

MARENGO MINING LIMITED

(the “Company”)

CORPORATE GOVERNANCE STATEMENT

1 BOARD OF DIRECTORS AND ITS COMMITTEES

1.1 Role of the Board

- 1.1.1 The Boards’ primary role is the protection and enhancement of long-term shareholder value.
- 1.1.2 To fulfil this role, the Board is responsible for oversight of the management and overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring achievement of these goals.

1.2 Board Processes

- 1.2.1 To assist in the execution of its responsibilities, the Board has established the following Committees: Audit; Safety, Health and Environment; and, Human Resources and Compensation. The Board has also established a framework for the management of the Company including a system of internal control and the establishment of appropriate ethical standards. Business risk management processes are constantly monitored by the Executive Director as he has a very close association with the day to day operation of the Company.
- 1.2.2 The full Board currently meets approximately every month. In addition, strategy meetings and any extraordinary meetings are held at such other times as may be necessary to address any specific significant matters that may arise. The Board regularly meets without management, including the Executive Director, at its Board meetings.
- 1.2.3 The agenda for meeting is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the Managing Directors Report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advanced. Senior executives are regularly involved in Board discussions and Directors have other opportunities for contact with all employees.
- 1.2.4 The Board conducts an annual review of its processes to ensure that it is able to carry out its function in the most effective manner.

1.3 Composition of the Board

- 1.3.1 The names of the Directors of the Company in office at the date of this statement are set out in the Director’s report.

- 1.3.2 The composition of the Board is determined using the following principles:
- 1.3.2.1 a minimum of three Directors, with a broad range of business expertise;
 - 1.3.2.2 a non-executive Director as Chairman;
 - 1.3.2.3 a majority of independent, non-executive Directors;
 - 1.3.2.4 sufficient Directors to serve on various Committees without over burdening the Director or making it difficult for them to fully discharge their responsibilities; and
 - 1.3.2.5 no maximum period of service but subject to re-election every three years (except for the Managing Director) with retirement by the age of 70.
- 1.3.3 An independent Director is a Director who is not a member of Management (Non Executive Director) and who:
- 1.3.3.1 is not a substantial shareholder of the Company or an officer of, or otherwise associated directly or indirectly, with a substantial shareholder of the Company;
 - 1.3.3.2 has not within the last three years been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
 - 1.3.3.3 within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company;
 - 1.3.3.4 is not a significant supplier or customer of the Company, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer nor has any material contractual relationship with the Company other than as a Director of the Company; and
 - 1.3.3.5 is free from any interest and any business or other relationship which could or could be reasonably perceived to materially interfere with his or her ability to act in the best interest of the Company.

1.4 Conflict of Interest

- 1.4.1 Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director-related entity transactions with the Company are set out in Notes to the Annual Financial Report.

2 DIRECTOR EDUCATION

- 2.1 The Company has no formal process to educate new Directors about the nature of the business, current issues or corporate strategy. Accordingly, Directors are sourced who have relevant industry knowledge to enable them to validly contribute immediately. Directors also have the opportunity to meet with all employees to gain a better understanding of the operations.

3 DIRECTOR DEALINGS IN COMPANY SHARES

- 3.1 Directors and senior management may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options whilst in possession of price sensitive information
- 3.2 Directors must obtain the approval of the Chairman of the Board and notify the Company Secretary before they buy or sell shares in the Company, and it is subject to Board veto. Directors must advise the ASX of any transactions conducted by them in shares in the Company.

4 INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

- 4.1 Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

5 AUDIT COMMITTEE

- 5.1 The Audit Committee operates to a formal charter which is published on the Company's website. The Committee shall be composed of three or more Directors, all of whom shall be independent, and the Chairman of the Audit Committee may not be the Chairman of the Board. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.
- 5.2 The members of the Audit Committee during the year are noted in the Directors' Report contained in the Annual Report, and the external auditor is invited to attend all meetings.
- 5.3 The external auditors, Managing Director and Company Secretary are invited to Audit Committee meetings at the discretion of the Committee. The Committee meets a minimum of four times during the year. The Committee routinely conducts meetings in the absence of management.
- 5.4 The responsibilities of the Audit Committee include:
- 5.4.1 reviewing the annual, half year and quarterly financial reports and other financial information distributed externally including new accounting policies to ensure compliance with International Accounting Standards and generally accepted accounting principles;

- 5.4.2 monitoring risk;
 - 5.4.3 considering whether, and approving prior to the engagement, non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence;
 - 5.4.4 reviewing the nomination and performance of the external auditor. The external auditors were appointed in May 2002. The external audit engagement partner will be rotated at least every five years;
 - 5.4.5 monitoring the establishment of appropriate ethical standards;
 - 5.4.6 monitoring the procedures to ensure compliance with the regulatory requirements of the ASX, POMS0X and TSX; and
 - 5.4.7 addressing any matters outstanding with auditors, relevant taxation authorities, statutory regulation authorities and financial institutions.
- 5.5 The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:
- 5.5.1 to discuss the external audit, identifying any significant changes in structure, operations, and internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for audit work to be performed;
 - 5.5.2 prior to announcement of results;
 - 5.5.3 to review the MD&A, quarterly, half year and preliminary final reports prior to lodgement with the ASX, POMS0X and TSX (as applicable) and any significant adjustments required as a result of the auditor's findings;
 - 5.5.4 to recommend Board approval of these documents;
 - 5.5.5 to finalise quarterly, half-year and annual reporting;
 - 5.5.6 to review the results and findings of the auditor, the adequacy of accounting and financial controls and to monitor the implementation of any recommendations made;
 - 5.5.7 to review the draft financial report and recommend Board approval of the financial report; and
 - 5.5.8 to organise, review and report, as required on any special reviews or investigations deemed necessary by the Board.

6 SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

- 6.1 The Safety, Health and Environment Committee operates to a formal charter which is published on the Company's website. The Committee shall be composed of two or more Directors, atleast one of whom shall be independent.

- 6.2 It is responsible for establishing, reviewing and making recommendations to the Board regarding the approval, goals, policies and programs relative to environmental, health and safety issues for the Company and its subsidiaries.

7 HUMAN RESOURCES AND COMPENSATION COMMITTEE

- 7.1 The Human Resources and Compensation Committee operates to a formal charter which is published on the Company's website. The Committee shall be composed of three or more Directors, all of whom shall be independent.

- 7.2 It is responsible for establishing, reviewing, structuring and making recommendations to the Board regarding the nature and amount of directors', executives' and other employees' compensation.

8 INTERNAL CONTROL FRAMEWORK

- 8.1 The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has approved the following internal control framework:

8.1.1 Financial reporting – the Board receive monthly reports about the financial condition of the Company. Year to date actual results are reported against budgets approved by the Directors and revised forecasts for the year prepared as considered necessary.

8.1.2 CEO and CFO assurance – the CEO and CFO provide annual formal statements to the Board, and quarterly certifications for TSX reporting compliance purposes, that in all material respects the Company's financial statements present a true and fair view of the Company's financial condition and operating results.

8.1.3 Continuous Disclosure – The Company has internal procedures in place to identify matters that may have a material effect on the price of the Company's securities and to notify them to the ASX, POMS0X and TSX (as applicable) and post them on the Company website. The CEO and CFO/Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX, POMS0X and TSX.

8.1.4 Quality and integrity of personnel – Formal appraisals are conducted at least annually for all employees.

8.1.5 Investment appraisal – Guidelines for capital expenditure include annual budgets; detailed appraisal and review procedures; and, levels of authority and due diligence requirements where assets are being acquired or divested.

9 BUSINESS RISK MANAGEMENT

- 9.1 Management is closely linked to the executive Director given the size and nature of the organisation and constantly monitors the business risk of the Company. Formal reports to the Board are compiled on the status of any perceived business risk.

- 9.2 The Company's risk management reviews cover environment, occupational health and safety, property (assets), financial reporting and internal controls.
- 9.3 Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of co-operation and constructive dialogue within the employees and senior management. This is the responsibility of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee provides oversight as management ensures vacancies are filled by competent and knowledgeable employees when retirements or resignations occur.
- 9.4 Comprehensive practices are established such that:
- 9.1.1 capital expenditure and commitments above a certain size require prior Board approval;
 - 9.1.2 financial exposures are controlled, including the use of derivatives;
 - 9.1.3 occupational health and safety standards and management systems are monitored and reviewed regularly to achieve high standards of performance and compliance with regulations; and
 - 9.1.4 business transactions are properly authorised and executed.

10 ETHICAL STANDARDS

- 10.1 The Company has advised each Director, manager and employee they must comply with the Company's Code of Conduct.
- 10.2 The Code of Conduct states that all Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Every employee is encouraged to refer any issues arising from their employment to the Managing Director or Company Secretary.

11 THE ROLE OF SHAREHOLDERS AND COMMUNICATIONS POLICY

- 11.1 The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:
- 11.1.1 the Annual Financial Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments. The full Annual Financial Report is also available on the Company's website;
 - 11.1.2 the Half Year and quarterly financial reports contain summarised financial information and a review of the operations of the Company during the relevant period. These reports are lodged with ASX, POMS0X and TSX and sent to any shareholder who requests it as well as being published on the Company's website;

- 11.1.3 proposed major changes in the Company, which may impact on share ownership rights, are submitted to shareholder vote;
- 11.1.4 the Company presents exhibits at industry conferences which provides opportunity for the shareholders to gather information about the Company, it is also an opportunity to meet members of the Board and senior management;
- 11.1.5 all documents that are released publicly are made available on the Company's website and e-mailed to shareholders and investors who have provided their relevant details to the Company;
- 11.1.6 the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions; and
- 11.1.7 the shareholders are requested to vote on the appointment and aggregate remuneration of the Directors, the granting of options and shares to Directors, and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

12 STAKEHOLDERS

- 12.1 The Company has a formal Code of Conduct which is published on the website and by which other stakeholders in the Company are also asked to abide.