COMPANY NO. 822513-3 / ARBN: 161 356 930

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTH PERIODS ENDED DECEMBER 31, 2012

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**") for Marengo Mining Limited ("**Marengo**" or the "**Company**") should be read in conjunction with the unaudited interim consolidated financial statements of Marengo ("**the Q2 2013 Financials**") for the three and six months ended December 31, 2012 ("**Q2 2013**" and "**YTD 2013**", respectively") and with the audited consolidated financial statements for the fiscal year ended June 30, 2012 ("**FY 2012**") and related notes thereto (together, "**the FY 2012 Financials**"). This information is presented as of February 14, 2013. The Q2 2013 Financials and the related MD&A were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

All amounts in this discussion are expressed to the nearest thousand Australian dollars ("**AUD**") unless otherwise indicated.

In this MD&A, references to "Company" or "Marengo" or "Group" are references to Marengo Mining Limited and its wholly-owned subsidiaries.

The Financials and other information about the Company and its business activities are available on the Canadian SEDAR website at www.sedar.com.

This MD&A contains forward looking information. Reference to the risk factors described at the end of this MD&A is advised.

Corporate Overview

Marengo is an international mineral exploration and development company listed on the Toronto Stock Exchange ("**the TSX**") (Symbol: MRN), Australian Securities Exchange ("**the ASX**") (Symbol: MMC) and the Port Moresby Stock Exchange Limited ("**the POMSoX**") (Symbol: MMC).

The Company's principal asset is the Yandera Copper-Molybdenum-Gold Project (the "**Yandera Project**") in Papua New Guinea ("**PNG**"). The Company is currently focused on advancing the development of the Yandera Project.

On January 11, 2013, the Company implemented a restructuring, by way of a Scheme of Arrangement ("**Scheme**"), which resulted in the re-domiciling of the Company from Australia to Canada under the name Marengo Mining Limited. Pursuant to the Scheme, the current wholly owned Australian subsidiary (Marengo Mining (Australia) Limited) was acquired by the Company effective January 11, 2013. The Company was incorporated in Ontario Canada on September 6, 2012. Its sole founding director was Mr John Hick. On January 7, 2013, Messrs Gignac, Emery, Namaliu, Caron, Morrison and Hume and Ms Martin joined the Board, with Mr Gignac appointed as Chairman. In addition, Mr Emery was appointed President and Chief Executive Officer, Mr Mark Churchward was appointed CFO and Mr Sander Grieve was appointed Corporate Secretary.

Building upon prior technical information, on May 30, 2012, the Company announced an updated NI 43-101 Mineral Resource Estimate that included the assay results from 465 diamond drill holes totalling 145,335 metres, which were drilled up until the end of 2011. The updated mineral resource estimate was prepared by or under the supervision of Mr Stephen Hyland, Principal Consultant Geologist, Ravensgate Minerals Industry Consultants ("**Ravensgate**") and Mr Karl Smith of Karl Smith Mine and Geology Consulting. Of particular note with this resource estimate is that it moves away from providing copper equivalent values and the substantial conversion of copper resources to the Measured category with improved grade and the conversion of additional Indicated resources from the Inferred category.

The upgraded resource estimate is comprised as follows:

Cut-off (Cu %)	Resource Category	Mt	Cu (%)
0.20	Measured	314	0.38
0.25	**Measured**	**248**	**0.43**
0.30	Measured	192	0.48
0.20	Indicated	172	0.35
0.25	**Indicated**	**114**	**0.42**
0.30	Indicated	81	0.48
			Cu % Weighted average
0.20	Measured & Indicated	486	0.37
0.25	**Measured & Indicated**	**362**	**0.43**
0.30	Measured & Indicated	273	0.48
			Cu (%)
0.20	Inferred	347	0.31
0.25	**Inferred**	**218**	**0.37**
0.30	Inferred	144	0.42

The following table shows the comparison between the current resource estimate with the previous Resource Estimate:

Total Measured & Indicated	Cut-off	Mt	Cu (%)
April 2012 Model	0.25% Cu[1]	361	0.43
April 2011 Model	0.30% CuEq[2]	359	0.36
Inferred			
April 2012 Model	0.25% Cu[1]	218	0.37
April 2011 Model	0.30% CuEq[2]	417	0.38

1) *Ravensgate does not use copper equivalent grade for reporting*
2) *The copper equivalent calculation used by Golder Associates in April 2011 was CuEq = (Cu% + (Mo% x 10))*

Strategic Partners

On October 13, 2010, the Company signed a Memorandum of Understanding ("**MoU**") with China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd ("**NFC**"), for the financing, construction and development of the Yandera Project. As part of the MoU with NFC and Arccon (WA) Pty Ltd ("**Arccon**"), NFC's Australian engineering partner, these parties agreed with Marengo to undertake the key phase of process plant design work, in addition to other areas, as agreed. The MoU requires that NFC facilitates at least 70% of the necessary financing for the project development costs of the Yandera Project through a formal financing agreement with Chinese banks, subject to agreement on the terms of the construction contract. In addition, the MOU contemplates NFC placing a substantial amount of the project copper and molybdenum concentrate off-take with a variety of customers, including NFC itself, and investing in either Marengo or the Yandera Project or both, on terms to be agreed.

On September 19, 2011, the Company entered into a Project Investment and Co-operation Agreement (“**the Agreement**”) with Petromin PNG Holdings Limited (“**Petromin**”). 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, and oil & gas projects in PNG. The Agreement establishes the process by which a Mining Equity Agreement (“**MEA**”) would be developed by the parties under which Petromin may acquire a 30% contributing interest in the Yandera Project, once the FS has been completed. Following this, a Mining Development Contract would be entered into and a Financial Investment Decision would be made. At the time of entering into the MEA, Petromin will be required to reimburse Marengo a pro-rata sum of Marengo's sunk costs on the Yandera Project.

Corporate Objectives and Strategy

The new group parent company (Marengo Mining Limited) was a non-trading entity which was incorporated in Canada on September 6, 2012 under the Canada Business Corporations Act.

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, the Group has historically raised funds through the issuance of equity.

On February 6, 2013, the Group entered into a loan agreement with the Sentient Group for US$10,000,000 and US$4,000,000 was drawn down on the facility on February 12, 2013. It is an interest bearing, unsecured facility to provide funding for the completion of the Yandera Project Feasibility Study (“**FS**”) and for general working capital purposes and is repayable by December 31, 2013.

At the date of this report, the Sentient Group hold 22.0% of the shares in Marengo Mining Limited. Directors Louis Gignac and Ian Hume currently hold advisory council positions with Sentient.

On February 6, 2013, the Group announced that it had received a fixed Engineering Procurement and Construction (“**EPC**”) pricing estimate for processing facilities, mine infrastructure and port facilities of US$1.42 billion from NFC, to form part of the FS for the Yandera Project. It announced that its other infrastructure costs are currently estimated to be in a range of US$300 million to US$400 million, taking total estimated project capital expenditure to US$1.7 - $1.85 billion, excluding owner’s costs, working capital, capitalised operating costs and third party power supply.

The Group also announced that NFC had received a letter of interest for project financing provided from a leading Chinese state bank (covering 70% of total capex), subject to the outcome of the pending feasibility study.

The Company plans to deliver value to shareholders by:

- optimising and finalising the Feasibility Study on the Yandera project;
- increasing the Mineral Resources and finalising a maiden Mineral Reserve on the Yandera project;
- finalising the Environmental Impact Study (EIS) and continuing with other permitting activities on the Yandera project;
- maintaining dialogue and negotiations with key stakeholders including NFC, Petromin, Sentient, debt and equity financiers, the PNG National and Provincial Government and others;
- continuing with exploration activities on the company’s prospective and adjacent exploration licenses in PNG, subject to available financing.

Overall Performance

The Company began the quarter ended December 31, 2012, with cash reserves of $16,427,000.

During the quarter, the Company incurred exploration and Feasibility Study expenditure of $9,616,000 (2011: $11,945,000). In accordance with the Company's accounting policies, all exploration and feasibility costs have been capitalised to the extent that right of tenure of the area of interest is current and either the costs are expected to be recouped through sale or successful development and exploitation of the area of interest or, where activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves. The Company made an operating loss after income tax for the quarter ended December 31, 2012 of $2,457,000 (2011: loss of $169,000).

The Company raised $19,000 during the quarter through the exercising of warrants (unlisted options) issuing 149,970 ordinary shares. Funds raised have been used as general working capital in relation to the Company's Yandera Project.

The Company had a cash and investments in term deposits balance of $5,552,000 as at December 31, 2012.

Details of the Company's recent exploration and evaluation activities and overall performance are contained in the December 2012 quarterly report released on February 14, 2013 to the ASX and POMSoX, and concurrently filed under the Company's profile at the Canadian SEDAR website.

Other highlights of the Company's activities for the quarter ended December 31, 2012 are set out below:

Feasibility Study

The Company's primary focus during the quarter was ongoing activities relating to the completion of the Feasibility Study ("**FS**") on the Yandera Project. This work is running in parallel with the completion of an Environmental Impact Assessment ("**EIA**") for submission to the PNG Department of Environment and Conservation. It is anticipated that these documents will be completed following internal reviews during the current quarter, ahead of an Engineering Procurement and Construction contract ("**EPC**"), which has been received from the Company's Chinese strategic engineering partner, China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd. ("**NFC**") subsequent to quarter end.

The Yandera Project development concept is for a full open-cut mining operation and processing facility to be located at Yandera, with copper concentrate being delivered to the Company's recently acquired harbourside location, in the Madang area, by pipeline. Molybdenum concentrate will be delivered by road due to the smaller volumes of this high-value product.

An integrated rock waste and process tailings management facility ("**TMF**") is being designed to be located in the vicinity of the Yandera deposit, under stringent criteria, to ensure that the highest levels of environmental integrity are maintained. The Company's recently acquired harbourside area in Madang port, earmarked for centralised infrastructure, including power being reticulated to site, close to existing roads and then along a planned road which will extend up to the Yandera site from these existing roads.

The FS is being completed by a team of experts drawn from Marengo, Arccon, Mining One, Coffey and other Australian and international consultants. In parallel with this, under the Company's arrangements with NFC for the financing, construction and development of the Yandera Project, NFC and Arccon are completing detailed process engineering design work. This activity, which is independent of work on the FS, is designed to provide Marengo with fixed price, lump sum EPC pricing. This work has been undertaken by NFC and one of NFC's related design institutes in China, with Arccon providing supporting engineering services to NFC. The company announced the receipt of EPC pricing of US$1.42 billion on February 6, 2013.

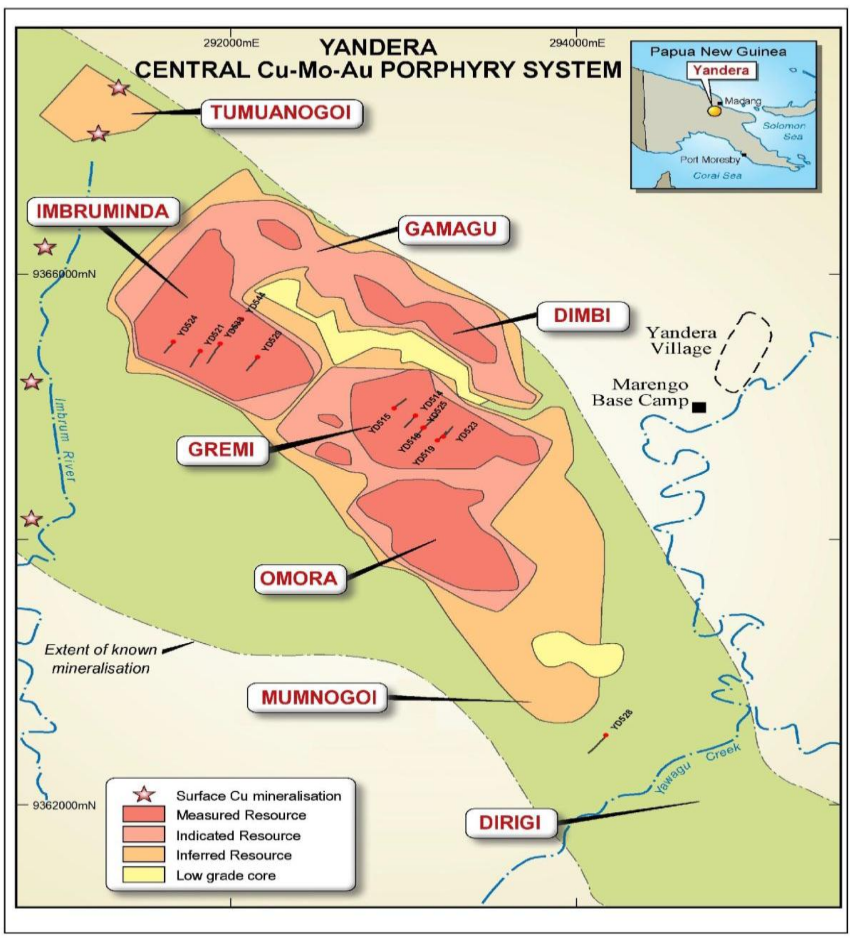
Drilling (Yandera Central Porphyry)

Drilling continued at Yandera's Exploration Licence ("**EL**") 1335 throughout the quarter with three rigs active on site – two which completed 16 holes of a 29-hole in-fill diamond drill program at Imbruminda and one which undertook proximal exploration drilling around Mumnogoi/Dirigi. Towards the middle of the quarter, a second rig was switched from in-fill to become a second rig on proximal exploration drilling to fast track near-mine exploration priorities.

Regional Exploration

The regional exploration program has seen continued activity in the Yomi area (EL 1633) with further mapping and sampling in progress. Work in this area drew to a close by the end of November with a move to data interpretation during the forthcoming wet season. Assay data received to date have allowed elimination of certain areas from the prospect. In addition, rock chip samples from EL1851 Yakumbu have returned promising gold results and these anomalous results will be followed up in 2013.

Yandera Central Porphyry System – Drill Location



Re-domicile of Marengo Mining Limited

During the quarter, Marengo substantially completed its restructure to Canada by way of a Scheme of Arrangement. The re-domicile was implemented on January 11, 2013 and will provide the Group greater access to North American equity markets but will not result in any changes in Marengo's management, operations or strategy.

Community Matters

Marengo is committed to working with the community in all aspects of the current activities and future development plans for the Yandera Project. It maintains an effective and dedicated team to manage its community affairs programs.

Safety, Health and Environment

Marengo places the highest level of importance on safety, health and environment in all areas where it is active. There were no significant safety or environmental incidents during the quarter.

Appointment of Chairman

During the quarter, the Company announced the appointment of highly experienced international mining executive, **Mr Louis Gignac**, to its Board as a non-executive director and Chairman. Mr Gignac is Canadian-based and is currently President of G Mining Services Inc., a private consultancy which has managed feasibility studies and mine development for multiple projects in North America, South America, Western Africa and Eastern Europe. Previously, he was the President and CEO of Cambior Inc, a publicly listed mining company.

Appointment of Non-Executive Directors

Also during the quarter, the following Non-Executive Directors were appointed:

Mr Mario Caron, a Toronto based mining engineer, who is currently President and CEO of Aldridge Minerals Inc., a near-development stage mining company focused on a polymetallic VMS deposit in Turkey. Previously, he has held senior management positions and directorships with a number of publically listed mining companies.

Mr Keith Morrison, a Toronto based geophysicist and entrepreneur with over 30 years of international experience, most recently as Chief Executive Officer of Gedex Inc., a private exploration data technology company.

Mr Ian Hume, a Sydney based merchant banker has more than 30 years' experience in the natural resource industry, primarily in the fields of managed fund investments, capital raising and project development. He was a founding partner of The Sentient Group, a manager of closed end private equity funds, and following his retirement from the Group in 2008 he was appointed to The Sentient Council, an advisory body to The Sentient Group. Previously, he has been a non-executive director of a number of publically listed mining companies

<u>Results of Operations</u>

Three months ended December 31, 2012

Revenue from continuing operations for Q2 2013 was $105,000 (Q2 2012: $535,000) and is comprised primarily of interest revenue. The decrease was primarily due to a reduction in the balance of cash deposits earning interest during Q2 2013 compared to Q2 2012.

Other income for Q2 2013 was $23,000 (Q2 2012:$485,000) and consists primarily of income from the sale of plant and equipment, while in Q2 2012, it consisted of income as a result of the reclassification of a loan receivable from an asset to an option during the period.

Salaries and employee benefits expense for Q2 2013 was $568,000 (Q2 2012: $368,000). The increase was primarily due to additional employees, adjustments to project charges and the increase in employee leave entitlements.

Share based payments expense for Q2 2013 of $340,000 (Q2 2012: $32,000) resulted from the amortising of the value of options and performance rights, the latter being issued during the quarter, to directors and employees over their vesting period.

Administration, corporate and other expenditure totalled $1,676,000 for Q2 2013 (Q2 2012: $789,000). The increase was primarily due to expenses related to the re-domiciling of the Company to Canada.

Six months ended December 31, 2012

Revenue from continuing operations for YTD 2013 was $315,000 (YTD 2012: $1,239,000) and was comprised primarily of interest revenue. The decrease from the prior period was primarily due to a decrease in the balance of cash deposits earning interest during YTD 2013.

Other income for YTD 2013 was $22,000 (YTD 2012: $485,000) and consists primarily of income from the sale of plant and equipment while YTD 2012, it consisted of income as a result of the reclassification of a loan receivable from an asset to an option during the period.

Salaries and employee benefits expense for YTD 2013 was $1,029,000 (YTD 2012: $721,000). The increase was primarily due to additional employees, adjustments to project charges and an increase in employee leave entitlements.

Share based payments expense for YTD 2013 of $404,000 (YTD 2012: $48,000) resulted from the amortising of the value of options and performance rights, the latter being issued during the period, to directors and employees over their vesting period.

Administration, corporate and other expenditure totalled $2,903,000 for YTD 2013 (YTD 2012: $2,122,000). The increase was primarily due to expenses related to the re-domiciling of the Company to Canada.

Inflation and price changes have not had a material impact on Marengo's revenues and net income or loss during either the three month or six month periods.

Summary of Quarterly Results

The following table sets out key financial results for the Company's most recently completed eight quarters. The financial data is derived from the Company's financial statements for the respective periods.

Summary of Quarterly Results

(in $'000, except per share amounts)

	Quarter Ended (unaudited)	Quarter Ended (unaudited)	Quarter Ended (audited)	Quarter Ended (unaudited)	Quarter Ended (unaudited)	Quarter Ended (unaudited)	Quarter Ended (audited)	Quarter Ended (unaudited)
	December 31 2012	September 30 2012	June 30 2012	March 31 2012	December 31 2011	September 30 2011	June 30 2011	March 31 2011
Total revenue	105	210	187	352	535	705	807	764
Net profit (loss)	(2,457)	(1,542)	(650)	(1,038)	(169)	(997)	4,706	(3,800)
Basic earnings (loss) per share (cents)	(0.22)	(0.10)	(0.06)	(0.10)	(0.02)	(0.10)	0.59	(0.40)
Diluted earnings (loss) per share (cents)	(0.22)	(0.10)	(0.06)	(0.10)	(0.02)	(0. 09)	0.59	(0.40)
Cash reserves	5,552	16,427	11,188	22,228	32,575	47,838	57,324	65,477
Total assets	174,066	177,120	166,718	159,391	157,223	158,443	147,239	142,887
Total long-term financial liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Marengo primarily incurs costs in Australian dollars (AUD), Canadian dollars (CAD) and Papua New Guinean kina (PGK) and as such is subject to exchange rate risk.

During Q2 2013, movements in exchange rates were as follows:

	December 31, 2012	**September 30, 2012**	**High October 1, 2012 to December 31, 2012**	**Low October 1, 2012 to December 31, 2012**
AUD / CAD	1.0339	1.0209	1.0443	0.9953
AUD / PGK	2.1488	2.1237	2.1636	2.0589
AUD / USD	1.0373	1.0379	1.0566	1.0180

During YTD 2013, movements in exchange rates were as follows:

	December 31, 2012	**June 30, 2012**	**High July 1, 2012 to December 31, 2012**	**Low July 1, 2012 to December 31, 2012**
AUD / CAD	1.0339	1.0414	1.0584	0.9953
AUD / PGK	2.1488	2.0427	2.1702	2.0455
AUD / USD	1.0373	1.0160	1.0579	1.0166

Discussion of Cash Flows

	3 Months to December 31, 2012 $'000	3 Months to December 31, 2011 $'000	6 Months to December 31, 2012 $'000	6 Months to December 31, 2011 $'000
Cash inflows (outflows) from:				
Operating activities	(1,321)	(2,048)	(2,748)	(3,402)
Investing activities	6,448	(3,229)	(10,779)	(3,589)
Financing activities	19	-	17,882	604

Quarter ended December 31, 2012 compared to quarter ended December 31, 2011

Cash outflows from operating activities for Q2 2013 were $1,321,000 (Q2 2012: 2,048,000) with the majority of expenditure being for administration. The decrease was mostly due to timing of payments.

Cash inflows from investing activities in Q2 2013 were $6,448,000 (Q2 2012: outflows $3,229,000). The majority of the Q2 2013 net inflows related to $16,019,000 of cash inflow from funds drawndown from term deposit offset by a $9,800,000 outflow on FS and exploration activities.

Cash inflows from financing activities in Q2 2013 were $19,000 (Q2 2012: $Nil) with the current period's figures being net proceeds from capital raisings through exercise of warrants and options during the period.

Six months ended December 31, 2012 compared to six months ended December 31, 2011

Cash outflows from operating activities for YTD 2013 were $2,748,000 (YTD 2012: $3,402,000) with the majority of expenditure being for administration. The decrease is due to timing of payments.

Cash outflows from investing activities in Q2 2013 were $10,779,000 (Q2 2012: outflows $3,589,000). The majority of this related to $9,977,000 cash inflow from funds on deposit and $20,653,000 cash outflow from FS and exploration activities.

Cash inflows from financing activities in YTD 2013 were $17,882,000 (YTD 2012: $604,000) with the current period's figures being net proceeds from capital raisings through issue of shares and the exercise of warrants and options during YTD 2013.

Discussion of Financial Position

	December 31 2012 (unaudited) $'000	June 30 2012 (audited) $'000
Current Assets		
Cash and cash equivalents	**5,329**	989
Investments – term deposits	**223**	10,200
Trade and other receivables	**527**	726
Total Current Assets	**6,079**	11,915
Non Current Assets		
Plant and equipment	**1,633**	1,372
Exploration and evaluation	**166,354**	153,431
Total Non Current Assets	**167,987**	154,803
Total Assets	**174,066**	166,718
Current Liabilities		
Trade and other payables	**5,948**	6,597
Provisions	**1,429**	1,019
Total Current Liabilities	**7,377**	7,616
Total Liabilities	**7,377**	7,616
Equity	**166,689**	159,102

Cash and Cash Equivalents

Cash and cash equivalents increased to $5,329,000 at the end of Q2 2013 from $989,000 at the end of FY 2012 primarily due to timing on transfer of funds from term deposits (see below).

Investments – Term Deposits

Cash held on term deposits decreased to $223,000 at the end of Q2 2013 from $10,200,000 at the end of FY 2012 primarily due to timing on transfer of funds from term deposits (see above) together with the general drawdown in funds for usage on FS, exploration and general working capital activities.

Trade and Other Receivables (Current)

Trade and other receivables decreased to $527,000 as at December 31, 2012 as compared to $726,000 at the end of FY 2012 primarily due to a decrease in interest income receivable and prepayments.

Plant and Equipment

Plant and equipment increased to $1,633,000 as at December 31, 2012 as compared to $1,372,000 at the end of FY 2012 primarily due to purchases offset by depreciation of fixed assets in the normal course of business.

Exploration and Evaluation

Exploration and evaluation costs increased to $166,354,000 as at December 31, 2012 as compared to $153,431,000 as at June 30, 2012 due to on-going expenditure of $20,468,000 in relation to the finalisation of the FS offset by a negative movement in foreign exchange rates of $7,545,000 due to a 5% decrease in the value of the AUD versus PGK.

Trade and Other Payables

Trade and other payables decreased to $5,948,000 as at December 31, 2012 as compared to $6,597,000 as at June 30, 2012 primarily due to timing of payments.

Provisions

Provisions increased to $1,429,000 as at December 31, 2012 as compared to $1,019,000 as at June 30, 2012 primarily due to increases in staff leave entitlements.

Equity

Equity increased to $166,689,000 as at December 31, 2012 as compared to $159,102,000 as at June 30, 2012 due to the net share issue proceeds of $17,882,000, offset by a loss of $3,999,000 for the half year, and a decrease in reserves of $6,296,000 primarily due to foreign exchange rate movements.

Liquidity and Capital Resources

The Company's principal requirements for cash over the next twelve months will be for the development of the Yandera Project, namely completion of the FS and transition to the permitting and construction stage of the project.

The Company's cash and term deposits balance was $5,552,000 at December 31, 2012.

The Company's contractual obligations, as at December 31, 2012, are set out below:

	Payments due by Period				
Contractual obligations	**Total $'000**	**Less than 1 year $'000**	**1 – 3 years $'000**	**4 – 5 years $'000**	**Greater than 5 years $'000**
Long term debt	-	-	-	-	-
Operating leases	$1,226	$963	$263	-	-
Capital lease obligations	-	-	-	-	-
Purchase obligations	-	-	-	-	-
Total contractual obligations	**$1,226**	**$963**	**$263**	**-**	**-**

Though the Group had a working capital deficit of $1,298,000 at December 31, 2012 as of the date of this MD&A, the Group has sufficient cash and cash equivalents to substantially finance the completion of the FS on the Yandera Project and its general administrative expenses.

The Company's ability to continue its operations in the normal course of business during the next twelve months is dependent upon its ability to raise additional debt and/or equity.

In addition, if the FS is positive, additional funding through a combination of equity and debt will be required to finance the development of the project, including construction of the plant and other infrastructure, pre-strip and working capital.

The success and pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at the time, the outcome of the FS. Although the Company has been successful in raising additional funds in the past, there is no assurance that it will be able to do so in the future.

Financial Instruments and Other Instruments

The Company is exposed to foreign exchange risk in the normal course of its business operations.

The Company has not entered into any forward sales or hedging agreements for copper, molybdenum or gold.

Currency hedges involve risks such as default by the other party, illiquidity and the extent to which the Company's assessment of certain market movements is incorrect and the risk that the use of hedges could result in losses greater than if hedging had not been used. The Company currently has no currency hedges in place.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2012.

Risk Factors

The risk factors affecting the Company are discussed in detail in the Company's Annual Information Form ("**AIF**") dated September 28, 2012, which is available on the Canadian SEDAR website at www.sedar.com and should be reviewed in conjunction with this document.

Outstanding Share Data

As at the end of Q2 2013, the only class of shares of the Company outstanding was common shares. As at the end of Q2 2013, the Company had 1,137,870,521 common shares outstanding and 113,085,780 performance rights and options (including Canadian warrants) to acquire common shares at various exercise prices. The terms and number of securities on issue after the re-domicile remained the same.

The Company's shares trade on the TSX under the symbol MRN and on the ASX and POMSoX under the symbol MMC.

Critical Accounting Estimates

The accounting policies that involve significant management judgement and estimates are discussed in this section. For a complete list of the significant accounting policies, reference should be made to note 1(v) of the FY 2012 Financial Statements filed on SEDAR.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Exploration and evaluation costs

Exploration and evaluation costs are accumulated and capitalised in relation to each identifiable area of interest where right of tenure of the area of interest is current and the area of interest has not, at reporting date, reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves. In the event that tenure is relinquished and/or economically recoverable resources are not assessed as being present, this expenditure will be expensed to profit and loss.

Corporate Responsibility for Financial Reports

The Company's President and CEO ("**CEO**") and Chief Financial Officer ("**CFO**") are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting. The CEO and CFO, after evaluating the effectiveness of the Company's disclosure controls and procedures as of December 31, 2012, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that: (i) material information relating to the Company is made known to them by others particularly during the period covered by this MD&A; (ii) the information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported, within the time periods specified in securities legislation; and (iii) they provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in our internal controls over financial reporting for YTD 2013, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Note Regarding Forward-Looking Information

Certain information in this MD&A, 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 MD&A, 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, molybdenum and gold; and (v) that the supply and demand for copper, gold, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) need for additional financing to develop the Yandera Project; (ii) decreases in the price of copper and molybdenum; (iii) exploration risk; (iv) the risk that the Company will not obtain a renewal of Exploration Licence 1335 (the licence on which the Yandera Project is located); (v) dependence on the Yandera Project; and (vi) PNG State equity interest.

This MD&A and the Company's AIF dated September 28, 2012 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 MD&A except as may be required by law. All forward-looking information disclosed in this MD&A is qualified by this cautionary statement.

Additional information about the Company and its business activities is available under the Company's profile on the Canadian SEDAR website.

Scientific and Technical Information

The scientific and technical information contained in this MD&A has been reviewed and approved by Mr Frederick Cook, a "Qualified Person" as defined by NI 43-101.

For further information on the Yandera Project, please refer to the technical report on the Yandera Project dated May 14, 2012, "Technical Report on the Yandera Copper-Molybdenum-Gold Project Madang Province, Papua New Guinea" available at www.sedar.com.

The resources disclosed herein a preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them to be categorized as mineral reserves. There is no certainty that the mineral resources disclosed herein will be realized or converted to mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.