



CORPORATE GOVERNANCE STATEMENT

1 BOARD OF DIRECTORS AND ITS COMMITTEES

1.1 Role of the Board

The obligation of the Board is to act in the best interests of the Company, its shareholders and other stakeholders. To fulfil this role, the Board is responsible for:

- 1.1.1 reviewing and approving corporate objectives and goals applicable to the Company's senior management and monitoring realization of those objectives.
- 1.1.2 oversight of management and in particular the CEO, and establishing goals for management and monitoring achievement of these goals
- 1.1.3 oversight of the overall corporate governance of the Company
- 1.1.4 establishing the strategic direction of the Company.

1.2 Board Processes

- 1.2.1 To assist in the execution of its responsibilities, the Board has established the following Committees: Audit and Risk Committee; Health, Safety and Environment Committee; Corporate Governance and Nominating Committee and Human Resources and Compensation Committee.
- 1.2.2 The full Board currently meets approximately every month. In addition, strategy meetings and any extraordinary meetings are held at such other times as may be necessary to address any significant matters that may arise.
- 1.2.3 Meetings of the Board also include meetings, as required, of the independent members of the Board without management being present.
- 1.2.4 The agenda for meeting is prepared in conjunction with the Chairman, Managing Director and Company Secretary, but any director may request additions to the agenda. The regular business at Board meetings includes, but is not limited to, strategic and operations matters, corporate governance, financial matters and safety.
- 1.2.5 Senior executives are involved in Board discussions where appropriate and Directors have other opportunities for contact with all employees.



Registered Office

c/- Fraser Milner Casgrain
77 King Street West, Suite 400,
Toronto-Dominion Centre,
Toronto ON, M5K 0A1
Telephone: +1 416 863 4732
Facsimile: +1 416 863 4592
Email: marengo@marengomining.com
Website: www.marengomining.com

Perth Office

Level 1, 9 Havelock Street, West Perth Western
Australia 6005
PO Box 289, West Perth Western Australia 6872
Telephone: +61 8 9429 0000
Facsimile: +61 8 9429 0099
Email: marengo@marengomining.com
Website: www.marengomining.com



Port Moresby Office

Suite 2, Level 2, Ela Beach Tower
Bramell Street, Port Moresby, PNG 121
PO Box 344, Port Moresby, NCD, PNG
Telephone: +675 343 4956 or 321 1544
Fax: +675 321 6636
Email: carolinep@marengomining.com



Madang Office

Guard Dog Complex
Komoklon Crescent, Newtown,
Madang
PO Box 12, Diwai, Madang 511
Phone: +675 422 3768
Fax: +675 422 1723
Email: balinaa@marengomining.com

1.3 Composition of the Board

The Board assesses at least annually, the effectiveness of the Board as a whole, including the appropriate size of the Board, the committees of the Board and the contribution of individual directors.

1.3.1 The names of the Directors of the Company in office at the date of this statement are set out in the Directors' Report.

1.3.2 The composition of the Board is determined using the following principles:

1.3.2.1 a minimum of three Directors, with a broad range of business expertise;

1.3.2.2 a non-executive Director as Chairman;

1.3.2.3 a majority of independent Directors;

1.3.2.4 No maximum period of service but subject to election annually. In addition to the definition of independence set out in National Instrument 52-110, a director is considered to be 'independent' if he or she has no direct or indirect material relationship which could in the view of the Board reasonably interfere with the exercise of a director's independent judgment. Notwithstanding the foregoing, a director shall be considered to have a material relationship with the Company (and therefore shall be considered a "non-independent" director) if he or she falls in one of the categories listed below:

1.3.2.5 a Director who is a member of Management;

1.3.2.6 a Director who is a substantial shareholder of the Company or an officer of, or otherwise associated directly or indirectly, with a substantial shareholder of the Company;

1.3.2.7 a Director who has been employed, or has previously been employed in an executive capacity by the Company or another group company, and there has not been a period of at least three years between ceasing such employment and serving on the Board.;

1.3.2.8 a Director who, within the last three years has been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

1.3.2.9 a director who is a material supplier or customer of the Company, or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and

- 1.3.2.10 a Director who has a material contractual relationship with the Company.

1.4 Conflict of Interest

- 1.4.1 Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director-related entity transactions with the Company are set out in Notes to the Annual Financial Report.

2 AUDIT AND RISK COMMITTEE

- 2.1 The Audit and Risk Committee operates under a formal charter which is published on the Company's website. The Committee shall be composed of three or more Directors, all of whom shall be independent. The Committee's duties include the following:
 - 2.1.1 ensuring the integrity of the Company's internal controls and management information systems.
 - 2.1.2 ensuring the Company's ethical financial behaviour and compliance with audit and accounting principles and the Company's own governing documents as they relate to financial matters.
 - 2.1.3 identifying the principal risks of the Company's business and ensuring that appropriate systems are in place to manage these risks, including, without limitation, reviewing and recommending the implementation of currency and metals hedging programs, as deemed appropriate.
 - 2.1.4 reviewing and approving significant financial matters and providing direction to management on these matters.
 - 2.1.5 approving and recommending to the Board for its approval, annual and interim financial statements of the Company together with the annual management's discussion and analysis.
 - 2.1.6 approving all non-audit services provided by the external auditor
 - 2.1.7 reviewing the nomination, performance and compensation of the external auditor
- 2.2 The members of the Audit and Risk Committee during the year are noted in the Directors' Report contained in the Annual Report.
- 2.3 The external auditors, Chief Executive Officer, Chief Financial Officer and Company Secretary are invited to Audit and Risk Committee meetings at the discretion of the Committee. The Committee has unfettered access to the CFO. The Committee meets a minimum of four times during the year. The Committee routinely conducts meetings in the absence of management.

3 SAFETY HEALTH AND ENVIRONMENT COMMITTEE

3.1 The Safety, Health and Environment Committee operates under a formal charter which is published on the Company's website. The Committee shall be composed of two or more Directors, at least one of whom shall be independent.

3.2 It is responsible for establishing, reviewing and making recommendations to the Board regarding the approval, goals, policies and programs relative to safety, health and environmental issues for the Company and its subsidiaries.

4 HUMAN RESOURCES AND COMPENSATION COMMITTEE

4.1 The Human Resources and Compensation Committee operates under a formal charter which is published on the Company's website. The Committee shall be composed of three or more Directors, a majority of whom shall be independent.

4.2 It is responsible for establishing appropriate performance criteria for the senior management of the Company, and recommending to the Board for its approval, the overall compensation of the senior management and the directors.

5 CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

5.1 The Corporate Governance and Nominating Committee operates under a formal Charter which is published on the Company's website. The Committee is comprised of three or more directors, a majority of whom shall be independent.

5.2 It is responsible for:

- assessing the effectiveness of the Board as a whole as well as evaluating the contribution of individual members;
- assessing and improving the Company's Corporate Governance practices;
- proposing nominees for appointment to the Board; and
- orienting new directors.

6 INTERNAL CONTROL FRAMEWORK

6.1 The Company has implemented an internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Company has adopted the following internal control framework:

6.1.1 Financial reporting – the Board receive monthly reports about the financial condition of the Company. Year to date actual results are reported against budgets approved by the Board and revised forecasts for the year prepared as considered necessary.

6.1.2 CEO and CFO assurance – the CEO and CFO provide annual formal statements to the Board, and quarterly certifications for TSX reporting compliance purposes, that in all material respects

the Company's financial statements present a true and fair view of the Company's financial condition and operating results.

- 6.1.3 Continuous Disclosure – The Company is aware of its Continuous Disclosure obligation to ensure matters that may have a material effect on the price of the Company's securities are notified to the ASX, POMS0X and TSX (as applicable). Any such announcement is posted on the Company's website. The Company Secretary is responsible for all communications with the ASX, POMS0X and TSX.

7 BUSINESS RISK MANAGEMENT

- 7.1 Management is closely linked to the CEO and constantly monitors the business risk of the Company.
- 7.2 The Company's risk management covers environment, occupational health and safety, property (assets), financial reporting and internal controls.
- 7.3 Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of co-operation and constructive dialogue within the employees and senior management. Management ensures vacancies are filled by competent and knowledgeable employees when retirements or resignations occur.
- 7.4 Comprehensive practices are established such that:
- 7.4.1 capital expenditure and commitments above a certain size require prior Board approval;
 - 7.4.2 financial exposures are controlled;
 - 7.4.3 occupational health and safety standards and environmental management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations; and
 - 7.4.4 material business transactions are properly authorised by the Board.

8 ETHICAL STANDARDS

- 8.1 Each Director, manager and employee must comply with the Company's Code of Conduct.
- 8.2 All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Every employee is encouraged to refer any issues arising from their employment to a senior executive within the Company

9 THE ROLE OF SHAREHOLDERS AND COMMUNICATIONS POLICY

- 9.1 The Company has adopted a formal policy for informing shareholders of all major developments affecting the Company's state of affairs. The policy is published on the Company's website.

10 STAKEHOLDERS

- 10.1 The Company has a formal Code of Conduct which is published on the Company's website and by which other stakeholders in the Company are also asked to abide.

Approved by the Board on 2 January 2013.