



MARENGO
MINING LIMITED

ABN: 57 099 496 474

YANDERA MINING COMPANY LIMITED (COMPANY NO. 1-53202)

MARENGO MINING (PNG) LIMITED (COMPANY NO. 1-76844)

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OR
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**For Immediate Distribution
13 March, 2012**

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

NEWS RELEASE

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

TORONTO, Ontario (March 13, 2012) – Marengo Mining Limited (“**Marengo**” or the “**Company**”) (TSX: **MRN**, ASX and POMSoX: **MGO**) announced today that it has filed and received a receipt for a preliminary short form prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia in connection with a best efforts offering of units (the “**Units**”) of the Company (the “**Offering**”).

Each Unit will consist of one ordinary share (an “**Ordinary Share**”) of the Company and one subscription receipt (a “**Subscription Receipt**”). Upon receipt of shareholder approval required pursuant to the listing rules of the Australian Securities Exchange (the “**Release Condition**”), which is required for an issuance of Ordinary Shares in excess of 15% of Marengo’s outstanding Ordinary Shares, each Subscription Receipt will be automatically converted into one ordinary share of the Company. Pending satisfaction of the Release Condition, that portion of the proceeds received in respect of the Subscription Receipts (the “**Escrowed Proceeds**”) will be held in escrow. In the event that the Release Condition is not satisfied within 35 days following receipt for the final prospectus, the Escrowed Proceeds, plus interest thereon, will be returned to the holders of the Subscription Receipts.

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

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

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



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The Offering is scheduled to close on or about March 29, 2012 and is subject to the approval of the Australian Securities Exchange, the Toronto Stock Exchange and applicable securities regulatory authorities.

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

Cautionary Statement Regarding Forward-Looking Information

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

For further information:

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Please note that the Head Office of Marengo is located in Western Australia and is 12 hours ahead of Toronto time.

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

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

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo Mining Limited at Level 1, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +618 9429 0000, and are also available electronically under the Company's profile at the SEDAR website.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

March 13, 2012



ABN 57 099 496 474

C\$●

● Units

This short form prospectus qualifies the distribution (the "**Offering**") by Marengo Mining Limited ("**Marengo**" or the "**Company**") of an aggregate of up to ● units (the "**Units**") of Marengo, each Unit consisting of one ordinary share of the Company (each, a "**Unit Share**") and one subscription receipt (each, a "**Subscription Receipt**") at a price of C\$● per Unit (the "**Offering Price**"), pursuant to the terms of an agency agreement dated as of ●, 2012 (the "**Agency Agreement**") between Marengo and Paradigm Capital Inc. (the "**Agent**"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, one ordinary share of the Company (each, a "**Receipt Share**") upon satisfaction of the Release Condition (as defined herein under "*Plan of Distribution*"). The effective price per ordinary share of the Company offered under this short form prospectus is C\$● (the "**Effective Price**").

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

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

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

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

The outstanding ordinary shares of the Company (the “**Ordinary Shares**”) are listed and posted for trading on the Australian Securities Exchange (the “**ASX**”) and the Port Moresby Stock Exchange (the “**POMSoX**”) under the symbol “**MGO**” and on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**MRN**”. On March 12, 2012, the last trading day on the ASX before the filing of this short form prospectus, the closing price of the Ordinary Shares on the ASX was A\$0.27. On March 12, 2012, the last trading day on the TSX before the filing of this short form prospectus, the closing price of the Ordinary Shares on the TSX was C\$0.285. **There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus.**

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

Price: C\$● per Unit

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

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

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

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

The Agent conditionally offers the Units on a best efforts basis and, subject to prior sale, if, as and when issued by the Company and delivered and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Company by Fraser Milner Casgrain LLP, and on behalf of the Agent by Cassels Brock & Blackwell LLP. In connection with the

Offering and subject to applicable laws, the Agent may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Ordinary Shares at levels other than that which might otherwise prevail in the open market for a limited period after the date on which the Offering is completed. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. See “*Plan of Distribution*”.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Unit Shares and the Subscription Receipts will be issued in registered form on the date of closing, which is expected to occur on or about March 29, 2012, or any other date on which the Company and the Agent may agree, but in any event not later than 42 days after the date of the receipt for this short form prospectus (the “**Closing Date**”).

Marengo’s registered and head office is located at Level 1, 9 Havelock Street, West Perth, Western Australia, 6005.

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

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo at Level 1, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +618 9429 0000, and are also available electronically under the Company's profile at the SEDAR website.

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

- (a) annual information form of the Company dated September 28, 2011 for the financial year ended June 30, 2011 (the "**Annual Information Form**");
- (b) audited annual consolidated financial statements of the Company as at, and for the financial year ended June 30, 2011, together with the auditors' report thereon dated September 23, 2011 and the notes thereto;
- (c) management's discussion and analysis of financial condition and results of operations for the financial year ended June 30, 2011;
- (d) explanatory statement and management information circular of the Company dated September 30, 2011 prepared in connection with the annual general meeting of shareholders held on November 10, 2011;
- (e) unaudited interim consolidated financial statements of the Company as at, and for the three and six month periods ended December 31, 2011, together with the notes thereto; and
- (f) management's discussion and analysis of financial condition and results of operations for the three and six month periods ended December 31, 2011.

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

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

In making and providing the forward-looking information included in this short form prospectus, the Company has made numerous assumptions. The assumptions include, among other things, assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) the accuracy of the Company's mineral resource estimate; (iv) the future price of copper and molybdenum; and (v) that the supply and demand for copper, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) the risk that Shareholder Approval (as defined herein) for the issue of the Receipt Shares upon conversion of the Subscription Receipts is not obtained; (ii) the absence of any market through which Subscription Receipts may be traded; (iii) the risk that the proceeds of the Offering are not applied effectively; (iv) structural subordination of the Ordinary Shares; (v) dilution from the future issue or sale of Ordinary Shares; (vi) the ability to enforce foreign judgements; (vii) suspension of the Company from listing due to failure to comply with regulations resulting from changes in policy or otherwise; (viii) application of fines or penalties for non compliance; (ix) improper use of funds in subsidiaries; (x) unregistered agreements, transfers, claims or other defects applying to the Company's property; and (xii) failure to renew EL1335.

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 at the SEDAR website.

ELIGIBILITY FOR INVESTMENT

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

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

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

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

The high, low, average and closing exchange rates for Canadian dollars in terms of Australian dollars and Canadian dollars in terms of United States dollars for each of the two fiscal years ended June 30, 2011 and 2010 and the three month periods ended December 31, 2011 and 2010, as quoted by the Bank of Canada, were as follows:

<u>Canadian dollar per Australian dollar</u>	<u>High</u>	<u>Low</u>	<u>Average⁽¹⁾</u>	<u>Closing⁽²⁾</u>
Year ended June 30				
2011	\$1.0506	\$0.8926	\$0.9901	\$0.9664
2010	\$0.9822	\$0.8633	\$0.9304	\$1.1120

Three Months ended December 31

2011	.....	\$1.0660	\$1.0023	\$1.0354	\$0.9593
2010	.....	\$1.0180	\$0.9811	\$1.0005	\$0.9023

Canadian dollar per United States dollar

High Low Average⁽¹⁾ Closing⁽³⁾

Year ended June 30

2011	.....	\$1.0660	\$0.9486	\$1.0013	\$0.9645
2010	.....	\$1.1655	\$0.9961	\$1.0555	\$1.0646

Three Months ended December 31

2011	.....	\$1.0604	\$0.9935	\$1.0234	\$1.0170
2010	.....	\$1.0320	\$0.9946	\$1.0128	\$0.9946

Notes:

- (1) Calculated as an average of the daily noon rates for each period.
- (2) Noon rate at end of period.
- (3) Closing rate at end of period.

On March 12, 2011, the Bank of Canada exchange rate for the purchase of one Australian dollar using Canadian dollars was C\$1.0423 (C\$1.00 = A\$0.9594)

On March 12, 2011, the Bank of Canada noon spot exchange rate for the purchase of one United States dollar using Canadian dollars was C\$0.9935 (C\$1.00 = US\$1.0065).

On March 12, 2011, the Reserve Bank of Australia exchange rate for the purchase of one Papua New Guinean kina using Australian dollars was A\$2.08 (A\$1.00 = PGK 0.4800).

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 Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements incorporated by reference comply with International Financial Reporting Standards (IFRS). Canadian issuers adopted IFRS with effect from 1 January 2010 and hence the financial statements incorporated by reference are considered comparable to financial statements of Canadian issuers.

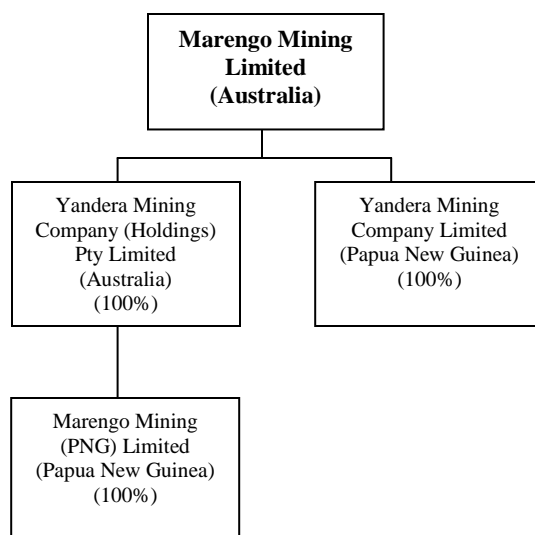
THE COMPANY

Corporate Structure

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

Marengo has three subsidiaries, Marengo Mining (PNG) Limited (previously known as Yandera Mining Company Limited) (“**Marengo PNG**”), Yandera Mining Company (Holdings) Pty Limited (“**YMCHL**”), and Yandera Mining Company Limited (previously known as Marengo Mining (PNG) Limited) (“**YMCL**”). YMCL was incorporated under the laws of Papua New Guinea (“**PNG**”) on February 21, 2005. In August 2006, the Company purchased all of the issued and outstanding shares of Belvedere Limited (a private Papua New Guinea company) (“**Belvedere**”). On June 27, 2007, YMCL and Belvedere were amalgamated under the name “Marengo Mining (PNG) Limited”, now known as Yandera Mining Company Limited. YMCL holds the Company’s interest in the Yandera Project.

The following chart describes the inter-corporate relationships amongst the Company’s subsidiaries as at the date of this prospectus. Marengo PNG is 100% owned by YMCHL. YMCHL is 100% owned by Marengo. YMCL is also 100% owned by Marengo.



(a) Marengo PNG:

Directors:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie	Australia	Director	Managing	November 26,	In

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
Sidney George			Director	2010	accordance with the Company's Constitution
AKOITAI, Samuel	Papua New Guinea	Director	Consultant	November 26, 2010	In accordance with the Company's Constitution

Executive Officers:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	November 26, 2010	In accordance with the Company's Constitution
CHURCHWARD, Mark Andrew	Australia	Chief Financial Officer	Accountant	September 12, 2011	In accordance with the Company's Constitution

Notes:

- (1) During the past five years, each of the foregoing executive officers has been engaged in the principal occupation shown in that column opposite his name.
- (2) Marengo PNG may terminate services and has not entered into formal employment agreements with its executive officers.

Security Holdings:

All issued and outstanding shares in the capital of Marengo PNG are held by YMCHL.

Education and Qualifications of directors and officers:

Name	Qualifications	Education	Work Experience
EMERY, Leslie Sidney George	Mr. Emery is a past Vice President and Executive Councillor of the Association of Exploration and Mining Companies Inc. (AMEC) and has served as a commissioned officer in the Australian Citizen Military Forces (now Army Reserve).	1967-68 School of Mines, Kalgoorlie Western Australia	Mr. Emery has been involved in the Western Australian mining industry for more than 35 years and has experience in exploration, mining and corporate administration. Until June 2001 he was Managing Director of Lynas Corporation Limited (formerly Lynas Gold NL) for 15 years and was instrumental in the transition of that Company from explorer to gold producer In 1999 Mr. Emery negotiated

			<p>the entry of Lynas Corporation into that company's now core business, the Mt Weld rare earths and tantalum/niobium project. In addition to Lynas Corporation Limited, Mr Emery has previously been a director of a number of listed Australian resource companies, including Herald Resources Limited (as Managing Director), Sundowner Minerals NL, Roebuck Resources NL and Acclaim Exploration NL. From 1975 - 1981 he was employed by the Western Australian Department of Mines (now the Department of Mineral and Petroleum Resources). Prior to this he was employed by Western Mining Corporation Limited.</p>
AKOITAI, Samuel	-	1977 Hutjena High School, Bougainville (High School Certificate)	<p>Mr. Akoitai has gained experience in the minerals industry through his employment with Bougainville Copper Limited. He entered the National Parliament of Papua New Guinea in 1997, serving firstly as Minister for Bougainville Affairs (1997-2000) and subsequently as Minister for Mining from 2002 until the national elections in mid 2007.</p>
CHURCHWARD, Mark Andrew	<p>B Comm., ACA, ACIS, F Fin.</p> <p>Member – Institute of Chartered Accountants in Australia</p> <p>Member- Chartered Institute of Company Secretaries in Australia</p> <p>Fellow – Financial Services Institute of Australia</p>	<p>1982 Bachelor of Commerce – University of Western Australia, 1985 Institute of Chartered Accountants in Australia, 1999 Graduate Diploma in Applied Finance and Investment – Financial Services Institute of Australia, 2002 Graduate Diploma in Company Secretarial Practice – Chartered Institute of Company Secretaries in Australia</p>	<p>Mr. Churchward is a Chartered Accountant with more than 20 years experience in finance and commerce with a number of listed mining companies, including Xstrata plc and Normandy Mining Limited. Recently, he served for four years as Finance Manager for Ok Tedi Mining Limited, based at the Ok Tedi mine in Papua New Guinea</p>

(b) YMCHL:

Directors:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	November 12, 2010	In accordance with the Company's Constitution

Executive Officers:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	November 12, 2010	In accordance with the Company's Constitution
CHURCHWARD, Mark Andrew	Australia	Chief Financial Officer	Accountant	September 12, 2011	In accordance with the Company's Constitution

Notes:

- (3) During the past five years, each of the foregoing executive officers has been engaged in the principal occupation shown in that column opposite his name.
- (4) YMCHL may terminate services and has not entered into formal employment agreements with its executive officers.

Security Holdings:

All issued and outstanding shares in the capital of YMCHL are held by Marengo.

Education and Qualifications of directors and officers:

Name	Qualifications	Education	Work Experience
EMERY, Leslie Sidney George	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG
CHURCHWARD, Mark Andrew	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG

(c) YMCL:

Directors:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	February 10, 2005	In accordance with the

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
					Company's Constitution
HORAN, John Patrick	Australia	Director	Director	April 22, 2005	In accordance with the Company's Constitution
DUNNET, Douglas	Australia	Director	Consultant	April 22, 2005	In accordance with the Company's Constitution
AKOITAI, Samuel	Papua New Guinea	Director	Consultant	December 4, 2007	In accordance with the Company's Constitution

Executive Officers:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	February 10, 2005	In accordance with the Company's Constitution
CHURCHWARD, Mark Andrew	Australia	Chief Financial Officer	Accountant	September 12, 2011	In accordance with the Company's Constitution

Notes:

- (1) During the past five years, each of the foregoing executive officers has been engaged in the principal occupation shown in that column opposite his name.
- (2) YMCL may terminate services and has not entered into formal employment agreements with its executive officers.

Security Holdings:

All issued and outstanding shares in the capital of YMCL are held by YMCHL.

Education and Qualifications of directors and officers:

Name	Qualifications	Education	Work Experience
EMERY, Leslie Sidney George	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG
HORAN, John Patrick	FCPA, FCIS Fellow-CPA, Australia Fellow-Chartered	1967 Broken Hill College (Accountant Certificate) 1979 Private study, Adelaide	Mr. Horan has many years of experience in the financial, corporate, technical and management areas of the mining industry. He has been

	<p>Institute of Company Secretaries in Australia</p> <p>Member-Finance & Treasury Association Limited</p> <p>Member-Australian Mining & Petroleum Law Association</p>	(Company Secretary Certificate)	<p>a director and chairman of a number of listed mining and exploration companies on the ASX, the Alternative Investment Market (AIM) on the London Stock Exchange, the TSX in Canada and the POMSoX in Papua New Guinea. He is currently the chairman of Marengo and a director of ASX listed Adelaide Resources Limited. Mr. Horan was the finance director of Homestake Gold of Australia Limited (now part of Barrick Gold Corporation), one of Australia's largest gold producers, from 1987 until June 1993. He first joined Homestake in 1978 and was responsible for financial, commercial and corporate management functions prior to 1987 when he played a substantial role in the float of the Australian subsidiary. He also fulfilled key responsibilities in subsequent very large debt and equity capital raisings. From the early 1960s until the second half of the 1970s he held various financial accounting, corporate administrative and management positions in Poseidon Limited and CRA Limited (now Rio Tinto Limited), following initial technical experience in CRA's mining operations at Broken Hill.</p>
DUNNET, Douglas	<p>B.Sc.(Hons), PhD F.AusIMM Fellow SEG (USA)</p>	<p>October 4, 1962 University of Sydney</p> <p>July 4, 1969 University of London, England</p>	<p>Dr. Dunnet is a geologist with over 30 years experience. He has a strong background in management of mining project initiation and development in Australia and North America, including 14 years with the Anaconda (USA) group of companies, culminating as Exploration Manager for the Australian subsidiary during the period 1980-1983. He has extensive experience in the Archaean and Proterozoic rocks of Australia and North America. In 1984 Dr. Dunnet became a principal of Aurex Pty Ltd., a contracting and consulting company. In 1987</p>

			he initiated the listing of and became Managing Director of Orion Resources NL and a director of Ranger Minerals Ltd. He was subsequently instrumental in acquiring a 45% interest in the Yilgarn Star Gold Mine near Southern Cross and guiding Orion to a market capitalisation of over \$130 million, prior to the takeover by Sons of Gwalia NL. This included the successful transition from significant open pit mining to major underground mining operations producing in excess of 100,000 ounces of gold per annum. Dr. Dunnet also served as Chairman of Paladin Resources Limited, a listed Australian mineral exploration company, from 1994 until December 2002.
AKOITAI, Samuel	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG
CHURCHWARD, Mark Andrew	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG

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

Overview

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



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

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

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

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

Investment and Co-operation Agreement with Petromin

On September 19, 2011 the Company announced that it had entered into the non-binding Yandera Project Investment and Co-operation Agreement (“**Petromin Agreement**”) with Petromin PNG Holdings Limited (“**Petromin**”) and its wholly-owned subsidiary, Eda Kopa (Yandera) Limited.

As previously announced, Petromin has been nominated by the Government of Papua New Guinea (“**PNG Government**”) to take up the State’s interest in the Yandera Project.

Petromin is a resource and investment company established by the PNG Government to hold the Government’s interest in, and invest in the development of mining, oil and gas projects in PNG. To date, it holds interests in:

- the PNG LNG Gas project;
- the Solwara offshore mining project principally owned by Nautilus Minerals;
- the Tolukuma Gold project; and
- a number of other gold projects.

The Petromin Agreement also provides a framework for Marengo and Petromin to work together to facilitate the development of the Yandera Project. This framework will involve the establishment of three committees being:

- a steering committee;
- a technical committee; and
- a finance committee,

with each committee comprising senior management, operations, technical and finance executives of Marengo and Petromin.

Petromin has appointed BNP Paribas to advise on the financing options available to Petromin to fund its pro-rata participation in the Yandera Project development.

Renewal of Exploration Licence 1335

The Company's interest in the Yandera Project is derived from one Exploration Licence (“**EL**”), namely, EL1335. On June 21, 2010 the Papua New Guinea Mineral Resources Authority granted the Company a renewal of EL1335, on which the Yandera Central Porphyry is located. EL1335 expired on November 19, 2011. An application for renewal for an additional two year term was made prior to November 19, 2011 and the Company has no reason to believe that EL1335 will not be renewed for an additional two year term.

DETAILS OF THE YANDERA PROJECT

Detailed information in respect of the Yandera Project is set out in the revised and restated technical report on the Yandera Project (the “**Revised Technical Report**”) originally dated December 2008 and revised and restated February 2009 and then revised and restated February 2011, prepared by Stephen Godfrey, Associate, Principal Resource Geologist of Golder Associates Pty Ltd (Australia). A summary of the Revised Technical Report is set out at pages 10 to 12 of the Annual Information Form. See “*Documents Incorporated by Reference*”.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share or loan capital, on a consolidated basis, since December 31, 2011. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering. This table should be read in conjunction with the consolidated financial statements of the Company (including the notes thereto) incorporated by reference into this short form prospectus.

	Outstanding as at June 30, 2011 ⁽¹⁾ <hr/> (Audited)	Outstanding as at December 31, 2011 ⁽¹⁾ <hr/> (Unaudited)	Outstanding as at December 31, 2011 after giving effect to the Offering ⁽²⁾ <hr/> (Pro Forma - Unaudited)
Long-Term Debt	NIL	NIL	NIL
Ordinary Shares ⁽³⁾ (authorized: unlimited).....	995,068,613	1,002,399,863	●
Contributed Equity.....	\$ 158,568,802	\$ 159,173,499	\$ ●
Reserves	\$ (392,005)	\$ 9,512,306	\$ ●
Accumulated Losses	\$ (15,809,157)	\$ (16,975,897)	\$ ●
TOTAL EQUITY	\$ 142,367,640	\$ 151,709,907	\$ ●

Notes:

- (1) Before giving effect to the Offering.
- (2) After deducting expenses of the Offering, estimated to be C\$500,000, and the Agent's Fee and assuming no exercise of the Over-Allotment Option.
- (3) Not including Ordinary Shares issuable upon exercise of options, warrants or broker warrants which remained unexercised on June 30, 2011 and December 31, 2011, respectively.

USE OF PROCEEDS

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

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

The Company intends to use the net proceeds to finalise the Feasibility Study, advance exploration of the Yandera Project and regional exploration, as well as for permitting and other pre-construction expenditures relating to the Yandera Project and general corporate and working capital purposes. The proceeds from the Offering (assuming no exercise of the Over-Allotment Option) will be used more particularly by the Company as follows:

DS finalization	C\$● million
Exploration – Yandera (detailed below)	C\$● million
Permitting and other pre-construction expenditures (detailed below)	C\$● million
Exploration – Regional	C\$● million
Costs associated with the financing of the project	C\$● million
Costs of the equity issue	C\$● million
General corporate and working capital	C\$● million
Total:	C\$● million

Exploration

Drilling (up to 35,000 metres) including assays	C\$● million
Helicopter hire	C\$● million
Salaries	C\$● million
Field accommodation (incl. major camp upgrades)	C\$● million
Miscellaneous field expenditure and administration	C\$● million
Total:	C\$● million

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

Permitting and Pre-construction

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

The proposed exploration expenditures will focus on extensions to the resource at depth, along strike and adjacent to the initial proposed mining pits. To some extent the amount of resource extension drilling will be dependent on the results of the current drilling program and the initial results of the FS which may require additional resource infill, geotechnical, engineering or sterilization drilling to be done as a priority. The program envisages up to six diamond drilling rigs in operation for the remainder of 2012 depending on the amount of work required. Work will also continue on the detailed geological model for the resource and adjacent areas in order to increase confidence in the interpretation. These interpretive models are also used in the district exploration program. Drilling has recently commenced on geochemical and geophysical targets to the south of Yandera Central

Regional exploration will continue to focus on targets generated by the 2009 helimag and the recently commenced 2012 helimag and radiometric survey and earlier reconnaissance geochemistry and geological interpretations. Target areas will be followed up by remote sensing, ground geochemistry,

geological mapping, and geophysics, as necessary. The exact nature of the exploration programme will largely be dependent on results.

The Company has existing cash funds of C\$33.76 million, as of December 31, 2011. Existing funds of the Company and proceeds from the Offering are currently the only sources of funds to finance the exploration program at the Yandera Project. Marengo may require further capital from external sources to develop any newly discovered mineral deposits and/or, if the FS is positive, to develop the Yandera Project. Marengo intends to raise any such funds through debt and/or equity financing. There can be no assurance that additional financing will be available at all or on terms acceptable to the Company to develop any newly discovered mineral deposits or to finance the capital costs to develop the Yandera Project.

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

The significant milestones in the development of the Yandera Project in 2012 and expected timing of those milestones are set out in the table below.

Feasibility Study completion.....	Mid 2012
Exploration.....	Quarter 4, 2012
EPC contract from China Nonferrous Metal Industry's Foreign Engineering & Construction Co. Ltd.....	Quarter 4, 2012
Regional exploration.....	Quarter 4, 2012

Although Marengo intends to expend the net proceeds from the Offering as set out in the above table, the actual allocation of the net proceeds may vary from that set out above, depending on future developments in Marengo's mineral properties or unforeseen events. Additionally, if the Shareholder Approval (as defined herein) is not obtained and the Receipt Shares are not issued, Marengo may not be able to complete the planned exploration and permitting and other pre-construction programs at the Yandera Project as outlined above. If this were to occur, Marengo would use the net proceeds of the Offering to implement the exploration program as outlined above.

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

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

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

Subscription Receipts

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

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

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

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

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

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

From time to time while the Subscription Receipts are outstanding, the Company, the Agent and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that,

in the opinion of the Escrow Agent, does not prejudice the rights of the holders of the Subscription Receipts.

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

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

Ordinary Shares

Subject to certain prescribed exceptions under the Corporations Act 2001 (Cth) (Australia) and the Company's constitution, the Company is authorized to issue an unlimited number of Ordinary Shares. At the date of this short form prospectus, Marengo has an aggregate of 1,002,559,863 fully paid Ordinary Shares issued and outstanding. No other shares in the capital of Marengo of any other classes are issued or outstanding.

The holders of the Ordinary Shares are entitled:

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

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

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

As of the date of this short form prospectus, the Company does not have sufficient capacity under this 15% limit to issue the Receipt Shares to be issued upon conversion of the Subscription Receipts. Accordingly a meeting of Marengo shareholders is scheduled to be held on ●, 2012 at which the shareholders will be asked to vote on a resolution to approve the issuance of up to ● Receipt Shares, including those issuable upon exercise of the Over-Allotment Option in full ("**Shareholder Approval**").

PRIOR SALES

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

<u>Date Issued</u>	<u>Number of Securities</u>	<u>Security</u>	<u>Price per Security</u>
April 1, 2011.....	1,050,000	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
July 29, 2011.....	7,331,250	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
November 10, 2011	225,000	Stock Option	A\$0.19 ⁽¹⁾⁽³⁾
February 22, 2012.....	60,000	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
February 24, 2012.....	100,000	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
February 24, 2012.....	275,000	Stock Option	A\$0.24 ⁽¹⁾⁽⁴⁾

Notes:

- (1) Price per security reflects exercise price of the respective security granted.
- (2) Issuance of Ordinary Shares pursuant to an exercise of unlisted options.
- (3) Unlisted options expiring November 10, 2016.
- (4) Unlisted options expiring February 24, 2017.

TRADING PRICE AND VOLUME

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

<u>Month</u>	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
February 2011	0.36	0.295	3,872,000
March 2011	0.345	0.20	7,461,000
April 2011	0.37	0.315	7,175,500
May 2011	0.35	0.26	4,244,000
June 2011	0.32	0.24	6,433,100
July 2011	0.265	0.235	8,310,521
August 2011	0.26	0.117	6,945,916
September 2011	0.26	0.13	3,124,500
October 2011	0.23	0.185	2,760,477
November 2011	0.22	0.118	5,022,150
December 2011	0.24	0.20	5,022,150
January 2012	0.26	0.195	1,310,500
February 2012	0.295	0.23	1,219,708
March 1-12, 2012	0.30	0.255	382,691

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

<u>Month</u>	<u>High (A\$)</u>	<u>Low (A\$)</u>	<u>Volume</u>
February 2011	0.36	0.27	19,118,100
March 2011	0.35	0.23	43,281,000
April 2011	0.40	0.30	43,047,400
May 2011	0.32	0.27	21,010,500
June 2011	0.31	0.23	23,112,200
July 2011	0.27	0.21	24,463,100
August 2011	0.24	0.15	21,131,900
September 2011	0.25	0.17	21,626,300
October 2011	0.22	0.175	8,414,786
November 2011	0.205	0.165	7,910,593
December 2011	0.24	0.175	22,936,613
January 2012	0.25	0.195	8,419,108
February 2012	0.275	0.205	16,448,815
March 1-12, 2012	0.30	0.25	8,364,500

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the Agency Agreement, the Company has agreed to sell and the Agent has agreed to act as agent to offer for sale to the public on a reasonable best efforts basis, on the Closing Date, being on or about March 29, 2012 or any other date on which the Company and the Agent may agree, but in any event not later than 42 days after the date of the receipt for this short form prospectus, ● Units at a price of C\$● per Unit. The Offering Price was determined by negotiation between Marengo and the Agent. Each Unit consists of one Unit Share and one Subscription Receipt.

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

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

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

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

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

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

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

Fee and net proceeds to Marengo will be C\$●, C\$● and C\$●, respectively, before deducting expenses of the Offering.

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

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

The Company has agreed with the Agent that it shall not issue any further securities or agree to do so, save and except: (i) as contemplated by the Agency Agreement; (ii) pursuant to the grant of options pursuant to the Company’s stock option plan; (iii) pursuant to the exercise of options outstanding as at March 12, 2012; or (iv) in connection with the bona fide acquisition by the Company of the shares or assets of other corporations or entities, in each case, at any time during the period from March 12, 2012 until 90 days following the Closing Date, without the prior written consent of the Agent, not to be unreasonably withheld or delayed.

In connection with the Offering, Marengo will cause each of its executive officers, directors and their respective associates to enter into agreements on terms and conditions satisfactory to the Agent, acting reasonably, in which they will covenant and agree that they will not, for a period commencing on March 12, 2012 and ending 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Ordinary Shares or other securities of the Company held by them, directly or indirectly, unless: (i) they first obtain the prior written consent of the Agent; or (ii) there occurs a take-over bid or similar transaction involving a change of control of the Company, such consent not to be unreasonably withheld or delayed.

In the event that the Company and the Agent cannot agree upon the pricing of the Offering and the Offering is cancelled but within 90 days of such cancellation the Company either completes an offering at the same or lower price as contemplated for the Offering or completes an offering to investors that were introduced to the Company by the Agent prior to the cancellation of the Offering or, if, following allocation, the Company declines to complete the Offering for whatever reason, an Alternative

Transaction (as defined herein) is entered into or announced by the Company, the Company shall pay to the Agent a fee equal to 100% of the maximum Agent's Fee, based on an offering size of C\$● together with all of the Agent's expenses and disbursements incurred to the date of such agreement or transaction. Any such payment shall be made upon the closing date of the Alternative Transaction.

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

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

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

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

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

This summary is of general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. This summary is not exhaustive of all Canadian federal income tax considerations. There may also be tax considerations for investors under the laws of any other jurisdiction in which the investor resides or to which the investor is subject that

are not addressed by this summary. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

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

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

Allocation of Offering Price

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

Acquisition of Receipt Shares Pursuant to Subscription Receipts

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

Termination of Subscription Receipts

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

advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Dividends on Unit Shares and Receipt Shares

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

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

Dispositions of Securities

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

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

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

Additional Refundable Tax

Corporations that are "Canadian-controlled private corporations", as defined in the Tax Act, may be subject to an additional refundable 6^{2/3}% tax on their "aggregate investment income" which is defined in the Tax Act to include an amount in respect of taxable capital gains, interest and certain dividends.

Foreign Property Information Reporting

In general, a "specified Canadian entity", as defined in the Tax Act, for a taxation year or fiscal period whose total cost amount of "specified foreign property", as defined in the Tax Act, at any time in the taxation year or fiscal period exceeds C\$100,000, is required to file a T1135 - "Foreign Income Verification Statement" for the taxation year or fiscal period disclosing prescribed information, including the cost amount and any income in the year, in respect of such property. With some exceptions, a taxpayer resident in Canada in the year, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a specified Canadian entity. The Securities will be specified foreign property to a

Holder. In the March 4, 2010 Federal Budget (the “**2010 Federal Budget**”), the Canadian Minister of Finance proposed that the existing reporting requirements with respect to “specified foreign property” be expanded so that more detailed information be available for audit use. Revised legislation reflecting such proposal has not yet been released. **The reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required by any investor. Accordingly, Holders should consult their own tax advisors regarding compliance with these rules including any expansion thereof pursuant to the afore-mentioned 2010 Federal Budget proposal.**

Offshore Investment Fund Property

The Tax Act contains rules which require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property”. These rules could apply to a Holder in respect of the Securities held by the Holder if, but only if:

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

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

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

CERTAIN AUSTRALIAN INCOME TAX CONSIDERATIONS

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

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

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

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

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

Dividends on Unit Shares or Receipt Shares

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

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

Where the security Holder is a corporate entity, the receipt of a franked dividend will generally give rise to a credit in the corporate entity’s franking account to the extent the dividend is franked.

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

Where the security Holder is a corporate entity, the security Holder will not be entitled to a tax refund for any franking credits that exceed their tax liability for the income year, but may be entitled to convert the excess franking credits into a current year tax loss which could be carried forward to be offset against taxable income in a later year, subject to satisfying certain tests.

Offering Price

The Offering Price paid for the Units will need to be apportioned on an appropriate basis between the Unit Shares and the Subscription Receipts when establishing the tax cost base of each. For its purposes, the Company intends to allocate C\$● of the Offering Price as consideration for the issue of each Unit Share and C\$● of the Offering Price as consideration for the issue of each Subscription Receipt. While the Company believes that its allocation is reasonable, it is not binding on the Australian Taxation Authorities or the Holder.

Issue of Receipt Shares

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

Non Satisfaction of Release Condition

Should the Release Condition not be satisfied, upon the return of the Subscription Receipt funds to Holders of the Subscription Receipts, a capital gain or capital loss may arise as the amount of funds agreed to be returned to Holders, or “capital proceeds” (excluding any interest thereon – refer to further comments below), and the apportioned tax cost base of the Subscription Receipts (discussed at the “Offering Price” section above) may differ due to changes in the CND/AUD exchange rate.

Where the converted capital proceeds (being the refund of C\$●) exceed the converted tax cost base a capital gain will arise and where the converted capital proceeds are less than the converted reduced tax cost base a capital loss will arise. For Australian capital gains tax (“CGT”) purposes, in determining the tax cost base and the capital proceeds received where they are denominated in a foreign currency, security Holders will need to convert the relevant amount provided/received at the prevailing CND/AUD spot rate on the date of the respective transaction or event to calculate their capital gain or capital loss.

Additional foreign exchange gains or losses may arise for a Holder in respect of the impact of exchange rate movements in the period between the release condition not being met and payment date. These gains or losses may be taxed under different parts of the Australian Tax Law, depending on the Holder’s particular circumstances.

Should the Release Condition not be satisfied, to the extent the Holder receives their pro rata share of any interest earned on the Escrowed Proceeds, such interest should be included in the assessable income of the Holder in the year of receipt. Non-Australian withholding tax, if any, payable by a Holder in respect of any such interest may be eligible for a foreign income tax offset under the Australian Tax Laws to the extent and under the circumstances described in the Australian Tax Laws.

Dispositions of Unit Shares or Receipt Shares

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

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

Please refer to our comments above in the “Non Satisfaction of Release Condition” section for an explanation as to how a capital gain or loss is calculated where an element of the calculation is denominated in a foreign currency.

Tax Treatment of Capital Gains and Capital Losses

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

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

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

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

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

Dividends on Unit Shares or Receipt Shares

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

Dividends received by security Holders may either be “fully franked”, “partially franked” or “unfranked”. Fully franked dividends paid by the Company to non-resident security Holders are generally not subject to Australian dividend withholding tax. Unfranked dividends paid to non-resident security Holders will generally be subject to withholding tax at a rate of 30% on the unfranked component of the dividend paid. The withholding tax rate is generally reduced to 15% (lower for certain countries) where there is an applicable double tax agreement (“DTA”) between Australia and the relevant foreign country. The Australia – Canada DTA provides that Australian dividend withholding tax will not exceed a rate of 5% for franked dividends paid to a company that holds directly at least 10% of the voting power in the company. In all other cases, where a dividend is paid by an Australian resident to a Canadian resident, the dividend withholding tax rate shall not exceed 15%. Note however, that domestic Australian tax legislation provides a 0% dividend withholding tax rate on any franked dividend regardless of the residence of the recipient, so where a franked dividend is paid, no dividend withholding tax should apply regardless of the recipients country of residence.

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 that is not otherwise taxable in Australia due to the operation of specific provisions. Under the CFI measures, an Australian company may pay this income to foreign security Holders free of Australian dividend withholding tax.

Offering Price

The Offering Price paid for the Units will need to be apportioned on an appropriate basis between the Unit Shares and the Subscription Receipts when establishing the tax cost base of each. For its purposes, the Company intends to allocate C\$● of the Offering Price as consideration for the issue of each Unit Share and C\$● of the Offering Price as consideration for the issue of each Subscription Receipt. While the Company believes that its allocation is reasonable, it is not binding on the Australian Taxation Authorities or the Holder.

Issue of Receipt Shares

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

Non Satisfaction of Release Condition

Non-Australian resident Holders will generally only be subject to Australian CGT implications where the Holder (together with their associates), holds an interest of at least 10% of the shares (including rights to acquire such shares, e.g. the Subscription Receipts) in the Company at the time of disposition, or for any continuous 12 month period during the 2 years immediately preceding the disposition, and certain other conditions are satisfied.

Accordingly, where these conditions are not met by a non-Australian resident Holder, no Australian CGT implications should arise where the Release Condition is not satisfied.

Where the conditions are met then Australian CGT implications may arise upon the disposition of their Subscription Receipts. In this case, special rules may apply which dictate how foreign currency denominated amounts are to be converted for the purposes of calculating any capital gain or loss which differ to those which apply to Australian resident Holders. Accordingly, non-Australian resident Holders in this position should seek their own independent Australian taxation advice.

Additional foreign exchange gains or losses may arise for a Holder in respect of the impact of exchange rate movements in the period between the release condition not being met and the payment date. These gains or losses may be taxed under different parts of the Australian Tax Law, depending on the Holder's particular circumstances.

Should the Release Condition not be satisfied, to the extent any interest arising on the Escrowed Proceeds is paid to a non-resident Holder by an Australian resident, such interest may be subject to 10% Australian interest withholding tax (subject to the rate of withholding being reduced by the application of any relevant DTA between Australia and the country of residence of the recipient).

Dispositions of Unit Shares or Receipt Shares

Similar to the above, the non-Australian resident Holders will generally only be subject to Australian CGT implications arising upon the disposition of their Unit Shares or Receipt Shares where the Holder (together with their associates), satisfies the conditions as detailed under the above heading "*Non Satisfaction of Release Condition*". Accordingly, where the conditions are not met by a non-Australian resident Holder, no Australian CGT implications should arise upon the disposition of their Unit Shares or Receipt Shares. Further, the same special rules which dictate how foreign currency denominated amounts are to be converted for the purposes of calculating any capital gain or loss equally apply. Non-Australian resident Holders in this position should seek their own independent Australian taxation advice.

Additional foreign exchange gains or losses may arise for a non-Australian resident Holder upon the disposition of their Unit Shares or Receipt Shares, which may be taxed under Australia's foreign currency gain or loss provisions or the CGT provisions, depending on the Holder's particular circumstances.

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

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Marengo and the value of the Ordinary Shares. These include risks that are widespread risks associated with any form of business and specific risks associated with Marengo's business and its involvement in the exploration and mining industry generally and in Papua New Guinea in particular. While most risk factors are largely beyond the control of Marengo and its directors, the Company will seek to mitigate the risks where possible, for example by maintaining its key relationships with Papua New Guinea's federal and regional governments and local people. However, an investment in the Units is considered speculative due to the nature of Marengo's business and the present stage of its development. A prospective investor should carefully consider in light of their own financial circumstances, the factors set out herein, as well as other information contained or incorporated by reference in this short form prospectus, including, in particular, the "*Risk Factors*" section on pages 15 to 19 of the Annual Information Form and the management's discussion and analysis of financial condition and results of operations incorporated by reference in this short form prospectus.

Failure to Satisfy Release Condition

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

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

Details of the approval required will be contained in the notice of meeting (and accompanying explanatory memorandum) convening a general meeting of shareholders which was sent to the shareholders of the Company on or about ●, 2012.

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

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

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

No Market for Subscription Receipts

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

Discretion in the Use of Proceeds

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

Structural Subordination of the Ordinary Shares

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

Future Sales or Issuances of Ordinary Shares

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

Enforceability of Foreign Judgments

The Company and its subsidiaries are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction outside of Canada. Certain of the officers and directors of the Company and its subsidiaries reside outside of Canada. Although the Company has appointed Fraser Milner Casgrain LLP as its agents for service of process in Canada, it may not be possible for investors to enforce

judgments obtained in Canada or foreign arbitral awards against the Company and its subsidiaries or such persons.

Risk of Suspension

Like all reporting issuers, the Company may be subject to potential suspension from listing due to a failure to comply with local regulations, resulting from changes in policy or otherwise. To mitigate these risks, the Company monitors local regulations governing companies through its local counsel experienced in corporate law to ensure that it continues to comply with such regulations.

Risk of Fines and Penalties

The Company may be subject to potential fines and penalties in local jurisdictions where it conducts business, resulting from changes in policy or otherwise. To mitigate these risks, the Company monitors compliance with local regulations governing companies through its local legal counsel experienced in corporate law.

Risk of Improper Use of Funds in Local Entity

The Company operates in a number of jurisdictions, and, as result, is exposed to potential misappropriation of funds by a local entity. To mitigate this risk, the Company keeps cash balances to a minimum and completes a reconciliation of all bank accounts on a regular basis, as well as independent verification of all funds used. The Company has implemented an internal approval process with respect to all payments made.

Title to the Company's Mineral Properties Cannot be Guaranteed and May be Subject to Prior Unregistered Agreements, Transfers or Claims and Other Defects

The Company cannot guarantee that title to its properties will not be challenged. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be constrained. The Company's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Company has not conducted complete surveys of all of the tenements in which it holds direct or indirect interests. A successful challenge to the precise area and location of these tenements could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

Although the Company has obtained title opinions from what it believes to be appropriately qualified legal counsel in the local jurisdictions, such opinions are subject to the assumptions and limitations contained therein and are current only as at the date such opinions are rendered, with no obligation on legal counsel to update the information contained in such opinions going forward.

Company may not Obtain Renewal of EL1335

The Yandera central resource is located on EL1335. EL1335 expired on November 19, 2011. EL1335 may be renewed for an additional two year term, upon an application being made prior to November 19, 2011, failing which the Company's rights to the area of EL1335 may be forfeited. The Company made application for a renewal of EL1335 prior to November 19, 2011. 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.

The Company is Subject to Potential Significant Changes in Law and Government Regulation

The Company's mineral exploration and planned development activities are subject to various laws governing title, tenement interests, prospecting, mining rights, land ownership, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. Although the Company's exploration and planned development activities are currently believed by the Company to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to governmental approvals, licenses and permits. The granting and enforcement of the terms of such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations, title matters, land ownership, tenement interests or mining rights or more stringent implementation thereof could have a substantial adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

INTEREST OF EXPERTS

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

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

Stephen Godfrey, the author of the Revised Technical Report, did not hold at the time of preparation of the Revised Technical Report, and did not and will not receive after that time, a registered

or beneficial interest, direct or indirect, in any securities or other property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned person and the directors, officers, employees and partners of Golder Associates Pty Ltd (Australia), do not beneficially own, directly or indirectly, any of the outstanding securities of the Company.

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 – PREVIOUS AUDITORS

We have read the short form prospectus of Marengo Mining Limited (the “**Company**”) dated ●, 2012 relating to the issue and sale of units of the Company. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated statements of financial position of the Company as at June 30, 2011 and June 30, 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended June 30, 2011 and June 30, 2010, such report is dated September 23, 2011.

West Perth, Western Australia
●, 2012

STANTONS INTERNATIONAL AUDIT AND
CONSULTING PTY LTD

CERTIFICATE OF THE COMPANY

Dated: March 13, 2012

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) MARK CHURCHWARD
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) JOHN HICK
Director

(signed) JOHN HORAN
Director

CERTIFICATE OF THE AGENT

Dated: March 13, 2012

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.

(signed)

By: ANDREW PARTINGTON

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

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

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo Mining Limited at Level 1, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +618 9429 0000, and are also available electronically under the Company's profile at the SEDAR website.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

March 13, 2012



ABN 57 099 496 474

C\$●

● Units

This short form prospectus qualifies the distribution (the "**Offering**") by Marengo Mining Limited ("**Marengo**" or the "**Company**") of an aggregate of up to ● units (the "**Units**") of Marengo, each Unit consisting of one ordinary share of the Company (each, a "**Unit Share**") and one subscription receipt (each, a "**Subscription Receipt**") at a price of C\$● per Unit (the "**Offering Price**"), pursuant to the terms of an agency agreement dated as of ●, 2012 (the "**Agency Agreement**") between Marengo and Paradigm Capital Inc. (the "**Agent**"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, one ordinary share of the Company (each, a "**Receipt Share**") upon satisfaction of the Release Condition (as defined herein under "*Plan of Distribution*"). The effective price per ordinary share of the Company offered under this short form prospectus is C\$● (the "**Effective Price**").

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

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

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

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

The outstanding ordinary shares of the Company (the “**Ordinary Shares**”) are listed and posted for trading on the Australian Securities Exchange (the “**ASX**”) and the Port Moresby Stock Exchange (the “**POMSoX**”) under the symbol “**MGO**” and on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**MRN**”. On March 12, 2012, the last trading day on the ASX before the filing of this short form prospectus, the closing price of the Ordinary Shares on the ASX was A\$0.27. On March 12, 2012, the last trading day on the TSX before the filing of this short form prospectus, the closing price of the Ordinary Shares on the TSX was C\$0.285. **There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus.**

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

Price: C\$● per Unit

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

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

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

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

The Agent conditionally offers the Units on a best efforts basis and, subject to prior sale, if, as and when issued by the Company and delivered and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Company by Fraser Milner Casgrain LLP, and on behalf of the Agent by Cassels Brock & Blackwell LLP. In connection with the

Offering and subject to applicable laws, the Agent may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Ordinary Shares at levels other than that which might otherwise prevail in the open market for a limited period after the date on which the Offering is completed. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. See “*Plan of Distribution*”.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Unit Shares and the Subscription Receipts will be issued in registered form on the date of closing, which is expected to occur on or about March 29, 2012, or any other date on which the Company and the Agent may agree, but in any event not later than 42 days after the date of the receipt for this short form prospectus (the “**Closing Date**”).

Marengo’s registered and head office is located at Level 1, 9 Havelock Street, West Perth, Western Australia, 6005.

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

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Marengo at Level 1, 9 Havelock Street, West Perth, Western Australia, 6005, telephone +618 9429 0000, and are also available electronically under the Company's profile at the SEDAR website.

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

- (a) annual information form of the Company dated September 28, 2011 for the financial year ended June 30, 2011 (the "**Annual Information Form**");
- (b) audited annual consolidated financial statements of the Company as at, and for the financial year ended June 30, 2011, together with the auditors' report thereon dated September 23, 2011 and the notes thereto;
- (c) management's discussion and analysis of financial condition and results of operations for the financial year ended June 30, 2011;
- (d) explanatory statement and management information circular of the Company dated September 30, 2011 prepared in connection with the annual general meeting of shareholders held on November 10, 2011;
- (e) unaudited interim consolidated financial statements of the Company as at, and for the three and six month periods ended December 31, 2011, together with the notes thereto; and
- (f) management's discussion and analysis of financial condition and results of operations for the three and six month periods ended December 31, 2011.

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

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

In making and providing the forward-looking information included in this short form prospectus, the Company has made numerous assumptions. The assumptions include, among other things, assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) the accuracy of the Company's mineral resource estimate; (iv) the future price of copper and molybdenum; and (v) that the supply and demand for copper, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) the risk that Shareholder Approval (as defined herein) for the issue of the Receipt Shares upon conversion of the Subscription Receipts is not obtained; (ii) the absence of any market through which Subscription Receipts may be traded; (iii) the risk that the proceeds of the Offering are not applied effectively; (iv) structural subordination of the Ordinary Shares; (v) dilution from the future issue or sale of Ordinary Shares; (vi) the ability to enforce foreign judgements; (vii) suspension of the Company from listing due to failure to comply with regulations resulting from changes in policy or otherwise; (viii) application of fines or penalties for non compliance; (ix) improper use of funds in subsidiaries; (x) unregistered agreements, transfers, claims or other defects applying to the Company's property; and (xii) failure to renew EL1335.

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 at the SEDAR website.

ELIGIBILITY FOR INVESTMENT

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

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

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

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

The high, low, average and closing exchange rates for Canadian dollars in terms of Australian dollars and Canadian dollars in terms of United States dollars for each of the two fiscal years ended June 30, 2011 and 2010 and the three month periods ended December 31, 2011 and 2010, as quoted by the Bank of Canada, were as follows:

<u>Canadian dollar per Australian dollar</u>	<u>High</u>	<u>Low</u>	<u>Average⁽¹⁾</u>	<u>Closing⁽²⁾</u>
Year ended June 30				
2011	\$1.0506	\$0.8926	\$0.9901	\$0.9664
2010	\$0.9822	\$0.8633	\$0.9304	\$1.1120

Three Months ended December 31

2011	.....	\$1.0660	\$1.0023	\$1.0354	\$0.9593
2010	.....	\$1.0180	\$0.9811	\$1.0005	\$0.9023

Canadian dollar per United States dollar

High Low Average⁽¹⁾ Closing⁽³⁾

Year ended June 30

2011	.....	\$1.0660	\$0.9486	\$1.0013	\$0.9645
2010	.....	\$1.1655	\$0.9961	\$1.0555	\$1.0646

Three Months ended December 31

2011	.....	\$1.0604	\$0.9935	\$1.0234	\$1.0170
2010	.....	\$1.0320	\$0.9946	\$1.0128	\$0.9946

Notes:

- (1) Calculated as an average of the daily noon rates for each period.
- (2) Noon rate at end of period.
- (3) Closing rate at end of period.

On March 12, 2011, the Bank of Canada exchange rate for the purchase of one Australian dollar using Canadian dollars was C\$1.0423 (C\$1.00 = A\$0.9594)

On March 12, 2011, the Bank of Canada noon spot exchange rate for the purchase of one United States dollar using Canadian dollars was C\$0.9935 (C\$1.00 = US\$1.0065).

On March 12, 2011, the Reserve Bank of Australia exchange rate for the purchase of one Papua New Guinean kina using Australian dollars was A\$2.08 (A\$1.00 = PGK 0.4800).

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 Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements incorporated by reference comply with International Financial Reporting Standards (IFRS). Canadian issuers adopted IFRS with effect from 1 January 2010 and hence the financial statements incorporated by reference are considered comparable to financial statements of Canadian issuers.

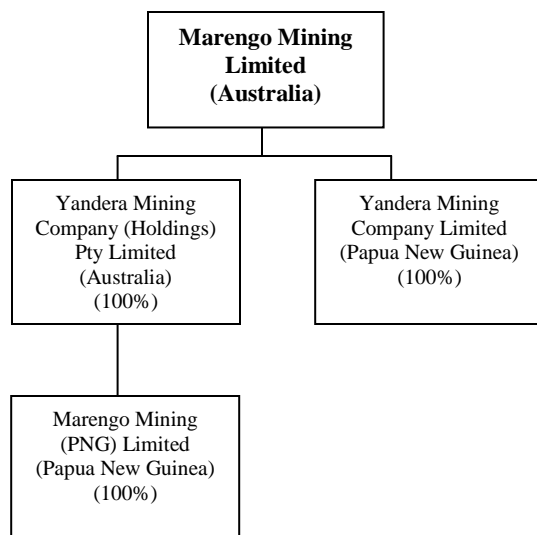
THE COMPANY

Corporate Structure

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

Marengo has three subsidiaries, Marengo Mining (PNG) Limited (previously known as Yandera Mining Company Limited) (“**Marengo PNG**”), Yandera Mining Company (Holdings) Pty Limited (“**YMCHL**”), and Yandera Mining Company Limited (previously known as Marengo Mining (PNG) Limited) (“**YMCL**”). YMCL was incorporated under the laws of Papua New Guinea (“**PNG**”) on February 21, 2005. In August 2006, the Company purchased all of the issued and outstanding shares of Belvedere Limited (a private Papua New Guinea company) (“**Belvedere**”). On June 27, 2007, YMCL and Belvedere were amalgamated under the name “Marengo Mining (PNG) Limited”, now known as Yandera Mining Company Limited. YMCL holds the Company’s interest in the Yandera Project.

The following chart describes the inter-corporate relationships amongst the Company’s subsidiaries as at the date of this prospectus. Marengo PNG is 100% owned by YMCHL. YMCHL is 100% owned by Marengo. YMCL is also 100% owned by Marengo.



(a) Marengo PNG:

Directors:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie	Australia	Director	Managing	November 26,	In

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
Sidney George			Director	2010	accordance with the Company's Constitution
AKOITAI, Samuel	Papua New Guinea	Director	Consultant	November 26, 2010	In accordance with the Company's Constitution

Executive Officers:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	November 26, 2010	In accordance with the Company's Constitution
CHURCHWARD, Mark Andrew	Australia	Chief Financial Officer	Accountant	September 12, 2011	In accordance with the Company's Constitution

Notes:

- (1) During the past five years, each of the foregoing executive officers has been engaged in the principal occupation shown in that column opposite his name.
- (2) Marengo PNG may terminate services and has not entered into formal employment agreements with its executive officers.

Security Holdings:

All issued and outstanding shares in the capital of Marengo PNG are held by YMCHL.

Education and Qualifications of directors and officers:

Name	Qualifications	Education	Work Experience
EMERY, Leslie Sidney George	Mr. Emery is a past Vice President and Executive Councillor of the Association of Exploration and Mining Companies Inc. (AMEC) and has served as a commissioned officer in the Australian Citizen Military Forces (now Army Reserve).	1967-68 School of Mines, Kalgoorlie Western Australia	Mr. Emery has been involved in the Western Australian mining industry for more than 35 years and has experience in exploration, mining and corporate administration. Until June 2001 he was Managing Director of Lynas Corporation Limited (formerly Lynas Gold NL) for 15 years and was instrumental in the transition of that Company from explorer to gold producer In 1999 Mr. Emery negotiated

			<p>the entry of Lynas Corporation into that company's now core business, the Mt Weld rare earths and tantalum/niobium project. In addition to Lynas Corporation Limited, Mr Emery has previously been a director of a number of listed Australian resource companies, including Herald Resources Limited (as Managing Director), Sundowner Minerals NL, Roebuck Resources NL and Acclaim Exploration NL. From 1975 - 1981 he was employed by the Western Australian Department of Mines (now the Department of Mineral and Petroleum Resources). Prior to this he was employed by Western Mining Corporation Limited.</p>
AKOITAI, Samuel	-	1977 Hutjena High School, Bougainville (High School Certificate)	<p>Mr. Akoitai has gained experience in the minerals industry through his employment with Bougainville Copper Limited. He entered the National Parliament of Papua New Guinea in 1997, serving firstly as Minister for Bougainville Affairs (1997-2000) and subsequently as Minister for Mining from 2002 until the national elections in mid 2007.</p>
CHURCHWARD, Mark Andrew	<p>B Comm., ACA, ACIS, F Fin.</p> <p>Member – Institute of Chartered Accountants in Australia</p> <p>Member- Chartered Institute of Company Secretaries in Australia</p> <p>Fellow – Financial Services Institute of Australia</p>	<p>1982 Bachelor of Commerce – University of Western Australia, 1985 Institute of Chartered Accountants in Australia, 1999 Graduate Diploma in Applied Finance and Investment – Financial Services Institute of Australia, 2002 Graduate Diploma in Company Secretarial Practice – Chartered Institute of Company Secretaries in Australia</p>	<p>Mr. Churchward is a Chartered Accountant with more than 20 years experience in finance and commerce with a number of listed mining companies, including Xstrata plc and Normandy Mining Limited. Recently, he served for four years as Finance Manager for Ok Tedi Mining Limited, based at the Ok Tedi mine in Papua New Guinea</p>

(b) YMCHL:

Directors:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	November 12, 2010	In accordance with the Company's Constitution

Executive Officers:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	November 12, 2010	In accordance with the Company's Constitution
CHURCHWARD, Mark Andrew	Australia	Chief Financial Officer	Accountant	September 12, 2011	In accordance with the Company's Constitution

Notes:

- (3) During the past five years, each of the foregoing executive officers has been engaged in the principal occupation shown in that column opposite his name.
- (4) YMCHL may terminate services and has not entered into formal employment agreements with its executive officers.

Security Holdings:

All issued and outstanding shares in the capital of YMCHL are held by Marengo.

Education and Qualifications of directors and officers:

Name	Qualifications	Education	Work Experience
EMERY, Leslie Sidney George	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG
CHURCHWARD, Mark Andrew	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG

(c) YMCL:

Directors:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	February 10, 2005	In accordance with the

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
					Company's Constitution
HORAN, John Patrick	Australia	Director	Director	April 22, 2005	In accordance with the Company's Constitution
DUNNET, Douglas	Australia	Director	Consultant	April 22, 2005	In accordance with the Company's Constitution
AKOITAI, Samuel	Papua New Guinea	Director	Consultant	December 4, 2007	In accordance with the Company's Constitution

Executive Officers:

Name	Residency	Current Office	Principal Occupation	Date Appointed	Term Expiry
EMERY, Leslie Sidney George	Australia	Director	Managing Director	February 10, 2005	In accordance with the Company's Constitution
CHURCHWARD, Mark Andrew	Australia	Chief Financial Officer	Accountant	September 12, 2011	In accordance with the Company's Constitution

Notes:

- (1) During the past five years, each of the foregoing executive officers has been engaged in the principal occupation shown in that column opposite his name.
- (2) YMCL may terminate services and has not entered into formal employment agreements with its executive officers.

Security Holdings:

All issued and outstanding shares in the capital of YMCL are held by YMCHL.

Education and Qualifications of directors and officers:

Name	Qualifications	Education	Work Experience
EMERY, Leslie Sidney George	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG
HORAN, John Patrick	FCPA, FCIS Fellow-CPA, Australia Fellow-Chartered	1967 Broken Hill College (Accountant Certificate) 1979 Private study, Adelaide	Mr. Horan has many years of experience in the financial, corporate, technical and management areas of the mining industry. He has been

	<p>Institute of Company Secretaries in Australia</p> <p>Member-Finance & Treasury Association Limited</p> <p>Member-Australian Mining & Petroleum Law Association</p>	(Company Secretary Certificate)	<p>a director and chairman of a number of listed mining and exploration companies on the ASX, the Alternative Investment Market (AIM) on the London Stock Exchange, the TSX in Canada and the POMSoX in Papua New Guinea. He is currently the chairman of Marengo and a director of ASX listed Adelaide Resources Limited. Mr. Horan was the finance director of Homestake Gold of Australia Limited (now part of Barrick Gold Corporation), one of Australia's largest gold producers, from 1987 until June 1993. He first joined Homestake in 1978 and was responsible for financial, commercial and corporate management functions prior to 1987 when he played a substantial role in the float of the Australian subsidiary. He also fulfilled key responsibilities in subsequent very large debt and equity capital raisings. From the early 1960s until the second half of the 1970s he held various financial accounting, corporate administrative and management positions in Poseidon Limited and CRA Limited (now Rio Tinto Limited), following initial technical experience in CRA's mining operations at Broken Hill.</p>
DUNNET, Douglas	<p>B.Sc.(Hons), PhD F.AusIMM Fellow SEG (USA)</p>	<p>October 4, 1962 University of Sydney</p> <p>July 4, 1969 University of London, England</p>	<p>Dr. Dunnet is a geologist with over 30 years experience. He has a strong background in management of mining project initiation and development in Australia and North America, including 14 years with the Anaconda (USA) group of companies, culminating as Exploration Manager for the Australian subsidiary during the period 1980-1983. He has extensive experience in the Archaean and Proterozoic rocks of Australia and North America. In 1984 Dr. Dunnet became a principal of Aurex Pty Ltd., a contracting and consulting company. In 1987</p>

			he initiated the listing of and became Managing Director of Orion Resources NL and a director of Ranger Minerals Ltd. He was subsequently instrumental in acquiring a 45% interest in the Yilgarn Star Gold Mine near Southern Cross and guiding Orion to a market capitalisation of over \$130 million, prior to the takeover by Sons of Gwalia NL. This included the successful transition from significant open pit mining to major underground mining operations producing in excess of 100,000 ounces of gold per annum. Dr. Dunnet also served as Chairman of Paladin Resources Limited, a listed Australian mineral exploration company, from 1994 until December 2002.
AKOITAI, Samuel	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG
CHURCHWARD, Mark Andrew	Please see above, under Marengo PNG	Please see above, under Marengo PNG	Please see above, under Marengo PNG

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

Overview

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



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

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

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

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

Investment and Co-operation Agreement with Petromin

On September 19, 2011 the Company announced that it had entered into the non-binding Yandera Project Investment and Co-operation Agreement (“**Petromin Agreement**”) with Petromin PNG Holdings Limited (“**Petromin**”) and its wholly-owned subsidiary, Eda Kopa (Yandera) Limited.

As previously announced, Petromin has been nominated by the Government of Papua New Guinea (“**PNG Government**”) to take up the State’s interest in the Yandera Project.

Petromin is a resource and investment company established by the PNG Government to hold the Government’s interest in, and invest in the development of mining, oil and gas projects in PNG. To date, it holds interests in:

- the PNG LNG Gas project;
- the Solwara offshore mining project principally owned by Nautilus Minerals;
- the Tolukuma Gold project; and
- a number of other gold projects.

The Petromin Agreement also provides a framework for Marengo and Petromin to work together to facilitate the development of the Yandera Project. This framework will involve the establishment of three committees being:

- a steering committee;
- a technical committee; and
- a finance committee,

with each committee comprising senior management, operations, technical and finance executives of Marengo and Petromin.

Petromin has appointed BNP Paribas to advise on the financing options available to Petromin to fund its pro-rata participation in the Yandera Project development.

Renewal of Exploration Licence 1335

The Company's interest in the Yandera Project is derived from one Exploration Licence (“**EL**”), namely, EL1335. On June 21, 2010 the Papua New Guinea Mineral Resources Authority granted the Company a renewal of EL1335, on which the Yandera Central Porphyry is located. EL1335 expired on November 19, 2011. An application for renewal for an additional two year term was made prior to November 19, 2011 and the Company has no reason to believe that EL1335 will not be renewed for an additional two year term.

DETAILS OF THE YANDERA PROJECT

Detailed information in respect of the Yandera Project is set out in the revised and restated technical report on the Yandera Project (the “**Revised Technical Report**”) originally dated December 2008 and revised and restated February 2009 and then revised and restated February 2011, prepared by Stephen Godfrey, Associate, Principal Resource Geologist of Golder Associates Pty Ltd (Australia). A summary of the Revised Technical Report is set out at pages 10 to 12 of the Annual Information Form. See “*Documents Incorporated by Reference*”.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share or loan capital, on a consolidated basis, since December 31, 2011. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering. This table should be read in conjunction with the consolidated financial statements of the Company (including the notes thereto) incorporated by reference into this short form prospectus.

	Outstanding as at June 30, 2011 ⁽¹⁾ <hr/> (Audited)	Outstanding as at December 31, 2011 ⁽¹⁾ <hr/> (Unaudited)	Outstanding as at December 31, 2011 after giving effect to the Offering ⁽²⁾ <hr/> (Pro Forma - Unaudited)
Long-Term Debt	NIL	NIL	NIL
Ordinary Shares ⁽³⁾ (authorized: unlimited).....	995,068,613	1,002,399,863	●
Contributed Equity.....	\$ 158,568,802	\$ 159,173,499	\$ ●
Reserves	\$ (392,005)	\$ 9,512,306	\$ ●
Accumulated Losses	\$ (15,809,157)	\$ (16,975,897)	\$ ●
TOTAL EQUITY	\$ 142,367,640	\$ 151,709,907	\$ ●

Notes:

- (1) Before giving effect to the Offering.
- (2) After deducting expenses of the Offering, estimated to be C\$500,000, and the Agent's Fee and assuming no exercise of the Over-Allotment Option.
- (3) Not including Ordinary Shares issuable upon exercise of options, warrants or broker warrants which remained unexercised on June 30, 2011 and December 31, 2011, respectively.

USE OF PROCEEDS

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

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

The Company intends to use the net proceeds to finalise the Feasibility Study, advance exploration of the Yandera Project and regional exploration, as well as for permitting and other pre-construction expenditures relating to the Yandera Project and general corporate and working capital purposes. The proceeds from the Offering (assuming no exercise of the Over-Allotment Option) will be used more particularly by the Company as follows:

DS finalization	C\$● million
Exploration – Yandera (detailed below)	C\$● million
Permitting and other pre-construction expenditures (detailed below)	C\$● million
Exploration – Regional	C\$● million
Costs associated with the financing of the project	C\$● million
Costs of the equity issue	C\$● million
General corporate and working capital	C\$● million
Total:	C\$● million

Exploration

Drilling (up to 35,000 metres) including assays	C\$● million
Helicopter hire	C\$● million
Salaries	C\$● million
Field accommodation (incl. major camp upgrades)	C\$● million
Miscellaneous field expenditure and administration	C\$● million
Total:	C\$● million

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

Permitting and Pre-construction

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

The proposed exploration expenditures will focus on extensions to the resource at depth, along strike and adjacent to the initial proposed mining pits. To some extent the amount of resource extension drilling will be dependent on the results of the current drilling program and the initial results of the FS which may require additional resource infill, geotechnical, engineering or sterilization drilling to be done as a priority. The program envisages up to six diamond drilling rigs in operation for the remainder of 2012 depending on the amount of work required. Work will also continue on the detailed geological model for the resource and adjacent areas in order to increase confidence in the interpretation. These interpretive models are also used in the district exploration program. Drilling has recently commenced on geochemical and geophysical targets to the south of Yandera Central

Regional exploration will continue to focus on targets generated by the 2009 helimag and the recently commenced 2012 helimag and radiometric survey and earlier reconnaissance geochemistry and geological interpretations. Target areas will be followed up by remote sensing, ground geochemistry,

geological mapping, and geophysics, as necessary. The exact nature of the exploration programme will largely be dependent on results.

The Company has existing cash funds of C\$33.76 million, as of December 31, 2011. Existing funds of the Company and proceeds from the Offering are currently the only sources of funds to finance the exploration program at the Yandera Project. Marengo may require further capital from external sources to develop any newly discovered mineral deposits and/or, if the FS is positive, to develop the Yandera Project. Marengo intends to raise any such funds through debt and/or equity financing. There can be no assurance that additional financing will be available at all or on terms acceptable to the Company to develop any newly discovered mineral deposits or to finance the capital costs to develop the Yandera Project.

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

The significant milestones in the development of the Yandera Project in 2012 and expected timing of those milestones are set out in the table below.

Feasibility Study completion.....	Mid 2012
Exploration.....	Quarter 4, 2012
EPC contract from China Nonferrous Metal Industry's Foreign Engineering & Construction Co. Ltd.....	Quarter 4, 2012
Regional exploration.....	Quarter 4, 2012

Although Marengo intends to expend the net proceeds from the Offering as set out in the above table, the actual allocation of the net proceeds may vary from that set out above, depending on future developments in Marengo's mineral properties or unforeseen events. Additionally, if the Shareholder Approval (as defined herein) is not obtained and the Receipt Shares are not issued, Marengo may not be able to complete the planned exploration and permitting and other pre-construction programs at the Yandera Project as outlined above. If this were to occur, Marengo would use the net proceeds of the Offering to implement the exploration program as outlined above.

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

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

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

Subscription Receipts

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

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

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

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

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

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

From time to time while the Subscription Receipts are outstanding, the Company, the Agent and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that,

in the opinion of the Escrow Agent, does not prejudice the rights of the holders of the Subscription Receipts.

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

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

Ordinary Shares

Subject to certain prescribed exceptions under the Corporations Act 2001 (Cth) (Australia) and the Company's constitution, the Company is authorized to issue an unlimited number of Ordinary Shares. At the date of this short form prospectus, Marengo has an aggregate of 1,002,559,863 fully paid Ordinary Shares issued and outstanding. No other shares in the capital of Marengo of any other classes are issued or outstanding.

The holders of the Ordinary Shares are entitled:

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

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

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

As of the date of this short form prospectus, the Company does not have sufficient capacity under this 15% limit to issue the Receipt Shares to be issued upon conversion of the Subscription Receipts. Accordingly a meeting of Marengo shareholders is scheduled to be held on ●, 2012 at which the shareholders will be asked to vote on a resolution to approve the issuance of up to ● Receipt Shares, including those issuable upon exercise of the Over-Allotment Option in full ("**Shareholder Approval**").

PRIOR SALES

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

<u>Date Issued</u>	<u>Number of Securities</u>	<u>Security</u>	<u>Price per Security</u>
April 1, 2011.....	1,050,000	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
July 29, 2011.....	7,331,250	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
November 10, 2011	225,000	Stock Option	A\$0.19 ⁽¹⁾⁽³⁾
February 22, 2012.....	60,000	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
February 24, 2012.....	100,000	Stock Option	A\$0.12 ⁽¹⁾⁽²⁾
February 24, 2012.....	275,000	Stock Option	A\$0.24 ⁽¹⁾⁽⁴⁾

Notes:

- (1) Price per security reflects exercise price of the respective security granted.
- (2) Issuance of Ordinary Shares pursuant to an exercise of unlisted options.
- (3) Unlisted options expiring November 10, 2016.
- (4) Unlisted options expiring February 24, 2017.

TRADING PRICE AND VOLUME

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

<u>Month</u>	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
February 2011	0.36	0.295	3,872,000
March 2011	0.345	0.20	7,461,000
April 2011	0.37	0.315	7,175,500
May 2011	0.35	0.26	4,244,000
June 2011	0.32	0.24	6,433,100
July 2011	0.265	0.235	8,310,521
August 2011	0.26	0.117	6,945,916
September 2011	0.26	0.13	3,124,500
October 2011	0.23	0.185	2,760,477
November 2011	0.22	0.118	5,022,150
December 2011	0.24	0.20	5,022,150
January 2012	0.26	0.195	1,310,500
February 2012	0.295	0.23	1,219,708
March 1-12, 2012	0.30	0.255	382,691

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

<u>Month</u>	<u>High (A\$)</u>	<u>Low (A\$)</u>	<u>Volume</u>
February 2011	0.36	0.27	19,118,100
March 2011	0.35	0.23	43,281,000
April 2011	0.40	0.30	43,047,400
May 2011	0.32	0.27	21,010,500
June 2011	0.31	0.23	23,112,200
July 2011	0.27	0.21	24,463,100
August 2011	0.24	0.15	21,131,900
September 2011	0.25	0.17	21,626,300
October 2011	0.22	0.175	8,414,786
November 2011	0.205	0.165	7,910,593
December 2011	0.24	0.175	22,936,613
January 2012	0.25	0.195	8,419,108
February 2012	0.275	0.205	16,448,815
March 1-12, 2012	0.30	0.25	8,364,500

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the Agency Agreement, the Company has agreed to sell and the Agent has agreed to act as agent to offer for sale to the public on a reasonable best efforts basis, on the Closing Date, being on or about March 29, 2012 or any other date on which the Company and the Agent may agree, but in any event not later than 42 days after the date of the receipt for this short form prospectus, ● Units at a price of C\$● per Unit. The Offering Price was determined by negotiation between Marengo and the Agent. Each Unit consists of one Unit Share and one Subscription Receipt.

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

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

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

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

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

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

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

Fee and net proceeds to Marengo will be C\$●, C\$● and C\$●, respectively, before deducting expenses of the Offering.

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

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

The Company has agreed with the Agent that it shall not issue any further securities or agree to do so, save and except: (i) as contemplated by the Agency Agreement; (ii) pursuant to the grant of options pursuant to the Company’s stock option plan; (iii) pursuant to the exercise of options outstanding as at March 12, 2012; or (iv) in connection with the bona fide acquisition by the Company of the shares or assets of other corporations or entities, in each case, at any time during the period from March 12, 2012 until 90 days following the Closing Date, without the prior written consent of the Agent, not to be unreasonably withheld or delayed.

In connection with the Offering, Marengo will cause each of its executive officers, directors and their respective associates to enter into agreements on terms and conditions satisfactory to the Agent, acting reasonably, in which they will covenant and agree that they will not, for a period commencing on March 12, 2012 and ending 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Ordinary Shares or other securities of the Company held by them, directly or indirectly, unless: (i) they first obtain the prior written consent of the Agent; or (ii) there occurs a take-over bid or similar transaction involving a change of control of the Company, such consent not to be unreasonably withheld or delayed.

In the event that the Company and the Agent cannot agree upon the pricing of the Offering and the Offering is cancelled but within 90 days of such cancellation the Company either completes an offering at the same or lower price as contemplated for the Offering or completes an offering to investors that were introduced to the Company by the Agent prior to the cancellation of the Offering or, if, following allocation, the Company declines to complete the Offering for whatever reason, an Alternative

Transaction (as defined herein) is entered into or announced by the Company, the Company shall pay to the Agent a fee equal to 100% of the maximum Agent's Fee, based on an offering size of C\$● together with all of the Agent's expenses and disbursements incurred to the date of such agreement or transaction. Any such payment shall be made upon the closing date of the Alternative Transaction.

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

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

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

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

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

This summary is of general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. This summary is not exhaustive of all Canadian federal income tax considerations. There may also be tax considerations for investors under the laws of any other jurisdiction in which the investor resides or to which the investor is subject that

are not addressed by this summary. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

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

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

Allocation of Offering Price

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

Acquisition of Receipt Shares Pursuant to Subscription Receipts

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

Termination of Subscription Receipts

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

advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Dividends on Unit Shares and Receipt Shares

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

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

Dispositions of Securities

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

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

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

Additional Refundable Tax

Corporations that are "Canadian-controlled private corporations", as defined in the Tax Act, may be subject to an additional refundable 6^{2/3}% tax on their "aggregate investment income" which is defined in the Tax Act to include an amount in respect of taxable capital gains, interest and certain dividends.

Foreign Property Information Reporting

In general, a "specified Canadian entity", as defined in the Tax Act, for a taxation year or fiscal period whose total cost amount of "specified foreign property", as defined in the Tax Act, at any time in the taxation year or fiscal period exceeds C\$100,000, is required to file a T1135 - "Foreign Income Verification Statement" for the taxation year or fiscal period disclosing prescribed information, including the cost amount and any income in the year, in respect of such property. With some exceptions, a taxpayer resident in Canada in the year, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a specified Canadian entity. The Securities will be specified foreign property to a

Holder. In the March 4, 2010 Federal Budget (the “**2010 Federal Budget**”), the Canadian Minister of Finance proposed that the existing reporting requirements with respect to “specified foreign property” be expanded so that more detailed information be available for audit use. Revised legislation reflecting such proposal has not yet been released. **The reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required by any investor. Accordingly, Holders should consult their own tax advisors regarding compliance with these rules including any expansion thereof pursuant to the afore-mentioned 2010 Federal Budget proposal.**

Offshore Investment Fund Property

The Tax Act contains rules which require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property”. These rules could apply to a Holder in respect of the Securities held by the Holder if, but only if:

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

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

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

CERTAIN AUSTRALIAN INCOME TAX CONSIDERATIONS

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

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

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

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

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

Dividends on Unit Shares or Receipt Shares

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

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

Where the security Holder is a corporate entity, the receipt of a franked dividend will generally give rise to a credit in the corporate entity’s franking account to the extent the dividend is franked.

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

Where the security Holder is a corporate entity, the security Holder will not be entitled to a tax refund for any franking credits that exceed their tax liability for the income year, but may be entitled to convert the excess franking credits into a current year tax loss which could be carried forward to be offset against taxable income in a later year, subject to satisfying certain tests.

Offering Price

The Offering Price paid for the Units will need to be apportioned on an appropriate basis between the Unit Shares and the Subscription Receipts when establishing the tax cost base of each. For its purposes, the Company intends to allocate C\$● of the Offering Price as consideration for the issue of each Unit Share and C\$● of the Offering Price as consideration for the issue of each Subscription Receipt. While the Company believes that its allocation is reasonable, it is not binding on the Australian Taxation Authorities or the Holder.

Issue of Receipt Shares

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

Non Satisfaction of Release Condition

Should the Release Condition not be satisfied, upon the return of the Subscription Receipt funds to Holders of the Subscription Receipts, a capital gain or capital loss may arise as the amount of funds agreed to be returned to Holders, or “capital proceeds” (excluding any interest thereon – refer to further comments below), and the apportioned tax cost base of the Subscription Receipts (discussed at the “Offering Price” section above) may differ due to changes in the CND/AUD exchange rate.

Where the converted capital proceeds (being the refund of C\$●) exceed the converted tax cost base a capital gain will arise and where the converted capital proceeds are less than the converted reduced tax cost base a capital loss will arise. For Australian capital gains tax (“CGT”) purposes, in determining the tax cost base and the capital proceeds received where they are denominated in a foreign currency, security Holders will need to convert the relevant amount provided/received at the prevailing CND/AUD spot rate on the date of the respective transaction or event to calculate their capital gain or capital loss.

Additional foreign exchange gains or losses may arise for a Holder in respect of the impact of exchange rate movements in the period between the release condition not being met and payment date. These gains or losses may be taxed under different parts of the Australian Tax Law, depending on the Holder’s particular circumstances.

Should the Release Condition not be satisfied, to the extent the Holder receives their pro rata share of any interest earned on the Escrowed Proceeds, such interest should be included in the assessable income of the Holder in the year of receipt. Non-Australian withholding tax, if any, payable by a Holder in respect of any such interest may be eligible for a foreign income tax offset under the Australian Tax Laws to the extent and under the circumstances described in the Australian Tax Laws.

Dispositions of Unit Shares or Receipt Shares

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

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

Please refer to our comments above in the “Non Satisfaction of Release Condition” section for an explanation as to how a capital gain or loss is calculated where an element of the calculation is denominated in a foreign currency.

Tax Treatment of Capital Gains and Capital Losses

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

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

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

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

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

Dividends on Unit Shares or Receipt Shares

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

Dividends received by security Holders may either be “fully franked”, “partially franked” or “unfranked”. Fully franked dividends paid by the Company to non-resident security Holders are generally not subject to Australian dividend withholding tax. Unfranked dividends paid to non-resident security Holders will generally be subject to withholding tax at a rate of 30% on the unfranked component of the dividend paid. The withholding tax rate is generally reduced to 15% (lower for certain countries) where there is an applicable double tax agreement (“DTA”) between Australia and the relevant foreign country. The Australia – Canada DTA provides that Australian dividend withholding tax will not exceed a rate of 5% for franked dividends paid to a company that holds directly at least 10% of the voting power in the company. In all other cases, where a dividend is paid by an Australian resident to a Canadian resident, the dividend withholding tax rate shall not exceed 15%. Note however, that domestic Australian tax legislation provides a 0% dividend withholding tax rate on any franked dividend regardless of the residence of the recipient, so where a franked dividend is paid, no dividend withholding tax should apply regardless of the recipients country of residence.

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 that is not otherwise taxable in Australia due to the operation of specific provisions. Under the CFI measures, an Australian company may pay this income to foreign security Holders free of Australian dividend withholding tax.

Offering Price

The Offering Price paid for the Units will need to be apportioned on an appropriate basis between the Unit Shares and the Subscription Receipts when establishing the tax cost base of each. For its purposes, the Company intends to allocate C\$● of the Offering Price as consideration for the issue of each Unit Share and C\$● of the Offering Price as consideration for the issue of each Subscription Receipt. While the Company believes that its allocation is reasonable, it is not binding on the Australian Taxation Authorities or the Holder.

Issue of Receipt Shares

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

Non Satisfaction of Release Condition

Non-Australian resident Holders will generally only be subject to Australian CGT implications where the Holder (together with their associates), holds an interest of at least 10% of the shares (including rights to acquire such shares, e.g. the Subscription Receipts) in the Company at the time of disposition, or for any continuous 12 month period during the 2 years immediately preceding the disposition, and certain other conditions are satisfied.

Accordingly, where these conditions are not met by a non-Australian resident Holder, no Australian CGT implications should arise where the Release Condition is not satisfied.

Where the conditions are met then Australian CGT implications may arise upon the disposition of their Subscription Receipts. In this case, special rules may apply which dictate how foreign currency denominated amounts are to be converted for the purposes of calculating any capital gain or loss which differ to those which apply to Australian resident Holders. Accordingly, non-Australian resident Holders in this position should seek their own independent Australian taxation advice.

Additional foreign exchange gains or losses may arise for a Holder in respect of the impact of exchange rate movements in the period between the release condition not being met and the payment date. These gains or losses may be taxed under different parts of the Australian Tax Law, depending on the Holder's particular circumstances.

Should the Release Condition not be satisfied, to the extent any interest arising on the Escrowed Proceeds is paid to a non-resident Holder by an Australian resident, such interest may be subject to 10% Australian interest withholding tax (subject to the rate of withholding being reduced by the application of any relevant DTA between Australia and the country of residence of the recipient).

Dispositions of Unit Shares or Receipt Shares

Similar to the above, the non-Australian resident Holders will generally only be subject to Australian CGT implications arising upon the disposition of their Unit Shares or Receipt Shares where the Holder (together with their associates), satisfies the conditions as detailed under the above heading "*Non Satisfaction of Release Condition*". Accordingly, where the conditions are not met by a non-Australian resident Holder, no Australian CGT implications should arise upon the disposition of their Unit Shares or Receipt Shares. Further, the same special rules which dictate how foreign currency denominated amounts are to be converted for the purposes of calculating any capital gain or loss equally apply. Non-Australian resident Holders in this position should seek their own independent Australian taxation advice.

Additional foreign exchange gains or losses may arise for a non-Australian resident Holder upon the disposition of their Unit Shares or Receipt Shares, which may be taxed under Australia's foreign currency gain or loss provisions or the CGT provisions, depending on the Holder's particular circumstances.

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

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Marengo and the value of the Ordinary Shares. These include risks that are widespread risks associated with any form of business and specific risks associated with Marengo's business and its involvement in the exploration and mining industry generally and in Papua New Guinea in particular. While most risk factors are largely beyond the control of Marengo and its directors, the Company will seek to mitigate the risks where possible, for example by maintaining its key relationships with Papua New Guinea's federal and regional governments and local people. However, an investment in the Units is considered speculative due to the nature of Marengo's business and the present stage of its development. A prospective investor should carefully consider in light of their own financial circumstances, the factors set out herein, as well as other information contained or incorporated by reference in this short form prospectus, including, in particular, the "*Risk Factors*" section on pages 15 to 19 of the Annual Information Form and the management's discussion and analysis of financial condition and results of operations incorporated by reference in this short form prospectus.

Failure to Satisfy Release Condition

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

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

Details of the approval required will be contained in the notice of meeting (and accompanying explanatory memorandum) convening a general meeting of shareholders which was sent to the shareholders of the Company on or about ●, 2012.

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

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

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

No Market for Subscription Receipts

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

Discretion in the Use of Proceeds

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

Structural Subordination of the Ordinary Shares

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

Future Sales or Issuances of Ordinary Shares

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

Enforceability of Foreign Judgments

The Company and its subsidiaries are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction outside of Canada. Certain of the officers and directors of the Company and its subsidiaries reside outside of Canada. Although the Company has appointed Fraser Milner Casgrain LLP as its agents for service of process in Canada, it may not be possible for investors to enforce

judgments obtained in Canada or foreign arbitral awards against the Company and its subsidiaries or such persons.

Risk of Suspension

Like all reporting issuers, the Company may be subject to potential suspension from listing due to a failure to comply with local regulations, resulting from changes in policy or otherwise. To mitigate these risks, the Company monitors local regulations governing companies through its local counsel experienced in corporate law to ensure that it continues to comply with such regulations.

Risk of Fines and Penalties

The Company may be subject to potential fines and penalties in local jurisdictions where it conducts business, resulting from changes in policy or otherwise. To mitigate these risks, the Company monitors compliance with local regulations governing companies through its local legal counsel experienced in corporate law.

Risk of Improper Use of Funds in Local Entity

The Company operates in a number of jurisdictions, and, as result, is exposed to potential misappropriation of funds by a local entity. To mitigate this risk, the Company keeps cash balances to a minimum and completes a reconciliation of all bank accounts on a regular basis, as well as independent verification of all funds used. The Company has implemented an internal approval process with respect to all payments made.

Title to the Company's Mineral Properties Cannot be Guaranteed and May be Subject to Prior Unregistered Agreements, Transfers or Claims and Other Defects

The Company cannot guarantee that title to its properties will not be challenged. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be constrained. The Company's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Company has not conducted complete surveys of all of the tenements in which it holds direct or indirect interests. A successful challenge to the precise area and location of these tenements could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

Although the Company has obtained title opinions from what it believes to be appropriately qualified legal counsel in the local jurisdictions, such opinions are subject to the assumptions and limitations contained therein and are current only as at the date such opinions are rendered, with no obligation on legal counsel to update the information contained in such opinions going forward.

Company may not Obtain Renewal of EL1335

The Yandera central resource is located on EL1335. EL1335 expired on November 19, 2011. EL1335 may be renewed for an additional two year term, upon an application being made prior to November 19, 2011, failing which the Company's rights to the area of EL1335 may be forfeited. The Company made application for a renewal of EL1335 prior to November 19, 2011. 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.

The Company is Subject to Potential Significant Changes in Law and Government Regulation

The Company's mineral exploration and planned development activities are subject to various laws governing title, tenement interests, prospecting, mining rights, land ownership, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. Although the Company's exploration and planned development activities are currently believed by the Company to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to governmental approvals, licenses and permits. The granting and enforcement of the terms of such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations, title matters, land ownership, tenement interests or mining rights or more stringent implementation thereof could have a substantial adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

INTEREST OF EXPERTS

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

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

Stephen Godfrey, the author of the Revised Technical Report, did not hold at the time of preparation of the Revised Technical Report, and did not and will not receive after that time, a registered

or beneficial interest, direct or indirect, in any securities or other property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned person and the directors, officers, employees and partners of Golder Associates Pty Ltd (Australia), do not beneficially own, directly or indirectly, any of the outstanding securities of the Company.

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 – PREVIOUS AUDITORS

We have read the short form prospectus of Marengo Mining Limited (the “**Company**”) dated ●, 2012 relating to the issue and sale of units of the Company. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated statements of financial position of the Company as at June 30, 2011 and June 30, 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended June 30, 2011 and June 30, 2010, such report is dated September 23, 2011.

West Perth, Western Australia
●, 2012

STANTONS INTERNATIONAL AUDIT AND
CONSULTING PTY LTD

CERTIFICATE OF THE COMPANY

Dated: March 13, 2012

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) MARK CHURCHWARD
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) JOHN HICK
Director

(signed) JOHN HORAN
Director

CERTIFICATE OF THE AGENT

Dated: March 13, 2012

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.

(signed)

By: ANDREW PARTINGTON