



# MARENGO

## MINING LIMITED

ABN 57 099 496 474

25 November 2011

Dear Shareholder,

As Chairman of Marengo Mining Limited's (**Company**) Remuneration Committee, I am writing to you about a matter of the utmost importance to our Company and to seek your support for the Board's position as we move into the next key phase of development of the flagship Company's Yandera Copper-Molybdenum-Gold Project in Papua New Guinea (**Yandera Project**). In our business we are frequently asked, would you pick a great project or great management? We are fortunate to have both. However, our good fortune can only be maintained through careful stewardship of our resources; both geological and human.

We propose to enter into updated agreements with senior management and updated share incentive proposals. **SUBJECT TO THE VOTING EXCLUSION STATEMENTS FOUND IN THE COMPANY'S MEETING MATERIALS, YOUR BOARD OF DIRECTORS STRONGLY RECOMMENDS THAT YOU VOTE IN FAVOUR OF THESE PROPOSALS.** These proposals seek to:

- Update our senior management employment agreements while maintaining similar termination rights to those they currently hold; and
- Align directors with shareholders through their compensation.

### **Senior Management Agreements**

As you may be aware, the Company has entered into an updated Employment Agreement with its Managing Director, Les Emery, and renew its Consultancy Agreement with its Chairman, John Horan. Mr Emery's new Employment Agreement is subject to shareholders approving the payment of a termination payment to Mr Emery in the event his employment is terminated in certain circumstances. Shareholder approval for the termination payment is the subject of Resolution 1 of the accompanying notice of meeting. Further information on this is provided below and in the explanatory statement to the notice of meeting.

Both Mr Emery and Mr Horan are founding Directors of Marengo who have held these key positions since April 2002.

During this time, Mr Horan and Mr Emery have established an outstanding record, taking Marengo from a junior ASX-listed explorer to a successful international resources business currently listed on three stock exchanges with a current market capitalisation of just under A\$200 million.

Considerable growth in a volatile investment market has been achieved on the back of the successful exploration and development at the world-scale Yandera Project. Mr Emery first identified the project as an acquisition opportunity for the Company and successfully completed the acquisition in 2005-06.



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Since then, Mr Emery has built a first-class team and used his skills and experience to lead your Company through a complex process, involving extensive exploration in a challenging environment, executing crucial agreements with landowners and the PNG Government.

Mr Emery secured the vital financial support of the Australian, European and North American investment communities, successfully raising over \$133 million, in difficult and volatile market conditions from respected global resource investment houses to underpin project feasibility and exploration.

Mr Emery and Mr Horan have been instrumental in forming a strategic alliance with the leading construction and engineering group China Nonferrous (**NFC**), which has been engaged as principal construction contractor and off-take partner, subject to successful completion of the Definitive Feasibility Study for the Yandera Project. NFC will facilitate the funding of at least 70 per cent of project development costs through Chinese Banks. Your Company also announced on 19 September 2011 that it had entered into an Investment and Co-operation agreement with Petromin PNG Holdings Limited, the resource and investment company of the PNG Government, under which the companies will work together to facilitate the development of the Yandera Project.

Marengo believes it is on track to begin production at the Yandera Project in 2015.

The Marengo Directors have no doubt that Mr Emery has been crucial to the Company's success in every respect. In Mr Emery, Marengo is fortunate enough to have a person who has managed the challenging demands of financial markets while developing a significant world-scale mining project.

Marengo also relies heavily on the excellent relationships he has built with members of the local communities in and around Yandera, the PNG Government and strategic shareholders. Mr Emery is held in high regard by these people, who know and trust him as a result of the substantial amount of time he has personally spent with them.

The landowners, who are key stakeholders in the Yandera Project, know Mr Emery to be a man of his word who has delivered on his promises and who has a genuine commitment to ensuring that the benefits flowing from the project will be appropriately shared with these communities.

As we enter into the next critical phase of development and negotiations, the Board believes your Company will require Mr Emery's skills, experience, relationships and knowledge of the Yandera Project more than ever.

The Board has recommended to shareholders that the best way for the Company to be certain of retaining Mr Emery's services at this crucial juncture is to provide him with security of tenure. With this in mind, the Board has resolved to enter into the new Employment Agreement with Mr Emery under which Mr Emery will be paid a Termination Benefit equivalent to three years' base salary in the event his employment is terminated without cause. Shareholder approval is required for this Termination Benefit, as required by the ASX Listing Rules and the Australian Corporations Act.

Mr Emery's contract has contained a similar termination payment provision since he joined Marengo in April 2002. However, shareholder approval for the payment of the Termination Benefit is sought now in light of recent changes to the Australian Corporations Act.

The Board is also seeking your support to renew Mr Horan's Consultancy Agreement. This Agreement has contained a two-year notice provision since its inception and therefore no change is sought in this respect. Mr Horan's fee under this Consultancy Agreement is \$105,000-a-year, meaning that his maximum possible termination benefit is \$210,000. As noted above, shareholder approval is sought in light of recent changes to the Australian Corporations Act.

***Performance Rights***

Finally, the Marengo Board is asking you to support the issue of Performance Rights to its Directors. These are designed to provide the Directors with an incentive mechanism which means their interests are aligned with those of shareholders. The Performance Rights will vest when a decision is taken to mine at the Yandera Project, or when the Company's market capitalisation reaches A\$400 million.

***For Further Information***

The details of resolutions relating to the above matters are contained in the Notice of Meeting which accompanies this letter. If you have any further queries, please call Dean Richardson, Vice President Investor Relations in Marengo's Perth office on +61 8 9429 0000 or Victoria Russell, Investor Relations Toronto office on +1 416 644 8680.

Marengo is at a pivotal point in its development. While this is extremely exciting, it is also extremely important that the Company retains the best people possible to help ensure it meets its ambitious objectives.

In light of this, I ask that you vote in favour of all of the resolutions outlined in the Notice of Meeting. However, please note I abstain from making a recommendation on the voting on resolution 6 regarding the issue of Performance Rights to myself as I have a material personal interest in the resolution.

Yours faithfully,

John Hick  
Non-executive Director  
Chairman of Remuneration Committee



**MARENGO**  
MINING LIMITED

**ABN 57 099 496 474**

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

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

**to be held at 9.00 a.m. (WST) on 23 December 2011**

**Level 1, 9 Havelock Street, West Perth**

**As at and dated 17 November 2011**

**IMPORTANT INFORMATION**

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

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

**NOTICE OF GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a general meeting ("**Meeting**") of holders of ordinary shares of Marengo Mining Limited ABN 57 099 496 474 ("**Company**") ("**Shareholders**") will be held at **Level 1, 9 Havelock Street, West Perth, Western Australia** on **23 December** at **9.00 a.m.** WST for the purpose of transacting the following business.

**Resolution 1 – Approval of Termination Benefit under Mr Leslie Emery’s Employment Agreement**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

**Resolution 2 – Approval of Termination Benefit under Mr John Horan’s Consultancy Agreement**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

### **Resolution 3 – Approval of the grant of Performance Rights to Mr Leslie Emery**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

### **Resolution 4 – Approval of the grant of Performance Rights to Mr John Horan**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

### **Resolution 5 – Approval of the grant of Performance Rights to Dr Douglas Dunnet**

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

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

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

meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

#### **Resolution 6 – Approval of the grant of Performance Rights to Mr John Hick**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

#### **Resolution 7 – Approval of the grant of Performance Rights to Ms Elizabeth Martin**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

### **Resolution 8 – Approval of the grant of Performance Rights to Sir Rabbie Namaliu**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

### **Resolution 9 – Approval of the grant of Performance Rights to Ms Susanne Sesselmann**

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

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

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

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution, or the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.



## **Other Business**

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

## **Definitions**

For the purpose of Resolutions 1-9 and the Explanatory Statement accompanying this Notice, the following definitions apply:

"**Accounting Standards**" has the meaning given to that term in the Corporations Act;

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

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

"**Closely Related Party**" has the meaning given to that term in the Corporations Act;

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

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

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

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

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

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

"**Key Management Personnel**" has the meaning given to that term in the Accounting Standards.

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

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

"**Performance Right**" means a right to acquire a Share granted on specific terms;

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

"**Resolution**" means a resolution contained in this Notice;

"**Restricted Voter**" means Key Management Personnel and their Closely Related Parties.

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

"**Shareholder**" means the holder of a share;

"**TSX**" means the Toronto Stock Exchange;

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

"**WST**" means Australian Western Standard Time.

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

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

1. in respect of Shareholders registered on the Company's Australian share register, prior to 9:00 a.m. WST on 21 December 2011 by:
  - (i) facsimile to the Company at (08) 9429 0099 (International +61 8 9429 0099) or to Computershare Investor Services Pty Ltd at + 1 800 783 447 (International: +61 3 9473 2555); or
  - (ii) delivery to the registered office of the Company at Level 1, 9 Havelock Street, West Perth, Western Australia 6005 or Computershare Investor Services Pty Ltd at Level 1, 45 St George's Terrace, Perth, Western Australia 6000; or
  - (iii) mail, to the Company at PO Box 289, West Perth, Western Australia 6872 or Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne, Victoria, 3001.
2. in respect of Shareholders registered on the Company's Canadian register, prior to 9.00 a.m. WST on 21 December 2011 by mail to Computershare Investor Services Inc, at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 or by facsimile at + 1 866 249 7775.
3. in respect of Shareholders registered on the Company's Papua New Guinea register, not later than 48 hours prior to the Meeting, or any adjournment thereof (excluding Saturdays, Sundays and holidays) by mail to Level 2, AON Haus McGregor Street, Port Moresby, PO Box 1265, Port Moresby, NCD, Papua New Guinea or by facsimile +675 321 6379.

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

**By Order of the Board of Directors**



**John Ribbons**  
**Company Secretary**

**Dated: 17 November 2011**

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

**EXPLANATORY STATEMENT AND MANAGEMENT INFORMATION CIRCULAR**

This Explanatory Statement and Management Information Circular is furnished in connection with the solicitation of proxies by the Company for use at the general meeting of Shareholders to be held on 23 December 2011 at 9.00 a.m. WST, and any adjournment thereof, at the place and for the purposes set forth in the accompanying notice of meeting attached hereto.

**EXPLANATORY STATEMENT**

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

***Resolution 1 – Approval of Termination Benefit under Mr Leslie Emery’s Employment Agreement***

**Background**

Mr Leslie Emery is employed as the Company’s Managing Director and is paid an annual salary of \$493,993 per annum, plus superannuation. Mr Emery is also entitled to reimbursement of 75% of his telecommunication charges, and 100% of his mobile phone charges, and the provision of a fully maintained Company motor vehicle

Mr Leslie Emery is a founding Director having been employed as the Company’s Managing Director since 23 April 2002 pursuant to an employment agreement dated 29 May 2002 (with effect as of 13 November 2003) as amended on 7 September 2006 and 21 August 2009 ("**Existing Agreement**"). The Existing Agreement was for a fixed term ending on 1 September 2013. On 11 July 2011, the Company entered into a new employment agreement with Mr Emery to replace the Existing Agreement ("**Mr Emery’s Agreement**"). Mr Emery's Agreement is effective from the date that Shareholders approve the Termination Payment (as defined below) under this Resolution 1 and will continue until it is terminated in accordance with its terms. If Mr Emery’s Agreement is terminated, in certain circumstances, the Company is required to pay to Mr Emery an amount, as liquidated damages and without deduction, equal to 3 years base salary which will include any payments in lieu of the minimum notice period required by law ("**Termination Payment**"). This is, in effect, an extension of his existing employment terms under a renewed and updated form of agreement. Mr Emery is receiving no additional termination benefit under Mr Emery’s Agreement as updated.

The Termination Payment is subject to any approvals required under the Listing Rules and the Corporations Act. Resolution 1 seeks this approval.

**Mr Emery's Agreement**

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

*Remuneration*

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

*Term and Termination*

Mr Emery's Agreement is effective from the date that Shareholders approve the Termination Payment under this Resolution 1 and will continue until it is terminated in accordance with its terms.

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

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

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

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

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

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

### **Listing Rule 10.19**

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

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

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

### **Section 200E of the Corporations Act**

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

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

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

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

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

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

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

## Chapter 2E of the Corporations Act – Related Party Benefits

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

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

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

## Information for Shareholders in respect of Chapter 2E

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve any proposed Termination Payment to Mr Emery under Resolution 1.

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

The Board considers the advantages for Shareholders of approving Resolution 1 are as follows:

The passing of Resolution 1 will:

- 1) recognise Mr Emery's involvement and assistance in;
  - i. identifying the opportunity and negotiating the Company's entry into the Yandera Project; and
  - ii. initiating and negotiating the arrangements between the Company and China Nonferrous Metals.
- 2) be evidence that the Company and its Shareholders will honour, and give effect to, arrangements made in good faith by the Board; and
- 3) indicate that the Company will give due consideration to providing fair and just remuneration and compensation for services, assistance and acts benefiting the Company.

The Board considers the disadvantages for Shareholders of approving Resolution 1 are as follows.

The issue of the Termination Payment would:

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

	<b>Shares</b>	<b>Options</b>	<b>Voting Power</b>
Leslie Emery	5,935,000	1,500,000	0.6%

- g) **(Trading history)** The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 17 November 2011:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price (cents) / Date
43.0 / 30 December 2010	8.6 / 25 August 2010	18.5 / 17 November 2011

- h) **(Other Information)** Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 1.

#### **Interests of Directors and Directors' recommendation**

Mr John Horan, Dr Douglas Dunnet, Mr John Hick, Ms Elizabeth Martin, Sir Rabbie Namaliu and Ms Susanne Sesselmann are independent Directors for the purposes of Resolution 1 as they do not have a material personal interest in the outcome of that Resolution. Each of them approved the proposal to put Resolution 1 to Shareholders and recommend that Shareholders vote in favour of Resolution 1 because the Board has formed the view that the circumstances in which the Termination Payment is to be made to Mr Emery and the amount of the payment is appropriate because it represents liquidated damages payable to Mr Emery where his employment is terminated without cause prior to the expiry of the Term. The Board is also of the opinion that the Termination Payment is not excessive or unusual for an executive of the calibre of Mr Emery and his term of service with the Company.

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

Mr Leslie Emery has a material personal interest in the outcome of Resolution 1 and has abstained from any deliberation and voting or making a recommendation in relation to the Resolution 1.

#### ***Resolution 2 – Approval of Termination Benefit under Consultancy Agreement***

##### **Background**

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

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

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

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

Shareholder approval is sought for Resolution 2 pursuant to Listing Rule 10.19 and section 200E of the Corporations Act to ensure that the thresholds prescribed by that Listing Rule and that section are not exceeded.

### **Mr Horan's Agreement**

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

#### *Remuneration*

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

#### *Term and Termination*

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

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

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

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

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

### **Listing Rule 10.19**

Please refer to the Explanatory Statement regarding Resolution 1 for details regarding Listing Rule 10.19.

### **Section 200E of the Corporations Act**

Please refer to the Explanatory Statement regarding Resolution 1 for details regarding section 200E of the Corporations Act.

### **Chapter 2E of the Corporations Act – Related Party Benefits**

Please refer to Resolution 1 for details regarding Chapter 2E of the Corporations Act.

### **Information for Shareholders in respect of Chapter 2E**

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

- a) **(Identity of the related party):** The related party of the Company to which a financial benefit may be given under Resolution 2 is Mr John Horan, a Director.
- b) **(Nature of the financial benefit):** The nature of the financial benefit to be given to Mr Horan is the payment of the Termination Payment.
- c) **(Reason and basis for giving the financial benefit):** The reasons for proposing the Termination Payment to Mr Horan is appropriate considering the term of service to the Company. The independent Directors determine that the Termination Payment is appropriate in all the circumstances for the reasons set out below.

- d) **(Value of the financial benefit):** If Mr Horan's Agreement is terminated on 1 September 2011 in the applicable circumstances set out above, Mr Horan will be entitled to a termination benefit of \$210,000.

- e) **(Advantages and disadvantages of Shareholders approving Resolution 2):**

The Board considers the advantages for Shareholders of approving Resolution 2 are as follows:

The passing of Resolution 2 will:

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

The Board considers the disadvantages for Shareholders of approving Resolution 2 are as follows.

The issue of the Termination Payment would:

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

	<b>Shares</b>	<b>Options</b>	<b>Voting Power</b>
John Horan	1,360,000	1,250,000	0.1%

- g) **(Trading history)** The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 17 November 2011:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
43.0 / 30 December 2010	8.6 / 25 August 2010	18.5 / 17 November 2011

- h) **(Other Information)** Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 2.

#### **Interests of Directors and Directors' recommendation**

Mr Leslie Emery, Dr Douglas Dunnet, Mr John Hick, Ms Elizabeth Martin, Sir Rabbie Namaliu and Ms Susanne Sesselmann are independent Directors for the purposes of Resolution 2 as they do not have a material personal interest in the outcome of that Resolution. Each of them approved the proposal to put Resolution 2 to Shareholders and recommend that Shareholders vote in favour of Resolution 2 because the Board has formed the view that the circumstances in which the Termination Payment is to be made to Mr Horan and the amount of the payment is appropriate because it represents liquidated damages payable to Mr Horan where his employment is terminated without cause prior to the expiry of the Term. The Board is also of the opinion that the Termination Payment is not excessive or unusual for a non executive Chairman of the calibre of Mr Horan.

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

Mr John Horan has a material personal interest in the outcome of Resolution 2 and has abstained from any deliberation and voting or making a recommendation in relation to Resolution 2.

#### **Resolutions 3 to 9 – Approval of the grant of Performance Rights to the Directors**



### **The Performance Rights**

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

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

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

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

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

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

### **Chapter 2E of the Corporations Act – Related Party Transactions**

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

Please refer to Resolution 1 for details regarding Chapter 2E of the Corporations Act.

### **Information for Shareholders in respect of Chapter 2E**

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the grant of the Performance Rights to the Directors under Resolutions 3 to 9.

- a) **(Identity of the related party):** The related parties of the Company to which a financial benefit may be given under Resolutions 3 to 9 are:

- Mr Leslie Emery;
- Mr John Horan;
- Dr Douglas Dunnet;
- Mr John Hick;
- Ms Elizabeth Martin;
- Sir Rabbie Namaliu; and
- Ms Susanne Sesselmann,

each a Director.

- b) **(Nature of the financial benefit):** The financial benefits to be provided to each Director under Resolutions 3 to 9 are Performance Rights. A copy of the rules of the PRP is annexed as Annexure A. None of the Directors will be required to make any payment for the grant of the Performance Rights or on the exercise of a vested Performance Right. The maximum number of Performance Rights that could vest, and hence be exercised by the Directors under Resolutions 3 to 9, are as follows:

- Mr Leslie Emery – 750,000 Performance Rights;
- Mr John Horan – 500,000 Performance Rights;
- Dr Douglas Dunnet – 500,000 Performance Rights;

- Mr John Hick – 500,000 Performance Rights;
- Ms Elizabeth Martin – 500,000 Performance Rights;
- Sir Rabbie Namaliu – 500,000 Performance Rights; and
- Ms Susanne Sesselmann – 500,000 Performance Rights.

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

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

Resolution 9 and has abstained from any deliberation and voting or making a recommendation in relation to Resolution 9.

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

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

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

<b>Details</b>	<b>Input</b>
*Share price	\$0.185
Conversion Price	Nil
Valuation Date	17 November 2011
Expiry Date	23 December 2015
<b>Value per Performance Right</b>	<b>\$0.185</b>

*\* Based on the current share price at the date of this Notice being 17 November 2011*

<b>Director</b>	<b>Number of Performance Rights</b>	<b>Value</b>
Mr Leslie Emery	750,000	\$138,750
Mr John Horan	500,000	\$92,500
Dr Douglas Dunnet	500,000	\$92,500
Mr John Hick	500,000	\$92,500
Ms Elizabeth Martin	500,000	\$92,500
Sir Rabbie Namaliu	500,000	\$92,500
Ms Susanne Sesselmann	500,000	\$92,500

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

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

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

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

- h) **(Other Information)** Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 3 to 9.

### **Listing Rule 10.14**

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

For the purposes of Listing Rule 10.15A, the following information is provided to Shareholders with respect to Resolutions 3 to 9:

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

### **Other Business**

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

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**MANAGEMENT INFORMATION CIRCULAR**

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

**Purpose of Solicitation**

This Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting of the Company. The Meeting will be held at **Level 1, 9 Havelock Street, West Perth, Western Australia**, on **23 December 2011** at **9.00 a.m. WST**, for the purposes set forth in the Notice accompanying this Explanatory Statement and Management Information Circular.

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

**Appointment of Proxies**

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

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

1. in respect of Shareholders registered on the Company's Australian share register, prior to **9.00 a.m. WST** on **21 December 2011** by:
  - (i) facsimile to the Company at (08) 9429 0099 (International +61 8 9429 0099) or to Computershare Investor Services Pty Ltd at 1 800 783 447 (International: +61 3 9473 2555); or
  - (ii) delivery to the registered office of the Company at Level 1, 9 Havelock Street, West Perth, Western Australia 6005 or Computershare Investor Services Pty Ltd at Level 1, 45 St George's Terrace, Perth, Western Australia 6000; or
  - (iii) mail to the Company at PO Box 289, West Perth, Western Australia 6872 or Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne, Victoria 3001 (reply paid envelope); and
2. in respect of Shareholders registered on the Company's Canadian share register, prior to **9:00 a.m. WST** on **21 December 2011**, by mail to Computershare Investor Services Inc, at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 or by facsimile at +1 866 249 7775.
3. in respect of Shareholders registered on the Company's Papua New Guinea register, not later than 48 hours prior to the Meeting, or any adjournment thereof (excluding Saturdays, Sundays and holidays) by mail to Level 2, AON Haus McGregor Street, Port Moresby, PO Box 1265, Port Moresby, NCD, Papua New Guinea or by facsimile +675 321 6379.

**Revocation of Proxies**

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

## Voting of Proxies

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

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

## Advice for Beneficial Holders

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

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

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

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

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

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

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

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

## **Voting Shares and Record Date**

The authorised capital of the Company consists of an unlimited number of ordinary shares of which as of 11 November 2011 1,002,399,863 ordinary shares were issued and outstanding as fully paid. The ordinary shares are the only shares of the Company entitled to be voted at the Meeting and subject to certain exclusions of votes described above, each ordinary share is entitled to one vote at the Meeting.

The directors of the Company have fixed **23 November 2011** as the record date for determining the Shareholders of the Company entitled to receive the Notice of Meeting and **9.00 a.m.** (WST) on **23 December 2011** as the record date for determining the Shareholders of the Company entitled to vote at the Meeting.

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

## **Principal Holders of Shares**

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

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

## **Statement of Executive Compensation**

### **Named Executive Officers**

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

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

### **Compensation Discussion & Analysis**

#### *Overview of Compensation Program*

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

#### *Compensation Philosophy and Objectives*

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

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



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

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

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

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

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

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

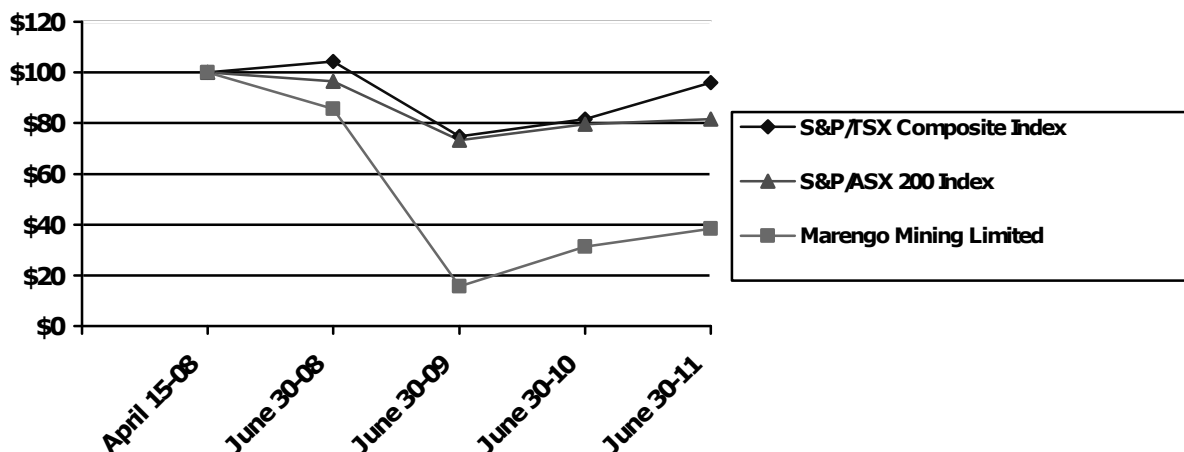
Bonuses are used to reward executive officers for achieving certain objectives. The Company's performance and the performance of the individual during the period is considered in determining whether a bonus will be paid and if so, the amount of the bonus.

*Compensation of the Managing Director*

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

## Performance Graph

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



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

### Option-based awards

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

### Summary Compensation Table

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

Name and Principal Position	Financial Year	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All Other Compensation	Total Compensation
					Annual incentive plans	Long-term incentive plans			
		(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)
Les Emery <sup>(6)</sup> Managing Director	2011	456,384 <sup>(5)</sup>	—	18,755 <sup>(4)</sup>	—	—	132,430 <sup>(3)</sup>	16,615 <sup>(2)</sup>	624,184
	2010	432,429 <sup>(5)</sup>	—	35,097 <sup>(4)</sup>	—	—	146,971 <sup>(3)</sup>	29,576 <sup>(2)</sup>	643,863
	2009	538,887 <sup>(5)</sup>	—	81,869 <sup>(4)</sup>	—	—	43,930 <sup>(3)</sup>	16,339 <sup>(2)</sup>	681,025
John Ribbons <sup>(1)</sup> Chief Financial Officer and Company Secretary	2011	70,000	—	—	—	—	6,300	—	76,300
	2010	65,000	—	—	—	—	5,850	—	70,850
	2009	15,000	—	—	—	—	1,350	—	16,350

Notes:

- (1) Mr Ribbons is employed by DWCorporate Pty Ltd (“**DWCorporate**”). Since March 30, 2009, DWCorporate has provided management services to the Company including the provision of Mr Ribbons as Chief Financial Officer and Company Secretary. The compensation attributed to Mr Ribbons represents the estimated compensation that DWCorporate pays to Mr Ribbons that is attributable to the services he provided to the Company. Mr Ribbons ceased to provide services as Chief Financial Officer on September, 12 2011 but continued to provide services as Company Secretary to the Company from this date. Mr Mark Churchward commenced employment with Marengo Mining Limited as Chief Financial Officer on September,12 2011.
- (2) Represents car allowance.
- (3) Represents superannuation payments of \$44,296 and long service leave entitlement of \$102,675.
- (4) Option based payments. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.
- (5) Includes unused annual leave entitlement.
- (6) Mr Emery does not receive additional compensation for serving as a director.

*Narrative Discussion*

DWCorporate provided Chief Financial Officer, Company Secretary and other corporate services to the Company during the financial year. The amounts paid were at normal commercial rates. Mr Ribbons is employed and remunerated by DWCorporate Pty Ltd. Mr Ribbons ceased to provide services as Chief Financial Officer on September, 12 2011 but continued to provide services as Company Secretary to the Company from this date. Mr Mark Churchward commenced employment with Marengo Mining Limited as Chief Financial Officer on September,12 2011.

**Incentive Plan Awards**

*Outstanding share-based awards and option-based awards*

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

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

Notes:

- (1) DWCorporate provide services to the Company as Chief Financial Officer and Company Secretary. Mr Ribbons is employed and remunerated by DWCorporate Pty Ltd. Mr Ribbons has not received option based awards attributable to services performed for the Company. Mr Ribbons ceased to provide services as Chief Financial Officer on September,12 2011 but continued to provide services as Company Secretary to the Company from this date. Mr Mark Churchward commenced employment with Marengo Mining Limited as Chief Financial Officer on September,12 2011.

*Incentive plan awards – value vested or earned during the year*

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

<u>Named Executive Officer</u>	<u>Option-based awards – Value vested during the year</u> (A\$)	<u>Share-based awards – Value vested during the year</u> (A\$)	<u>Non-equity incentive plan compensation – Value earned during the year</u> (A\$)
<b>Les Emery</b> Managing Director	18,755	—	—
<b>John Ribbons</b> Chief Financial Officer (until September, 12 2011) and Company Secretary	—	—	—

*Narrative discussion*

**Options**

There are currently 74,762,050 outstanding options. The exercise price of these options range from C\$0.084 to A\$0.50 per share. The expiry dates of options granted range from 31 December 2011 to 23 February 2016.

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

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

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

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

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

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

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

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

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

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

### **Pension Plan Benefits**

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

### **Termination and Change of Control Benefits**

As noted above, Marengo has entered into Mr Emery's Agreement to replace the Existing Agreement. Mr Emery's Agreement will take effect upon Shareholder Approval of the Termination Payment the subject of Resolution 1. Pursuant to Mr Emery's Agreement, Mr Emery will be paid an annual salary of A\$493,993 plus a superannuation contribution of A\$45,833 to be reviewed annually by the Board. Mr Emery will also be provided with a fully maintained company motor vehicle with a deemed value of A\$18,500 per annum

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

Under the terms of the Existing Agreement:

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

At the Meeting, Shareholders will be asked to approve the Termination Payment under Mr Emery's Agreement. If approved, Mr Emery's Agreement will replace the Existing Agreement. Please refer to the section on "Resolution 1 – Approval of Termination Benefit under Mr Leslie Emery's Employment Agreement" in this Explanatory Statement and Management Information Circular for more information regarding Mr Emery's Agreement.

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

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

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

## Director Compensation

### Compensation Table

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

<u>Name</u>	<u>Fees Earned</u> (A\$)	<u>Share-based Awards</u> -	<u>Option-based awards</u> (A\$)	<u>Non-equity incentive plan compensation</u>	<u>Pension value</u>	<u>All other compensation</u> (A\$)	<u>Total</u> (A\$)
John Horan (Chairman)	96,600	-	15,629	-	-	4,407 <sup>(1)</sup>	116,636
Douglas Dunnet	52,500	-	6,252	-	4,725	4,407 <sup>(1)</sup>	67,884
Sir Rabbie Namaliu	57,225	-	12,504	-	-	4,407 <sup>(1)</sup>	74,136
Susanne Sesselmann	57,225	-	6,252	-	-	4,407 <sup>(1)</sup>	67,84
John Hick	57,225	-	6,252	-	-	4,407 <sup>(1)</sup>	67,884
Elizabeth Martin	57,225	-	6,252	-	-	4,407 <sup>(1)</sup>	67,884

Notes:

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

### Narrative discussion

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

### Outstanding share-based awards and option-based awards

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

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

*Incentive plan awards – value vested or earned during the year*

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

<u>Name of Director</u>	<u>Option-based awards – Value vested during the year</u> (A\$)	<u>Share-based awards – Value vested during the year</u> (A\$)	<u>Non-equity incentive plan compensation – Value earned during the year</u> (A\$)
John Horan (Chairman)	15,629	—	—
Douglas Dunnet	6,252	—	—
Sir Rabbie Namaliu	12,504	—	—
Susanne Sesselmann	6,252	—	—
John Hick	6,252	—	—
Elizabeth Martin	6,252	—	—

**Securities Authorised for Issuance Under Equity Compensation Plans**

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

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

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

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

**Interest of Informed Persons in Material Transactions**

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

## Auditors

The auditor of the Company is PricewaterhouseCoopers. PricewaterhouseCoopers was first appointed as auditor of the Company on November, 10 2011.

### Audit Committee

For further information about the Audit Committee of Marengo, please see under “Directors and Officers – Audit Committee” in the Company’s annual information form dated September 28, 2011 and available at [www.sedar.com](http://www.sedar.com).

## Statement of Corporate Governance Practices

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

### Board of Directors

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

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

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

<u>Director</u>	<u>Type of Meeting</u>		
	<u>Board of Directors (Non-Independent)</u> Attended/Eligible	<u>Board of Directors (Independent)</u> Attended/Eligible	<u>Audit Committee</u> Attended/Eligible
John Horan	N/A	12 / 12	6 / 6
Leslie Emery	12 / 12	N/A	N/A
Douglas Dunnet	N/A	12 / 12	6 / 6
Sir Rabbie Namaliu	N/A	12 / 12	N/A
Susanne Sesselmann	N/A	12 / 12	N/A
John Hick	N/A	12 / 12	N/A
Elizabeth Martin	N/A	10 / 12	5 / 6

### Other Directorships

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

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



### *Board Mandate*

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

### *Position Descriptions*

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

### *Orientation and Continuing Education*

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

### *Ethical Business Conduct*

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

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

### *Nomination and Compensation of Directors*

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

### *Compensation*

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

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

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

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

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

### *Other Board Committees*

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

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

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

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

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

#### *Assessments*

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

#### **Additional Information**

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

Copies of these documents will be provided free of charge to Shareholders. The Company may require the payment of a reasonable charge by any person or company who is not a Shareholder of the Company, and who requests a copy of such document. Additional information (including the financial statements and MD&A referred to above) relating to the Company can be found at [www.asx.com.au](http://www.asx.com.au) or at [www.sedar.com](http://www.sedar.com).

#### **ENQUIRIES**

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

#### **APPROVAL OF THIS EXPLANATORY STATEMENT AND MANAGEMENT INFORMATION CIRCULAR**

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

**By Order of the Board of Directors**



**John Ribbons**  
Company Secretary

**Dated: November 17, 2011**





**MARENGO**  
MINING LIMITED

ABN 57 099 496 474



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

**Lodge your vote:**



**By Mail:**

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

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

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

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

**Proxy Form**

**For your vote to be effective it must be received by 9.00am (WST) Wednesday 21 December 2011**

**How to Vote on Items of Business**

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

**Appointment of Proxy**

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

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

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

**A proxy need not be a securityholder of the Company.**

**Signing Instructions**

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

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

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

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

**Attending the Meeting**

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

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

**Turn over to complete the form** ➔



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

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I9999999999**



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

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

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



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## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Marengo Mining Limited to be held at Level 1, 9 Havelock Street, West Perth, Western Australia on Friday, 23 November 2011 at 9.00am (WST) and at any adjournment of that meeting.

#### Important for Resolutions 1 to 9- If the Chair of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1 to 9 as set out in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 1 to 9, the Chair of the Meeting will not cast your votes on Resolutions 1 to 9 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chair of the Meeting as your proxy you can direct the Chair how to vote by either marking the boxes below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chair of the Meeting will vote in favour of Resolution 1 to 9).

The Chair of the Meeting intends to vote all available proxies in favour of Resolutions 1 to 9.

I/We direct the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1 to 9 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 1 to 9 are connected directly or indirectly with the remuneration of a member of Key Management Personnel and /or even if the Chair has an interest in the outcome of these items and any votes cast by the Chair, other than as proxy holder, would be disregarded because of that interest.

### STEP 2 Items of Business

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

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

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

MGO

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Computershare