



**Notice of Annual and Special Meeting of Shareholders**  
**Management Information Circular**

**May 23, 2013**

**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 **Thursday, June 27<sup>th</sup>, 2012 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, 2012, together with the report of the auditor thereon. No vote by Shareholders with respect thereon is required or proposed to be taken;
- (b) to consider and, if deemed advisable, to pass an ordinary resolution adopting an amendment to By-Law No. 1 of the Corporation, as more particularly described in the accompanying management information circular ("**Circular**");
- (c) to elect directors of the Corporation for the forthcoming year;
- (d) to appoint the auditor of the Corporation for the forthcoming year and to authorize the directors to fix the auditor's remuneration;
- (e) to ratify, confirm and approve the Corporation's incentive stock option plan; and
- (f) 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 Circular accompanying and forming part of this notice of meeting.

Only Shareholders of record as of the close of business on Thursday, May 23, 2013 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 **Tuesday, June 25, 2013 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 23<sup>rd</sup> day of May, 2013.

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.....	13
EXECUTIVE COMPENSATION .....	13
DIRECTOR COMPENSATION.....	20
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS .....	23
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE .....	23
INDEBTEDNESS OF DIRECTORS AND OFFICERS .....	23
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	23
MANAGEMENT CONTRACTS .....	24
CORPORATE GOVERNANCE.....	24
PROPOSALS BY SHAREHOLDERS.....	28
ADDITIONAL INFORMATION .....	28
APPROVAL OF CIRCULAR.....	28

**MORIEN RESOURCES CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**  
(as at May 23, 2013 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 Thursday, June 27, 2013 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 **Thursday, June 25, 2013 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 Thursday, May 23, 2013 (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. 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**

Two (2) or more persons present in person representing at least 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, directly or indirectly, or exercise control or direction over 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**") 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, 2012, are filed on SEDAR under the Corporation's profile and will be presented to the Shareholders at the Meeting.



### Amendments to By-Law No. 1

The Board of Directors adopted amendments to By-Law No. 1 of the Corporation (the "**By-Law Amendment**"), which provides that:

- (a) the directors of the Corporation may fix the number of directors to be on the Board (subject to the minimum and maximum set out in the Articles of Arrangement); and
- (b) advance notice must be given to the Corporation of nominations for election to the Board of Directors in circumstances where nominations of persons for election to the Board of Directors are made by Shareholders, other than (i) pursuant to a requisition to call a meeting of Shareholder made pursuant to the provisions of the *Canada Business Corporations Act* (the "**CBCA**"); or (ii) a shareholder proposal made pursuant to the provisions of the CBCA.

Among other things, the By-Law Amendment fixes a deadline by which holders of record of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form.

In the case of an annual meeting of Shareholders, notice to the Corporation must be made not less than 30 days and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10<sup>th</sup> day following such public announcement.

In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

In addition to any other applicable requirements, for a nomination to be made by a Shareholder, the nominating Shareholder must have given timely notice to the Corporation in proper written form in accordance with the provisions of the By-Law Amendment.

The By-Law Amendment provides Shareholders, directors and management of the Corporation a clear framework for the nomination of directors, including the timeframe and required form and content for nominee submissions. The purpose of the By-Law Amendment is to treat all Shareholders fairly by ensuring that all Shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, the By-Law Amendment should assist in facilitating an orderly and efficient meeting process.

Shareholders will be asked to consider, and if deemed advisable, to adopt the following ordinary resolution ratifying and confirming the By-Law Amendment:

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

1. the following amendments to By-Law No. 1 of the Corporation are hereby ratified and confirmed:
  - (a) By-law No. 1 of the Corporation is hereby amended by removing the current section 4.1 and inserting the following:

4.1. **Number of Directors and Quorum.** Subject to the articles, the number of directors of the Corporation shall be that number of directors as may be determined by the directors from time to time within the minimum and maximum permitted by the articles. Subject to section 4.8, a majority of the number of directors so specified or determine shall constitute a quorum at any meeting of the Board.

- (b) By-law No. 1 of the Corporation is hereby amended by adding the following section 4.3A immediately after section 4.3:

**Section 4.3A**

- (a) **Nomination Procedures.** Subject to the Act and the Articles of the Corporation, nominee will not be eligible for election as director of the Corporation unless such nomination is made in accordance with the following procedures. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors:
- (i) by or at the direction of the Board, including pursuant to a notice of meeting;
  - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
  - (iii) by any person (a "**Nominating Shareholder**") who:
    - a. at the close of business on the date of the giving of the notice provided for below in this section 4.3A and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
    - b. complies with the notice procedures set forth below in this section 4.3A.
- (b) **Timely Notice.** In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation at the head office of the Corporation.
- (c) **Manner of Timely Notice.** A Nominating Shareholder's notice to the secretary of the Corporation must be made:
- (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date; and
  - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- (d) **Proper Form of Timely Notice.** To be in proper written form, a Nominating Shareholder's notice to the secretary of the Corporation must set forth:
- (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
    - a. the name, age, business address and residential address of the person;

- b. the principal occupation or employment of the person;
  - c. the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
  - d. any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (ii) as to the Nominating Shareholder, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (e) **Eligibility for Nomination as a Director.** No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this section 4.3A; provided, however, that nothing in this section 4.3A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting of shareholders shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is, not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (f) **Terms.** For purposes of this section 4.3A:
- (i) "**public announcement**" shall mean disclosure in a news release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - (ii) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (g) **Delivery of Notice.** Notwithstanding any other provision of this by-law, notice given to the secretary of the Corporation pursuant to this section 4.3A may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the head office of the Corporation; provided that if such delivery or electronic communication is made on a day that is a not a business day or later than 5:00 p.m. (Halifax time) on a day that is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (h) **Board Discretion.** Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this section 4.3A.

All terms contained in this amendment that are defined in By-law No. 1 of the Corporation, as the same may be amended from time to time, shall, for all purposes hereof, have the meanings given to such terms in By-law No. 1.

2. any officer or director of the Corporation is hereby authorized, for and on behalf of the Corporation, to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to this resolution.

The Board recommends that the Shareholders approve the resolution to ratify and confirm the By-Law Amendment:

**It is intended that all proxies received will be voted in favour of the resolution to ratify and confirm the By-Law Amendment, unless a proxy contains instructions to vote against the resolution. Greater than 50% of the votes cast by Shareholders present in person or by proxy is required to ratify and confirm the By-Law Amendment.**

### **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 Articles of Arrangement of the Corporation provide the size of the initial Board shall be five (5) directors. The Board has fixed the size of the Board for the forthcoming year at five (5), subject to the Shareholders ratifying the By-Law Amendment. If the By-Law Amendment is not ratified, the Board will be fixed at four (4) and the four (4) nominees who receive the greatest number of votes at the Meeting will comprise the Board. It is expected that, immediately following the Meeting, these four (4) members of the Board will increase the Board by one (1) to add the remaining nominee to the Board.

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.

<b>Name, Province and Country of Residence</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Current Position(s) with the Corporation</b>	<b>Common Shares of the Corporation Owned, Controlled or Directed<sup>(1)</sup></b>
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

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. Byrne <sup>(2)</sup> Ontario, Canada	President, Petroleum Corporation of Canada Exploration Ltd. (an oil production company) and President, Petroleum Corporation of Canada Ltd. (an investment holding company)	November 9, 2012	Director	1,017,250
Charles G. Pitcher <sup>(2)</sup> Bobcaygeon, Ontario	President of the Mining House (a mineral resource consulting company)	July 9, 2012 (date of first appointment as APM director)	Director	Nil
Philip L. Webster <sup>(2)</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 22, 2013.

(2) Member of the Audit Committee.

**John P.A. Budreski** - Mr. Budreski was formerly a Vice Chairman of Cormark Securities Inc. (March, 2009 to January, 2012) and prior to that, President and CEO of Orion Securities Inc. (March, 2005 to November, 2007), which was sold to Macquarie Group in 2007. From December, 2007 to February, 2009, he was an independent businessman. He has over 25 years of broad experience in the resource and resource financing industries. Mr. Budreski has a Bachelor of Engineering from Dalhousie/TUNS University in Halifax, Nova Scotia and an MBA from the University of Calgary, Alberta.

**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 President and Chief Executive Officer of Erdene Resource Development Corp. (TSX) since March 2003. 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 Temex Resources Corporation (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 four decades of experience in civil and mining operations, engineering, management and project development. He is presently the President of The Mining House, a company that has provided consulting services to the minerals industry since 1979 in the areas of exploration, project and operations management in addition to economic assessments and feasibility studies. From March 2012 to September 2012, he was the President and Chief Operating Officer of Wilson Creek Coal, LLP and remains a director of its parent company, Corsa Coal Corp. (TSX-V). He served in the offices of President and Chief Executive Officer and Chief Operations Officer of Western Canadian Coal Corp., a mining company and producer of high quality metallurgical coal, during the period of 2002 to 2004 and continued as a director thereof until 2010. In addition, he served as director of PBS Coals Limited from November 2007 until August 2008 and, from June 2009 until November 2011,

he was the President and CEO of United Silver Co. Mr. Pitcher is currently a director of Wildcat Exploration Ltd. (TSX-V). Mr. Pitcher holds a B.Sc. Mining Engineering degree (1979) from the Colorado School of Mines and a Mining Technologist diploma from the British Columbia Institute of Technology (1969) and is a member of the Professional Engineers of Ontario and the Canadian Institute of Mining & Metallurgy.

**Philip L. Webster** – Mr. Webster's principal occupation since 1998 has been as President of Imperial Windsor Group Inc., a private investment holding company. He is presently also a director of Erdene Resource Development Corp. (TSX) and is a former director of Western Financial Group Inc. (TSX) and Detroit Marine Terminals. He is a director of many private companies, including Imperial Windsor Group Inc., Kinmont Canada Inc., and Autoparc Stanley Inc. 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 director or executive officer 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 director or executive officer 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 director or executive officer 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 noted below, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control 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 director, executive officer or shareholder.

Until March 2, 2010, 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.

### **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.**

### **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 re-approved by the shareholders of APM at the annual and special meeting of shareholders of APM held on June 28, 2012.

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 Mary Morrison 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.

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.

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.

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, except upon the death of a participant, in which case his estate shall have twelve (12) months 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 23, 2013, the Corporation had stock options outstanding under the Plan that were exercisable to acquire, in the aggregate, 4,073,602 Common Shares. See "*Securities Authorized for Issuance Under Equity Compensation Plans*" for additional information with regard to the options outstanding as at December 31, 2012.

### **Annual Approval of the Plan**

Policy 4.4 of the TSX-V Company Manual 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's predecessor Advanced Primary Minerals Corporation at its annual and special meeting held on June 29, 2012, 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 interest 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 withhold the same from voting. 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**

None of the directors or executive officers of the Corporation, 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, 2008, 2009, 2010 and 2011 can be found in the management information circulars of APM dated May 20, 2011 and May 31, 2012, respectively. These management information circulars are 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. Morien 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.

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 Executives 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. (4) (\$)	Non-equity incentive plan compensation Cdn.(\$)		Pension value Cdn. (\$)	All other Compensation Cdn. (\$) (5)	Total Compensation Cdn. (\$)
					Annual incentive plans	Long-term incentive plans			
John P.A. Budreski, President and CEO(1)	2012	\$21,023	N/A	\$103,246	N/A	N/A	N/A	N/A	\$124,269
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kenneth W. MacDonald, CFO (former President and CEO of APM(2))	2012	Nil	Nil	\$44,550	N/A	N/A	N/A	N/A	\$44,550
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	\$55,046	Nil	Nil	N/A	Nil	\$55,046
Michael O'Keefe, (former CFO of APM(3))	2012	Nil	Nil	\$16,850	N/A	N/A	N/A	N/A	\$16,850
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	\$25,351	Nil	Nil	N/A	Nil	\$25,351

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) Mr. O'Keefe was appointed as CFO 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, including the services of Mr. O'Keefe as CFO. On the effective date of the Arrangement, Mr. O'Keefe resigned as CFO of APM. Erdene continues to provide services to the Corporation pursuant to a services agreement, which includes accounting and financial services provided by Mr. O'Keefe. See "*Executive Compensation – Compensation for Services Provided by Erdene Resource Development Corporation*".
- (4) This column shows the total compensation value of stock options granted to the Named Executive in 2010 and 2012. No options were granted to Named Executives in 2011. Option based awards are valued using the Black-Scholes method in accordance with the Corporation's accounting policies and using the following assumptions in 2012: 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. For 2010, the following assumptions were made: no dividends are to be paid, risk-free interest rate at 3.0%, expected volatility of 97%, and an expected life of 2 years. All options granted had an exercise price equal to the market price of the Common Shares at the time of the grant.
- (5) 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 2010, 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 2010, 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;

- (b) in 2011, approximately 40% of his time, for which APM paid Erdene \$84,000; and
- (c) in 2010, approximately 60% of his time, for which APM paid Erdene \$126,000.

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;
- (b) in 2011, approximately 25% of his time, for which APM paid Erdene \$33,075; and
- (c) in 2010, approximately 25% of his time for which APM paid Erdene \$31,500.

#### **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. See "*Executive Compensation – Compensation for Services Provided by Erdene Resource Development Corporation*". In addition, the Corporation entered into a services agreement ("**Services Agreement**") with Erdene 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, including Mr. O'Keefe, for a monthly fee of \$43,399 for each of November and December, 2012 and \$40,904 beginning January 1, 2013. 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 the 2013 financial year, it is anticipated that Mr. MacDonald will devote approximately 50% 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, 2012.

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>(5)</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(\$)
John P.A. Budreski, President and CEO <sup>(1)</sup>	75,000	\$0.36	July 5, 2017 <sup>(2)</sup>	Nil	N/A	N/A
	75,000	\$0.53	July 5, 2017 <sup>(2)</sup>	Nil	N/A	N/A
	1,134,250	\$0.27	November 30, 2017	Nil	N/A	N/A
Kenneth W. MacDonald CFO <sup>(2)</sup> (former president and CEO of APM) <sup>(3)</sup>	100,000	\$0.36	June 25, 2014 <sup>(2)</sup>	Nil	N/A	N/A
	37,500	\$0.69	April 15, 2015 <sup>(2)</sup>	Nil	N/A	N/A
	75,000	\$0.36	August 27, 2017 <sup>(2)</sup>	Nil	N/A	N/A
	157,500	\$0.27	November 30, 2017	Nil	N/A	N/A
Michael O'Keefe (former CFO of APM) <sup>(4)</sup>	2,500	\$0.42	October 10, 2013 <sup>(2)</sup>	Nil	N/A	N/A
	25,000	\$0.69	April 15, 2015 <sup>(2)</sup>	Nil	N/A	N/A
	25,000	\$0.36	August 27, 2017 <sup>(2)</sup>	Nil	N/A	N/A
	72,500	\$0.27	November 30, 2017	Nil	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) Following completion of the Arrangement, Mr. MacDonald ceased to be the President and CEO of APM and was appointed the CFO of the Corporation.
- (4) Following completion of the Arrangement, Mr. O'Keefe ceased to be the CFO of APM. Pursuant to the terms of the Services Agreement with Erdene, Mr. O'Keefe provides accounting and finance services to the Corporation.
- (5) 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, 2012, which was \$0.190 per Common Share, and the exercise price of the options.

During the financial year ended December 31, 2012, no stock options were exercised by Named Executives.

**Incentive Plan Awards - Value Vested or Earned During 2012**

Name	Option-Based Awards – Value Vested during 2012 (\$)	Share-Based Awards – Value Vested during 2012 (\$)	Non-equity Incentive Plan Compensation – Value earned during 2012 (\$)
John P.A. Budreski, President and CEO <sup>(2)</sup>	Nil	Nil	Nil
Kenneth W. MacDonald CFO <sup>(3)</sup>	Nil	Nil	Nil
Michael O’Keefe (former CFO of APM) <sup>(4)</sup>	Nil	Nil	Nil

Notes:

- (1) 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. This resulted in an exercise price of 58.74% of the original exercise price attributable to one option of the Corporation
- (2) 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. 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 have vested. The remaining 567,125 options will vest, as to 50%, on June 3, 2013 and 50% will vest on September 3, 2013. The market price of the Common Shares on December 3, 2012 was \$0.22.
- (3) 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. The market price of the Common Shares on December 3, 2012 was \$0.22.
- (4) Pursuant to the Arrangement, the 105,000 options of Erdene then held by Mr. O’Keefe were converted to 52,500 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. O’Keefe, having an exercise price of \$0.27, all of which vested on grant. The market price of the Common Shares on December 3, 2012 was \$0.22.

**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 respective employment agreements.

If Mr. Budreski's employment had been terminated effective December 31, 2012, 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				
	Resignation	Termination without Cause	Termination with Cause	Death/Disability	Change of Control
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, 2012:

Name	Fees Earned Cdn(\$)	Share-based awards Cdn(\$)	Option-based awards Cdn(\$) <sup>(1)</sup>	Non-equity incentive plan compensation Cdn(\$)	Pension Value Cdn(\$)	All Other Compensation Cdn(\$)	Total Cdn(\$)
Peter C. Akerley <sup>(2)(3)</sup>	Nil	Nil	\$72,020	Nil	Nil	Nil	\$72,050
John P. Byrne <sup>(2)</sup>	\$2,000	Nil	\$39,475	Nil	Nil	Nil	\$41,475
Charles G. Pitcher <sup>(4)(6)</sup>	\$17,000	Nil	\$40,000	Nil	Nil	Nil	\$57,000
Philip L. Webster	\$2,000	Nil	\$39,475	Nil	Nil	Nil	\$41,475
Chris Cowan <sup>(5)</sup>	Nil	Nil	\$17,155	Nil	Nil	Nil	\$17,155
Philip Martin <sup>(5)(6)</sup>	\$16,000	Nil	Nil	Nil	Nil	Nil	\$16,000

Notes:

- (1) This column shows the total compensation value of stock options granted to the directors in 2012. Option based awards are valued using the Black-Scholes method in accordance with the Corporation's accounting policies and using the following assumptions: 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.
- (2) Mr. Akerley and Mr. Byrne were appointed directors of the Corporation on November 9, 2012, the effective date of the Arrangement.
- (3) In November and December of 2012, during the initial transition period following the Arrangement, Mr. Akerley devoted approximately 25% of his time to the affairs of the Corporation pursuant to the Services Agreement with Erdene (see "Executive Compensation – Compensation Development Corporation"). Beginning in January, 2013, the amount of time Mr. Akerley devotes to the Corporation pursuant to the Service Agreement was reduced to approximately 14% and he devotes approximately 11% of his time to the affairs of the Corporation in his capacity as chairman of the board, for which he is compensated directly by the Corporation.
- (4) Mr. Pitcher was appointed a director of APM on July 9, 2012.
- (5) Mr. Cowan and Mr. Martin ceased to be directors of APM on November 9, 2012, on the effective date of the Arrangement.
- (6) Includes fees paid to Mr. Pitcher and Mr. Martin as members of the independent committee that considered the Arrangement on behalf of APM.

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

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, 2012:

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(\$)
Peter C. Akerley <sup>(3)</sup>	100,000 <sup>(2)</sup>	\$0.36	June 25, 2014	Nil	N/A	N/A
	120,000 <sup>(2)</sup>	\$0.69	April 15, 2015	Nil	N/A	N/A
	100,000 <sup>(2)</sup>	\$0.36	August 27, 2017	Nil	N/A	N/A
	180,000	\$0.27	November 30, 2017	Nil	N/A	N/A
John P. Byrne <sup>(3)</sup>	25,000 <sup>(2)</sup>	\$0.36	June 25, 2014	Nil	N/A	N/A
	50,000 <sup>(2)</sup>	\$0.69	October 8, 2015	Nil	N/A	N/A
	50,000 <sup>(2)</sup>	\$0.36	August 27, 2017	Nil	N/A	N/A
	125,000	\$0.27	November 30, 2017	Nil	N/A	N/A
Charles G. Pitcher	250,000	\$0.27	November 30, 2017	Nil	N/A	N/A
Philip L. Webster	25,000 <sup>(2)</sup>	\$0.36	June 25, 2014	Nil	N/A	N/A
	50,000 <sup>(2)</sup>	\$0.69	October 8, 2015	Nil	N/A	N/A
	50,000 <sup>(2)</sup>	\$0.36	August 27, 2017	Nil	N/A	N/A
	125,000	\$0.27	November 30, 2017	Nil	N/A	N/A
J.C. (Chris) Cowan <sup>(4)</sup>	100,000 <sup>(2)</sup>	\$0.36	November 9, 2013	Nil	N/A	N/A
	92,500 <sup>(2)</sup>	\$0.69	November 9, 2013	Nil	N/A	N/A
	75,000 <sup>(2)</sup>	\$0.36	November 9, 2013	Nil	N/A	N/A
Philip M. Martin <sup>(5)</sup>	12,738	\$1.26	November 9, 2013	Nil	N/A	N/A
	12,738	\$1.88	November 9, 2013	Nil	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, 2012 which was \$0.19 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) Mr. Akerley and Mr. Byrne were appointed directors on November 9, 2012, the effective date of the Arrangement.
- (4) Mr. Cowan ceased to be a director of APM on November 9, 2012. Pursuant to the terms of the Arrangement, options of the Corporation issued to former optionholders of Erdene who would not otherwise be eligible to be granted options of the Corporation, will expire on the earlier of the expiry date of the Erdene options for which they were exchanged and 12 months after the effective date of the Arrangement (i.e., November 9, 2013).
- (5) Mr. Martin ceased to be a director of APM on November 9, 2012. Pursuant to the terms of the Arrangement, outstanding options of APM were exchanged for options of the Corporation on the basis of one option of the Corporation for every 7.85 APM options at an exercise price equal to the exercise price of the APM option it replaced multiplied by 7.85. Options of the Corporation issued to former optionholders of APM who would not otherwise be eligible to be granted options of the Corporation, will expire on the earlier of the expiry date of the APM options for which they were exchanged and 12 months after the effective date of the Arrangement (i.e., November 9, 2013).

During the financial year ended December 31, 2012, no stock options were exercised by members of the Board.

#### Incentive Plan Awards - Value Vested or Earned During 2012

Name	Option-Based Awards – Value Vested during 2012 (\$)	Share-Based Awards – Value Vested during 2012 (\$)	Non-equity Incentive Plan Compensation – Value earned during 2012 (\$)
Peter C. Akerley <sup>(1),(3),(5)</sup>	Nil	Nil	Nil
John P. Byrne <sup>(1), (3),(5)</sup>	Nil	Nil	Nil
Charles G. Pitcher <sup>(5)</sup>	Nil	Nil	Nil
Philip L. Webster <sup>(3),(5)</sup>	Nil	Nil	Nil
J.C. (Chris) Cowan <sup>(2),(3)</sup>	Nil	Nil	Nil
Philip M. Martin <sup>(2),(4)</sup>	Nil	Nil	Nil

Notes:

- (1) Mr. Akerley and Mr. Byrne were appointed directors of the Corporation on November 9, 2012, the effective date of the Arrangement.
- (2) Mr. Cowan and Mr. Martin ceased to be directors of APM on November 9, 2012, the effective date of the Arrangement. Pursuant to the Arrangement, any options of the Corporation that were granted to them on the Arrangement will expire on November 9, 2013.
- (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, Cowan 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) Pursuant to the terms of the Arrangement, outstanding options of APM were exchanged for options of the Corporation on the basis of one option of the Corporation for every 7.85 APM option at an exercise price equal to the exercise price of the APM option it replaced divided by 7.85. Mr. Martin held 200,000 options of APM, 100,000 of which had an exercise price of \$0.16 and 100,000 with an exercise price of \$0.24, which were converted to 12,738 options of the Corporation with an exercise price of \$1.26 and 12,738 options of the Corporation with an exercise price of \$1.88.
- (5) On December 3, 2012, an aggregate of 680,000 options were granted to non-management directors with an exercise price of \$0.27, all of which vested on grant. The market price of the Common Shares on December 3, 2012 was \$0.22.

## 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, 2012 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	Weighted-average exercise price of outstanding options (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)	4,901,976	\$0.41	23,648 <sup>(1)</sup>
Individual Equity Compensation (not approved by Shareholders)	Nil	N/A	Nil
Total:	4,901,976	\$0.41	23,648

Notes:

- (1) This number equals 10% of the total issued and outstanding Common Shares on December 31, 2012 (which was 4,925,624) 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*".

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has liability insurance for the directors and officers of the Corporation to insure them from claims against them for certain of their acts, errors or omissions as such as well as insurance for the Corporation to insure it against any loss arising out of any liability to indemnify a director or officer. Until November 8, 2012 the insurance coverage was provided pursuant to a policy held by Erdene; since then, the coverage has been provided by a separate policy which is in effect until November 9, 2013. APM paid Erdene \$10,000 for its pro rata share of coverage to November 8, 2012 and the Corporation paid a premium of \$16,950 for coverage on November 9, 2012 under the new policy. The insurance provides coverage of up to \$10,000,000 with a \$25,000 deductible applicable to the Corporation in the event it is required to indemnify a director or officer.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No current or former directors, executive officers or employees of the Corporation, or associates or affiliates of any of these persons, have been indebted to the Corporation or its subsidiaries at any time since January 1, 2012, 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

Other than as noted 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, 2012, 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 its subsidiaries.

Pursuant to a loan agreement dated September 17, 2012, on November 6, 2012, the Corporation's CEO loaned the Corporation \$250,000. The loan is secured by the Corporation's real property in Georgia, USA, bears interest at commercial bank prime plus 2% and is repayable at any time but not later than November 9, 2015.

On May 30, 2012, APM announced that Advanced Primary Minerals USA Corp., a wholly-owned subsidiary of APM ("APMUSA") reached agreement to sell APMUSA's operating assets and select real property in Georgia, USA to Paul

Coughlan, then Vice-President, Business Development of APM, and to Southeastern Primary Minerals LLC, a company controlled by Mr. Coughlan and David Avant, then Vice President, Operations of APM (collectively, the "**Buyers**"). The sale transaction was considered a "reviewable disposition" as that term is defined in TSX-V Policy 5.3 – "*Acquisitions and Dispositions of Non-Cash Assets of the TSXV*" and, as such, was subject to the acceptance of the TSX-V and to approval by a majority of the votes cast by APM Shareholders other than those who had an interest in the transaction and their affiliates. The sale package included all equipment and leaseholds connected with the Dearing, Georgia, USA leased facility, the 80 acre Tudor mine property and associated mineral resource and data, as well as a 16.9 acre property containing a house and storage building and a 19.47 acre tract of vacant land. The sale required the approval of a majority of the minority of the shareholders of APM, excluding the principals of the Buyers, which approval was obtained at the annual and special meeting of the APM Shareholders held on June 29, 2012. The sale was completed later the same day. The sale price of the assets, US\$893,000, was settled with US\$492,000 cash on closing and US\$401,000 in assumed liabilities, namely the leases and purchase obligations, primarily for the land and building comprising the Dearing plant as well as the asset retirement obligations associated with the Tudor mine and Dearing plant site. The agreement also included a royalty payable to APM on annual kaolin mined from the Tudor property in excess of 20,000 tons per year, which royalty is now an asset of the Corporation.

## **MANAGEMENT CONTRACTS**

During the most recent 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, 2010, 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 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:

Director	Name of Other Reporting Issuer
John P.A. Budreski	Alaris Royalty Corp. (TSX) 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)
John P. Byrne	Erdene Resource Development Corp. (TSX)
Charles G. Pitcher	Wildcat Exploration Ltd. (TSX-V) Corsa Coal Corp. (TSX-V)
Philip L. Webster	Erdene Resource Development Corp. (TSX)

There were an aggregate of five (5) formal Board meetings during the year ended December 31, 2012. There were four (4) formal Board meetings from January 1, 2012 to November 9, 2012 (prior to the completion of the Arrangement) and one (1) formal Board meeting from November 9, 2012- December 31, 2012 (following completion of the Arrangement). The attendance record of each director at such meetings is as follows:

Director	Number of Meetings Attended/ Number of Meetings when Person was a Director of APM (January 1 – November 9, 2012)	Number of Meetings Attended/ Number of Meetings when Person was a Director of the Corporation (November 9– December 31, 2012)
John P.A. Budreski <sup>(1)</sup>	N/A	1/1
Peter C. Akerley <sup>(1)</sup>	N/A	1/1
John P. Byrne <sup>(1)</sup>	N/A	1/1
Charles G. Pitcher <sup>(2)</sup>	2/2	1/1
Philip L. Webster	4/4	1/1
Kenneth W. MacDonald <sup>(3)</sup>	4/4	N/A
J.C. (Chris) Cowan <sup>(3)</sup>	4/4	N/A
Philip Martin <sup>(3)</sup>	4/4	N/A

Notes:

(1) Mr. Budreski, Mr. Akerley and Mr. Byrne were appointed directors on November 9, 2012, the effective date of the Arrangement.

(2) Mr. Pitcher was appointed a director of APM on July 9, 2012.

(3) Mr. MacDonald, Mr. Cowan and Mr. Martin ceased to be directors of APM on November 9, 2012, the effective date of the Arrangement.

In addition, certain of the decisions of the Board of Directors since January 1, 2012, 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 2013, 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, 2012, 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 Mary Morrison 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 22, 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 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 Mary Morrison 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 23<sup>rd</sup> day of May, 2013.

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

President and Chief Executive Officer