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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTH PERIODS ENDED MARCH 31, 2013

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 **"Q3 2013 Financials**") for the three and nine months ended March 31, 2013 ("**Q3 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 May 15, 2013. The Q3 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 "the Company" or "Marengo" are references to Marengo Mining Limited and its wholly-owned subsidiaries.

These Q3 2013 Financials, the FY 2012 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). Its registered office is located at Bennett Jones LLP, Suite 3400, 1 First Canadian Place, P.O. Box 130, Toronto, Ontario M5X 1A4 and it also has offices in Perth, Australia and Port Moresby and Madang, both located in Papua New Guinea ("**PNG**").

The Company's principal asset is the Yandera Copper-Molybdenum-Gold Project (the "**Yandera Project**") in 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 under the Canada Business Corporations Act on September 6, 2012. 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 and Mr Churchward was appointed Chief Financial Officer.

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 per cent 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 per cent 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 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 Company has historically raised funds through the issuance of equity and, more recently debt and quasi-debt (see below).

Funding

Marengo currently has a working capital deficiency, however it has entered into financing commitments to address this need, including a US$10,000,000 debt facility and US$15,000,000 offering of convertible debt securities.

Marengo's major shareholder, Sentient Executive GP IV, Limited for the General Partner of Sentient Global Resources Fund IV, L.P. ("**Sentient**") provided an unsecured, interest-bearing working capital facility of US$10,000,000, repayable on or before December 31, 2013. Interest payments under this facility are past due, however, Sentient and the Company have agreed terms to settle them in the context of the pending convertible debt offering.

The Company subsequently announced on April 30, 2013 that Marengo and Sentient entered into a binding term sheet to complete a private placement (the "**Placement**") of US$15,000,000 unsecured convertible 9.0 per cent debentures amount of (the "**Debentures**"), with such Debentures to be issued in two tranches.

On completion of the Placement and after debenture conversion, Sentient would see its equity interest in the Company increase from 22.0 per cent to 39.1 per cent.

Upon completion of the placement of the Debentures, the Company expects to be in a positive working capital position. Absent this financing, Marengo would be unable to meet its near term obligations as they come due.

The Company proposes to complete the Placement in two tranches, US$9,000,000 in Debentures being issued in May 2013, and the remaining US$6,000,000 in Debentures to be issued on the second closing date, following the holding of a meeting of the shareholders of Marengo required to approve the issuance of the second tranche of Debentures.

During Q3 2013, Marengo received pricing for a lump sum, Engineering, Procurement and Construction ("**EPC**") contract for development of the Yandera Project, Madang Province, Papua New Guinea from NFC. A Letter of Intent for project financing has been provided to NFC by a leading Chinese state bank. Marengo expects that, when completed, the facility is estimated to be for approximately 70 per cent of the total development capital of the project, subject to completion of the Feasibility Study, amongst other things.

Overall Performance

The Company began Q3 2013 with cash reserves of $5,552,000.

During Q3 2013, the Company incurred exploration and Feasibility Study expenditures of $7,484,000 (quarter ended March 31, 2012 ("**Q3 2012**"): $9,953,000). 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 Q3 2013 of $2,235,000 (Q3 2012: loss of $1,038,000).

The Company borrowed $9,701,000 during Q3 2013 pursuant to an unsecured loan agreement with Sentient. Funds borrowed have been used as general working capital in relation to the Company's Yandera Project.

The Company had cash and investments on term deposits balance of $5,819,000 as at March 31, 2013.

Details of the Company's recent exploration and evaluation activities and overall performance are contained in the Company's Q3 2013 Report released on April 30, 2013 to the ASX and POMSoX, and concurrently filed under the Company's profile on the Canadian SEDAR website.

Other highlights of the Company's activities for Q3 2013 are set out below:

Funding

The Company continued to focus on ensuring capital remains available to fund operations. See "Corporate Objectives and Strategy – Funding" above.

Feasibility Study

The Company's development focus during Q3 2013 was ongoing technical work relating to the ongoing Feasibility Study ("**FS**") on the Yandera Project.

The FS contemplates an open-cut mining operation and processing facility to be located at Yandera, with copper/gold concentrate being delivered to the Madang Port, by pipeline. Molybdenum concentrate would be delivered by road due to the smaller volumes of this high-value product.

Marengo has been advised that the previously favoured third party power provider has been unable to progress on the arrangements under discussion due to the uncertainties in the current equities and commodities market. This has required Marengo to re-enter discussions with two other shortlisted parties to resubmit their proposals.

The FS team includes experts drawn from Marengo, Arccon, Mining One, Coffey and other Australian and international consultants.

The Company continues to evaluate the development of the Yandera Project, and is pleased with the support that we have had from our strategic partner NFC, the PNG Government, as well as the financial support from our major shareholder, Sentient.

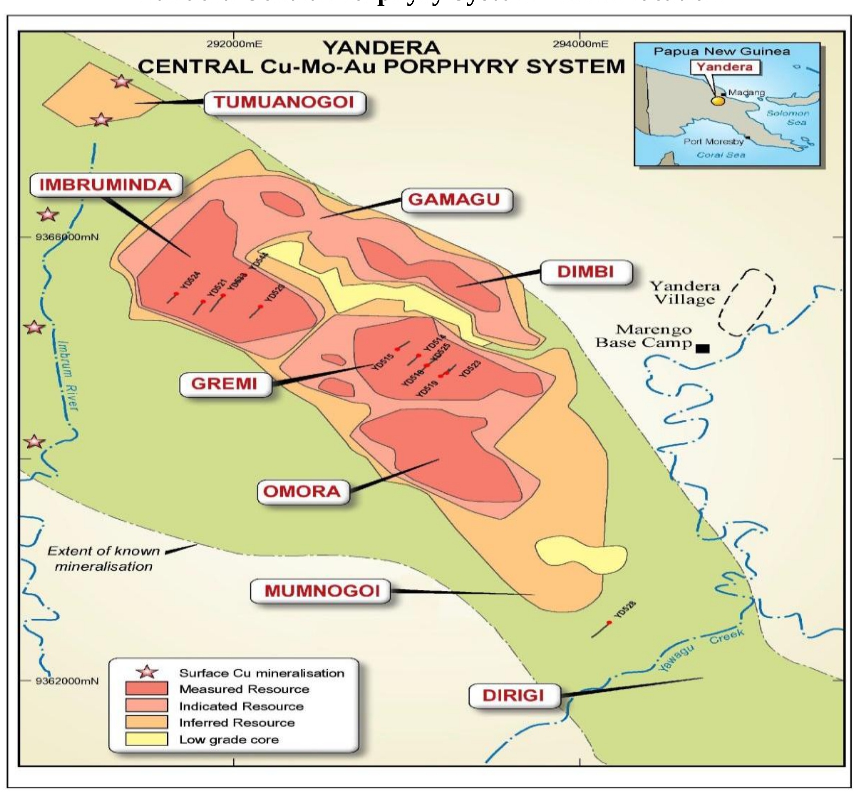
Drilling is on hold at Yandera pending the outcome of the FS.

Regional Exploration

Regional exploration activities have been on hold with time spent on data compilation and interpretation. Data collected so far have allowed elimination of certain areas in EL1665 (Yomi) as sources for the reported Au occurrences, and allowed focus on other areas yet to be tested.

Closer to Yandera, exploration drilling at Dirigi mountain has shown potential for the discovery of a new mineralised zone. Mineralisation is found as a hydrothermal overprint in a structurally controlled breccia body.

Yandera Central Porphyry System – Drill Location



Re-domicile of Marengo Mining Limited

During Q3 2013, Marengo completed its re-domicile to Canada by way of a Scheme of Arrangement. The re-domicile has not resulted in any changes in Marengo's management, operations or strategy.

Community Matters

Marengo is committed to working with the local communities in PNG in all aspects of its 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 was no significant safety or environmental incidents during the quarter.

Results of Operations

Three months ended March 31, 2013

Revenue from operations for Q3 2013 was $13,000 (Q3 2012: $349,000) and is comprised primarily of interest revenue. The decrease was primarily due to a reduction in the balance of cash deposits earning interest during Q3 2013 compared to Q3 2012.

Other income for Q3 2013 was $89,000 consisting of net foreign exchange gains (Q3 2012:$2,000).

Salaries and employee benefits expense for Q3 2013 was $588,000 (Q3 2012: $591,000).

Share based payments expense for Q3 2013 of $529,000 (Q3 2012: $64,000) resulted from the amortising of the value of options and performance rights granted to directors and employees over their vesting periods.

Administration, corporate and other expenditure totalled $1,131,000 for Q3 2013 (Q3 2012: $734,000). The increase was primarily due to expenses related to the re-domiciling of the Company to Canada.

Nine months ended March 31, 2013

Revenue from continuing operations for YTD 2013 was $328,000 (YTD 2012: $1,589,000) 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 profit from the sale of plant and equipment and net foreign exchange movements while YTD 2012, 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 $1,617,000 (YTD 2012: $1,311,000). 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 $932,000 (YTD 2012: $112,000) 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 $4,035,000 for YTD 2013 (YTD 2012: $2,856,000). 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 nine month periods.

Marengo is presently reviewing progress of recent technical work in support of a feasibility study. Issues will be referred to a technical committee formed by representatives of Sentient and the Company following completion of the Debenture Placement for the formulation of recommendations to the Board of Directors.

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 $'000s, except per share amounts)

	Quarter Ended (unaudited)	Quarter Ended (unaudited)	Quarter Ended (unaudited)	Quarter Ended (audited)	Quarter Ended (unaudited)	Quarter Ended (unaudited)	Quarter Ended (unaudited)	Quarter Ended (audited)
	March 31 2013	December 31 2012	September 30 2012	June 30 2012	March 31 2012	December 31 2011	September 30 2011	June 30 2011
Total revenue	102	105	210	187	349	535	705	807
Net (loss) profit	(2,235)	(2,457)	(1,542)	(650)	(1,038)	(169)	(997)	4,706
Basic earnings (loss) per share (cents)	(0.20)	(0.22)	(0.14)	(0.06)	(0.10)	(0.12)	(0.10)	0.59
Diluted earnings (loss) per share (cents)	(0.20)	(0.22)	(0.14)	(0.06)	(0.10)	(0.12)	(0. 09)	0.59
Cash reserves	5,819	5,552	16,427	11,188	22,228	32,575	47,838	57,324
Total assets	177,110	174,066	177,120	166,718	159,391	157,223	158,443	147,239
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 Q3 2013, movements in exchange rates were as follows:

	March 31, 2013	December 31, 2012	High January 1, 2013 to March 31, 2013	Low January 1, 2013 to March 31, 2013
AUD / CAD	1.0602	1.0339	1.0687	1.0277
AUD / PGK	2.1828	2.1488	2.2390	2.0759
AUD / USD	1.0420	1.0373	1.0569	1.0159

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

	March 31, 2013	June 30, 2012	High July 1, 2012 to March 31, 2013	Low July 1, 2012 to March 31, 2013
AUD / CAD	1.0602	1.0414	1.0687	0.9953
AUD / PGK	2.1828	2.0427	2.2390	2.0455
AUD / USD	1.0420	1.0160	1.0579	1.0159

Discussion of Cash Flows

	3 Months to March 31, 2013 $'000	3 Months to March 31, 2012 $'000	9 Months to March 31, 2013 $'000	9 Months to March 31, 2012 $'000
Cash inflows (outflows) from:				
Operating activities	(1,727)	(634)	(4,475)	(4,037)
Investing activities	(9,856)	(1,264)	(20,635)	(4,853)
Financing activities	9,701	(2)	27,583	602

Quarter ended March 31, 2013 compared to quarter ended March 31, 2012

Cash outflows from operating activities for Q3 2013 were $1,727,000 (Q3 2012: 634,000) with the majority of expenditures being for administration. The increase was mostly due to legal expenses relating to the re-domicile to Canada.

Cash outflows from investing activities in Q3 2013 were $9,856,000 (Q3 2012: outflows $1,264,000). The majority of the Q3 2013 net outflows related to $7,484,000 outflows on FS and exploration activities along with $2,153,000 of cash funds put on term deposits. A majority of the Q3 2012 net outflows related to $9,953,000 outflows on FS and exploration activities, offset by $8,487,000 of cash inflows from funds drawn down from term deposits.

Cash inflows from financing activities in Q3 2013 were $9,701,000 (Q3 2012: $(2)) with the current period's figures being net proceeds from unsecured borrowings.

Nine months ended March 31, 2013 compared to nine months ended March 31, 2012 ("YTD 2012")

Cash outflows from operating activities for YTD 2013 were $4,475,000 (YTD 2012: outflows $4,037,000) with the majority of expenditure being for administration. The increase was mostly due to legal expenses relating to the re-domicile to Canada.

Cash outflows from investing activities for YTD 2013 were $20,635,000 (YTD 2012: outflows $4,853,000). The majority of the YTD 2013 net outflows related to $28,137,000 outflows on FS and exploration activities, offset by $7,824,000 cash inflows from funds drawn down from term deposits. A majority of the YTD 2012 net outflows related to $33,681,000 outflows on FS and exploration activities, offset by $26,971,000 cash inflows from funds drawn down from term deposits.

Cash inflows from financing activities in YTD 2013 were $27,583,000 (YTD 2012: $602,000) with the current period's figures being net proceeds from borrowings and capital raisings through issue of shares and the exercise of warrants and options during YTD 2013.

Discussion of Financial Position

	March 31 2013 (unaudited) $'000	June 30 2012 (audited) $'000
Current Assets		
Cash and cash equivalents	**3,443**	989
Investments – term deposits	**2,376**	10,200
Trade and other receivables	**819**	726
Total Current Assets	**6,638**	11,915
Non Current Assets		
Plant and equipment	**1,252**	1,372
Exploration and evaluation	**169,220**	153,431
Total Non Current Assets	**170,472**	154,803
Total Assets	**177,110**	166,718
Current Liabilities		
Trade and other payables	**3,987**	6,597
Borrowings	**9,701**	-
Provisions	**1,294**	1,019
Total Current Liabilities	**14,982**	7,616
Total Liabilities	**14,982**	7,616
Equity	**162,128**	159,102

Cash and Cash Equivalents

Cash and cash equivalents increased to $3,443,000 at the end of Q3 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 $2,376,000 at the end of Q3 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 increased to $819,000 as at March 31, 2013 as compared to $726,000 at the end of FY 2012 primarily due to an increase in prepayments.

Plant and Equipment

Plant and equipment decreased to $1,252,000 as at March 31, 2013 as compared to $1,372,000 at the end of FY 2012 primarily due to purchases offset by depreciation and disposal of fixed assets in the normal course of business.

Exploration and Evaluation

Exploration and evaluation costs increased to $169,220,000 as at March 31, 2013 as compared to $153,431,000 as at June 30, 2012 due to on-going expenditure of $25,652,000 in relation to the finalisation of the FS offset by a negative movement in foreign exchange rates of $9,861,000 due to a 6.4 per cent decrease in the value of the Australian Dollar ("**AUD**") versus Papua New Guinea Kina ("**PGK**").

Trade and Other Payables

Trade and other payables decreased to $3,987,000 as at March 31, 2013 as compared to $6,597,000 as at June 30, 2012 primarily due to timing of payments.

Provisions

Provisions increased to $1,294,000 as at March 31, 2013 as compared to $1,019,000 as at June 30, 2012 primarily due to increases in staff leave entitlements.

Borrowings

Borrowings increased to $9,701,000 as at March 31, 2013 as compared to $nil as at June 30, 2012 primarily due to the execution of a loan between the Company and Sentient.

Equity

Equity increased to $162,128,000 as at March 31, 2013 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 $6,234,000 for the nine months, and a decrease in reserves of $8,622,000 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 ongoing exploration and development of the Yandera Project.

The Company's cash and term deposits balance was $5,819,000 at March 31, 2013.

The Company's contractual obligations, as at March 31, 2013, 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**
Short term debt	9,701	9,701	-	-	-
Operating leases	1,111	643	$468	-	-
Total contractual obligations	**10,812**	**10,344**	**$468**	**-**	**-**

Though the Company had a working capital deficit of $8,344,000 at March 31, 2013 as of the date of this MD&A, the Company, in anticipation of the US$15,000,000 Placement of Debentures with Sentient, will have sufficient cash and cash equivalents to continue some exploration and development activities 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, when ultimately completed, 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, and 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 March 31, 2013.

Related Party Transactions

Loans to Key Management Personnel

On June 11, 2008, the Company entered into a loan agreement with the Managing Director, Mr Emery, to lend $1,000,000 interest free with a 10 year loan term. The purpose of the loan was for Mr Emery to exercise 4,000,000 unlisted options expiring November 30, 2008. This agreement was approved by shareholders at the November 28, 2007 Annual General Meeting.

Funding from Major Shareholder

On 6 February 2013, the Company entered into a loan agreement with its 22.0 per cent shareholder Sentient for US$10,000,000 million. It is working capital facility of US$10,000,000, repayable on or before December 31, 2013. Interest payments under this facility are past due, however Sentient and the Company have agreed terms to settle them in the context of the pending convertible debenture offering.

On April 30, 2013, the Company announced that it had entered into a binding term sheet with Sentient, to ensure near term capital needs, pursuant to a Placement of US$15,000,000 principal amount of 9.0 per cent Debentures. On completion of the Placement and after debenture conversion, Sentient would see its equity interest in the Company increase from 22.0 per cent to 39.1 per cent

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 SEDAR website at www.sedar.com and should be reviewed in conjunction with this document. In addition to risks outlined there, we draw the following risks to your attention:

Additional Funding is Required

The Company will need to raise further capital from external sources for general working capital, exploration or to develop any newly discovered mineral assets. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time, the outcome of any feasibility or other technical studies and exploration programs and upon the availability of significant amounts of debt and equity financing to a company without projects already in production. As a result, the Company is subject to all of the risks associated with establishing new mining operations and business enterprises including:

- the timing and cost of the construction of mining and processing facilities;
- the availability and costs of skilled labour and mining equipment;
- the availability and cost of appropriate smelting and/or refining arrangements;
- the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and
- the availability of funds to finance construction and development activities.

It is common in new mining operations to experience problems and delays during construction, development and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that the Company's activities will result in profitable mining operations or that the Company will successfully establish mining operations or profitably produce metals at any of its properties.

Outstanding Share Data

As at the end of Q3 2013, the only class of shares of the Company outstanding was common shares. As at the end of Q3 2013, the Company had 1,137,870,521 common shares outstanding and 112,260,780 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.

Change in Accounting Policy

The Company changed its accounting policy relating to the capitalisation of exploration expenditure for the financial year ending June 30, 2011. Previously, exploration and evaluation costs were written off in the year they were incurred, with only acquisition and feasibility study costs being accumulated.

The change in policy was made as the Board believed it would result in the financial statements providing reliable and more relevant information about the effects of these transactions on the Company's financial position and financial performance. The Company retrospectively applied the change in accounting policy as if it had always applied and therefore restated exploration and evaluation expenditure in relation to each area of interest for comparative purposes, including adjustment to the opening balances to the 2010 financial year to show the full effect of this change in accounting policy. For further information on the financial effect of this transaction, please refer to the audited consolidated financial statements of the Company for the fiscal year ended June 30, 2011.

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 March 31, 2013, 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 Dr Malcolm Roberts, 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 categorised as mineral reserves. There is no certainty that the mineral resources disclosed herein will be realised or converted to mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.