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**For Immediate Distribution  
18 November, 2010**

**TSX: MRN  
ASX & POMSoX: MGO**

**NEWS RELEASE**

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**MARENGO MINING LIMITED FILES PRELIMINARY  
SHORT FORM PROSPECTUS**

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TORONTO, Ontario (November 18, 2010) – Marengo Mining Limited (“Marengo” or the “Company”) (TSX: **MRN**, ASX and POMSoX: **MGO**) announced today that it has filed and received a receipt for a preliminary short form prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia in connection with a best efforts offering of units (the “Units”) of the Company (the “Offering”).

Each Unit will consist of one ordinary share (an “Ordinary Share”) of the Company and one subscription receipt (a “Subscription Receipt”). Upon receipt of shareholder approval required pursuant to the listing rules of the Australian Securities Exchange (the “Release Condition”), each Subscription Receipt will be automatically converted into one ordinary share of the Company. Pending satisfaction of the Release Condition, that portion of the proceeds received in respect of the Subscription Receipts (the “Escrowed Proceeds”) will be held in escrow. In the event that the Release Condition is not satisfied within 35 days following receipt for the final prospectus, the Escrowed Proceeds, plus interest thereon, will be returned to the holders of the Subscription Receipts.

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

The Offering is being conducted by Paradigm Capital Inc. Final pricing and determination of the number of Units to be sold pursuant to the Offering will be determined in the context of the market.

Marengo is an exploration and feasibility stage mining company with its principal asset being the Yandera Project. The Company’s primary focus is to complete the DFS and to continue a district exploration program focusing on the area surrounding the Yandera central resource.



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The Offering is scheduled to close on or about December 7, 2010 and is subject to the approval of the Australian Securities Exchange, the Toronto Stock Exchange and applicable securities regulatory authorities.

*This news release does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the ordinary shares in any state in which such offer, solicitation or sale would be unlawful. The ordinary shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, the ordinary shares may not be offered or sold in the United States or to U.S. persons (as such terms are defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or an exemption from the registration requirements is available.*

### **Cautionary Statement Regarding Forward-Looking Information**

This news release contains forward looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or to be achieved and any other similar expressions. In providing the forward-looking information in this news release, the Company has made numerous assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) that the results of the DFS continue to be positive; and (iv) that future exploration results are as anticipated. Management believes that these assumptions are reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking information. Some of these risks, uncertainties and other factors are described under the heading "Risks Factors" in the Company's annual information form available on the SEDAR website. Forward-looking information is based on estimates and opinions of management at the date the statements are made. Except as required by law, Marengo does not undertake any obligation to update forward-looking information even if circumstances or management's estimates or opinions should change. Readers should not place under reliance on forward-looking information.

For further information:

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Please note that the Head Office of Marengo is located in Western Australia and is 13 hours ahead of Toronto time.

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*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to United States persons except in compliance with the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws or under exemptions from those laws. See "Plan of Distribution."*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo Mining Limited at Level 2, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +618 9429 0000, and are also available electronically under the Company's profile at the SEDAR website.*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

November 18, 2010



ABN 57 099 496 474

C\$●

● Units

This short form prospectus qualifies the distribution (the "**Offering**") by Marengo Mining Limited ("**Marengo**" or the "**Company**") of an aggregate of up to ● units (the "**Units**") of Marengo, each Unit consisting of one ordinary share of the Company (each, a "**Unit Share**") and one subscription receipt (each, a "**Subscription Receipt**") at a price of C\$● per Unit (the "**Offering Price**"), pursuant to the terms of an agency agreement dated as of ●, 2010 (the "**Agency Agreement**") between Marengo and Paradigm Capital Inc. (the "**Agent**"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, one ordinary share of the Company (each, a "**Receipt Share**") upon satisfaction of the Release Condition (as defined herein under "*Plan of Distribution*"). The effective price per ordinary share of the Company offered under this short form prospectus is C\$● (the "**Effective Price**").

Upon closing of the Offering, the gross proceeds of the Offering from the sale of the Unit Shares, less the expenses and Agent's Fee (as defined herein) relating thereto, shall be paid to the Company. The gross proceeds of the Offering from the sale of the Subscription Receipts (the "**Escrowed Proceeds**") will be deposited with Computershare Trust Company of Canada, as escrow agent (the "**Escrow Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments), pending satisfaction of the Release Condition (as defined herein). The funds held by the Escrow Agent, together with all interest earned thereon, are referred to herein as the "**Escrowed Funds**".

Provided that the Release Condition is satisfied at or before 5:00 p.m. (Perth time) on the date that is 35 days following receipt for the final prospectus (the "**Release Deadline**"), the Escrowed Funds will be released to the Company and the Subscription Receipts will be automatically converted into Receipt Shares, without payment of additional consideration or further action on the part of the holders.

In the event that: (i) the Release Condition is not satisfied by the Release Deadline; or (ii) prior to such time, the Company advises the Agent or announces to the public that it does not intend to satisfy the Release Condition (each such event being a "**Termination Event**"), then the Escrow Agent will return to the holders of the Subscription Receipts, on the third business day following the occurrence of such a Termination Event (the "**Termination Date**"), an amount equal to the aggregate Escrowed Proceeds from the Subscription Receipts held by such holder and their pro rata share of interest earned on the Escrowed Proceeds. The Company shall be responsible and liable to such holders for any shortfall between that amount and the Escrowed Funds. See "*Description of Securities Being Distributed—Subscription Receipts*".

No additional consideration will be received by the Company and no commission or fee will be payable by the Company in connection with the Receipt Shares issuable upon conversion of the Subscription Receipts. The Offering Price was determined by negotiation between Marengo and the Agent.

The outstanding ordinary shares of the Company (the “**Ordinary Shares**”) are listed and posted for trading on the Australian Securities Exchange (the “**ASX**”) and the Port Moresby Stock Exchange (the “**POMSoX**”) under the symbol “**MGO**” and on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**MRN**”. On November 17, 2010, the last trading day on the ASX before the filing of this short form prospectus, the closing price of the Ordinary Shares on the ASX was A\$0.25. On November 17, 2010, the last trading day on the TSX before the filing of this short form prospectus, the closing price of the Ordinary Shares on the TSX was C\$0.27. **There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus.**

**An investment in the Units is speculative and involves significant risk. In particular, the conversion of the Subscription Receipts into Receipt Shares is subject to the satisfaction of the Release Condition. See “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Information”.** Prospective investors should carefully review and evaluate these factors before investing in the Units.

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**Price: C\$● per Unit**

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		Price to the Public	Agent’s Fee <sup>(1)</sup>	Net Proceeds to Marengo <sup>(2)</sup>
Per Unit	.....	C\$●	C\$●	C\$●
Total <sup>(3)</sup>	.....	C\$●	C\$●	C\$●

Notes:

- (1) Pursuant to the Agency Agreement, the Company has agreed to pay to the Agent a cash fee (the “**Agent’s Fee**”) equal to 6% of the gross proceeds of the Offering, except for any order from Sentient Executive GP II, Limited (“**Sentient**”) on which only a cash commission equal to 1.5% of any such proceeds will be received, payable on the Closing Date (as defined herein). Unless otherwise indicated, it is assumed that no Units will be issued to Sentient and that the Agent’s Fee will be payable on the total number of Units to be issued pursuant to the Offering.
- (2) After deducting the Agent’s Fee and before deducting expenses of the Offering, estimated to be C\$500,000, which will be paid from the proceeds of the Offering.
- (3) The Company has granted to the Agent an option (the “**Over-Allotment Option**”), exercisable in whole or in part at the sole discretion of the Agent for a period of 30 days following the Closing Date, to purchase up to such number of additional Subscription Receipts (the “**Additional Subscription Receipts**”), at the Effective Price and on the same terms and conditions of the Offering (including conversion subject to receipt of the Shareholder Approval (as defined herein)), as are convertible into an aggregate number of Ordinary Shares as is equal to 15% of the number of Unit Shares and Subscription Receipts sold pursuant to the Offering. This short form prospectus also qualifies for distribution the Over-Allotment Option and the Additional Subscription Receipts. A purchaser who acquires Additional Subscription Receipts forming part of the Agent’s over-allocation position acquires such Additional Subscription Receipts under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless the context requires otherwise, all references to Receipt Shares in this short form prospectus shall include the securities issuable upon exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, Agent’s Fee and net proceeds to Marengo will be \$●, \$● and \$●, respectively, before deducting expenses of the Offering. See “*Plan of Distribution*”.

Agent’s Position		Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	.....	●	Any time but not later than 30 days after closing of the Offering	C\$●

The Company will apply to list the Unit Shares and the Receipt Shares issuable upon conversion of the Subscription Receipts on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX. In accordance with the listing rules of the ASX and the POMSoX, Marengo will also apply for official quotation of the Unit Shares and the Receipt Shares issuable upon conversion of the Subscription Receipts on the ASX and the POMSoX.

The Agent, as principal, conditionally offers the Units on a best efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Company by Fraser Milner Casgrain LLP, and on behalf of the Agent by Cassels Brock & Blackwell LLP. In connection with the Offering and subject to applicable laws, the Agent may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Ordinary Shares at levels other than that which might otherwise prevail in the open market for a limited period after

the date on which the Offering is completed. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. See “*Plan of Distribution*”.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Unit Shares and the Subscription Receipts will be issued in registered form on the date of closing, which is expected to occur on or about December 7, 2010, or any other date on which the Company and the Agent may agree, but in any event not later than 42 days after the date of the receipt for this short form prospectus (the “**Closing Date**”).

Marengo’s registered and head office is located at Level 2, 9 Havelock Street, West Perth, Western Australia, 6005.

Marengo is incorporated under the laws of a foreign jurisdiction and both the Company and a majority of the directors and officers of Marengo reside outside of Canada. Although the Company and the directors and officers that signed this short form prospectus have appointed Fraser Milner Casgrain LLP, 77 King Street West, Suite 400, Toronto, Ontario, M5K 0A1 as its agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against Marengo or any of its directors or officers residing outside of Canada.

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## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo at Level 2, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +618 9429 0000, and are also available electronically under the Company's profile at the SEDAR website.

The following documents of the Company, filed with the securities commissions or similar authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) annual information form of the Company dated September 28, 2010 for the financial year ended June 30, 2010 (the "**Annual Information Form**");
- (b) audited annual consolidated financial statements of the Company as at, and for the financial year ended June 30, 2010, together with the auditors' report thereon dated September 23, 2010 and the notes thereto;
- (c) management's discussion and analysis of financial condition and results of operations for the financial year ended June 30, 2010;
- (d) unaudited interim consolidated financial statements of the Company as at, and for the three month period ended September 30, 2010, together with the notes thereto;
- (e) management's discussion and analysis of financial condition and results of operations for the three month period ended September 30, 2010; and
- (f) explanatory statement and management information circular of the Company dated September 30, 2010 prepared in connection with the annual general meeting of shareholders held on November 11, 2010.

**A reference herein to this short form prospectus also means any and all documents incorporated by reference in this short form prospectus. Any document of the type referred to above, including audited annual consolidated financial statements, unaudited interim consolidated financial statements and the related management's discussion and analysis, material change reports (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial information is deemed incorporated by reference in this short form prospectus and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this short form prospectus.**

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus, to the extent that a statement contained herein or in any**

**other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or includes any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Certain information in this short form prospectus, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information which reflect management's expectations regarding Marengo's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this short form prospectus, the Company has made numerous assumptions. The assumptions include, among other things, assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) the accuracy of the Company's mineral resource estimate; (iv) the future price of copper and molybdenum; and (v) that the supply and demand for copper, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) the risk that Shareholder Approval (as defined herein) for the issue of the Receipt Shares upon conversion of the Subscription Receipts is not obtained; (ii) the absence of any market through which Subscription Receipts may be traded; (iii) the risk that the proceeds of the Offering are not applied effectively; (iv) structural subordination of the Ordinary Shares; and (v) dilution from the future issue or sale of Ordinary Shares.

This short form prospectus (see "*Risk Factors*") and the Company's interim and annual management's discussion and analysis incorporated herein by reference contain additional information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this short form prospectus,



except as may be required by law. All forward-looking information disclosed in this short form prospectus is qualified by this cautionary statement.

Additional information about the Company and its business activities is available under the Company’s profile on SEDAR website.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Fraser Milner Casgrain LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Agent, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Regulations**”) in effect on the date hereof, the Unit Shares and the Receipt Shares would be, if issued on the date hereof, qualified investments (“**Qualified Investments**”) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“**TFSAs**”) under the Tax Act (collectively, “**Exempt Plans**”) provided that the Unit Shares and the Receipt Shares are listed on a “designated stock exchange”, as defined in the Tax Act. The Subscription Receipts will be a Qualified Investment for an Exempt Plan provided that: (i) the Ordinary Shares are listed on a “designated stock exchange”; and (ii) the Company is not a “connected person” under the Exempt Plan. For this purpose, a “connected person” under an Exempt Plan is defined as a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Exempt Plan as well as any other person who does not deal at arm’s length with that person.

The Unit Shares, Subscription Receipts and Receipt Shares will not be “prohibited investments” for a trust governed by a TFSA, provided the holder of the TFSA deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Company or in any person or partnership with which the Company does not deal at arm’s length for purposes of the Tax Act. Holders of trusts governed by a TFSA should consult their own tax advisors to ensure the Unit Shares, Subscription Receipts and Receipt Shares would not be a prohibited investment in their particular circumstances.

### **CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION**

The Company reports in Australian dollars. Accordingly, unless otherwise indicated, all references to “**A\$**” or “dollars” in this short form prospectus refer to Australian dollars, “**C\$**” refers to Canadian dollars, “**US\$**” refers to United States dollars and “**PGK**” refers to Papua New Guinean kinas.

The high, low, average and closing exchange rates for Canadian dollars in terms of Australian dollars and Canadian dollars in terms of United States dollars for each of the two years ended June 30, 2010 and 2009 and the three month periods ended September 30, 2010 and 2009, as quoted by the Bank of Canada, were as follows:

<u>Canadian dollar per Australian dollar</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Closing</u>
<b>Year ended June 30</b>				
2010 .....	\$1.1583	\$1.0181	\$1.0748	\$1.1120
2009 .....	\$1.3291	\$1.0181	\$1.1589	\$1.0680
<b>Three Months ended September 30</b>				
2010 .....	\$1.1203	\$0.9996	\$1.0627	\$1.0072
2009 .....	\$1.1306	\$1.0544	\$1.1589	\$1.0680

<u>Canadian dollar per United States dollar</u>	<u>High</u>	<u>Low</u>	<u>Average<sup>(1)</sup></u>	<u>Closing</u>
<b>Year ended June 30</b>				
2010 .....	\$1.0039	\$0.8580	\$0.9475	\$0.9429
2009 .....	\$0.9984	\$0.7692	\$0.8575	\$0.8602
<b>Three Months ended September 30</b>				
2010 .....	\$0.9844	\$0.9381	\$0.9624	\$0.9711
2009 .....	\$0.9422	\$0.8580	\$0.9108	\$0.9327

Notes:

(1) Calculated as an average of the daily noon rates for each period.

On November 17, 2010, the Bank of Canada exchange rate for the purchase of one Australian dollar using Canadian dollars was C\$1.0023 (C\$1.00 = A\$0.9977).

On November 17, 2010, the Bank of Canada noon spot exchange rate for the purchase of one United States dollar using Canadian dollars was C\$1.0207 (C\$1.00 = US\$0.9797).

On November 17, 2010, the Reserve Bank of Australia exchange rate for the purchase of one Papua New Guinean kina using Australian dollars was A\$0.3897 (A\$1.00 = PGK2.5658).

#### **FINANCIAL INFORMATION**

The financial statements of the Company incorporated by reference in this short form prospectus are reported in Australian dollars and have been prepared in accordance with International Financial Reporting Standards rather than Canadian generally accepted accounting principles and may not be comparable to financial statements of Canadian issuers. Marengo has not, and is not required to, provide a reconciliation of its financial statements to Canadian generally accepted accounting principles.

## THE COMPANY

### Corporate Structure

Marengo was incorporated under the Corporations Act 2001 (Cth) (Australia) on February 6, 2002. Marengo listed on the ASX on November 13, 2003 upon the issuance of 17.5 million Ordinary Shares for gross proceeds of A\$3.5 million and subsequently listed on the POMSx on November 10, 2006. On April 15, 2008, following a public offering of 44,736,843 Ordinary Shares for gross proceeds of C\$8.5 million by way of a long form prospectus, the Ordinary Shares were listed and commenced trading on the TSX.

Marengo has one subsidiary, Marengo Mining (PNG) Limited (“**Marengo PNG**”). Marengo PNG is wholly and directly owned by Marengo. Marengo PNG was incorporated under the laws of Papua New Guinea on February 21, 2005. Marengo PNG holds the Company’s interest in the Yandera Project (as defined below).

Unless the context otherwise requires, references in this short form prospectus to the “Company” are references to Marengo and Marengo PNG, together.

### Overview

Marengo is an exploration and feasibility stage mining company. Marengo’s principal asset is a 100% interest in a copper-molybdenum-gold deposit located in Madang Province, Papua New Guinea (the “**Yandera Project**”). Papua New Guinea is located within the “Ring of Fire”, between West Papua and New Zealand. Management believes each of Barrick Gold Corporation, China Metallurgical Group Corporation, Lihir Gold Limited, Newcrest Mining Limited and Harmony Gold Mining Co. Ltd. to be currently operating in Papua New Guinea. The following map highlights the location of the Yandera Project relative to south-east Asia and Australia:



The Company also owns a database of exploration and project evaluation activities (including all exploration and drilling data, assay results from 102 diamond holes totalling 33,000 metres, resource estimates and scoping studies) at the Yandera Project between 1970 and 1989.

In September 2006, the Company commissioned a conceptual mining study (the “**CMS**”) for the Yandera Project to include a preliminary mine design and open pit optimization, metallurgical test work, plant flow sheet design and throughput options and capital and operating cost estimates. In July 2007, the CMS was completed and, based on the positive results thereof, the Company determined to proceed with a definitive feasibility study (the “**DFS**”) on the development of the Yandera Project.

Phase 1 of the DFS was completed in April 2008 and comprised a comparative development options analysis study and delivered a number of positive results. Phase 2 of the DFS commenced in May 2008 and is ongoing. Phase 2 of the DFS involves metallurgical test work, mine design, process plant design, tailings and concentrate pipeline design, route selection, geotechnical studies, equipment selection and infrastructure layout. Phase 2 of the DFS also includes identification and consideration of options for project infrastructure, processing facility locations and transportation in order to reduce initial capital costs.

The primary focus of the Company for the ensuing 12 months is to complete the DFS and to continue a district exploration program focusing on the area below and surrounding the Yandera Central Porphyry.

The Company currently has no source of earnings other than interest paid to it on its current cash position. In order to fund its ongoing exploration efforts and operations, Marengo has historically raised funds through the issuance of equity securities.

## **RECENT DEVELOPMENTS**

### **Joint Company Secretary**

On October 6, 2010, the Company announced that Mr. Dennis Wilkins had been appointed as Joint Company Secretary in addition to Mr. John Ribbons.

### **Memorandum of Understanding for Financing, Construction and Development of Yandera Project**

On October 18, 2010, the Company announced that it had entered into a memorandum of understanding (the “**MOU**”) with Arcon WA Pty Ltd. (“**Arcon**”) and China Nonferrous Metal Industry’s Foreign Engineering and Construction Co. Ltd. (“**NFC**”) relating to future financing, construction and development of the Yandera Project.

Under the MOU, Marengo has agreed to work exclusively with NFC and Arcon to establish the cost and program for delivery of the Yandera Project in parallel with the completion of the current DFS. These discussions will be conducted with a view to Marengo PNG entering into:

- (a) a formal construction agreement (Engineering, Procurement and Construction Contract or the “**EPC Contract**”) under which Marengo PNG will appoint NFC as the principal contractor, under a lump sum turnkey contract, following a detailed evaluation of the project construction costs to be undertaken by NFC as part of the final stage of the DFS; and

- (b) a formal financing agreement, subject to agreement on the terms of the EPC Contract, under which NFC will facilitate at least 70% of the necessary financing for the project development costs of the Yandera Project through Chinese banks.

Under the proposed construction agreement, NFC will be permitted, to the extent reasonably practicable, to maximize the use and procurement of engineering services, mechanical equipment, fabricated steel and other construction materials, and mining equipment required for the Yandera Project in China.

The MOU includes an indicative timetable which contemplates the commencement of construction of the Yandera Project by the first half of 2012 following completion of a formal EPC Contract and approved financing anticipated by November 2011.

The MOU contemplates future agreements being entered into as described above, including the EPC Contract. There can be no assurance that such agreements or any of the transactions contemplated by the MOU will be entered into or be completed.

### **DETAILS OF THE YANDERA PROJECT**

Detailed information in respect of the Yandera Project is set out in the revised and restated technical report on the Yandera Project (the “**Revised Technical Report**”) originally dated December 2008 and revised and restated January 2009, prepared by Stephen Godfrey, Associate, Principal Resource Geologist of Golder Associates Pty Ltd (Australia) and a summary of the Revised Technical Report is set out at pages 10 to 15 of the Annual Information Form. See “*Documents Incorporated by Reference*”.

## CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share or loan capital, on a consolidated basis, since September 30, 2010. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering. This table should be read in conjunction with the consolidated financial statements of the Company (including the notes thereto) incorporated by reference into this short form prospectus.

	Outstanding as at June 30, 2010 <sup>(1)</sup>	Outstanding as at September 30, 2010 <sup>(1)</sup>	Outstanding as at September 30, 2010 after giving effect to the Offering <sup>(2)</sup>
	(Audited)	(Unaudited)	(Pro Forma - Unaudited)
Long-Term Debt .....	NIL	NIL	NIL
Ordinary Shares <sup>(3)</sup> (authorized: unlimited).....	498,810,862	738,810,863	•
Contributed Equity.....	\$ 78,109,418	\$ 98,030,706	\$ •
Reserves .....	\$ 2,832,413	\$ 1,444,078	\$ •
Accumulated Losses .....	\$ (58,498,313)	\$ (60,256,206)	\$ •
<b>TOTAL EQUITY .....</b>	<b>\$ 22,443,518</b>	<b>\$ 39,218,578</b>	<b>\$ •</b>

Notes:

- (1) Before giving effect to the Offering.
- (2) After deducting expenses of the Offering, estimated to be C\$500,000, and the Agent's Fee.
- (3) Not including shares issuable upon exercise of options, warrants or broker warrants which remained unexercised on June 30, 2010 and September 30, 2010, respectively.

## USE OF PROCEEDS

On the Closing Date, the Escrowed Proceeds will be deposited with the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments), pending satisfaction of the Release Condition.

The net proceeds to the Company from the Offering will be approximately C\$● after deducting the Agent's Fee of C\$● and the estimated expenses of the Offering of C\$500,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering will be approximately C\$● after deducting the Agent's Fee of C\$● and the estimated expenses of the Offering of C\$500,000. See "Plan of Distribution".

The Company intends to use the net proceeds to advance the exploration of the Yandera Project, as well as for permitting and other pre-construction expenditures relating to the Yandera Project and general corporate and working capital purposes. The proceeds from the Offering will be used more particularly by the Company as follows:

Exploration (detailed below).....	C\$● million
Permitting and other pre-construction expenditures	C\$● million
General corporate and working capital .....	C\$● million
<b>Total: .....</b>	<b>C\$● million</b>

### Exploration

Drilling (up to 35,000 metres) including assays ..... C\$● million

Helicopter hire .....	C\$● million
Salaries.....	C\$● million
Field accommodation (incl. major camp upgrades).....	C\$● million
Miscellaneous field expenditure and administration.....	C\$● million
<b>Total:</b> .....	<b>C\$● million</b>

Permitting and other pre-construction expenditures includes work continuing or commencing on various matters including, but not limited to, environmental, community affairs, landowner negotiations, social impact studies, land surveys, mining tenement applications, capital and infrastructure planning.

### Permitting and Pre-construction

Environment.....	C\$● million
Permitting.....	C\$● million
Community affairs, landowners negotiations, other surveys.....	C\$● million
Tenement applications.....	C\$● million
Salaries and miscellaneous expenditures .....	C\$● million
Capital and preconstruction items.....	C\$● million
<b>Total:</b> .....	<b>C\$● million</b>

The proposed exploration expenditures will focus on extensions to the resource at depth, along strike and adjacent to the initial proposed mining pits. To some extent the amount of resource extension drilling will be dependent on the results of the current drilling program due for completion in December 2010 and the initial results of the DFS which may require additional resource infill, geotechnical or engineering drilling to be done as a priority. The program envisages up to six diamond drilling rigs in operation for 10 months. Work will also continue on the detailed geological model for the resource and adjacent areas in order to increase confidence in the interpretation. These interpretive models are also used in the district exploration program.

District exploration will continue to focus on targets generated by the 2009 helimag and radiometric survey and earlier reconnaissance geochemistry and geological interpretations. Target areas will be followed up by remote sensing, ground geochemistry, geological mapping, geophysics, as necessary. The exact nature of the exploration programme will largely be dependent on results.

Other exploration work includes an upgrade to the main Yandera camp, and establishment of a second core processing facility to the north-west in the Imbrum River area. Improvements to the staging base near Brahman Mission and the storage facilities at Brahman are also needed.

Existing funds of the Company and proceeds from the Offering are currently the only sources of funds to finance the exploration program at the Yandera Project. Marengo may require further capital from external sources to develop any newly discovered mineral deposits and/or, if the DFS is positive, to develop the Yandera Project. Marengo intends to raise any such funds through debt and/or equity financing. There can be no assurance that additional financing will be available at all or on terms acceptable to the Company to develop any newly discovered mineral deposits or to finance the capital costs to develop the Yandera Project.

Marengo intends to hold the net proceeds from the Offering, including the Escrowed Funds upon satisfaction of the Release Condition, in term deposits at major Australian banks pending their expenditure.

Although Marengo intends to expend the net proceeds from the Offering as set out in the above table, the actual allocation of the net proceeds may vary from that set out above, depending on future developments in Marengo's mineral properties or unforeseen events.

**Mr. Peter Dendle, a "Qualified Person" as defined by NI 43-101 and a full-time employee of Marengo holding the position of Project Manager, has been involved in the preparation of Marengo's work plan and the decision to proceed with the proposed district exploration program has been, in part, based upon the recommendation of Mr. Dendle.**

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

The Offering consists of ● Units. Each Unit consists of one Unit Share and one Subscription Receipt. Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, one Receipt Share upon satisfaction of the Release Condition.

### **Subscription Receipts**

The following summary of the material attributes and characteristics of the Subscription Receipts does not include a description of all of the terms of the Subscription Receipts, and reference should be made to the Subscription Receipt Agreement (as defined herein) for a complete description of the terms of the Subscription Receipts. A copy of the Subscription Receipt Agreement will be available for review on the SEDAR website under the Company's profile following the Closing Date.

The Subscription Receipts will be issued on the Closing Date pursuant to a subscription receipt agreement to be entered into on the Closing Date among the Company, the Agent and the Escrow Agent (the "**Subscription Receipt Agreement**"). The Escrowed Proceeds will be delivered to and held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments), pending satisfaction of the Release Condition. Provided that the Release Condition is satisfied on or before the Release Deadline, upon such occurrence the Escrowed Funds will be released to the Company and the Subscription Receipts will be automatically converted into Receipt Shares, without payment of additional consideration or further action on the part of the holders.

In connection with the satisfaction of the Release Condition, the Escrow Agent will release the Escrowed Funds to the Company upon: (i) an irrevocable direction of the Company to Computershare Trust Company of Canada (in its capacity as Canadian registrar and transfer agent for the Ordinary Shares) to issue the Receipt Shares to holders of record of Subscription Receipts as at the date and time that the Release Condition is satisfied; and (ii) a notice from the Company and the Agent, to the Escrow Agent, confirming that the Release Condition has been satisfied. The Company shall issue a press release setting out the date the Release Condition is satisfied.

In the event that the Release Condition is not satisfied by the Release Deadline or if prior to such time, the Company advises the Agent or announces to the public that it does not intend to satisfy the Release Condition, the Escrow Agent will return to the holders of Subscription Receipts, on the Termination Date, an amount equal to the aggregate Escrowed Proceeds from the Subscription Receipts held by such holder and their pro rata share of interest earned on the Escrowed Proceeds. The Company shall be responsible and liable to such holders for any shortfall between that amount and the Escrowed Funds.

Holders of Subscription Receipts will not have any voting or pre-emptive rights or other rights as shareholders of the Company and will not be entitled to receive any dividends of the Company in respect of such Subscription Receipts prior to the issuance of the Receipt Shares upon conversion of such Subscription Receipts, if at all.



The Subscription Receipt Agreement will also provide for, and contain provisions for, adjustment to the amount and kind of securities or other properties issuable upon conversion of the Subscription Receipts if there is: (i) any subdivision, consolidation or change of the Ordinary Shares; (ii) any consolidation, amalgamation, arrangement or other business combination of the Company resulting in any reclassification or change of the Ordinary Shares into other shares; or (iii) any sale, lease, exchange or transfer of all or substantially all of the Company's assets to another entity, pursuant to which each holder of a Subscription Receipt which is thereafter converted shall receive, in lieu of Receipt Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such Subscription Receipt had been converted prior to the event.

From time to time while the Subscription Receipts are outstanding, the Company, the Agent and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Escrow Agent, does not prejudice the rights of the holders of the Subscription Receipts.

The Subscription Receipt Agreement will provide for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of a resolution approved by more than 66 $\frac{2}{3}$ % of the votes cast in person or by proxy by Subscription Receipt holders.

The Company may from time to time purchase for cancellation, by private contract or otherwise, any of the Subscription Receipts.

## **Ordinary Shares**

Subject to certain prescribed exceptions under the Corporations Act 2001 (Cth) (Australia) and the Company's constitution, the Company is authorized to issue an unlimited number of Ordinary Shares. At the date of this short form prospectus, Marengo has an aggregate of 738,810,863 fully paid Ordinary Shares issued and outstanding. No other shares in the capital of Marengo of any other classes are issued or outstanding.

The holders of the Ordinary Shares are entitled:

- (a) to vote at all meetings of shareholders of Marengo;
- (b) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Marengo, any dividends declared by Marengo; and
- (c) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Marengo, the remaining property of Marengo upon the liquidation, dissolution or winding-up of Marengo, whether voluntary or involuntary.

The Ordinary Shares do not carry any pre-emptive, redemption, retraction, purchase for cancellation or surrender, conversion or exchange rights, nor do they contain any sinking fund or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a securityholder to contribute additional capital.

Under the ASX listing rules, a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of securities would exceed 15% of the total number of ordinary securities on issue at the commencement of that 12 month period. Two of the aforementioned exceptions are: (i) an issue of

securities which is approved in advance by shareholders at a general meeting; or (ii) an issue of convertible securities where the conversion of such securities is subject to shareholder approval.

As of the date of this short form prospectus, the Company does not have sufficient capacity under this 15% limit to issue the Receipt Shares to be issued upon conversion of the Subscription Receipts. Accordingly, a meeting of Marengo shareholders is scheduled to be held on December ●, 2010, at which the shareholders will be asked to vote on a resolution to approve the issuance of up to ● Receipt Shares, including those issuable upon exercise of the Over-Allotment Option in full (the “**Shareholder Approval**”).

### PRIOR SALES

The following table summarizes the details of Ordinary Shares and securities convertible into Ordinary Shares issued by the Company within the 12 months prior to the date of this short form prospectus.

<u>Date Issued</u>	<u>Number of Securities</u>	<u>Security</u>	<u>Price per Security</u>
November 30, 2009 .....	475,000	Stock Option	A\$0.25 <sup>(1)(2)</sup>
April 1, 2010.....	150,000	Stock Option	A\$0.25 <sup>(1)(3)</sup>
April 16, 2010.....	650,000	Stock Option	A\$0.25 <sup>(1)(4)</sup>
August 11, 2010.....	240,000,001	Ordinary Shares	C\$0.084 <sup>(5)</sup>
August 11, 2010.....	60,000,000	Warrants	C\$0.116 <sup>(1)(6)</sup>
August 11, 2010.....	6,421,050	Compensation Option	C\$0.084 <sup>(1)(7)</sup>

Notes:

- (1) Price per security reflects exercise price of the respective security granted.
- (2) Unlisted options expiring November 30, 2014.
- (3) Unlisted options expiring March 22, 2015.
- (4) Unlisted options expiring March 31, 2015.
- (5) Issuance of Ordinary Shares pursuant to a public offering.
- (6) Unlisted warrants expiring August 11, 2013.
- (7) Unlisted compensation options expiring August 11, 2012.

## TRADING PRICE AND VOLUME

Set forth below are the volume and high and low trading prices of the Ordinary Shares on the TSX for each of the 12 months prior to the date of this short form prospectus.

<u>Month</u>	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
November 2009 .....	0.195	0.18	61,000
December 2009 .....	0.18	0.14	440,607
January 2010 .....	0.18	0.14	158,000
February 2010 .....	0.17	0.17	2,000
March 2010 .....	0.17	0.11	11,300
April 2010 .....	0.14	0.11	35,000
May 2010 .....	0.16	0.11	8,000
June 2010 .....	0.16	0.07	2,000
July 2010 .....	0.095	0.08	4,100
August 2010 .....	0.11	0.07	872,500
September 2010 .....	0.19	0.08	3,869,370
October 2010 .....	0.305	0.16	4,176,283
November 1 to 17, 2010 .....	0.32	0.23	1,637,710

Set forth below are the volume and high and low trading prices of the Ordinary Shares on the ASX for each of the 12 months prior to the date of this short form prospectus.

<u>Month</u>	<u>High (A\$)</u>	<u>Low (A\$)</u>	<u>Volume</u>
November 2009 .....	0.19	0.16	10,072,449
December 2009 .....	0.17	0.14	5,942,221
January 2010 .....	0.16	0.13	5,630,810
February 2010 .....	0.15	0.11	4,444,028
March 2010 .....	0.13	0.10	5,445,835
April 2010 .....	0.13	0.11	4,410,787
May 2010 .....	0.13	0.08	7,041,381
June 2010 .....	0.12	0.08	4,181,816
July 2010 .....	0.11	0.09	2,487,000
August 2010 .....	0.10	0.09	8,295,600
September 2010 .....	0.19	0.09	43,535,400
October 2010 .....	0.34	0.17	57,517,300
November 1 to 17, 2010 .....	0.32	0.24	17,699,722

## PLAN OF DISTRIBUTION

Subject to the terms and conditions of the Agency Agreement, the Company has agreed to sell and the Agent has agreed to act as agent to offer for sale to the public on a reasonable best efforts basis, on the Closing Date, being December 7, 2010 or any other date on which the Company and the Agent may agree, but in any event not later than 42 days after the date of the receipt for this short form prospectus, ● Units at a price of \$● per Unit. The Offering Price was determined by negotiation between Marengo and the Agent. Each Unit consists of one Unit Share and one Subscription Receipt.

Upon closing of the Offering, the gross proceeds of the Offering from the sale of the Unit Shares, less the expenses and Agent's Fee relating thereto, shall be paid to the Company. The Escrowed Proceeds will be deposited with the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments), pending satisfaction of the Release Condition.

Provided that the Company obtains the Shareholder Approval (the “**Release Condition**”) at or before the Release Deadline, the Escrowed Funds will be released to the Company and the Subscription Receipts will be automatically converted into Receipt Shares, without payment of additional consideration or further action on the part of the holders.

In the event that a Termination Event occurs, the Escrow Agent will return to the holders of the Subscription Receipts, on the Termination Date, an amount equal to the aggregate Escrowed Proceeds from the Subscription Receipts held by such holder and their pro rata share of interest earned on the Escrowed Proceeds. The Company shall be responsible and liable to such holders for any shortfall between that amount and the Escrowed Funds.

Pursuant to the Agency Agreement, the Company has agreed to pay to the Agent the Agent’s Fee equal to 6% of the gross proceeds of the Offering, except for any order from Sentient on which only a cash commission equal to 1.5% of any such proceeds will be received, payable on the Closing Date. Unless otherwise indicated, it is assumed that no Units will be issued to Sentient and that the Agent’s Fee will be payable on the total number of Units to be issued pursuant to the Offering.

The Agent has agreed to use its reasonable best efforts to sell the Units but it is not obligated to purchase any such Units. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events.

Pursuant to policies of certain Canadian securities regulators, the Agent may not, throughout the period of distribution under this short form prospectus, bid for or purchase Ordinary Shares for its own account or for accounts over which it exercises control or direction. The foregoing restriction is subject to certain exceptions as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Ordinary Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for, or on behalf of, a customer where the order was not solicited during the period of distribution. The Company has been advised that, in connection with the Offering and subject to the foregoing, the Agent may over-allot or effect transactions which stabilize or maintain the market price of the Ordinary Shares at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

As a result of the foregoing, the Company will, subject to receipt of the Shareholder Approval, grant to the Agent the Over-Allotment Option, exercisable in whole or in part at the sole discretion of the Agent for a period of 30 days following the Closing Date, to purchase up to such number of additional Subscription Receipts (the “**Additional Subscription Receipts**”), at the Effective Price and on the same terms and conditions of the Offering (including conversion subject to receipt of the Shareholder Approval), as are convertible into an aggregate number of Ordinary Shares as is equal to 15% of the number of Units Shares and Subscription Receipts sold pursuant to the Offering. This short form prospectus also qualifies for distribution the Over-Allotment Option and the Additional Subscription Receipts. A purchaser who acquires Additional Subscription Receipts forming part of the Agent’s over-allocation position acquires such Additional Subscription Receipts under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, Agent’s Fee and net proceeds to Marengo will be \$●, \$● and \$●, respectively, before deducting expenses of the Offering.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Unit Shares, the Subscription Receipts and the Receipt Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the Unit Shares, the Subscription Receipts and the Receipt Shares may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Agency Agreement permits the Agent to offer the Units for sale directly by the Company to certain institutional “accredited investors” that satisfy the requirements of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act, provided such offers and sales are made in compliance with Rule 506 of Regulation D under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, any offer or sale of the Unit Shares, the Subscription Receipts or the Receipt Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless made pursuant to an exemption from the registration requirements of the U.S. Securities Act.

Under the terms of the Agency Agreement, the Agent, its affiliates and its directors, officers, employees, shareholders and agents will be indemnified by the Company against certain liabilities and expenses or the Company will contribute to payments that the Agent may be required to make in respect thereof.

The Company has agreed with the Agent that it shall not issue any further securities or agree to do so, save and except: (i) as contemplated by the Agency Agreement; (ii) pursuant to the grant of options pursuant to the Company’s stock option plan; (iii) pursuant to the exercise of options outstanding as at November 15, 2010; or (iv) in connection with the bona fide acquisition by the Company of the shares or assets of other corporations or entities, in each case, at any time during the period from November 15, 2010 until 90 days following the Closing Date, without the prior written consent of the Agent, not to be unreasonably withheld or delayed.

In connection with the Offering, Marengo will cause each of its executive officers, directors and their respective associates to enter into agreements on terms and conditions satisfactory to the Agent, acting reasonably, in which they will covenant and agree that they will not, for a period commencing on November 15, 2010 and ending 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Ordinary Shares or other securities of the Company held by them, directly or indirectly, unless: (i) they first obtain the prior written consent of the Agent; or (ii) there occurs a take-over bid or similar transaction involving a change of control of the Company, such consent not to be unreasonably withheld or delayed.

In the event that the Company and the Agent cannot agree upon the pricing of the Offering and the Offering is cancelled but within 90 days of such cancellation the Company either completes an offering at the same or lower price as contemplated for the Offering or completes an offering to investors that were introduced to the Company by the Agent prior to the cancellation of the Offering or, if, following allocation, the Company declines to complete the Offering for whatever reason, an Alternative Transaction (as defined herein) is entered into or announced by the Company, the Company shall pay to the Agent a fee equal to 100% of the maximum Agent’s Fee, based on an offering size of C\$●, together

with all of the Agent's expenses and disbursements incurred to the date of such agreement or transaction. Any such payment shall be made upon the closing date of the Alternative Transaction.

For the purposes hereof, an "**Alternative Transaction**" means a transaction which involves the issuance of securities of the Company in excess of 20% of the number of securities currently outstanding on a fully diluted basis or a business transaction involving a change of control of the Company or any material subsidiary including a merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or any similar transactions.

The Offering is being made concurrently in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. In addition, the Agent may offer the Units outside of Canada, subject to compliance with the local securities law requirements.

The Company will apply to list the Unit Shares and the Receipt Shares issuable upon conversion of the Subscription Receipts on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX. In accordance with the listing rules of the ASX and the POMS0X, Marengo will also apply for official quotation of the Unit Shares and the Receipt Shares issuable upon conversion of the Subscription Receipts on the ASX and the POMS0X. **There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus.**

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Fraser Milner Casgrain LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Agent, the following is, as of the date of this short form prospectus, a general summary of the principal Canadian federal income tax considerations generally applicable to an investor (a "**Holder**") who acquires Units pursuant to the Offering who, for purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, is or is deemed to be resident in Canada and will hold the Unit Shares and the Subscription Receipts issued under this short form prospectus and the Receipt Shares issuable upon conversion of the Subscription Receipts (collectively, "**Securities**") as capital property and deals at arm's length with, and is not affiliated with, the Company or a subsequent purchaser of the Securities. Generally, Securities will be considered to be capital property to a Holder provided that the Holder does not hold such Securities in the course of carrying on a business of buying and selling securities and has not acquired such Securities as an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) in relation to which the Company is a "foreign affiliate" as defined in the Tax Act; or (v) that reports its Canadian tax results in a currency other than Canadian currency. This summary does not address the deductibility of interest by a Holder who borrows money to acquire Units. **Such Holders should consult their own tax advisors.**

**This summary is of general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. This summary is not exhaustive of all Canadian federal income tax considerations. There may also be tax considerations for investors under the laws of Australia or the laws of any other jurisdiction in which the investor resides or to which the investor is subject that are not addressed by this summary. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.**

This summary is based on the current provisions of the Tax Act and the Regulations thereunder. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposals”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) publicly available prior to the date hereof. No assurance can be given that the Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Securities (including dividends received or deemed to have been received, adjusted cost base and proceeds of disposition) must be determined in Canadian dollars based on the exchange rates as determined in accordance with the Tax Act.

### **Allocation of Offering Price**

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the Subscription Receipt comprising the Unit to determine the cost of each for purposes of the Tax Act. For its purposes, the Company intends to allocate \$● of the Offering Price as consideration for the issue of each Unit Share and \$● of the Offering Price as consideration for the issue of each Subscription Receipt. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder’s adjusted cost base of the Unit Share must be averaged with the adjusted cost base to the Holder of all of the Ordinary Shares owned by the Holder as capital property immediately prior to such acquisition.

### **Acquisition of Receipt Shares Pursuant to Subscription Receipts**

No gain or loss will be realized by a Holder on the acquisition of a Receipt Share pursuant to the provisions of a Subscription Receipt. The cost of a Receipt Share acquired by a Holder pursuant to a Subscription Receipt acquired pursuant to the Offering will be equal to the cost of the Subscription Receipt to the Holder immediately prior to the issuance. The adjusted cost base to the Holder of Receipt Shares so acquired will be determined by averaging the cost of such Receipt Shares with the adjusted cost base of all other Ordinary Shares owned at that time by the Holder as capital property immediately prior to such acquisition.

### **Termination of Subscription Receipts**

In the event that a Termination Event occurs, Holders of Subscription Receipts will be entitled to receive from the Escrow Agent an amount equal to the aggregate Escrowed Proceeds of the Subscription Receipts held by such Holder plus their pro rata share of the interest earned on the Escrowed Proceeds. In that event, the amount of such interest received or receivable by a Holder of Subscription Receipts must be included in the income of the Holder. Australian withholding tax, if any, payable by a Holder in respect of any such interest may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

## **Dividends on Unit Shares and Receipt Shares**

Any dividends received on the Unit Shares or Receipt Shares by a Holder who is an individual will be included in the individual's income and will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. Dividends received on the Unit Shares or the Receipt Shares by a Holder that is a corporation will be included in computing the corporation's income and generally will not be deductible in computing the corporation's taxable income.

Australian non-resident withholding tax or other Australian income tax payable by a Holder in respect of dividends received on the Unit Shares or the Receipt Shares may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act.

## **Dispositions of Securities**

A Holder who disposes of or is deemed to dispose of the Securities (other than on the conversion of a Subscription Receipt) will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Securities to the Holder immediately before the disposition. One-half of any capital gain (the "**taxable capital gain**") realized by a Holder will be included in the Holder's income for the year of disposition. One-half of any capital loss realized (the "**allowable capital loss**") generally must be deducted by the Holder against taxable capital gains realized by the Holder for the year of disposition. Any excess of allowable capital losses over taxable capital gains for the year of disposition generally may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances described in the Tax Act.

Australian tax, if any, levied on any gain realized on the disposition of the Securities may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act.

Capital gains realized by a Holder that is an individual or trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

## **Additional Refundable Tax**

Corporations that are "Canadian-controlled private corporations", as defined in the Tax Act, may be subject to an additional refundable 6<sup>23</sup>% tax on their "aggregate investment income" which is defined in the Tax Act to include an amount in respect of taxable capital gains, interest and certain dividends.

## **Foreign Property Information Reporting**

In general, a "specified Canadian entity", as defined in the Tax Act, for a taxation year or fiscal period whose total cost amount of "specified foreign property", as defined in the Tax Act, at any time in the taxation year or fiscal period exceeds C\$100,000, is required to file a T1135 - "Foreign Income Verification Statement" for the taxation year or fiscal period disclosing prescribed information, including the cost amount and any income in the year, in respect of such property. With some exceptions, a taxpayer resident in Canada in the year, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a specified Canadian entity. The Securities will be specified foreign property to a Holder. In the March 4, 2010 Federal Budget (the "**2010 Federal Budget**"), the Canadian Minister of Finance proposed that the existing reporting requirements with respect to "specified foreign property" be expanded so that more detailed information be available for audit use. Revised legislation reflecting such



proposal has not yet been released. **The reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required by any investor. Accordingly, Holders should consult their own tax advisors regarding compliance with these rules including any expansion thereof pursuant to the afore-mentioned 2010 Federal Budget proposal.**

### **Offshore Investment Fund Property**

The Tax Act contains rules (as proposed to be amended in the Proposals released on August 27, 2010) which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property”. These rules could apply to a Holder in respect of the Securities held by the Holder if, but only if:

- (a) the Securities may reasonably be considered to derive its value, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively, “**Investment Assets**”); and
- (b) it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Holder acquiring, holding or having an interest in the Securities was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains been earned directly by such Holder.

If applicable, these rules would generally require a Holder to include in income for each taxation year in which such Holder holds the Securities an imputed amount determined by applying a prescribed rate of interest to the “designated cost” to the Holder of the Securities at the end of each month in the year, less the amount of certain income of the Holder from the Securities in the year. Any amount required to be included in computing a Holder’s income in respect of the Securities under these rules would be added to the adjusted cost base to the Holder of such particular security.

**The application of these rules depends, to a large extent, on the reasons for a Holder acquiring or holding the Securities. Holders are urged to consult their own tax advisors regarding the application and consequences of these rules.**

### **CERTAIN AUSTRALIAN INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Australian federal income tax considerations generally applicable under Australian tax laws and practices (“**Australian Tax Laws**”) to a purchaser who acquires Units pursuant to the Offering and who, for purposes of the Australian Tax Laws and at all relevant times, holds Unit Shares, Subscription Receipts or Receipt Shares on capital account, as an “equity” instrument for Australian debt vs. equity purposes and who deals at arm’s length with, and is not affiliated with, either the Company or the Agent. This summary does not address issues for purchasers who hold Unit Shares, Subscription Receipts or Receipt Shares on revenue account. All purchasers should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon Australian Tax Laws and practices of the authorities in Australia as at the date of this short form prospectus. Any changes in the laws or interpretation of tax laws subsequent to the date of this short form prospectus may alter the information below.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of Unit Shares, Subscription Receipts or Receipt Shares, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective purchasers of Unit Shares, Subscription Receipts or Receipt Shares should consult their own tax advisors with respect to their particular circumstances.**

### **Taxation for Holders of Unit Shares, Subscription Receipts or Receipt Shares - Resident in Australia for Tax Purposes**

This portion of the summary applies to holders of Unit Shares, Subscription Receipts or Receipt Shares who, for the purpose of Australian Tax Laws and at all relevant times, are, or are deemed to be, resident in Australia.

#### *Dividends on Unit Shares or Receipt Shares*

Generally, dividends received by security holders will be required to be included in the assessable income of the security holder in the income year in which the dividend is paid.

Broadly, dividends paid on the Unit Shares or Receipt Shares may be “franked”, “partially franked” or “unfranked”. Franked dividends have franking credits attached. A dividend may be franked to the extent underlying Australian corporate tax has been paid on the profits distributed. To the extent a dividend is “unfranked”, no franking credits are attached. Subject to certain exceptions, including but not limited to the Unit Shares or Receipt Shares not being held for at least 45 days “at risk”, a tax offset will generally be allowed equal to the amount of the franking credits attached to the franked dividend.

Individual security holders and complying superannuation funds may receive a tax refund if the franking credits attached to the dividend exceed their tax liability for the income year.

Where the security holder is a corporate entity, the security holder will not be entitled to a tax refund for any franking credits that exceed their tax liability for the income year, but may be entitled to convert the excess franking credits into a current year tax loss which could be carried forward to be offset against taxable income in a later year, subject to satisfying certain tests. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity’s franking account to the extent the dividend is franked.

#### *Offering Price*

The Offering Price paid for the Units will need to be apportioned on an appropriate basis between the Unit Shares and the Subscription Receipts when establishing the tax cost base of each.

#### *Issue of Receipt Shares*

Generally, when a security holder is issued Receipt Shares upon conversion of the Subscription Receipts, there should be no capital gain or capital loss and the tax cost base of the Receipt Shares will be equal to the tax cost base of the Subscription Receipts.

### *Satisfaction of Release Condition*

Should the Release Condition not be satisfied, upon the return of funds to holders of the Subscription Receipts, a capital gain or capital loss may result depending on the amount of funds returned and the apportioned tax cost base of the Subscription Receipts.

### *Dispositions of Unit Shares or Receipt Shares*

Australian resident security holders who hold Unit Shares or Receipt Shares on capital account will be taxed under the Australian capital gains tax (“CGT”) provisions upon disposition of their Unit Shares or Receipt Shares. An Australian resident security holder will incur a capital gain where the proceeds received on disposition exceed the tax cost base of the Unit Shares or Receipt Shares disposed. Any net capital gain (i.e. the capital gain remaining after recoupment of any capital losses) is included in the security holder’s assessable income.

Similarly, a security holder will incur a capital loss on the disposition of Unit Shares or Receipt Shares where the proceeds received are less than the reduced tax cost base of the Unit Shares or Receipt Shares for CGT purposes. Capital losses can only be used to offset capital gains. Any unapplied capital losses may be carried forward to offset future capital gains subject to satisfying certain tests.

### *Tax Treatment of Capital Gains and Capital Losses*

A capital gains discount may apply to reduce the amount of net capital gains included in a security holder’s assessable income.

For security holders that are individuals and trustees (other than trustees of complying superannuation funds) a 50% CGT discount is available on the disposal of a Unit Share or Receipt Share provided that the share has been held for at least 12 months. This concession will result in only 50% of the net capital gain (i.e. the capital gain remaining after recoupment of any capital losses) being assessable.

For complying superannuation funds a 33<sup>1</sup>/<sub>3</sub>% capital gains discount is available on the disposal of a Unit Share or Receipt Share provided that the share has been held for at least 12 months. This concession will result in only 66<sup>2</sup>/<sub>3</sub>% of the net capital gain (i.e. the capital gain remaining after recoupment of any capital losses) being assessable.

### **Taxation for Holders of Unit Shares, Subscription Receipts or Receipt Shares – Non-Resident of Australia for Tax Purposes**

This portion of the summary applies to holders of Unit Shares, Subscription Receipts or Receipt Shares who, for the purpose of Australian Tax Laws and at all relevant times, are not, or are not deemed to be, resident in Australia.

### *Dividends on Unit Shares or Receipt Shares*

The tax treatment of dividends received by non-resident security holders will generally be determined based on the relevant legislation in their country of residence.

Dividends received by security holders may either be “fully franked”, “partially franked” or “unfranked”. Fully franked dividends paid by the Company to non-resident security holders are generally not subject to Australian dividend withholding tax. Unfranked dividends paid to non-resident security

holders will generally be subject to withholding tax at a rate of 30% on the unfranked component of the dividend paid. The withholding tax rate is generally reduced to 15% (lower for certain countries) where there is an applicable double tax treaty. However, the Australia – Canada double tax agreement (“**DTA**”) provides for Australian dividend withholding tax that is not to exceed a rate of 5% for franked dividends paid to a company that holds directly at least 10% of the voting power in the company. The DTA further provides that, in all other cases, the dividend withholding tax rate shall not exceed 15%.

Where a withholding tax applies the Company will be required to deduct the appropriate amount of withholding tax prior to making the dividend payment.

In certain circumstances, security holders may be eligible to claim a foreign tax credit for any Australian tax paid relating to the dividend received.

The Australian income tax system does contain one important exemption from the withholding tax system for unfranked dividends that are declared to be conduit foreign income (“**CFI**”). In broad terms, CFI is foreign income that is not otherwise taxable in Australia due to the operation of specific provisions. Under the CFI measures, an Australian company may pay this income to foreign security holders free of Australian dividend withholding tax.

**Non-Australian resident security holders must seek specific advice based on their particular circumstances with respect to Australian CGT on the disposal of Unit Shares and Receipt Shares and the lapsing or conversion of Subscription Receipts.**

## **RISK FACTORS**

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Marengo and the value of the Ordinary Shares. These include risks that are widespread risks associated with any form of business and specific risks associated with Marengo’s business and its involvement in the exploration and mining industry generally and in Papua New Guinea in particular. While most risk factors are largely beyond the control of Marengo and its directors, the Company will seek to mitigate the risks where possible, for example by maintaining its key relationships with Papua New Guinea’s federal and regional governments and local people. However, an investment in the Units is considered speculative due to the nature of Marengo’s business and the present stage of its development. A prospective investor should carefully consider in light of their own financial circumstances, the factors set out herein, as well as other information contained or incorporated by reference in this short form prospectus, including, in particular, the “*Risk Factors*” section on pages 18 to 22 of the Annual Information Form and the management’s discussion and analysis of financial condition and results of operations incorporated by reference in this short form prospectus.

### **Failure to Satisfy Release Condition**

There can be no assurance that the Release Condition will be satisfied by the Release Deadline or that another Termination Event will not occur.

The Release Condition requires Shareholder Approval under the ASX Listing Rules. ASX Listing Rule 7.1 provides that a company must not, without the approval of its ordinary security holders (and subject to a number of exceptions including the issue of convertible securities where conversion of such securities is subject to shareholder approval), issue or agree to issue securities that, in any rolling 12-month period, amount to more than 15% of its ordinary securities. As the Company proposes to issue more than 15% of its ordinary shares on issue under the Offering, it is required to obtain the Shareholder Approval.

Details of the approval required will be contained in the notice of meeting (and accompanying explanatory memorandum) convening a general meeting of shareholders, expected to be sent to the shareholders of the Company on or about ●, 2010.

There can be no certainty, nor can the Company provide any assurance whatsoever, that the shareholders will approve the issuance of up to an aggregate of ● Receipt Shares issuable upon conversion of the Subscription Receipts. If they do not, then the Company will be unable to satisfy the Release Condition by the Release Deadline, resulting in a Termination Event. A Termination Event may have a material adverse effect on the market price and value of the Ordinary Shares and on the financial condition of the Company.

If the Release Condition is not satisfied by the Release Deadline or another Termination Event occurs, the Escrow Agent must repay to holders of Subscription Receipts an amount equal to the Escrowed Proceeds thereof plus a *pro rata* share of the interest earned on the Escrowed Proceeds.

The Company is responsible and liable for any shortfall between the Escrowed Funds and the amount due to be paid to the holders of the Subscription Receipts. There can be no assurance that the Company will be able to fund such shortfall.

### **No Market for Subscription Receipts**

The Company has applied to list the Unit Shares and the Receipt Shares issuable upon conversion of the Subscription Receipts on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX. In accordance with the listing rules of the ASX and the POMS0X, Marengo will also apply for official quotation of the Unit Shares and the Receipt Shares issuable upon conversion of the Subscription Receipts on the ASX and the POMS0X. However, there is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts distributed under this short form prospectus.

### **Discretion in the Use of Proceeds**

Management will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. As a result, investors will be relying on the judgment of management as to the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

### **Structural Subordination of the Ordinary Shares**

In the event of a bankruptcy, liquidation or reorganization of the Company, certain trade creditors will generally be entitled to payment of their claims from the assets of the Company before any assets are made available for distribution to the shareholders. The Ordinary Shares will be effectively subordinated to most of the other indebtedness and liabilities of the Company. The Company will be limited in its ability to incur secured or unsecured indebtedness.

### **Future Sales or Issuances of Ordinary Shares**

The Company may sell additional Ordinary Shares or other securities in subsequent offerings. The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of

securities will have on the market price of the Ordinary Shares. Sales or issuances of substantial numbers of Ordinary Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Ordinary Shares. With any additional sale or issuance of Ordinary Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

### **INTEREST OF EXPERTS**

Certain Canadian legal matters relating to the Offering will be passed upon at the date of closing on behalf of the Company by Fraser Milner Casgrain LLP and on behalf of the Agent by Cassels Brock & Blackwell LLP. As at the date hereof, the partners and associates of Fraser Milner Casgrain LLP and Cassels Brock & Blackwell LLP, each as a group, beneficially own, directly or indirectly, less than 1% or none of the outstanding securities of the Company.

Peter Dendle is a full-time employee of Marengo but does not have, never has had, and will not receive, an interest in the property of Marengo. Mr. Dendle is the registered or beneficial owner (direct or indirect) of 150,000 Ordinary Shares and 500,000 options to purchase Ordinary Shares.

Stephen Godfrey, the author of the Revised Technical Report, did not hold at the time of preparation of the Revised Technical Report, and did not and will not receive after that time, a registered or beneficial interest, direct or indirect, in any securities or other property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned person and the directors, officers, employees and partners of Golder Associates Pty Ltd (Australia), do not beneficially own, directly or indirectly, any of the outstanding securities of the Company.

As a result of an internal restructuring of Stantons International Pty Ltd, Stantons International Audit and Consulting Pty Ltd has been incorporated and, effective September 24, 2010, has been appointed the independent registered auditors of the Company. The appointment was approved by shareholders of the Company on November 11, 2010. Prior to September 24, 2010, Stantons International Pty Ltd served as independent registered auditors of the Company.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## AUDITORS' CONSENT

We have read the short form prospectus of Marengo Mining Limited (the “**Company**”) dated ●, 2010 relating to the issue and sale of units of the Company. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated statements of financial position of the Company as at June 30, 2010 and June 30, 2009, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended June 30, 2010 and June 30, 2009, such report is dated September 23, 2010.

West Perth, Western Australia  
●, 2010

**STANTONS INTERNATIONAL AUDIT AND  
CONSULTING PTY LTD**

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## **CERTIFICATE OF THE COMPANY**

Dated: November 18, 2010

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia.

LESLIE EMERY  
Managing Director

JOHN RIBBONS  
Chief Financial Officer

### **ON BEHALF OF THE BOARD OF DIRECTORS**

DOUGLAS DUNNET  
Director

JOHN HORAN  
Director



## **CERTIFICATE OF THE AGENT**

Dated: November 18, 2010

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia.

**PARADIGM CAPITAL INC.**

By: ANDREW PARTINGTON