*The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**") of Marengo Mining Limited ("**Marengo**" or the "**Company**") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition of the Company between September 30, 2015, and June 30, 2015, and results of operations for the three months ended September 30, 2015, (**"Q1 2016")** and September 30, 2014, **("Q1 2015")**. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended September 30, 2015, and with the audited consolidated financial statements and notes thereto of Marengo for the fiscal year ended June 30, 2015 **("FY 2015").** In this MD&A, references to "Company" or "Marengo" are references to Marengo Mining Limited and its wholly-owned subsidiaries.*

*The financial statements (and the financial information contained in this MD&A) were prepared in accordance with International Financial Reporting Standards ("**IFRS**") including International Accounting Standard, Interim Financial Reporting **("IAS 34").***

*All amounts in this discussion are expressed in millions of United States dollars ("**USD**") except per share data and unless otherwise indicated. All amounts in tables are expressed in thousands of USD, unless otherwise indicated.*

*This MD&A contains forward-looking information within the meaning of Canadian securities legislation (see "Forward-looking Information" below for a full discussion on the nature of forward-looking information). Information regarding the adequacy of cash resources to carry out the Company's exploration and development programs or the need for future financing is forward-looking information. All forward-looking information, including information not specifically identified herein, is made subject to cautionary language at the end of this document. Readers are advised to refer to the cautionary language included at the end of this MD&A under the heading "Forward-looking Information" when reading any forward-looking information. This MD&A is prepared in accordance with Form 51-102F1 and has been approved by the Company's board of directors (the "**Board of Directors**" or the "**Board**") prior to its release.*

This report is dated as of November 12, 2015. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

Company Overview

Marengo is an international mineral exploration and development company listed on the Toronto Stock Exchange (the "**TSX**") (Symbol: MRN).The Company's principal asset is its Yandera copper project (the "**Yandera Project**") in Papua New Guinea ("**PNG**"). The Company is currently focused on advancing the development of the Yandera Project into a commercially viable copper mining operation, with the objective to maximize shareholder value.

Between 2006 and 2014, the Company drilled 471exploration, resource and geotechnical drill-holes and drove two adits (50 metres and 71 metres long) to test various mineralized zones across the Yandera Project. In September 2006 the Company commissioned a conceptual mining study (the "**CMS**") for the Yandera Project to include a preliminary mine design and open pit optimization, metallurgical testwork, plant flowsheet design and throughput options and capital and operating cost estimates. In July 2007 the CMS was completed and, based on the positive results thereof, the Company determined to proceed with a feasibility study. Phase 1 of the work to support a feasibility study was completed in April 2008 and comprised a comparative development options analysis study that delivered positive results.

Marengo commenced work on a feasibility study for the development of Yandera in 2008, based on its published copper resource, the prevailing copper price and the state of global financial markets at the time. Since then, global resource markets have become increasingly competitive, with, among other things, the copper price falling, funding for exploration and development decreasing and capital and operating costs escalating, bringing into question the economic viability of the development of the 2012 Yandera resource.

During the latter part of fiscal year 2014, the new management team conducted a comprehensive evaluation and review of all aspects of the prior work conducted towards a feasibility study 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, as a result of this review, the feasibility study has been deferred until further work is completed (see *"Outlook"* section).

Taking into account the 2015 updated resource estimate, the review of the 2012 resource, as well as further drilling, mapping and survey programs completed subsequent to the review that have yielded new mineralization, the Company has renewed enthusiasm about the potential of Yandera.

Overall Performance

First Quarter Highlights and as of the Date of this Report

During Q1 2016 and to the date of this MD&A, the following highlights the Company's significant events:

- **Financing Activities** – The Company entered into a financing agreement with its major shareholder, which consists of three entities controlled by The Sentient Group, (collectively, "**Sentient**"), as follows:
  - On October 13, 2015, the Company entered into an agreement (the **"Letter Agreement"**) with Sentient in connection with the proposed issuance of $14.0 million principal amount of convertible unsecured debentures (the "**Debentures**"). The proposed Debentures are to be issued in two tranches, with the first tranche of $7.0 million to be completed following the approval of the Company's shareholders at the annual general and special meeting to be held on November 13, 2015, and the second tranche of $7.0 million to be completed five months after the shareholders' approval is obtained.

- **Corporate Restructuring** – The Company made the following changes during the Q1 2016 and to date of this MD&A:
  - On July 1, 2015, Mr. Andre 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.
  - On August 11, 2015, the Company announced that it had requested approval to delist from the Port Moresby Stock Exchange ("**POMSoX**").
  - On October 13, 2015, the Company announced that subject to obtaining the necessary shareholder approval, Marengo will be completing a share consolidation whereby for every 100 Marengo common shares, one post-consolidation Marengo common share will exist (the "**Consolidation**").
  - On October 27, 2015, the company officially delisted from the POMSoX. Marengo's Port Moresby Stock Exchange Electronic Trading System Depository Interests ("**PDI's**") were suspended on October 19, 2015.

- **Exploration & Development Activities** – In keeping with the Company's objective of advancing and optimizing the Yandera Project economics and building on its resource potential and with the Company's global growth strategy, the following progress at the Company's operations has been made:
  - On September 29, 2015, the Company announced that it acquired an option for the mineral concessions and purchased the related surface property rights for the La Cobota copper project in northern Mexico ("La Cobota").
  - On May 5, 2015, the Company announced an updated resource estimate for its Yandera Project resulting in additional and improved resources. Refer to Table 1 for details.
  - The Company completed four holes (totalling 1,004.6 metres) at the Yandera Project at its newly identified Rima prospect (**"Rima"**).
  - The Company has previously described efforts to increase geological knowledge of the site and is pleased to report that this work has resulted in the identification of drilling targets that the Company is currently pursuing. Marengo's geologists have been equipped with advanced tools to analyse, model, interpret and assess the complex geology and mineralization. Training for geology and environmental staff continued during 2015, with more advanced tools expected to be added during the year. Transformation and development of both technical and operational teams is expected to continue throughout 2015.
  - Further to the comprehensive review completed during the latter part of fiscal year 2014, as described in the *"Company Overview"* section above, work on the 2015 updated resource has resulted in recognition of significant structural trends that are important controls for mineralization. Understanding these trends and the associated host lithologies has improved the geological model and lead to improved understanding of

the copper mineralization. These models are being used to target areas that will improve and expand the existing resource, as well as generate prospective exploration targets well beyond the footprint of the resource.

Yandera Project, Papua New Guinea

The Company's wholly-owned Yandera Project is located 95 kilometres southwest of the northern seaport of Madang in Papua New Guinea and situated within the highly prolific New Guinea Copper-Gold Belt that is host to many major producing mines. The Yandera porphyry system is located within the central portion of the granted 624-square kilometre exploration licences that cover over 100 kilometres of strike over the highly prospective Bundi Fault zone.

On May 5, 2015, the Company announced an updated resource estimate for its Yandera Project. This resource estimate has been prepared pursuant to the requirements of National Instrument 43-101 - Standards of Disclosure for Mining Projects ("**NI 43-101**") and the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition ("**JORC**").

Highlights of the Yandera Resource Estimate:

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

This 2015 Measured and Indicated copper-equivalent (CuEq) resource estimate for Yandera represents an update of the 2012 resource estimate, which was evaluated on a copper-only basis without the contributing value of ancillary molybdenum (Mo) and gold (Au) that would be produced with the copper (Cu). Other enhancements of the 2015 resource estimate include:

1) Incorporation of positive infill/upgrade drilling results from the principal resource areas (Gremi, Imbruminda and Omora) and also at the Dimbi and Rima advanced exploration prospects;
2) Refinement of the resource tonnage from the addition of nearly 4,000 new density measurements;
3) A reconstruction of the geologic framework focused on host rock and structural controls from the first-time application of oriented drill core data.

Yandera is an igneous-hosted, structurally-controlled Cu-Mo-Au porphyry system comprised of a series of adjacent deposits along recognized structural trends. Mineralization is related to multiple pulses of intrusive rock and hydrothermal alteration. Grade has spatial correlation with late dacite intrusions and polymicticbreccias with over-printing phyllic alteration. Broad tabular zones of copper mineralization extend from surface to depths of over 500 metres and have been drill-defined to a strike length of over 5 kilometres.

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.

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.

In order to establish a reasonable prospect of eventual extraction in an open pit/sulfide-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 Table 1. 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.

For further information on the Yandera Project, please refer to the technical reports titled "Technical Report Updated Resource Estimate Yandera Copper Project Papua New Guinea" dated June 19, 2015, and "Yandera Copper Project, Madang Province, Papua New Guinea" dated April 2012, available on the Company's website and on SEDAR.

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

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	**630,141**	**0.33**	**0.010**	**0.071**	**0.41**	**2,102**	**62**	**44,743**	**1,439**	**2,553**
	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**	**213**	**0**	**0**	**0**	**213**
	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**	**1,891**	**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.

Exploration and Development Activities for the Quarter Ended September 30, 2015

In the second quarter of fiscal year 2014, following a review of the technical work conducted to date in support of a feasibility study for the Yandera Project, the board of directors of the Company decided that additional work was required in a number of specific areas before a feasibility study could be completed, including further optimization opportunities to enhance project economics, namely:

- As initial starter pit grades are insufficient to cover increased capex, revert to exploration in order to locate and improve existing grades;
- As waste to mineralized material strip ratios over inferred resource cause pit slopes to be steepened beyond design parameters with a loss of resources as a result, additional work was begun to identify new resources that may improve the waste to mineralized material ratios;
- New conceptual models are being developed that will in turn allow for the creation of new resource models. This may allow the identification of better or new high grade zones that may form the basis for a new mine plan;
- Identifying an alternative cost-competitive source of power for the Yandera Project after Marengo's preferred third party power provider withdrew from the proposed power supply arrangements;
- A review of processing plant throughput rates;
- Reviewing the option of Deep Sea Tailings Placement (DSTP) versus a land-based Tailings Management Facility (TMF); and
- Further optimization of the mine plan.

During the Q1 2016 period and through the date of this MD&A, the Company is continuing the activities outlined above.

Q1 2016 Exploration Program

Pursuant to a purchase of the La Cobota property in Mexico, an inaugural drill program is aimed at testing the known copper sulphide mineralisation at the old La Cobota mine, and then will be gradually stepped-out to determine continuation of mineralization along strike and down dip. Drilling will be undertaken as soon as relevant permits are obtained from the Mexican authorities. A detailed program of structural and alteration mapping will be conducted simultaneously with the drilling to assess the broader prospectivity of the mineral concessions.

Drilling Results at Rima Prospect

On March 12, 2015, the Company announced the results for the sampling and drilling results at 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 (Figure 1). 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 2 and Table 2).

In late 2014, Marengo completed four drill holes (totalling 1004.6 metres) at Rima in search of higher grade copper mineralization to complement the current Yandera resource. The results (Tables 3–6) confirm the presence of higher grade mineralization.

The results at Rima are encouraging and suggest the presence of additional domains of near-surface higher grade copper mineralization that, collectively, may enhance the current Yandera resource estimate.

The Company has 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 the fiscal years 2016-2017, leading to a more comprehensive drill program in the future.

Table 2.–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.

Selected Drilling Results (full drill results are available on the Company website):

Table 3.– 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.

Table 4.– 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*

Table 5.– 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

Table 6.– 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.

Figure 1.– Map of Yandera Project Area with Rima Prospect Area

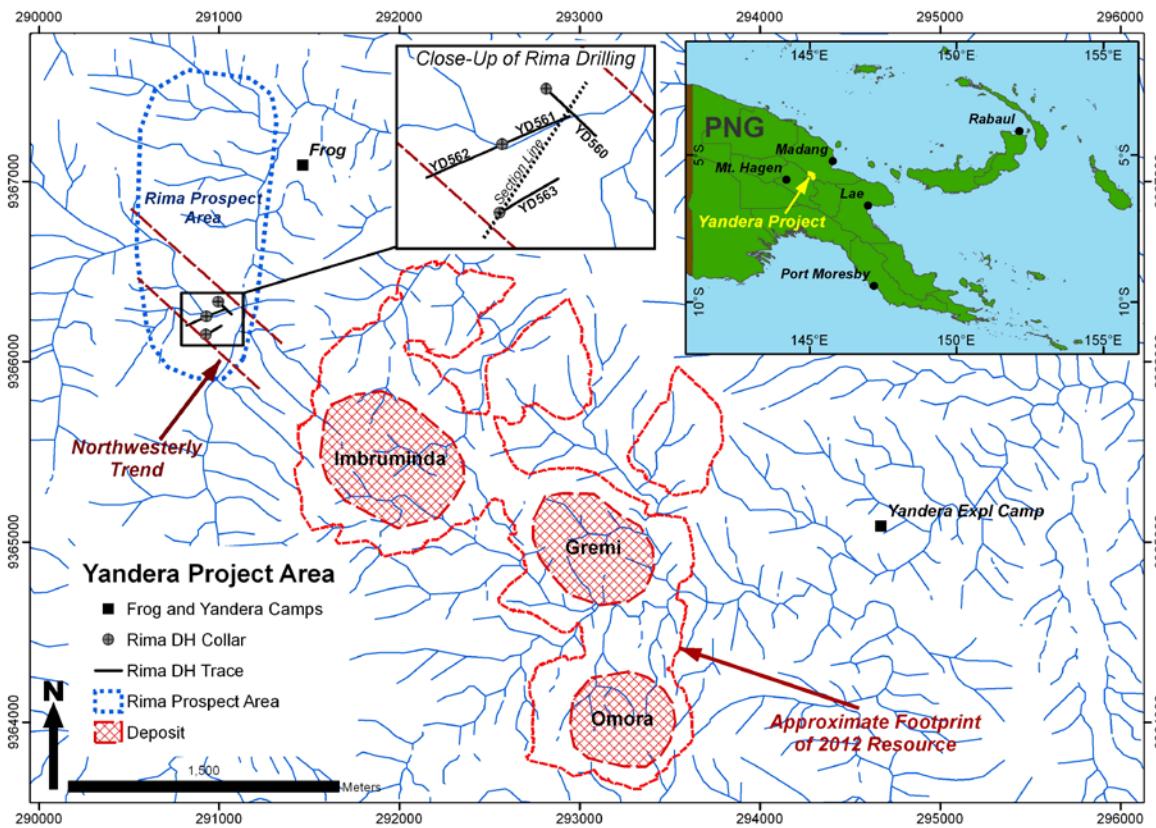
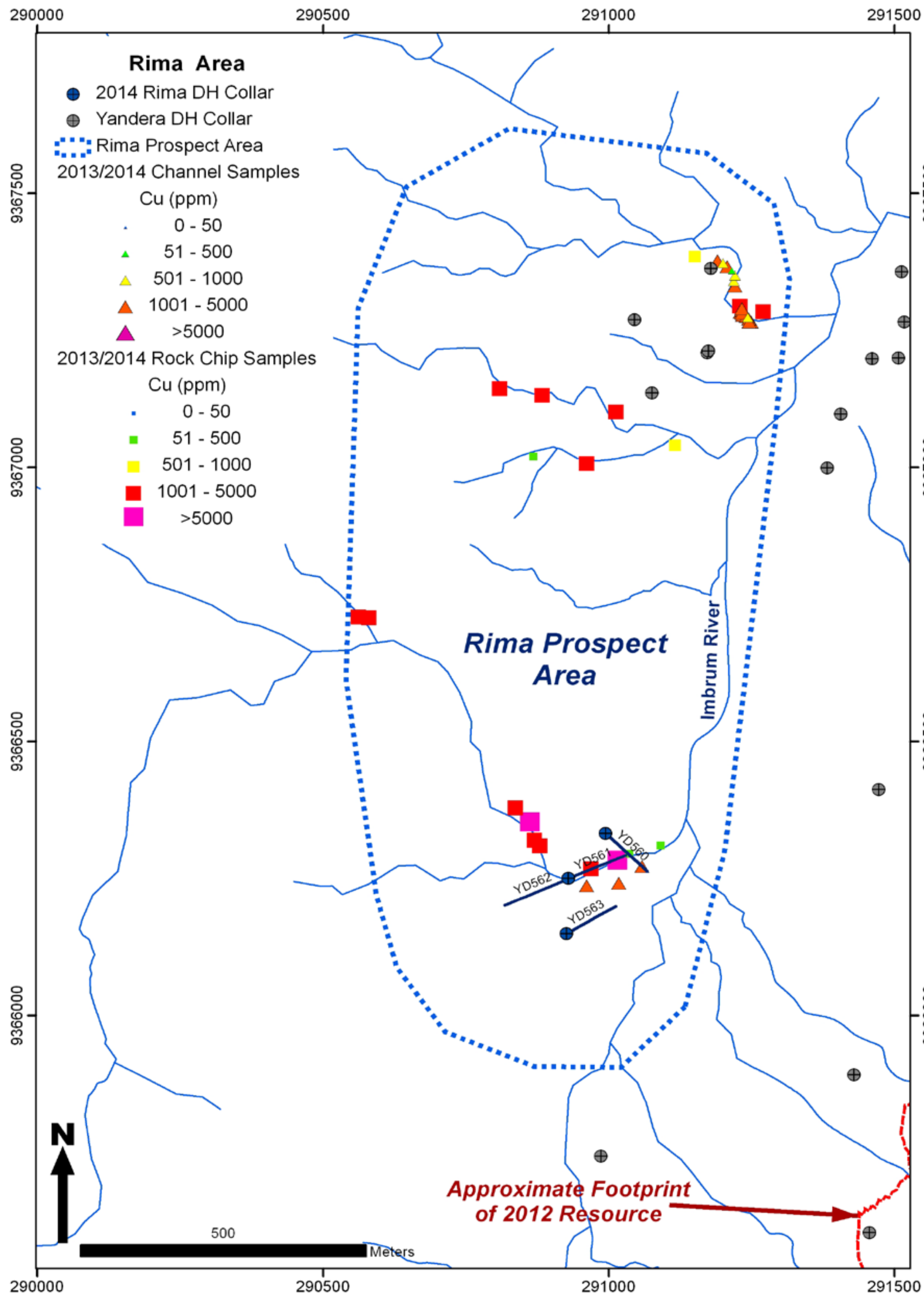


Figure 2. – Map of Recent Sampling at Rima



La Cobota Project - Mexico

On September 29, 2015, the Company acquired an option for the mineral concessions and purchased the related surface property rights for the La Cobota copper project in northern Mexico.

The La Cobota Project comprises three contiguous mining concessions that together encompass approximately 1,800 hectares. The concessions are situated in the mining-friendly jurisdiction of Sonora State, and are located on privately held land approximately 80 kilometres east-southeast of the town of Sonoyta and 10 kilometres south of the US border. The project area is easily accessible via existing roads and unsealed ranch tracks.

The La Cobota Project is strategically located in the Laramide Metallogenic Belt of southwest North America, which hosts numerous world class porphyry deposits and contains widespread occurrences of iron-oxide mineralization. The project area is characterized by copper-silver mineralization that is observed at surface in the form of copper carbonate staining and fracture coatings associated with zones of intense iron oxide alteration and veins.

The project also incorporates the historical La Cobota underground mine where gossanous copper-silver mineralisation up to 60 feet (18 metres) wide, associated with a number of northeast trending massive iron oxide veins, are exposed at surface. Historical reports and maps of the mine workings indicate that the mineralization was exploited up to a maximum depth of approximately 200feet (60metres) below surface and that approximately 1,500 feet(460 metres) of development work had been completed on a number of levels. Underground workings are currently inaccessible due to localised groundwater flooding. Historical assays, recent rock chip sampling and extensive smelter slag at the site indicate that both high-grade oxidised and primary copper-silver mineralization was selectively exploited from the mine. This information is purely historic and is relevant only to understanding that there are historic indications of mineralization and a history of exploitation.

No resource or reserves have been estimated at the La Cobota Project.

Marengo acquired the surface property rights for an approximate amount of $0.3 million to ensure unrestricted access to the mineral concessions.

Under the terms of the option agreement for the mineral concessions, Marengo has:

- The exclusive right to conduct exploration to a cost of $0.5 million prior to July 1, 2016; and
- The exclusive and irrevocable right to acquire 100% of the mineral concessions for a fixed amount of $0.3 million, subject to a 2.5% Net Smelter Return royalty interest to be granted to the vendor of the mineral concessions.

Marengo has commenced preparations for a maiden diamond drilling program to test the grade and continuity of copper-silver mineralization at the La Cobota mine. An application for relevant environmental permits has been submitted to the Mexican authorities and work is expected to commence in the next quarter.

Work Program Outlook

Management recognizes that additional and improved resources are required to elevate the Yandera deposit to one that is economically robust and to justify proceeding with the feasibility study. To realize that objective the Company's planned work program going forward will comprise the following activities:

- Complete the metallurgical test work to confirm copper recovery from the oxide mineralization;
- Update the scoping study to incorporate processing of oxide mineralization as well as the expanded sulphide resource;
- Complete a two-staged exploration program aimed at further expansion of the resource through targeted infill and peripheral drilling; and
- Actively evaluate development options, including a combined oxide and flotation, deep sea tailings placement, power supply, transport road to Madang city and export facilities at Madang Port.

Beyond the Yandera Project, Marengo expects to complete the work program at La Cobota to evaluate potential for near-surface economic high-grade copper mineralization.

Financial Capability

The Company is an exploration and development stage entity and has not yet achieved profitable operations. It is subject to risks and challenges similar to companies in a comparable stage of development. These risks include, but are not limited to, the challenges of securing adequate capital to fund its activities, operational risks inherent in the mining industry and global economic and commodity price volatility. The underlying value of the Yandera Project and the recoverability of the related capitalized costs are dependent on the Company's ability to successfully develop the Yandera Project by, among other things, securing necessary permits, obtaining the required financing to complete the development and construction and upon future profitable production from, or the proceeds from the disposition of, its mineral property.

For Q1 2016, the Company incurred a comprehensive loss of $7.7 million (Q1 2015— $12.4 million) and reported accumulated comprehensive losses of $102.8 million (Q1 2015— $77.7 million). As at September 30, 2015, the Company had a working capital deficiency of $43.8 million (Q1 2015— $22.5 million). The Company's sole source of funding during Q1 2016 has been available cash from the issuances of convertible debt instruments to Sentient during FY 2015.

As at September 30, 2015, the Company had $2.9 million in available cash and cash equivalents (June 30, 2015— $4.8 million) and less than $0.1 million in short term investments held as a restricted cash on September 30, 2015 and June 30, 2015 respectively. There are no sources of operating cash flows. Given the Company's current financial position and the ongoing exploration and evaluation expenditures on the Yandera Project, Marengo's major shareholder, Sentient has to date provided financial assistance to the Company. The section below under the header *"Liquidity and Capital Resources – Financing Activities"* sets out the details of the restructuring of the Company's financial commitments and financing transactions with Sentient.

The Company will need to raise additional capital through equity issuance or other available financing alternatives in parallel with financial support provided by Sentient in order to continue funding its operating, exploration and evaluation activities, and eventual development of the Yandera Project. Although the Company has been successful in its past fund-raising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

These circumstances, along with other risks relevant to exploration companies, such as continuing losses, result in material uncertainty that lends significant doubt as to the ability of the Company to fulfil its exploration and development activities and, accordingly, the appropriateness ultimately of the use of the accounting principles applicable to a going concern.

Management expects that additional funding will be provided from Sentient or other sources, and therefore the Financial Statements have been prepared on the basis that the Company will continue as a going concern. The going concern bases of presentation assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from September 30, 2015. Different bases of measurement may be appropriate when a Company is not expected to continue operations for the foreseeable future.

Selected Financial Information

The amounts are derived from the condensed interim consolidated financial statements prepared under IFRS.

In thousands of US dollars, except per share amounts	**Three months ended September 30,**	
	2015	**2014**
Interest income	**2**	-
Other income (loss)	**2,195**	(2,499)
Loss from continuing operations	**(2,717)**	(7,318)
Loss per share (basic and diluted)	**(0.00)**	(0.01)

Results of Operations

Other income (loss) is comprised of an income (loss) due to the movement in fair value of the derivative liability in relation to the conversion option feature contained in the convertible debentures.

Net loss in Q1 2016 was $4.6 million lower than loss in Q1 2015. The decrease is mainly driven by income due to the movement in fair value of the derivative liability compared to a loss in Q1 2015 resulting in $4.7 million decrease (quarter-over-quarter). The general and administrative expenses were lower by $0.4 million in Q1 2016, and totalled $1.1 million compared to $1.5 million in Q1 2015. The decrease results from the terminations and related severance expenses in Q1 2015. The lower general and administrative expenses were equally offset by an increase to interest / accretion expense on the convertible debentures ($0.4 million higher quarter-over-quarter). The net foreign exchange loss and higher share-based compensation expense in Q1 2016 contributed to a further increase to loss of $0.1 million when compared to Q1 2015.

In thousands of US dollars, except per share amounts	**September 30, 2015**	**June 30, 2015**
Total assets	**143,956**	149,900
Non-current financial liabilities	**6,438**	5,997
Investment in exploration and evaluation assets	**900**	4,669
Cash flows from financing activities, net of direct costs	**-**	14,161

Total Assets

Total assets during the Q1 2016 period decreased by net of $5.9 million from the end of FY 2015. The change is largely attributed to a net increase of negative currency translation adjustments of $5.1 million arising from the translation of foreign denominated assets, mainly attributed to exploration and evaluation assets of $5.1 million, a decrease to other current assets by $0.1 million and a decrease to cash and cash equivalents position by $1.9 million offset by an increase to exploration and evaluation assets additions of $1.2 million.

Non-Current Liabilities

Non-current liabilities are comprised of the debt component of the convertible unsecured debentures issued in December 2014. Non-current liabilities increased by $0.4 million in Q1 2016 compared to FY 2015 due to the interest / accretion in Q1 2016.

Investment in Exploration and Evaluation Assets

Investment in exploration and evaluation assets relates primarily to the Yandera Project. During Q1 2016, the Company also acquired surface property rights for the La Cobota copper Project in Mexico. In Q1 2016, the Company spent $0.9 million on the Yandera Project and $0.3 million on La Cobota Project representing the purchase price. In aggregate, exploration and evaluation assets decreased by $3.9 million in Q1 2016 due to an increase of $5.1 million in a negative translation adjustments arising from the translation of foreign denominated balance offset by additions of $1.2 million.

Cash Flows from Financing Activities

There were no financing transactions during Q1 2016. During Q1 2015, as a result of financing transaction with Sentient in July, 2014, the Company received net proceeds from borrowings of $6.8 million and total of $14.2 million during FY 2015.

Quarterly Results of Operations

The results of operations for the eight most recently completed fiscal quarters are summarized in the following tables, which have been derived from the financial statements of the Company prepared in accordance with IFRS.

In thousands of US dollars, except per share amounts	**2016 1st quarter**	**2015 4th quarter**	**2015 3rd quarter**	**2015 2nd quarter**
Statement of (Loss) / Profit				
Interest income	2	3	2	1
Other income (loss)	2,195	10,534	(9,563)	12,956
Net income (loss)	(2,717)	6,630	(13,415)	8,064
Net income (loss) per share — basic	(0.00)	0.01	(0.01)	0.01
Net income (loss) per share — diluted	(0.00)	0.01	(0.01)	0.00
Statement of Financial Position				
Cash, cash equivalents and short term investments	2,957	4,879	6,850	8,989
Total assets	143,956	149,900	155,474	162,614
Total non-current financial liabilities	6,438	5,997	37,183	34,362

In thousands of US dollars, except per share amounts	**2015 1st quarter**	**2014 4th quarter**	**2014 3rd quarter**	**2014 2nd quarter**
Statement of (Loss) / Profit				
Interest income	-	1	12	31
Other income (loss)	(2,499)	4,278	(5,962)	589
Net (loss)	(7,318)	(72)	(9,980)	(1,269)
Net (loss) per share — basic and diluted	(0.01)	(0.00)	(0.01)	(0.00)
Statement of Financial Position				
Cash, cash equivalents and short term investments	4,195	520	935	3,944
Total assets	163,038	162,303	141,090	164,561
Total non-current financial liabilities	23,086	17,222	15,256	14,967

Three Months Ended September 30, 2015, and September 30, 2014

Net loss of $2.7 million in Q1 2016 compared to a net loss of $7.3 million in Q1 2015 resulted in a decrease of $4.6 million and was due to the following events:

- Finance costs in Q1 2016 of $3.7 million were higher by $0.4 million when compared to Q1 2015 finance costs of $3.3 million. The increase resulted from higher debt loads compared to the prior year's quarter;

- Other income in Q1 2016 is comprised of a gain due to the movement in fair value of the derivative liability in relation to the conversion feature option contained in the convertible debentures. The fair value adjustment on the derivative liability contributed to a $2.2 million gain in Q1 2016 compared to $2.5 million loss in Q1 2015. Changes in fair value of the derivative liability are impacted by changes in assumptions and inputs used to determine the fair value, the most significant of which are the Company's share price, volatility and life of the options;

- General and administrative expenses in Q1 2016 of $1.0 million were lower by $0.5 million when compared to Q1 2015 of $1.5 million. The reduction is primarily due to lower salaries of $0.7 million in Q1 2016 resulting from a reduction in personnel and the related severance expenses in Q1 2015 offset by higher administrative costs of $0.2 million in Q1 2016 due to the acquisition of the La Cobota Project in Mexico.

- Share-based payments were a nominal expense in Q1 2016 of less than a $0.1 million compared to a recovery of less than a $0.1 million in Q1 2015.

Liquidity, Capital Resources and Going Concern

Liquidity

The main sources of liquidity are the Company's cash and cash equivalents, investments in term deposits, stock options exercises, equity issuances and debt instrument issuances. As at September 30, 2015, cash and cash equivalents were $2.9 million compared to $4.8 million at June 30, 2015.

The Company's principal requirements for cash over the next twelve months will be to fund the ongoing exploration costs at the Yandera Project, general corporate and administrative costs and to service the Company's current obligations. The Company will defer discretionary expenditures, as required, in order to manage and conserve cash.

The Letter of Agreement signed with Sentient on October 13, 2015 for the proposed financing transaction of $14.0 million will improve the liquidity and will increase the capital resources of the Company.

Working Capital

As at September 30, 2015, the Company had a working capital deficiency of $43.8 million (June 30, 2015— $40.5 million), calculated as total current assets less total current liabilities. The increase in working capital deficiency of $3.3 million is mainly due to an increase in current liabilities by $1.3 as a result of an increase to payables of $0.4 million, an increase to loans and borrowings of $3.1 million offset by a decrease to derivative financial instrument by $2.2 million with a further decrease to cash and cash equivalents of $1.9 million and other current assets of $0.1 million.

As at September 30, 2015, the Company had current liabilities of $46.9 million (June 30, 2014— $45.6 million). This increase of $1.3 million is due to an increase to payables of $0.4 million and increase to loans and borrowings of $3.1 million offset by a decrease to a derivative financial instrument by $2.2 million.

Going Concern

The underlying value of the Company's exploration and evaluation assets is dependent upon the existence, and economic recovery of mineral reserves in the future and the ability of the Company to raise funds to continue and complete the development of the Yandera Project and to obtain all necessary permits. In addition, the Yandera Project may be subject to political and economic instability risks, unfavourable changes in existing government regulations, adverse metal market prices, etc.

As at September 30, 2015, the Company had no sources of operating cash flows and did not have sufficient cash to fund the development of the Yandera Project. The Company will need to raise additional capital through equity issuance or other financing alternatives in parallel with financial support provided by its major shareholder, Sentient, in order to continue funding its operating, exploration and evaluation activities, and the eventual development of the Yandera Project. Although, the Company has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future. If funds are not raised, it would result in further curtailment of activities and Yandera Project delays.

These circumstances, along with other risks relevant to exploration companies, such as continuing losses, result in material uncertainty which lends significant doubt as to the ability of the Company to fulfil its exploration and development activities and, accordingly, the appropriateness ultimately of the use of the accounting principles applicable to a going concern.

Considering the risks listed above, management's balanced assessment of the Company is that it remains a going concern. The Company has been accounted for as a going concern in the Financial Statements.

The Company's contractual obligations as at the end of September 30, 2015, are set out below:

Contractual Obligations *In thousands of US dollars*	**Total**	**Less than 1 year**	**1–2 years**	**After 2 years**
Trade and other payables	2,138	2,138	-	-
Provisions	160	160	-	-
Derivative financial instrument	7,455	7,455	-	-
9% convertible debentures(1)	43,615	37,177	6,438	-
Total contractual obligations	**53,368**	**46,930**	**6,438**	**-**

(1) The 9% convertible debentures issued to Sentient represent unsecured debt. Debentures issued in January and July of 2014 mature on June 30, 2016, and debentures issued in December 2014 mature on June 30, 2017. The debt is convertible into common shares at the option of the holder, or repayable by the Company on the due date. The presentation shown above assumes payment is made in cash and also assumes no conversions of the 9% convertible debentures into common shares by the holders prior to the maturity date.

Financing Activities

On October 13, 2015, the Company announced that it has entered into a financing Letter Agreement with its major shareholder, Sentient in connection with the proposed issuance of $14.0 million principal amount of convertible unsecured Debentures. The proposed Debentures are to be issued in two tranches, with the first tranche of $7.0 million to be completed following the approval of the Company's shareholders at the annual general and special meeting to be held on November 13, 2015, and the second tranche of $7.0 million to be completed five months after the shareholders' approval is obtained.

Subject to obtaining the necessary shareholder approval, Marengo will be completing a share Consolidation whereby for every 100 Marengo common shares, one post-consolidation Marengo common share will exist.

The Debentures will mature on December 31, 2017 and will not bear interest. Each US$1,000 principal amount of Debentures will be convertible into common shares of the Company at a conversion price of C$0.45 per common share on a post-Consolidation basis, rounded up to the nearest common share. Each Debenture will be convertible, in whole or in part, at the option of Sentient and at any time, into common shares, intended to be freely tradable on the TSX, at the conversion price, for each US$1,000 principal amount of Debentures, subject to adjustment in certain circumstances.

The conversion price for existing outstanding Debentures of the Company held by Sentient pursuant to the terms of prior debenture financings between the Company and Sentient completed in 2014, will be adjusted to CDN$0.0045 per common share or CDI upon receiving the necessary shareholder approval, and further adjusted on the Consolidation being effective to CDN$0.45 per common share or Chess Depositary Interests **("CDIs").**

During the fiscal years of 2014 and 2015, the Company completed the aggregate issuance of $45.9 million principal amount of convertible unsecured debentures to Sentient. The debentures mature on June 30, 2016 and June 30, 2017 and bear interest at a rate of 9% per annum.

The total cumulative financing costs on the convertible debentures recognized and expensed in the consolidated statements of loss and comprehensive loss were $3.8 million for the period ended September 30, 2015 (September 30, 2014 - $3.3 million).

The underlying details of the borrowings are disclosed in the Note 11 of the Company's audited annual financial statements for the year ended June 30, 2015.

In summary, at September 30, 2015, as a result of financings and re-financings with Sentient, the Company had $43.6 million of unsecured convertible debentures resulting from the financing transactions completed in January, July and December 2014 respectively. In addition, the Company had a derivative financial instrument balance of $7.5 million resulting from the conversion option feature contained in the debentures.

Uses of Cash

During Q1 2016, the Company used $1.0 million in operating activities, primarily for the payment of operating expenses such as salaries, and other general, corporate and administrative expenses. In addition, during Q1 2016, the Company used net $0.9 million in investing activities primarily to expenditures for the continuing exploration and development activities at the Yandera Project of $0.6 million and $0.3 million for the acquisition of the La Cabota Project in Mexico.

During Q1 2015, the Company used $1.3 million in operating activities and $3.7 million in net investing activities, of which $1.7 million was for exploration and development expenditures at the Yandera Project. The Company utilized $2.0 million cash from the maturity of term deposits. The Company also generated $6.8 million in financing activities, representing the net proceeds from borrowings.

Commitments and Contingencies

The Company has certain commitments to meet the minimum expenditure requirements on the mineral exploration assets in PNG in which it has an interest.

The Company had no contingent liabilities as at September 30, 2015.

Future minimum payments as at September 30, 2015, under agreements to which the Company is a party are as follows:

In thousands of US dollars	**Less than 1 year**	**1–5 years**	**Total**
Lease commitments	16	-	16
Exploration commitments	73	129	202
Total	**89**	**129**	**218**

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at September 30, 2015.

Transactions with Related Parties

The Company's related parties as defined by International Accounting Standard 24 "Related Party Disclosures" (IAS 24), include the Company's subsidiaries, executive and non-executive directors, senior officers and key management personnel. Transactions with related parties are measured at fair value, which is the amount of consideration established and agreed upon by the related parties. All related party transactions entered into by the Company have been approved by the Board of Directors of the Company and/or shareholders of the Company as required.

Key management personnel are defined as directors and senior officers of the Company.

Transactions with related parties during Q1 2016 and Q1 2015 were as follows:

(a) Compensation of Key Management Personnel:

In thousands of US dollars	**For the years ended September 30,**	
	2015	**2014**
Salaries, fees, wages and other benefits	266	425
Severances	-	654
Share-based compensation	26	55
Total	**292**	**1,134**

The severances resulted from changes in executive management.

(b) Transactions with Sentient

During the period ended September 30, 2015, Sentient incurred legal and other administrative expenses related to the purchase of La Cobota property on behalf of the Company. As a result, at September 30, 2015, the Company owed $0.2 million to Sentient.

Subsequent to Q1 2016, the Company entered into a Financing Letter agreement with Sentient in connection with the proposed issuance of $14.0 million principal amount of the convertible unsecured debentures. Details of this proposed financing are described in the subsequent events Note 13 of Condensed Interim Consolidated Financial Statements and under the heading *"Liquidity, Capital Resources and Going Concern - Financing Activities"* above.

Financial Instruments

In thousands of US dollars

	Fair Value at September 30, 2015	Basis of Measurement	Associated Risks
Cash and cash equivalents	2,912	Loans and receivables	Credit and foreign exchange
Short term investments - restricted cash	45	Loans and receivables	Credit and foreign exchange
Accounts receivable and other current assets	193	Loans and receivables	Credit, foreign exchange
Trade and other payables	2,138	Amortized cost	Foreign exchange
Provisions	160	Amortized cost	Foreign exchange
Derivative financial instrument	7,455	Fair value through profit and loss	Interest, foreign exchange
Loans and borrowings	43,615	Amortized cost	Interest, foreign exchange

Loans and receivables— Cash and cash equivalents, short-term deposits, accounts receivables and other current assets, trade and other payables and provisions mature in the short term and their carrying values approximate their fair values.

Amortized cost —The debt component of the convertible debentures subsequent to its initial recognition at fair value, is measured at amortized cost as described above.

Fair value through profit or loss —The debt component of the 9% convertible debentures is initially measured at fair value, net of direct expenses, through profit or loss, then subsequently at amortized cost. The convertible debentures contain embedded derivatives due to the conversion option feature that significantly modify the cash flows that otherwise would be required by the contract.

Embedded derivatives are segregated from the host liability debt component and accounted for separately. The conversion feature is recognized initially and subsequently at the end of each reporting period at fair value using the Black-Scholes option pricing model. Any changes in fair value of the derivatives are recognized as profit or loss in the consolidated statement of comprehensive loss. Up-front costs and fees related to the convertible debentures are netted against the loan liability balance.

The risk free interest rate used in the fair value computation is the interest rate on Canadian marketable bonds with maturity similar to the remaining life of the convertible debenture. The discount rate used is determined by adding management's estimate of the Company's risk premium to the risk free interest rate. Volatility is calculated based on the weekly volatility of the Company's share price observable on the Toronto Stock Exchange for a historical period equal to the remaining life of the 9% Convertible Debentures. For Q1 2016, a revaluation gain of $2.2 million was recorded.

Future Accounting Standards and Pronouncements

The details of future accounting standards and pronouncements are disclosed in the Company's audited annual financial statements for the year ended June 30, 2015.

Risk and Uncertainties

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 of the Company. 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"* in the Company's annual information form dated September 22, 2015, (the "**AIF**"), a copy of which is available on SEDAR at www.sedar.com*.* 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 the common shares of the Company is considered speculative due to the nature of Marengo's business and the present stage of its development.

The Company is subject to the following risks and uncertainties, which are discussed in detail in the AIF, available on SEDAR at www.sedar.com, and should be reviewed in conjunction with this document:

- The Company has negative operating cash flows and might not be able to continue as a going concern;
- The Company will require additional funding in the future and no assurances can be given that such funding will be available on the terms acceptable to the Company or at all;
- The Company's ability to maintain its obligations under the terms of its convertible debentures and other debt obligations;
- The speculative nature of resource exploration and development projects;
- The uncertainty of mineral resource estimates and the Company's lack of mineral reserves;
- The Company's ability to successfully establish mining operations and profitably produce copper, molybdenum and gold;
- Dependence on the Yandera Project;
- Operations of the Company are carried out in geographical areas that are subject to various other risk factors;
- The economic uncertainty of operating in a developing country such as PNG, such as the availability of local labour, local and outside contractors and equipment when required to carry out the Company's exploration and development activities;
- Other foreign operations risks; potential changes in applicable laws and government regulations and potential changes in PNG's mining or investment policies;
- The Company is not insured against all possible risks;
- Environmental risks and hazards;
- The title of the Company's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers and other defects, and the risk of obtaining a mining permit and the successful renewal of currently pending renewal applications;
- The commodity prices may affect the Company's value, changes in and volatility of commodity prices and its hedging policies;
- Increased competition in the mineral resource sector;
- The Company may have difficulty recruiting and retaining key personnel;
- Currency fluctuations risk;
- Repatriation of earnings, no assurances that PNG or any other foreign country that the Company may operate in the future will not impose restrictions on repatriation of earnings to foreign entities;
- No production revenues;
- Stock exchange prices;
- Conflicts of interest;
- Ability to exercise statutory rights and remedies under Canadian securities law;
- Enforceability of foreign judgements;
- Unforeseen litigation;
- Structural subordination of the Company's common shares;
- The Company's future sales or issuance of common shares;
- Risk of suspension of public listing due to failure to comply with local securities regulations;
- Risk of fines and penalties; and
- Risk of improper use of funds in local entity.

Share Capital Information

As at the date of this MD&A, the following number of common shares of the Company and other securities of the Company exercisable for common shares of the Company are outstanding:

Securities	Common shares on exercise
Common shares	1,137,870,521
Stock options	11,425,000
9% Convertible debentures	6,004,243,120
Fully diluted share capital	**7,153,538,641**

Corporate Responsibility for Financial Reports

Disclosure Controls

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to Management as appropriate to allow timely decision-making regarding required disclosures. The Company's CEO and CFO have concluded, based on their evaluation of the effectiveness of the Company's disclosure controls and procedures, that these controls and procedures provide reasonable assurance that material information is made known to them by others within the Company. However, a control system, no matter how well conceived, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control over Financial Reporting

The Company's CEO and CFO are responsible for establishing and maintaining adequate internal control over financial reporting ("**ICFR").** The Company's ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. The Company's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of the Company's Management and Board; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Any disclosure control and procedures or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to error, collusion, or improper override. Because of the inherent limitations in all control systems, there is a risk that misstatements due to error or fraud may occur and not detected on a timely basis.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's design of internal controls and procedures over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

Forward-looking Information

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

In making and providing the forward-looking information included in this MD&A, the Company has made numerous assumptions. The assumptions include, among other things, assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) the accuracy of the Company's mineral resource estimate; (iv) the future price of copper, molybdenum and gold; and (v) that the supply and demand for copper, gold, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) need for additional financing to develop the Yandera Project; (ii) decreases in the price of copper and molybdenum; (iii) exploration risk; (iv) the risk that the Company will not be able to obtain or renew the requisite permits and licenses to carry out its planned exploration activities; (v) dependence on the Yandera Project; (vi) PNG State equity interest; and (vii) the ability of the Company to satisfy its debt obligations.

The Company's AIF dated September 22, 2015, contains additional information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this MD&A is qualified by this cautionary statement.

Additional Information

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

Qualified Person and Technical Information

The scientific and technical information contained in this MD&A was prepared by or under the supervision of and reviewed and approved by Dr. Nathan Chutas. Dr. Chutas is a Certified Professional Geologist with the American Institute of Professional Geologists in the US and he provides technical advisory consultancy services to Marengo. Dr. Chutas is a "**Qualified Person**" as defined by NI 43-101. Dr. Chutas verified the data underlying the information in this MD&A.

For further information relating to the Yandera Project, please see the technical report titled "Technical Report Updated Resource Estimate Yandera Copper Project Papua New Guinea" dated September 19, 2015 prepared by SRK Consulting (U.S.) Inc. which is available under the Company's issuer profile on SEDAR at sedar.com.