ANNUAL INFORMATION FORM

For the Financial Year Ended June 30, 2015

September 22, 2015

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain information in this annual information form ("**AIF**"), 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 reflects management's expectations regarding Marengo Mining Limited's (the "**Company'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, the timing and completion of a feasibility study ("**FS**") as hereinafter defined) on the Yandera Project (as hereinafter defined), opportunities to enhance the Yandera Project 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 AIF, the Company has made numerous assumptions. The assumptions include, among other things, assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) the accuracy of the Company's mineral resource estimate; (iv) the future price of copper and molybdenum; and (v) that the supply and demand for copper, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward looking information will prove to be accurate. By its nature, forward looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) need for additional financing to develop the Yandera Project; (ii) ability to maintain debt obligations; (iii) the nature of mineral exploration, development and mining activities; (iv) mineral resource estimates and lack of mineral reserves; (v) no history of mineral production; (vi) decreases in the price of copper and molybdenum; (vii) exploration risk; (viii) the risk that the Company will not obtain a renewal of exploration licence 1335; (ix) dependence on the Yandera Project; (x) state equity interest; (xi) limited operating history; (xii) inherent risks of mining; (xiii) political instability in developing countries; (xiv) economic uncertainty in developing countries; (xv) other foreign operations risks; (xvi) insurance and uninsured risks; (xvii) environmental risks and regulations; (xviii) potential changes in applicable laws and government regulations; (xix) title to the Company's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects; (xx) hedging policies; (xxi) competition; (xxii) dependence on key personnel; (xxiii) currency; (xxiv) repatriation of earnings; (xxv) no production revenues; (xxvi) stock exchange prices; (xxvii) conflicts of interest; (xxviii) ability to exercise statutory rights and remedies under Canadian securities laws; (xxix) enforceability of foreign judgments; (xxx) unforeseen litigation; (xxxi) structural subordination of the common shares; (xxxii) future sales or issuances of common shares; (xxxiii) risk of suspension; (xxxiv) risk of fines and penalties; (xxxv) risk of improper use of funds in local entity; and (xxxvi) effecting service of process.

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 annual information form, except as may be required by law. All forward looking information disclosed in this AIF is qualified by this cautionary statement.

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

GENERAL MATTERS

References to the Company

Unless otherwise indicated or the context otherwise requires, all references to "**Marengo**" or the "**Company**" refer to Marengo Mining Limited and its subsidiaries, on a consolidated basis.

Documents Incorporated by Reference

Information has been incorporated by reference into this AIF from documents filed with the Canadian securities regulatory authorities and the Australian Securities & Investments Commission. Copies of documents incorporated herein by reference may be obtained upon request without charge from the Company's Canadian solicitors, Bennett Jones LLP, 3400 One First Canadian Place, 100 King Street West, PO Box 130, Toronto, Ontario, M5X 1A4. Alternatively, requests for such documents may be made by emailing the Company at marengo@marengomining.com or copies of documents are also available electronically under the Company's profile on the System for Electronic Documents Analysis and Retrieval (**SEDAR**) located at www.sedar.com.

The following document is incorporated by reference into this AIF:

- the technical report titled "Technical Report Updated Resource Estimate Yandera Copper Project Papua New Guinea" dated June 19, 2015 and with an effective date of May 1, 2015 (the **"Yandera Technical Report"**), prepared by J.B. Pennington and Justin Smith of SRK Consulting (U.S.) Inc.

Date of Information

All information in this AIF is as of September 22, 2015 unless otherwise indicated.

Currency Presentation

References to "**C$**" are to Canadian dollars. References to "**A$**" are to Australian dollars. References to "**US$**" are to United States dollars.

The following table reflects the low and high rates of exchange for one Canadian dollar, expressed in United States dollars, in effect during the periods noted, the average rates of exchange during such periods and the rates of exchange at the end of such periods, based on the Bank of Canada average noon spot rate of exchange.

United States dollar per Canadian dollar	High	Low	Average[1]	End of Period
Years Ended June 30				
2015	0.9404	0.7811	0.8520	0.8006
2014	0.9768	0.8888	0.9342	0.9393
2013	1.0299	0.9495	0.9954	0.9513

By quarter for the 2014/2015 fiscal year:

United States dollar per Canadian dollar	High	Low	Average[1]	End of Period
September 2014 quarter	0.9404	0.8922	0.9183	0.8929
December 2014 quarter	0.8980	0.8589	0.8806	0.8620
March 2015 quarter	0.8527	0.7811	0.8057	0.7895
June 2015 quarter	0.8368	0.7929	0.8132	0.8006

(1) The average of the daily noon rate during the period.

On September 22, 2015, the Bank of Canada noon spot rate of exchange was C$1.00 = US$0.7531

TECHNICAL INFORMATION

The scientific and technical information contained in this AIF relating to the Company's Yandera Central copper deposit located in Madang Province, Papua New Guinea (the "**Yandera Project**") is supported by the Yandera Technical Report, which is incorporated by reference into this AIF.

The scientific and technical information contained in this AIF was reviewed and approved by Dr. Nathan Chutas. Dr. Chutas is a Certified Professional Geologist with the American Institute of Professional Geologists in the United States of America and he provides technical advisory consultancy services to Marengo. Dr. Chutas is a "**Qualified Person**" as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). Dr. Chutas verified the data underlying the information in this AIF. Where appropriate, certain information contained in this AIF updates information derived from the Yandera Technical Report.

For further information relating to the Yandera Project and the Yandera Technical Report are available under the Company's issuer profile on SEDAR at sedar.com.

Name, Address and Incorporation

Marengo is an exploration and development stage mining company and its principal asset is a 100% interest in the Yandera Project.

Marengo was incorporated under the *Corporations Act 2001 (Cth)* (Australia) (the "**Corporations Act**") as a proprietary limited company on February 6, 2002 as "Paladin Exploration Pty Limited". Marengo was renamed "Marengo Mining Pty Limited" on April 23, 2002.

On May 13, 2002, Marengo changed its name to Marengo Mining Limited and changed its status to a public unlisted company on May 30, 2002. Marengo listed on the Australian Securities Exchange (the "**ASX**") on November 13, 2003 upon the issuance of 17.5 million ordinary shares for gross proceeds of A$3.5 million and subsequently listed on the Port Moresby Stock Exchange Limited (the "**POMSoX**") on November 10, 2006. On April 15, 2008, following a public offering of 44,736,843 ordinary shares for gross proceeds of C$8.5 million by way of long form prospectus, Marengo's ordinary shares were listed and commenced trading on the Toronto Stock Exchange (the "**TSX**").

On January 11, 2013, the Company implemented a restructuring, by way of a Scheme of Arrangement (the "**Scheme**"), which resulted in the redomiciling 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.

On June 2, 2015, the Company delisted from the ASX and the share registry in Australia was transferred to the Canadian share registry.

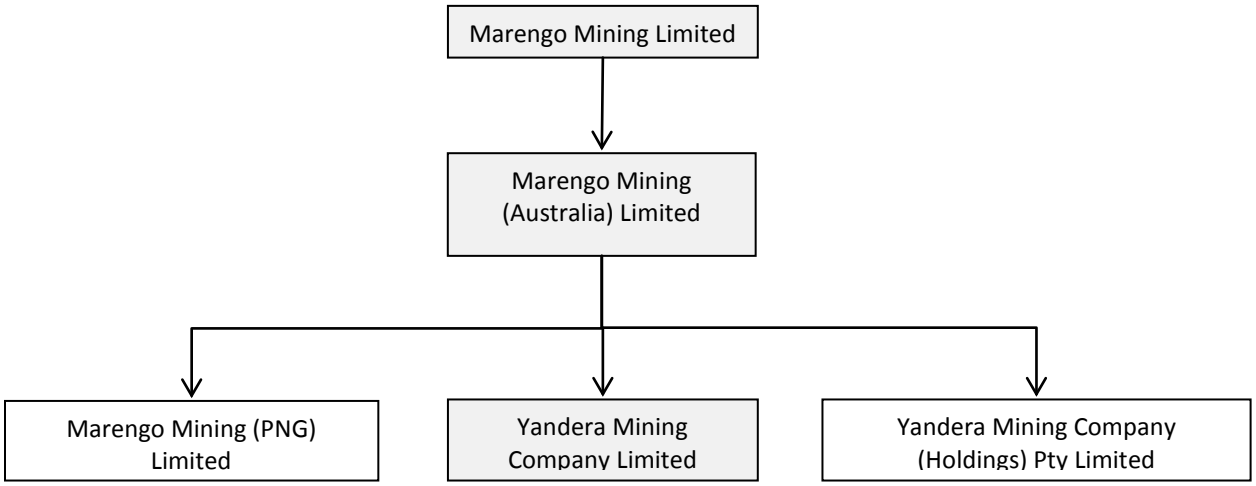
As of the date of this AIF, the Company has commenced the process of delisting from the POMSoX and anticipates that such delisting will occur at the end of October 2015.

The Company's registered and head office is located at c/o Bennett Jones LLP, 3400 One First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1A4.

Inter-corporate Relationships

Marengo has the following subsidiaries: Marengo Mining (Australia) Limited ("**Marengo Australia**"); Marengo Mining (PNG) Limited ("**Marengo PNG**"); Yandera Mining Company (Holdings) Pty Limited ("**Holdings**"); and Yandera Mining Company Limited ("**YMCL**"). YMCL was incorporated under the laws of Papua New Guinea ("**PNG**") on February 21, 2005. In August 2006, the Company purchased all of the issued and outstanding shares of Belvedere Limited (a private PNG company) ("**Belvedere**"). On June 27, 2007, YMCL and Belvedere were amalgamated under the name "Marengo Mining (PNG) Limited", now known as Yandera Mining Company Limited. YMCL holds the main tenement exploration license ("**EL**") EL 1335 in the Yandera Project. Holdings (incorporated in Australia on November 12, 2010) and YMCL are both wholly-owned by Marengo Australia. Marengo Australia (incorporated in Australia on February 6, 2002) is wholly-owned by the Company. Marengo PNG (incorporated in Papua New Guinea on December 4, 2010) is wholly-owned by Holdings.

CORPORATE STRUCTURE



GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

Overview of the Business

Marengo is an exploration and development stage mining company and its principal asset is its 100% interest in the Yandera Project. PNG is located on the "Ring of Fire," between West Papua and New Zealand. Management believes each of Barrick Gold Corporation, China Metallurgical Group Corporation, Rio Tinto, Newcrest Mining Limited and Harmony Gold Mining Co. Ltd. to be currently operating in PNG. The following map highlights the location of the Yandera Project relative to southeast Asia and Australia:

Figure 1: Proximity to Asian Markets

Phase 1 of the feasibility study on the Yandera Project (the "**FS**") was completed in April 2008 and comprised a comparative development options analysis study and delivered a number of positive results. Work on Phase 2 of the FS commenced in May 2008 and is now on hold as the Company has refocused its priorities on further exploration to generate a more robust economic outlook for the Yandera Project.

In May 2012, the Company filed an updated mineral resource estimate for the Yandera Project (the "**May 2012 Resource Estimate**"). Of particular note in this updated mineral resource estimate was the substantial conversion of copper indicated mineral resources to the measured category with improved grade and the conversion of an additional significant amount of inferred mineral resources to indicated mineral resources. For more information, please see "*The Yandera Project*" below.

As announced on May 17, 2013, the Company's board of directors (the "**Board**") decided that additional work was required in a number of specific areas before a FS could be prepared, specifically the identification of an alternative cost-competitive source of power for the Yandera Project after Marengo's preferred third party power provider decided to withdraw from the proposed power supply arrangements. Further opportunities to enhance the Yandera Project include: a review of optimized mineralization throughput rates; reviewing the option of Deep Sea Tailings Placement ("**DSTP**") rather than a land-based tailings management facility; and further optimization of the mine plan.

In September 2013, the Company initiated an optimization program on the resource, by completing a nine-hole drill program at Dimbi zone, targeting higher grade mineralization close to the defined resource. Separately, the Company also looked at different throughput scenarios in an attempt to improve the overall economics of a development of the resource. For the results of this drill program please see *"Exploration"* section below.

During the fourth quarter of 2014, the new management team conducted a comprehensive evaluation and review of all aspects of the prior work conducted towards a FS of the Yandera Project and concluded that, although

progress had been made, further exploration and development work was required in order to finalize the feasibility study and therefore, as a result of this review, the feasibility work was put on hold while additional localized drilling and other work was undertaken.

In June 2015, the Company filed the Yandera Technical Report, which was prepared by minerals consultancy group SRK in accordance with the requirements of NI 43-101. The highlights from the Yandera Technical Report include:

- Measured and Indicated Mineral Resources total 630 million tonnes grading 0.33% copper, 0.01% molybdenum and 0.07 ppm gold; or 0.41% copper equivalent (full breakdown by category is shown below);

- Inferred Mineral Resources total 117 million tonnes grading 0.30% copper, 0.005% molybdenum and 0.05 ppm gold; or 0.34% copper equivalent.

Exploration

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

From discovery in the late 1950s until 2006, a total of 102 diamond drill holes were completed at the Yandera central porphyry for 33,218 metres by prior explorers. Since the Company commenced drilling at the Yandera Project in 2007, it has drilled 467 holes for 143,723 metres.

During 2009, a 10-hole drill program (for 3,666 metres) was completed at the Kombruku Prospect, located 4 kilometres east of the Yandera Central deposit, following up on zones of outcropping copper mineralization, coincident with anomalies from a surface geophysical (Induced Polarisation) survey. No significantly wide intersections were encountered although a number of narrower intersections were made during the program. Hence, it is unlikely that further work will be conducted over Kombruku.

Also during 2009, an airborne magnetic and radiometric survey (the **"2009 Survey**") was flown over a large section of the Yandera Project tenements northwest and southeast of the Yandera Project Central deposit. This helicopter borne survey was flown on 100-metre line spacing's at a flying height of between 60 and 80 metres. The results of the 2009 Survey highlighted the importance of the structural evolution of the area in focusing fluid flow and magmatism. Similar structural features are already well recognised in South American porphyry copper belts. The 2009 Survey produced a suite of exploration targets in the vicinity of the Yandera Project deposit, which were the focus of future programs.

During the 2011 and 2012 field seasons, diamond drilling focused on extensional and infill drilling of the Yandera Project Central deposit, with at times up to eight active drilling rigs on site. Since 2007, when Marengo commenced drilling until the end of November 2013, 471 diamond holes have been completed at the Yandera Project for a total of approximately 144,728 metres drilled (YD103-YD559 and KD001-KD010).

Due to refocused efforts on the Yandera Central area resources, the Company has relinquished or let lapse ELs surrounding EL 1335, with the exception of EL 2261 to the northwest.

Development of Adit Alpha and Adit Bravo at Gremi

In 2010 and 2011, two adits were driven into the Gremi zone at different elevations, Adit Alpha (azimuth 225 degrees magnetic, for 49.4 metres from a portal at elevation 1,776 metres, in 2010) intersected the oxide and mixed zones and Adit Bravo (azimuth 266 degrees, for 70.1 metres, in 2011 at portal elevation of 1,730 metres) intersected oxide, mixed and hypogenes zones. The adits were mapped geologically, surveyed and sampled thoroughly. In addition, around 70 tonnes of bulk sample was extracted from six locations in Adit Bravo and loaded on concrete pads nearby (10 to 14 tonnes each pad) to monitor the weathering behaviour of the rocks from hypogene, mixed and oxide zones respectively, upon exposure to the elements, which continued for a period of six months.

District Exploration

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

[We should use terminology consistent with FS and MD&A, hence FY 2013 below}

Early in the fiscal year ended June 30, 2013 ("FY 2013"), detailed mapping at 1:2500 scale was undertaken at locations in the Yambragami Creek and Dengru Creek drainages nearby to the south of Gremi. The aim of these campaigns was to confirm and refine legacy maps. Tape and compass positioning was employed. Several mineralized breccia outcrops, unsighted by previous workers, were mapped in both the lower Yambragami Creek and in Dengru Creek. Concurrently, two other mapping teams traversed underexplored proximal areas to the south of Omora mapping parts of Yawagu River and several drainages sourced on Dirigi Mountain, at 1:2500 scale. Tape and compass positioning augmented by GPS was employed.

Upon completion of these campaigns mid-year, attention switched to mapping the northern and north-western margins of the Yandera Central Porphyry System, specifically the Iwangu/Dimbi, Gamagu and Imbruminda areas, at 1:1000 scale, using the tape and compass method. Two geological field crews undertook this field work, which continued into the second half of 2013. Characterising the mineralized structures mapped in creeks in the Iwangu/Dimbi zone, and determining the grade and extent of disseminated copper sulphide mineralization noted in Gamagu Creek outcrop, were considered priorities.

In September 2013, the Company initiated the planned 9 hole (1,833 metre) diamond drill program targeting potential near surface resources at the Dimbi zone of the Yandera Central Porphyry System. The objective of the program was to identify near surface resources that could potentially enhance the Yandera mining operation. Seven of the nine holes drilled at Dimbi in 2013 intersected elevated copper grades (and also variously the other target metals, Mo, Ag and Au), and were contained within a roughly rectangular area 500m x 300m with its long axis parallel to Dimbi Fault and sitting on the hanging wall.

In late 2014, the Company completed four drilling holes for a total of approximately 1,005 metres at its newly identified Rima prospect. Rima is located approximately 700 metres to the northwest of the western edge of the Imbruminda resource area that forms part of the Yandera copper project. Rima was discovered in 2014 while geologists — following up on work completed in 2008 and 2009 — were mapping and sampling in creeks west of the Imbrum River. Surface sampling of some creeks in the Rima area revealed elevated copper content in grab and channel samples (Figure 4).

In March 2015, the Company announced the results for the sampling and drilling results at the Rima prospect. The results are encouraging and indicate the presence of higher grade mineralization and suggest the presence of additional domains of near-surface higher grade copper mineralization.

Figure 2: Airborne Magnetic Image Yandera Project

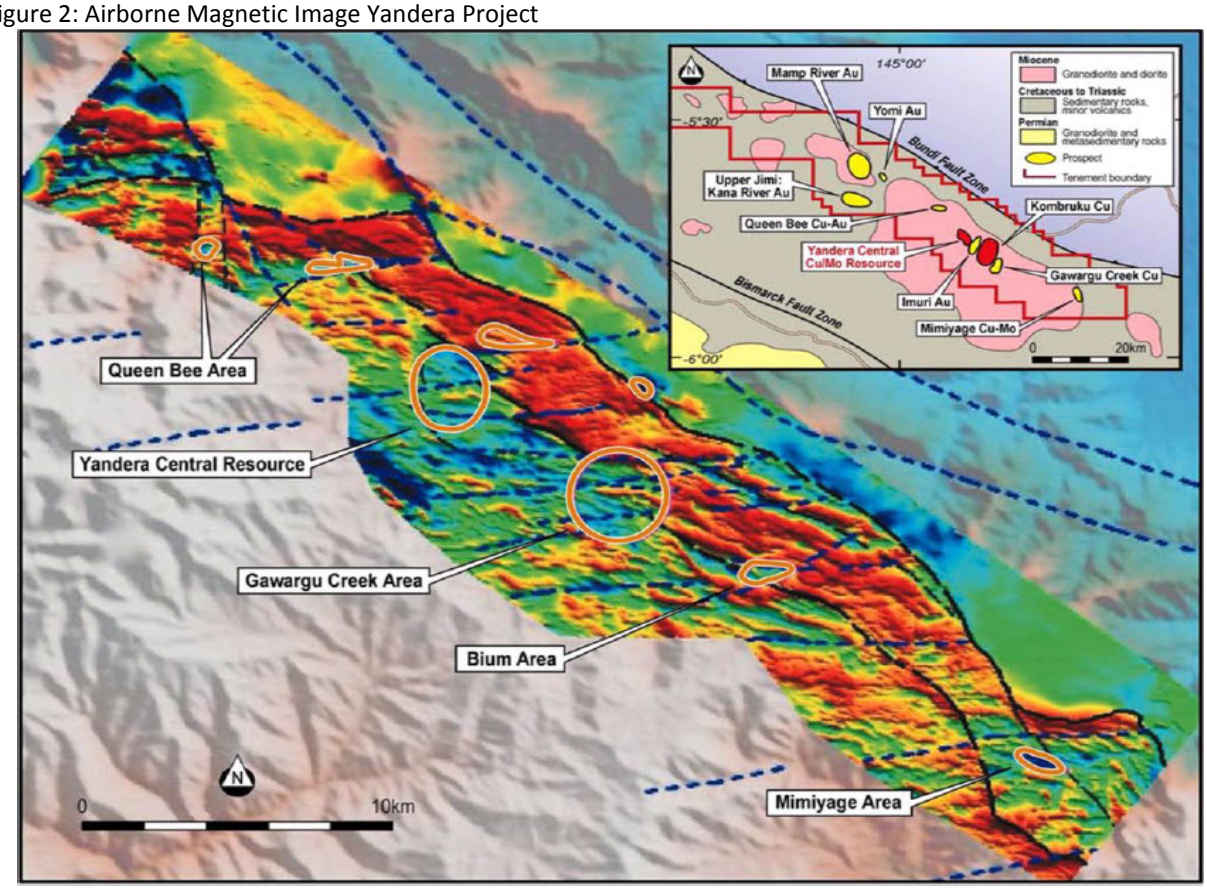


Figure 3: Yandera Central Resource Zones showing additional resource target areas utilizing proof of concept developed at Dimbi Zone

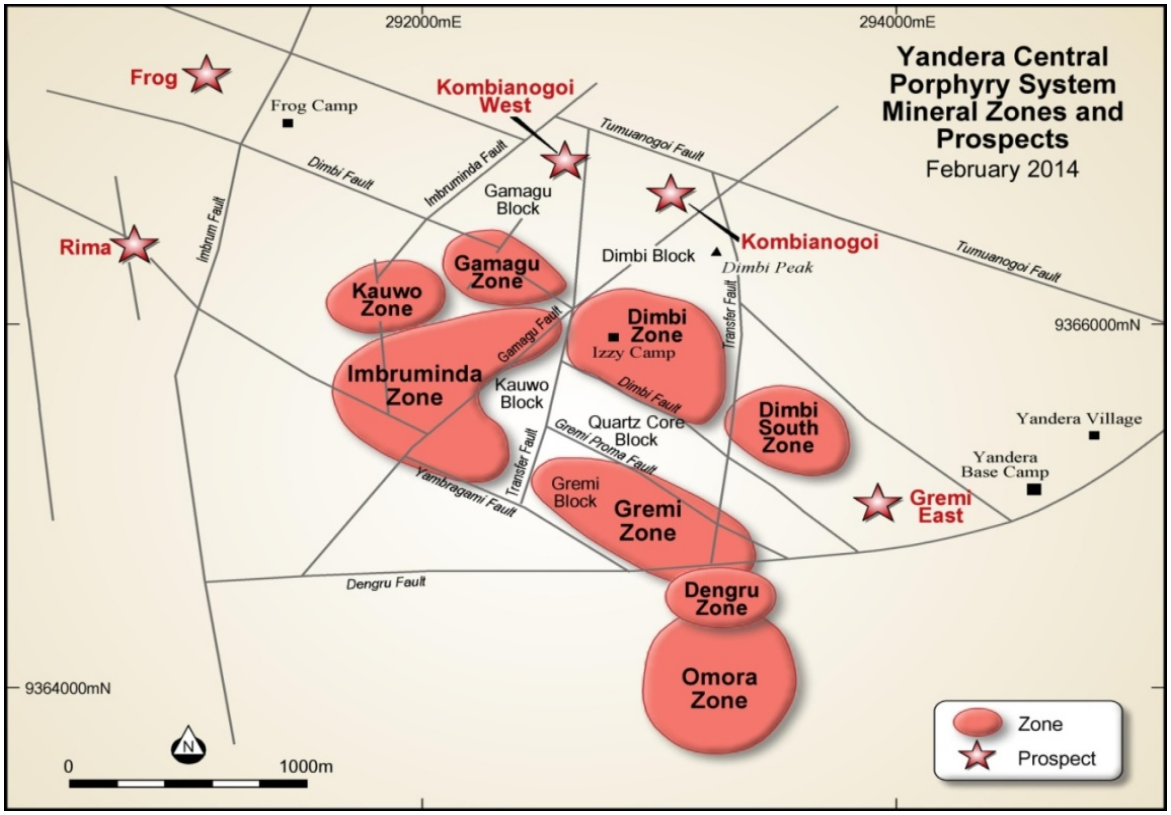
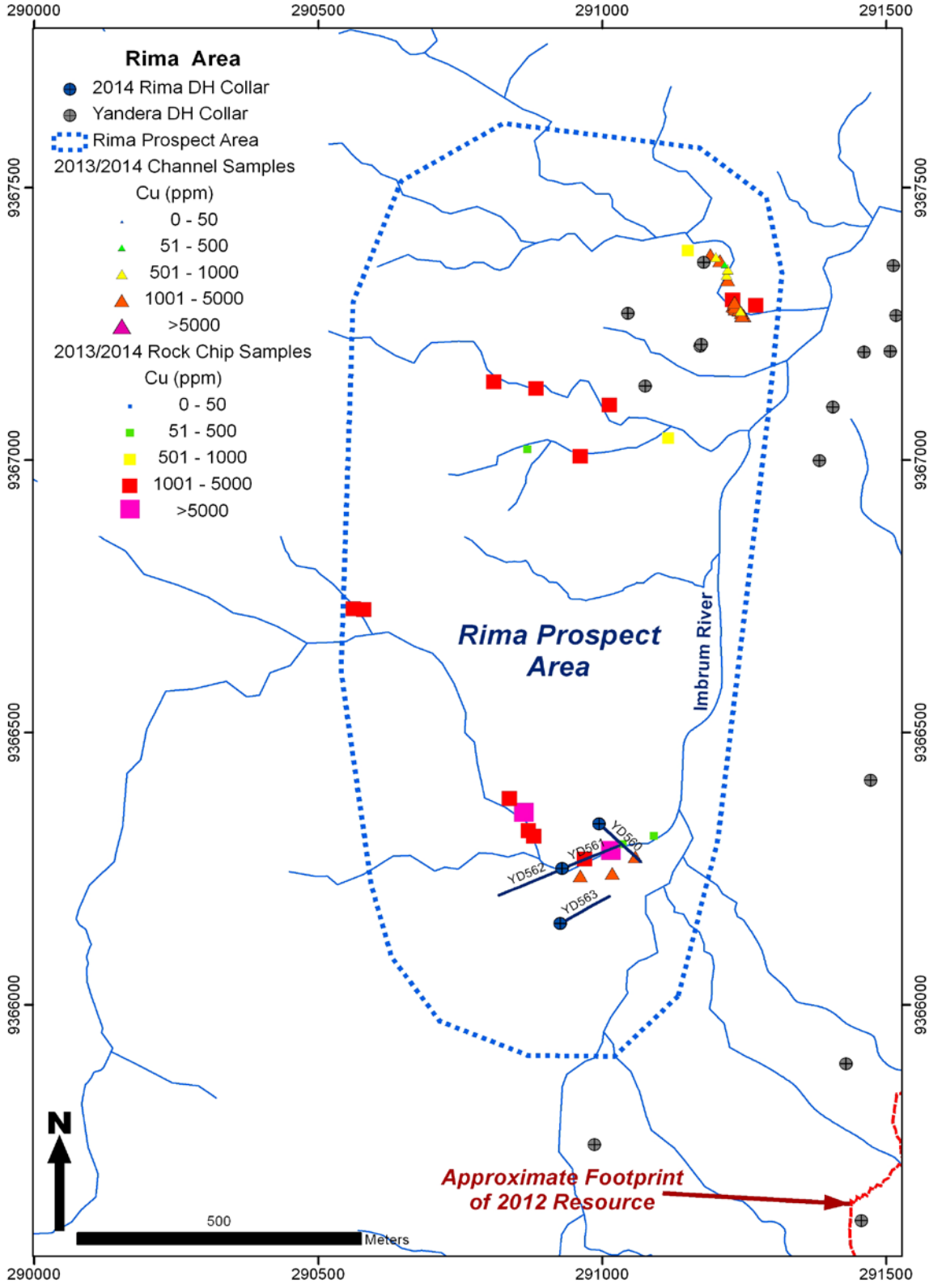


Figure 4: Rima Prospect



Mineral Resource Drilling

Drilling initially focused on infilling the Gremi and Omora zones of the central porphyry system. Infill drilling in the Imbruminda and Omora zones identified some higher grade intercepts, highlighting the potential to enhance the mine design to allow mining of higher grade zones earlier. During the latter part of the 2008 drilling season, exploration continued along the strike extensions to the northwest and southeast targeting the Gremi, Omora, Imbruminda, Gamagu and Mumnogoi zones. From this drilling additional zones of mineralization within the central porphyry were identified, particularly at Mumnogoi and Gamagu.

During the 2010 to 2012 field seasons, drilling continued to test strike extensions for the Imbruminda and Dimbi-Gamagu Zones. During 2010 and 2011, additional drilling focused on testing for depth extensions of the Imbruminda, Dimbi and Gremi zones. A total of eight deep vertical drill holes were completed in the Imbruminda, Dimbi and Gremi zones each reaching around 1,000 metres depth. As well as intersecting intervals of sulphides variously throughout the depth of the holes, most of the eight holes intersected significant sulphide zones at down-hole depths greater than 500 metres, suggest continuation of the mineral system at depth at both Gremi and Imbruminda zones.

The first of these holes was completed at the Imbruminda zone where hole YD 273 intersected widespread copper and molybdenum mineralization from near surface to the end of the hole, at 983 metres. This produced a drill intersection of 966 metres @ 0.23% Cu. The hole also includes higher grade zones, notably 207 metres @ 0.51% Cu and 118 ppm Mo, 72 metres @ 0.23% Cu and 734 ppm Mo and 29 metres @ 0.49% Cu and 699 ppm Mo from 954 metres to the end of the of the hole.

Other deep hole results included: YD 294 (Gremi) returned 660 metres @ 0.48% Cu and 169 ppm Mo, and 51 metres @ 1.06% Cu and 101 ppm Mo. YD 308 returned 384 metres averaging 0.61% Cu. YD 339 returned 357 metres averaging 0.49% Cu and YD 403 returned 669 metres averaging 0.35% Cu.

Through the 2011 and 2012 drilling programmes, the object was to increase mineral resource definition and confidence at both Gremi and Imbruminda. The Gremi zone is considered to now have sufficient resource drilling for FS engineering purposes.

In 2013, the Company completed a nine-hole, approximately 1,834-metre diamond drill program targeting potential near-surface resources at the Dimbi zone of the Yandera Central Porphyry System. The objective of the program was to identify near-surface resources that could potentially enhance a starter pit for a Yandera mining operation. Results from this program indicated significant copper grades in seven of these drill holes, which were collared in the hanging wall of the Dimbi Fault that strikes northwest and dips steeply northeast. These results include hole YD551 that contained 128.6 m grading 0.53% Cu, 70 ppm Mo and 2.45 g/t Ag; hole YD553 that contained 45 m grading 0.45% Cu; hole YD556 that contained 72 m grading 0.6% Cu; and hole YD557 that contained 42 m grading 0.82% Cu.

In late 2014, the Company completed four drilling holes of a 10-hole drilling program for a total of approximately 1,005 metres at its newly identified Rima prospect.

In March 2015, the Company announced the results for the sampling and drilling results at Rima prospect. The results are encouraging and confirm the presence of higher grade mineralization and suggest the presence of additional domains of near-surface higher grade copper mineralization. The Company decided not to proceed with the remainder of the previously announced 10-hole drill program. Rather, it will be working towards completion of a more extensive field program during 2015, leading to a more comprehensive drill program in the future.

Results from Surface Samples at Rima. Coordinates are UTM in AGD 1966, Zone 55. “Rock” sample types were collected from a point at the respective Northing and Easting, and therefore do not have a width across which they were sampled.

Sample	Type	Width (m)	Northing	Easting	Gold ("Au") ppm(1)	Copper ("Cu") ppm	Molybdenum ("Mo") ppm
YE03907	Channel Chip	3.00	9367265	291250	0.048	2270	21
YE03908	Channel Chip	3.00	9367266	291247	0.045	1280	10
YE03909	Channel Chip	3.00	9367271	291246	0.032	1490	20
YE03910	Channel Chip	3.00	9367273	291244	0.022	734	11
YE03911	Channel Chip	3.00	9367275	291242	0.045	1800	21
YE03912	Channel Chip	3.00	9367277	291235	0.039	1940	21
YE03913	Channel Chip	3.00	9367281	291234	0.037	1430	32
YE03914	Channel Chip	3.00	9367283	291231	0.047	2590	42
YE03915	Channel Chip	3.00	9367286	291234	0.027	1650	23
YE03916	Channel Chip	3.00	9367289	291234	0.019	1410	11
YE03917	Channel Chip	3.00	9366272	291059	0.042	2580	112
YE03918	Channel Chip	3.00	9366241	291018	0.1	1450	5
YE03919	Channel Chip	1.50	9366237	290962	0.193	4620	12
YE03941	Channel Chip	10	9367331	291221	0.029	1166	23
YE03942	Channel Chip	10	9367340	291219	0.029	889	13
YE03943	Channel Chip	10	9367350	291221	0.015	591	7
YE03944	Channel Chip	10	9367359	291216	0.013	456	7
YE03945	Channel Chip	10	9367366	291208	0.028	1229	8
YE03947	Channel Chip	10	9367372	291200	0.019	815	7
YE03950	Channel Chip	10	9367377	291191	0.013	1616	26
YE03937	Rock	-	9366727	290562	0.01	1146	4
YE03938	Rock	-	9366726	290580	0.071	2459	10
YE03939	Rock	-	9366379	290837	0.037	1988	16
YE03940	**Rock**	**-**	**9366354**	**290863**	**0.198**	**6200**	**41**
YE03948	Rock	-	9366310	290880	0.107	3330	24
YE03949	Rock	-	9366320	290870	0.052	2238	32
YE03951	Rock	-	9367385	291151	0.037	623	<1
YE3921	**Rock**	**-**	**9366258**	**290951**	**2.45**	**61600**	**174**
YE3922	Rock	-	9366268	290969	0.174	1911	3
YE3923	**Rock**	**-**	**9366284**	**291016**	**0.286**	**5483**	**55**
YE3924	Rock	-	9366295	291036	0.024	487	9
YE3925	**Rock**	**-**	**9366348**	**291150**	**0.097**	**10500**	**26**

YE3926	Rock	-	9366310	291091	0.015	309	3
YE3927	Rock	-	9367007	290962	0.053	2235	43
YE3928	Rock	-	9367020	290868	0.014	342	9
YE3929	Rock	-	9367041	291116	0.022	591	19
YE3931	Rock	-	9367144	290809	0.079	2926	10
YE3932	Rock	-	9367101	291013	0.044	1590	334
YE3933	Rock	-	9367294	291230	0.063	1561	89
YE3934	**Rock**	**-**	**9367340**	**291225**	**0.11**	**8337**	**106**
YE3935	Rock	-	9367284	291271	0.044	3700	80
YE3936	Rock	-	9367132	290884	0.047	3153	430

(1) "ppm" means parts per million.

Drilling Results:

Significant Drill Results for YD560 (AZIM 134°, INCL -60°, TD 200.7 m)

From (m)	To (m)	DH Thickness (m)	Cu %	Au g/t(1)	Mo %	CuEQ %*
4	24	20	0.1050	0.053	0.0016	0.110
120	144	24	0.1879	0.088	0.0127	0.225
Including						
134	144	10	0.3547	0.183	0.0297	0.440
With						
142	*144*	*2*	*0.9810*	*0.664*	*0.1350*	*1.370*

(1) "g/t" means grams per tonne.

Significant Drill Results for YD561 (AZIM 065°, INCL -65°, TD 263.4 m)

From (m)	To (m)	DH Thickness (m)	Cu %	Au g/t	Mo %	CuEQ %*
0	263.4	263.4	0.2373	0.109	0.0021	0.243
Including						
8	22	14	0.2549	0.124	0.0034	0.265
Also including						
38	132	94	0.5011	0.234	0.0043	0.514
With						
94	*120*	*26*	*1.0054*	*0.455*	*0.0110*	*1.037*

Significant Drill Results for YD562 (AZIM 245°, INCL -65°, TD 300.6 m)

From (m)	To (m)	DH Thickness (m)	Cu %	Au g/t	Mo %	CuEQ %*
0	300.6	300.6	0.1084	0.051	0.0004	0.113
Including						
70	80	10	0.2696	0.092	0.0007	0.272
Also including						
146	238	92	0.1552	0.062	0.0003	0.156
With						
190	*218*	*28*	*0.2019*	*0.084*	*0.0002*	*0.202*
Also including						
264	280	16	0.1402	0.089	0.0004	0.141

Significant Drill Results for YD563 (AZIM 58°, INCL -65°, TD 239.9 m)

From (m)	To (m)	DH Thickness (m)	Cu %	Au g/t	Mo %	CuEQ %*
0	239.9	239.9	0.1181	0.067	0.0004	0.119
Including						
74	92	18	0.2114	0.087	0.0003	0.212
Also including						
106	126	20	0.1715	0.090	0.0003	0.172
Also including						
150	164	14	0.3167	0.207	0.0003	0.318
With						
162	*164*	*2*	*0.8900*	*0.509*	*0.0003*	*0.891*

*CuEQ% means copper equivalent percentage and is calculated using spot prices of $2.60/lb Cu, and $7.50/lb Mo which results in equation CuEQ% = Cu% + Mo%*2.885. In calculating the CuEQ%, Marengo assumes that it will be able to recover copper and molybdenum from mineral resources that may be identified in the Rima area. Testing on samples from the nearby Yandera resources suggest recoveries of these metals may be on the order of 91% for copper and 80% for molybdenum.

Results of the work on the 2015 mineral resource update indicated a number of areas within the pit-constrained resource where lack of drill data created waste material. This initiated work in 2015 to build detailed geologic sections to constrain drilling that could potentially convert some of the model waste within the pit to ore.

The Company currently is mapping and sampling in focused areas north and northwest of Imbruminda, north and northeast of Dimbi, and southeast of Omora. This fieldwork is designed to identify mineralized targets at the periphery of the existing resources to better establish the possible footprint of a contiguous pit and expand the existing resources.

Phase 2 of the Feasibility Study

The primary activity of the Company during the FY 2013 was to continue activities relating to the completion of the FS. This work was running in parallel with the completion of an Environmental Impact Statement ("**EIS**") for submission to the PNG Department of Environment and Conservation.

In February 2013, Marengo received from its strategic partner, China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd ("**NFC**"), fixed engineering, procurement and construction ("**EPC**") pricing for processing facilities, mine infrastructure and port facilities, to form part of the pending FS.

Ongoing FS optimization work resulted in a decision to potentially increase the initial processing rate at the Yandera Project to 30 million tonnes per annum ("**Mtpa**"). EPC pricing is based on the anticipated increased processing rate. A letter of Intent for project financing was provided to NFC by a leading Chinese state bank, with the facility expected to be for 70 per cent of the total capital expenditures ("CAPEX"), subject to the pending FS.

However, as announced on May 17, 2013, the Company's Board decided that additional work would be required in a number of specific areas before the FS could be prepared and finalized. Marengo had already commenced high-level discussions with the government of PNG (the "**PNG Government**" or the "**State**") regarding other potential power supply options for the Yandera Project. Power is a major issue currently confronting a number of mining companies seeking to develop major new resource projects in PNG. Marengo will continue to work closely with the PNG Government to resolve the power issue and also to explore other strategic options for development of the Yandera Project.

The Yandera Project development concept was for a full open-cut mining operation and subsequent processing operation to be sited at the Yandera Project, with copper concentrate, and by-product magnetite concentrate being delivered to a port facility, in the Madang area, by way of pipeline. Molybdenum concentrate was planned to be delivered from the proposed mining operation by road transport due to the smaller volumes of this high value product. An integrated rock waste and process tailings facility ("**TSF**") was being designed to be located in the vicinity of the Yandera deposit, under stringent criteria, to ensure that the highest levels of environmental integrity are retained. In parallel, Marengo had also reviewed the possibility of utilising DSTP, as an alternative to TSF.

A power station, also located in the Madang area, was contained within the study, with power being reticulated to site, close to existing roads and then close to a planned road, which will extend up to the Yandera Project site from the end of existing regional roads.

Renewal of Exploration Licences

The Company's interest in the Yandera Project is derived from one exploration license, namely EL 1335. On June 21, 2010, the PNG Mineral Resources Authority (the "**MRA**") granted the Company a renewal of EL 1335, within which the Yandera Central Porphyry is located, which renewal period expired on November 19, 2011. An application for renewal for an additional two year term was made prior to November 19, 2011. Although YMCL was properly the applicant for the renewal, the application was made under its former name, but under its correct company number. YMCL reconfirmed to the MRA that it was the applicant for the renewal. The application to the MRA to waive or vary the relinquishment requirements under EL 1335 was made on March 9, 2012. EL 1335 was renewed by the MRA on May 13, 2013 for a term of two years from November 20, 2011 to November 19, 2013. EL 1335 was again renewed for a term of two years from November 20, 2013 to November 19, 2015. An application for renewal has been lodged with the MRA and the renewal process is ongoing with the anticipated granting of renewal in the third quarter of the 2015/2016 fiscal year.

The Company was issued an exploration license for EL 1854 (Lila/Cape Rigney) on July 29, 2011 for the term ending on July 28, 2013. This EL was acquired for the purpose of evaluating sites for possible port facilities and DSTP. The EL was renewed on July 3, 2015, by the MRA for the term July 29, 2013, to 28 July, 2015. An application for renewal has been submitted, and the renewal process is ongoing with the anticipated granting of renewal in the second quarter of the 2015/2016 fiscal year.

The Company was issued an exploration license for EL 2261 (Koinambe) on June 30, 2014 for the term ending on June, 29, 2016. Work on this EL has been early stage exploration with a focus on some gold anomalies identified from surface sampling.

Financing Activities

On July 4, 2012, the Company entered into an agency agreement with Paradigm Capital Inc. and Casimir Capital Ltd (the "**July 2012 Agency Agreement**") pursuant to which the Company completed an offering of 133,333,333 ordinary shares at a price of C$0.15 per share raising gross proceeds of C$20 million.

On February 6, 2013, the Company entered into a loan agreement with Sentient Global Resources Fund, L.P. ("**Sentient**") for US$10,000,000 (the "**Sentient Loan**"). The Sentient Loan was an interest-bearing, unsecured facility to provide funding for the completion of the Yandera Project FS and for general working capital purposes and was repayable by December 31, 2013.

On May 27, 2013, the Company and two of its subsidiaries entered into a debenture purchase agreement (the "**Debenture Purchase Agreement**") with Sentient. Pursuant to the Debenture Purchase Agreement, the Company issued an aggregate of 15,000 9% senior unsecured convertible debentures (the "**Debentures**") for proceeds of US$15,000,000 in three tranches with a 2% establishment fee, the payment of which fee was satisfied through the issuance of additional Debentures. In addition, the Company issued an additional US$1,000,000 principal amount

of Debentures in satisfaction of the interest accrued and payable under the Sentient Loan at the time of closing of the third tranche. The Debentures are convertible into common shares of the Company, at the option of the holder, or repayable at June 30, 2016 and three years following the closing date of the third tranche. As at the date hereof, all three tranches have been drawn with a maturity date of June 30, 2016.

On January 15, 2014, the Company completed a refinancing transaction resulting in the issuance of US$27,509,621 convertible unsecured Debentures to its major shareholder Sentient, pursuant to the Loan Conversion and Debenture Exchange Agreement (the "**LCDE Agreement**") dated November 29, 2013. Pursuant to the terms of the LCDE Agreement, Sentient converted the unsecured interest-bearing debt plus accrued interest in the amount of US$10,387,766 into new Debentures of the Company; exchanged its aggregate principal outstanding debentures plus accrued interest in the amount of US$17,121,855 for new Debentures of the Company; and provided a letter of support to the Company confirming, among other things, financial support for the 12 month period starting from February 14, 2014.

On April 29, 2014, the Company executed a loan agreement (the "**Loan**") in the amount of US$3,000,000 with its major shareholder Sentient. The Loan accrued interest monthly at a rate of 9% per annum, payable quarterly and had a maturity date of December 31, 2014.

On July 15, 2014, the Company closed a US$10,195,065 loan conversion and debenture purchase agreement (the "**Agreement**") with its major shareholder Sentient. Pursuant to the terms of the Agreement, the Company converted the Loan, plus accrued and unpaid interest thereon, unsecured interest-bearing debt facility in the amount of US$3,055,065 as well as issued and sold to Sentient 9% senior unsecured convertible debentures of the Company in the principal amount of US$7,000,000. Shortly after the closing of the Agreement, the Company and Sentient amended the terms of all the existing debentures in order to defer all accrued interest payments until the maturity date of such debentures.

On December 18, 2014, the Company completed an additional issuance of $7.5 million principal amount of convertible unsecured debentures (the "**December Debentures**") to Sentient pursuant to a debenture purchase agreement dated November 14, 2014, between the Company (together with its wholly-owned subsidiaries Yandera Mining Company Limited and Marengo Mining (PNG) Limited), and Sentient. The December Debentures mature on June 30, 2017, and bear interest from and including the date of issuance at the rate of 9% per annum, payable on the applicable maturity date.

Strategic Partnerships & Agreements

Strategic Partner

In October 2010, the Company signed a non-binding Memorandum of Understanding ("**MoU**") with NFC, a member of the China Nonferrous group, for an EPC contract for the construction of the Yandera Project. The other party to the MoU was Perth-based mining engineering group, Arccon WA Pty Ltd ("**Arccon**"). As part of its MoU with NFC and Arccon, the parties commissioned process plant design work, a key component to the FS.

During June 2013, Allmine Group Limited, the parent company of Arccon, was placed into administration. All intellectual property related to the Yandera Project had been acquired by Marengo, which continues to work directly with both NFC and the consultants who were working on specific areas of the FS.

Investment and Co-operation Agreement with Petromin

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

PNG Government to take up the State's interest in the Yandera Project at the time of application for a mining license for the development of the Yandera Project. Petromin is a resource and investment company established by the PNG Government to hold the Government's interest in, and invest in the development of mining and oil and gas projects in PNG. To date, it holds interests in the PNG LNG Gas project, the Solwara offshore mining project principally owned by Nautilus Minerals, the Tolukuma Gold project and a number of other gold projects.

The Petromin Agreement provides a framework for Marengo and Petromin to work together to facilitate the development of the Yandera Project.

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

Acquisition of Harbourside Land and Ship-loader

On August 21, 2012, the Company announced it had entered into an agreement with a PNG wood-chip operations company, Jant Limited, to purchase a state lease, covering approximately 18 hectares of waterfront land, adjacent to the Madang Port. The Company was unsuccessful in restructuring a deferral of the outstanding payments with Jant Limited and subsequently, all costs related to the purchase were written off during the 2014 fiscal period, including the approximate US$400,000 deposit paid prior to termination.

MoU with Madang Development Corporation

On October 15, 2013, the Company entered into a MoU with the Madang Development Corporation to co-operate in, and explore becoming an offtake party, in relation to a power supply solution for industrial, and domestic electricity consumers in Madang Province. The Madang Development Corporation (the "**MDC**") was established in 1977 and is the business arm of the Madang provincial government. The MDC was created to develop and operate commercial ventures on behalf of the Madang provincial government.

Recent Developments

Canada Redomicile

On September 24, 2012, the Company announced that it intended to redomicile the corporate group from Australia to Canada via the implementation of the Scheme. The Scheme was completed on January 10, 2013. The restructure is intended to provide the platform for the further financing of the Marengo group's activities in the global equity markets. Under the Scheme, shareholders of the Company were offered pro-rata equity in a new Canadian company incorporated under the *Canada Business Corporations Act* (the "**CBCA**"), which is now named Marengo Mining Limited.

On the implementation of the Scheme, Marengo shareholders received either shares in Marengo for shareholders whose shares were listed on TSX or one CHESS Depository Interest ("**CDI**") (required because of the method of registration of shares on TSX) for shareholders whose shares were listed on either the ASX or POMSoX, in exchange for each Marengo share held by them.

Changes to Board of Directors and Management / Relocation of Offices

On July 2, 2013, the Company announced, effective June 30, 2013, the resignation of Mr. Louis Gignac and Mr. Mario Caron from the Board, in line with the current company restructure, and the demands placed on them from their other executive positions. With the resignation of Mr. Gignac, the Company announced the appointment of current Director, Mr. John Hick, as Chairman of the Board. Mr. Hick has been a Director of Marengo since June

2008. As of July 26, 2013, the Company announced the appointment of Mr. Pieter Britz from the Sentient group as a Non-Executive Director.

Consistent with the Company's redomicile to Canada and the continuing shift of most activity to PNG, Marengo relocated its principal corporate office to Toronto while maintaining its operational offices in Madang. As a result of these changes and to reduce overall costs, the Company no longer operates offices in Port Moresby, PNG and Perth, Western Australia.

On December 19, 2013, the Company announced the appointment of Mr. Alex Dann as Chief Financial Officer ("**CFO**"), effective January 1, 2014, replacing Marengo's Australian-based CFO following the redomicile of the Company to Canada. Mr. Dann is a Chartered Accountant with over 20 years of experience leading financial operations and strategic planning for publicly listed, multinational companies primarily in the mining sector.

On March 31, 2014, the Company announced the retirement of Mr. Ian Hume from the Board.

On April 3, 2014, the Company appointed Mr. John Mears, P.Geo. as Chief Operating Officer ("**COO**"). Mr. Mears is an experienced licenced geologist in the USA and a member of The Australasian Institute of Mining and Metallurgy ("**AUSIMM**"), has over 20 years of experience in the exploration and mining sectors and has been involved in a number of successful mine start-ups.

On April 23, 2014, current director and Sentient representative, Mr. Pieter Britz, was appointed Chief Executive Officer ("**CEO**"), replacing Mr. Les Emery, Founding Director, President and CEO, who stepped down. Mr. Britz, a registered professional engineer and member of AusIMM, has over 20 years of experience as a mining executive with a number of resource companies and investment banks.

On July 30, 2014, the Company announced the appointment of Mr. David Danziger as a director and Chairman of the Audit and Risk Committee effective immediately, filling the vacancy resulting from the resignation of director Ms. Elizabeth Martin. Mr. Danziger, CPA, CA is the Senior Vice President of Assurance and the National Leader of Public Companies for MNP LLC, Chartered Professional Accountants, the sixth largest accounting firm in Canada. He has served from time to time as a director of various TSX, TSX Venture Exchange ("**TSXV**"), New York Stock Exchange ("**NYSE**") and American Stock Exchange ("**AMEX**") listed public companies, a number of which are in the mining sector. Mr. Danziger is a member of the Ontario Securities Commission.

On August 20, 2014, the Company's Corporate Secretary and Vice President of Investor Relations, Mr. Dean Richardson, resigned to pursue other opportunities.

On January 6, 2015, the Company announced the resignation of its Chief Operating Officer, Mr. John Mears.

On January 6, 2015, the Board appointed Mr. Alex Dann, CFO of Marengo, as interim Corporate Secretary.

On May 1, 2015, Mr. Jon Powell joined the PNG team as General Manager and, subsequent to year end as VP PNG Operations. Mr. Powell is an accomplished manager with over 25 years of international experience in the geophysical/mining exploration sector and has extensive background in global personnel management, logistics and operations.

On June 1, 2015, the Company hired Mr. Lachlan Reynolds, as Business Development Manager and subsequent to year end, as VP Business Development. Mr. Reynolds, BSc, MAusIMM, MAIG is a geologist with over 24 years' experience in mineral exploration, development projects and mining operations internationally.

On June 2, 2015, the Company announced that it had officially delisted from the ASX and that Marengo securities will no longer be tradeable on the ASX. The Company continues to be listed on the TSX and the PomSox. As of the

date of this AIF, the Company has commenced the process of delisting from the POMSoX and anticipates that such delisting will occur at the end of October 2015.

On July 1, 2015, Mr. André Wessels joined the Company' management team as VP Projects. Mr. Wessels, BEng, MBA, GAICD has over 23 years of experience in mining and related services, steel, financial services, and information and communication technology industries.

Environmental Regulation

The Company's exploration activities are subject to, and any future development and production operations (if any) will be subject to, environmental laws and regulations in the jurisdictions in which such operations are carried out. See "Risk Factors". Cognizant of its responsibility to the environment, the Company strives to conform to all applicable environmental laws and regulations and to promote the respect of the environment in its activities.

Employees

As of June 30, 2015, the Company had 117 employees.

THE YANDERA PROJECT

The following information is derived from and should be read in conjunction with the Yandera Technical Report, incorporated by reference into this AIF. As stated in this AIF and the Company's disclosure to date, the Company is reviewing the Yandera Project. To this end, Phase 2 of the FS has been delayed while the Company reviews available technical information. Please see below under the header "Work Program for 2015" for an update on the proposed review of the Yandera Project.

Property Description and Ownership

TThe Yandera Project is located in the southwest part of Madang Province in the central highlands of PNG at an elevation ranging from 1,800 to 2,200 m above mean sea level in steep terrain with high annual rainfall. The project is located at longitude 145.12°E and latitude 5.75°S, which is about 95 kilometers (km) southwest of the city of Madang.

Access to the site is by helicopter only. Road access to the site is in development as a refurbishment and extension of a pre-existing road. Marengo has an access arrangement with various native tribes in the area to facilitate near-term road construction.

Marengo holds three non-contiguous exploration licenses (EL): EL 1335 (Yandera), EL 1854 (Lila/Cape Rigny), and EL 2261 (Koinambe). The total tenement package covers 624.03 km2, but the vast majority of work to date and all the resources on the property have been within EL 1335. EL 1854 is currently under review for renewal.

Marengo currently holds 100% ownership of the land tenements. There are no other royalties, backing rights, or other encumbrances on the property, except the Mining Lease royalty to the government of PNG, which is 2%.

In the EL agreements, the state (PNG) reserves the right to purchase up to 30% equity interest in any mineral discovery arising from the EL prior to commencement of mining. The purchase price would be equal to the State’s pro-rata accumulated exploration expenditures and thereafter its prorate share of exploration and development costs.

Geology and Mineralization

Yandera is an igneous-intrusive-hosted, structurally-controlled Cu porphyry system with ancillary Mo and Au comprised of a series of adjacent vertically oriented deposits along recognized structural trends. Mineralization is concentrated in several deposits, namely, Imbruminda, Gremi, Omora, and Dimbi. Imbruminda, Gremi, and Omora are contiguous and separated from Dimbi by a low-grade central silica-rich zone, which is bounded on three sides by high angle faults. The bulk of the mineralization is adjacent to these major structures on a NW-SE trend. Locally, north-northeast trending cross faults bound mineral domains and reflect the structural complexity of the district.

Mineralization is related to multiple pulses of intrusive activity and hydrothermal alteration/mineralization. Elevated grade has spatial correlation with late dacite intrusions and polymictic breccias with over-printing phyllic alteration. Broad tabular zones of copper mineralization extend from surface to depths of over 500 m and have been drill-defined to a strike length of over 5 km.

All of the Yandera porphyry-hosted Cu deposits lie within the Miocene Bismarck Intrusive complex. This complex is a batholith comprised predominantly of granodiorite with lesser amounts of gabbro and quartz monzogranite. The Bismarck Intrusive complex is bounded to the north by the northwest striking Ramu Fault Zone and the upthrust sediments and ophiolites of the Ramu Ophiolite Complex. There is an interpreted flexure in the Ramu Fault zone to the north of Yandera which may have played an important role controlling extension and mineralization at Yandera.

Early interpretations suggested a major shift in plate movement north of PNG at the time of intrusive emplacement when the major principal stress direction changed from predominantly left-lateral strike slip to a stress field more dominantly compressive. The strike-slip movement is interpreted to have arranged the mineral deposits in a NW-SE orientation, while compression and subsequent relaxation appear to have had the most pronounced impact on the mineralization timing.

Status of Exploration, Development and Operations

The Yandera Project is currently in the advanced exploration stage of development. The EL is fully covered by regional airborne geophysics including airborne magnetics and radiometrics. The airborne surveys have been supplemented by surface mapping and surface geochemistry to define drilling targets.

All drilling on the Project includes 575 drill holes that total 177,946 m of drilled length, of which Marengo has drilled 471 that total 144,728 m. Since the 2012 resource estimate, Marengo completed drilling programs in 2012, 2013, and 2014 that added 96 drill holes and 24,650 m of drilled length to the Project database. The majority of these drill holes were completed in 2012, and many of them were for geotechnical engineering purposes. Drill core is preserved in a secure core storage facility at the Yandera Camp, soon to be transferred to the Frog Camp.

There has been no mining carried out to date apart from two shallow excavations for bulk metallurgical samples carried out in the Gremi deposit. In 2015-2016, Marengo plans to upgrade and extend the existing unpaved road from near the project site in the highlands to a network of paved surfaces that connect to the cities of Madang and Lae. Base operations for exploration are currently being shifted from Yandera Camp to Frog Camp. Until the access road is upgraded, helicopter assisted mapping, surface sampling and core drilling continue at the site.

Mineral Processing and Metallurgical Testing

Previous technical studies have included sulphide flotation testing for Cu, Mo, and Au recovery. Yandera sulphide material appears amenable to flotation processing. Test results of the Cu and Mo concentrates do not have deleterious elements at concentrations that will incur smelter penalties.

A portion of the deposit is oxide. Flotation testing of oxide Cu material demonstrated poor recovery. There have been no leaching tests on the oxide material to date, but Marengo is currently evaluating oxide leaching options.

There have been three metallurgical test work programs on Yandera mineralized material and one bulk sampling event:

- AMEC-Minproc performed comprehensive comminution studies and preliminary flotation and
- magnetic separation studies;
- NFC/Nerin did flotation test work and mineralization assessment;
- AMS/Marengo performed extensive flotation test work; and
- Bulk sampling of Adit Alpha and Adit Bravo at Gremi.

AMEC-Minproc

Three samples from Omora and three samples from Gremi were used for comminution and metallurgical test work by ALS-Ammtec in 2009, supervised by AMEC-Minproc. Comminution tests indicated that the material is of medium to high hardness with Bond Rod Mill Work Index of 14 kWh/t and Bond Ball Mill Work Index of 15 kWh/t. The samples had relatively low abrasion characteristics.

Bulk flotation tests, consisting of a rougher-scavenger circuit indicated Cu recoveries over 91%, and Mo recoveries of approximately 80%. Gold and silver also were recovered in the concentrate. Cleaning tests of the bulk concentrate indicated that the concentrate weight could be reduced without loss of metals.

Magnetic separation testing indicated that a concentrate of >60% Fe could be made, but SiO_2 values were above the penalty limit of 4.5%.

NFC/Nerin

China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd (NFC) commissioned Beijing General Research Institute of Mining and Metallurgy (BGRIMM) to run flotation test work. The samples for this test work were obtained from 2,260 m of full core, totaling approximately 22 t. Samples were from 14 drill holes located specifically for metallurgical test work (YM-005 to YM-018) and spaced to get representative samples on the Omora, Gremi, and Imbruminda deposits. 80% of each meter of sample was sent to BREIMM, with the remaining 20% sent to ALS-Ammtech in Perth.

Initial test work was done on the Imbruminda sample. Mineralogical tests indicate the main Cu minerals are chalcopyrite and bornite. Molybdenite is the main Mo mineral. Magnetite is the primary recoverable Fe mineral. Extensive test work was done on the I sample including optimizing the grind size, reagent selection, and flotation time. Both open and closed circuit flotation tests were run. Test work produced a process flow sheet that included: 1) Grinding to 60% passing 0.074 mm; 2) Cu and Mo bulk concentrate flotation; 3) Cu and Mo separation; and 4) Magnetic separation of Fe in the flotation tailings.

AMS/Marengo

Testing on the remaining 20% of the core was run parallel to the NFC/Nerin test program at ALSAmmtec in Perth under the supervision of Arccon Mining Services (AMS) and Marengo. The AMS/Marengo test work concentrated

on optimizing the rougher-scavenger recovery. Flotation slurry density, grind size, and collector reagents were all evaluated. Results of this optimization indicate: 1) copper recovery of 96% in hypogene samples; 2) good molybdenum recovery in hypogene and mixed samples; 3) flotation recovery of Cu and Mo in oxides low at 60% to 65%; and 4) reasonable rougher concentrate grades for Cu and Mo.

Bulk Sampling for Metallurgical Testing

In late 2010 and early 2011, Adit Alpha was driven a total distance of 49.4 m at Gremi to acquire a bulk sample for metallurgical testing of sulphide (hypogene) material. Adit Alpha was collared too high on the ridge, and thus the entire length of the adit was in oxide and mixed-oxide material.

In 2011, a second adit, Adit Bravo, was driven lower on the ridge to obtain hypogene material for bulk metallurgical testing. The total length of Adit Bravo was 70.1 m. A total of about 48 t of hypogene material was recovered from the end of the adit, and it was sent to ALS-Ammtec for metallurgical testing. Head grades of the sample were 0.36% Cu, 180 ppm Mo, and 0.14 ppm Au.

Two Locked Cycle Flotation Tests were run on the Bravo Adit ore. The flow sheet for the testwork included a rougher cell, two stages of copper cleaning, and seven stages of molybdenum cleaning with regrinding between the 3rd and 4th moly cleaners. The rougher feed was ground to 80% passing 150 µm. The rougher concentrate was reground to 80% passing 40 µm. Results of the tests were approximately 95% recovery of Cu with a 40% Cu grade concentrate. Au recovery was greater than 80% to the copper concentrate. Mo recovery varied from 78.6% to 86.0% in the two tests with a 46% to 43.3% Mo concentrate respectfully.

Recovery Estimate Assumptions

For optimized pits and CoG calculations, SRK applied the following recoveries in sulphides and mixed ores: copper, 90%; molybdenum, 85%; and gold, 65%.

Vat leaching is a relatively low cost method of oxide copper production, especially in ore types expected to have low acid consumption, such as Yandera oxide. To simplify the costs used to develop optimized pits and CoGs, the same processing cost used in the flotation plant (US$7.50/t) was used for vat leaching of oxide. Vat leaching costs are expected to be much lower than flotation costs. Therefore, to compensate for the high vat leaching costs applied in this study, SRK used 90% recovery for Cu in oxide ore. No recovery of Mo and Au are expected from oxide leaching.

Mineral Resource Estimate

The resource block model was informed by 35,250 samples from 553 drill holes at an average drill hole spacing of less than 30 metres in the principal resource areas (Gremi, Imbruminda and Omora) and less than 100 metres in other deposits within the model space. Drilling techniques included exclusively HQ- and NQ-sized diamond drill core. Samples were collected as one-half core splits using a diamond-bladed saw on 2 to 3 m intervals. Sampling produced an approximate 1.5 kilogram mass, of which a 250 gram split was pulverized to produce a charge for fire assay for gold, and four acid digestion and multi-element analysis with ICP-AES or ICP-OES for all other elements. Quality control data for the analytical database have been reviewed by the Qualified Person and were deemed acceptable for resource estimation.

Mineral resources were estimated by Ordinary Kriging using MineSight® software in 25 by 25 by 10 metre blocks (XYZ), constrained by grade shells based on a 0.15% Cu cut-off. Grade estimates within the grade shells were based on capped, five-metre composited assay data. Capping was conducted prior to compositing.

The resource model was validated by visual inspection, statistical comparisons of block values to source data and comparison of Kriged results to other interpolation methods and swath plots. Resources were classified into

Measured, Indicated and Inferred categories based on Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") definition standards sufficient for NI 43-101 and JORC reporting.

A minimum of three drill holes were required for the assignment of Measured Mineral Resources within a drill data spacing of 50 metres. Indicated resources were also classified with a minimum of three drill holes within a drill data spacing of 100 metres. Inferred resources represent material estimated by as few as one drill hole at a distance greater than 100 metres from source data but within the copper mineral domain (gradeshell) and within the potential mining shape. The high percentage of Measured and Indicated resources compared to Inferred in this model represents a previous drilling bias toward defining reserves (there are no current reserves) rather than developing and expanding resources. Gremi, Omora, and Imbruminda, are densely drilled, resulting in high resource classification in those areas with only minor inter-deposit drilling and step-out exploration.

In order to establish a reasonable prospect of eventual extraction in an open pit/sulphide-flotation and oxide-leach context, the mineral resources presented above are reported within a potentially mineable pit configuration at a copper price of US$3.50/lb Cu, a molybdenum price of US$15/lb Mo and a gold price of US$1500/oz Au; metallurgical recoveries of 90% for Cu, 85% for Mo and 65% for Au; mining cost of US$2.50/tonne of material mined; and process and general and administrative costs of US$10.00/tonne of material processed. Additional factors include a 2% royalty to the PNG government and a pit slope of 45 degrees.

The resources are reported within the pit configuration above using an internal copper-equivalent cut-off grade of 0.15% CuEq. The metal prices, recoveries and costs listed above were used to define copper-equivalent cut-off.

The metal ratios for reporting copper equivalent are:

$$CuEq = Cu\% + (Mo\%*4.05) + (Au\ ppm*0.45)$$

These metal ratios were developed using the metal prices and recovery assumptions listed above. Recoveries are based on metallurgical test work carried out by Marengo in 2011.

The Mineral Resource Statement, with an effective date of May 1, 2015, is presented in the table below. The resource estimate has been reported as a total, and as oxide and non-oxide components, as these material types will have different metallurgy and will have different recovery characteristics and costs.

The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

The Yandera Mineral Resource Statement was prepared by J.B. Pennington, MSc., C.P.G., and Justin Smith, BSc., P.E., both of SRK Consulting (U.S.), Inc., Reno, Nevada, and provides a classification of resources in accordance with CIM Standards on Mineral Resources and Mineral Reserves: Definitions and Guidelines, November 27, 2010.

Table – Yandera Mineral Resource Statement

Table 1. - Mineral Resource Statement Effective May 1, 2015 for the Yandera Copper, Molybdenum, Gold Deposit, Madang Province, Papua New Guinea. (0.15 CuEq (%) Cut-off)

Zone	Classification	Mass	Metal Grades				Contained Metal				
		(kt)	Cu (%)	Mo (%)	Au (ppm)	CuEq (%)	Cu (kt)	Mo (kt)	Au (kg)	Au (koz)	CuEq (kt)
Total Resource	Measured	195,267	0.37	0.013	0.076	0.46	723	25	14,803	476	890
	Indicated	434,874	0.32	0.008	0.069	0.38	1,379	37	29,940	963	1,663
	Measured & Indicated	**630,142**	**0.33**	**0.010**	**0.071**	**0.41**	**2,103**	**62**	**44,743**	**1,439**	**2,554**
	Inferred	117,474	0.30	0.005	0.052	0.34	348	6	6,055	195	401
Oxide Resource	Measured	22,426	0.38	0.00	0.000	0.38	86	0	0	0	86
	Indicated	38,715	0.33	0.00	0.000	0.33	127	0	0	0	127
	Measured & Indicated	**61,141**	**0.35**	**0.00**	**0.000**	**0.35**	**212**	**0**	**0**	**0**	**212**
	Inferred	10,765	0.28	0.00	0.000	0.28	30	0	0	0	30
Non Oxide Resource	Measured	172,841	0.37	0.014	0.086	0.47	638	25	14,803	476	805
	Indicated	396,160	0.32	0.009	0.076	0.39	1,253	37	29,940	963	1,537
	Measured & Indicated	**569,001**	**0.33**	**0.011**	**0.079**	**0.41**	**1,890**	**62**	**44,743**	**1,439**	**2,342**
	Inferred	106,709	0.30	0.006	0.057	0.35	318	6	6,055	195	371

• Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into a Mineral Reserves estimate;

• Resources stated as contained within a potentially economically minable open pit; pit optimization was based on assumed copper, molybdenum, and gold prices of US$3.50/lb, US$15.00/lb, and US$1,500.00/oz, respectively, recoveries of 90% for Cu, 85% for Mo, 65% for Au, a mining cost of US$2.50/t, an ore processing cost of US$10.00/t, and a pit slope of 45 degrees;

• Resources are reported using a 0.15 % CoG on an Equivalent Copper value that included process recoveries for metal;

• The CuEq was calculated using the formula CuEq = Cu% + (Mo% * 4.05) + (Au ppm * 0.45); and,

• Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.

Mineral Reserve Estimate

There have been no mineral reserves estimated for this project.

Mining Methods

An open-pit truck-and-shovel operation is anticipated for this project. CoG calculations used this mining method as the basis of costs.

Recovery Methods

Metal recovery of sulphide mineralization (Cu, Au, Mo) would likely be by conventional crushing, grinding, and flotation to produce a Cu-Au concentrate and separate Mo concentrate. Recovery of copper oxide would be by acid vat leach. CoG calculations used these process methods for the basis of costs.

Project Infrastructure

There are two active exploration camps servicing the exploration activities at the Yandera Project: Yandera Camp and Frog Camp. The camps have non potable water systems, diesel generated power and limited radio, internet and cell communications. These facilities are currently accessible by helicopter and by unpaved road to the Yandera Camp. In 2015-2016, Marengo plans to upgrade and extend the existing unpaved road from near the project site in the highlands to a network of paved surface roads that connects to the cities of Madang and Lae. Preliminary engineering and construction planning is underway at this time for the road improvements.

Environmental Studies and Permitting

Marengo currently holds EL's on three tenements. An EL entitles the holder to exclusively explore for minerals for a period of two years, and it also entitles the lease holder the right to apply for a mining lease or special mining lease. Once an Environmental Impact Statement (EIS) has been submitted and a Feasibility Study has been completed, Marengo will need to apply for a mining lease or special mining lease. At this stage there are a number of permits that are required.

Prior to completion of the Yandera Technical Report, Marengo initiated environmental studies to be used for an EIS. Consultant Coffey Environments partially completed investigations on archaeology and material culture; aquatic biodiversity; terrestrial vegetation and fauna; land and resource use; water resource use; noise, vibration, and blast overpressure; air quality, greenhouse gas and energy consumption; social impact assessment; sediment characterization and transport; streambed sediment quality; soil characterization and rehabilitation; health and nutrition; nearshore marine characterization survey/Madang Harbor studies; geochemical characterization of waste rock; and geochemical characterization of tailings. Marengo is currently collecting water quality data for baseline studies.

Conclusions

The Measured and Indicated Mineral Resource estimate for the Yandera deposit in the highlands of PNG is approximately 630 Mt at a grade of 0.41% CuEq, with contributions to the CuEq coming from low-grade Mo and Au. The resource is reported within a potentially mineable open pit configuration. Of the total resource, approximately 10% of the tonnes reside in oxide, where Cu is potentially recoverable by acid leach. The majority of the resource is in sulphide, recoverable by conventional flotation to produce a concentrate. Sulphide recoveries used in this study were: Copper, 90%; Molybdenum, 85%; and Gold, 65%. Exploration is ongoing at Yandera, as well as further metallurgical and geotechnical characterization to advance the project.

There are logistical, environmental and socio-political challenges for constructing and operating a mine in the highlands of PNG; however, Marengo has been active at the site for more than ten years, and building on a more than 25 year exploration presence in the district established by previous operators. Marengo's exploration team is almost exclusively comprised of PNG nationals and most of the labor and logistical support for the Project are locally employed.

Steep terrain poses both challenges and opportunities for mine development that will be addressed as the project proceeds. The authors of the Yandera Technical Report are of the opinion that Yandera is a project of merit and there are no material technical, environmental or socio-political obstacles to project development.

Recommended Work Programs

Data Collection for Preliminary Economic Assessment

Marengo has already initiated studies to facilitate project advancement in the areas of road access, mineral processing, tailings management, power and water supply, and social/environmental compliance. The following are specific activities recommended to provide economic inputs for a preliminary economic assessment (PEA).

Drilling

The authors of the Yandera Technical Report have identified a number of areas within the potential future mining footprint that lack drill data. These "conversion" targets along with some proximal step-out drilling have potential to improve preliminary economics at the next level of study.

Two types of drilling are recommended to support a PEA:

- **Conversion Drilling**: Target generation and drilling to convert waste to ore and immediately impact project profitability by connecting future pits and improving the strip ratio; and

- **Step-out Drilling**: exploration of contiguous prospects with surface mapping and sampling to define drill targets that would expand the future pit shape.

The authors of the Yandera Technical Report recommend that Marengo should consider using small portable equipment for some of this drilling work. The initial exploration could be done with small-diameter core to determine presence or absence of mineralization in shallow holes at low cost. Positive results would then be followed up with larger equipment for larger samples and deeper testing.

Also, to improve the quality and usability of future drill data, the authors of the Yandera Technical Report recommend:

- Establish a lithology and alteration library of core samples, and maintain consistency in future geological logging;
- Increase the insertion rate of blank samples to average at least one blank per batch of fire assay and ICP samples. Continue including Certified Reference Material samples in the core sample sequence. Include coarse reject duplicate samples, and use these as check assay samples to send to a second accredited and independent laboratory to maintain the original pulp sample set;
- Orient some future dill holes in the main mineralized areas perpendicular to the typical NESW drilling pattern. Analysis of oriented core in 2015 suggests that higher grade mineralization may occur in structures on this azimuth, which has potentially been missed by previous drilling; and
- Investigate the installation of a portable on-site analytical laboratory. Portable facilities are available at reasonable costs to collect real-time analytical data to direct drilling activities. Current turn-around times for drilling data are prohibitive.

Oxide Leach Characterization

Preliminary evaluations indicate a positive future return from leaching of copper in oxide that would otherwise be mined as waste. SRK recommends that a spatially representative sampling program of copper in oxide be undertaken commensurate with metallurgical testwork. Metallurgical work should include a size sensitivity analysis, acid consumption, and an assessment of vat leach viability. Oxide characterization should begin with analyzing future drill samples for acid-soluble copper to determine the ratio of oxide to total copper, and correlate the new results with S:Cu values. These data will allow for a more accurate determination of the oxide leach boundary leading to a better estimate the tonnes and recovery of oxide copper.

PEA

In parallel with PEA data collection, SRK recommends scoping-level trade-off studies in the areas of:

- Mine design (conventional open pit vs. underground or combination, truck vs. conveyor);
- Processing: (milling +/- leaching, highlands vs. lowlands plant siting, etc.);
- Power Supply: (diesel vs. LNG, line power vs. generators, fuel supply options);
- Tailings management: (on land impoundment vs offshore, conventional vs. dry stack);
- Access: (optimized route selection for roads and pipelines); and
- Purchase/Offtake: (develop preliminary smelter terms).

At the conclusion of the data collection and trade-off studies, a PEA would be prepared to demonstrate future economic potential.

Resource Expansion and Regional Exploration

Pending positive results from the PEA, Marengo should carry out additional work on advanced exploration prospects to expand the resource. Advanced prospects include Rima and Frog. In parallel, the authors of the Yandera Technical Report recommend that Marengo should continue to develop grass-roots exploration prospects through traditional targeting, mapping, sampling and drilling. Identified grass-roots prospects include Pomiea, Biom,Queen Bee, and a number of other early stage target prospecting areas.

Costs

The table below is a breakdown of the anticipated costs for the above recommendations. The schedule to complete the PEA is two to three years. Development of Advanced Prospects and regional exploration is projected on a three to five year timeline.

Work Program	Estimated Cost (US$)	Assumptions/Comments
Data Collection for PEA		
Conversion Drilling	2,400,000	Approx. 6,000 m
Step-out Exploration Drilling	2,260,000	Approx. 5,500 m
Oxide Characterization	150,000	Broad spaced sampling and column testing
Subtotal Data Collection	**$4,810,000**	
PEA		
Conceptual Trade-Off Studies	50,000	Specialist contractor/engineer
Preliminary Economic Analysis	150,000	Specialist contractor/engineer
Advanced Prospects and Regional Exploration	3,000,000	Mapping, sampling, drilling
Subtotal PEA	**$3,200,000**	
Total	**$8,010,000**	

PAPUA NEW GUINEA

Overview of Papua New Guinea

PNG is located in the southwest Pacific north of Australia with a land area of approximately 462,000 square kilometres and a population of approximately 7 million. English is the official language of government and commerce, although the majority of Papua New Guineans speak Tok Pisin. Additionally, there are more than 800 local languages spoken. PNG gained independence from Australia in 1975 and rapidly assumed full management of its own affairs. Since independence, PNG has engaged in regular general elections, undergoing several democratic changes of government. The most recent election occurred in June and July of 2012 and resulted in the re-election of Peter O'Neill as prime minister.

Despite its relatively short period of exposure to Western influences and the mining industry, PNG has attained credibility as a mineral producer based on the presence of several major mines, beginning with the Bulolo gold dredging operation in the

1930s. There are currently three world class mines in operation, two smaller mines in production, and several projects about to commence production.

The Australian Bureau of Mineral Resources ("**BMR**") provided geological services to PNG from 1948 to 1972. The BMR contribution to the geological understanding of PNG was significant. In the late 1950s, BMR geologists discovered the Yandera copper mineralization, were responsible for the preparation of most of the 1:250,000 scale geological maps of Papua New Guinea, and in 1962 discovered the Ramu lateritic nickel-copper deposit, currently operating (by MMC) 20 kilometres from the Yandera Project site.

Systematic mineral exploration of PNG commenced in the late 1960s with attention largely directed towards finding porphyry copper deposits. By the mid-1970s, three world-class deposits and several smaller systems had been discovered. In the 1980s, attention shifted to gold exploration in previously known and unexplored areas, and resulted in recognition of the Porgera and Morobe Goldfields world-class gold deposits, each containing more than 200 tonnes of gold, and numerous smaller deposits of economic interest.

Since the early 1980s, mining and petroleum have become the driving force of the PNG economy, contributing significantly to total exports, government revenue and gross domestic product. PNG has been ranked as the eleventh largest gold producer in the world over the past few years and is a significant copper producer.

Employment directly attributable to mining is estimated to account for 5% of the total available workforce, representing approximately 20% of the total formal rural workforce. The indirect employment figure derived from support services, such as contractors not classified as “mining” but engaged in mining related projects, makes the overall employment figure due to mining significantly higher.

Mining Law and Tenure

Under the *Mining Act* (1992) (the "**Mining Act**"), all minerals existing on, in, or below the surface of any land in Papua New Guinea, including any minerals contained in any water lying on any land in PNG, are the property of the State. The Mining Act establishes a regulatory regime for the exploration for, and production of, minerals and is administered by the MRA. The MRA was established under the *Mineral Resources Authority Act* (2005) (which also established the Mining Advisory Council) as a self-funded body to replace the Department of Mining as administrator of the Mining Act. The MRA is not a department of the National Public Service of PNG.

The types of mining tenements that may be granted include exploration licences, special mining leases and mining leases.

Land

Approximately 97% of land in PNG is held by traditional owners under customary principles of land ownership. The specific elements and rules of the system of customary land tenure vary from place to place. However, customary land ownership generally recognises the traditional users of land and their personal and clan arrangements for land use.

While it is not possible to purchase or lease customary land from its traditional owners, a mining tenement may be granted over customary land under the Mining Act. The tenement holder is liable to compensate the land owners as required by the Mining Act before entering or occupying land that is the subject of the tenement, as discussed below.

The balance of the land in PNG is known as alienated land. Alienated land is land that has either been acquired from customary owners by the State either for its own use or for private development, or in some rare cases, is held as freehold other than by the State.

Exploration Licences

An exploration licence entitles the licensee to exclusive occupation of the land which is the subject of the licence for the purpose of carrying out exploration for minerals on that land in accordance with any conditions to which it may be subject, including that the licensee complies with an exploration program approved by the Minister for Mining (the "**Minister**"). In

particular, the licensee may extract, remove and dispose of such quantity of rock, earth, soil or minerals as permitted under an approved exploration program (subject to the power of the MRA to require the licensee to deliver to it all cores and drilling samples taken in the licence area). The licensee must also meet minimum annual expenditure requirements in connection with the approved exploration program, and meet certain reporting obligations. An exploration licence is issued for a period of two years, which may be extended for additional two year periods provided that: (i) the licensee has complied with the conditions of the licence, paid compensation as required by the Mining Act, and submitted an exploration program for the proposed extended term to the Mining Advisory Council; and (ii) the Mining Advisory Council has recommended such exploration program for approval. On a renewal application, at least half of the area of the licence, as at the commencement of the previous term, must be relinquished until such time as the area is not more than 30 sub-blocks (approximately 100 square kilometres), after which no further relinquishment is required.

Special Mining Leases and Mining Development Contracts

Where the Minister considers that the size or distribution of a mineral deposit, the method of mining or treatment, the required infrastructure or financial or economic considerations make a mining development contract necessary, the Minister may require that the mining of a deposit occur pursuant to a special mining lease and a mining development contract. A mining development contract may contain provisions concerning the exercise by governmental authorities of certain discretions, the settlement of disputes between the developer and the State and such other matters as may be considered necessary by the parties, including provisions in respect of authorizations, taxation, the provision of facilities, the environment, local training, business development, supply and procurement requirements and the suspension of project operations.

A special mining lease is issued to the holder of an exploration licence that is also party to a mining development contract, by the Head of State acting on the advice of the National Executive Council after considering the recommendation of the Mining Advisory Council and after the Minister approves the applicant's proposals for development. A special mining lease entitles the holder to exclusive occupancy of a specified area of land for mining and mining purposes and to ownership of all minerals lawfully mined from that land. A special mining lease may have a term of up to 40 years and may be extended for periods of up to 20 years. It is a condition of each special mining lease that the holder comply with the approved proposals for development. A special mining lease may also include such other conditions, consistent with the mining development contract, as may be determined by the Head of State. The area of a special mining lease must not be more than 60 square kilometres and must be of a rectangular or polygonal shape.

Mining Leases

A mining lease is issued by the Minister after considering a recommendation of the Mining Advisory Council and after the Minister approves the applicant's proposals for development. A mining lease entitles the holder to exclusive occupancy of a specified area of land for mining and mining purposes and to ownership of all minerals lawfully mined from that land. A mining lease may have a term of up to 20 years and may be extended for periods of up to 10 years. It is a condition of each mining lease that the holder comply with the proposal for development. A mining lease may also include such other conditions as may be determined by the Minister.

Cancellation

A tenement may be cancelled by the Minister if, after receiving a notice that the holder has breached the Mining Act or a condition of the tenement for which the tenement holder fails to show cause. However, a special mining lease cannot be cancelled unless the associated mining development contract has also been terminated.

Royalties

The holder of a mining lease or a special mining lease is required to pay a royalty to the State equal to 2.0% of the value of mined product.

Compensation

Under the Mining Act, a tenement holder is liable to compensate the owners of the land subject to the tenement, any adjoining land or improvements and land or improvements in the vicinity of the tenement, for its entry onto, or occupation of the land and for loss and damage caused or foreseen to be caused by exploration, mining or related activities. Compensation arrangements, either by way of agreement between the parties or a determination by a warden, must be finalized and compensation payments must be current before the tenement holder may enter onto, or occupy, the land.

State Equity Interest

As a matter of policy, the PNG Government reserves in every exploration licence granted under the Mining Act, the right to elect, at any time prior to the commencement of mining, to make a single purchase of up to a 30% equitable interest in any mineral discovery arising from the exploration licence at a price pro rata to the accumulated exploration expenditures and then to contribute to further exploration and development in relation to the lease on a pro rata basis, unless otherwise agreed.

Environmental Law

Activities that have an impact on the environment of PNG are regulated by specific environmental legislation which is administered by the Department of Environment and Conservation. All mine developments require an environment permit issued pursuant to the *Environment Act* (2000), which normally must be issued before the relevant tenement is granted.

Taxation

Commencing on January 1, 2001, the corporate tax rate applicable to resident companies such as Marengo PNG is 30% of income from mining and non-mining activities. A withholding tax at the rate of 10% is payable by resident companies carrying on mining activities on dividends paid out of mining income. Interest income earned prior to the commencement of commercial operations is not taxed but instead reduces "allowable capital expenditure" relating to that project. Interest income earned by an exploration company is generally not taxed but is instead offset against carry forward exploration expenditure.

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Marengo and the value of the common shares. These include risks that are widespread risks associated with any form of business and specific risks associated with Marengo's business and its involvement in the exploration and mining industry generally and in PNG in particular. Please see "*Papua New Guinea".* While most risk factors are largely beyond the control of Marengo and its directors, the Company will seek to mitigate the risks where possible, for example by maintaining its key relationships with PNG's federal and regional governments and local people. However, an investment in securities of Marengo is considered speculative due to the nature of Marengo's business and the present stage of its development.

Additional Funding may be required

If the FS is completed and successful, the Company will need to raise further capital and/or debt financing to develop the Yandera Project. In any event, 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 the FS 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. As a result, the Company is and would be subject to all of the risks associated with establishing new mining operations and business enterprises including but not limited to:

- 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, if any, or that the Company will successfully establish mining operations or profitably produce metals at any of its properties.

Ability to Maintain Obligations under Convertible Debentures and Other Debt

The Company is required to satisfy certain financial covenants in order to maintain its good standing under its debenture purchase agreements with Sentient. The Company may from time to time enter into other arrangements to borrow money in order to fund its operations and expansion plans, and such arrangements may include covenants that have similar obligations or that restrict its business in some way. Events may occur in the future, including events out of the Company's control that would cause the Company to fail to satisfy its obligations under the Debentures or other debt instruments. In such circumstances, or if the Company were to default on its obligations under the Debentures or other debt instruments, the amounts drawn under the Company's debt agreements may become due and payable before the agreed maturity date, and the Company may not have the financial resources to repay such amounts when due.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to develop, exploit and generate revenue out of mineral deposits. Development of any of the Company's mineral projects will only follow upon, among other things, obtaining satisfactory exploration results and the completion of feasibility or other economic studies. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation, if any.

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of mineralization, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection. Whether developing a producing mine is economically feasible will depend upon numerous factors, most of which are beyond the control of the Company, including: the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to mining tenements as well as obtaining all necessary consents, permits and approvals for the development of the mine. Should a producing mine be developed at any of the Company's mineral properties, other factors will ultimately impact whether mineral extraction and processing can be conducted economically, including actual mineralization, consistency and reliability of mineralization grades and future commodity prices, as well as the effective design, construction and operation of processing facilities. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The operations of the Company are also subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to inclement or hazardous weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected geological formations, rock bursts, formation pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. Other risks include, but are not limited to, mechanical equipment performance problems, environmental hazards, industrial accidents, labour disputes, drill rig shortages, the unavailability of materials and equipment, power failures, hydrological conditions, metallurgical and other processing problems, earthquakes, fires, landslides and other Acts of God. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in

mining, increased production costs, monetary losses and possible legal liability. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Mineral Resource Estimates and Lack of Mineral Reserves

Mineral resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly upon new information becoming available. In addition, mineral resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralization or formations different from those predicted by past sampling and drilling, mineral resource estimates may have to be adjusted and mine plans (if any) may have to be altered in a way which could have a negative effect on the Company's operations. The Company does not have any mineral reserves and there is no assurance that mineral reserves will be established. A mineral resource is not the equivalent of mineral reserves.

Identification of Power Supply Option for the Yandera Project

There can be no assurance that the Company will be able to identify an alternative source of power for the Yandera Project following the withdrawal by the Company's preferred third party power provider from the previously proposed power supply arrangements, and/or that such source of power will be available on cost-competitive terms. The identification of a cost-competitive power supply option is critical to the potential development of the Yandera Project into a producing mine.

No History of Production

The Company currently has no operating projects. The Company has no experience with operating projects and the Company can provide no assurance that the necessary expertise will be available if and when it seeks to place any of its mineral properties into development. The Company has no experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other mining companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places any of its mineral properties into production.

Dependence on the Yandera Project

The Company's only material property is the Yandera Project. The Company is primarily dependent upon the success of the Yandera Project as a source of future revenue and profits, if any. There can be no assurance that the Company will establish any mineral reserves or successfully commence mining operations at the Yandera Project.

Political Instability in Developing Countries

The Company's mineral interests are in PNG and may be affected by varying degrees of social and political instability. These risks and uncertainties include and are not limited to political and labour unrest, fluctuations in currency exchange rates, inflation, hostage taking and expropriation. The Company's mining exploration and development activities may be affected by these uncertainties and the nature of various government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business and/or its holdings. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety factors. The Company's operations in PNG entail governmental, economic, social, medical and other risk factors common to all developing countries. See "*Risk Factors - Economic Uncertainty in Developing Countries*". The status of PNG as a developing country may make it more difficult for the Company to obtain any required financing because of the investment risks associated with such countries.

Economic Uncertainty in Developing Countries

The Company's future operations in PNG may be adversely affected by the economic uncertainty characteristic of developing countries. There can be no assurance that any governmental action to control inflationary or deflationary situations will be effective in ensuring economic stability, or that future governmental actions will not trigger inflationary or deflationary cycles. Additionally, changes in inflation rates or deflation and governmental actions taken in response to such changes can also affect currency values in such countries. Any such changes could have a material effect on the Company's results of operations and financial condition.

Other Foreign Operations Risks

Changes, if any, in mining or investment policies or shifts in political attitude in PNG may affect the operations or profitability of Marengo. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, arbitrary changes in laws, regulations and policies, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Insurance and Uninsured Risks

The business of Marengo is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of Marengo or others, delays in mining, monetary losses and possible legal liability.

Although Marengo maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will unlikely cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and Marengo may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Marengo or to other companies in the mining industry on acceptable terms. Losses from these events may cause Marengo to incur significant costs that could have a material effect upon its financial performance and results of operations.

Environmental Risks and Regulations

All phases of Marengo's operations are subject to environmental regulation in the various jurisdictions in which Marengo operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Marengo's operations. Environmental hazards may exist on the properties on which Marengo holds interests which are unknown to Marengo at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently and may in the future be required in connection with the operations of Marengo. To the extent such approvals are required and not obtained, Marengo may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

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

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material impact on Marengo and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

Potential Changes in Applicable Laws and Government Regulations

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

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

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

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

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

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

Although the Company has obtained title opinions from what it believes to be appropriately qualified legal counsel in the local jurisdictions, such opinions are subject to the assumptions and limitations contained therein and are current only as at the date such opinions are rendered, with no obligation on legal counsel to update the information contained in such opinions going forward. In addition, there can be no assurances that the Company's interest in its properties is free from defects or that the material contracts between the Company and the entities owned or controlled by foreign government will not be unilaterally altered or revoked. The Company has investigated its rights as described in this AIF and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests could not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties.

Hedging Policies

The Company has not entered into any forward sales or hedging agreements for copper or molybdenum or any other minerals, but may enter into such contracts in the future. The Company has not entered into forward foreign currency contracts but may enter into such contracts in the future. The use of currency hedges involves special risks including the possible default by the other party to the transaction, 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. Hedging arrangements may have the effect of limiting or reducing the total returns of the Company if the Company's expectations concerning future events or market conditions prove to be incorrect. In addition, costs associated with hedging programs may outweigh the benefits of the arrangements in some circumstances.

The risks associated with fluctuations in the price of metals and foreign exchange rates will be managed by the Company's risk management policy, as determined from time to time, and detailed budgets, forecasts and mine plans, but the Company cannot guarantee the effectiveness of its present or future hedging policies.

Competition

The Company competes with other companies, some which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other mining companies for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of the Company's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

Dependence on Key Personnel

The Company is reliant on key personnel employed or engaged by the Company. Loss of such personnel may have a material impact on the performance of the Company. In addition, the recruiting of qualified personnel is critical to the Company's success. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. While the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Currency

The Company's expected future revenue, if any, will be in United States dollars while some of its expenditures are in the local currencies of PNG, Canada and Australia. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations. Foreign currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may materially affect the Company's financial position and operating results.

The Company has not hedged against fluctuations in exchange rates as yet, though the Company may enter into some hedge contracts, particularly in relation to foreign currencies, at a later date.

Repatriation of Earnings

There is no assurance that PNG or any other foreign country in which the Company may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

No Production Revenues

To date, the Company has not recorded any revenues from its mineral projects nor has the Company commenced commercial production on any of its properties. The Company had negative cash flow from operations for the year ended June 30, 2015. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, some of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct the exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability.

Stock Exchange Prices

The market price of a publicly traded stock is affected by many variables, not all of which are directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Marengo's securities.

Conflicts of Interest

Certain directors of Marengo are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of Marengo. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors may conflict with the interests of Marengo. Directors of Marengo with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Ability to Exercise Statutory Rights and Remedies under Canadian Securities Law

The Company's subsidiaries are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction outside of Canada. Certain of the officers and directors of the Company and its subsidiaries reside outside of Canada. This may limit an investor's ability to exercise statutory rights and remedies under Canadian securities laws. In particular, a Canadian court may determine that it does not have jurisdiction over a claim by an investor against the Company and/or its officers and directors, or that another foreign jurisdiction is the more convenient forum to adjudicate the claim.

Enforceability of Foreign Judgments

The Company's subsidiaries are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction outside of Canada. Certain of the officers and directors of the Company and its subsidiaries reside outside of Canada. Although the Company has appointed Bennett Jones LLP as its agents for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada or foreign arbitral awards against the Company and its subsidiaries or such persons.

Unforeseen Litigation

Companies operating in all industries, including the mining industry, are subject to legal claims, with and without merit. Although, other than disclosed under the heading "Legal Proceedings and Regulatory Actions", the Company is not currently involved in any legal proceedings, and is not aware of any threatened or pending legal proceedings, there is no guarantee that the Company will not become subject to such proceedings in the future. There can be no guarantee of the outcome of any such claim. In addition, defence and settlement costs for any legal proceeding can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of operations.

Structural Subordination of the Common Shares

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

Future Sales or Issuances of Common Shares

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

The exercise of stock options, warrants and other exchangeable or convertible securities (including the Debentures) already issued by the Company and the issuance of additional securities in the future could result in dilution in the value of the common shares and the voting power represented by such shares. Furthermore, to the extent holders of the Company's stock options or other securities exercise their securities and sell the common shares they receive, the trading price of the common shares on the TSX may decrease due to the additional amount of common shares available in the market.

Risk of Suspension

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

On June 23, 2015, The Company was advised that the TSX would be reviewing the common shares of the Company with respect to meeting the continued listing requirements, including minimum pricing requirements. The Company has been granted 120 days in which to regain compliance with these requirements, pursuant to the Remedial Review Process.

Risk of Fines and Penalties

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

Risk of Improper Use of Funds in Local Entity

The Company operates in a number of jurisdictions, and, as result, is exposed to potential misappropriation of funds by a local entity. To mitigate this risk, the Company keeps cash balances to a minimum and completes a reconciliation of all bank

accounts on a regular basis, as well as independent verification of all funds used. The Company has implemented an internal approval process with respect to all payments made.

DIVIDENDS AND DISTRIBUTIONS

Marengo has not, since the date of its incorporation, declared or paid any dividends or distributions on its common shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, Marengo anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and the financial condition of the Company and such other factors as the directors of Marengo consider appropriate.

CAPITAL STRUCTURE

Description of Common Shares

The Company is authorised to issue an unlimited number of common shares. At the date of this AIF, Marengo has an aggregate of 1,137,870,521 fully paid common shares issued and outstanding. No other shares in the capital of Marengo of any other classes are issued or outstanding.

The holders of common shares in Marengo are entitled:

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

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

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

The common shares of the Company do not carry any pre-emptive, subscription, retraction, purchase for cancellation or surrender, redemption, exchange or conversion rights, nor do they contain any sinking fund or purchase fund provisions. Furthermore, the common shares do not have attached thereto any provisions permitting or restricting the issuance of additional securities or any other material restrictions or provisions requiring a shareholder to contribute additional capital.

Description of Unlisted Options

The options and performance rights granted, exercised for common shares and cancelled during the year ended June 30, 2015, are as follows:

	Number of Options
Balance, as at June 30, 2014	8,550,000
Options granted	11,000,000
Exercised	-
Cancelled/Lapsed	(8,050,000)
Balance, as at June 30, 2015	**11,500,000**

At June 30, 2015, 4,166,667 share purchase options had vested and were exercisable. The total balance of unlisted options of 11,500,000 is comprised of stock options only.

PRIOR SALES OF UNLISTED SECURITIES

During the financial year ended June 30, 2015, the Company issued 11,000,000 options to purchase common shares to Directors and one officer of the Company. The options were granted on July 28, 2014 with a strike price of CDN $ 0.015 per share.

TRADING PRICE AND VOLUME OF SECURITIES

The Company's common shares are listed for trading on the TSX under the symbol "MRN" and POMSoX under the symbol "MMC".

The following table sets forth the reported high and low sale prices and trading volume for the Company's common shares on the TSX for each of the months and other periods indicated.

Month	High (C$)	Low (C$)	Volume
July 2014	0.020	0.010	3,701,463
August 2014	0.020	0.010	3,738,000
September 2014	0.020	0.010	791,788
October 2014	0.020	0.010	1,438,000
November 2014	0.020	0.010	2,131,813
December 2014	0.020	0.005	767,706
January 2015	0.010	0.005	308,777
February 2015	0.010	0.005	295,000
March 2015	0.010	0.005	328,000
April 2015	0.010	0.005	14,648,821
May 2015	0.005	0.005	675,425
June 2015	0.005	0.005	835,000

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth, names, province or state and country of residence, offices and positions held with Marengo and principal occupations during the five preceding years of the directors and executive officers of Marengo, as of June 30, 2015.

Name and Municipality of Residence[1]	Position with the Company and Period Served	Principal Occupation
PIETER BRITZ[3] Sydney, Australia	Chief Executive Officer since April 23, 2014; director of the Company since July 26, 2013	CEO and director of Marengo Mining Limited
	Senior Investment Manager 2009 – current	The Sentient Group.
SIR RABBIE NAMALIU[3][5] East New Britain, Papua New Guinea	Non-Executive Director since February 11, 2008	Director of various public companies and former member of PNG National Parliament.
JOHN HICK[2][4][5] Ontario, Canada	Non-Executive Director since June 10, 2008 and Non-Executive Chairman since June 30, 2013	Independent consultant and Corporate Director.
DAVID DANZIGER[2][4] Ontario, Canada	Non-Executive Director and Chairman of the Audit and Risk Committee since July 30, 2014	Senior Vice President of Assurance as well as the National Leader of Public Companies for MNP LLP, Chartered Professional Accountants.
RICHARD WILLIAM (KEITH) MORRISON[2][4][3][5] Ontario, Canada	Non-Executive Director since October 4, 2012	Chief Executive Officer of North American Nickel Chief Executive Officer of Gedex Inc.

Name and Municipality of Residence[1]	Position with the Company and Period Served	Principal Occupation
ALEXANDER DANN Ontario, Canada	Chief Financial Officer since January 1, 2014, Chief Financial Officer 2009-2013	CFO of Marengo Mining Limited CFO of Avion Gold Corporation, CFO of AXMIN Inc., and consultant to various mining companies.

Notes:

(1) The information as to residence, principal occupation is not within the knowledge of the management of the Company and has been furnished by the respective directors and officers.
(2) Member of the Audit and Risk Committee.
(3) Member of the Safety, Health and Environment Committee.
(4) Member of the Human Resources and Compensation Committee.
(5) Member of the Corporate Governance and Nominating Committee.

Each of the directors of Marengo will hold office until his or her office is vacated in accordance with the Company's constating documents, the provisions of the CBCA or terms of their service agreements with the Company, whichever is earlier. In connection with the Scheme, the Company adopted by-laws which provide that each director elected will hold office until the close of the first annual meeting of the shareholders of the Company following his or her election unless his or her office is earlier vacated in accordance with the by-laws of the Company.

To the knowledge of the Company, as of the date hereof, all directors and executive officers of the Company as a group, beneficially own, directly or indirectly, or exercise control or direction over 100,000 common shares, or approximately 0% of the Company's issued and outstanding shares.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, none of the directors or executive officers of the Company is, or was within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to cease trade order or an order that denied such company access to any exemption under securities legislation that was, in each case, in effect for a period of more than 30 consecutive days and that was issued while that person was acting in such capacity or that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Other than as disclosed below, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is (1) as at the date hereof or has been within the ten years prior to the date hereof, a director or executive officer of any company that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee to hold its assets, or (2) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. John Hick was a director and non-executive Chairman of the Board of Tamaya Resources Limited ("**Tamaya**"), an Australian incorporated and ASX-listed company, which made a Voluntary Appointment of an Administrator, Ernst & Young (Australia), as a result of becoming insolvent. The reasons for the insolvency are summarized in the Questionnaire and Report to the Administrators dated November 14, 2008, as filed with the ASX. As a result of the Voluntary Administration, effective upon the appointment of the Administrators on October 26, 2008, the appointed Administrators immediately assumed all legal powers, rights and obligations of the directors of Tamaya and the directors had no legal rights with respect to the administration or management of Tamaya or its assets.

Mr. Hick was also a director of Timminco Limited ("**Timminco**") which was granted protection under the *Companies Creditors Arrangement Act* ("**CCAA**") on January 3, 2012. As a result of the CCAA filing, the TSX delisted Timminco effective February 6, 2012. On August 17, 2012, with the approval of the judge overseeing the CCAA process, a professional receiver was

appointed to manage the voluntary bankruptcy and winding up of Timminco and all of the directors resigned effective that date.

Mr. Hick and Mr. Danziger were each non-executive directors of Carpathian Gold Inc. ("**Carpathian**") a Canadian incorporated and TSX-listed company, which on April 16, 2014, the Ontario Securities Commission issued a permanent management cease trade order, which superseded a temporary management cease trade order dated April 4, 2014, against the Interim CEO and the CFO of Carpathian. The permanent management cease trade order was issued in connection with Carpathian's failure to file its (i) audited annual financial statements for the period ended December 31, 2013, (ii) management's discussion and analysis relating to the audited annual financial statements for the period ended December 31, 2013, and (iii) corresponding certifications of the foregoing filings as required by National Instrument 52-109 – *Certification of Disclosure in the Issuer's Annual and Interim Filings*. The management cease trade order was lifted on June 19, 2014 following the filing of the required continuous disclosure documents on June 17, 2014.

Mr. Danziger was a non-executive director of Fareport Capital Inc. ("**Fareport**") a Canadian incorporated Company and TSXV-listed company, that has since been delisted, which on, September 13, 2005, The Ontario Securities Commission issued a temporary management and insider cease trade order against the then present, past and future directors, officers and insiders of Fareport pending restatement of the Fareport's financial statements. The cease trade order was subsequently removed.

Mr. Danziger was a non-executive director of Hedman Resources ("**Hedman**") a Canadian incorporated Company and TSXV-listed company, that has since been delisted, which on, May of 2004 The Ontario Securities Commission and in June of 2004 the Securities Commissions of British Columbia and Alberta issued a cease trade order due to the failure of Hedman to file annual and financial statements for the year ended December 31, 2003 and the first quarter interim unaudited financial statements for the period ended March 31, 2004. The cease trade order was revoked in August 2004 in the province of British Columbia and in September 2004 in the provinces of Ontario and Alberta. In February 2004, Hedman requested a halt trade order from Market Regulation Services in order to conduct an investigation of previous management and a previous director. Trading was reinstated after the investigation was completed and upon request of Hedman.

In December of 2005 the Ontario Securities Commission and the British Columbia Securities Commission issued a cease trade order due to a failure to file third quarter financial statements as well as the management's discussion and analysis for that period and the TSXV issued a suspension order. Hedman was informed that it had 90 days to file the reinstatement and satisfactorily demonstrate Tier 2 compliance, failing which Hedman would be transferred to the NEX. Hedman ultimately fulfilled such requirements and resumed trading on the TSXV. The cease trade order was revoked in British Columbia.

Penalties or Sanctions

No director or executive officer of the Company or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities authority, or has had any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Company are, or may become, directors or officers of other companies with businesses which may conflict with the business of the Company.

Directors are required to act honestly and in good faith with a view to the best interest to the company and to abstain from voting in connection with the matter. To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company and any director or officer of the Company as a result of their outside business interest at the date hereof. However, certain of the directors and officers serve as directors and/or officers of other companies. Accordingly, conflicts of interest may arise which would influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company.

AUDIT AND RISK COMMITTEE DISCLOSURE

Composition and Charter of the Audit and Risk Committee

The Board has established an audit and risk committee (the "**Audit and Risk Committee**"), which operates under a charter approved by the Board. A copy of the full charter is attached hereto as Appendix A. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. The Audit and Risk Committee has been formed to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting and external audit function, internal control structure and risk management procedures. In doing so, it is the responsibility of the Audit and Risk Committee to maintain free and open communication between the committee, the external auditors and the management of the Company.

The Audit and Risk Committee reviews the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks. The Audit and Risk Committee oversees and appraises the quality of the external audit and the internal control procedures, including financial reporting and practices, business ethics, policies and practices, accounting policies, and management and internal controls. The Audit and Risk Committee also meets with external auditors and reviews the Company's relationship with the external auditors.

The charter of the Audit and Risk Committee requires that all members be independent within the meaning of the National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), which provides that a member shall not have a direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

The members of the Audit and Risk Committee are Mr. Danziger (Chair), Mr. Morrison and Mr. Hick, each of whom is "financially literate" and "independent", in each case, within the meaning of section 1.6 of NI 52-110.

David Danziger, CPA, CA

Mr. Danziger is the Senior Vice President of Assurance as well as the National Leader of Public Companies for MNP LLP, Chartered Professional Accountants, the sixth largest accounting firm in Canada. He has been an accounting professional since 1980, with extensive audit and compliance experience.

He has served from time to time as a director of various TSX, TSXV, NYSE and AMEX listed public companies, a number of which are in the mining sector.

Mr. Danziger is a member of the Ontario Securities Commission's Small to Medium Sized Enterprise Advisory Committee, as well as a member of the PDAC/CPA Mining Taskforce on IFRS.

Richard William (Keith) Morrison, P.Geo

Mr. Morrison is a prominent Canadian-based mining entrepreneur with over 30 years of international experience and an accomplished background in strategy, finance, exploration, technology, global operations, capital markets and corporate development.

He co-founded two significant Canadian-based success stories, Quantec, a world-leader in deep sub-surface imaging technologies, and QGX, a Canadian-based exploration company which operated in Mongolia prior to its acquisition for $300 million. He is currently Chief Executive Officer of North American Nickel and Non-Executive Chairman of Security Devices International.

John Hick, B.A, LL.B

Mr. Hick has considerable experience in both senior management and director capacities with a number of public companies over the last 30 plus years, prior to which he was actively engaged in the practice of law in Ontario. Mr. Hick is currently President and CEO of his own consulting firm, John W. W. Hick Consultants Inc. During his career, he has also been the

President and/or CEO of the following public companies where he had direct involvement in and responsibilities for the financial results and reporting of such companies: Areoquest International Ltd., Medoro Resources Ltd., Grafton Group Limited; TVX Gold Inc., Geomaque Explorations Ltd., Defiance Mining Corporation and Rio Narcea Gold Mines Ltd. In addition to serving as a director, he has served or is currently serving on the audit committees of the following public companies: Rayrock Yellowknife Gold Mines Ltd., Cambior Inc., Revett Minerals Inc., Rio Narcea Gold Mines Ltd., Southern Cross Resources Inc., Queenstake Resources Ltd., First Uranium Corporation, International Minerals Corporation, Hudson Resources Inc., Eurotin Inc., Algold Resources Ltd., Diamond Estates Wines & Spirits Ltd., Samco Gold Ltd., St Andrew Goldfields Ltd. and Sphinx Resources Ltd.

Pre-approval Policies and Procedures

The Audit and Risk Committee must pre-approve all non-audit services to be provided to the Company by its external auditors. The Audit and Risk Committee may delegate that authority to any member of the committee, provided that a report on any such pre-approval is made to the committee at its next scheduled meeting.

The Audit and Risk Committee must also confirm with the external auditor the external auditor's judgement of the acceptability and quality of the Company's accounting principles as applied in the Company's financial reporting.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied upon any exemptions contained in NI 52-110.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by PricewaterhouseCoopers LLP ("**PwC**"), the Company's external auditors, in each of the last two financial years for annual audit and quarterly review services was US$141,745 for the financial year ended June 30, 2015 and US$163,962 for the financial year ended June 30, 2014.

Audit-Related Fees

The aggregate fees billed by PwC in each of the last two financial years for annual reporting and services that are reasonably related to the performance of the audit as a review of the Company's financial statements and are not reported under "Audit Fees" above was nil for the financial year ended June 30, 2015 and nil for the financial year ended June 30, 2014.

Tax Fees

The aggregate fees billed in the last two financial years for professional services rendered by PwC for tax compliance, tax advice and tax planning was US$50,904 for the financial year June 30, 2015, and US$32,605 for the financial year ended June 30, 2014.

All Other Fees

The aggregate fees billed in the last two financial years for products and services provided by PwC, other than services reported in "Audit Fees", "Audit Related Fees" and "Tax Fees", referred to above, paid by the Company was US$nil in relation to the financings for the financial year ended June 30, 2015, and US$30,926 for the financial year ended June 30, 2014.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no director or executive officer of the Company or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the issued and outstanding shares of the Company; or any associate or affiliate of any of the persons or companies referred to above, has a material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Company or during the current financial year of the Company, that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's Canadian transfer agent and registrar is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There have been no penalties or sanctions imposed against the Company in the financial year ended June 30, 2015, by: (i) a court relating to securities legislation; (ii) a securities regulatory authority; or (iii) any other court or regulatory body where the penalty or sanction would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreements with a court or securities regulatory authority in the financial year ended June 30, 2015.

MATERIAL CONTRACTS

The Company currently has no existing material contracts other than those entered into in the ordinary course of business, other than as disclosed below:

- Guarantee and Indemnity dated February 6, 2013 between YMCL and Sentient in connection with the Sentient Loan;
- Guarantee and Indemnity dated February 6, 2013 between Holdings and Sentient in connection with the Sentient Loan;
- Guarantee and Indemnity dated February 6, 2013 between Marengo PNG and Sentient in connection with the Sentient Loan;
- Guarantee and Indemnity dated February 6, 2013 between Marengo Australia and Sentient in connection with the Sentient Loan,
- Guarantee and Indemnity dated January 14, 2014 between Holdings and Sentient in connection with the LCDE Agreement,
- Guarantee and Indemnity dated January 14, 2014 between Marengo Australia and Sentient in connection with the LCDE Agreement,
- Guarantee and Indemnity dated July 14, 2014 between Holdings and Sentient in connection with the Agreement,
- Guarantee and Indemnity dated July 14, 2014 between Marengo Australia and Sentient in connection with the Agreement.
- Loan Conversion and Debenture Exchange Agreement approved by shareholders on January 14, 2014; and
- Loan Conversion and Debenture Purchase Agreement approved by shareholders on July 11, 2014.
- Loan Conversion and Debenture Purchase Agreement approved by shareholders on December 18, 2014.

INTERESTS OF EXPERTS

Dr. Chutas is a Certified Professional Geologist with the American Institute of Professional Geologists in the United States of America and a full-time consultant of Marengo. Dr. Chutas is a Qualified Person as defined by NI 43-101.

Jay Pennington and Justin Smith, the authors of the Yandera Technical Report, did not hold at the time of preparation of the Yandera Technical Report, and did not and will not receive after that time, a registered or beneficial interest, direct or indirect, in any securities or other property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned persons and the directors, officers, employees and partners of SRK Consulting (U.S.) Inc., beneficially owned, directly or indirectly, less than 1% or none of the outstanding securities of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, securities authorised for issuance under equity compensation plans, if applicable, is contained in the Company's management information circular for its upcoming annual and special meeting of security holders, a copy of which will be available on SEDAR at www.sedar.com.

Additional financial information is available in the Company's audited financial statements and accompanying management's discussion and analysis for the financial year ended June 30, 2015, copies of which are being filed on SEDAR at www.sedar.com contemporaneously with this AIF. For copies of documents, please contact the Company at c/o Bennett Jones LLP, 3400 One First Canadian Place, 100 King Street West, PO box 130, Toronto, Ontario, M5X 1A4 or via email at marengo@marengomining.com Attn: Company Secretary.

APPENDIX A

AUDIT AND RISK COMMITTEE CHARTER

1. ROLE

The Audit and Risk Committee ("the **Committee**") will assist the Board of Directors (the "**Board**") of Marengo Mining Limited (the "**Company**") fulfil its financial reporting, corporate governance and oversight responsibilities. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the external auditors, and the management of the Company. The Committee is, however, independent from the Board and shall have the ability to determine its own agenda.

2. ADMINISTRATION OF COMMITTEE

2.1. Membership

2.1.1. The members of the Committee shall be appointed by the Board for one-year terms and may serve consecutive terms. Such appointment will be set annually at the first board meeting held after the Annual General Meeting.

2.1.2. The Committee shall comprise not less than three (3) members. If a member of the Committee retires, is removed or resigns from the Board, that member shall cease to be a member of the Committee.

2.1.3. Each member of the Committee shall:

(a) be a member of the Board;

(b) unless otherwise determined by the Board, in accordance with Canadian Multilateral Instrument 52-110 – Audit Committees ("**MI 52-100**"), be independent within the meaning of MI 52-100; and

(c) unless otherwise determined by the Board in accordance with MI 52-100, have the ability to read and understand a set of financial statements that presents a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can reasonably be expected to be raised by the Company's financial statements.

2.2. Chairman

2.2.1. The members of the Committee shall annually appoint a person from among its members to act as the chairman of the Committee (the "**Chairman**"). The Chairman is responsible for managing the Committee including:

(a) ensuring the Committee adequately addresses each of its functions and responsibilities, on an on-going basis;

(b) ensuring the Board and, if appropriate, the President/CEO and the CFO are aware of concerns of the Committee;

(c) liaising with the chairperson of the Board to coordinate the raising of Committee matters with the Board;

(d) communicating with the Board to keep it apprised of all major developments involving audit and financial reporting matters;

(e) chairing and managing meetings of the Committee;

(f) setting and assessing periodically the frequency of the Committee meetings; and

(g) on an on-going basis, evaluating the Committee's objectives, duties and the effectiveness of its performance. Such evaluation will occur as part of the Board's overall annual evaluation process

2.3. Meetings

2.3.1. The Committee shall meet as frequently as required, but not less than four times per year.

2.3.2. The Chairman, in consultation with management, shall appoint a secretary to the Committee (the "**Secretary"**).

2.3.3. The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee;

2.3.4. The agenda for Committee meetings will be determined by the Chairman in consultation with management and members of the Committee.

2.3.5. The Secretary shall forward a notice of each meeting of the Committee to each Committee member as many days as possible and not less than 48 hours prior to the date of the meeting.

2.3.6. Minutes and resolutions of the meetings of the Committee shall be maintained by the Secretary and distributed to all Committee members and the Chairman following the approval of such minutes and resolutions by the Chairman; and

2.3.7. Committee minutes may be available to any member of the Board following a request to the Chairman, providing no conflict of interest exists.

2.4. Attendance at Meetings

2.4.1 A quorum will compromise any two (2) Committee members.

2.4.2 Each member shall have one vote and the Chairman shall not have a second or casting vote.

2.4.3. The President/CEO, CFO, the Company Secretary, representative(s) of the external auditors, members of management or other parties deemed necessary by the Committee to provide information may attend meetings by invitation.

3. RESPONSIBILITIES

The Committee shall:

3.1. Financial Reporting

3.1.1. Periodically assess and review the effectiveness of the Company's financial reporting and internal control policies.

3.1.2. Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

3.1.3. Periodically assess the procedures referred to in subsection 3.1.2. above;

3.1.4. Monitor and review the Company's compliance with legal and regulatory requirements.

3.1.5. Review, prior to public disclosure, the Company's annual and interim financial statements, MD&A and financial results, taking into account:

(a) critical accounting policies and practises and any changes thereto;
(b) decisions requiring a major element of judgment;
(c) the extent to which the financial statements are affected by any unusual transactions;
(d) the clarity of disclosures;
(e) significant adjustments resulting from the audit and/or review;
(f) the going concern assumption;
(g) compliance with accounting standards; and
(h) compliance with TSX, ASX and POMSoX stock exchanges and other legal requirements;

3.1.6. Review and approve any financial reporting required to be made to any lenders or strategic investors.

3.1.7. Review the consistency of the Company's accounting policies both on a year-to-year basis and across the Company and its subsidiaries and the impact of changes in the accounting standards and legislation on the Company's accounting policies, and where the Committee deems it necessary, adopt changes to the Company's accounting policies in response thereto.

3.1.8. Obtain reasonable assurance, from discussions with and reports from management and external auditors, that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively and that the Committee is fully apprised of all unrecorded audit adjustments and the rationale for any judgement calls made in relation to the Company's financial statements.

3.1.9. Ensure the Company's external reporting complies with the Company's accounting policies, International Financial Reporting Standards and all other applicable policies and rules, corporate and securities laws.

3.1.10. Discuss any significant matters arising from the audit, management judgments and accounting estimates with management and internal auditors (if any), and external auditors.

3.1.11. Review with management and the external auditor and, as considered appropriate by the Committee, with outside legal counsel, any litigation, claim to other contingency, including tax assessments, that could have

a material effect upon the financial position or operating results of the Company, and the manner in which any such litigation, claim or contingency has been disclosed in the Company's financial statements and disclosure documents.

3.1.12. Obtain reasonable assurance from management about the process for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information.

3.1.13. Review the contents of any prospectus or similar document, including the financial statements contained therein, and after such review and where deemed appropriate, shall recommend to the Board the approval of any financial statements contained therein that have nor previously been approved.

3.1.14. Monitor the policies of the Company in respect of compliance with relevant laws and regulations as they relate to financial matters.

3.1.15. Provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's audit policies and practices.

3.1.16. Review the appointments of the CFO and, if required, any other key financial members of management.

3.1.17. Recommend to the Board the policies and practices for the payment, monitoring and review of the expenses of the Board and the CEO.

3.1.18. Ensure that the Company complies with all legal requirements relating to the declaration and payment dividends.

3.2. External Auditor

3.2.1. Recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.

3.2.2. Review and recommend to the Board the compensation paid to the external auditor.

3.2.3 Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of the disagreements between management and the external auditor regarding financial reporting.

3.2.4. Ensure that the external auditor is independent and objective and that the Committee receives from the external auditor a formal written statement describing any and all relationships between the external auditor and the Company.

3.2.5. Engage in a dialogue with the external auditor with respect to any disclosed relationships or services that could impact the objectivity and independence of the external auditor and may take, or recommend that the Board take, appropriate action to ensure the independence of the external auditor.

3.2.6. Ensure that the external auditor is satisfied that the accounting estimates and judgements made by management, and management's selection of accounting principles, reflect an appropriate application of International Financial Reporting Standards.

3.2.7. Develop a relationship with the external auditor that allows for full, frank and timely discussion of all material issues.

3.2.8. Hold discussions with the external auditor at the conclusion of each Committee meeting, without management present.

3.2.9. Confirm with the external auditor the external auditor's judgment of the acceptability and quality of the Company's accounting principles as applied in the Company's financial reporting, including without limitation, disclosure, degree of aggressiveness or conservatism in the accounting principles and underlying estimates, and other significant decisions made by management in preparing the Company's financial reporting and disclosure materials.

3.2.10. Approve, or recommend to the Board for approval, all audit, audit related and non-audit engagement fees and terms of the engagement of the independent auditor prior to the commencement of the engagement. The Committee may delegate The Chairman of the Committee the authority to pre-approve engagements, provided that the decision to do so is presented to the full Committee at its next scheduled meeting.

3.2.11. Notwithstanding the pre-approval process above, the Committee will ensure that the external auditors are prohibited from providing the following non-audit services and will determine which other non-audit services the external auditors are prohibited from providing:

(a) bookkeeping or other services related to the accounting records or financial statements of the Company;

(b) financial information systems design and implementation;

(c) appraisal or valuation services, fairness opinions, or contribution in-kind reports;
(d) management functions or human resources;

(e) broker, dealer, investment advisor or investment banking services;
(f) legal services and expert services unrelated to the audit; and
(g) any other service that the Committee determines to be impermissible.

3.2.12. Review the planning and result of the external audit, including:
(a) the external auditor's engagement letter;
(b) the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines;
(c) the post-audit management letter;
(d) the form and content of the audit report; and
(e) any other related audit engagement.

3.2.13. Ensure that the external auditor has direct access to the Committee and unrestricted access to the Company's information.

3.2.14. Assess management's response to, and action on, the external auditor's post-audit reporting letter.

3.2.15. Assess the external auditor's performance.

3.2.16. Direct the external auditor's examinations to additional particular areas, where appropriate.

3.2.17. Where appropriate, request the external auditors to undertake special examinations.

3.2.18. Review control weakness identified by the external auditors, together with management's response;

3.2.19. Review and approve the Company's hiring policies regarding current and former partners and employees of the present and former external auditor.

3.3. Reporting

3.3.1. Reporting to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any relevant issues.

3.3.2. On an annual basis, report to the Board and shareholders of the Company on all matters relevant to the performance of its role and the discharge of its duties during the period, having regard to corporate governance guidelines and best practice recommendations established by the Australian Securities Exchange, the Port Moresby Stock Exchange and the Toronto Stock Exchange addressing all matters relevant to the Committees' role and responsibilities, including:
(a) whether external reporting is consistent with the Committee members' information and knowledge and is adequate for shareholder needs;
(b) the management processes supporting external reporting;
(c) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
(d) recommendations for the appointment or removal of any auditor;
(e) the performance and independence of the external auditors and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
(f) the performance and objectivity of the internal audit function; and
(g) the results of its review of risk management and internal compliance and control systems.

3.4. Risk Management

3.4.1. Provide the Board with recommendations regarding the establishment and implementation of:
(a) a risk management system; and
(b) a risk profile for the Company that describes the material risks (including financial and non-financial risks) which the Company faces.

3.4.2. Provide the Board with recommendations regarding the roles and respective accountabilities of the Board, the Committee, management and the internal audit function (if any) in respect of the Company's risk management system.

3.4.3. Periodically access and review the effectiveness of the Company's procedures for the identification, assessment, reporting and management of risks including the areas of crisis management, capital

expenditure, taxation strategy, funding, commodity and foreign exchange and interest rate exposure, insurance coverage, fraud and information systems technology.

3.4.4. Ensure that adequate procedures are in place to achieve the Company's objectives as to the effectiveness and efficiency of operations and to safeguard the Company's assets.

3.4.5. Regularly review and update the Company's risk profile.

3.5. Internal Audit

3.5.1. Periodically assess, review the need for an internal audit function on a regular basis.

3.5.2. If the Committee determines that it is appropriate to do so, it shall establish an internal audit function whose purpose is to analyse the effectiveness of:

(a) the Company's risk management and internal compliance and control systems; and

(b) the implementation of the Company's risk management and internal compliance and control systems;

3.5.3. If the Company has an internal audit function, the Committee shall:

(a) Review the results and effectiveness of the internal audit programs;

(b) recommend the scope of the internal audit for Board approval;

(c) review and approve the appointment and dismissal of senior internal audit executives;

(d) ensure that the internal audit function is independent of the external auditor;

(e) ensure that the internal audit function has all necessary access to management and the right to seek information and explanations;

(f) receive summaries of significant reports to management prepared by internal audit, the management response and the recommendations of internal audit;

(g) ensure no management or other retractions are placed on the internal auditors;

(h) ensure that appropriate resources are made available to the internal auditors.

3.6. General

3.6.1. Comply with and carry out all other duties of an audit committee as prescribed by the International Accounting Standards and other applicable legislative and regulatory provisions.

3.6.2. The Committee will review this Charter annually and revise it as appropriate.

4. AUTHORITY OF THE COMMITTEE

4.1. The Committee has authority to:

4.1.1. Engage, at the Company's expense, independent counsel and other advisors, such as external legal counsel, as it determines necessary to carry out its duties.

4.1.2. Set and pay the compensation for any advisors employed by the Committee.

4.1.3. Conduct any investigations it considers necessary and seek explanations and additional information from any employee of the Company and/or from the external auditor.

4.1.4. Approve accounting policies and procedures and auditing methodology (issues of material importance, however, will be referred to the Board with the Committee's recommendation); and

4.1.5. Communicate directly with the external auditor and any internal auditor and have unrestricted access to management, internal auditor (if any) and external auditors and all company records for the purpose of carrying out its duties and responsibilities under this Charter.

5. CONFLICT

In the event of any conflict between this Charter and any other relevant legal requirements, including those of the TSX, or POMSoX (as applicable), and other applicable corporate and securities laws, the Committee shall immediately bring the conflict to the attention of the Board which shall resolve such conflict upon consultation with the Company's legal advisors.

Approved by the Board on September 22, 2015.