August 25, 2009 **TSX:MRN, ASX & POMSoX: MGO**

MARENGO MINING FILES FINAL SHORT FORM PROSPECTUS

NOT FOR DISSEMINATION IN THE UNITED STATES OR RELEASE THROUGH ANY UNITED STATES NEWSWIRE SERVICES.

August 25, 2009 – Perth, Western Australia: Marengo Mining Limited ("**Marengo**" or the "**Company**") (**ASX: MGO**) is pleased to announce that further to its earlier announcement today a final short form prospectus in respect of the offering has now been filed and receipted today in each of the provinces of Canada, except Québec, Newfoundland and Labrador and Prince Edward Island.

A copy of the final Short Form Prospectus is attached herewith.

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

Cautionary Statement Regarding Forward-Looking Information

This news release contains forward looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or to be achieved and any other similar expressions. In providing the forward-looking information in this news release, the Company has made numerous assumptions, including assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) that the results of the DFS continue to be positive; and (iv) that future exploration results are as anticipated. Management believes that these assumptions are reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking information. Some of these risks, uncertainties and other factors are described under the heading "*Risk Factors*" in the final prospectus and include: (i) the need for additional financing to develop the Yandera Project; (ii) exploration and development risks; (iii) the risk that the private placement is not completed in full, or at all; (iv) the risk that the proceeds of the Offering are not applied effectively; (v) the risk that the Company will not obtain a renewal of one of the exploration licences in respect of the Yandera Project; (vi) sustained or continued decreases in the price of copper and molybdenum; (vii) current global economic conditions; (viii) structural subordination of ordinary shares; and (ix) dilution from the future issue or sale of ordinary shares. Forward-looking information is based on estimates and opinions of management at the date the statements are made. Except as required by law, Marengo does not undertake any obligation to update forward-looking information even if circumstances or management's estimates or opinions should change. Readers should not place undue reliance on forward-looking information.

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

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo Mining Limited at Level 2, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +61 8 9429 0000, and are also available electronically under the Company's profile at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue August 24, 2009

MARENGO MINING LIMITED

ABN 57 099 496 474

C$14,835,000

172,500,000 Ordinary Shares

This short form prospectus qualifies the distribution (the "**Offering**") by Marengo Mining Limited ("**Marengo**" or the "**Company**") of an aggregate of up to 172,500,000 ordinary shares (the "**Offered Shares**") in the capital of Marengo at a price of C$0.086 per Offered Share (the "**Offering Price**"), pursuant to the terms of an agency agreement dated as of August 24, 2009 (the "**Agency Agreement**") between Marengo and Paradigm Capital Inc. ("**Paradigm**") and Canaccord Capital Corporation (together, the "**Agents**"). The Offering Price was determined by negotiation between Marengo and Paradigm (for and on behalf of the Agents).

The outstanding ordinary shares of the Company are listed and posted for trading on the Australian Securities Exchange (the "**ASX**") and the Port Moresby Stock Exchange (the "**POMSoX**") under the symbol "MGO" and on the Toronto Stock Exchange (the "**TSX**") under the symbol "MRN". On August 20, 2009, the last trading day on the ASX before the filing of this short form prospectus, the closing price of the ordinary shares of the Company on the ASX was A$0.105 (C$0.095). On August 13, 2009, the last completed trading day on which ordinary shares of Marengo were traded, the closing price of the ordinary shares of the Company on the TSX was C$0.10. The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing is subject to the Company fulfilling all of the listing requirements of the TSX on or before October 14, 2009. In accordance with the listing rules of the ASX and the POMSoX, Marengo will also apply for official quotation of the Offered Shares on the ASX and on the POMSoX.

Price: C$0.086 per Ordinary Share

	Price to the Public	Agents' Fee[(1)(2)]	Net Proceeds to Marengo[(3)]
Per Offered Share	C$0.086	C$0.005	C$0.081
Total	C$14,835,000	C$613,454	C$13,944,900

Notes:

(1) Pursuant to the Agency Agreement, the Company has agreed to pay to the Agents a cash fee (the "**Agents' Fee**") equal to 6% of the gross proceeds of the Offering, other than proceeds from advisors and insiders (as such term is defined in the *Securities Act* (Ontario)) of the Company. As additional compensation, the Agents will be granted compensation options (the "**Compensation Options**") entitling the Agents to subscribe for, in the aggregate, up to 5% of the number of Offered Shares issued pursuant to the Offering, at an exercise price equal to the Offering Price, exercisable for a period of 24 months following closing of the Offering. This short form prospectus qualifies the distribution of the Compensation Options. See "*Plan of Distribution*".

(2) The Company has agreed to pay to certain of those purchasers of Offered Shares in respect of which the Company will not pay an Agents' Fee, an amount (in cash) equal to up to 6% of the gross proceeds received from such purchasers (the "**Substitute Fee**").

(3) After deducting the Agents' Fee and the Substitute Fee and before deducting expenses of the Offering, estimated to be C$500,000, which will be paid from the proceeds of the Offering.

(continued on next page)

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Agents' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Compensation Options	8,625,000	Any time but not later than 24 months after closing of the Offering	C$0.086

The Agents, as principals, conditionally offer the Offered Shares on a best efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Company by Lawson Lundell LLP, and on behalf of the Agents by Cassels Brock & Blackwell LLP. In connection with the Offering and subject to applicable laws, the Agents may over-allot or effect transactions that are intended to stabilize or maintain the market price of the ordinary shares of the Company at levels other than that which might otherwise prevail in the open market for a limited period after the date on which the Offering is completed. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. See "*Plan of Distribution*".

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Offered Shares will be issued in registered form on the date of closing, which is expected to occur on or about August 31, 2009, or any other date on which the Company and the Agents may agree, but in any event not later than 60 days after the date of the receipt for this short form prospectus.

An investment in the Offered Shares is speculative and involves a significant degree of risk. Investors should carefully review the risk factors outlined in this short form prospectus before purchasing any Offered Shares. See "*Risk Factors*".

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

The Company intends to, as soon as practicable after closing of the Offering, complete a private placement (the "**Private Placement**") of up to 57,452,546 ordinary shares at the Australian dollar equivalent of the Offering Price for gross proceeds to the Company of up to C$4,919,288. The Private Placement will be conducted outside of Canada, principally in Australia, without preparation of a prospectus or registration statement and in accordance with section 708 of the *Corporations Act 2001* (Cth) (Australia) (the "**Corporations Act**"). A fee will be paid to certain Australian Financial Services Licensees for services rendered in connection with the Private Placement (the "**Placement Commission**"). This short form prospectus does not qualify the distribution of the ordinary shares issued pursuant to the Private Placement. The TSX has conditionally approved listing of the ordinary shares issuable pursuant to the Private Placement on the TSX. Listing is subject to the Company fulfilling all the listing requirements of the TSX on or before October 14, 2009.

Marengo is incorporated under the laws of a foreign jurisdiction and both the Company and a majority of the directors and officers of Marengo reside outside of Canada. Although the Company and the directors and officers that signed this short form prospectus have appointed Lawson Lundell LLP, Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada, as its agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against Marengo or any of its directors or officers residing outside of Canada.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo at Level 2, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +61 8 9429 0000, and are also available electronically under the Company's profile at www.sedar.com.

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

(a) annual information form of the Company dated September 19, 2008 for the financial year ended June 30, 2008 but excluding the documents incorporated therein by reference (the "**Annual Information Form**");

(b) audited annual consolidated financial statements of the Company as at, and for the financial year ended June 30, 2008, together with the auditors' report thereon dated August 13, 2008 and the notes thereto;

(c) management's discussion and analysis of financial condition and results of operations for the financial year ended June 30, 2008;

(d) unaudited interim consolidated financial statements of the Company as at, and for the three and nine months ended March 31, 2009, together with the notes thereto;

(e) management's discussion and analysis of financial condition and results of operations for the three months ended March 31, 2009;

(f) material change report of the Company filed on November 4, 2008 announcing an updated mineral resource estimate for the Yandera Project (as defined below);

(g) management information circular of the Company dated June 30, 2009 prepared in connection with the general meeting of shareholders scheduled be held on July 30, 2009 for the purposes of obtaining shareholder approval for the Offering, together with the addendum thereto dated July 9, 2009;

(h) management information circular of the Company dated September 19, 2008 prepared in connection with the annual general meeting of shareholders held on November 11, 2008; and

(i) management information circular of the Company dated June 12, 2008 prepared in connection with the general meeting of shareholders held on July 31, 2008.

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

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

material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

In making and providing the forward-looking information included in this short form prospectus, the Company has made numerous assumptions. The assumptions include, among other things, assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) the accuracy of the Company's mineral resource estimate; (iv) the future price of copper and molybdenum; and (v) that the supply and demand for copper, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) need for additional financing to develop the Yandera Project; (ii) exploration and development risks; (iii) the risk that the Private Placement is not completed in full, or at all; (iv) the risk that the proceeds of the Offering are not applied effectively; (v) the risk that the Company will not obtain a renewal of exploration licence 1335; (vi) sustained or continued decreases in the price of copper and molybdenum; (vii) current global economic conditions; (viii) structural subordination of ordinary shares; and (ix) dilution from the future issue or sale of ordinary shares.

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

Additional information about the Company and its business activities is available under the Company's profile on SEDAR at www.sedar.com.

ELIGIBILITY FOR INVESTMENT

In the opinion of Lawson Lundell LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Agents, based on the provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations thereunder and the proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Offered Shares, if issued on the date hereof, would be qualified investments for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts, provided the Offered Shares are listed on a designated stock exchange as defined in the Tax Act (which currently includes the ASX and the TSX).

Notwithstanding the foregoing, if the Offered Shares are a "prohibited investment" for a particular tax-free savings account, the holder of the tax-free savings account which acquires or holds Offered Shares will be subject to a penalty tax as set out in the Tax Act. Holders are advised to consult their own tax advisors in this regard.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

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

The high, low, average and closing exchange rates for Canadian dollars in terms of Australian dollars and Canadian dollars in terms of United States dollars for each of the two years ended June 30, 2008 and 2007 and the nine month periods ended March 31, 2009 and 2008, as quoted by the Bank of Canada, were as follows:

Canadian dollar per Australian dollar	High	Low	Average(1)	Closing
Year ended June 30				
2008	$0.9782	$0.8389	$0.9054	$0.9740
2007	$0.9474	$0.8234	$0.8902	$0.9029
Nine Months ended March 31				
2009	$0.9822	$0.7524	$0.8547	$0.8726
2008	$0.9386	$0.8389	$0.8892	$0.9386

Canadian dollar per United States dollar	High	Low	Average(1)	Closing
Year ended June 30				
2008	$1.0755	$0.9170	$1.0104	$1.0186
2007	$1.1853	$1.0580	$1.1323	$1.0634
Nine Months ended March 31				
2009	$1.3000	$1.0016	$1.1660	$1.2602
2008	$1.0755	$0.9170	$1.0105	$1.0279

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

On August 21, 2009, the Bank of Canada noon spot exchange rate for the purchase of one Australian dollar using Canadian dollars was C$0.9013 (C$1.00 = A$1.1095).

On August 21, 2009, the Bank of Canada noon spot exchange rate for the purchase of one United States dollar using Canadian dollars was C$1.0799 (C$1.00 = US$0.9260).

On August 21, 2009, the Bank of Papua New Guinea exchange rate for the purchase of one Papua New Guinean kina using Australian dollars with A$0.4412 (A$1.00 = PGK2.2665).

FINANCIAL INFORMATION

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

THE COMPANY

Corporate Structure

Marengo was incorporated under the Corporations Act on February 6, 2002. Marengo listed on the ASX on November 13, 2003 upon the issuance of 17.5 million ordinary shares for gross proceeds of A$3.5 million and subsequently listed on the POMSoX on November 10, 2006. On April 15, 2008, following a public offering of 44,736,843 ordinary shares for gross proceeds of C$8.5 million by way of long form prospectus, Marengo's ordinary shares were listed and commenced trading on the TSX.

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

Overview

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

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

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

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

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

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

RECENT DEVELOPMENTS

The scientific and technical information contained in this section of the short form prospectus was prepared by or under the supervision of Peter Dendle. Mr. Dendle is a member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Marengo. Mr. Dendle is a "Qualified Person" as defined by National Instrument 43-101 "*Standards of Disclosure for Mineral Projects"* ("**NI 43-101**"). Mr. Dendle verified the data underlying the information in this short form prospectus prepared by him.

For a description of: (i) the quality assurance program and quality control measures applied during Marengo's work programs; (ii) a summary description of the geology, mineral occurrences and nature of mineralization found; (iii) a summary description of rock types, geological controls and dimensions of mineralized zones at the Yandera Project; and (iv) a summary description of the type of analytical or testing procedures utilized, sample size and the name and location of each analytical or testing laboratory used please refer to the Revised Technical Report (as defined below) and the section of the short form prospectus entitled "*Details of the Yandera Project*".

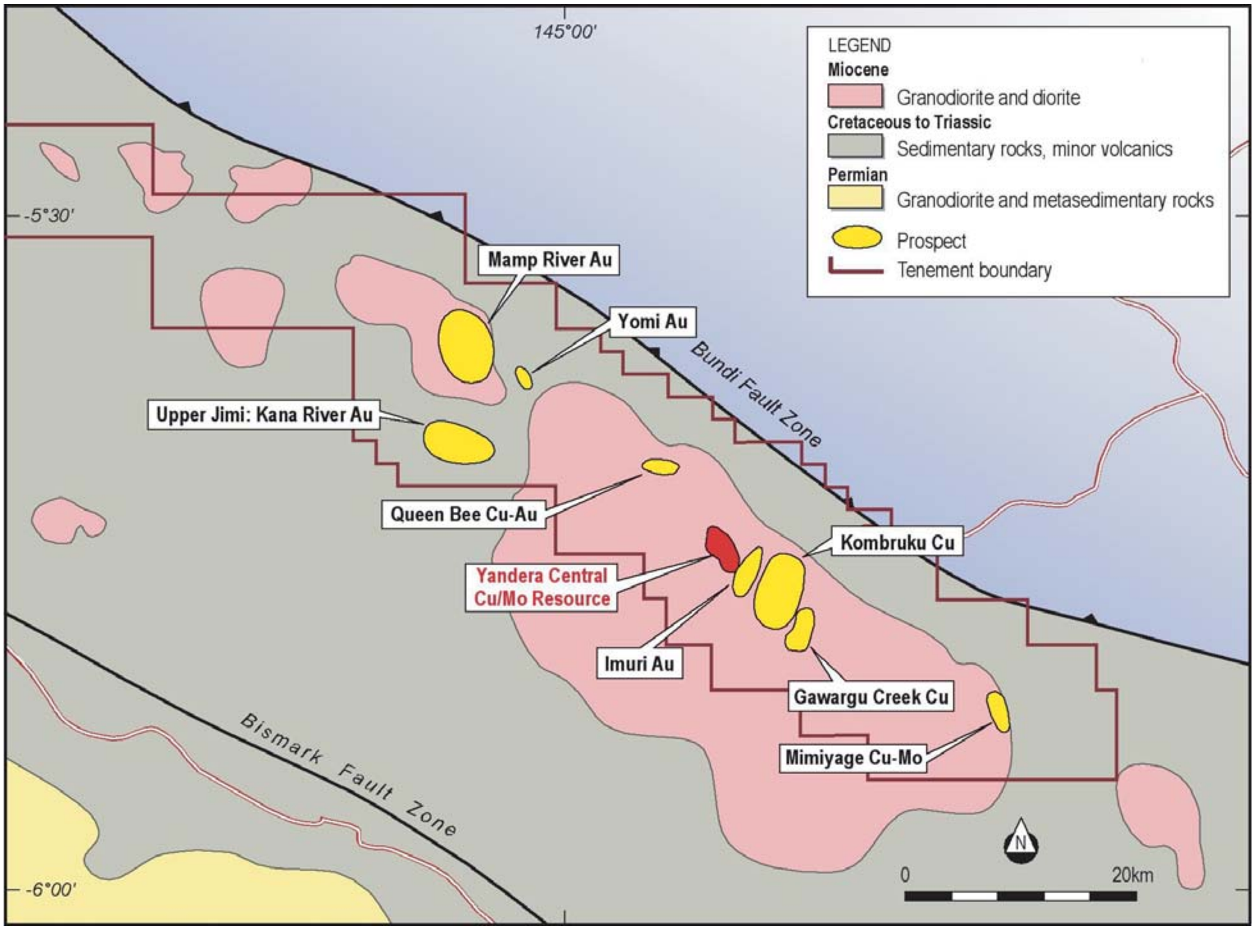
Exploration

In 2007 and 2008, the Company acquired additional exploration licences ("**ELs**") covering an aggregate area of approximately 700 square kilometres (the "**Additional Area**"), increasing the area of the Yandera Project to approximately 1,900 square kilometres. Due to the availability of additional equipment and personnel, commencing in the 2008 drilling season, the Company also expanded its exploration activities beyond the proposed open pit area and initiated a district exploration program of the area surrounding the central resource (which includes the Additional Area). Accordingly, exploration since (and including) the 2008 drilling season has focussed on infill drilling at the Yandera central resource and geological sampling in the areas surrounding the central resource (including the Additional Area) as part of the district exploration program.

From discovery in the late 1950s until the end of 2008, over 240 diamond holes (including approximately 46 holes not yet completed at the time the Revised Technical Report was prepared) have been completed at the Yandera central porphyry for a total of approximately 80,000 metres drilled. Of these, 97 holes for approximately 28,900 metres were drilled since the commencement of the 2008 drilling season.

District Exploration

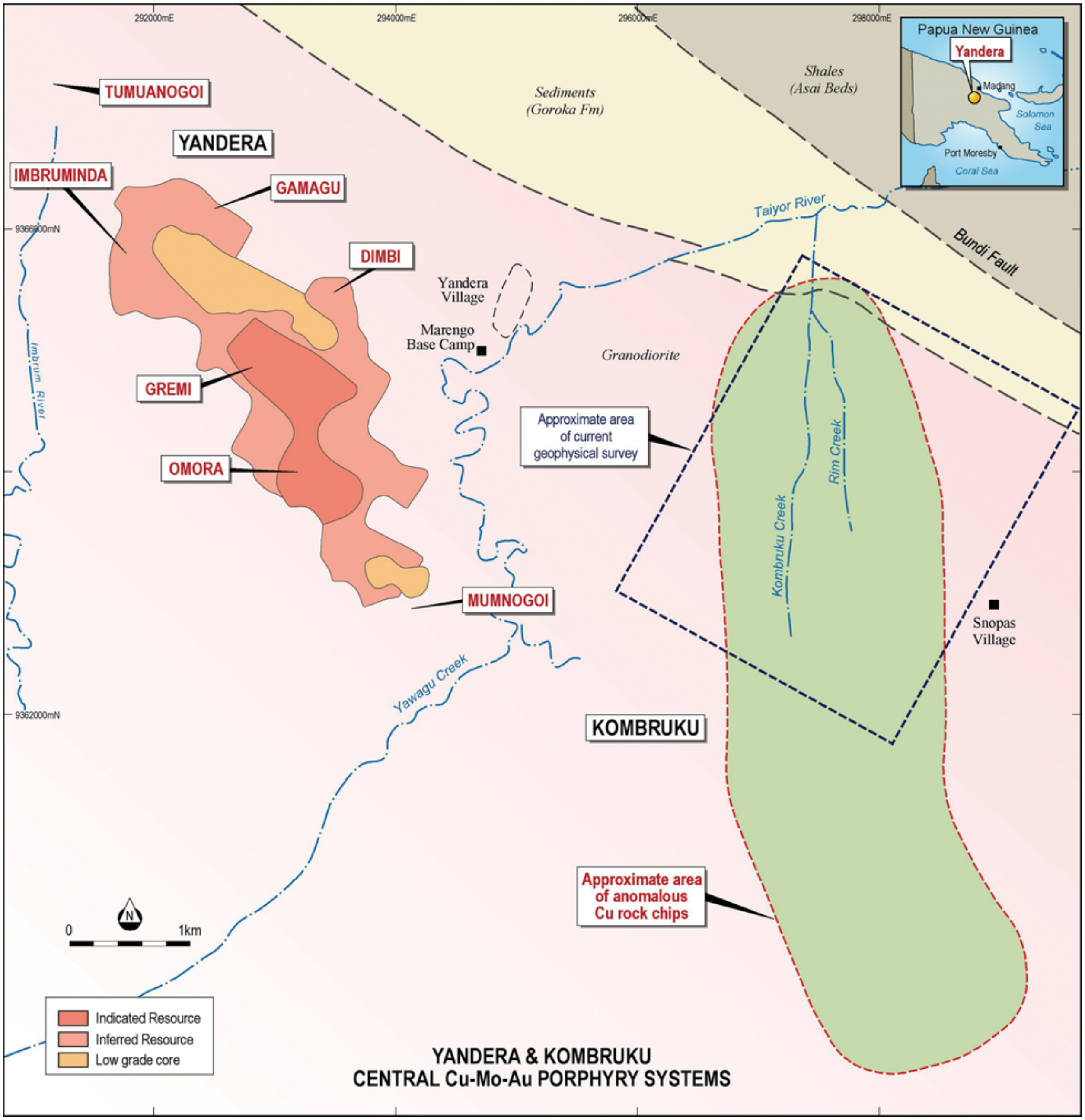
During the 2008 drilling season, Marengo undertook mapping and sampling programs in the north westerly and south easterly directions to investigate mineralization along strike of the Yandera centre and within the previously identified structural corridor. The following map indicates the relative location of the prospects identified to date, in the area surrounding the Yandera central resource:



This campaign led to the identification of the Kombruku prospect encompassing a large area containing copper mineralization with some outcropping samples containing high concentrations of copper sulphides and oxides. To date, a total of 122 rock chip samples have been collected and tested. Of these, 32 samples have returned copper readings between 0.1% and 36.9% and two samples were submitted for fire assay for gold with results of 0.55 and 0.08 g/t.

This estimate of copper for rock chip samples is based on an average of multiple readings on pulped rock samples using a Niton XLt3 portable XRF analyzer. Although Marengo believes that the data is indicative of grade, these results are not formal assays and only general indications of copper grades.

It is currently believed that the Kombruku prospect covers an area of approximately eight square kilometres and is less than four kilometres from the Yandera central porphyry deposit. The following map indicates the location of the Kombruku prospect, relative to the Yandera central resource:



The Kombruku prospect is believed to be related to north-west trending structures, northerly trending extensional structures and porphyry intrusives, within a granodiorite host, similar to the Yandera deposit. Geological mapping primarily along creeks is in progress.

A program of systematic soil sampling, including trenching and ground geophysical surveys commenced in late June. Based on the results, it is anticipated that diamond drill testing at the Kombruku prospect will commence in September 2009.

Management believes that this is the first sampling program undertaken in this area since exploration was first carried out in the late 1960s.

Although exploration at the Kombruku prospect is in an early stage, due to its proximity to the Yandera central resource any high grade mineralization is expected to have a significant impact on the Yandera resource and the DFS. Subject to results of the geological, geochemical and geophysical work in progress, the Company intends to commence diamond drilling at Kombruku in September 2009.

The Company is currently focusing its district exploration program in that area where any discoveries could have an impact on the Yandera resource; however, general prospecting work is also planned for the more regional strike extensions to the north-west and south-east. More specifically, areas containing copper mineralization along strike to the south-east of the Yandera central resource (south-east of Mumnogoi) and to the north-east towards the Queen Bee prospect are currently being mapped and the Company believes that the area has excellent potential to generate additional targets for detailed exploration work. If successful, the ground geophysical surveys (mainly induced polarization) and systematic geochemistry being carried out at the Kombruku prospect will be applied to these other prospective areas.

Resource Drilling

Drilling initially focused on infilling the Gremi and Omora zones of the central porphyry system. In-pit drilling in the Gremi and Omora zones identified some higher grade intercepts, highlighting the potential to enhance the mine design to target higher grade zones earlier thereby accelerating potential cash flow. During the latter part of the 2008 drilling season, exploration continued along the strike extensions to the north-west and south-east targeting the Gremi-Omora, Imbruminda, Gamagu and Mumnogoi zones. From this drilling additional zones of mineralization within the central porphyry were identified, particularly at Mumnogoi and Gamagu.

The more significant of the results received are set out below:

Hole	Zone	From (m)	To (m)	Width (m)	Cu%	Mo ppm	Au g/t	Ag g/t	Cu Eq%(1)
YD 214	Gremi-Omora	45	57	12	0.91	223	0.14	5.53	1.13
YD 228	Gamagu(2)	60	78	18	0.94	188	0.21	5.55	1.13
		123	183	60	0.66	67	0.1	3.52	0.73
YD 229	Gamagu(3)	54	147	93	0.36	10	0.25	2.75	0.37
YD 237	Mumnogoi	18	108	90	0.29	71	0.02	2.64	0.36
YD 238	Mumnogoi	171	201	30	0.30	61	0.02	2.71	0.36
YD 240	Imbruminda(4)	303	412.8	109.8	0.30	68	0.08	1.31	0.36

Notes:

(1) Copper equivalent (%) calculated as Cu% (Mo% x 10). Gold and silver values are not included.

(2) This intersection included

From (m)	To (m)	Width (m)	Cu%	Mo ppm	Au g/t	Ag g/t	Cu Eq%
165	177	12	1.53	144	0.3	10.58	1.68

(3) This intersection included

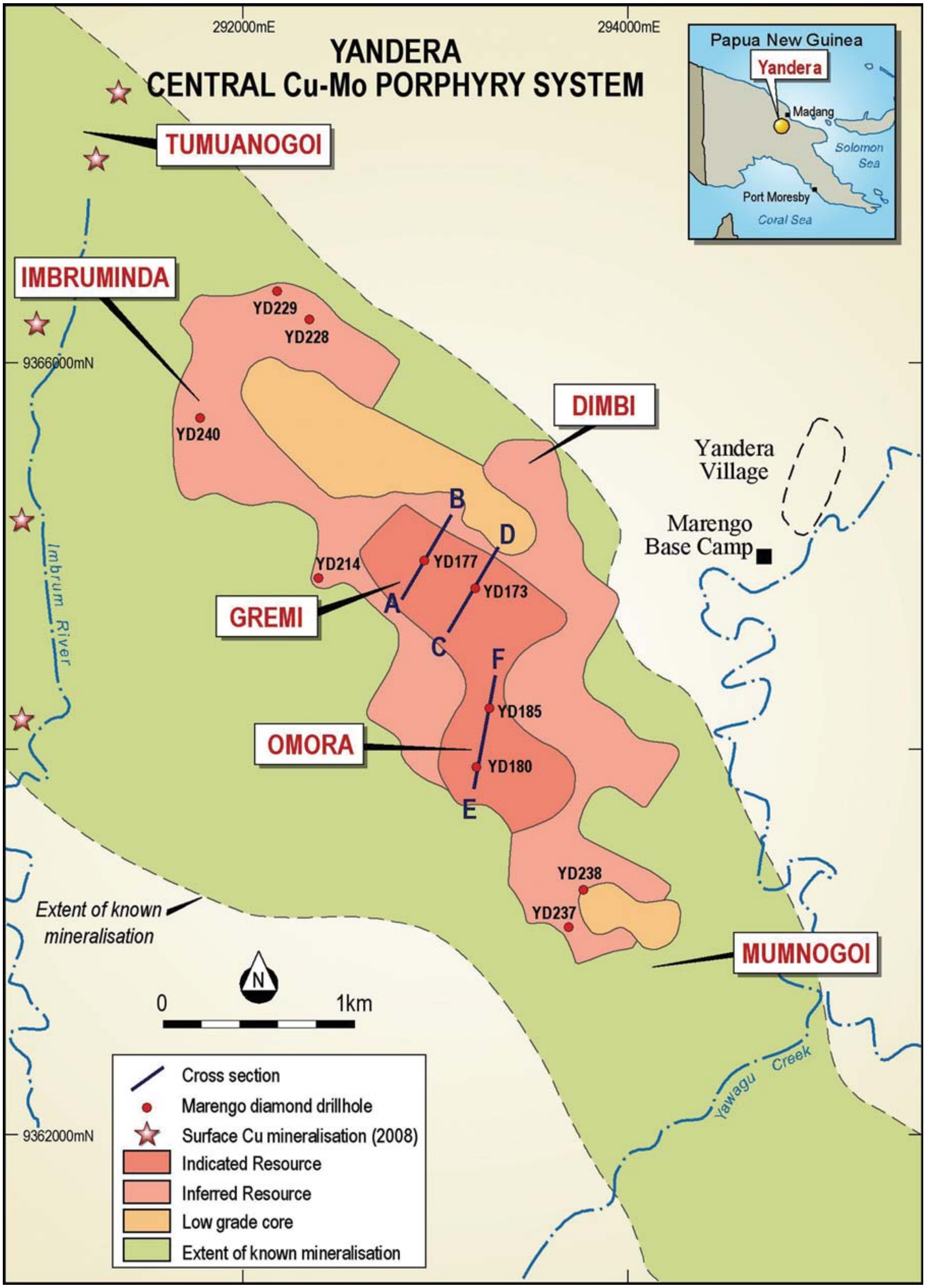
From (m)	To (m)	Width (m)	Cu%	Mo ppm	Au g/t	Ag g/t	Cu Eq%
87	123	36	0.39	10	0.49	3.99	0.40

(4) Within this intersection the following higher grade zones were noted

From (m)	To (m)	Width (m)	Cu%	Mo ppm	Au g/t	Ag g/t	Cu Eq%
303	327	24	0.44	135	0.06	1.50	0.58
360	387	27	0.23	29	0.11	1.04	0.26
396	412.8	16.8	0.42	94	0.17	1.53	0.51

Management believes that the foregoing results indicate that potential exists to increase the resource at the Yandera central resource by expanding the known limits of mineralization and thereby enhancing the near-term economics of the Yandera Project.

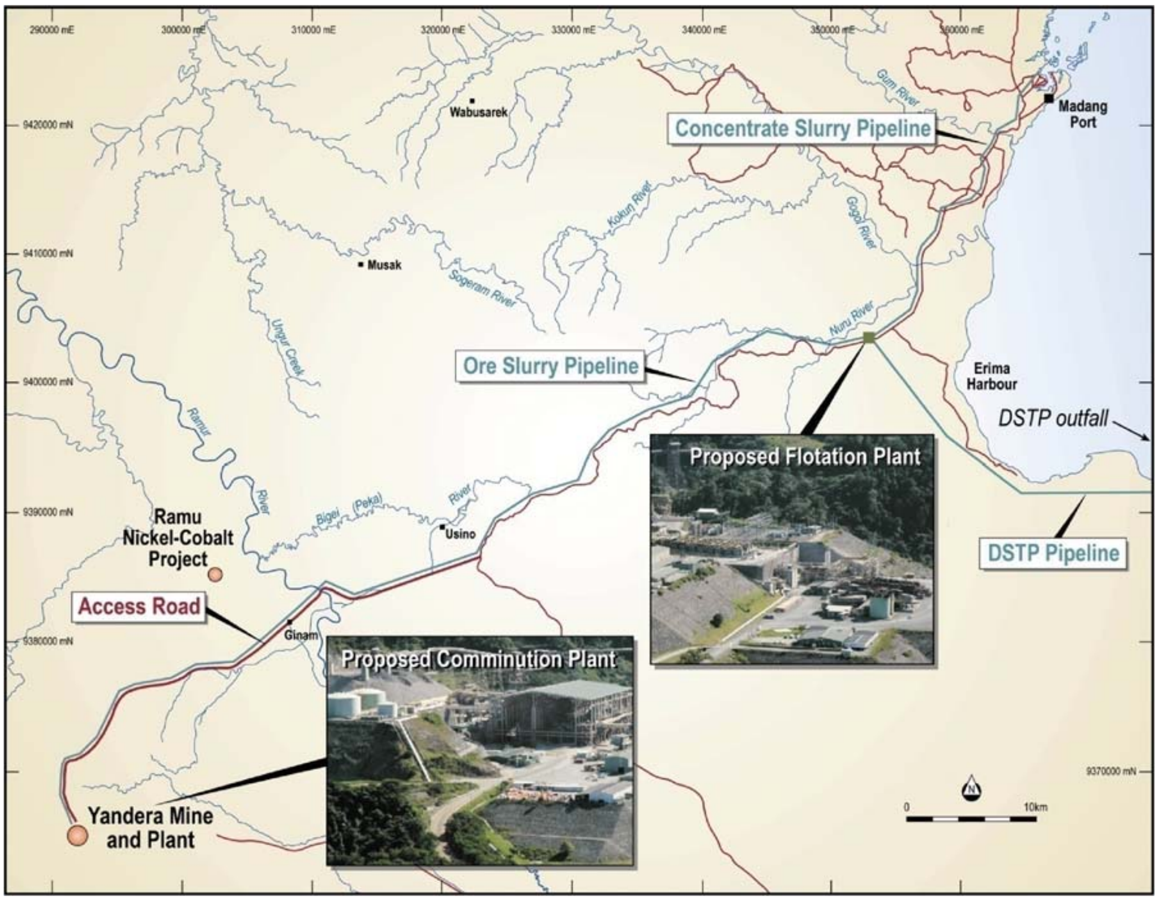
The map set out below indicates the location of the relevant zones and drill holes referred to above:



Phase 2 of the DFS

In November 2008, the Company expanded the scope of Phase 2 of the DFS and extended its anticipated completion date from mid-2009 to December 31, 2010 to consider new options for project infrastructure, processing facility locations and transportation.

Work to be completed as part of Phase 2 of the DFS includes consideration of several mine site process plant locations including geotechnical investigation of the initially proposed site and a mineral processing trade-off study to refine the plant layout. It is currently suggested that relocating a portion of the processing plant to a coastal location, thereby separating the process site with comminution located at the mine site and flotation located nearer the coast, may have a positive impact on capital and operating cost estimates for the Yandera Project. The following map illustrates the proposed flotation and comminution plant locations:



As part of Phase 2 of the DFS, all comminution metallurgical testwork was completed revealing that the ore is of average specific density, of moderate to low competence and low abrasion potential. As a result, it is anticipated that a more relaxed grind size of 150 microns will be possible, thereby also potentially reducing capital and operating costs.

Also, metallurgical test work carried out on whole core samples from the Gremi and Omora zones returned high copper recoveries of up to 92%. The test work also revealed a clean concentrate with low impurities below smelter penalty levels, fast flotation kinetics, and good grind and abrasion characteristics. Work on by-product mineral recoveries for molybdenum, gold, silver and rhenium has not yet been completed.

Phase 2 of the DFS has also identified alternative tailings management options. The current preference is for deep sea tailings placement which management believes to have been recently approved for use at a nearby nickel-cobalt project and is currently being utilized at a number of other mining operations in Papua New Guinea.

Work completed to date as part of Phase 2 of the DFS suggests that the Yandera Project has reasonable hydroelectric potential. As a result, Marengo initiated a scoping study to examine possible dam locations and prepare capital cost estimates for producing commercially economic power for the Yandera Project. The scoping study identified 100 mW of potential hydro-electric power capable of delivering 82 mW continuously at an estimated capital cost of US$2,380/kW. The scoping study also suggested that there may be potential to sell power to third parties.

DETAILS OF THE YANDERA PROJECT

The information in this section is based on the revised and restated technical report on the Yandera Project (the "**Revised Technical Report**") originally dated December 2008 and revised and restated, January 2009, prepared by Stephen Godfrey, senior resource geologist of Golder Associates Pty Ltd (Australia) ("**Golder**"). Mr. Godfrey is a "Qualified Person" and "independent" of Marengo as such terms are defined in NI 43-101.

The Revised Technical Report has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Revised Technical Report which is available for review under the Company's profile at www.sedar.com.

Project Description and Location

The Yandera Project is located in Madang Province, Papua New Guinea at latitude 5.75° south and longitude 145.12° east, approximately 100 kilometres south-west of Madang in the Bismarck Range between 1,500 metres and 2,600 metres elevation. Marengo's interest in the Yandera Project is derived from two ELs, EL1335 and EL1416. The area covered by EL1335 and EL1416 is approximately 1,200 square kilometres. The Yandera central resource is located within EL1335.

EL1335 was renewed for a two year term ending on November 19, 2009. EL1416, which surrounds EL1335, expires on June 4, 2010.

EL1335 and EL1416 grant Marengo access to the project area for exploration purposes subject to an obligation to compensate the relevant landowners for damages caused by exploration activities. Prior to development of the Yandera Project, Marengo will be required to negotiate compensation agreements with the relevant landowners.

Annual rent is payable in respect of EL1335 and EL1416 in an aggregate amount of PGK48,330. In addition, the holder of an EL is required to undertake specified minimum exploration activities during the term of the licence and to incur minimum amounts of expenditure. EL1335 and EL1416 require an aggregate minimum annual expenditure of PGK246,800, which has been exceeded during each year in which Marengo has held the ELs.

There are no known royalties, back-in payments or other encumbrances to which the Yandera Project area is subject, except that upon the issuance of a mining lease a royalty will become payable to the Independent State of Papua New Guinea (the "**State**"). The royalty has a statutory minimum of 1.25% of f.o.b. revenue or smelter returns, however, mining agreements generally provide for, by matter of convention and not law, 2.0%. In addition, as a matter of policy, the State has the right to acquire up to a 30% equity interest in any mineral discovery arising from an EL at a price equal to the State's pro rata share of the accumulated expenditures.

The Yandera Project contains no known environmental liabilities.

Mineralization within the Yandera Project area covered by EL1335 has been identified at Yandera, Gogobangu, North and South Bonini and Queen Bee. The Yandera deposit has been tested by surface geochemical sampling, trenching and drilling. EL1416 contains several gold geochemical anomalies which are yet to be tested. There are no existing mine workings or infrastructure within the area of either EL1335 or EL1416.

To commence mining of the Yandera Project, Marengo will need a mining lease and an environmental permit. In addition, when undertaking drilling activities an environmental permit allowing the lease holder to "discharge wastes into the environment" is required. Marengo currently holds an environmental permit for drilling number WD-L2A (105) and an environmental permit to extract water number WE-L2A (81), both issued under Section 65 of the *Environment Act 2000* (Papua New Guinea), and expiring on August 3, 2017.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Yandera Project can be accessed by road either from the Highlands Highway by Kundiawa through Gembogl and Keglsugl or through Banz-and Kol or from the Madang Highway, through Brahman and Bundi. The Yandera Project is approximately 100 kilometres by road from Madang (having a population of approximately 90,000) and 67 kilometres by road from Kundiawa, the capital of Simbu Province (having a population of approximately 40,000). The roads are, in general, poorly maintained, so routine access to the site is by helicopter. Parts of the Yandera Project area can be accessed by light fixed-wing aircraft from the all-weather strips located at Bundi about 10 kilometres to the east and Keglsugl about 12 kilometres to the south-west. The remainder of the project area to the north-west and south-west is only accessible by helicopter or foot.

Although within the tropics, the elevation moderates the climate and temperatures vary between 15° and 25° Celcius throughout the year. The annual rainfall of 3 to 5 metres is heaviest between November and April. Field activities are suspended for three to four months during this rainy period.

Much of the Yandera Project area is heavily forested, but the Gremi and Omora prospect areas are covered by secondary re-growth of kunai grass, pitpit, ferns, etc. Two main tributaries of the Imbrum River, the Imbrumuda to the west and Tai-Aiyor to the east, drain the prospect. Elevations vary from 1,500 metres in the river valleys to about 2,600 metres on the highest peaks. The Yandera Project is about 15 kilometres east of Mt Wilhelm which rises to 4,509 metres.

The area covered by EL1335 and EL1416 is sufficient for the development of the Yandera Project. Marengo currently has surface rights over the entire area of EL1335 and EL1416, however, prior to development of the Yandera Project, Marengo will be required to negotiate compensation agreements with the relevant landowners.

Electrical power to the exploration camp is provided by diesel driven generators. The generators are run from daylight to early evening. The PNG Power Corporation currently reticulates electricity to the Ramu Valley approximately 15 kilometres north-east of the Yandera Project. It is anticipated that power for the project will ultimately be purchased from the PNG Power Corporation or supplied from an owner-operator facility on-site.

Stream water is used for drinking and cooking. The local creeks flow all year round. A small lake exists above Imbruminda. Water supply for the operation will be assessed when the final location for the processing plant is determined.

Personnel for general camp and exploration tasks are employed on a casual basis from Yandera village and professional staff work on a rostered basis out of Madang, Port Moresby and Lae. Australian expatriate staff work a fly-in fly-out roster from Perth. Upon development of the mine, additional personnel will need to be drawn from further away, principally Madang. Skilled and semi-skilled labour will be drawn from the local region with expatriate personnel employed where necessary.

It is currently proposed that initial waste rock movement will be directed toward the construction of flat areas for the placement of the mine infrastructure. Areas for the disposal of waste rock have been identified in adjacent valleys within the Yandera Project area. It is currently proposed that crushed ore be transported to the coast near Madang for processing. It is also currently proposed that tailings will be disposed of off-shore.

History

Since discovery in the 1950s, the Yandera prospect has been explored by a number of companies. The ownership history for the Yandera Project area is summarized below:

Year(s)	Operator
Late 1950s	Discovery
1968-1972	Kennecott Exploration (Australia) Pty Ltd
1973-1974	Kennecott/Triako (Amdex Mining Limited) Joint Venture
1974-1976	Kennecott/Triako (Amdex Mining Limited)/BHP Joint Venture
1976-1978	Kennecott/Triako (Amdex Mining Limited) Joint Venture
1978-1980	Triako
1981-1983	Triako/Elf Aquitane Joint Venture
1983-1989	Triako
1990-1992	No tenement holder
1992-1998	Highlands Gold Ltd
1998-2003	Highlands Pacific Limited/Cyprus Amax Joint Venture
2003-2005	Belvedere Limited
2005-2006	Belvedere Limited/Marengo Joint Venture
2006-	Marengo

Australian Bureau of Mineral Resources geologists discovered the Yandera Project in the late 1950s, but much of the surface exploration and drilling was completed between 1965 and 1982. Between 1965 and 1969, Kennecott Exploration (Australia) Pty Ltd ("**Kennecott**") carried out regional sampling and mapping programs and drilled 13 diamond holes. Between 1973 and 1976, the Broken Hill Proprietary Company Limited (now BHP Billiton Limited ("**BHP**")), pursuant to a joint venture with Kennecott and Triako Mines N.L. ("**Triako**"), completed a further 75 diamond holes. Between 1977 and 1982, a further 14 shallow holes were completed by BHP and Kennecott, taking the total number of holes to 102.

Regional exploration programs for gold were carried out by Aquitaine Limited ("**Aquitaine**") between 1982 and 1989. The Aquitaine licence lapsed and in 1992 Highlands Gold Ltd ("**Highlands**") was granted EL1023 (Bundi). Between 1993 and 1994, Highlands carried out limited regional sampling and an aeromagnetic survey. A joint venture between Highlands Pacific Limited and Cyprus Amax (PNG) Holdings Inc. reviewed the data in 1998 and 1999, conducted a limited field program within the Gremi and Gamagu zones and concluded that high grade copper mineralization was confined to narrow structures and dykes and that the target of more than 100 Mt at 1.0% Cu was not attainable. The licence area was subsequently relinquished.

There has been no mining and metal production from the Yandera Project.

Geological Setting

The Yandera Project porphyry system lies within the core of the Bismarck intrusive complex, an early Miocene granitic pluton located within the Ramu fault zone that runs north-west to south-east along the northern side of the highlands of Papua New Guinea. The fault system comprises a 50 kilometre broad zone of convergence with translational, normal and reverse fault movements over time that has resulted in flower style fault structures on both sides of the faulted complex. The Bismarck intrusive complex lies towards the south-eastern edge of the fault complex and is bounded to the east by up-thrust marine sediments and the Ramu ophiolite complex. The north-west to south-east elongation of the Bismarck pluton and the Yandera porphyry complex mimics the general trend of the Ramu fault to the east of the Yandera Project area.

The main area of interest in the Yandera Project is divided into three principal areas: Imbruminda, Gremi and Omora. At the local scale, the geology consists of dioritic and dacitic porphyries intruding the monzonite-granodiorite of the Bismarck intrusive complex. The porphyries follow the general north-west to south-east regional trend and are cross cut by south-west to north-east dislocations and later intrusives. Associated with the main porphyries are breccia zones principally identified at Omora and Gremi to date. The porphyries and breccias are coincident with the mineralizing event. The south-west to north-east trending leucocratic quartz diorite porphyry dykes are un-mineralized. The porphyry events show a poorly developed concentric structure normally associated with this type of deposit, with the 'barren' quartz core located immediately north of Gremi.

Exploration

Marengo commenced diamond drilling in May 2006. The objective of the first year of drilling was to establish the geological model, confirm the mineralization grades as indicated by the previous drilling, and produce a resource in accordance with the JORC Code. Drilling in 2007 and 2008 focused on improving the understanding of the geology and increasing the extent of the defined mineralization.

Marengo, as operator, has drilled 92 diamond drill holes, 78 of which have had assay results returned and have been used in the mineral resource estimate contained in the Revised Technical Report.

Mineralization

The Yandera Project mineralization is hosted by a porphyry copper complex. The mineralization is intimately associated with alteration throughout the complex. The three key alteration facies in relation to the mineralization at Yandera include potassic, intermediate argillic and sericite alteration. The alteration is widespread and zoned, from a central potassic (secondary biotite-k-felspar) into an overall envelope of propylitic (chlorite-epidote) alteration. Pervasive structurally controlled phyllic alteration occurs mainly as an overprint over potassic alteration. Potassic alteration also develops outside the main zone but along structures. This structurally controlled potassic alteration halo varies in width, up to 50 metres, enveloped by an outer propylitic alteration. Drilling has intersected the porphyry over an area in excess of 6 kilometres by 2 kilometres but zoned alteration and geochemical halos persist for some distance beyond the existing drilling.

The structural dislocation at Yandera, and specifically extensional tectonics provided the plumbing for the emplacement of multiple mineralizing intrusives. The mineralization events appear to have occurred across an extended time frame. As a result, almost all lithologies are mineralized and in many instances multiple mineralization events are locally over printed such that it is not unusual to note multiple alteration events and four or more mineralization styles with cross cutting relationships.

Significant drill hole copper intercepts have been obtained from the Gremi, Dimbi, Omora and Imbruminda zones. Rather than these mineralized zones representing separate small individual bodies, evidence points to them being part of one very large multiphase porphyry copper system. The mineralization comprises mainly pyrite, chalcopyrite and bornite in the hypogene zone and in the oxide and mixed zones minor malachite, chrysocolla, and some chalcocite are the main copper minerals. Occasional native copper is noted at Omora. Molybdenum mineralization is dominantly molybdenite as fracture coatings. Gold and silver are present throughout the system in relatively minor quantities, however significant precious metal concentrations formed late and appear to be localised within structural zones.

The mineralization, like the alteration, shows concentric zoning. A general correlation between better copper and molybdenum grades with stronger sericite-chlorite alteration holds and a correlation of strong copper in areas of intense potassic alteration and stronger molybdenum grades with weaker potassic hold true in the principal target areas.

The weathering profile varies with topography but is generally shallow. Supergene mineralization is only weakly developed at Yandera.

Drilling

In 1966 and 1967, Kennecott drilled nine vertical AXWL diamond holes at Gremi. In 1970, a further four NQ and BQ holes were drilled at Omora following up IP anomalies. The first nine holes are noted as having generally poor recovery while the balance are recorded as having excellent recovery.

In 1974 and 1975, BHP funded the drilling of 75 diamond holes as part of an arrangement with Triako and Buka Minerals N.L. Drilling was focused on Gremi, Omora and Imbruminda. A total of 25,268 metres of NQ core was drilled by up to five drill rigs working at any one time.

Between 1977 and 1982, a further 14 holes were completed for a total of 102 holes. The holes were drilled with helicopter supported Longyear 38 and 48 rigs. These mostly NQ holes were oriented in a wide variety of directions with inclinations varying from $-30°$ to vertical. The 14 holes totalled 3,782 metres. No further drill sampling was undertaken until Marengo's drilling in 2006.

Where practicable, drill holes are drilled across the general strike of the deposit towards 035° or 225° to grid north. Holes vary in inclination from −57° to vertical. Holes are drilled at HQ3 size and reduced to NQ3 only if required.

Drilling in the Papua New Guinea Highlands is challenging. Access is limited with most operations requiring helicopter support for the delivery of supplies and to move equipment. With no access for earthmoving equipment in the rugged terrain all drill pads are cut by hand, a time-consuming operation requiring considerable forward planning.

The nature of a porphyry deposit is such that mineralization is present in varying intensity throughout the altered zones. Zones of intense alteration and brecciation are generally associated with higher grade copper and molybdenum intersections. In general, drill holes have been oriented to cross-cut the regional and local south-east to north-west geological (and mineralization) trend; however, because of the mountainous conditions this is not always possible. As a result, drill hole orientations have been quite variable in order to get maximum coverage across the deposit. Drill samples are taken nominally every three metres. Within the alteration halo which has a true thickness of up to one kilometre this provides adequate resolution.

Sampling and Analysis

No historical core, sample splits or pulps are available for re-sampling. The core remaining after sampling was originally stored on-site but has over time been discarded and the core trays re-cycled.

Drilling has sampled 7.2 kilometres of strike length and 2.8 kilometres of width of the Yandera Project porphyry. Most sampling is concentrated in the Omora to Gremi central area over a 3.9 kilometre strike length and 800 metre width. Samples average three metres in length throughout the deposit. Smaller samples are taken where geological logging indicates a significant change.

All of the Marengo drill holes at Yandera are diamond cores. On retrieval, continuous core is marked with an orientation line by the driller, boxed and labelled at the drill site then transported by helicopter to the main camp for processing.

Samples are taken on nominal three metre intervals from the drill core which Golder believes adequately samples the mineralization with the marginal alteration halo and the higher grade breccias in the core area of intense alteration. Golder also considers the sample quality and representivity to be adequate for the resource as currently defined. 18,359 samples have been analyzed for copper, 15,766 of these samples for molybdenum, 12,191 of these samples for gold and 15,803 of these samples for silver. Only 9,921 samples have results for all four analytes.

At the core shed the core is laid out on racks for processing. Core marker blocks are checked and core measured, recording losses and gains. The core is marked and labelled every three metres. The orientation line is checked and down hole arrows marked on the core. The whole core is photographed.

Broken core is reassembled and taped together to ensure a representative sampling during cutting. All core is sawed in half, keeping the right hand side of the core with the orientation markings intact. The half core is photographed and geologically logged in detail. Core is stored on-site for later reference and check sampling.

Core recovery is reasonable, however, broken core may result in loss of molybdenum which commonly occurs on fractures and joints. Similarly molybdenum can be lost during core sawing. There should be minimal impact on copper which occurs more commonly as sulphides disseminated through the core. Marengo has yet to investigate and quantify any molybdenum loss during sample preparation.

Samples are transported by a contractor by road to the Intertek sample preparation facilities in Lae. The samples are dried, crushed, split and pulverised in Lae. A split of the pulp is sent to Intertek's laboratory in Jakarta for analysis. The remaining coarse split and pulp is returned to Marengo's storage facility at Brahman Mission.

The Intertek laboratory in Jakarta analyzes all samples in two passes. A 50 gram fire assay fusion with an AAS finish for gold analysis is run initially (FA50). A second ICP analysis is run for a large suite of elements including copper and molybdenum.

The Intertek laboratory in Jakarta is accredited by KAN (Kommittee Acreditasi Nasional), the Indonesian version of NATA, to ISO 17025. Both are members of APLAC. The laboratories accreditation is assessed on an annual basis. Accreditation does not cover the sample preparation facility in Lae.

For the historical drilling, the available quality assurance/quality control ("**QAQC**") data is limited to a series of repeat gold assays for selected samples. Repeatability in this data is generally poor. No QAQC data for copper and molybdenum assaying is available, however it should be noted that the assaying technique is different to that used for gold. Historical reports have no mention of any QAQC issues with the data.

For the Marengo drilling programs, a sampling QAQC protocol is in place. The protocol includes the submission of duplicates, replicates and standards.

A series of quarter core samples have been analysed for comparison against the original half core samples. Comparison of the quarter core results shows some variance between the samples, particularly for molybdenum, indicating a slight 'nuggety' nature to the mineralization.

In addition to the duplicate and standards submitted by Marengo, the laboratory analyzes its own sets of standards and repeats. These are reported to their clients on a regular basis and have shown no anomalous results or other areas of concern.

After the receipt of sample assays the core is reviewed and re-logged if required. All logging is done on paper and transcribed to a computer based spreadsheet on site. The compiled spreadsheet is validated against the paper logs. This data-entry spreadsheet is electronically transmitted to Marengo's Perth office where the data administrator performs a further validation of the data checking for internal consistency. Any anomalies in the data are referred back to site for correction or confirmation.

In the Revised Technical Report, Golder stated that, in its opinion, Marengo's sample preparation and analytical procedures are of high standard and that sample security and chain of custody are considered adequate for the area and style of operation.

All historical data has been validated against the best original data available. Where available, original logs have been checked against the current database and, where not available, the best available secondary source. For assay results only a subset of the original assay certificates are available. These certificates have been spot checked against the current database. Most historical samples have only copper and molybdenum results available. Gold assays are available for a part of the historical dataset, however, historical check assays have indicated that the results are unreliable and should be considered indicative at best. Spot checking of hardcopy historical geology logs and assays against the database has been completed for approximately 5% of the historical holes.

All drilling by Marengo has complete sets of original survey data, drill hole logs and assay certificates. In early 2007, under Golder's supervision, collar and survey data to date was systematically checked and assays data spot checked. All data was found to be correct. Drilling from 2007 and 2008 has been routinely checked by Golder for internal inconsistencies and any anomalies have been addressed by Marengo.

All data is entered into the DataShed database by Maxwell Geoservices Pty Ltd after validation by the site geologists and the Marengo data administrator. The completed DataShed database is checked by the Marengo data administrator after each update. Intermittently the current database is cross checked against the equivalent database from the previous year as a further check that no discrepancies have appeared.

As part of the ongoing resource modelling and data management being undertaken, Golder receives copies of assay results directly from the Intertek laboratory. These are routinely viewed by Golder and spot checked against the main database.

In the Revised Technical Report the author states that the Yandera Project database correctly presents the survey, assay and geological data collected by Marengo. Golder also considered the collection methods, sampling and analytical techniques for historical copper and molybdenum to be suitable for inclusion in the current mineral resource estimate. However, historical sampling and assaying of gold and silver was used with less confidence than the recent sampling and assaying of these analytes by Marengo.

Security of Samples

Outgoing samples are stored in a locked building until the samples for a complete hole(s) are ready for shipment. Core storage on-site is in a locked core farm facility.

Mineral Resource Estimate

The assumptions, parameters and methods used for determining the mineral resource estimate contained in the Revised Technical Report may be summarized as follows:

Assumptions

- Mineralization is confined to the alteration zones.
- Higher grade mineralization exists in the intense alteration zones.
- Highest grades are in the brecciated and texturally destroyed zones.
- Lithology has limited control on mineralization.
- Copper and molybdenum mineralizing events are independent.
- Copper equivalent grades are calculated as Cu+(Mo*10), ppm or percent.

Parameters and Methods

- 3D model of the mineralized domains, weathering surfaces and topography were constructed and used in creating a block model of the deposit.
- Five metre composite samples were used in analyses and interpolation.
- The Yandera Project resource has been estimated using ordinary kriging.
- Kriging parameters have been derived from variographic analysis of the composited drill data.
- Alteration and lithological domains have been estimated independently.
- High grade cutting was used to control the influence of high grade outlier samples.
- Density was assigned to the model by lithology based on measurements made by Marengo.
- Resources were reported at a copper equivalent cut-off of 2,000 ppm (0.2% Cu Eq).

In addition, because only a small number of rhenium samples have been assayed for rhenium and a correlation between molybdenum and rhenium was observed, in order to populate the model with rhenium grades two regression formulas were used to calculate the rhenium grade from the molybdenum grade on a block by block basis, post-estimation.

Resource Estimate

The mineral resource estimate for the Yandera Project as at October 2008 and as contained in the Revised Technical Report is set out below.

Classification[(1)]	MTonnes	Cu Eq (%)[(2)]	Cu (ppm)	Mo (ppm)
Indicated	527.1	0.38	2,793	104
Inferred	766.4	0.33	2,488	82

Notes:
(1) Using a 0.2% copper equivalent cut-off.
(2) Copper equivalent is based on a molybdenum/copper price ratio of 10:1.

Classification[(1)(2)(3)(4)]	MTonnes	Au (g/t)	Ag (g/t)	Re (ppm)
Inferred	1,293.5	0.08	1.35	0.07

Notes:
(1) Using a 0.2% copper equivalent cut-off.
(2) The by-product resource is contained within the indicated and inferred mineral resource estimates for copper and molybdenum, as described in the table above.
(3) Gold and silver grades have been estimated from a smaller set of data than the copper and molybdenum grades. Rhenium has been calculated by regression against molybdenum based on a limited amount of sampling.
(4) Uncertainty in the characterization of the gold, silver and rhenium metal content of the resource has resulted in no part of the by-product resource being classified as indicated.

The foregoing mineral resource estimate was prepared using the results of 179 diamond drill holes, including 78 holes drilled by Marengo.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share or loan capital, on a consolidated basis, since March 31, 2009. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering and the Private Placement. This table should be read in conjunction with the consolidated financial statements of the Company (including the notes thereto) incorporated by reference into this short form prospectus.

	Outstanding as at June 30, 2008[(1)]	Outstanding as at March 31, 2009[(1)]	Outstanding as at March 31, 2009 after giving effect to the Offering and the Private Placement[(2)]
	(Audited)	(Unaudited)	(Pro Forma — Unaudited)
Long-Term Debt	NIL	NIL	NIL
Ordinary Shares[(3)] (authorized: unlimited)	268,016,975	268,016,975	497,969,521
Contributed Equity	$ 58,540,993	$ 58,540,993	$ 78,521,555
Reserves	$ 845,741	$ 6,584,772	$ 6,584,772
Accumulated Losses	$ (27,399,177)	$ (40,311,940)	$ (40,311,940)
TOTAL EQUITY	$ 31,987,557	$ 24,813,825	$ 44,794,387

Notes:
(1) Before giving effect to the Offering and the Private Placement.
(2) After deducting expenses of the Offering, estimated to be C$500,000, the Agents' Fee and the Placement Commission.
(3) Not including shares issuable upon exercise of options which remained unexercised on June 30, 2008, March 31, 2009 and the date hereof, respectively.

USE OF PROCEEDS

The gross proceeds to the Company from the Offering will be approximately C$14,835,000. The net proceeds to the Company from the Offering (determined after deducting the Agents' Fee of C$613,454, the Substitute Fee of C$276,646 and estimated expenses of C$500,000) will be approximately C$13,444,900.

The Company intends to use the net proceeds from the Offering to finance its district exploration program at the Yandera Project, the DFS and for general corporate and working capital purposes. As a result, the proceeds from the Offering will be used by the Company as follows:

Exploration	C$ 5 million
DFS	C$ 5 million
General corporate and working capital	C$ 3.4 million
Total:	C$13.4 million

Any proceeds received from the Private Placement will be applied to the cost of completing the DFS.

The Company currently has cash and cash equivalents on hand of approximately C$3.062 million.

The proposed district exploration program at the Yandera Project is designed to further investigate the positive results of recent sampling activities, particularly at the Kombruku prospect. At the Kombruku prospect, diamond drilling of targets identified by the current detailed exploration work is anticipated to commence in September 2009. If the results are positive, the methodology (detailed geological mapping, ground geophysics, and systematic geochemistry) will be extended and applied along strike to the south-east of the Yandera central resource (south-east of Mumnogoi) and to the north-east towards the Queen Bee prospect, with a focus on any area in which a discovery may have an impact on the Yandera resource and the DFS.

As a result of the expansion in the scope of the DFS, the cost of completing the DFS is currently estimated to be approximately A$12.5 million (approximately C$11.3 million). See "*Recent Developments — Phase 2 of the DFS*". The balance of cost to complete the DFS will be financed using cash on hand and, to the extent available, the proceeds of the Private Placement.

More particularly, the net proceeds of the Offering will be allocated as between exploration and the DFS as follows:

Exploration	
Drilling contractor & assays	C$ 950,000
Helicopter hire	C$1,100,000
Field salaries	C$1,200,000
Fuel (drilling and helicopter)	C$ 350,000
Exploration camp & messing	C$ 600,000
Travel	C$ 150,000
Geophysics	C$ 200,000
District exploration sampling	C$ 50,000
Miscellaneous expenditures and administration	C$ 400,000
Total	**C$5,000,000**
DFS	
Engineering and process design	C$1,000,000
Metallurgical test work	C$ 500,000
Mining engineering studies	C$ 300,000
Environmental studies	C$1,500,000
Travel	C$ 200,000
Infrastructure studies	C$1,000,000
Miscellaneous expenditures and administration	C$ 500,000
Total	**C$5,000,000**

The amount and nature of the exploration expenditures will depend on the progress and results of the exploration program with expenditures being focused on areas with positive results. Further, to the extent results are generally poor, amounts allocated to exploration may be re-allocated to the DFS.

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

Marengo will also require further capital from external sources to complete the DFS, should the cost thereof exceed the current budget or the Private Placement is not completed, in part or at all. See "*Risk Factors*".

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

Marengo intends to hold the net proceeds from the Offering and the Private Placement in term deposits at major Australian banks pending their expenditure.

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

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Subject to certain prescribed exceptions under the Corporations Act and the Company's constitution, the Company is authorized to issue an unlimited number of ordinary shares. At the date of this short form prospectus, Marengo has an aggregate of 268,016,975 fully paid ordinary shares issued and outstanding. No other shares in the capital of Marengo of any other classes are issued or outstanding.

The holders of Marengo's ordinary shares are entitled:

(a) to vote at all meetings of shareholders of Marengo;

(b) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Marengo, any dividends declared by Marengo; and

(c) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Marengo, the remaining property of Marengo upon the liquidation, dissolution or winding-up of Marengo, whether voluntary or involuntary.

Under the ASX listing rules, a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of securities would exceed 15% of the total ordinary securities on issue at the commencement of that 12 month period. One of the aforementioned exceptions is an issue of securities which is approved in advance by the shareholders at a general meeting or an issue that is subsequently approved by shareholders at a general meeting.

On July 16, 2009, the Company did not have sufficient capacity under this 15% limit to issue the Offered Shares, the ordinary shares issuable upon exercise of the Compensation Options and the ordinary shares to be issued under the Private Placement. Accordingly, a meeting of Marengo's shareholders was held on July 30, 2009, at which the shareholders voted on a resolution to approve the issuance of up to 172,500,000 ordinary shares. The resolution to be presented to the Company's shareholders in this regard was passed by a simple majority of the votes cast thereon, either in person or by proxy on July 30, 2009.

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

PRIOR SALES

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

Date Issued	Number of Securities	Security	Price per Security
August 21, 2008	5,750,000	Stock Option	A$0.50[1][2]
December 19, 2008	2,300,000	Stock Option	A$0.25[1][3]
April 15, 2009	550,000	Stock Option	A$0.25[1][4]

Notes:

(1) Price per security reflects exercise price of options granted.

(2) Unlisted options expiring August 15, 2013.

(3) Unlisted options expiring December 18, 2013.

(4) Unlisted options expiring March 31, 2014.

TRADING PRICE AND VOLUME

Set forth below is the volume and high and low trading prices of the ordinary shares of the Company on the TSX for each of the 12 months prior to the date of this short form prospectus.

Month	High (C$)	Low (C$)	Volume
August 2008	$ 0.25	$0.25	40,533
September 2008	$ 0.20	$0.20	3,000
October 2008	$ 0.24	$0.17	14,303
November 2008	$ 0.18	$0.17	4,582
December 2008	$ 0.17	$0.12	29,000
January 2009	$ 0.15	$0.12	167,500
February 2009	$ 0.11	$0.11	500
March 2009	$ 0.10	$0.05	17,100
April 2009	$ 0.06	$0.06	4,165
May 2009	—	—	—
June 2009	—	—	—
July 2009	$ 0.05	$0.05	3,000
August 1 to 21, 2009	$0.115	$0.10	9,500

Set forth below is the volume and high and low trading prices of the ordinary shares of the Company on the ASX for each of the 12 months prior to the date of this short form prospectus.

Month	High (A$)	Low (A$)	Volume
August 2008	$0.26	$0.20	2,554,014
September 2008	0.23	0.17	1,735,345
October 2008	0.20	0.06	6,633,867
November 2008	0.15	0.07	2,846,975
December 2008	0.11	0.08	837,543
January 2009	0.09	0.04	5,160,608
February 2009	0.06	0.04	11,338,747
March 2009	0.06	0.04	3,047,426
April 2009	0.12	0.05	8,558,745
May 2009	0.13	0.09	3,259,393
June 2009	0.15	0.10	4,332,516
July 2009	0.15	0.10	4,752,736
August 1 to 20, 2009[1]	0.11	0.10	5,032,699

Note:

(1) In connection with the pending announcement of the pricing of the Offering, trading of the ordinary shares of the Company was halted on the ASX commencing on August 20, 2009.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the Agency Agreement between the Company and the Agents, the Company has agreed to issue and sell, and the Agents have severally agreed to arrange for purchasers, on a best efforts basis, of all of the Offered Shares at the Offering Price, on August 31, 2009 or such other date as may be agreed upon by the Company and the Agents, but in any event not later than 60 days after the date of the receipt for this short form prospectus. The Offering Price is C$0.086 per Offered Share. The terms of the Offering were negotiated by Marengo and Paradigm, for and on behalf of the Agents. Paradigm negotiated its engagement by Marengo and subsequently approached the other Agent and requested that it participate as a member of the syndicate in connection with the Offering.

The Agents have agreed to use their reasonable best efforts to sell the Offered Shares, on a several basis, but they are not obligated to purchase any such Offered Shares. The obligations of the Agents under the Agency Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets or upon the occurrence of certain stated events.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

Pursuant to the Agency Agreement, the Company has agreed to pay the Agents' Fee equal to 6% of the gross proceeds of the Offering, other than proceeds from advisors and insiders (as such term is defined in the *Securities Act* (Ontario)) of the Company, for an aggregate fee of up to C$613,454 . As additional compensation, the Agents will be granted the Compensation Options which entitle the Agents to subscribe for, in the aggregate, up to 5% of the number of Offered Shares issued pursuant to the Offering, at an exercise price equal to the Offering Price, exercisable for a period of 24 months following closing of the Offering. The Company also agreed to reimburse the Agents for their expenses related to the Offering. The Agents' Fee and expenses are payable, and the Compensation Options are issuable, on closing of the Offering. This short form prospectus qualifies the distribution of the Compensation Options.

The Company has agreed to pay certain of those purchasers of Offered Shares in respect of which the Company will not pay an Agents' Fee, an amount (in cash) equal to up to 6% of the gross proceeds received from such purchasers.

Under the terms of the Agency Agreement, the Agents, their affiliates and their respective directors, officers, employees, shareholders and agents are entitled to be indemnified by the Company against certain liabilities.

In the event the Offering is not completed by reason of the Company completing an Alternative Financing Transaction (as defined below) prior to September 28, 2009, the Company shall pay the Agents a fee equal to the Agents' Fee on completion of such Alternative Financing Transaction, together with all of the Agents' expenses and disbursements incurred to the date of such transaction.

For this purpose, an "**Alternative Financing Transaction**" means any transaction that prevents the completion of the Offering, including: (i) the issuance of securities of the Company in excess of 10% of the total number of securities currently outstanding on a fully-diluted basis; or (ii) a business transaction involving a change of control of the Company or a material subsidiary but not a private placement of securities by the Company to its insiders (as such term is defined in the *Securities Act* (Ontario)) or advisors.

The Company intends to, as soon as practicable after closing of the Offering, complete the Private Placement of up to 57,452,546 ordinary shares at the Australian dollar equivalent of the Offering Price for gross proceeds to the Company of up to C$4,919,288. The Private Placement will be conducted outside of Canada, principally in Australia, without preparation of a prospectus or registration statement and in accordance with section 708 of the Corporations Act. The Placement Commission will be paid to certain Australian Financial Services Licensees for services rendered in connection with the Private Placement. This short form prospectus does not qualify the distribution of the ordinary shares issued pursuant to the Private Placement. The Company has applied for listing of the ordinary shares issuable pursuant to the Private Placement on the TSX. Listing will be subject to the Company fulfilling all the listing requirements of the TSX.

Pursuant to policies of certain Canadian securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase ordinary shares. The foregoing restrictions are subject to certain exceptions. The Agents may only avail themselves of such exceptions if the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Company's ordinary shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Agents may effect transactions intended to stabilize, maintain or support the market price of the Company's ordinary shares at levels above those which otherwise might prevail in the open market. Such transactions consist of bids or purchases made for the purpose of preventing or mitigating a decline in the market price of the Company's ordinary shares and, if commenced, such transactions may be discontinued at any time and shall not continue beyond a limited period after the closing of the Offering. No such transactions will be conducted by the Agents in Australia or with persons resident in Australia.

The Offered Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, the Offered Shares may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Agency Agreement permits the Agents to offer the Offered Shares for sale directly by the Company to certain institutional "accredited investors" that satisfy the requirements of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act, provided such offers and sales are made in compliance with Rule 506 of Regulation D under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, any offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless made pursuant to an exemption from the registration requirements of the U.S. Securities Act.

The Company has agreed with the Agents that, without the prior written consent of Paradigm (for and on behalf of the Agents), it will not issue or announce the issuance of any ordinary shares or securities convertible into ordinary shares of the Company other than pursuant to: (i) the Private Placement; (ii) the exercise of convertible securities outstanding on the date hereof; (iii) the grant of options pursuant to the Company's stock option plan; (iv) the Compensation Options; or (v) the bona fide acquisition by the Company of shares or assets of other corporations, in each case, for a period of 90 days after the closing of the Offering.

In connection with the Offering, Marengo will cause each of its directors and officers to enter into lock-up agreements whereby for a period of 90 days after the closing of the Offering such individuals will not sell, transfer, assign, pledge or otherwise dispose of any securities (other than the exercise of stock options) of Marengo, unless: (i) they first obtain the written consent of Paradigm (for and on behalf of the Agents) which will not be unreasonably withheld; or (ii) there occurs a take-over bid or transaction involving a change of control of the Company.

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

The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing is subject to Marengo fulfilling all of the listing requirements of the TSX on or before October 14, 2009. In accordance with the listing rules of the ASX and the POMSoX, Marengo will also apply for official quotation of the Offered Shares on the ASX and on the POMSoX.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Lawson Lundell LLP, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a subscriber who at all relevant times is resident or is deemed to be resident in Canada for purposes of the Tax Act, acquires Offered Shares pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, holds the Offered

Shares as capital property and deals at arm's length with, and is not affiliated with, either the Company or the Agents. Generally speaking, the Offered Shares will be considered to be capital property to a holder provided the holder does not hold the Offered Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to: (i) a holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (ii) a holder an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) a holder that is a "specified financial institution" as defined in the Tax Act; (iv) a holder in relation to which the Company is a "foreign affiliate" as defined in the Tax Act; or (v) a holder that has made a functional currency reporting election. **Any such holder should consult its own tax advisor with respect to an investment in the Offered Shares.**

This summary is based upon the provisions of the Tax Act and the regulations thereto (the "**Regulations**") in force as of the date hereof, all specific proposals to amend the Tax Act and/or the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, government or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significant from those discussed herein.

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

For purposes of the Tax Act, all amounts relative to the acquisition, holding or disposition of Offered Shares (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must be converted to an amount expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the day on which the amount first arose or such other rate of exchange as is acceptable to the CRA.

Dividends on Offered Shares

The full amount of dividends received or deemed to be received by a holder on the Offered Shares, including amounts deducted for foreign withholding tax, if any, will be included in computing the holder's income. For an individual (including a trust) the gross-up and dividend tax credit rules in the Tax Act will not apply to such dividends. A holder that is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income. A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% in respect of its "aggregate investment income" for the year, which will include such dividends. Australian tax, if any, payable by a holder in respect of dividends received on the Offered Shares may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Prospective investors should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Dispositions of Offered Shares

In general, a disposition or a deemed disposition of an Offered Share will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Offered Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Offered Share immediately before the disposition.

Tax Treatment of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a holder in a taxation year will be included in computing the holder's income in such year. One-half of any capital loss realized by a holder in a taxation year normally may be deducted as an allowable capital loss by the holder against taxable capital gains realized by the holder in the year. Any allowable capital loss not deductible in the year it is realized generally may be carried back and deducted against taxable capital gains in any of the three preceding years or carried forward and deducted against taxable capital gains in any subsequent year (in accordance with the rules contained in the Tax Act). Capital gains realized by an individual will be relevant in computing possible liability for the alternative minimum tax.

Australian tax, if any, levied on any gain realized on the disposition of Offered Shares may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Prospective investors should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

A holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6⅔% of its "aggregate investment income" for the year (which is defined in the Tax Act to include taxable capital gains).

Proposals Regarding Foreign Investment Entities

Under legislation contained in former Bill C-10, amendments to the Tax Act were proposed by the Minister of Finance (Canada) regarding the taxation of certain interests in non-resident entities that are "foreign investment entities" (the "**FIE Proposals**"), to be generally applicable for taxation years commencing after 2006. Parliament was dissolved on September 7, 2008, before the FIE Proposals were enacted.

As part of the January 29, 2009 Federal Budget, the Minister of Finance (Canada) announced that the government would be reviewing the FIE Proposals and submissions made to the government thereon before proceeding with any amendments regarding the taxation of "foreign investment entities". There can be no assurance that the FIE Proposals will ultimately be enacted in the form set out in Bill C-10, or at all.

Pursuant to the FIE Proposals, where a holder holds a "participating interest" (such as a share), that is not an "exempt interest" in a corporation that is a "foreign investment entity" (a "**FIE**") at the corporation's tax year-end, the holder will be required to take into account, in computing income for the holder's taxation year that includes such taxation year-end: (i) an amount based on a prescribed rate of return on the "designated cost" of such participating interest held by the holder at the end of each month ending in the holder's taxation year at which time the participating interest is held by the holder; (ii) in certain limited circumstances, any gains or losses accrued on such participating interest for the year; or (iii) in certain limited circumstances, the holder's proportionate share of the FIE's income (or loss) for the year, calculated in accordance with the Tax Act and Regulations.

Under the FIE Proposals, a corporation will not be a FIE if the "carrying value" of all of its "investment property" is not greater than one-half of the "carrying value" of all its property or if, throughout the taxation year, its principal undertaking is the carrying on of a business that is not an "investment business" within the meaning of those terms in the FIE Proposals. Provided the carrying value test is met at the end of a taxation year of the corporation then the corporation will not be a FIE for such taxation year.

In any event, the FIE Proposals will not apply in a taxation year of a holder of Offered Shares if, at the end of the taxation year of the Company that ends in such year, the Offered Shares are an "exempt interest" to such holder. Generally, Offered Shares will constitute an exempt interest to a holder at the end of a particular taxation year if:

(a) it is reasonable to conclude that the holder has, at that time, no "tax avoidance motive" (within the meaning of the FIE Proposals) in respect of the Offered Shares;

(b) throughout the period of the Company's taxation year that includes that time, either: (i) the Company is governed by and exists under the laws of Australia, and the Company is a resident of Australia for purposes of the *Canada-Australia Income Tax Convention (1980)*; or (ii) the Company is a resident of Australia for purposes of the Tax Act and the Offered Shares are listed on a designated stock exchange as defined in the Tax Act (which includes the ASX and the TSX); and

(c) throughout the period of the Company's taxation year that includes that time, the Offered Shares are an "arm's length interest" of the holder within the meaning of the FIE Proposals.

The determination of whether a holder has a tax avoidance motive in respect of the Offered Shares within the meaning of the FIE Proposals will depend upon the particular circumstances of the holder. Holders should consult their own tax advisors regarding the determination of whether they have such a tax avoidance motive.

The Offered Shares will qualify as an "arm's length interest" at any time in respect of a holder for purposes of the FIE Proposals provided: (i) it is reasonable to conclude that there are at least 150 persons each of which holds, at that time, ordinary shares of the Company having a total fair market value of at least C$500 or the Offered Shares are identical to shares of the Company which are listed on a designated stock exchange and such shares were traded at least 10 consecutive days on that stock exchange in the period that begins 30 days before that time; (ii) it is reasonable to conclude that the Offered Shares can normally be acquired and sold by members of the public in the open market; and (iii) the aggregate fair market value, at that time, of the ordinary shares of the Company that are held by the holder, or an entity or individual with whom the holder does not deal at arm's length, does not exceed 10% of the fair market value of all of the ordinary shares of the Company at that time. No assurances can be given that the Offered Shares will qualify as an arm's length interest upon the closing of the Offering or at any time in the future.

The determination of whether or not the Company is a FIE must be made on an annual basis at the end of each taxation year of the Company and no assurances can be given that the Company will not be a FIE at the end of any of its taxation years. In the event that the FIE Proposals are enacted as last proposed and do apply to the ordinary shares of the Company, a holder may be required to include in income for each taxation year an amount of income or gains computed in accordance with the FIE Proposals, regardless of whether or not the holder actually receives any income or realizes any gains relating to such ordinary shares.

The FIE Proposals are complex and have been subject to extensive commentary and amendment. Prospective investors should consult their own tax advisors regarding the potential application of the FIE Proposals in their particular circumstances.

Foreign Property Information Reporting

A holder of Offered Shares who is a "specified Canadian entity" for a taxation year or a fiscal period and whose total cost amount of "specified foreign property", including such Offered Shares, at any time in the taxation year or fiscal period exceeds C$100,000 will be required to file an information return for the year or fiscal period disclosing prescribed information, including the cost amount and any income in the taxation year, in respect of such property.

Subject to certain exceptions, a taxpayer resident in Canada in the taxation year will be a "specified Canadian entity". Prospective investors are encouraged to consult their own tax advisors as to whether they must comply with these rules.

CERTAIN AUSTRALIAN INCOME TAX CONSIDERATIONS

The following summary, as of the date of this short form prospectus, is a summary of the principal Australian federal income tax considerations generally applicable under Australian tax laws and practices ("**Australian Tax Laws**") to a purchaser who acquires Offered Shares pursuant to the Offering and who, for purposes of the Australian Tax Laws and at all relevant times, holds Offered Shares on capital account and who deals at arm's length with, and is not affiliated with, either the Company or the Agents. This summary does not address issues for purchasers who hold Offered Shares on revenue account and these purchasers should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon counsel's understanding of the Australian Tax Laws in force as of the date of this short form prospectus. Any changes in the laws or interpretation of tax laws subsequent to the date of this short form prospectus may alter the information below.

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

Taxation of Holders of Offered Shares Resident in Canada

Dividends on Offered Shares

Fully franked dividends paid by a company resident in Australia to non-resident shareholders are generally not subject to withholding tax. Unfranked dividends paid to non-resident shareholders will generally be subject to withholding tax at a rate of 30% on the unfranked component of the dividend paid. The withholding tax rate is generally reduced to 15% (lower for certain countries) where there is an applicable double tax treaty. The provisions of the *Australia — Canada Income Tax Convention (1980)* (the "**Australian/Canadian Double Tax Agreement**") provides that the rate of dividend withholding tax for non-residents who have a non-portfolio interest in a company resident in Australia, (being at least a 10% interest in the company), is 5%. For non-residents who hold less than a 10% interest in the target company (portfolio investments), the rate of dividend withholding tax is 15%. Where a withholding tax applies the Company will be required to deduct the appropriate amount of withholding tax prior to making the dividend payment.

The Australian income tax system does contain one important exemption from the withholding tax system for unfranked dividends that are declared to be conduit foreign income ("**CFI**"). In broad terms, CFI is foreign income not otherwise taxable in Australia and under the CFI measures, an Australian company may pay this income to foreign shareholders free of Australian withholding tax.

Dispositions of Offered Shares

Canadian shareholders of the Company will be subject to the provisions of the Australian/Canadian Double Tax Agreement. The provisions of the Australian/Canadian Double Tax Agreement provide that the Australian law applies only to tax gains on the disposal of shares by Canadian residents, if the Company wholly or principally holds an interest in Australia that is classified as real property. This means that pursuant to the Australian/Canadian Double Tax Agreement and the domestic provisions, if 50% or more of the Company's assets are attributable to real property located in Australia, Canadian shareholders who hold at least a 10% direct or indirect interest in the Company may be subject to Australian capital gains tax upon disposal of shares in the Company.

Non-Australian resident shareholders must seek specific advice in respect of their particular circumstances with respect to Australian capital gains tax on the disposal of ordinary shares in the Company.

Taxation of Holders of Offered Shares Resident in Australia

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

Dividends on Offered Shares

Broadly, dividends paid on the Offered Shares may be "franked" or "unfranked". Franked dividends have franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is "unfranked" no franking credits are attached.

Australian resident shareholders will include dividends together with any attached franking credits in their assessable income. A tax offset will be allowed equal to the amount of franking credits attached to the dividend.

Generally, to be eligible for the franking credit and tax offset, the shareholder must have held the shares at risk for 45 days (not counting the day of acquisition or disposal). However, this rule should not apply where the tax offset entitlement does not exceed A$5,000 in respect of all dividends received during the income year in which the dividend is paid.

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

Where the shareholder is a corporate entity, the shareholder will not be entitled to a refund for any franking credits that exceed their tax liability for the income year but may be entitled to a tax loss for the excess franking credits and this loss can be carried forward to be offset against taxable income in a later year. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked.

Dispositions of Offered Shares

Australian resident shareholders who hold Offered Shares on capital account will be taxed under the Australian capital gains tax provisions. An Australian resident shareholder will incur a capital gain where the proceeds received on disposition exceed the cost base of the Offered Shares disposed of. Any net capital gain (after recoupment of capital losses) is included in the shareholder's assessable income.

Similarly, a shareholder will incur a capital loss on the disposition of an Offered Share where the proceeds of disposition received are less than the reduced cost base of the Offered Share for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains.

Tax Treatment of Capital Gains and Capital Losses

A capital gains discount may apply to reduce the amount of net capital gains that might otherwise be included in a shareholder's assessable income.

For shareholders that are individuals and trustees (other than trustees of complying superannuation funds) a 50% capital gains tax discount is available if the shares are held for at least 12 months. This concession will result in only 50% of the capital gain (after recoupment of capital losses) being assessable.

For complying superannuation funds a 33⅓% capital gains discount is available if the Offered Shares are held for at least 12 months. This concession will result in only 66⅔% of the capital gain (after recoupment of capital losses) being assessable.

RISK FACTORS

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

Additional Funding may be Required

The funds of the Company currently available and to be raised under the Offering are not designated for development of the Yandera Project. Accordingly, if the DFS 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

A portion of the net proceeds of the Offering will be used to finance the Company's district exploration program at the Yandera Project. 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 Marengo will result in a profitable commercial mining operation.

The Private Placement may not be Completed in Full or at All

There is no assurance that the Private Placement will be fully subscribed or completed at all. If the Private Placement raises less than C$3 million in gross proceeds or does not complete at all, the Company will not have the funds required to complete the DFS without materially compromising its working capital. In such event, the Company would be required to raise additional funds from external sources and there is no assurance that such funds will be available, on reasonable terms or, at all.

Discretion in the Use of Proceeds

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

Company may not Obtain Renewal of EL1335

The Company's interest in the Yandera Project is derived from two ELs, EL1335 and EL1416. The Yandera central resource is located on EL1335. EL1335 expires on November 19, 2009. EL1335 may be renewed for an additional two year term, upon an application being made prior to November 19, 2009, failing which the Company's rights to the area of EL1335 may be forfeited. Although the Company has no reason to believe that EL1335 will not be renewed for an additional two year term, there can be no assurance that will be the case. Any failure to renew EL1335 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 Marengo 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 Marengo to discontinue exploration of the Yandera Project and the DFS.

Current Global Economic Conditions

Current global economic conditions have been characterized 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 the Ordinary Shares

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

Future Sales or Issuances of Ordinary Shares

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

INTEREST OF EXPERTS

The matters referred to under "*Eligibility for Investment*" and certain other legal matters relating to the Offered Shares will be passed upon at the date of closing on behalf of the Company by Lawson Lundell LLP and on behalf of the Agents by Cassels Brock & Blackwell LLP. As at the date hereof, the partners and associates of Lawson Lundell LLP and Cassels Brock & Blackwell LLP, each as a group, beneficially own, directly or indirectly, less than 1% or none of the outstanding securities of the Company.

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

Stephen Godfrey, the author of the Revised Technical Report, did not hold at the time of preparation of the Revised Technical Report, and did not and will not receive after that time, a registered or beneficial interest, direct or indirect, in any securities or other property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned person and the directors, officers, employees and partners of Golder Associates Pty Ltd, beneficially owned, directly or indirectly, less than 1% or none of the outstanding securities of the Company.

Stantons International Pty Ltd is the independent registered auditor of the Company.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

AUDITORS' CONSENT

We have read the short form prospectus of Marengo Mining Limited (the "**Company**") dated August 24, 2009 relating to the issue and sale of ordinary shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at 30 June 2008 and 30 June 2007, and the consolidated income statements, statements of changes in equity and cash flow statements for the years ended June 30, 2008 and June 30, 2007, such report is dated August 13, 2008.

West Perth, Western Australia
August 24, 2009

(Signed) Stantons International Pty Ltd

CERTIFICATE OF THE COMPANY

Dated: August 24, 2009

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

(Signed) LESLIE EMERY
Managing Director

(Signed) JOHN RIBBONS
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) JOHN HORAN
Director

(Signed) ELIZABETH MARTIN
Director

CERTIFICATE OF THE AGENTS

Dated: August 24, 2009

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

PARADIGM CAPITAL INC.

By: (Signed) ANDREW PARTINGTON

CANACCORD CAPITAL CORPORATION

By: (Signed) CRAIG WARREN

MARENGO
MINING LIMITED

ABN 57 099 496 474

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