

MARENCO MINING LTD

ACN 099 496 474

PROSPECTUS

This Prospectus has been issued to facilitate the secondary trading of Shares issued pursuant to a Capital Raising. It has also been issued to provide information on the Offer of 1 Share at an issue price of A\$0.09 to raise A\$0.09.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

Investment in Securities offered by this Prospectus should be considered speculative.

This Prospectus is dated 12 August 2010.

CORPORATE DIRECTORY

DIRECTORS

John Horan (Non-Executive Chairman)
Les Emery (Managing Director and CEO)
Douglas Dunnet (Non-Executive Director)
John Hick (Non-Executive Director)
Elizabeth Martin (Non-Executive Director)
Sir Rabbie Namaliu (Non-Executive Director)
Susanne Sesselmann (Non-Executive Director)

SECRETARY

John Ribbons

REGISTERED AND PRINCIPAL OFFICE

Level 2
9 Havelock Street
WEST PERTH WA 6005
Telephone: (08) 9429 0000
Facsimile: (08) 9429 0099
website: <http://www.marengominig.com>

SOLICITORS TO THE OFFER

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

AUDITORS*

Stantons International Pty Ltd
1 Havelock Street
WEST PERTH WA 6005

SHARE REGISTRY*

Computershare Investor Services Pty Ltd
Level 2
45 St George's Terrace
PERTH WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

ASX CODE

MGO

* *For information purposes only*

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Important Notes and Statements

This Prospectus is dated 12 August 2010. A copy of this Prospectus was lodged with the ASIC on 12 August 2010. Neither the ASIC nor the ASX take any responsibility for the contents of this Prospectus. No Shares will be issued or granted on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. The Share issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply for the Share offered pursuant to this Prospectus to be listed on ASX. An application for the Share will only be accepted on the Application Form accompanying this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Key Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 6 of this Prospectus.

1 DETAILS OF OFFER

1.1 Purpose of the Offer

As announced on 12 August 2010, the Company has undertaken an equity capital raising in Canada to raise C\$20.16 million ("**Capital Raising**").

Under the Capital Raising, 240,000,000 units in Marengo were issued ("**Units**") at an issue price of C\$0.084 (A\$0.09) per Unit to raise gross proceeds of up to C\$20.16 million. Each Unit consists of one Share and one-quarter of one share purchase warrant to acquire Shares ("**Warrants**"). Each whole Warrant will entitle the holder to acquire one Share at an exercise price of C\$0.116 (A\$0.125) on or before 11 August 2013. A total of 240,000,000 Shares and 60,000,000 Warrants were issued as a result of the Capital Raising.

The net proceeds from the Capital Raising will be used to finance the Company's district exploration program at the Yandera copper-molybdenum-gold deposit located in Madang Province, Papua New Guinea, including the preparation of the definitive feasibility study on the development of the Yandera Project and for general corporate and working capital purposes.

This Prospectus has been issued to facilitate secondary trading of Shares the subject of each Unit issued under the Capital Raising ("**Capital Raising Shares**") as they were issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who were issued Capital Raising Shares to on-sell those Shares within 12 months of their issue.

The Company did not issue the Capital Raising Shares with the purpose of the persons to whom they were issued selling or transferring their securities, or granting, issuing or transferring interests in, those securities. However, the board of the Company consider that such persons that have been issued the Capital Raising Shares should be entitled, should they wish, to on-sell their Capital Raising Shares prior to the expiry of 12 months after their issue.

This Prospectus has also been issued to provide information on the Offer being made under this Prospectus which Offer is required by the Corporations Act.

1.2 Details of the Offer

By this Prospectus, the Company is offering 1 Share to the public at an issue price of A\$0.09 to raise A\$0.09.

1.3 Opening and Closing Dates

The Offer will open for receipt of acceptances at 9.00am WST on 13 August 2010 and will close at 5.00pm WST on 16 August 2010 or such other date as the Directors, in their absolute discretion, may determine.

1.4 Minimum Subscription

The minimum level of subscription for the Offer is 1 Share to raise A\$0.09.

1.5 Brokerage and Commission

No brokerage or commission is payable.

1.6 Applications

An application for the Share can only be made on the Application Form which accompanies a paper copy of this Prospectus.

Cheques should be in Australian currency and made payable to "**Marengo Mining Limited**" and crossed "**Not Negotiable**".

Completed Application Forms must be accompanied by the application monies and lodged in person or by post with the Company:

By Hand:

Marengo Mining Limited
Level 2
9 Havelock Street
WEST PERTH WA 6005

By Post:

Marengo Mining Limited
PO Box 289
WEST PERTH WA 6872

Applications must be received by 5.00 pm WST on 16 August 2010 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice).

Should you wish to apply for the Share, the instructions on the back of the Application Form will assist you to ensure that the Application Form is completed correctly.

1.7 Oversubscription and Allotment of the Share

If the Company receives more than one Application for the Share being offered under this Prospectus, the Directors will decide, in their absolute discretion, which Application to accept and which Applicant the Share shall be allotted and issued to.

The Share is expected to be allotted and issued by no later than 20 August 2010. Until allotment and issue of the Share under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the application money will be for the benefit of the Company and will be retained by it irrespective of whether allotment and issue of the Share takes place.

1.8 ASX Listing

The Company will make an application to ASX within 7 days following the date of this Prospectus for official quotation of the Share offered pursuant to this Prospectus.

If approval is not granted by ASX within 3 months after the date of this Prospectus, the Company will not allot the Share and will repay all application monies (where applicable) as soon as practicable, without interest.

A decision by ASX to grant official quotation of the Share is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Share now offered for subscription.

1.9 No issue of Shares after 13 months

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

1.10 Overseas Investors

Investors resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept the Offer.

This Prospectus does not constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer.

1.11 Use of Funds

The funds raised from the Offer will be used for working capital.

2 PURPOSE AND EFFECT OF THE OFFER ON THE COMPANY

2.1 Principal Effects

The principal effects on the Company of the Offer are dependent on the success of the Offer. However, assuming the Offer is fully subscribed the principal effects are as follows:

- (a) The Company will issue 1 Share.
- (b) Following the issue of the Share, the cash reserves of the Company will increase by A\$0.09 less expenses of the Offer which are estimated to be approximately A\$5,000.
- (c) If the Share proposed to be issued is issued, the number of Shares on issue will increase from 738,810,862 to 738,810,863.

2.2 Balance Sheet and Capital Structure

Set out as follows is an unaudited balance sheet of the Company and its controlled entities as at 31 March 2010 and the proposed capital structure of the Company after the Capital Raising and the Offer:

Consolidated Balance Sheet Pro-forma Reflecting Proposed Offer

| | 31 March 2010 (unaudited) A\$ | 31 March 2010 pro-forma (unaudited) A\$ |
|----------------------------------|-------------------------------------|--|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 12,352,849 | 32,659,103 |
| Trade and other receivables | 369,494 | 369,494 |
| TOTAL CURRENT ASSETS | 12,722,343 | 33,028,597 |
| | | |
| NON-CURRENT ASSETS | | |
| Other financial assets | 457,434 | 457,434 |
| Plant and equipment | 758,535 | 758,535 |
| Mining properties | 14,341,069 | 14,341,069 |
| TOTAL NON-CURRENT ASSETS | 15,557,038 | 15,557,038 |
| | | |
| TOTAL ASSETS | 28,279,381 | 48,585,635 |
| | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,873,336 | 1,873,336 |
| Provisions | 390,624 | 390,624 |
| TOTAL CURRENT LIABILITIES | 2,263,960 | 2,263,960 |
| | | |
| TOTAL LIABILITIES | 2,263,960 | 2,263,960 |
| | | |
| NET ASSETS | 26,015,421 | 46,321,675 |
| | | |
| EQUITY | | |
| Issued capital | 78,149,192 | 98,455,446 |
| Reserves | 2,079,796 | 2,079,796 |
| Accumulated losses | (54,213,567) | (54,213,567) |
| TOTAL EQUITY | 26,015,421 | 46,321,675 |

2.3 Capital Structure of the Company

The pro-forma capital structure of the Company following the Offer pursuant to this Prospectus is set out below:

| Shares | Number |
|---|--------------------|
| Existing Shares on issue | 738,810,862 |
| Maximum number of Shares to be issued pursuant to this Prospectus | 1 |
| Total Shares on issue after the Offer | 738,810,863 |

| Options | Number |
|--|-------------------|
| Unlisted Options on issue as at date of this Prospectus – various classes (see <i>note 1</i> below). | 90,280,000 |
| Total Options on issue after the Prospectus | 90,280,000 |

Note 1: Unlisted Options on issue:

| Number | Exercise Price | Expiry Date |
|------------|----------------|-------------|
| 170,000 | A\$0.25 | 31/12/10 |
| 8,625,000 | C\$0.086 | 31/08/11 |
| 160,000 | A\$0.30 | 31/12/11 |
| 6,421,050 | C\$0.084 | 11/08/2012 |
| 60,000,000 | A\$0.125 | 11/08/2013 |
| 5,750,000 | A\$0.50 | 15/08/13 |
| 1,800,000 | A\$0.25 | 18/12/13 |
| 525,000 | A\$0.25 | 31/03/14 |
| 450,000 | A\$0.25 | 30/11/14 |
| 150,000 | A\$0.25 | 22/03/15 |
| 650,000 | A\$0.25 | 31/03/15 |

3 RISK FACTORS

The Share offered under this Prospectus is considered speculative. The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Share pursuant to this Prospectus. In addition, investors should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and the Directors because of the nature of the business of the Company.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of:

- ***Additional Funding may be Required***

The funds of the Company currently available and to be raised under the Offer are not designated for development of the Yandera Project. Accordingly, if the DFS the Company is currently conducting on the Yandera Project is successful, the Company will need to raise further capital and/or debt financing to develop the Yandera Project. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time, the outcome of the DFS or any other relevant feasibility studies and exploration programs and upon the availability of significant amounts of debt and equity financing to a company without significant projects already in production. Further, Marengo may require further capital from external sources to develop any newly discovered mineral deposits. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants upon the Company and its operations. If the Company cannot obtain such additional capital, the Company will not be able to complete the development of the Yandera Project or further explore any newly discovered mineral deposits or may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

- ***Exploration and Development Risks***

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluations, experience and knowledge may not eliminate. Although the discovery of a mineral body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration program planned by the Company will result in a profitable commercial mining operation.

- ***Company may not Obtain Renewal of EL1416***

The Company's interest in the Yandera Project is derived from two exploration licences, EL1335 and EL1416. EL1416 expired on 4 June 2010. An application for an additional two year term was made prior to 4 June 2010. Although the Company has no reason to believe that EL1416 will not be renewed for an additional two year term, there can be no assurance that will be the case. Any failure to renew EL1416 would have a material adverse effect on the Company's financial condition and results of operations.

- ***Sustained or Continued Decreases in the Price of Copper and Molybdenum***

The price of copper and molybdenum fluctuates widely and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rate fluctuation, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production from Marengo's mining properties, including in particular the Yandera Project, is dependent upon the price of copper and molybdenum being adequate to make it economic. Future price declines in the market price of copper or molybdenum could cause development of the Yandera Project to be rendered uneconomic. Declining metal prices will also adversely affect the Company's ability to obtain financing both now and in the long-term. As a result, further declines in copper or molybdenum prices could force the Company to discontinue exploration of the Yandera Project and the DFS.

- ***Current Global Economic Conditions***

Current global economic conditions have been characterised by volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Company's ability to obtain financing in the future on favourable terms. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, the Company's operations and financial condition could be adversely impacted.

- ***Structural Subordination of Shares***

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

- ***Future Sales or Issue of Shares***

The Company may issue further Shares or other securities in subsequent fundraising. The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issues or the effect, if any, that future issues of securities will have on the market price of the Shares. Issues of substantial numbers of Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Shares. With any additional sale or issue of Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

4 ADDITIONAL INFORMATION

4.1 Legal Framework of this Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its shares.

4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure ("**ED**") securities and the securities are in a class of securities that were quoted ED securities at all times in the 3 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 3 months before the issue of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The Share to be issued under this Prospectus is in a class of shares that were quoted on the stock market of ASX at all times in the 3 months before the issue of this Prospectus.

4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2009;
- (b) the Half-Year Financial Report of the Company for the half year ending 31 December 2009; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2009 and before the issue of this Prospectus:

| | |
|------------|---|
| 02/08/2010 | Pricing of Offering and final Short Form Prospectus filed |
| 30/07/2010 | Fourth Quarter Activities Report - 30 June 2010 (AMENDED) |
| 30/07/2010 | Fourth Quarter Activities Report - 30 June 2010 |
| 30/07/2010 | Fourth Quarter Cashflow Report - 30 June 2010 |
| 29/07/2010 | Boardroom Radio Broadcast - Copper Industry Roundtable |
| 28/07/2010 | Marengo Mining Prices Offering |
| 23/07/2010 | Marengo Mining Limited Broadcast |
| 22/07/2010 | Deep Drilling Extends Key Yandera Deposits |
| 17/06/2010 | Amended and Restated Preliminary Short Form Prospectus |
| 17/06/2010 | Investor Presentation - June 2010 |
| 08/06/2010 | Mines and Money China Conference Presentation |
| 31/05/2010 | Results of Meeting |
| 12/05/2010 | MD and A to 31 March 2010 - TSX |
| 12/05/2010 | Interim Financial Report to 31 March 2010 |
| 30/04/2010 | Third Quarter Cashflow Report - 31 March 2010 |
| 27/04/2010 | Replacement - Third Quarter Activities Report 31 March 2010 |
| 27/04/2010 | Investor Presentation - April 2010 |
| 27/04/2010 | Marengo commences deep drilling at Yandera |
| 27/04/2010 | Third Quarter Activities Report - 31 March 2010 |
| 23/04/2010 | Mailout to Shareholders - Notice of General Meeting 31/05/10 |
| 23/04/2010 | Preliminary Short Form Prospectus in Canada |
| 23/04/2010 | Marengo files Preliminary Short Form Prospectus in Canada |
| 16/04/2010 | Appendix 3B - Issue of Unlisted Options |
| 1/04/2010 | Appendix 3B - Issue of Options |
| 30/03/2010 | Mines and Money Hong Kong Presentation |
| 16/03/2010 | 66th Minesite Forum Presentation |
| 10/03/2010 | Appendix 3B - Cancelled Options |
| 9/03/2010 | Papua New Guinea - Country Presentation |
| 12/02/2010 | Interim Financial Report for Half Year to 31 December 2009 |
| 12/02/2010 | MD and A to 31 December 2009 - TSX |
| 28/01/2010 | Quarterly Cashflow Report - 31 December 2009 |
| 28/01/2010 | Quarterly Activities Report - 31 December 2009 |
| 8/12/2009 | Investor Presentation - Minesite.com 64th Minesite Forum |
| 7/12/2009 | Investor Presentation |
| 4/12/2009 | Appendix 3B |
| 30/11/2009 | Investor Presentation |
| 26/11/2009 | Investor Presentation 23-27 November 2009 |
| 13/11/2009 | Unaudited Interim Financial Report to 30 September 2009 - TSX |
| 13/11/2009 | MD and A to 30 September 2009 - TSX |
| 6/11/2009 | Results of Meeting |
| 5/11/2009 | Chairman`s and Managing Director`s AGM Addresses |
| 30/10/2009 | PNG Chamber of Mines and Petroleum |
| 29/10/2009 | Quarterly Cashflow Report |
| 27/10/2009 | First Quarter Activities Report - 30 September 2009 |
| 16/10/2009 | Lapsing of 15 October 2009 Unlisted Options |
| 16/10/2009 | Appendix 3B - Issue of Shares and Cancellation of Options |
| 6/10/2009 | Annual Report to shareholders |
| 6/10/2009 | Notice of Annual General Meeting |
| 1/10/2009 | Appendix 3B - Cancellation of Options |
| 30/09/2009 | 2009 Annual MD and A |
| 30/09/2009 | 2009 AIF |

4.4 **Rights Attaching to Shares**

The Share to be issued pursuant to this prospectus will rank equally in all respects with existing Shares in the Company. Full details of the rights attaching to the Company's Shares are set out in its constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the rights that attach to the Company's existing Shares:

Voting Rights

Subject to any rights or restrictions for the time being attached to any class of Shares (at present there are none), at a general meeting every person present who is either a member or a proxy representative of a member shall have one vote on a show of hands or on a poll every member present in person, by proxy attorney or representative shall have one vote per fully paid Share and a fraction of a vote for every partly paid Share.

Dividend Rights

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will (subject to the rights of any preference shareholders and to the right of holders of any shares created or raised under any special arrangement as to dividend) be payable on the shares in accordance with the Corporations Act.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator sees fit, but so that no shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Transfer of Shares

Generally, Shares in the Company are freely transferable subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

Creation and Issue of Further Shares

Subject to restrictions on the allotment of share to Directors and their associates, Listing Rules, the Constitution and the Corporations Act, the allotment and issue of any shares is under the control of the Directors. The Directors may allot, issue and grant options on such terms and conditions as they see fit.

Variation of rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to Shares.

At present the Company has only ordinary Shares on issue. If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to class (unless otherwise provided by terms of issue of the Shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution at a separate meeting of the holders of the Shares of that class.

General Meeting

Notice of every general meeting is to be given to every shareholder. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

4.5 Interest of Directors

Directors' Holdings

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

| Directors | Shares | | Options | |
|--------------------|-----------|------------------------|-------------------------|------------------------|
| | Direct | Indirect | Direct | Indirect |
| John Horan | - | 1,360,000 ¹ | - | 1,250,000 ² |
| Les Emery | 4,125,000 | 1,810,000 ³ | 1,500,000 ⁴ | - |
| Douglas Dunnet | 13,819 | 265,148 ⁵ | - | 500,000 ⁶ |
| John Hick | - | - | 500,000 ⁷ | - |
| Elizabeth Martin | - | - | 500,000 ⁸ | - |
| Rabbie Namaliu | - | 210,200 ⁹ | 1,000,000 ¹⁰ | - |
| Susanne Sesselmann | - | 184,000 ¹¹ | 500,000 ¹² | - |

Notes:

1. 1,360,000 are held by South Nominees Pty Ltd as trustee for the JP & C Horan Super Fund A/c of which Mr Horan is a beneficiary
2. 1,250,000 unlisted options exercisable at 50 cents each and expiring on 15 August 2013 are held by South Nominees Pty Ltd as trustee for the JP & C Horan Super Fund A/c of which Mr Horan is a beneficiary.
3. 1,710,000 Shares are held by Ruthless Pty Ltd as trustee for the Emery Super Fund A/c of which Mr Emery is a beneficiary. 100,000 Shares are held by Ruth Emery who is Mr Emery's spouse.
4. 1,500,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013.
5. 65,148 Shares are held by Aurex Pty Ltd of which Dr Dunnet is a director. 200,000 Shares are held by RedTerra Holdings Pty Ltd as trustee for the Chandalier Super Fund A/c of which Dr Dunnet is a beneficiary.
6. 500,000 unlisted options exercisable at A\$0.50 each expiring on 15 August 2013 are held by RedTerra Holdings Pty Ltd as trustee for the Chandalier Super Fund A/c of which Dr Dunnet is a beneficiary.
7. 500,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013.

8. 500,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013.
9. 10,200 Shares are held by Sir Rabbie Namaliu's spouse. 100,000 Shares are held by Tobit Investment Ltd of which Sir Rabbie Namaliu is director. 100,000 Shares are held by RDN International Ltd of which Sir Rabbie Namaliu is a director.
10. 1,000,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013.
11. 184,000 Shares are held by Wolfgang Sesselmann who is Ms Sesselmann's spouse.
12. 500,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013

Remuneration of Directors

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently A\$500,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Details of remuneration provided to Directors and their associated entities during the past two financial years are as follows:-

Financial year up to 30 June 2008:

| Directors | Director's Fees/Salaries A\$ | Superannuation A\$ | Non-Monetary Short Term Benefits A\$ | Total A\$ |
|---------------------------------|---------------------------------|-----------------------|---|--------------|
| John Horan | 63,750 | - | 2,898 | 66,648 |
| Les Emery | 291,500 | 28,818 | 8,499 | 328,817 |
| Douglas Dunnet | 45,000 | 4,050 | 2,898 | 51,948 |
| John Hick ¹ | 2,884 | - | 2,898 | 5,782 |
| Elizabeth Martin ² | 2,884 | - | 2,898 | 5,782 |
| Rabbie Namaliu ³ | 40,875 | - | 2,898 | 43,773 |
| Susanne Sesselmann ⁴ | 6,346 | - | 2,898 | 9,244 |

1. Mr Hick was appointed a Director on 10 June 2008.
2. Ms Martin was appointed a Director on 10 June 2008.
3. Sir Rabbie Namaliu was appointed a Director on 11 February 2008.
4. Ms Sesselmann was appointed a Director on 15 May 2008.

Financial year up to 30 June 2009:

| Directors | Director's Fees/Salaries A\$ | Superannuation A\$ | Non-Monetary Short Term Benefits A\$ | Total A\$ |
|--------------------|---------------------------------|-----------------------|---|--------------|
| John Horan | 92,000 | - | 2,951 | 94,951 |
| Les Emery | (1) 538,887 | 43,930 | 16,339 | 599,156 |
| Douglas Dunnet | 50,000 | 4,500 | 2,951 | 57,451 |
| John Hick | 56,736 | - | 2,951 | 59,687 |
| Elizabeth Martin | 56,322 | - | 2,951 | 59,273 |
| Rabbie Namaliu | 55,625 | - | 2,951 | 58,576 |
| Susanne Sesselmann | 59,799 | - | 2,951 | 62,750 |

1. Mr Emery received salary payments of \$418,792 and the balance of \$120,095 relates to employee entitlements due, but no paid to Mr Emery as at 30 June 2009.

Since 30 June 2009 to the date of this Prospectus, the directors have been paid the following:

| Directors | Director's Fees/Salaries A\$ | Superannuation A\$ | Non-Monetary Short Term Benefits A\$ | Total A\$ |
|--------------------|---------------------------------|-----------------------|---|--------------|
| John Horan | 8,050 | - | - | 8,050 |
| Les Emery | 51,230 | 3,752 | - | 54,982 |
| Douglas Dunnet | - | - | - | - |
| John Hick | - | - | - | - |
| Elizabeth Martin | - | - | - | - |
| Rabbie Namaliu | - | - | - | - |
| Susanne Sesselmann | - | - | - | - |

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

4.6 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those

persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Blakiston & Crabb have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately A\$3,000 for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately A\$192,551.

4.7 **Consents**

Blakiston and Crabb:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based, other than as specified in this Section 4.7; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 4.7.

Blakiston and Crabb has consented to be named in this Prospectus as the solicitors to the Offer and has not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC.

4.8 **Privacy Disclosure Statement**

The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that

person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

4.9 Market Prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were A\$0.105 on 12-14 May 2010, 13-16 July 2010, 22-26 July 2010 and 2 August 2010 and A\$0.81 on 21 May. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was A\$0.095 on 11 August 2010.

4.10 Expenses of the Offer

The approximate expenses of the Offer including advisers' fees, ASIC and ASX fees, printing and distribution costs and other miscellaneous expenses, is A\$5,000, which has been paid or is payable by the Company.

5 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC or, to the Directors knowledge, before the issue of Share pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 12 August 2010

Leslie Emery
Managing Director

6 DEFINED TERMS

"A\$" means Australian dollars, unless otherwise stated;

"**Application Form**" means the Application Form accompanying this Prospectus and "**Applicant**" and "**Application**" have comparative meanings;

"ASIC" means the Australian Securities & Investments Commission;

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

"**Business Day**" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

"C\$" means Canadian dollars, unless otherwise stated;

"**Capital Raising**" has the meaning set out in Section 1.1;

"**Capital Raising Shares**" has the meaning set out in Section 1.1;

"**Closing Date**" means 5.00pm WST on 16 August 2010;

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

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

"**DFS**" means the definitive feasibility studies the Company is currently conducting on the Yandera Project;

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

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

"**Offer**" means the issue pursuant to this Prospectus of 1 Share at an issue price of A\$0.09 to raise A\$0.09;

"**Official List**" means the Official List of the ASX;

"**Official Quotation**" means quotation of the Shares on the Official List;

"**Option**" means an option that has been granted by the Company over unissued Shares in the Company;

"**Prospectus**" means this prospectus dated 12 August 2010;

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

"**WST**" means Australian Western Standard Time; and

"**Yandera Project**" means the Company's 100% interest in a copper-molybdenum-gold deposit located in Madang Province, Papua New Guinea.

MARENGO MINING LIMITED

ACN 099 496 474

APPLICATION FORM

Please read all instructions on reverse of this form

| | |
|-------------------------------|--------------|
| Share Registrars use only | |
| Broker reference – stamp only | |
| Broker code | Adviser Code |

A Number of Shares applied for

B Total amount payable
cheque(s) to equal this amount

at A\$0.09 each =

you may or may not be allocated the Share above.

Please note: Paper copies of the Prospectus (and any supplementary prospectus) and this Application Form can be obtained from Marengo Mining Limited free of charge by calling (08) 9429 0000 **Photocopied Application Forms cannot be accepted.**

C Full name details title, given name(s) (no initials) and surname or company name

D Tax file number(s)/ABN
Or exemption category

Name of applicant 1

Applicant 1/company

Name of joint applicant 2 or <account name>

Joint applicant 2/ trust

Name of joint applicant 3 or <account name>

Joint applicant 3/exemption

E Full postal address

Number/street

F Contact details

Contact name

Contact daytime telephone number

Suburb/town

State/postcode

Contact email address

G **CHESS HIN** (if applicable)

H Cheque payment details please fill out your cheque details and make your cheque payable to "Marengo Mining Limited - Trust Account".

| Drawer | Cheque number | BSB number | Account number | Total amount of cheque |
|--------|---------------|------------|----------------|------------------------|
| | | | | |

I Return of the Application Form with your cheque for the Application monies will constitute your offer to subscribe for the Share in the Company. I/We declare that:

- this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and
- I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for the Share; and
- I/we acknowledge and consent to the privacy disclosure statement set out in Section 4.8 of the Prospectus.

No signature is required.

You should read the Prospectus dated 12 August 2010 carefully before completing this Application Form. The Corporations Act 2001 (Cth) prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

Guide to the Marengo Mining Limited Application Form

This Application Form relates to the offer of 1 Share in Marengo Mining Limited at an issue price of A\$0.09, pursuant to the Prospectus dated 12 August 2010. The expiry date of the Prospectus is the date that is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Company and it is advisable to read this document before applying for the Share. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shares you wish to apply for.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of A\$0.09.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of your company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of the Australian Securities Exchange. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the Prospectus.
- H** Please complete cheque details as requested:
Make your cheque payable to "Marengo Mining Limited - Trust Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

| Type of investor | Correct form of Registrable Title | Incorrect form of Registrable Title |
|---|--|-------------------------------------|
| Individual Use names in full, no initials | Mr John Alfred Smith | JA Smith |
| Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor. | John Alfred Smith <Peter Smith> | Peter Smith |
| Company Use company title, not abbreviations | ABC Pty Ltd | ABC P/L ABC Co |
| Trusts Use trustee(s) personal name(s), do not use the name of the trust | Mrs Sue Smith <Sue Smith Family A/C> | Sue Smith Family Trust |
| Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased | Ms Jane Smith <Est John Smith A/C> | Estate of late John Smith |
| Partnerships Use partners personal names, do not use the name of the partnership | Mr John Smith and Mr Michael Smith <John Smith and Son A/C> | John Smith and Son |

Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:

By Post:

Marengo Mining Ltd
PO Box 289
WEST PERTH WA 6872

By Hand:

Marengo Mining Ltd
Level 2
9 Havelock Street
WEST PERTH WA 6005

Application Forms must be received no later than 5.00 pm WST time on 16 August 2010.