

# **MARENKO MINING LIMITED**

## **ACN 099 496 474**

# **PROSPECTUS**

This Prospectus has been issued to facilitate the secondary trading of Shares issued pursuant to a Capital Raising. It has also been issued to provide information on the Offer of 1 Share at an issue price of A\$0.095 to raise A\$0.095.

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

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

**This Prospectus is dated 2 September 2009.**

## **CORPORATE DIRECTORY**

### **DIRECTORS**

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

### **SECRETARY**

John Ribbons

### **REGISTERED AND PRINCIPAL OFFICE**

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

### **SOLICITORS TO THE OFFER**

Blakiston & Crabb  
1202 Hay Street  
WEST PERTH WA 6005

### **AUDITORS**

Stantons International Pty Ltd\*  
1 Havelock Street  
WEST PERTH WA 6005

### **SHARE REGISTRY**

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

### **ASX CODE**

MGO

**\*Provided for information purposes only**

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## **Important Notes and Statements**

This Prospectus is dated 2 September 2009. A copy of this Prospectus was lodged with the ASIC on 2 September 2009. Neither the ASIC nor the ASX take any responsibility for the contents of this Prospectus. No Shares will be issued or granted on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. The Share issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

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

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

## **Key Definitions**

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

## **1 DETAILS OF OFFER**

### **1.1 Purpose of the Offer**

The Company has issued to investors a total of:

a) 172,500,000 Shares at an issue price of C\$0.086 each to raise C\$14,835,000, together with 8,625,000 Compensation Options, each exercisable at C\$0.086 expiring on 31 August 2011; and

b) 57,452,546 Shares at an issue price of A\$0.095 each to raise A\$5,457,992

(together the "**Capital Raising**").

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

The funds raised from the Capital Raising will be used for the cost of completing the exploration program and definitive feasibility study on the Yandera Project, and for general corporate and working capital purposes.

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

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

### **1.2 Details of the Offer**

By this Prospectus, the Company is offering the public to apply for 1 Share at an issue price of A\$0.095 to raise A\$0.095.

### **1.3 Opening and Closing Dates**

The Offer will open for receipt of acceptances at 9.00am WST on 3 September 2009 and will close at 5.00pm WST on 14 September 2009 or such other date as the Directors, in their absolute discretion, may determine.

### **1.4 Minimum Subscription**

The minimum level of subscription for the Offer is 1 Share to raise A\$0.095.

### **1.5 Brokerage and Commission**

No brokerage or commission is payable.

## 1.6 Applications

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

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

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

***By Hand:***

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

***By Post:***

Marengo Mining Limited  
PO Box 289  
WEST PERTH WA 6872

Applications must be received by 5.00 pm WST on 14 September 2009 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice).

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

## 1.7 Oversubscription and Allotment of the Share

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

The Share is expected to be allotted and issued by no later than 17 September 2009. Until allotment and issue of the Share under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the application money will be for the benefit of the Company and will be retained by it irrespective of whether allotment and issue of the Share takes place.

## 1.8 ASX Listing

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

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

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

**1.9 No issue of Shares after 13 months**

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

**1.10 Overseas Investors**

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

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

**1.11 Use of Funds**

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

## 2 PURPOSE AND EFFECT OF THE OFFER ON THE COMPANY

### 2.1 Principal Effects

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

- (a) The Company will issue 1 Share.
- (b) Following the issue of the Share, the cash reserves of the Company will increase by A\$0.095 less expenses of the Offer which are estimated to be approximately A\$5,000.
- (c) If the Share proposed to be issued is issued, the number of Shares on issue will increase from 440,516,975 to 440,516,976.

### 2.2 Balance Sheet and Capital Structure

Set out as follows is an unaudited balance sheet of the Company and its controlled entities as at 30 June 2009 and the proposed capital structure of the Company after the Capital Raising and the Offer:

#### Consolidated Balance Sheet Pro-forma Reflecting Proposed Offer

	30 June 2009 (unaudited) A\$	30 June 2009 pro-forma (unaudited) A\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	5,088,081	5,088,081
Trade and other receivables	479,986	479,986
<b>TOTAL CURRENT ASSETS</b>	<b>5,568,067</b>	<b>5,568,067</b>
<b>NON-CURRENT ASSETS</b>		
Other financial assets	425,657	425,657
Plant and equipment	734,491	734,491
Mining properties	15,598,014	15,598,014
<b>TOTAL NON-CURRENT ASSETS</b>	<b>16,758,162</b>	<b>16,758,162</b>
<b>TOTAL ASSETS</b>	<b>22,326,229</b>	<b>22,326,229</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	918,643	918,643
Provisions	485,586	485,586
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,404,229</b>	<b>1,404,229</b>
<b>TOTAL LIABILITIES</b>	<b>1,404,229</b>	<b>1,404,229</b>
<b>NET ASSETS</b>	<b>20,922,000</b>	<b>20,922,000</b>
<b>EQUITY</b>		
Issued capital	58,511,763	58,511,763
Reserves	5,079,457	5,079,457
Accumulated losses	(42,669,220)	(42,669,220)
<b>TOTAL EQUITY</b>	<b>20,922,000</b>	<b>20,922,000</b>



### 2.3 Capital Structure of the Company

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

<b>Shares</b>	<b>Number</b>
Existing Shares on issue	440,516,975
Maximum number of Shares to be issued pursuant to this Prospectus	1
<b>Total Shares on issue after the Offer</b>	<b>440,516,976</b>

<b>Options</b>	<b>Number</b>
Unlisted Options on issue as at date of this Prospectus – various classes (see <i>note 1</i> below).	18,935,915
<b>Total Options on issue after the Prospectus</b>	<b>18,935,915</b>

*Note 1: Unlisted Options on issue:*

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,201,915	A\$0.19	15 October 2009
170,000	A\$0.20	31 December 2009
170,000	A\$0.25	31 December 2010
8,625,000	C\$0.086	31 August 2011
160,000	A\$0.30	31 December 2011
5,750,000	A\$0.50	15 August 2013
2,300,000	A\$0.25	18 December 2013
550,000	A\$0.25	31 March 2014

## 3 RISK FACTORS

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

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

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

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

- ***Exploration and Development Risks***

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

- ***Company may not Obtain Renewal of EL1335***

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

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

The price of copper and molybdenum fluctuates widely and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rate fluctuation, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production from Marengo's mining properties, including in particular the Yandera Project, is dependent

upon the price of copper and molybdenum being adequate to make it economic. Future price declines in the market price of copper or molybdenum could cause development of the Yandera Project to be rendered uneconomic. Declining metal prices will also adversely affect the Company's ability to obtain financing both now and in the long-term. As a result, further declines in copper or molybdenum prices could force the Company to discontinue exploration of the Yandera Project and the DFS.

- ***Current Global Economic Conditions***

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

- ***Structural Subordination of Shares***

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

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

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

## **4 ADDITIONAL INFORMATION**

### **4.1 Legal Framework of this Prospectus**

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

### **4.2 Applicability of Corporations Act**

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

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

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

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

### **4.3 Information Available to Shareholders**

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

- (a) the Annual Financial Report for the Company for the year ending 30 June 2008;
- (b) the Half-Year Financial Report of the Company for the half year ending 31 December 2008; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2008 and before the issue of this Prospectus:

1 September 2009	Appendix 3B – Issue of Shares/Options (Canadian Placement)
1 September 2009	Becoming a substantial holder
1 September 2009	Leading Global Investment Funds underpin A\$16.3M Placement
1 September 2009	Marengo completes C\$14.8 Million Offering
25 August 2009	Marengo Mining files final Short Form Prospectus
25 August 2009	Marengo Mining Prices Offering
24 August 2009	Suspension from Official Quotation
21 August 2009	Trading Halt

14 August 2009	Amended Appendix 3Y - Change of Director's Interest Notice
10 August 2009	Appendix 3Y
10 August 2009	Investor Presentation
30 July 2009	Quarterly Cashflow Report to 30 June 2009
30 July 2009	Quarterly Activities Report to 30 June 2009
30 July 2009	Results of Meeting - 30 July 2009
21 July 2009	Investor Presentation (Canada) - July 2009
20 July 2009	Marengo files Preliminary Short Form Prospectus in Canada
10 July 2009	Mailout to Shareholders - Addendum to NOM for 30/07/09
3 July 2009	Response to ASX Query - Change of Director's Interest
2 July 2009	Mailout to Shareholders - Notice of General Meeting 30/07/09
29 June 2009	Amended Appendix 3Y - Change of Director's Interest Notice
26 June 2009	Change of Director's Interest Notice (R Namaliu)
24 June 2009	Investor Presentation - June 2009
21 May 2009	Investor Presentation - May 2009
18 May 2009	Unaudited Interim Financial Report to 31 March 2009 - TSX
18 May 2009	31 March 2009 MD and A - TSX
6 May 2009	Mailout to Shareholders
30 April 2009	Quarterly Cashflow Report - 31 March 2009
28 April 2009	Quarterly Activities Report to 31 March 2009
24 April 2009	Boardroom Radio Broadcast - New Copper Discovery at Yandera
24 April 2009	Marengo Announces New Copper Discovery at Yandera Project
15 April 2009	Appendix 3B - Issue of Unlisted Options
31 March 2009	Change of Company Secretary/Chief Financial Officer
23 February 2009	Canadian Investor Presentation - 23-27 February 2009
17 February 2009	Lapsing of 15 February 2009 Options
13 February 2009	Half Year Accounts - 31 December 2008
13 February 2009	31 December 2008 MD and A - TSX
6 February 2009	Change of Director's Interest Notice
4 February 2009	Change of Director's Interest Notice - L Emery
30 January 2009	Quarterly Cashflow Report
29 January 2009	Mailout to Shareholders
19 January 2009	Quarterly Activities Report
19 December 2008	Appendix 3B - Issue of Unlisted Options
18 December 2008	Change of Director's Interest Notice - R Namaliu (Revised)
18 December 2008	Change of Director's Interest Notice (30/06/08)
18 December 2008	Appendix 3X - Initial Director's Interest Notice (Revised)
3 December 2008	Change of Director's Interest Notice - J Horan
1 December 2008	Mining Journals 20:20 Investor Series Australia Day
1 December 2008	10th PNG Mining Petroleum Investment Conference Presentation
28 November 2008	Change of Director's Interest Notice - D Dunnet
28 November 2008	Change of Director's Interest Notice - J Horan
28 November 2008	LAPSING OF 30 NOVEMBER 2008 OPTIONS
24 November 2008	Yandera Project Update
24 November 2008	Canadian Investor Presentation - 24-28 November 2008
12 November 2008	30 September 2008 MD and A - TSX
12 November 2008	30 September 2008 Financial Statements - TSX
11 November 2008	Results of 2008 AGM
11 November 2008	Chairman's and Managing Directors AGM Addresses
10 November 2008	Mailout to Shareholders
31 October 2008	Quarterly Activities Report
31 October 2008	Quarterly Cashflow Report
29 October 2008	Change of Director's Interest Notice

24 October 2008	Clarification to announcement dated 23 October 2008
23 October 2008	Upgraded Resource for Yandera Project
1 October 2008	Corporate Presentation - Asia Down Under Conference
30 September 2008	Investor Presentation - Resources Rising Stars Conference
26 September 2008	Mailout to Shareholders
23 September 2008	Annual MD and A 2008
23 September 2008	2008 AIF

#### 4.4 **Rights Attaching to Shares**

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

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

##### **Voting Rights**

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

##### **Dividend Rights**

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

##### **Rights on Winding Up**

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

##### **Transfer of Shares**

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

## Creation and Issue of Further Shares

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

## Variation of rights

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

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

## General Meeting

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

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

## 4.5 Interest of Directors

### *Directors' Holdings*

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

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

### *Notes:*

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

5. 65,148 Shares are held by Aurex Pty Ltd of which Dr Dunnet is a director. 200,000 Shares are held by RedTerra Holdings Pty Ltd as trustee for the Chandalier Super Fund A/c of which Dr Dunnet is a beneficiary.
6. 500,000 unlisted options exercisable at A\$0.50 each expiring on 15 August 2013 are held by RedTerra Holdings Pty Ltd as trustee for the Chandalier Super Fund A/c of which Dr Dunnet is a beneficiary.
7. 500,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013.
8. 500,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013.
9. 10,200 Shares are held by Sir Rabbie Namaliu's spouse. 100,000 Shares are held by Tobit Investment Ltd of which Sir Rabbie Namaliu is director. 100,000 Shares are held by RDN International Ltd of which Sir Rabbie Namaliu is a director. 1,000,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013.
10. 184,000 Shares are held by Wolfgang Sesselmann who is Ms Sesselmann's spouse.
11. 500,000 unlisted options exercisable at A\$0.50 each and expiring on 15 August 2013

### ***Remuneration of Directors***

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

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

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

#### **Financial year up to 30 June 2008:**

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

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



**Financial year up to 30 June 2009:**

Directors	Director's Fees/Salaries A\$	Superannuation A\$	Non-Monetary Short Term Benefits A\$	Share based payments A\$	Total A\$
John Horan	92,000	-	2,915	68,224	163,139
Les Emery	538,887	43,930	16,339	81,869	681,025
Douglas Dunnet	50,000	4,500	2,915	27,290	84,705
John Hick	56,736	-	2,915	27,290	86,941
Elizabeth Martin	56,322	-	2,915	27,290	86,527
Rabbie Namaliu	55,625	-	2,915	54,579	113,119
Susanne Sesselmann	59,799	-	2,915	27,290	90,004

Since 30 June 2009 to the date of this Prospectus, the directors have accrued the following remuneration:

Directors	Director's Fees/Salaries A\$	Superannuation A\$	Non-Monetary Short Term Benefits A\$	Total A\$
John Horan	15,332	-	-	15,332
Les Emery	81,317	8,394	-	89,711
Douglas Dunnet	8,333	750	-	9,083
John Hick	9,083	-	-	9,083
Elizabeth Martin	9,083	-	-	9,083
Rabbie Namaliu	9,083	-	-	9,083
Susanne Sesselmann	9,083	-	-	9,083

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

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

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

#### 4.6 **Interests of Named Persons**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

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

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

Blakiston & Crabb have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately A\$3,000 for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately A\$191,171.

#### 4.7 **Consents**

Blakiston and Crabb:

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

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

#### 4.8 **Privacy Disclosure Statement**

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

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related

bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

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

#### **4.9 Market Prices of Shares on ASX**

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were A\$0.145 on 30 June 2009 and A\$0.097 on 19 August 2009. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was A\$0.105 on 20 August 2009.

#### **4.10 Expenses of the Offer**

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

## **5 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT**

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

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

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

**Dated: 2 September 2009**



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Leslie Emery  
Managing Director

## 6 DEFINED TERMS

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

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

"**ASIC**" means the Australian Securities & Investments Commission;

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

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

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

"**Capital Raising**" means the issue of 57,452,546 Shares at an issue price of A\$0.095 per Share to raise A\$5,457,992 together with the issue of 172,500,000 Shares at an issue price of C\$0.086 per Share to raise C\$14,835,000, together with the issue of 8,625,000 Compensation Options each exercisable at C\$0.086 expiring on 31 August 2011;

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

"**Closing Date**" means 5.00pm WST on 14 September 2009;

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

"**Compensation Option**" means an option to acquire a Share, the terms and conditions of which are set out in the option certificate attached as Annexure A to this Prospectus;

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

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

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

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

"**Offer**" means the issue pursuant to this Prospectus of 1 Share at an issue price of A\$0.095 to raise A\$0.095;

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

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

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

"**Prospectus**" means this prospectus dated 2 September 2009;

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

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

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

## ANNEXURE A

### COMPENSATION OPTIONS TO PURCHASE ORDINARY SHARES OF MARENGO MINING LIMITED

(ABN 57 099 496 474)

(subsisting under the laws of Australia)

Each Compensation Option shall entitle the holder, subject to the terms and conditions set forth in this certificate or by a replacement certificate (in either case, this "**Compensation Option Certificate**"), to acquire from Marengo Mining Limited (the "**Company**") one (1) fully paid ordinary share of the Company (a "**Share**") at any time commencing on the date hereof and continuing up to 5:00 p.m. (Vancouver time) on August 31, 2011 (the "**Time of Expiry**") on payment of C\$0.086 per Share (the "**Exercise Price**").

#### 1. Exercise of Compensation Options.

- (1) Election to Purchase. The rights evidenced by this Compensation Option Certificate may be exercised by the holder in whole or in part at any time commencing on the date hereof and continuing up to the Time of Expiry and in accordance with the provisions hereof by delivery, which may include delivery by way of facsimile or e-mail, of an election to exercise in substantially the form attached hereto as Exhibit 1 ("**Election to Exercise**"), properly completed and executed, together with payment of the Exercise Price, which may be made by wire transfer to the Company's account, for the number of Shares specified in the Election to Exercise at the registered office of the Company at Level 2, 9 Havelock Street, West Perth, Western Australia, Australia, 6005 or such other address as may be notified in writing by the Company. In the event that the rights evidenced by this Compensation Option Certificate are exercised in part, the Company shall, contemporaneously with the issuance of the Shares issuable on the exercise of the Compensation Options so exercised, issue to the holder Compensation Options on identical terms in respect of that number of Shares in respect of which the holder has not exercised the rights evidenced by this Compensation Option Certificate.
- (2) Exercise. The Company shall, on the date it receives a duly executed Election to Exercise and the Exercise Price for the number of Shares specified in the Election to Exercise (the "**Exercise Date**"), issue that number of Shares specified in the Election to Exercise as fully paid ordinary shares in the capital of the Company, as binding obligations of the Company.
- (3) Certificates. As promptly as practicable after the Exercise Date and, in any event, by the later of three (3) business days (for greater certainty, a "business day" referred to herein shall mean a day that is not a holiday in Western Australia) after receipt of the Election to Exercise and the Exercise Price, the Company shall issue and deliver to the holder, registered in such name or names as the holder may

direct or if no such direction has been given, in the name of the holder, certificates for the number of Shares, specified in the Election to Exercise. To the extent permitted by law, such exercise shall be deemed to have been effected as of the close of business on the Exercise Date, and at such time the rights of the holder with respect to the number of Compensation Options which have been exercised as such shall cease, and the person or persons in whose name or names any certificate or certificates for Shares shall then be issuable upon such exercise shall be deemed to have become the holder or holders of record of the Shares represented thereby.

- (4) Fractional Shares. To the extent that the holder of a Compensation Option is entitled to receive on the exercise or partial exercise thereof a fraction of a Share, such right may only be exercised in respect of such fraction in combination with another Compensation Option or other Compensation Options which in the aggregate entitle the holder to receive a whole number of Shares. If a holder is not able to, or elects not to, combine Compensation Options so as to be entitled to acquire a whole number of Shares, the holder shall not be entitled to any compensation or other right in lieu of fractional Shares.

2. **Anti-Dilution Protection.**

- (1) Definitions. For the purposes of this section 2, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor in this subsection:
- (a) "**Adjustment Period**" means the period commencing on the date hereof and ending at the Time of Expiry;
  - (b) "**Current Market Price**" at any date, means the weighted average of the sale price per Share on such stock exchange on which the Shares are listed and where a majority of the trading volume occurs, for any 20 consecutive trading days selected by the Company ending five trading days before such date; provided, however, that if such Shares are not traded during such period for at least 20 consecutive trading days, the simple average of the following prices established for each of 20 consecutive trading days ending five trading days before such date:
    - (i) the average of the bid and ask prices for each day on which there was no trading, and
    - (ii) the closing price of the Shares for each day that there was trading,
    - (iii) or in the event that at any date the Shares are not listed on any exchange or on the over-the-counter market, the current market price shall be as determined by the directors or such firm of independent chartered accountants as may be selected by the



directors acting reasonably and in good faith in their sole discretion,

for these purposes, the weighted average price for any period shall be determined by dividing the aggregate sale prices during such period by the total number of Shares sold during such period;

- (c) "**director**" means a director of the Company for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Company as a board or, whenever empowered, action by the executive committee of such board; and
- (d) "**trading day**" with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business.

(2) Adjustments. The Exercise Price and the number of Shares issuable to the holder upon exercise of the Compensation Options shall be subject to adjustment from time to time in the events and in the manner provided as follows:

- (a) If at any time during the Adjustment Period the Company shall:
  - (i) fix a record date for the issue of, or issue, Shares to the holders of all or substantially all of the outstanding Shares by way of a stock dividend;
  - (ii) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the Shares payable in Shares or securities exchangeable for or convertible into Shares;
  - (iii) subdivide the outstanding Shares into a greater number of Shares;  
or
  - (iv) consolidate the outstanding Shares into a lesser number of Shares;

(any of such events in subclauses (i), (ii), (iii) and (iv) above being herein called a "**Ordinary Share Reorganization**"), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Shares are determined for the purposes of the Ordinary Share Reorganization and the effective date of the Ordinary Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- (A) the numerator of which shall be the number of Shares outstanding on such record date or effective date before giving effect to such Ordinary Share Reorganization; and

- (B) the denominator of which shall be the number of Shares which will be outstanding immediately after giving effect to such Ordinary Share Reorganization (including in the case of a distribution of securities exchangeable for or convertible into Shares the number of Shares that would be outstanding had such securities all been exchanged for or converted into Shares on such date).

To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 2(2)(a) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (b) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than forty-five (45) days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Shares or securities exchangeable for or convertible into Shares at a price per share (or in the case of securities exchangeable for or convertible into Shares at an exchange or conversion price per share at the date of issue of such securities) of less than ninety-five percent (95%) of the Current Market Price of the Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:
  - (i) the numerator of which shall be the aggregate of:
    - (A) the number of Shares outstanding on the record date for the Rights Offering; and
    - (B) the quotient determined by dividing:
      - (I) either (a) the product of the number of Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the

number of Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

- (II) the Current Market Price as of the record date for the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of the number of Shares outstanding on such record date and the number of Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Shares the number of Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this clause 2(2)(b), there is more than one purchase, conversion or exchange price per Share, the aggregate price of the total number of additional Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Share, as the case may be. Any Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 2(2)(b) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this clause 2(2)(b), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (c) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Shares of:
  - (i) shares of the Company of any class other than Shares;
  - (ii) rights, options or warrants to acquire Shares or securities exchangeable for or convertible into Shares;
  - (iii) evidences of indebtedness of the Company; or
  - (iv) any property or assets of the Company;

and if such issue or distribution does not constitute an Ordinary Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (A) the numerator of which shall be the difference between:
  - (I) the product of the number of Shares outstanding on such record date and the Current Market Price on such record date, and
  - (II) the fair value, as determined by the directors of the Company, to the holders of the Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and
- (B) the denominator of which shall be the product obtained by multiplying the number of Shares outstanding on such record date by the Current Market Price on such record date.

Any Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 2(2)(c) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Shares or securities exchangeable for or convertible into Shares referred to in this clause 2(2)(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

- (d) If at any time during the Adjustment Period there shall occur:
  - (i) a reclassification or redesignation of the Shares, any change of the Shares into other shares or securities or any other capital reorganization involving the Shares, other than an Ordinary Share Reorganization;
  - (ii) a consolidation, amalgamation or merger of the Company with or into any other body corporate which results in a reclassification or

redesignation of the Shares or a change of the Shares into other shares or securities; or

- (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being herein called a "**Capital Reorganization**"), after the effective date of the Capital Reorganization the holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Compensation Options, in lieu of the number of Shares to which the holder was theretofore entitled upon the exercise of the Compensation Options, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the holder had been the registered holder of the number of Shares to which the holder was theretofore entitled to purchase or receive upon the exercise of the Compensation Options. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Compensation Option Certificate with respect to the rights and interest thereafter of the holder to the end that the provisions of this Compensation Option Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Compensation Option Certificate.

- (e) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of clauses 2(2)(a), (b) or (c) hereof, then the number of Shares purchasable upon the subsequent exercise of these Compensation Options shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Shares purchasable upon the exercise of the Compensation Options immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

(3) Rules. The following rules and procedures shall be applicable to adjustments made pursuant to subsection 2(2) of this Compensation Option Certificate.

- (a) Subject to the following provisions of this subsection 2(3), any adjustment made pursuant to subsection 2(2) hereof shall be made successively whenever an event referred to herein shall occur.
- (b) No adjustment in the Exercise Price shall be required unless the adjustment would result in a change of at least one per cent (1%) in the

Exercise Price then in effect and no adjustment shall be made in the number of Shares purchasable or issuable on the exercise of the Compensation Options unless it would result in a change of at least one one-hundredth (1/100) of a Share; provided, however, that any adjustments which except for the provisions of this clause 2(3)(b) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of subsection 2(2) of this Compensation Option Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Shares issuable upon the exercise of the Compensation Options (except in respect of a consolidation of the outstanding Shares).

- (c) If at any time during the Adjustment Period the Company shall take any action affecting the Shares, other than an action or an event described in subsection 2(2) hereof, which would have a material adverse effect upon the rights of the holder under this Compensation Option Certificate, the Exercise Price and/or the number of Shares purchasable under this Compensation Option Certificate shall be adjusted in such manner and at such time as the directors may determine to be equitable in the circumstances.
- (d) No adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of this Compensation Option shall be made in respect of any event described in section 2 hereof if the holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the holder had exercised the Compensation Options prior to or on the record date or effective date, as the case may be, of such event.
- (e) If the Company sets a record date to determine holders of Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, no adjustment in the Exercise Price or the number of Shares purchasable upon the exercise of the Compensation Options shall be required by reason of the setting of such record date.
- (f) In any case in which this Compensation Option Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in subsection 2(2) hereof, the Company may defer, until the occurrence of such event:
  - (i) issuing to the holder, to the extent that the Compensation Options are exercised after such record date and before the occurrence of

such event, the additional Shares issuable upon such exercise by reason of the adjustment required by such event; and

- (ii) delivering to the holder any distribution declared with respect to such additional Shares after such record date and before such event;

provided, however, that the Company shall deliver to the holder an appropriate instrument evidencing the right of the holder, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Shares purchasable upon the exercise of the Compensation Options and to such distribution declared with respect to any such additional Shares issuable on this exercise of the Compensation Options.

- (g) If a dispute shall at any time arise with respect to any adjustment of the Exercise Price or the number of Shares purchasable pursuant to this Compensation Option Certificate, such dispute shall be conclusively determined by the auditors of the Company or if they are unable or unwilling to act by such other firm of independent chartered accountants as may be selected by the directors.

- (4) Taking of Actions. As a condition precedent to the taking of any action which would require an adjustment pursuant to subsection 2(2) hereof, the Company shall take any action which may, in the opinion of counsel, be necessary in order that the Company may validly and legally issue as fully paid ordinary shares all of the Shares which the holder is entitled to receive in accordance with the provisions of this Compensation Option Certificate.
- (5) Notice. At least twenty-one (21) days prior to any record date or effective date, as the case may be, for any event which requires or might require an adjustment in any of the rights of the holder under this Compensation Option Certificate, including the Exercise Price and the number of Shares which are purchasable under this Compensation Option Certificate, the Company shall deliver to the holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice under this subsection 2(5) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the register of transfers and share transfer books for the Shares will be open, and that the Company will not take any action which might deprive the holder of the opportunity of exercising the rights of subscription contained in this Compensation Option Certificate, during such twenty-one (21) day period.

3. **Shares to be Reserved.**

The Company will at all times keep available, and reserve, out of its authorized Shares, solely for the purpose of issue upon the exercise of the Compensation Options, such number of Shares as are then issuable upon the exercise of the Compensation Options. The Company covenants and agrees that all Shares that are so issuable will, upon issuance, be duly authorized and fully paid. The Company will take such actions as may be reasonably necessary and as are within its power to ensure that all such Shares may be so issued without violation of any applicable laws or the applicable requirements of any exchange upon which the Shares may be listed or in respect of which such Shares are qualified for unlisted trading privileges.

4. **Transferability.**

The Compensation Options evidenced hereby issuable upon exercise hereof are non-assignable, non-transferable and non-negotiable and may not be exercised by or for the benefit of any person other than the holder. The holder further acknowledges that the Compensation Options represented by this certificate and the Shares issuable upon exercise hereby may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

5. **Replacement.**

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Compensation Option Certificate and, if requested by the Company, upon delivery of a bond of indemnity satisfactory to the Company (or, in the case of mutilation, upon surrender of this Compensation Option Certificate), the Company will issue to the holder a replacement certificate (containing the same terms and conditions as this Compensation Option Certificate).

6. **Expiry Date.**

The Compensation Options shall expire and become null and void at the Time of Expiry.

7. **Time.**

Time shall be of the essence of this Compensation Option Certificate.

8. **Governing Law.**

This Compensation Option Certificate will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, which laws shall also govern the Compensation Options.



9. **Successor.**

The Company shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other corporation (herein called a "**successor corporation**") whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, disposition or otherwise, unless prior to or contemporaneously with the consummation of such transaction the Company and the successor corporation shall have executed such instruments and done such things as, in the opinion of counsel to the holder, are necessary or advisable to establish that upon the consummation of such transaction:

- (a) the successor corporation will have assumed all the covenants and obligations of the Company under this Compensation Option Certificate, and
- (b) the Compensation Options will be a valid and binding obligation of the successor corporation entitling the holder, as against the successor corporation, to all the rights of the holder under this Compensation Option Certificate.

Whenever the conditions of this section 9 shall have been duly observed and performed, the successor corporation shall possess, and from time to time may exercise, each and every right and power of the Company under this Compensation Option Certificate in the name of the Company or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Company may be done and performed with like force and effect by the like directors or officers of the successor corporation.

10. **General.**

This Compensation Option Certificate is not valid for any purpose whatsoever unless and until it has been signed by or on behalf of the Company. The holding of the Compensation Options evidenced by this Compensation Option Certificate shall not constitute the holder a shareholder of the Company or entitle the holder to any right or interest in respect thereof except as expressly provided in this Compensation Option Certificate.

**EXHIBIT 1**  
**Election to Exercise**

TO: Marengo Mining Limited

The undersigned hereby irrevocably elects to exercise the number of Compensation Options of Marengo Mining Limited set out below for the number of Shares (or other property or securities subject thereto) as set forth below:

(a)	Number of Compensation Options to be Exercised:		
(b)	Number of Shares to be Acquired:		
(c)	Exercise Price per Compensation Option:		C\$0.086
(d)	Aggregate Purchase Price [(b) multiplied by (c)]:		C\$

and hereby tenders a certified cheque, bank draft or cash for such aggregate purchase price, and directs that the Shares to be registered and certificates therefor to be issued as directed below.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Per: \_\_\_\_\_

Direction as to Registration

Name of Registered Holder:		
Address of Registered Holder:		



## Guide to the Marengo Mining Limited Application Form

This Application Form relates to the offer of 1 Share in Marengo Mining Limited at an issue price of A\$0.095, pursuant to the Prospectus dated September 2009. The expiry date of the Prospectus is the date that is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Company and it is advisable to read this document before applying for the Share. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable) an Application Form, on request and without charge.

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

- A** Insert the number of Shares you wish to apply for.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of A\$0.095.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of your company. Up to three Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are currently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of the Australian Securities Exchange. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SF will be allocated to you. For further information refer to the Prospectus.
- H** Please complete cheque details as requested:  
Make your cheque payable to "Marengo Mining Limited - Trust Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all information and statements made are complete and accurate. It is not necessary to sign the Application Form.

### Correct form of Registrable Title

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

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

### Lodgement of Applications

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

**By Post:**  
Marengo Mining Ltd  
PO Box 289  
WEST PERTH WA 6872

**By Hand:**  
Marengo Mining Ltd  
Level 2  
9 Havelock Street  
WEST PERTH WA 6005

**Application Forms must be received no later than 5.00 pm WST time on 14 September 2009.**