



**Notice of Annual and Special Meeting of Shareholders**

**Management Information Circular**

**May 14, 2014**

**MORIEN RESOURCES CORP.**  
**Metropolitan Place**  
**99 Wyse Road**  
**Dartmouth, NS B3A 4S5**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN THAT:

The annual and special meeting ("**Meeting**") of the shareholders ("**Shareholders**") of Morien Resources Corp. ("**Corporation**") will be held at the offices of the McInnes Cooper, Suite 1300-1969 Upper Water Street, Halifax, Nova Scotia, on **Tuesday, June 17<sup>th</sup>, 2014 at 2:30 p.m. (Atlantic Time)** for the following purposes:

- (a) to receive the financial statements of the Corporation for the year ended December 31, 2013, together with the report of the auditor thereon. No vote by Shareholders with respect thereon is required or proposed to be taken;
- (b) to elect directors of the Corporation for the forthcoming year;
- (c) to appoint the auditor of the Corporation for the forthcoming year and to authorize the directors to fix the auditor's remuneration;
- (d) to ratify, confirm and approve the Corporation's incentive stock option plan; and
- (e) to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the management information circular ("**Circular**") accompanying and forming part of this notice of meeting.

Only Shareholders of record as of the close of business on Tuesday, May 13, 2014 are entitled to receive notice of the Meeting and to vote at the Meeting.

To assure your representation at the Meeting as a **Registered Shareholder**, please complete, sign, date and return the enclosed proxy, whether or not you plan to personally attend the Meeting. Sending your proxy will not prevent you from voting in person at the Meeting. All proxies completed by Registered Shareholders must be received by the Corporation's transfer agent, **Computershare Investor Services Inc.**, not later than **Friday, June 13, 2014 at 2:30 p.m. (Atlantic Time)**. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

- (a) by **mail** in the enclosed envelope;
- (b) by the **Internet** or **telephone** as described on the enclosed proxy; or
- (c) by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

**Non-Registered Shareholders** whose shares are registered in the name of an intermediary should carefully follow voting instructions provided by the intermediary. A more detailed description on returning proxies by Non-Registered Shareholders can be found on page 2 of the attached Circular.

If you receive more than one proxy or voting instruction form, as the case may be, for the Meeting, it is because your shares are registered in more than one name. To ensure that all of your shares are voted you should sign and return all proxies and voting instruction forms that you receive.

Dated at Halifax, Nova Scotia, as of the 14<sup>th</sup> day of May, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

*(Signed) "John P.A. Budreski"*

President and Chief Executive Officer

# MORIEN RESOURCES CORP.

## MANAGEMENT INFORMATION CIRCULAR

### TABLE OF CONTENTS

INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING.....	1
CORPORATE STRUCTURE .....	4
BUSINESS TO BE TRANSACTED AT THE MEETING .....	5
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON.....	10
EXECUTIVE COMPENSATION.....	10
DIRECTOR COMPENSATION .....	17
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	19
INDEBTEDNESS OF DIRECTORS AND OFFICERS.....	19
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS.....	19
MANAGEMENT CONTRACTS .....	19
CORPORATE GOVERNANCE .....	20
PROPOSALS BY SHAREHOLDERS .....	23
ADDITIONAL INFORMATION.....	24
APPROVAL OF CIRCULAR .....	24

**MORIEN RESOURCES CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**  
(as at May 14, 2014 except as indicated)

**INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING**

**THIS MANAGEMENT INFORMATION CIRCULAR ("CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF MORIEN RESOURCES CORP. ("Corporation")** for use at the annual and special meeting of the shareholders of the Corporation ("**Shareholders**") to be held at Suite 1300-1969 Upper Water Street, Halifax, Nova Scotia, on Tuesday, June 17, 2014 at 2:30 p.m. (Atlantic Time) ("**Meeting**"), or at any adjournment thereof, for the purposes set forth in the accompanying notice of meeting ("**Notice of Meeting**").

**Solicitation of Proxies**

Solicitation of proxies will be primarily by mail, but may also be by telephone or other means of communication by the directors, officers, employees or agents of the Corporation at nominal cost. All costs of solicitation will be paid by the Corporation. The Corporation will also pay the fees and costs of intermediaries for their services in transmitting proxy-related material in accordance with National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**").

**Appointment and Revocation of Proxies**

Shareholders of the Corporation may be "Registered Shareholders" or "Non-Registered Shareholders". If common shares of the Corporation ("**Common Shares**") are registered in the Shareholder's name, they are said to be owned by a "**Registered Shareholder**". If Common Shares are registered in the name of an intermediary and not registered in the Shareholder's name, they are said to be owned by a "**Non-Registered Shareholder**". An intermediary is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates. The instructions provided below set forth the different procedures for voting Common Shares at the Meeting to be followed by Registered Shareholders and Non-Registered Shareholders.

The persons named in the enclosed instrument appointing proxy are officers and directors of the Corporation. **Each Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for him or her at the Meeting other than the persons designated in the enclosed form of proxy.** Shareholders who have given a proxy also have the right to revoke it insofar as it has not been exercised. The right to appoint an alternate proxyholder and the right to revoke a proxy may be exercised by following the procedures set out below under "*Registered Shareholders*" or "*Non-Registered Shareholders*", as applicable.

If any Shareholder receives more than one (1) proxy or voting instruction form, it is because that Shareholder's shares are registered in more than one form. In such cases, Shareholders should sign and submit all proxies or voting instruction forms received by them in accordance with the instructions provided.

**Registered Shareholders:**

Registered Shareholders have two (2) methods by which they can vote their Common Shares at the Meeting, namely in person or by proxy. To assure representation at the Meeting, Registered Shareholders are encouraged to return the proxy included with this management information circular (the "**Circular**"). Sending in a proxy will not prevent a Registered Shareholder from voting in person at the Meeting. The vote will be taken and counted at the Meeting. Registered Shareholders who do not plan to attend the Meeting or who do not wish to vote in person can vote by proxy.

Proxies must be received by the Corporation's transfer agent, **Computershare Investor Services Inc.** ("**Computershare**"), not later than **Friday, June 13, 2014 at 2:30 p.m. (Atlantic Time)**. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

- (a) by **mail** in the enclosed envelope; or
- (b) by the **Internet** or **telephone** as described on the enclosed proxy; or
- (c) by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

To exercise the right to appoint a person or company to attend and act for a Registered Shareholder at the Meeting, such Shareholder must strike out the names of the persons designated on the enclosed instrument appointing a proxy and insert the name of the alternate appointee in the blank space provided for that purpose.

To exercise the right to revoke a proxy, in addition to any other manner permitted by law, a Shareholder who has given a proxy may revoke it by instrument in writing, executed by the Shareholder or his or her attorney authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited: (i) at the registered office of the Corporation, 99 Wyse Road, Suite 1480, Dartmouth, Nova Scotia B3A 4S5, Attn: John P.A. Budreski, at any time up to and including the last business day preceding the Meeting at which the proxy is to be used, or at any adjournment thereof, or (ii) with the chairman of the Meeting on the date of the Meeting, or at any adjournment thereof, and upon either of such deposits the proxy is revoked.

#### **Non-Registered Shareholders:**

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "**NOBOs**". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Corporation are referred to as "**OBOs**".

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular, and either the voting instructions form ("**VIF**") or the form of proxy, as applicable, (collectively, the "**Meeting Materials**") directly to the NOBOs and indirectly, through intermediaries, to the OBOs. The Corporation will also pay the fees and costs of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

#### Meeting Materials Received by OBOs from Intermediaries:

The Corporation has distributed copies of the Meeting Materials to intermediaries for distribution to OBOs. Intermediaries are required to deliver these materials to all OBOs of the Corporation who have not waived their rights to receive these materials, and to seek instructions as to how to vote the Common Shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc.) to forward the Meeting Materials to OBOs.

OBOs who receive Meeting Materials will typically be given the ability to provide voting instructions in one of two ways:

- (a) Usually, an OBO will be given a VIF which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case, the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed.
- (b) Occasionally, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Common Shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be

completed by the OBO and returned to Computershare Investor Services Inc. in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the Common Shares that they own but that are not registered in their name. Should an OBO who receives either a form of proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the OBO should strike out the persons named in the form of proxy as the proxy holder and insert the OBO's (or such other person's) name in the blank space provided or, in the case of a VIF, follow the instructions provided by the intermediary. **In either case, OBOs who received Meeting Materials from their intermediary should carefully follow the instructions provided by the intermediary.**

To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the OBO with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common Shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

#### Meeting Materials Received by NOBOs from the Corporation:

As permitted under NI 54-101, the Corporation has used a NOBO list to send the Meeting Materials directly to the NOBOs whose names appear on that list. If you are a NOBO and the Corporation's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of Common Shares of the Corporation have been obtained from the intermediary holding such shares on your behalf in accordance with applicable securities regulatory requirements.

As a result, any NOBO of the Corporation can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. Computershare will tabulate the results of the VIFs received from the Corporation's NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIF's received by Computershare.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding Common Shares on your behalf has appointed you as the proxyholder of such Common Shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "*Registered Shareholders*" for a description of the procedure to return a proxy, your right to appoint another person or company as your proxy to attend the Meeting, and your right to revoke the proxy.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

#### **Notice-and-Access**

The Corporation is not sending the Meeting Materials to Registered Shareholders or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations*.

### **Exercise of Proxies**

Where a choice is specified, the Common Shares represented by proxy will be voted for, withheld from voting or voted against, as directed, on any poll or ballot that may be called. **Where no choice is specified, the proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy. The proxy also confers discretionary authority to vote for, withhold from voting, or vote against amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting.**

Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business that will be presented at the Meeting other than that referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the enclosed instrument appointing a proxy to vote in accordance with the recommendations of management of the Corporation.

### **Voting Shares**

The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 49,256,240 are issued and outstanding as of the date hereof.

The board of directors of the Corporation (the "**Board**" or "**Board of Directors**") has fixed the record date for the Meeting as the close of business on Tuesday, May 13, 2014 (the "**Record Date**"). Only Shareholders of record as of the close of business on the Record Date will be entitled to vote at the Meeting, provided that if a Shareholder has transferred any Common Shares after the Record Date and the transferee, having produced properly endorsed certificates evidencing such Common Shares or otherwise establishing ownership of such Common Share to the satisfaction of the Board, has demanded not later than ten (10) days before the Meeting that the transferee's name be included on the voting list for the Meeting, such transferee shall be entitled to vote the transferred Common Shares at the Meeting.

Shareholders entitled to vote shall have one (1) vote each on a show of hands and one (1) vote per Common Share on a poll.

### **Quorum**

At least one (1) person present in person holding or representing by proxy not less than five percent (5%) of the Common Shares entitled to be voted at the Meeting will constitute a quorum at the Meeting.

### **Principal Shareholders**

As of the date hereof, to the knowledge of the directors and executive officers of the Corporation, there are no persons or companies which beneficially own, or exercise control or direction over, directly or indirectly, ten percent (10%) or more of the voting rights attached to the outstanding Common Shares.

## **CORPORATE STRUCTURE**

The Corporation was formed through the amalgamation of Erdene Resources Inc. ("**ERI**") and Advanced Primary Minerals Corporation ("**APM**") by way of a plan of arrangement pursuant to the provisions of the *Canada Business Corporations Act* ("**CBCA**").

### **The Arrangement**

APM and ERI entered into an amended and restated arrangement agreement dated as of August 7, 2012 ("**Arrangement Agreement**"), with Erdene Resource Development Corp. ("**Erdene**"), Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4S5, providing for the implementation of a plan of arrangement that would result in Erdene transferring all of its North American property interests to APM.

On October 26, 2012, the holders of common shares of APM approved the statutory plan of arrangement under section 192 of the CBCA (the "**Arrangement**") providing for the transfer from Erdene to APM of \$1.95 million of cash and all of Erdene's North American property interests, comprised primarily of its 25% interest in the Donkin Coal Project in Cape Breton, Nova Scotia, and, as consideration, the issuance to Erdene of common shares of APM ("**APM Shares**"). On November 1, 2012, Erdene, APM and ERI, as applicants, obtained a final order from the Supreme Court of Nova Scotia with respect to the Arrangement.

The Arrangement became effective as of 12:01 a.m. (Eastern Time) on November 9, 2012 and Industry Canada issued a Certificate and Articles of Arrangement as of that date. A copy of the Certificate and Articles of Arrangement is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

Pursuant to the Arrangement, among other things:

- (a) Erdene transferred to APM \$1.95 million of cash and all of Erdene's North American property interests by way of the transfer of the shares of ERI in exchange for a total of 360,028,650 APM Shares.
- (b) Following the transfer, APM and ERI amalgamated to form "Morien Resources Corp." and the Common Shares were then consolidated on the basis of 1 Common Share for every approximately 7.85 APM Shares owned by such shareholder of APM.
- (c) The Common Shares owned by Erdene were then distributed to the shareholders of Erdene.
- (d) Each outstanding option of Erdene was converted into one-half of one option of the Corporation and one-half of one new Erdene option.

After the completion of the Arrangement:

- All of Erdene's North American property interests, comprised primarily of Erdene's 25% interest in the Donkin Coal Project, were held by the Corporation.
- The Corporation focused on the development of bulk commodity projects in North America, predominantly the Donkin Coal Project.
- The Corporation had 49,256,240 Common Shares outstanding, of which approximately 97.25% were held by the then shareholders of Erdene and the balance were held by the former shareholders of APM (other than Erdene). The Corporation also had 2,401,976 options outstanding.

The Common Shares commenced trading on the TSX Venture Exchange ("**TSX-V**") on November 9, 2012 under the stock symbol "MOX", at which time the APM Shares were delisted from the TSX-V.

The Arrangement is more particularly described in the management information circular of APM dated September 26, 2012. A copy of this management information circular is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

Information included in this Circular provides information on APM (up to and including November 8, 2012) and the Corporation (on and after November 9, 2012).

## **BUSINESS TO BE TRANSACTED AT THE MEETING**

### **Financial Statements**

The financial statements of the Corporation, the auditor's report thereon and management's discussion and analysis for the fiscal year ended December 31, 2013, are filed on SEDAR under the Corporation's profile and will be presented to the Shareholders at the Meeting.



## Election of Directors

The Articles of Arrangement of the Corporation provide that the size of the Board must consist of not less than one (1) director and not more than fifteen (15) directors to be elected annually. The Board has fixed the size of the Board for the forthcoming year at five (5).

The persons named in the list that follows are the current directors of the Corporation and are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year. They have all confirmed their willingness to continue to serve as directors, if re-elected. The term of office of each director elected will be until the next annual meeting of the Shareholders or until the position is otherwise vacated.

**Unless the proxy specifically instructs the proxyholder to withhold such vote, Common Shares represented by the proxies hereby solicited shall be voted for the election of the nominees whose names are set forth below.** Management does not contemplate that any of these proposed nominees will be unable to serve as a director of the Corporation, but if that should occur for any reason prior to the Meeting, the persons designated in the enclosed instrument appointing proxy will have the right to use their discretion in voting for a properly qualified substitute.

Name, Province and Country of Residence	Principal Occupation	Director Since	Current Position(s) with the Corporation	Common Shares of the Corporation Owned, Controlled or Directed <sup>(1)</sup>
John P. A. Budreski British Columbia, Canada	President and CEO of the Corporation	November 9, 2012	President, Chief Executive Officer and Director	130,000
Peter C. Akerley Nova Scotia, Canada	President and CEO, Erdene Resource Development Corporation (a mineral exploration company)	November 9, 2012	Director, Chairman of the Board	299,766
John P. Byrne <sup>(2)(3)</sup> Ontario, Canada	President, Petroleum Corporation of Canada Exploration Ltd. (an oil exploration and development company)	November 9, 2012	Director	1,017,250
Charles G. Pitcher <sup>(2)(3)</sup> Ontario, Canada	President- The Mining House Inc. providing mines engineering & management services	July 9, 2012 (date of first appointment as APM director)	Director	Nil
Philip L. Webster <sup>(2)(3)</sup> Quebec, Canada	President, Imperial Windsor Group Inc. (an investment holding company)	February 27, 2009 (date of first appointment as a director of APM)	Director	740,444

Notes:

- (1) The information as to shareholdings was provided by the directors as of May 14, 2014.
- (2) Member of the Audit Committee.
- (3) Member of the Governance Committee.

**John P.A. Budreski** - Mr. Budreski has been the President and Chief Executive Officer of Morien Resources Corp. since November 2012. He was a Managing Director and a Vice Chairman with Cormark Securities Inc. from 2009 to 2012. He was the President and Chief Executive Officer of Orion Securities Inc. from 2005 to 2007. During the periods from February 2012 to October 2012 and from December 2007 to February 2009, Mr. Budreski was an independent businessman. Prior to this, he filled the roles of a Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from March 1998 to February 2005 after starting out as a Managing Director of US Institutional Equity Group for Scotia Capital. He also held senior roles in investment banking and equity sales and trading for RBC Dominion Securities and worked for Toronto Dominion Bank. He holds an MBA from the University of Calgary and a Bachelor of Engineering from TUNS/Dalhousie.

**Peter C. Akerley** - Mr. Akerley has over 25 years of experience in mineral exploration, corporate financing, project development and management of publicly listed resource companies. He has been the chair of the Corporation since November 2012 and has been the President and Chief Executive Officer of Erdene Resource Development Corporation (TSX) since March 2003. Mr. Akerley previously held senior positions with International Pursuit Corp, an Asian focussed metal explorer working extensively in Mongolia in the mid 1990's. Mr. Akerley is a geologist who has worked extensively in foreign jurisdictions throughout his career, predominately in North and South America and Asia, with a focus on Mongolia over the past 15 years. Mr. Akerley has a BSc (1988) from Saint Mary's University in Halifax, specializing in geology. He is also a director of both Barisan Gold Corp. and Temex Resources Corporation, both listed on the TSX-V.

**John P. Byrne** – Mr. Byrne has more than 30 years of investment banking and corporate finance experience. He is President of Petroleum Corporation of Canada Exploration Limited ("**Petrex**"), an oil and gas exploration and development company, and has held that position since 1976. Petrex helped establish and finance Enerplus Energy Services Limited for which Mr. Byrne served as Vice-Chairman (1986-2000). He was a director of FW Omnimedia (2000-2004). He also served in senior executive roles with Levesque Beaubien Geoffrion Inc. (now National Bank Financial), A.E. Ames & Company Ltd./Dominion Securities Ames Ltd. and The First Boston Corporation. Mr. Byrne graduated from McGill University with a BA and from the University of Toronto Law School with a LLB. He is also a Chartered Financial Analyst. Mr. Byrne is also a director of Erdene.

**Charles G. Pitcher** - Mr. Pitcher has over four decades of experience in civil and mining operations, engineering, project development and mines management. He has provided his consulting services through The Mining House Inc since 1985. In 2012 he was President and Chief Operating Officer of Wilson Creek Coal LLP in Pennsylvania. From 2002 to 2004 he served in the offices of President and Chief Executive Officer and Chief Operations Officer of Western Canadian Coal Corp., a producer of high quality metallurgical coal, and continued as a director until 2010. He has been a director of Morien since July 9, 2012. Mr. Pitcher holds a B.Sc. Mining Engineering degree (1979) from the Colorado School of Mines and is a member of the Professional Engineers of Ontario and the Canadian Institute of Mining & Metallurgy.

**Philip L. Webster** – Since 1998, Mr. Webster's principal occupation has been as President of Imperial Windsor Group Inc., a private investment holding company. He is presently also a director of Erdene Resource Development Corporation and was a former director of Western Financial Group Inc. He is or has been a director of numerous private companies, including, Imperial Windsor Group Inc., Kinmont Canada Inc., Autoparc Stanley and Detroit Marine Terminals. He is a Trustee of the R. Howard Webster Foundation, the Zellers Family Foundation and the Constance Lethbridge Foundation. He is a Trustee and former Chairman of Stanstead College and President of its Red and White Educational Foundation. He has an A.B. (Hon.) degree from Princeton University and a Master of Architecture from the Graduate School of Design at Harvard University.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No proposed director of the Corporation is, or within ten years prior to the date of this Circular has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as noted below, no proposed director of the Corporation:

(i) is, or within ten years prior to the date of this Circular has been, a director or executive officer of any company (including the Corporation) 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 appointed to hold its assets; or

(ii) has, within ten years prior to 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 proposed director.

John P.A. Budreski, was a director of EarthFirst Canada Inc., a company engaged in the development of wind power and related generated facilities, when it obtained creditor protection under the *Companies' Creditor Arrangement Act* (Canada) ("CCAA") on November 4, 2008. The CCAA process has now been completed and EarthFirst Canada Inc. has been amalgamated with another company and no longer exists as a separate entity. Mr. Budreski ceased to be a director of EarthFirst Canada Inc. on March 2, 2010.

No proposed director of the Corporation has been subject to (i) 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 regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **Appointment of Auditor**

KPMG LLP, Chartered Accountants has been the auditor of the Corporation since November 8, 2012 and was the auditor of APM (the Corporation's predecessor) since December 8, 2009. Management recommends the re-appointment of KPMG LLP. The Shareholders will be asked at the Meeting to vote for the appointment of KPMG LLP as auditor of the Corporation until the next annual meeting of Shareholders of the Corporation, at a remuneration to be fixed by the Board.

**It is intended that all proxies received will be voted in favour of the appointment of KPMG LLP as auditor of the Corporation, unless a proxy contains instructions to withhold the same from voting. Greater than 50% of the votes of Shareholders present in person or by proxy are required to approve the appointment of KPMG LLP as auditor of the Corporation.**

#### **Annual Approval of Incentive Stock Option Plan**

Pursuant to the terms of Arrangement, the Corporation adopted the form of APM's 10% "rolling" incentive stock option plan, *mutatis mutandis* (the "**Plan**"). The rules of the TSX-V provide that a stock option plan must be re-approved by shareholders every year. The Plan, which had been originally approved by the board of directors of APM on October 25, 2002, and amended on June 23, 2011, was approved by the Shareholders at the annual and special meeting of Shareholders held on June 27, 2013.

The purpose of the Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire Common Shares thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs. The Plan has been prepared to comply with the policies of the TSX-V.

The following information is intended as a brief description of the Plan, and is qualified in its entirety by reference to the Plan itself, which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on November 9, 2012, under the Corporation's profile and is incorporated herein by reference. In addition, upon request, the Corporation will promptly provide a copy of the Plan free of charge to any Shareholder. To request a copy of the Plan, Shareholders should contact Mike O'Keefe at Morien Resources Corp., Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4S5, Telephone (902) 466-7255, Fax (902) 423-6432.

## **The Plan**

The Plan is administered by the Board of Directors of the Corporation, but may be administered by a special committee of directors if one is appointed by the Board of Directors. Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of any person or company which provides management services to the Corporation or its subsidiaries, are eligible for participation in the Plan.

The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares of the Corporation from time to time. The number of Common Shares subject to an option to a participant shall be determined by the Board of Directors, but no participant shall be granted an option which exceeds the maximum number of shares permitted by the TSX-V or any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. In particular:

- (a) No participant may be granted options to purchase a number of Common Shares equalling more than 5% of the issued Common Shares in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and satisfies applicable TSX-V requirements.
- (b) Options shall not be granted if their exercise would result in the issuance of more than 2% of the issued Common Shares in any twelve-month period to any one consultant of the Corporation or any of its subsidiaries.
- (c) Options shall not be granted if their exercise would result in the issuance of more than 2% of the issued Common Shares in any twelve-month period to employees of the Corporation or of any of its subsidiaries conducting investor relation activities. Options granted to persons performing investor relations activities are required to contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than one quarter ( $\frac{1}{4}$ ) of the options vesting in any three-month period.

The exercise price of the Common Shares covered by each option shall be determined by the Board of Directors, provided that the exercise price shall not be less than the price permitted by the TSX-V or any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction.

Subject to any vesting restrictions imposed by the TSX-V, the Board may determine the time during which options vest and the method of vesting, or that no vesting restriction shall exist.

The maximum term of an option is five (5) years, provided that participant's options expire ninety (90) days after his ceasing to act for the Corporation (or thirty (30) days in the case of a participant engaged in investor relations activities), except upon the death of a participant, in which case his estate shall have one (1) year in which to exercise the outstanding options.

No options are transferable or assignable.

Subject to the approval of the TSX-V, the Board of Directors has the discretion to amend or terminate the Plan; provided however, no amendment shall alter the terms of any outstanding options unless Shareholder approval, or disinterested Shareholder approval, as the case may be, is obtained.

## **Existing Stock Options**

As of May 14, 2014, the Corporation had stock options outstanding under the Plan that were exercisable to acquire, in the aggregate, 3,905,000 Common Shares. See "*Securities Authorized for Issuance Under Equity Compensation Plans*" for additional information with regard to the options outstanding as at December 31, 2013.

## **Annual Approval of the Plan**

Policy 4.4 of the TSX-V requires that rolling stock option plans must receive shareholder approval yearly, at the issuer's annual general meeting. In accordance with Policy 4.4, Shareholders will be asked to consider and if thought fit, approve the following ordinary resolution re-approving, adopting and ratifying the Plan as the Corporation's stock option plan:

**BE IT RESOLVED** as an ordinary resolution of the Shareholders of the Corporation that:

1. the plan ("**Plan**"), in the form approved by the shareholders of the Corporation at its annual and special meeting held on June 27, 2013, is hereby ratified, confirmed and approved.
2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders; and
3. any one of the directors or officers of the Corporation is hereby authorized to take all such actions and execute and deliver all such documents as are necessary or desirable for the implementation of this resolution.

The directors of the Corporation believe the Plan is in the Corporation's best interests and recommend that the Shareholders approve the Plan. **It is intended that all proxies received will be voted in favour of approving the Plan, unless a proxy contains instructions to vote against. Greater than 50% of the votes of Shareholders present in person or by proxy are required to approve the Plan.**

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No person who has been a director or executive officer of the Corporation since January 1, 2013 nor any proposed nominee for election as a director, nor any associate of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities of the Corporation or otherwise, in matters to be acted upon at the Meeting other than (i) the election of directors; and (ii) as directors and officers they are eligible to receive grants of options under the Plan.

#### **EXECUTIVE COMPENSATION**

Information regarding compensation to management and the directors of APM for the years ended December 31, 2009, 2010 and 2011 can be found in the management information circular of APM dated May 31, 2012, which is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

#### **Named Executive Officers**

Applicable securities regulations require that the Corporation give details of the compensation paid to the Corporation's "named executive officers" who are defined as follows:

- (a) the chief executive officer;
- (b) the chief financial officer;
- (c) each of the three most highly compensated executive officers, or the three mostly highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose compensation was, individually, more than \$150,000 for that financial year; and
- (d) any individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

During the most recently completed financial year of the Corporation, the Corporation had two named executive officers; namely, the president and chief executive officer ("**CEO**") and the chief financial officer ("**CFO**") (collectively, the "**Named Executives**"). Prior to the completion of the Arrangement, no salary was paid directly by the Corporation to the CEO. As for the CFO, his services were provided pursuant to a management arrangement with Erdene. Since the completion of the Arrangement, the Corporation has paid a salary directly to the CEO but no salary has been paid directly to the CFO as the services of the CFO continue to be provided by Erdene pursuant to a

written services agreement. See "*Executive Compensation – Compensation for Services Provided by Erdene Resource Development Corporation*". The Corporation has no other executive officers.

### **Currency**

All references to "\$" or "dollars" set forth in this Circular are in Canadian dollars, except where otherwise indicated.

### **Objectives of the Corporation's Compensation Strategy**

The general objectives of the Corporation's compensation strategy are:

- (a) to compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term Shareholder value;
- (b) to align management's interests with the long term interests of Shareholders;
- (c) to provide a compensation package that is commensurate with other comparable mineral exploration companies to enable the Corporation to attract and retain talent; and
- (d) to ensure that the total compensation package is designed in a manner that takes into account the Corporation's present stage of development and its available financial resources.

The Corporation's compensation packages, whether in direct compensation or in arriving at amounts to be paid to Erdene for services, have been designed to provide a blend of a non-cash stock option component and a reasonable salary and benefits component based on industry comparable with companies at similar levels of development.

### **Elements of Compensation**

The Corporation's executive compensation program is comprised of four components: (1) base salary; (2) a stock option plan; and (3) benefits. Each element of compensation is described in more detail below.

#### **Base Salary**

Following a reverse takeover of APM by Erdene in February 2009 and until the completion of the Arrangement, the services of the CEO, CFO and other management services were provided pursuant to a management arrangement with Erdene. Following the completion of the Arrangement, the Corporation has paid its CEO directly but is provided with the services of the CFO and other management, administration, financial and regulatory updating services by Erdene pursuant to a written services agreement. The Corporation intends to continue this arrangement until its circumstances warrant a change. See "*Executive Compensation – Compensation for Services Provided by Erdene Resource Development Corporation*".

#### **Non-Cash Option-Based Awards**

The strategic use of incentive stock options is a cornerstone of the Corporation's compensation plan. The purpose of the Plan is to advance the interests of the Corporation and its affiliates by encouraging the directors, officers, consultants and those employees of Erdene who provide services to the Corporation to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation, rewarding significant performance achievements and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of their affairs. See "*Executive Compensation – Compensation for Services Provided by Erdene Resource Development Corporation*".

Historically, incentive stock options have been awarded to executives, including the Named Executives, at the commencement of employment (or when they begin to provide services) and periodically thereafter. At the time of commencement of employment, option-based awards generally reflect industry comparables with companies at similar levels of development.

Options are granted to reward Named Executives for their current performance, expected future performance and value to the Corporation. All grants of stock options to the Named Executives are reviewed and approved by the Board of Directors. The process is initiated by management recommending a grant of option-based awards to the Board of Directors. In evaluating option grants to the Named Executives, the Board of Directors evaluate a number of factors including, but not limited to: (i) the number of options already held by such Named Executive; (ii) a fair balance between the number of options held by the Named Executive concerned and the other executives of the Corporation, in light of their responsibilities and objectives; and (iii) the value of the options as a component in the Named Executive's overall compensation package. One of the Named Executives is a director of the Corporation and, as such, he declares his interest in any resolution involving the grant of options to him and refrains from voting thereon.

### **Benefits**

The CEO of the Corporation is entitled to participate in a corporate benefits program, including medical, dental, disability and life insurance in line with organizations of a similar size.

### **Financial Instruments**

The Corporation does not currently have a policy which provides that Named Executives or directors of the Corporation are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executives or director. However, none of the Named Executive`s or directors of the Corporation have purchased these types of financial instruments.

### **Assessment of Risks Associated with the Corporation's Compensation Policies and Practices**

The Board of Directors has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board of Directors has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

## Summary Compensation Table

Name and principal position	Year	Salary Cdn. (\$)	Share-based awards Cdn. (\$)	Option-based awards Cdn. <sup>(3)</sup> (\$)	Non-equity incentive plan compensation Cdn.(\$)		Pension value Cdn. (\$)	All other Compensation Cdn. (\$) <sup>(4)</sup>	Total Compensation Cdn. (\$)
					Annual incentive plans	Long-term incentive plans			
John P.A. Budreski, President and CEO <sup>(1)</sup>	2013	\$137,500	Nil	Nil	Nil	Nil	Nil	\$2,328	\$139,828
	2012	\$21,023	Nil	\$181,480	Nil	Nil	Nil	Nil	\$202,503
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth W. MacDonald, CFO (former President and CEO of APM) <sup>(2)</sup>	2013	\$86,625	Nil	Nil	Nil	Nil	Nil	\$550	\$87,175
	2012	\$71,393	Nil	\$25,200	Nil	Nil	Nil	\$550	\$97,143
	2011	\$84,000	Nil	Nil	Nil	Nil	Nil	Nil	\$84,000

Notes:

- (1) Mr. Budreski was appointed the President and CEO of the Corporation on November 9, 2012, the effective date of the Arrangement.
- (2) Mr. MacDonald was appointed President and CEO of APM on February 27, 2009 following the reverse takeover of APM by Erdene. Pursuant to a management arrangement, APM paid Erdene a monthly fee for management, administrative and other services. On the effective date of the Arrangement, Mr. MacDonald resigned as President and CEO of APM and assumed the position of CFO of the Corporation. Erdene continues to provide services to the Corporation pursuant to a services agreement. See "*Executive Compensation – Compensation for Services Provided by Erdene Resource Development Corporation*".
- (3) This column shows the total compensation value of stock options granted to the Named Executive in 2012. No options were granted to Named Executives in 2011 or 2013. Option-based awards are valued using the Black-Scholes method in accordance with the Corporation's accounting policies. For 2012, the following assumptions were made: no dividends are to be paid, risk-free interest rate at 1.14% expected volatility of 98%, and an expected life of 3.4 years. All options granted had an exercise price equal to the market price of the Common Shares at the time of the grant.
- (4) Includes perquisites and all other benefits paid.

## Compensation for Services Provided by Erdene Resource Development Corporation

### Prior to Arrangement

On March 2, 2009, Erdene announced the closing of its reverse takeover of APM (formerly known as Beta Minerals Inc.). From the closing of the reverse takeover until the effective date of the Arrangement, Erdene provided APM with certain management, financial, administrative and regulatory services. In return, APM paid Erdene a monthly fee to reimburse Erdene for its cost of these services. During 2011 and in 2012 until November 8, 2012, the fee was \$18,058 per month and included the services of both the CEO and CFO.

In 2011 and in 2012 until November 9, 2012, Kenneth W. MacDonald, vice-president business strategy and CFO of Erdene, devoted certain of his time to the business and affairs of APM as its president and chief executive officer as follows:

- (a) in 2012, prior to completion of the Arrangement, approximately 40% of his time, for which APM paid Erdene \$71,393; and
- (b) in 2011, approximately 40% of his time, for which APM paid Erdene \$84,000.

In addition, during the same time period, Michael A. O'Keefe, director of finance of Erdene, devoted certain of his time to the business and affairs of APM as its chief financial officer as follows:

- (a) in 2012, prior to completion of the Arrangement, approximately 25% of his time, for which APM paid Erdene \$32,184; and
- (b) in 2011, approximately 25% of his time, for which APM paid Erdene \$33,075.



### **Following Completion of Arrangement**

Upon the effective date of the Arrangement, November 9, 2012, Mr. MacDonald resigned as president and CEO of APM and assumed the role of CFO of the Corporation and Mr. O'Keefe ceased to act as CFO of APM. Mr. Budreski assumed the role of President and CEO of the Corporation and is paid directly by the Corporation pursuant to an employment agreement. In addition, the Corporation entered into a services agreement ("**Services Agreement**") with Erdene, which was subsequently amended, pursuant to which Erdene provides management, administration, financial and regulatory updating services for the Corporation, including the services of Mr. MacDonald as CFO and others, for a monthly fee of \$43,399 for each of November and December, 2012, and an average monthly fee of \$37,573 from January 1, 2013 to December 31, 2013. The Services Agreement allows for adjustments in the nature and extent of services provided. With recent cost control actions, the amount paid to Erdene has been reduced.

In 2012, during the period following completion of the Arrangement, Mr. MacDonald devoted approximately 50% of his time to the business and affairs of the Corporation, and \$17,500 of the aggregate fee paid by the Corporation to Erdene during that period is attributable to his services. In 2013, from January 1, 2013 to June 30, 2013 Mr. MacDonald devoted approximately 50% of his time to the business and affairs of the Corporation and, thereafter, approximately 25% of his time and \$86,625 of the aggregate fee paid by the Corporation to Erdene during 2013 is attributable to his services. In the 2014 financial year, it is anticipated that Mr. MacDonald will devote approximately 25% of his time to the affairs of the Corporation.

Erdene may terminate the Services Agreement on six months written notice to the Corporation. Erdene may also terminate the availability of any of its personnel to assist in providing services when Erdene requires the full-time services of that person, on six months written notice to the Corporation. Erdene may also terminate the availability of any of its personnel where Erdene no longer requires the services of that individual, in which case the Corporation has the option to elect to hire such individual (and assume all of Erdene's contractual, common law and statutory obligations with respect to that individual's employment) or to pay Erdene an amount equal to its proportionate share of that individual's severance amount paid by Erdene.

The Corporation may terminate the Services Agreement on written notice to Erdene provided that the Corporation shall be liable to pay Erdene an amount equal to the severance amount or one month's salary for each year employed or six months' salary, whichever is greater, for each of Erdene employee's providing services to the Corporation proportionate to the percentage of time that such individual is devoting to services to the Corporation. In addition, if the Corporation terminates the Services Agreement, it is liable to pay Erdene that portion of the monthly fee attributable to office space provided to the Corporation until the end of Erdene's then current lease term. The Corporation may also terminate the need for any particular individual assisting in providing services on written notice to Erdene provided the Corporation pays Erdene an amount to compensate for its pro rata share of severance obligations.

Either Erdene or the Corporation may terminate the Services Agreement in other named circumstances, including in certain events of insolvency and if there is a violation of the confidentiality and non-use obligations set forth in the agreement.

## Incentive Plan Awards

The following table presents details of all outstanding option-based awards and share-based awards to the Named Executives as at December 31, 2013.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price Cdn(\$)	Option expiration date	Value of unexercised in-the-money options Cdn(\$) <sup>(4)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested Cdn(\$)	Market or payout value of vested share-based awards not paid out or distributed Cdn(\$)
John P.A. Budreski, President and CEO <sup>(1)</sup>	75,000	\$0.36	July 5, 2017 <sup>(2)(3)</sup>	Nil	N/A	N/A	N/A
	75,000	\$0.53	July 5, 2017 <sup>(2)(3)</sup>	Nil	N/A	N/A	N/A
	1,134,250	\$0.27	November 30, 2017	Nil	N/A	N/A	N/A
Kenneth W. MacDonald CFO (former president and CEO of APM) <sup>(5)</sup>	100,000	\$0.36	June 25, 2014 <sup>(2)(4)</sup>	Nil	N/A	N/A	N/A
	37,500	\$0.69	April 15, 2015 <sup>(2)(4)</sup>	Nil	N/A	N/A	N/A
	75,000	\$0.36	August 27, 2017 <sup>(2)(4)</sup>	Nil	N/A	N/A	N/A
	157,500	\$0.27	November 30, 2017	Nil	N/A	N/A	N/A

Notes:

- (1) On the effective date of the Arrangement, Mr. Budreski was appointed the President and CEO of the Corporation. Pursuant to the terms of his employment agreement, the Corporation has agreed to grant Mr. Budreski options from time to time such that Mr. Budreski will be granted options entitling him to acquire 4% of the number of outstanding Common Shares. If the Corporation issues additional Common Shares, Mr. Budreski will be issued additional options at the rate of 4% of the new Common Shares issued (or more than 4%, if the initial 4% number was not achieved).
- (2) Pursuant to the Arrangement, each outstanding option of Erdene was exchanged for one-half of one option of the Corporation and one-half of one new option of Erdene. The aggregate exercise price of the replacement options was equal to the exercise price of the option of Erdene they replaced and was allocated based on the 10 day volume weighted average trading prices of the Common Shares and Erdene following the Arrangement. This resulted in an exercise price of 58.74% of the original price attributable to one option of the Corporation.
- (3) Pursuant to the Arrangement, the 300,000 options of Erdene then held by Mr. Budreski were converted to 150,000 options of the Corporation, 75,000 of which with an exercise price of \$0.36 and 75,000 with an exercise price of \$0.53. The exercise price of the options was determined on November 22, 2012, once the Common Shares had traded on the TSX-V for ten trading days. The volume weighted average market price of the Common Shares on November 22, 2012 was \$0.27.
- (4) Pursuant to the Arrangement, the 425,000 options of Erdene then held by Mr. MacDonald were converted to 212,500 options of the Corporation, with exercise prices ranging from \$0.36 to \$0.69. The exercise prices of the options were determined on November 22, 2012, once the Common Shares had traded on the TSX-V for ten trading days. The volume weighted average market price of the Common Shares on November 22, 2012 was \$0.27. On December 3, 2012, 157,500 options were granted to Mr. MacDonald, having an exercise price of \$0.27, all of which vested on grant.
- (5) Following completion of the Arrangement, Mr. MacDonald ceased to be the President and CEO of APM and was appointed the CFO of the Corporation.
- (6) The value of exercise in-the-money options at financial year end is the difference between the fair market value of the Common Shares on December 31, 2013, which was \$0.130 per Common Share, and the exercise price of the options.
- (7) All options are now vested.

During the financial year ended December 31, 2013, no stock options were exercised by Named Executives.

### Incentive Plan Awards - Value Vested or Earned During 2013

Name	Option-Based Awards – Value Vested during 2013 (\$)	Share-Based Awards – Value Vested during 2013 (\$)	Non-equity Incentive Plan Compensation – Value earned during 2013 (\$)
John P.A. Budreski, President and CEO <sup>(1)</sup>	\$108,384	Nil	Nil
Kenneth W. MacDonald CFO	Nil	Nil	Nil

Notes:

(1) On December 3, 2012 an aggregate of 1,134,250 options were granted to Mr. Budreski with an exercise price of \$0.27, 50% of which vested on that date. The remaining 567,125 options vested, as to 50%, on June 3, 2013 and 50% vested on September 3, 2013. The market price of the Common Shares on June 3, 2013 and September 3, 2013 was \$0.08 and \$0.18, respectively.

### Termination and Change of Control Benefits

The Corporation has not entered into any compensatory plan, contract or arrangement where a Named Executive is entitled to receive compensation in the event of resignation, retirement or any other termination, a change of control of the Corporation or a change in the Named Executive's responsibilities following a change of control, except that under the terms of an employment agreement with Mr. Budreski:

- (a) if his employment is terminated by the Corporation without cause, he will receive his then current annual base salary and the Corporation shall continue his group insurance benefits, if any, for 6 months after the date of termination;
- (b) in the event of a change of control of the Corporation, Mr. Budreski may terminate his agreement with the Corporation at any time after ninety days and within one hundred eighty days of the date on which there is a change of control (by providing one month's written notice). If he does so, the Corporation is required to pay his then current annual base salary and continue his group insurance benefits, if any, for 6 months after the date of termination;
- (c) if his employment is terminated by the Corporation as a result of death or disability, he shall receive an amount equal to his then current annual base salary; and
- (d) if his employment is terminated for cause, the Corporation is required to pay his then-current salary accrued pursuant to his employment agreement.

If Mr. Budreski's employment had been terminated effective December 31, 2013, it is the Corporation's interpretation that the following amounts would have been payable as of the effective date of the termination, in addition to the salary accrued to the termination date:

Total Compensation	Type of Termination				
	<i>Resignation</i>	<i>Termination without Cause</i>	<i>Termination with Cause</i>	<i>Death/Disability</i>	<i>Change of Control</i>
John P.A. Budreski	Nil	\$150,000 <sup>(1)</sup>	Accrued Current Annual Salary	\$150,000	\$150,000 <sup>(1)</sup>

Note:

(1) In the event of termination without cause or upon change of control, the Corporation shall continue Mr. Budreski's group insurance benefits, if any, for 6 months after the date of termination; provided that if the Corporation is unable to continue any such benefits by reason of their termination of employment, the Corporation is not required to pay any amounts in lieu thereof.

## DIRECTOR COMPENSATION

The following table sets forth amounts of compensation provided to members of the Board, other than Named Executives, during the financial year ended December 31, 2013:

Name	Fees Earned Cdn(\$)	Share-based awards Cdn(\$)	Option-based awards Cdn(\$)	Non-equity incentive plan compensation Cdn(\$)	Pension Value Cdn(\$)	All Other Compensation Cdn(\$)	Total Cdn(\$)
Peter C. Akerley <sup>(1)</sup>	\$30,000	Nil	Nil	Nil	Nil	Nil	\$30,000
John P. Byrne	\$18,000	Nil	Nil	Nil	Nil	Nil	\$18,000
Charles G. Pitcher	\$19,000	Nil	Nil	Nil	Nil	Nil	\$19,000
Philip L. Webster	\$18,000	Nil	Nil	Nil	Nil	Nil	\$18,000

Notes:

(1) In 2013, Mr. Akerley devoted approximately 25% of his time to the affairs of the Corporation, approximately 11% in his role as Chairman and approximately 14% pursuant to the Services Agreement with Erdene (see "Executive Compensation – Compensation for Services Provided by Erdene Development Corporation).

The Corporation pays its non-management board members an annual lump sum of \$12,000 and meeting fees of \$1,000 per meeting, provided that if a committee meets following a board meeting or if there are back-to-back committee meetings, a director will be paid for one meeting only. Beginning January 1, 2013, the chairman's compensation is \$24,000 per annum plus \$1,000 per meeting. In addition, the Corporation provides its directors with stock options pursuant to the Plan, with a target of 0.5% of the Corporation's outstanding Common Shares for each of the non-management directors and 1% of the Corporation's outstanding Common Shares for the chairman. Directors are entitled to be reimbursed for travel and other out-of-pocket expenses incurred for attendance at directors' meetings but are not compensated for travel time in connection with attendance at the board meetings.

### Incentive Plan Awards

The following table presents details of all outstanding option-based awards and share-based awards to members of the Board, other than Named Executives, as at December 31, 2013:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price Cdn(\$)	Option expiration date	Value of unexercised in-the-money options Cdn(\$) <sup>(1)</sup>	Number of shares or units of shares that have not rested (#)	Market or payout value of share-based awards that have not rested Cdn(\$)	Market or payout value of vested share-based awards not paid out or distributed Cdn(\$)
Peter C. Akerley	100,000 <sup>(2)(3)</sup>	\$0.36	June 25, 2014	Nil	N/A	N/A	N/A
	120,000 <sup>(2)(3)</sup>	\$0.69	April 15, 2015	Nil	N/A	N/A	N/A
	100,000 <sup>(2)(3)</sup>	\$0.36	August 27, 2017	Nil	N/A	N/A	N/A
	180,000	\$0.27	November 30, 2017	Nil	N/A	N/A	N/A

John P. Byrne	25,000 <sup>(2)(3)</sup>	\$0.36	June 25, 2014	Nil	N/A	N/A	N/A
	50,000 <sup>(2)(3)</sup>	\$0.69	October 8, 2015	Nil	N/A	N/A	N/A
	50,000 <sup>(2)(3)</sup>	\$0.36	August 27, 2017	Nil	N/A	N/A	N/A
	125,000	\$0.27	November 30, 2017	Nil	N/A	N/A	N/A
Charles G. Pitcher	250,000	\$0.27	November 30, 2017	Nil	N/A	N/A	N/A
Philip L. Webster	25,000 <sup>(2)(3)</sup>	\$0.36	June 25, 2014	Nil	N/A	N/A	N/A
	50,000 <sup>(2)(3)</sup>	\$0.69	October 8, 2015	Nil	N/A	N/A	N/A
	50,000 <sup>(2)(3)</sup>	\$0.36	August 27, 2017	Nil	N/A	N/A	N/A
	125,000	\$0.27	November 30, 2017	Nil	N/A	N/A	N/A

Notes:

- (1) The value of unexercised in-the-money options at financial year end is the difference between the fair market value of the Common Shares on December 31, 2013 which was \$0.13 and the exercise price of the options.
- (2) These options were issued pursuant to the terms of the Arrangement whereby each outstanding option of Erdene was exchanged for one-half of one option of the Corporation and one-half of one new option of Erdene. The aggregate exercise price of the replacement options was equal to the exercise price of the options of Erdene they replaced and was allocated based on the 10-day volume weighted average trading prices of the Common Shares and Erdene on the TSX-V and the TSX, respectively, following the Arrangement.
- (3) Pursuant to the Arrangement, each outstanding option of Erdene was exchanged for one-half of one option of the Corporation and one-half of one new option of Erdene. The aggregate exercise price of the replacement options was equal to the exercise price of the options of Erdene they replaced and was allocated based on the 10-day volume weighted average trading prices of the Common Shares and Erdene following the Arrangement. Each of Messrs Akerley, Byrne and Webster held options of Erdene on the effective date of the Arrangement and received options of the Corporation, with exercise prices ranging from \$0.36 to \$0.69, which exercise prices were determined on November 22, 2012, at a time when the volume weighted average market price of the Common Shares was \$0.27.
- (4) All of the options vested when granted.

During the financial year ended December 31, 2013, no stock options were exercised by members of the Board.

#### Incentive Plan Awards - Value Vested or Earned During 2013

Name	Option-Based Awards – Value Vested during 2013 (\$)	Share-Based Awards – Value Vested during 2013 (\$)	Non-equity Incentive Plan Compensation – Value earned during 2013 (\$)
Peter C. Akerley	Nil	Nil	Nil
John P. Byrne	Nil	Nil	Nil
Charles G. Pitcher	Nil	Nil	Nil
Philip L. Webster	Nil	Nil	Nil

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Plan is the sole equity compensation plan adopted by the Corporation. The following table sets out information as of December 31, 2013 with regard to outstanding options authorized for issuance into Common Shares under the Plan.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (Cdn)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column (a))
Plan Category	(a)	(b)	(c)
Stock Option Plan (approved by Shareholders)	3,955,000	\$0.36	970,624 <sup>(1)</sup>
Individual Equity Compensation (not approved by Shareholders)	Nil	N/A	Nil
Total:	3,955,000	\$0.36	970,624

Notes:

- (1) This number equals 10% of the total issued and outstanding Common Shares on December 31, 2013 (which was 49,256,240) less the number of Common Shares reported under Column (a) above.

For a description of the Plan, see "*Business to be transacted at the Meeting – Annual Approval of Incentive Stock Option Plan*".

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No current or former directors, executive officers or employees of the Corporation or any of its subsidiaries or proposed directors, or associates or affiliates of any of these persons, have been indebted to the Corporation or its subsidiaries, or indebted to another entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries, at any time since January 1, 2013, being the beginning of the Corporation's last completed financial year, other than "Routine Indebtedness" as that term is defined in applicable securities legislation.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed below, none of the directors, executive officers or principal shareholders of the Corporation, or associates or affiliates of any of these persons, had any material interest, direct or indirect, in any transaction since January 1, 2013, being the beginning of the Corporation's last financial year, or in any proposed transaction which, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries.

On November 20, 2012, the Corporation signed a promissory note in favour of the Corporation's CEO, John P. A. Budreski, for \$250,000 to be repaid at any time but not later than November 20, 2015. The note entitles Mr. Budreski to an interest payment based on Scotiabank's prime lending rate plus 2.0%, accrued monthly and payable annually on the anniversary date. The note was secured by certain assets in McDuffie County, Georgia, USA, which were subsequently sold during the Corporation's 2013 financial year. On September 5, 2013, the Corporation repaid \$100,000 of the loan, plus accrued interest, leaving a balance of \$150,000, plus accrued interest, at the date of this Circular.

## MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were, to any substantial degree, performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation, except for services provided by Erdene. The Corporation shares office space, management and administrative supplies and services with Erdene. In

return, the Corporation pays Erdene a flat monthly fee to reimburse Erdene for the Corporation's share of these services and supplies. From January 1, 2011, to November 9, 2012, the services included those of APM's CEO and CFO. Upon completion of the Arrangement on November 9, 2012, the Corporation entered into an employment agreement with its President and CEO and entered into the Services Agreement. See "*Executive Compensation – Compensation for Services Provided by Erdene Resource Development Corporation*".

## **CORPORATE GOVERNANCE**

The Board endorses the efforts of the securities commissions or similar regulatory authorities across Canada in continuing the evolution of good corporate governance practices. The Board is committed to adhering to the highest standards in all aspects of its activities.

The corporate governance practices described below are subject to change as the Corporation evolves. Some of its practices are representative of its junior size; however, the Corporation has undertaken to periodically monitor and refine such practices as the size and scope of its operations increase. The Board shall remain sensitive to corporate governance issues and shall continuously seek to set up the necessary measures, control mechanisms and structures to ensure an effective discharge of its responsibilities without creating additional undue overhead costs and reducing the return on shareholders' equity.

### **Board of Directors**

The Board is currently comprised of five (5) directors, three (3) of whom are "independent" within the meaning of National Instrument 52-110, *Audit Committees*. Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the corporation's board of directors, be reasonably expected to interfere with the exercise of the directors' independent judgment. In addition, certain individuals, by definition, are deemed to have a "material relationship" with the Corporation and therefore are deemed not to be independent.

John P. Byrne, Charles G. Pitcher and Philip L. Webster are considered independent of the Corporation. John P.A. Budreski is not considered independent as he is the president and chief executive officer of the Corporation. Peter C. Akerley is not considered independent as president and CEO of Erdene, a company that controlled the Corporation until the effective date of the Arrangement.

The Board of Directors meets at least once each calendar quarter and following the annual meeting of Shareholders. Between the scheduled meetings, the Board of Directors meets as required. The frequency of the meetings and the nature of the meeting agendas are dependent on the nature of the business and affairs which the Corporation faces from time to time. The independent directors are given the opportunity to meet separately at the end of each meeting of the Board of Directors, but do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. Having considered the current size of the Board of Directors, the majority of independent directors on the Board of Directors and the experience of the independent directors with other reporting issuers, the Board of Directors believes that separate meetings of the independent directors provide sufficient leadership for the independent directors.

### **Directorships**

The following current directors of the Corporation are presently serving as directors of other reporting issuers:

<b>Director</b>	<b>Name of Other Reporting Issuer</b>
John P.A. Budreski	Alaris Royalty Corp. (TSX) Colossus Minerals Inc. Delta Gold Corporation (TSX-V) Sandstorm Gold Ltd. (TSX) Sandstorm Metals & Energy Ltd. (TSX-V)

Peter C. Akerley	Erdene Resource Development Corp. (TSX) Temex Resources Corporation (TSX-V) Barisan Gold Corp (TSX-V)
John P. Byrne	Erdene Resource Development Corp. (TSX)
Charles G. Pitcher	Wildcat Exploration Ltd. (TSX-V)
Philip L. Webster	Erdene Resource Development Corp. (TSX)

There were an aggregate of six (6) formal Board meetings during the year ended December 31, 2013. The attendance record of each director at such meetings is as follows:

Director	Number of Meetings Attended
John P.A. Budreski	6
Peter C. Akerley	6
John P. Byrne	6
Charles G. Pitcher	6
Philip L. Webster	4

In addition, certain of the decisions of the Board of Directors since January 1, 2013, were passed by way of written consent following informal discussions among the directors and management.

#### **Board Mandate**

The Board of Directors is responsible for the stewardship of the Corporation through the supervision of the business and management of the Corporation. This mandate is accomplished directly via meeting of the Board itself and also through the Corporation's Audit Committee.

The Board of Directors remains committed to ensuring the long-term viability and profitability of the Corporation, as well as the well-being of its employees and of the communities in which it operates. The strategic planning and business objectives developed by management are submitted to and reviewed by the full Board of Directors, both on a formal annual basis and on an on-going basis through regular interim reports from management. The Board of Directors also works with management to identify principal risks, to select and assess senior management and to review significant operational and financial matters. The Board of Directors reviews and approves the annual audited financial statements, the annual report, the annual budget and changes thereto, the interim management proxy information circulars, material press releases, annual management discussion and analysis, decisions as to material acquisitions not within the budget and the grant of stock options. The Board of Directors does not have a written mandate.

#### **Position Descriptions**

The Board of Directors has an Audit Committee as noted above. The position description for the chair of the audit Committee is contained in the charter for the committee. Among other things, the chair of the Audit Committee is required to ensure that the committee meets regularly and performs its duties as set forth in the charter, and reports to the Board of Directors on the activities of the committee.

The Board has not developed a written position description for the chairman of the Board of Directors or the CEO. Given the relatively small size of the Corporation, the Board of Directors believes that the role and responsibilities of the CEO are adequately described in his employment agreement as supplemented by communications at board meetings and in other communications between the Board of Directors and Mr. Budreski, the Corporation's CEO.



## **Orientation and Continuing Education**

Given the size of the Board of Directors, there is no formal program for the orientation and education of new recruits to the Board of Directors. The Corporation does, however, ensure that all new directors receive a complete package with background as to the Corporation's business and outlining the securities law obligations and restrictions on members of the Board of Directors and the Corporation.

Continuing education helps Directors keep up to date on changing governance issues and requirements and legislation or regulations in their field of experience. The Board of Directors recognizes the importance of ongoing education for the Board of Directors and the need for each director to take personal responsibility for this process. To facilitate ongoing education, the Board of Directors may from time to time, as required:

- request that directors determine their training and education needs;
- arrange visits to the Corporation's projects or operations;
- arrange funding for the attendance by directors at seminars or conferences of interest and relevant to their position; and
- encourage participation or facilitate presentations by members of management or outside experts on matters of particular importance or emerging significance.

In 2008 and 2009, John P. Byrne (a member of the Audit Committee) participated in the Institute of Corporate Directors course at the Rotman School of Business at the University of Toronto and received the ICD.D designation.

In December, 2012, Peter Akerley participated in the Institute of Corporate Directors Audit Committee Effectiveness course.

## **Ethical Business Conduct**

In November 2012, the Board of Directors adopted a formal Code of Business Conduct and Ethics ("**Code**") and expects each of its directors, officers and employees to adhere to the standards set forth in the Code, which was designed to deter wrongdoing and to promote (i) honest and ethical conduct, (ii) confidentiality of corporate information, (iii) avoidance of conflicts of interest, (iv) protection and proper use of corporate assets, (v) compliance with applicable governmental laws, rules and regulations, (vi) prompt internal reporting to appropriate persons of violations of the Code, (vii) accountability for adherence to the Code, and (viii) the Corporation's culture of honesty and accountability.

The Board of Directors does not intend to monitor compliance with the Code; however, a copy of the Code is provided to each director, officer and employee, and to employees of Erdene providing services to the Corporation, and such person is required to sign an acknowledgement form under which they agree to adhere to the standards set forth in the Code. A copy of the Code is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Code specifically addresses, among other things, conflicts of interest, confidentiality, compliance with laws, the reporting of unethical behaviour and the reporting of accounting irregularities. Any submission received by the Audit Committee pursuant to the provisions of the Code must be reviewed by the Audit Committee. The Audit Committee will then determine whether an investigation is appropriate. The Committee and/or management will promptly investigate such submission and record the results in writing. All submissions must be treated confidentially to every extent possible, and the Audit Committee and any outside counsel must not reveal the identity of any person who makes the submission and asks that his or her identity remain confidential. The Code specifically provides that any submission may be made without fear of dismissal, disciplinary action or retaliation of any kind.

The Board of Directors believes that the Corporation's size also facilitates informal review of and discussions with its officers and those employees of Erdene providing services to the Corporation to promote ethical business conduct and to monitor compliance with the Code.

In addition, the Corporation's Insider Trading Policy requires that all officers and directors of the Corporation, and members of their families who reside with them, pre-clear any trades in the Corporation's securities.

Certain of the Corporation's directors serve as directors or officers of other reporting issuers or have significant shareholdings in other companies. To the extent that such other companies may participate in business ventures in which the Corporation may participate, the directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms and such director will not participate in negotiating and concluding terms of any proposed transaction. In addition, any director or officer who may have an interest in a transaction or agreement with the Corporation is required to disclose such interest and abstain from discussions and voting in respect to same if the interest is material or if required to do so by corporate or securities law.

### **Nomination of Directors**

The Board has not appointed a nominating committee and does not have a formal process for identifying new candidates for Board nomination. When required, the Board will collaborate with management to identify potential candidates and to consider their appropriateness for membership on the Board.

### **Compensation**

Remuneration of the executive officers and the directors of the Corporation is determined by the Board. The Board also administers the Corporation's Plan, including any option grants to the directors and officers. In determining these salaries, compensation and option grants, the Board conducts an informal survey of comparable data in the mining industry, taking into account the size as well as the level of activity of the Corporation.

### **Audit Committee**

Information concerning the Corporation's Audit Committee is provided in the Corporation's AIF for the year ended December 31, 2013, under the section entitled "Audit Committee". A copy of the AIF may be obtained from the Corporation's public disclosure found on the SEDAR website at [www.sedar.com](http://www.sedar.com). In addition, upon request, the Corporation will promptly provide a copy of the AIF free of charge to any Shareholder. To request a copy of the AIF, Shareholders should contact Mike O'Keefe at Morien Resources Corp., Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4S5, Telephone (902) 466-7255, Fax (902) 423-6432.

### **Governance Committee**

The Governance Committee is responsible for and oversees all aspects of the Corporation's governance and independence matters. Items that fall within the Governance Committee's oversight include management compensation, recommendations for Board appointments, public disclosure, and the creation and deployment of appropriate systems, processes and controls for the proper and efficient functioning of the Corporation.

The Governance Committee presently consists of three directors, Messrs. Byrne, Pitcher and Webster, all of whom are independent as that term is defined in National Instrument 52-110.

### **Assessments**

The responsibility for assessing directors on an ongoing basis is assumed in full by the Board and every director is entitled to bring the matter to the Board of Directors. The Board does not perform regular assessments; however, the Board believes that the size of the Corporation facilitates informal discussion and evaluation of the Board, its committees and its members.

### **PROPOSALS BY SHAREHOLDERS**

Pursuant to the CBCA, resolutions intended to be presented by Shareholders for action at the next annual meeting must comply with the provisions of the CBCA and be deposited at the Corporation's head office not later than February 13, 2014, in order to be included in the management information circular relating to the next annual meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained from the Corporation's public disclosure found on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative annual financial statements and management discussion & analysis ("**MD&A**") for its most recently completed financial year. The financial statements and MD&A are available on SEDAR at [www.sedar.com](http://www.sedar.com).

To request copies of the Corporation's financial statements or MD&A, Shareholders may contact Mike O'Keefe at Morien Resources Corp., Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4S5, Telephone (902) 466-7255, Fax (902) 423-6432.

### **APPROVAL OF CIRCULAR**

The contents and the sending of this Circular have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS, as of the 14<sup>th</sup> day of May, 2014.

*(Signed) "John P. A. Budreski"*

President and Chief Executive Officer