) at
Level 2
9 Havelock Street, West Perth
Western Australia**

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This is an important document. Please read it carefully.

If you are unable to attend the General Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

If you have any questions regarding the matters set out in this Document, please contact the Company Secretary, Mr Andrew Meloncelli on + 61 8 9429 0000, your stockbroker or other professional adviser.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The General Meeting of the shareholders of Marengo Mining Limited will be held at:

**Level 2
9 Havelock Street
West Perth, Western Australia**

**Commencing at
10 am (WST)
on Thursday, 31st July 2008**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10 am (WST).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- Send the proxy by facsimile to the Company on facsimile number (08) 9429 0099 (International: + 61 8 9429 0099) or to Computershare Investor Services Pty Ltd on facsimile number (08) 9323 2033 (International: + 61 8 9323 2033);
- Deliver the proxy to the registered office of the Company at Level 2, 9 Havelock Street, West Perth, Western Australia 6005 or Computershare Investor Services Pty Ltd at Level 2, 45 St George's Terrace, Perth, Western Australia 6000;
- Mail the proxy to the Company at PO Box 289, West Perth, Western Australia 6872 or Computershare Investor Services Pty Ltd at GPO Box D182, Perth, Western Australia 6840 (reply paid envelope),

so that it is received not later than 10 am (WST) on Tuesday, 29th July 2008 (48 hours prior to commencement of the meeting).

Your proxy form together with reply paid envelope is enclosed.

MARENGO MINING LIMITED

ABN 57 099 496 474

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of shareholders of Marengo Mining Limited will be held at Level 2, 9 Havelock Street, West Perth, Western Australia at 10 am (WST) on Thursday, 31st July 2008.

The Explanatory Statement to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered shareholders of the Company on Tuesday, 29th July 2008 at 10 am (WST).

Terms used in this Notice of General Meeting have the meanings set out in the Glossary contained in the Explanatory Statement.

AGENDA

SPECIAL BUSINESS

The Explanatory Statement that accompanies and forms part of the Notice describes the matters to be considered as Special Business.

Resolution 1 - Approval of Grant of Incentive Options to 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 section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 1,250,000 Incentive Options for no consideration, exercisable on or before the date which is 5 years from the date of grant at 50 cents each to John Horan or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting (including Annexures A, B, C, D and E to the Explanatory Statement)."

Voting Exclusion Statement:

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by John Horan and any associates of John Horan.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of John Horan or an associate of John Horan.

Resolution 2 - Approval of Grant of Incentive Options to Les 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 section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 1,500,000 Incentive Options for no consideration, exercisable on or before the date which is 5 years from the date of grant at 50 cents each to Les Emery or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting (including Annexures A, B, C, D and E to the Explanatory Statement)."

Voting Exclusion Statement:

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Les Emery and any associates of Les Emery.

However, the Company will not disregard a vote if:

- (a) it is cast by a person appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Les Emery or an associate of Les Emery.

Resolution 3 - Approval of Grant of Incentive Options 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 section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 1,000,000 Incentive Options for no consideration, exercisable on or before the date which is 5 years from the date of grant at 50 cents each to Sir Rabbie Namaliu or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting (including Annexures A, B, C, D and E to the Explanatory Statement)."

Voting Exclusion Statement:

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Sir Rabbie Namaliu and any associates of Sir Rabbie Namaliu.

However, the Company will not disregard a vote if:

- (a) it is cast by a person appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Sir Rabbie Namaliu or an associate of Sir Rabbie Namaliu.

Resolution 4 - Approval of Grant of Incentive Options to 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 section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Incentive Options for no consideration, exercisable on or before the date which is 5 years from the date of grant at 50 cents each to Douglas Dunnet or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting (including Annexures A, B, C, D and E to the Explanatory Statement)."

Voting Exclusion Statement:

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Douglas Dunnet and any associates of Douglas Dunnet.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Douglas Dunnet or an associate of Douglas Dunnet.

Resolution 5 - Approval of Grant of Incentive Options to 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 section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Incentive Options for no consideration, exercisable on or before the date which is 5 years from the date of grant at 50 cents each to Susanne Sesselmann or her nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting (including Annexures A, B, C, D and E to the Explanatory Statement)."

Voting Exclusion Statement:

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Susanne Sesselmann and any associates of Susanne Sesselmann.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Susanne Sesselmann or an associate of Susanne Sesselmann.

Resolution 6 - Approval of Grant of Incentive Options to 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 section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Incentive Options for no consideration, exercisable on or before the date which is 5 years from the date of grant at 50 cents each to Elizabeth Martin or her nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting (including Annexures A, B, C, D and E to the Explanatory Statement)."

Voting Exclusion Statement:

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Elizabeth Martin and any associates of Elizabeth Martin.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Elizabeth Martin or an associate of Elizabeth Martin.

Resolution 7 - Approval of Grant of Incentive Options to 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 section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Incentive Options for no consideration, exercisable on or before the date which is 5 years from the date of grant at 50 cents each to John Hick or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting (including Annexures A, B, C, D and E to the Explanatory Statement)."

Voting Exclusion Statement:

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by John Hick and any associates of John Hick.

However, the Company will not disregard a vote if:

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- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of John Hick or an associate of John Hick.

Resolution 8 – Increase in Non-Executive Directors’ Fees

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 10.17 and for all other purposes, the maximum aggregate non-executive Directors' fees payable to Directors be increased by \$250,000 to \$500,000 for each financial year commencing 1 July 2008."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a Director and any associates of a Director.

However, the Company will not disregard a vote if:

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

Resolution 9 – Employee Share Option Plan

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 7.2, Exception 9 and for all other purposes, the Company approves the issue of securities under the employee incentive option scheme known as "Marengo Mining Employee Share Option Plan", the rules of which are annexed as Annexure F to the Explanatory Statement accompanying this Notice of General Meeting, as an exception to Listing Rule 7.1."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a Director and any associates of a Director.

However, the Company will not disregard a vote if:

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

EXPLANATORY STATEMENT

NOTES

1. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. 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 under either the common seal of the corporation or under the hand of an officer of the Company or its duly authorised attorney. In the case of joint shareholders, the proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
3. 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.
4. The proposed Chairman of the meeting intends to vote undirected proxies in favour of all nine resolutions.
5. For the determination of voting entitlements, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 10 am (WST) on Tuesday, 29th July 2008 (48 hours prior to commencement of the meeting).
6. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office or Computershare Investor Services Pty Ltd so that it is received no later than 48 hours before the time appointed for the holding of the General Meeting.

By Order of the Board



A L Meloncelli
Company Secretary

Date: 12 June 2008

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

Terms used in this Explanatory Statement have the meanings set out in the Glossary contained in section 3 of this Explanatory Statement.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company Secretary, your stockbroker or other professional adviser.

GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the General Meeting of the Company to be held on Thursday, 31st July 2008 at 10 am (WST).

The purpose of this Explanatory Statement is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the Resolutions detailed in the Notice.

1. THE RESOLUTIONS

1.1 Resolutions 1 to 7 - Grant of Incentive Options to John Horan, Les Emery, Sir Rabbie Namaliu, Douglas Dunnet, Susanne Sesselmann, Elizabeth Martin and John Hick.

The Company proposes to issue a total of 5,750,000 Incentive Options (each with an exercise price of 50 cents and expiring on the date which is 5 years from the date of grant) to John Horan, Les Emery, Sir Rabbie Namaliu, Doug Dunnet, Susanne Sesselmann, Elizabeth Martin and John Hick ("**Participating Directors**"), or their nominees. The Incentive Options will vest in five tranches, one fifth of the Incentive Options will vest immediately after the date of issue ("**Tranche A**" as set out in Annexure A to this Explanatory Statement), one fifth will vest 12 months after the date of issue ("**Tranche B**" as set out in Annexure B to this Explanatory Statement), one fifth will vest 24 months after the date of issue ("**Tranche C**" as set out in Annexure C to this Explanatory Statement), one fifth will vest 36 months after the date of issue ("**Tranche D**" as set out in Annexure D to this Explanatory Statement) and one fifth of the Incentive Options will vest 48 months after the date of issue ("**Tranche E**" as set out in Annexure E to this Explanatory Statement). Apart from the vesting date, all other terms of the Incentive Options are identical.

The Incentive Options have an exercise price of 50 cents each and expire on the date which is 5 years from the date of grant.

The full terms of the Incentive Options are set out in Annexures A, B, C, D and E to this Explanatory Statement.

The Incentive Options will be issued as follows:

Director	Number of Incentive Options (Tranche A)	Number of Incentive Options (Tranche B)	Number of Incentive Options (Tranche C)	Number of Incentive Options (Tranche D)	Number of Incentive Options (Tranche E)	Total
John Horan or Nominee	250,000	250,000	250,000	250,000	250,000	1,250,000
Les Emery or Nominee	300,000	300,000	300,000	300,000	300,000	1,500,000
Sir Rabbie Namaliu or Nominee	200,000	200,000	200,000	200,000	200,000	1,000,000
Douglas Dunnet or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
Susanne Sesselmann or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
Elizabeth Martin or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
John Hick or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
Total	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	5,750,000

The grant of Incentive Options is proposed to encourage the Participating Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider (in the absence of the Participating Directors) that the incentives intended for the Participating Directors represented by the grant of these Incentive Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Incentive Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- the remuneration of the Directors;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Incentive Options to be granted will ensure that the Participating Directors' overall remuneration is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

In the event the Incentive Options are exercised, the following amounts will need to be paid to the Company by the Participating Directors:

Director	Amount to be paid
John Horan	\$625,000
Les Emery	\$750,000
Sir Rabbie Namaliu	\$500,000
Douglas Dunnet	\$250,000
Susanne Sesselmann	\$250,000
Elizabeth Martin	\$250,000
John Hick	\$250,000

The Company will therefore receive \$2,875,000 from the Participating Directors should all the Incentive Options be exercised.

Related Party Transactions Generally

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 benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Participating Directors is considered to be a related party of the Company.

Resolutions 1 to 7 provide for the grant of Incentive Options to the Participating Directors which is a financial benefit which requires shareholder approval.

Current Holdings

Set out below are details of each of the Participating Directors' relevant interest in the securities of the Company as at the date of this Notice:

Director	Associates	Number of Shares	Number of Options
John Horan	-	0	300,000 (exercisable at 20 cents each and expiring 30 November 2008)
			300,000 (exercisable at 25 cents each and expiring 30 November 2008)
			300,000 (exercisable at 30 cents each and expiring 30 November 2008)
	South Nominees Pty Ltd ATF JP and C Horan Superannuation Fund	760,000	0
Les Emery	-	4,125,000	0
	Ruth Emery	100,000	0
	Ruthless Pty Ltd ATF Emery Superannuation Fund	1,360,000	0
Sir Rabbie Namaliu	-	0	0
Douglas Dunnet	-	13,819	100,000 (exercisable at 20 cents each and

			expiring 30 November 2008)
			100,000 (exercisable at 25 cents each and expiring 30 November 2008)
			100,000 (exercisable at 30 cents each and expiring 30 November 2008)
	Aurex Pty Ltd	65,148	0
	Redterra Holdings Pty Ltd ATF Chandalier Superannuation Fund	200,000	0
Susanne Sesselmann	Wolfgang Sesselmann	184,000	0
Elizabeth Martin	-	0	0
John Hick	-	0	0

INFORMATION REQUIREMENTS

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

The related parties to whom the proposed resolutions would permit the financial benefit to be given

Subject to shareholder approval, the following maximum number of Incentive Options will be granted to the following related parties, or their respective nominees:

Director	Number of Incentive Options (Tranche A)	Number of Incentive Options (Tranche B)	Number of Incentive Options (Tranche C)	Number of Incentive Options (Tranche D)	Number of Incentive Options (Tranche E)	Total
John Horan or Nominee	250,000	250,000	250,000	250,000	250,000	1,250,000
Les Emery or Nominee	300,000	300,000	300,000	300,000	300,000	1,500,000
Sir Rabbie Namaliu or Nominee	200,000	200,000	200,000	200,000	200,000	1,000,000
Douglas Dunnet or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
Susanne Sesselmann or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
Elizabeth Martin or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
John Hick or Nominee	100,000	100,000	100,000	100,000	100,000	500,000
Total	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	5,750,000

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Incentive Options for no consideration to the Participating Directors as noted above. The Incentive Options will vest in five tranches, one fifth of the Incentive Options will vest immediately after the date of issue ("**Tranche A**" as set out in Annexure A to this Explanatory Statement), one fifth will vest 12 months after the date of issue ("**Tranche B**" as set

out in Annexure B to this Explanatory Statement), one fifth will vest 24 months after the date of issue ("Tranche C" as set out in Annexure C to this Explanatory Statement), one fifth will vest 36 months after the date of issue ("Tranche D" as set out in Annexure D to this Explanatory Statement) and one fifth of the Incentive Options will vest 48 months after the date of issue ("Tranche E" as set out in Annexure E to this Explanatory Statement).

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

Les Emery, Sir Rabbie Namaliu, Douglas Dunnet, Susanne Sesselmann, Elizabeth Martin and John Hick (who have no interest in the outcome of Resolution 1) recommend that shareholders vote in favour of Resolution 1. John Horan declines to make a recommendation about Resolution 1 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

John Horan, Sir Rabbie Namaliu, Douglas Dunnet, Susanne Sesselmann, Elizabeth Martin and John Hick (who have no interest in the outcome of Resolution 2) recommend that shareholders vote in favour of Resolution 2. Les Emery declines to make a recommendation about Resolution 2 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

John Horan, Les Emery, Douglas Dunnet, Susanne Sesselmann, Elizabeth Martin and John Hick (who have no interest in the outcome of Resolution 3) recommend that shareholders vote in favour of Resolution 3. Sir Rabbie Namaliu declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

John Horan, Les Emery, Sir Rabbie Namaliu, Susanne Sesselmann, Elizabeth Martin and John Hick (who have no interest in the outcome of Resolution 4) recommend that shareholders vote in favour of Resolution 4. Douglas Dunnet declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

John Horan, Les Emery, Sir Rabbie Namaliu, Douglas Dunnet, Elizabeth Martin and John Hick (who have no interest in the outcome of Resolution 5) recommend that shareholders vote in favour of Resolution 5. Susanne Sesselmann declines to make a recommendation about Resolution 5 as she has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to her or her nominee(s).

John Horan, Les Emery, Sir Rabbie Namaliu, Douglas Dunnet, Susanne Sesselmann and John Hick (who have no interest in the outcome of Resolution 6) recommend that shareholders vote in favour of Resolution 6. Elizabeth Martin declines to make a recommendation about Resolution 6 as she has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to her or her nominee(s).

John Horan, Les Emery, Sir Rabbie Namaliu, Douglas Dunnet, Susanne Sesselmann and Elizabeth Martin (who have no interest in the outcome of Resolution 7) recommend that shareholders vote in favour of Resolution 7. John Hick declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

Shareholders should note that for the reasons previously stated in this Explanatory Statement, it is proposed to grant Incentive Options to John Horan, Sir Rabbie Namaliu, Douglas Dunnet, Susanne Sesselmann, Elizabeth Martin and John Hick (all of whom are non-executive Directors) notwithstanding Guideline 9.3 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which guideline provides that non-executive directors should not receive options.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolutions 1 to 7 would have the effect of giving power to the Directors to grant a total of 5,750,000 Incentive Options on the terms and conditions as set out in Annexures A, B, C, D and E to this Explanatory Statement and as otherwise mentioned above.

The Company currently has 268,016,975 listed Shares and the following unlisted Options on issue:

Number	Exercise Price	Expiry Date
1,566,666	20 cents	30 November 2008
3,066,666	25 cents	30 November 2008
2,166,668	30 cents	30 November 2008
4,000,000	40 cents	30 November 2008
993,055	36 cents	15 February 2009
1,201,915	19 cents (Canadian)	15 October 2009
170,000	20 cents	31 December 2009
170,000	25 cents	31 December 2010
160,000	30 cents	31 December 2011

If all Incentive Options granted as proposed above are exercised, and assuming all existing Options on issue have already been exercised, the effect would be to dilute the share holding of existing shareholders by 2.00%.

The market price of the Company's Shares during the period of the Incentive Options will normally determine whether or not the Participating Directors exercise the Incentive Options. At the time any Incentive Options are exercised and Shares are issued pursuant to the exercise of the Incentive Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Incentive Options.

The Participating Directors' fees/salary per annum (including superannuation 9%) and the total financial benefit to be received by them in this current period as a result of the grant of the Options the subject of Resolutions 1 to 7 are as follows:

Director	Fees/salary p.a. (\$)	Value of Incentive Options (\$)	Total Financial Benefit (\$)
John Horan	65,000	171,625	236,625
Les Emery	276,500	205,950	482,450
Sir Rabbie Namaliu	54,500	137,300	191,800
Douglas Dunnet	54,500	68,650	123,150
Susanne Sesselmann	54,500	68,650	123,150
Elizabeth Martin	54,500	68,650	123,150
John Hick	54,500	68,650	123,150

The indicative option valuation of 13.73 cents is a theoretical valuation of each option using the Binomial Option Pricing Model.

Valuation of Options

The Company's advisers have valued the Incentive Options to be granted to the Participating Directors using the Binomial Model. The value of an option calculated by the Binomial Model is a function of a number of variables. The valuation of the Incentives Options has been prepared using the following assumptions:

Variable	Input
Share price	30 cents
Exercise price	50 cents
Risk Free Interest Rate	6.505%
Volatility	50%, 75% and 100%
Time (years to expiry)	5 years

The Company's advisers have calculated the value of each option based on the following assumptions:

1. they have based the underlying value of each share in the Company on the Australian Securities Exchange closing price of 30 cents on 4 June 2008;
2. risk free rate of return - 6.505% (estimated, based on the 5 year treasury bond rate as at 4 June 2008); and
3. they used a volatility of the share price of 75% as determined from the daily movements in share price over the last 12 months, adjusted for abnormal trading.

Based on the assumptions, it is considered that the estimated average value of the Incentive Options to be granted to the Participating Directors is 9.17 cents (50% volatility), 13.73 cents (75% volatility) and 17.15 cents (100% volatility) per Incentive Option.

Any change in the variables applied in the Binomial calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

The following table gives details of the highest, lowest and latest price of the Company's Shares trading on ASX over the past 12 months ending on 4 June 2008:

Security	Highest Price (cents)	Date of highest price	Lowest Price (cents)	Date of lowest price	Latest Price on 4 June 2008 (cents)
Ordinary Shares	45	24 July 2007	19	11, 12, 18 and 25 March 2008	30

Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Incentive Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolutions 1 to 7.

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 the proposed Resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the grant of Incentive Options to the Participating Directors.

Additional Information

The following information in relation to the Incentive Options to be granted pursuant to Resolutions 1 to 7 is provided to shareholders for the purposes of Listing Rule 10.13:

- (a) the Incentive Options will be granted to the Participating Directors, or their nominees, as noted above;
- (b) the maximum number of Incentive Options to be granted is 5,750,000;
- (c) the Incentive Options will be allotted and granted on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to Listing Rule 7.3.2;
- (d) the Incentive Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Incentive Options; and
- (f) the terms and conditions of the Incentive Options are set out in Annexures A, B, C, D and E to this Explanatory Statement.

If approval is given for the grant of the Incentive Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Incentive Options are not being granted pursuant to the Employee Share Option Plan.

1.2 Resolution 8 – Increase in Non-Executive Directors’ Fees

Listing Rule 10.17 and clause of 13.8 of the Company’s Constitution provide that the maximum aggregate amount of the remuneration payable as Directors fees to non executive Directors is to be determined by shareholders in a general meeting.

Executive Directors receive salary and other remuneration in accordance with the terms of their employment agreements, but do not receive Directors' fees. The remuneration paid by the Company to the executive Directors is not included in the maximum aggregate amount of Directors' fees for the purpose of this Resolution.

Resolution 8 seeks shareholder approval to increase the aggregate amount of fees payable to non-executive Directors in each financial year from 1 July 2008 to \$500,000 (an increase of \$250,000) to provide the Board with flexibility to appoint further non-executive independent Directors to enhance the capability of the Board and deal with the various interests of the Company now and in the future.

The Directors do not intend utilising the entire maximum sum of \$500,000 in the first instance. By having an increase in the maximum amount that can be paid to Directors, the Directors have the flexibility to seek new independent non-executive Directors to the Board as and when appropriate. The increase should also be seen in light of the possibility there may in the future be an increase in the number of Directors and provides flexibility to attract and remunerate any additional suitable Board candidates.

1.3 Resolution 9 – Employee Share Option Plan

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen the links between the Company and its employees and accordingly adopted the Marengo Mining Employee Share Option Plan ("**Plan**") on 10 June 2008.

The objective of the Plan is to attract, motivate and retain key employees of the Company.

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

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

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

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

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

2. Directors' Recommendations

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

3. Glossary

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

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

Board means the Board of directors of the Company as constituted from time to time;

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

Constitution means the Company's constitution;

Corporations Act means the Corporations Act 2001 (Cth);

Directors means Directors of the Company;

Explanatory Statement means the explanatory statement to the Notice;

General Meeting or **Meeting** means the general meeting convened by the Notice;

Incentive Options means Options proposed to be granted pursuant to Resolutions 1 to 7, the terms and conditions of which are set out in Annexures A, B, C, D and E to this Explanatory Statement;

Notice means the notice of general meeting accompanying this Explanatory Statement;

Option means an option to acquire a Share;

Plan means Marengo Mining Employee Share Option Plan;

Resolution means a resolution proposed pursuant to the Notice;

Secretary means the current Company Secretary of the Company;

Share means a fully paid ordinary share in the capital of the Company and **Shares** has a corresponding meaning; and

WST means Australian Western Standard Time.

ANNEXURE A

TERMS AND CONDITIONS OF INCENTIVE OPTIONS (TRANCHE A)

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 Marengo Mining Limited ("**Company**"), credited as fully paid, at an exercise price of A\$0.50 per share ("**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 a notice of exercise of option 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) The options shall be exercisable immediately after the date of grant. Options not validly exercised on or before 5.00pm WST on the date that is 5 years after the grant date ("**Expiry Date**") will automatically lapse
- (d) Unless otherwise determined by the Board, if the Director who is the option holder or who nominated the option holder as their nominee ceases to be a director of the Company, then:
 - (i) if the Director ceases to be a director of the Company for any reason other than a Specified Reason, the option holder may exercise any such options held by him or her within:
 - A. 30 calendar days of the date the Director ceased to be a director of the Company; or
 - B. such longer period as the Board determines.Options the subject of option term 2(d)(i) not exercised within 30 calendar days or the longer period determined by the Board will automatically lapse.
 - (ii) if the Director ceases to be a director of the Company for a Specified Reason, the option holder may exercise any such options held by him or her within:
 - A. 180 calendar days of the date of (as the case may be) Retirement, Redundancy, Removal, death or Total and Permanent Disablement; or
 - B. such longer period as the Board determines.

Options the subject of option term 2(d)(ii) not exercised within 180 calendar days or the longer period determined by the Board will automatically lapse.

A certificate signed by the company secretary of the Company stating that the Director ceased for any reason to be a director of the Company shall (in the absence of manifest error) be conclusive for the purposes of these terms, both as to such occurrence and the date of such occurrence.

- (e) Subject to option term 2(d), if at any time prior to the Expiry Date of any options an option holder dies, the deceased option holder's Legal Personal Representative may:
 - (i) elect to be registered as the new holder of the deceased option holder's options;
 - (ii) whether or not he or she becomes so registered, exercise those options in accordance with and subject to these terms as if he were the option holder of them; and
 - (iii) if the deceased option holder had already given the Company a notice of exercise of his or her options, pay the Exercise Price in respect of those options.

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.

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:

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

Where:

O¹ = 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.

In these Terms and Conditions:

Board means the Board of directors of the Company as constituted from time to time;

Director means [*insert individual name of Director*];

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Redundancy means, in relation to a director of the Company, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that director has ceased (but, for the avoidance of any doubt, does not include the dismissal of that director for personal or disciplinary reasons or where that director leaves the employ of the Company of his or her own accord);

Removal means, in relation to a director of the Company, removal of a director of the Company from office by shareholders pursuant to the Corporations Act 2001 (Cth);

Retirement means, in relation to a director of the Company, retirement by that director from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Specified Reason means Retirement, Total and Permanent Disablement, Removal, Redundancy or death; and

Total and Permanent Disablement means, in relation to a director of the Company, that the Director has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Director unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

ANNEXURE B

TERMS AND CONDITIONS OF INCENTIVE OPTIONS (TRANCHE B)

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 Marengo Mining Limited ("**Company**"), credited as fully paid, at an exercise price of A\$0.50 per share ("**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) Subject to option term 2(c), an option is exercisable by the registered option holder lodging a notice of exercise of option 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) Subject to option term 2(f) the options shall not be exercisable until 12 months after the date of grant ("**Vesting Date**"). Options not validly exercised on or before 5.00pm WST on the date that is 5 years after grant date ("**Expiry Date**") will automatically lapse.
- (d) Unless otherwise determined by the Board, if the Director who is the option holder or who nominated the option holder as their nominee ceases to be a director of the Company, then:
 - (i) if the Director ceases to be a director of the Company for any reason other than a Specified Reason, the option holder may exercise any such options which have become exercisable and which are held by him or her within:
 - A. 30 calendar days of the date the Director ceased to be a director of the Company; or
 - B. such longer period as the Board determines.Options the subject of option term 2(d)(i) not exercised within 30 calendar days or the longer period determined by the Board will automatically lapse. For the avoidance of doubt, if the Director ceases to be a director of the Company for any reason other than a Specified Reason prior to the Vesting Date, then the options will automatically lapse.
 - (ii) if the Director ceases to be a director of the Company for a Specified Reason, the option holder may, regardless of whether or not any options have become exercisable under option term 2(c), exercise any such options held by him or her within:

- A. 180 calendar days of the date of (as the case may be) Retirement, Redundancy, Removal, death or Total and Permanent Disablement; or
- B. such longer period as the Board determines.

Options the subject of option term 2(d)(ii) not exercised within 180 calendar days or the longer period determined by the Board will automatically lapse.

A certificate signed by the company secretary of the Company stating that the Director ceased for any reason to be a director of the Company shall (in the absence of manifest error) be conclusive for the purposes of these terms, both as to such occurrence and the date of such occurrence.

- (e) Subject to option term 2(d), if at any time prior to the Expiry Date of any options an option holder dies, the deceased option holder's Legal Personal Representative may:
 - (i) elect to be registered as the new holder of the deceased option holder's options;
 - (ii) whether or not he or she becomes so registered, exercise those options in accordance with and subject to these terms as if he were the option holder of them; and
 - (iii) if the deceased option holder had already given the Company a notice of exercise of his or her options, pay the Exercise Price in respect of those options.
- (f) Notwithstanding option term 2(c), all options may be exercised:
 - (i) in the event a takeover bid (as defined in the Corporations Act 2001 (Cth)) to acquire any shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to shares issued and allotted after the date of the takeover bid or not; or
 - (ii) at any time after a Change of Control Event occurs; or
 - (iii) if a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) has been approved by the Court under section 411(4)(b) of the Corporations Act 2001 (Cth).

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.

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:

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

Where:

O^1 = 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.

In these Terms and Conditions:

Board means the Board of directors of the Company as constituted from time to time;

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board;

Director means [*insert individual name of Director*];

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Redundancy means, in relation to a director of the Company, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that director has ceased (but, for the avoidance of any doubt, does not include the dismissal of that director for personal or disciplinary reasons or where that director leaves the employ of the Company of his or her own accord);

Removal means, in relation to a director of the Company, removal of a director of the Company from office by shareholders pursuant to the Corporations Act 2001 (Cth);

Retirement means, in relation to a director of the Company, retirement by that director from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Specified Reason means Retirement, Total and Permanent Disablement, Removal, Redundancy or death; and

Total and Permanent Disablement means, in relation to a director of the Company, that the Director has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Director unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

ANNEXURE C

TERMS AND CONDITIONS OF INCENTIVE OPTIONS (TRANCHE C)

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 Marengo Mining Limited ("**Company**"), credited as fully paid, at an exercise price of A\$0.50 per share ("**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) Subject to option term 2(c), an option is exercisable by the registered option holder lodging a notice of exercise of option 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) Subject to option term 2(f), the options shall not be exercisable until 24 months after the date of grant ("**Vesting Date**"). Options not validly exercised on or before 5.00pm WST on the date that is 5 years after grant date ("**Expiry Date**") will automatically lapse.
- (d) Unless otherwise determined by the Board, if the Director who is the option holder or who nominated the option holder as their nominee ceases to be a director of the Company, then:
 - (i) if the Director ceases to be a director of the Company for any reason other than a Specified Reason, the option holder may exercise any such options which have become exercisable and which are held by him or her within:
 - A. 30 calendar days of the date the Director ceased to be a director of the Company; or
 - B. such longer period as the Board determines.Options the subject of option term 2(d)(i) not exercised within 30 calendar days or the longer period determined by the Board will automatically lapse. For the avoidance of doubt, if the Director ceases to be a director of the Company for any reason other than a Specified Reason prior to the Vesting Date prior to the Vesting Date, then the options will automatically lapse.
 - (ii) if the Director ceases to be a director of the Company for a Specified Reason, the option holder may, regardless of whether or not any options have become exercisable under option term 2(c), exercise any such options held by him or her within:

- A. 180 calendar days of the date of (as the case may be) Retirement, Redundancy, Removal, death or Total and Permanent Disablement; or
- B. such longer period as the Board determines.

Options the subject of option term 2(d)(ii) not exercised within 180 calendar days or the longer period determined by the Board will automatically lapse.

A certificate signed by the company secretary of the Company stating that the Director ceased for any reason to be a director of the Company shall (in the absence of manifest error) be conclusive for the purposes of these terms, both as to such occurrence and the date of such occurrence.

- (e) Subject to option term 2(d), if at any time prior to the Expiry Date of any options an option holder dies, the deceased option holder's Legal Personal Representative may:
 - (i) elect to be registered as the new holder of the deceased option holder's options;
 - (ii) whether or not he or she becomes so registered, exercise those options in accordance with and subject to these terms as if he were the option holder of them; and
 - (iii) if the deceased option holder had already given the Company a notice of exercise of his or her options, pay the Exercise Price in respect of those options.
- (f) Notwithstanding option term 2(c), all options may be exercised:
 - (i) in the event a takeover bid (as defined in the Corporations Act 2001 (Cth)) to acquire any shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to shares issued and allotted after the date of the takeover bid or not; or
 - (ii) at any time after a Change of Control Event occurs; or
 - (iii) if a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) has been approved by the Court under section 411(4)(b) of the Corporations Act 2001 (Cth).

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.

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:

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

Where:

O^1 = 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.

In these Terms and Conditions:

Board means the Board of directors of the Company as constituted from time to time;

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board;

Director means [*insert individual name of Director*];

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Redundancy means, in relation to a director of the Company, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that director has ceased (but, for the avoidance of any doubt, does not include the dismissal of that director for personal or disciplinary reasons or where that director leaves the employ of the Company of his or her own accord);

Removal means, in relation to a director of the Company, removal of a director of the Company from office by shareholders pursuant to the Corporations Act 2001 (Cth);

Retirement means, in relation to a director of the Company, retirement by that director from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Specified Reason means Retirement, Total and Permanent Disablement, Removal, Redundancy or death; and

Total and Permanent Disablement means, in relation to a director of the Company, that the Director has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Director unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

ANNEXURE D

TERMS AND CONDITIONS OF INCENTIVE OPTIONS (TRANCHE D)

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 Marengo Mining Limited ("**Company**"), credited as fully paid, at an exercise price of A\$0.50 per share ("**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) Subject to option term 2(c), an option is exercisable by the registered option holder lodging a notice of exercise of option 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) Subject to option term 2(f) the options shall not be exercisable until 36 months after the date of grant ("**Vesting Date**"). Options shall lapse not validly exercised on or before 5.00pm WST on the date that is 5 years after grant date ("**Expiry Date**") will automatically lapse.
- (d) Unless otherwise determined by the Board, if the Director who is the option holder or who nominated the option holder as their nominee ceases to be a director of the Company, then:
 - (i) if the Director ceases to be a director of the Company for any reason other than a Specified Reason, the option holder may exercise any such options which have become exercisable and which are held by him or her within:
 - A. 30 calendar days of the date the Director ceased to be a director of the Company; or
 - B. such longer period as the Board determines.Options the subject of option term 2(d)(i) not exercised within 30 calendar days or the longer period determined by the Board will automatically lapse. For the avoidance of doubt, if the Director ceases to be a director of the Company for any reason other than a Specified Reason prior to the Vesting Date prior to the Vesting Date, then the options will automatically lapse.
 - (ii) if the Director ceases to be a director of the Company for a Specified Reason, the option holder may, regardless of whether or not any options have become

exercisable under option term 2(c), exercise any such options held by him or her within:

- A. 180 calendar days of the date of (as the case may be) Retirement, Redundancy, Removal, death or Total and Permanent Disablement; or
- B. such longer period as the Board determines.

Options the subject of option term 2(d)(ii) not exercised within 180 calendar days or the longer period determined by the Board will automatically lapse.

A certificate signed by the company secretary of the Company stating that the Director ceased for any reason to be a director of the Company shall (in the absence of manifest error) be conclusive for the purposes of these terms, both as to such occurrence and the date of such occurrence.

- (e) Subject to option term 2(d), if at any time prior to the Expiry Date of any options an option holder dies, the deceased option holder's Legal Personal Representative may:
 - (i) elect to be registered as the new holder of the deceased option holder's options;
 - (ii) whether or not he or she becomes so registered, exercise those options in accordance with and subject to these terms as if he were the option holder of them; and
 - (iii) if the deceased option holder had already given the Company a notice of exercise of his or her options, pay the Exercise Price in respect of those options.
- (f) Notwithstanding option term 2(c), all options may be exercised:
 - (i) in the event a takeover bid (as defined in the Corporations Act 2001 (Cth)) to acquire any shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to shares issued and allotted after the date of the takeover bid or not; or
 - (ii) at any time after a Change of Control Event occurs; or
 - (iii) if a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) has been approved by the Court under section 411(4)(b) of the Corporations Act 2001 (Cth).

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.

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:

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

Where:

- O^1 = 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.

In these Terms and Conditions:

Board means the Board of directors of the Company as constituted from time to time;

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board;

Director means [*insert individual name of Director*];

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Redundancy means, in relation to a director of the Company, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that director has ceased (but, for the avoidance of any doubt, does not include the dismissal of that director for personal or disciplinary reasons or where that director leaves the employ of the Company of his or her own accord);

Removal means, in relation to a director of the Company, removal of a director of the Company from office by shareholders pursuant to the Corporations Act 2001 (Cth);

Retirement means, in relation to a director of the Company, retirement by that director from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Specified Reason means Retirement, Total and Permanent Disablement, Removal, Redundancy or death; and

Total and Permanent Disablement means, in relation to a director of the Company, that the Director has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Director unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

ANNEXURE E

TERMS AND CONDITIONS OF INCENTIVE OPTIONS (TRANCHE E)

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 Marengo Mining Limited ("**Company**"), credited as fully paid, at an exercise price of A\$0.50 per share ("**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) Subject to option term 2(c), an option is exercisable by the registered option holder lodging a notice of exercise of option 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) Subject to option term 2(f), the options shall not be exercisable until 48 months after the date of grant ("**Vesting Date**"). Options not validly exercised on or before 5.00pm WST on the date that is 5 years after grant date ("**Expiry Date**") will automatically lapse.
- (d) Unless otherwise determined by the Board, if the Director who is the option holder or who nominated the option holder as their nominee ceases to be a director of the Company, then:
 - (i) if the Director ceases to be a director of the Company for any reason other than a Specified Reason, the option holder may exercise any such options which have become exercisable and which are held by him or her within:
 - A. 30 calendar days of the date the Director ceased to be a director of the Company; or
 - B. such longer period as the Board determines.Options the subject of option term 2(d)(i) not exercised within 30 calendar days or the longer period determined by the Board will automatically lapse. For the avoidance of doubt, if the Director ceases to be a director of the Company for any reason other than a Specified Reason prior to the Vesting Date prior to the Vesting Date, then the options will automatically lapse.
 - (ii) if the Director ceases to be a director of the Company for a Specified Reason, the option holder may, regardless of whether or not any options have become exercisable under option term 2(c), exercise any such options held by him or her within:

- A. 180 calendar days of the date of (as the case may be) Retirement, Redundancy, Removal, death or Total and Permanent Disablement; or
- B. such longer period as the Board determines.

Options the subject of option term 2(d)(ii) not exercised within 180 calendar days or the longer period determined by the Board will automatically lapse.

A certificate signed by the company secretary of the Company stating that the Director ceased for any reason to be a director of the Company shall (in the absence of manifest error) be conclusive for the purposes of these terms, both as to such occurrence and the date of such occurrence.

- (e) Subject to option term 2(d), if at any time prior to the Expiry Date of any options an option holder dies, the deceased option holder's Legal Personal Representative may:
 - (i) elect to be registered as the new holder of the deceased option holder's options;
 - (ii) whether or not he or she becomes so registered, exercise those options in accordance with and subject to these terms as if he were the option holder of them; and
 - (iii) if the deceased option holder had already given the Company a notice of exercise of his or her options, pay the Exercise Price in respect of those options.
- (f) Notwithstanding option term 2(c), all options may be exercised:
 - (i) in the event a takeover bid (as defined in the Corporations Act 2001 (Cth)) to acquire any shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to shares issued and allotted after the date of the takeover bid or not; or
 - (ii) at any time after a Change of Control Event occurs; or
 - (iii) if a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) has been approved by the Court under section 411(4)(b) of the Corporations Act 2001 (Cth).

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.

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:

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

Where:

O^1 = 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.

In these Terms and Conditions:

Board means the Board of directors of the Company as constituted from time to time;

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board;

Director means [*insert individual name of Director*];

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Redundancy means, in relation to a director of the Company, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that director has ceased (but, for the avoidance of any doubt, does not include the dismissal of that director for personal or disciplinary reasons or where that director leaves the employ of the Company of his or her own accord);

Removal means, in relation to a director of the Company, removal of a director of the Company from office by shareholders pursuant to the Corporations Act 2001 (Cth);

Retirement means, in relation to a director of the Company, retirement by that director from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Specified Reason means Retirement, Total and Permanent Disablement, Removal, Redundancy or death; and

Total and Permanent Disablement means, in relation to a director of the Company, that the Director has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Director unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

ANNEXURE F

MARENGO MINING EMPLOYEE SHARE OPTION PLAN RULES

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules, unless something else is clearly intended:

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

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

- (aa) Nominee means a person nominated by an Eligible Employee pursuant to Rule 3.2(a)(ii).
- (bb) Option means an option granted under the Plan to subscribe for one fully paid share in the capital of the Company.
- (cc) Option Fee means any fee determined by the Board and specified in an Invitation which is payable by an Eligible Employee to the Company on making an Application.
- (dd) Participant means an Eligible Employee (or their Nominee, as the case may be) who:
 - (i) has received an Invitation;
 - (ii) makes an Application which is accepted by the Board; and
 - (iii) holds an Option under the Plan.
- (ee) Plan means the Marengo Mining Employee Share Option Plan constituted by these Rules.
- (ff) Relevant Requirements means any performance, vesting and/or other criteria determined by the Board and specified in an Invitation, as reduced or waived in whole or in part at anytime by the Board and notified to the Participant.
- (gg) Rules means these rules of the Plan, as amended from time to time.
- (hh) Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.
- (ii) Shares means fully paid ordinary shares in the capital of the Company.
- (jj) Special Circumstances means the Eligible Employee ceasing to be an Eligible Employee as a result of the:
 - (i) Eligible Employee's position being made redundant;
 - (ii) Eligible Employee's retirement; and
 - (iii) Eligible Employee's death or total permanent disability.
- (kk) Tax means all kinds of taxes, duties, imposts, deductions, charges and withholdings imposed by a government, together with interest and charges.
- (ll) TSX means the Toronto Stock Exchange.
- (mm) TSX Rules means the rules and policies of the TSX in respect of security based compensation arrangements, as the same may be amended from time to time.
- (nn) VWAP means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded during the relevant period.
- (oo) WST means Australian Western Standard Time.

1.2 Interpretation

In these Rules, unless something else is clearly intended:

- (a) the transfer by an Eligible Employee from one Employing Company to another does not constitute cessation of employment;

- (b) if an Employing Company which is the employer of an Eligible Employee ceases to be an Employing Company and the Eligible Employee does not contemporaneously become an Employee of another Employing Company, that Eligible Employee ceases to be an Eligible Employee;
- (c) a reference to these Rules is a reference to these Rules as amended, varied, novated, supplemented or replaced from time to time;
- (d) a reference to any legislation or any provision of any legislation includes:
 - (i) all regulations, orders or instruments issued under the legislation or provision; and
 - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (e) words or expressions:
 - (i) importing the singular include the plural and vice versa;
 - (ii) importing a gender include the other genders; and
 - (iii) denoting individuals include corporations, firms, unincorporated bodies, authorities and instrumentalities;
- (f) a reference to a party to these Rules includes that party's executors, administrators, successors and permitted assigns;
- (g) where a word or phrase is defined or given meaning, any other part of speech or grammatical form has a corresponding meaning;
- (h) any heading, index, or table of contents is for convenience only and does not affect the interpretation of these Rules;
- (i) where an act would be required to be done, or a time limit or period would expire, on a day which is not a Business Day, the act may be done, or the limit or period will expire, on the following Business Day;
- (j) a reference to anything (including to any right) includes a part of that thing;
- (k) a right includes any remedy, privilege, authority or power;
- (l) where a consent or approval is required under these Rules, the requirement will, unless something else is clearly intended, mean the prior written consent or approval;
- (m) wherever used in these Rules, the expressions "including", "such as" and similar expressions shall not imply any limitation; and
- (n) a reference to notice means written notice given in the manner provided in these Rules for service of notices.

1.3 Contractors

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

2. OPERATION OF THE PLAN

2.1 Name of the Plan

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

2.2 Purpose

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

2.3 Commencement

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

2.4 Operation

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

2.5 Plan Expenses

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

2.6 Maximum number of Shares

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

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

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

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

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

3. GRANT OF OPTIONS

3.1 Invitation

- (a) The Board may from time to time invite an Eligible Employee to participate in the Plan and make an Application (Invitation).
- (b) Each Invitation must specify:
 - (i) name and address of the Eligible Employee to whom the Invitation was made;
 - (ii) that the Eligible Employee may renounce the Invitation in favour of a nominee;
 - (iii) the date of the Invitation;
 - (iv) the number of Options available to the Eligible Employee;
 - (v) that the Eligible Employee make accept the whole or any lesser number of Options offered;
 - (vi) the minimum number of Options and any multiple of such minimum or other number which may be accepted;
 - (vii) the Option Fee (if applicable);
 - (viii) the Exercise Price or the manner of determining the Exercise Price;
 - (ix) the duration of the Options;
 - (x) the First Exercise Date;
 - (xi) the Last Exercise Date;
 - (xii) the dates or time periods for exercising the Options for the purposes of Rule 4.2(d) applicable at the date of the Invitation;
 - (xiii) the time period for making an Application;
 - (xiv) the Relevant Requirements (if any); and
 - (xv) other specific terms and conditions applicable to the Invitation (if any) which are not inconsistent with these Rules.
- (c) Each Invitation must be issued with an application form and such other information and documents as may be required by the Act (including any applicable instrument of exemption or modification) and the Listing Rules.

3.2 Application

- (a) Following receipt by an Eligible Employee of an Invitation, the Eligible Employee (or their Nominee, as the case may be) may, within the time period specified in the Invitation (Application):
 - (i) apply for Options by delivering to the Company a duly completed and executed application form (in the form attached to the Invitation); or
 - (ii) subject to clause 3.2(b), nominate a nominee (being an Associate of the Eligible Employee) in whose favour the Eligible Employee wishes to renounce the Invitation by notice in writing to the Directors.

- (b) The Board may, in its absolute discretion, resolve not to allow a renunciation of an Invitation in favour of a Nominee in accordance with clause 3.2(a)(ii) without giving any reason for the decision.
- (c) By making the Application, the Eligible Employee (or their Nominee, as the case may be) agrees to be bound by these Rules and the Constitution.

3.3 Acceptance

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

3.4 Option Terms

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

4. OPTION TERMS

4.1 Entitlement

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

4.2 Exercise of Options

- (a) Subject to the satisfaction of any Relevant Requirements and these Rules, an Option which has not lapsed is exercisable during the Exercise Period by the Participant lodging with the Company Secretary, or such other person nominated by the Board for that purpose, an Exercise Notice for a specified number of Options accompanied by the:
 - (i) Exercise Price for the number of Options specified in the Exercise Notice; and
 - (ii) Certificate for those Options.
- (b) Options must be exercised in multiples of 100, unless the Participant exercises all Options able to be exercised at that time.
- (c) The Exercise Notice only becomes effective when the Company has received the full amount of the Exercise Price for the number of Options specified in the Exercise Notice in clear funds.
- (d) An Option may only be exercised during the Exercise Period at any of the following times:

- (i) in a period specified in the Company's corporate governance policies from time to time or as otherwise approved under such policies; or
 - (ii) at or within such additional or replacement dates or periods as may be determined by the Board and notified to a Participant.
- (e) If, at anytime during the Exercise Period, an Eligible Employee ceases to be an Employee as a result of Special Circumstances, the Participant may exercise their Options in accordance with Rule 4.2(a) within 180 days from the date of cessation of employment (or such longer period determined by the Board).
 - (f) Subject to clause 4.4(a)(vii) if, at anytime during the Exercise Period, an Eligible Employee ceases to be an Employee other than as a result of Special Circumstances, the Participant may exercise their Options in accordance with Rule 4.2(a) within 30 days from the date of cessation of employment (or such longer period determined by the Board).
 - (g) If, at any time prior to the Last Exercise Date, the Board gives written notice to the Participants that an Event has occurred, Participants may exercise all of their Options in accordance with Rule 4.2(a) within 30 days from the date of such written notice (or such longer period determined by the Board).
 - (h) If, at any time during the Exercise Period, an Eligible Employee's employment is suspended pursuant to the terms of their Employment Agreement, all Options held by that Participant may not be exercised during the period of suspension.

4.3 Issue of Shares

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

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

4.4 Lapse of Options

- (a) An Option will lapse and become unable to be exercised on the earliest of the date that:
 - (i) is the Last Exercise Date;
 - (ii) if Rule 4.2(e) applies, is 180 days from the date of cessation of employment (or such longer period determined by the Board);
 - (iii) if Rule 4.2(f) applies, is 30 days from the date of cessation of employment (or such longer period determined by the Board);
 - (iv) is the date an Eligible Employee ceases to be an Employee (or such longer period determined by the Board);
 - (v) if Rule 4.2(f) applies, is 30 days from the date of the written notice (or such longer period determined by the Board);

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

4.5 Aggregation

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

4.6 Dealing

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

- (d) Subject to the transferee agreeing to be bound by these Rules and the Constitution Options may be transferred:
- (i) on the death of a Participant, by the Participant's legal personal representative; and
 - (ii) in the event that an order is made for the Participant's estate to be administered under the laws relating to mental health, the person who is appointed to administer such estate,

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

4.7 Quotation

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

4.8 Reconstruction

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

4.9 New Issue of Shares

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

4.10 Bonus Issue

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

4.11 Rights Issue

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

4.12 Other Securities

If the Company offers shareholders other securities, the Board will determine whether the other securities are to be offered to Participants on the exercise of Options or whether any other equivalent securities, interest or rights will be offered to them if the other securities are not

available, and the basis thereof, to the intent that on the exercise of Options the Participants will be treated whenever possible as if they were shareholders at the date that the Options are granted to the Participant.

4.13 Winding Up

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

4.14 Adjustments

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

4.15 Right to reports and notices

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

5. PLAN LIMITS

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

6. ADMINISTRATION OF THE PLAN

6.1 Board to administer

The Board will administer the Plan and may:

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

6.2 Discretion

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

6.3 Company and the Board

Subject to the law, any power or discretion which is conferred on the Company or the Board by these Rules may be exercised in the interests, or for the benefit, of the Company, and the

Company or the Board (as the case may be) is not, in exercising such power or discretion, under any fiduciary or other obligation to any other person.

6.4 Decision of the Board

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

6.5 Independent advice

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

6.6 Other documents

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

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

7. AMENDING THE RULES

7.1 Board may amend

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

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

7.2 Shareholder approval for certain amendments

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

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

7.3 Rights of Participants

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

7.4 Retrospective effect

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

7.5 Written notice

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

8. TERMINATION OR SUSPENSION OF THE PLAN

8.1 Change to the law

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

8.2 Company may terminate

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

8.3 Winding up

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

8.4 Effect of termination

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

9. CONNECTION WITH OTHER SCHEMES

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

10. RELATIONSHIP OF THE COMPANY AND PARTICIPANTS

10.1 General

Nothing in these Rules:

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

10.2 Control

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

11. LIABILITY

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

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

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

12. BREACH BY A PARTICIPANT

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

13. ADVICE

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

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

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

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

15. TAX REIMBURSEMENT

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

16. NOTICES

16.1 A notice will be deemed to be duly given:

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

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

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

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

Address: Marengo Mining Limited
Level 2, 9 Havelock Street
West Perth Western Australia 6005

Fax: (08) 9429 0099

Email: marengo@marengominig.com

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

17. GOVERNING LAW

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

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

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MARENGO
MINING LIMITED

ABN 57 099 496 474

MARENGO MINING LIMITED

ABN 57 099 496 474

TO LODGE A PROXY FORM:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
Facsimile 61 8 9323 2033

FOR ALL ENQUIRIES CALL:

(within Australia) 1300 550 839
(outside Australia) 61 3 9415 4000

000001 000 MGO
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECEIVED BY 10.00am (WST) ON TUESDAY 29 JULY 2008



YOUR SECURITYHOLDER INFORMATION IS AVAILABLE ONLINE, SIMPLY VISIT:
www.investorcentre.com.au

- Review your securityholding
- Update your securityholding

YOUR SECURE ONLINE ACCESS INFORMATION

SRN/HIN: I1234567890

POST CODE: 3030

! FOR SECURITY REASONS IT IS
IMPORTANT THAT YOU KEEP
YOUR SRN/HIN CONFIDENTIAL.

HOW TO COMPLETE THIS PROXY FORM *Please read these notes prior to completion of the voting form.*

VOTES ON ITEMS OF BUSINESS

Voting 100% of your holding. You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Voting a portion of your holding. You may indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. The sum of the votes cast on each item or the percentages for and against an item must not exceed your voting entitlement or 100%.

A proxy need not be a securityholder of the Company.

APPOINTMENT OF 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 proportion or number of votes each proxy may exercise, otherwise each proxy may exercise half of the votes. Fractions of votes will be disregarded. A separate Proxy Form should be used for each proxy. You can obtain additional forms by telephoning the company's share registry or you may copy this form. If you lodge two proxies please lodge both forms together.

SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the holder must sign.

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

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.


If a representative of a corporate securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained by telephoning the company's share registry or at www.computershare.com.

LODGEMENT OF A PROXY FORM. This Form (and any Power of Attorney under which it is signed) must be received at an address given above no later than 48 hours before the commencement of the meeting at 10.00am (WST), Thursday, 31 July 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

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

the Chairman of the Meeting OR

 Please 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 2, 9 Havelock Street, West Perth, Western Australia 6005 on Thursday, 31 July 2008 at 10.00am (WST) and at any adjournment of that meeting.

IMPORTANT: FOR RESOLUTIONS 1, 8 AND 9 BELOW If the Chairman of the Meeting is appointed as your nominated proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote on Resolutions 1, 8 and 9 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1, 8 and 9 and that votes cast by him for Resolutions 1, 8 and 9, other than as proxy holder, will be disregarded because of that interest. 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 1, 8 and 9 and your votes will not be counted in computing the required majority if a poll is called on Resolutions 1, 8 and 9. The Chairman of the Meeting intends to vote undirected proxies in favour of each of Resolutions 1, 8 and 9.

STEP 2 ITEMS OF BUSINESS

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

	For	Against	Abstain
Resolution 1 Approval of Grant of Incentive Options to John Horan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of Grant of Incentive Options to Les Emery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of Grant of Incentive Options to Rabbie Namaliu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of Grant of Incentive Options to Douglas Dunnet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of Grant of Incentive Options to Susanne Sesselmann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of Grant of Incentive Options to Elizabeth Martin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of Grant of Incentive Options to John Hick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Increase in Non-Executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items 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



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00001 000 MGO
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of name and/or address. If your name and/or address is incorrect, please mark this box and make the correction on this form. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes. *Please note, you cannot change ownership of your securities using this form.*