



**ERDENE RESOURCE
DEVELOPMENT CORPORATION**

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

Meeting Date: Thursday, June 25, 2009, 5:30 p.m. (ADT)

Halifax Marriott Harbourfront
Acadia B & C
1919 Upper Water Street
Halifax, Nova Scotia

ERDENE RESOURCE DEVELOPMENT CORPORATION
Metropolitan Place
99 Wyse Road, Suite 1480
Dartmouth NS B3A 4S5

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT

The Annual General Meeting ("**Meeting**") of the Shareholders of Erdene Resource Development Corporation ("**Corporation**") will be held at the Halifax Marriott Harbourfront, Acadia B & C, 1919 Upper Water Street, Halifax, Nova Scotia, on Thursday, June 25, 2009 at 5:30 p.m. (ADT) for the following purposes:

- (a) to receive the financial statements of the Corporation for the year ended December 31, 2008, together with the Report of the Auditor thereon, copies of which accompany this Notice;
- (b) to elect directors of the Corporation for the forthcoming year;
- (c) to appoint the Auditor of the Corporation for the forthcoming year and to authorize the directors to fix the Auditor's remuneration; and
- (d) to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying and forming part of this Notice.

Only Shareholders of record as of the close of business on May 1, 2009 are entitled to receive Notice of the Meeting and, except as noted in the attached Management Information Circular, 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. 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 23, 2009 at 5:30 p.m. (ADT)**. 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, 9th 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 Management Information 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, in the Halifax Regional Municipality, Nova Scotia, this 15th day of May, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Peter C. Akerley*"
President and Chief Executive Officer

ERDENE RESOURCE DEVELOPMENT CORPORATION

MANAGEMENT INFORMATION CIRCULAR

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ERDENE RESOURCE DEVELOPMENT CORPORATION
MANAGEMENT INFORMATION CIRCULAR
(As at May 15, 2009, except as indicated)

INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF ERDENE RESOURCE DEVELOPMENT CORPORATION ("Corporation") for use at the Annual General Meeting of shareholders of the Corporation ("**Shareholders**") to be held at the Halifax Marriott Harbourfront, Acadia B & C, 1919 Upper Water Street, Halifax, Nova Scotia, on Thursday, June 25, 2009 at 5:30 p.m. (ADT), or at any adjournment thereof ("**Meeting**"), for the purposes set forth in the accompanying Notice of Meeting.

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

General

Shareholders may be "**Registered Shareholders**" or "**Non-Registered Shareholders**". If common shares of the Corporation ("**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 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 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 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 ("**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 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.**, not later than **Tuesday, June 23, 2009 at 5:30 p.m. (ADT)**. 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, 9th 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 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, 1300-1969 Upper Water Street, Purdy's Tower II, PO Box 730, Halifax, Nova Scotia B3J 2V1, Attention: D. Suzan Frazer, 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 in respect of the Meeting ("**Notice of Meeting**"), this Circular, a voting instruction form ("**VIF**") or a form of proxy, as applicable (collectively, the "**Meeting Materials**") directly to the NOBOs and, indirectly, through intermediaries to the OBOs.

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 right to receive these materials, and to seek instructions as to how to vote 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, however, 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 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 their behalf), the OBO should strike out the persons named in the form of proxy as the proxy holder and insert the OBOs (or such other person's)

name in the blank space provided or, in the case of a VIF, follow the corresponding 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 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. In addition, telephone voting and internet voting are available as further described in the VIF. Instructions in respect of the procedure for telephone and internet voting can be found in the VIF. 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 shares represented by the VIFs 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 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 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.

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 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 89,230,877 are issued and outstanding as of the date hereof.

The board of directors of the Corporation ("**Board**") has fixed the record date for the Meeting as the close of business on Friday, May 1, 2009 ("**Record Date**"). Only Shareholders 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 vote each on a show of hands and one vote per Common Share on a poll.

Two or more persons present in person representing at least 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 officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all outstanding Common Shares of the Corporation, except the following:

Name and Address of Beneficial Owner	Number of Common Shares ⁽¹⁾	% of Class ⁽²⁾
Sprott Asset Management Inc. PO Box 27 200 Bay Street, Suite 270 Toronto ON M5J 2J1	14,046,300	15.74

Notes:

- (1) Based on public filings with securities regulatory authorities in Canada on SEDAR.
- (2) Calculated on the basis of 89,230,877 outstanding Common Shares as of May 15, 2008.

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 financial year ended December 31, 2008 are contained in the Annual Report accompanying this document and will be presented to the Shareholders at the Meeting.

ELECTION OF DIRECTORS

The Articles of Incorporation of the Corporation provide that the size of the Board must consist of not less than three directors and not more than ten directors to be elected annually. The Corporation's by-laws provide that the size of the Board is to be determined by the Board and it is currently fixed at nine directors.

Each of the persons named in the list which follows is currently a director of the Corporation and all 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 serve as directors, if 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, but if that should occur for any reason prior to the Meeting, the Common Shares represented by the properly executed proxies given in favour of nominees of management named in the enclosed form of proxy may be voted for another nominee at such proxyholder's discretion.

Greater than 50% of the votes cast by Shareholders present in person or by proxy are required to elect the directors.

Name, Province and Country of Residence	Principal Occupation	Director Since	Position(s) with the Corporation	Common Shares Owned, Controlled or Directed⁽⁶⁾
Peter C. Akerley ⁽⁴⁾⁽⁵⁾ Nova Scotia, Canada	President and Chief Executive Officer, Erdene Resource Development Corporation	February 25, 2003	President, Chief Executive Officer and Director, and Co-Managing Director of a Subsidiary	484,150
William B. Burton ⁽²⁾⁽⁵⁾ Ontario, Canada	President and Chief Executive Officer, MagIndustries Corp.	February 25, 2003	Director	111,000
John P. Byrne ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	President, Petroleum Corporation of Canada Exploration Ltd.	August 25, 2004	Director	2,034,500
David S.B. Carnell ⁽¹⁾⁽²⁾ Nova Scotia, Canada	Retired	November 18, 2003	Director	476,400
J.C. (Chris) Cowan ⁽⁴⁾⁽⁵⁾ Ontario, Canada	Vice-President Asia, Erdene Resource Development Corporation	February 25, 2003	Vice-President (Asia), Director and a Managing Director of the Corporation's Mongolian Subsidiaries	587,000
Jamie M. Frankcombe ⁽³⁾ Sydney, Australia	General Manager of the Americas, for Xstrata Coal	March 17, 2008	Director	Nil
Ken W. MacDonald ⁽⁴⁾ Nova Scotia, Canada	President and CEO, Advanced Primary Minerals Corporation	February 25, 2003	Vice-President - Business Strategy, Chief Financial Officer and Director	604,584
Stuart P. Rath ⁽¹⁾ Nova Scotia, Canada	President, Stuco Holdings Limited (an investment holding company)	June 14, 2006	Director	836,637
Philip L. Webster ⁽³⁾ Quebec, Canada	President, Imperial Windsor Group Inc. (an investment holding company)	June 14, 2006	Director	980,000

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance and Disclosure Policy Committee.
- (4) Member of the Pre-Clearance Committee.
- (5) Member of the Technical Committee.
- (6) The information as to security holdings was provided by the nominees as of May 15, 2009.

Peter C. Akerley - Mr. Akerley has a BSc (1988) from Saint Mary's University in Halifax. Mr. Akerley has been the Corporation's President and Chief Executive Officer since March 2003. Mr. Akerley previously provided corporate development, exploration and managerial services for projects in Canada, Guyana, Mexico, the Philippines, the United States of America and Mongolia to junior and senior exploration and mining companies. He is also a director of Temex Resources Corporation, a company listed on the TSX Venture Exchange.

William B. Burton - Mr. Burton is President and CEO of MagIndustries Corp. and has held that position since 1998. MagIndustries Corp., a publicly-listed company, develops mineral and energy resources. Mr. Burton is a geoscientist and was previously Vice-President of Exploration for International Pursuit Corporation (1996-1998), evaluating gold properties in Asia, including Mongolia, and was President of Mongolian Goldfields Corporation from 1996 to 1997. He has over 30 years experience in exploration and operating junior resource companies. Mr. Burton was President and CEO of Adex Mining Inc. in June 1997, when the Ontario Securities Commission issued a cease trade order because the company did not meet the continued listing requirements with respect to asset

values and trading volume. The cease trade order was revoked on March 23, 2007. Mr. Burton resigned as an officer of Adex Mining Inc. in March 2000 but became a director again on January 23, 2007. In August 1999, Mr. Burton instituted a compromise with his sole creditor, Canada Customs and Revenue Agency, through a proposal under the *Bankruptcy and Insolvency Act*. The proposal was accepted by the creditor and the court, and has since been settled.

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.

David S.B. Carnell - Mr. Carnell retired in 2000 from a bank-owned investment dealer after a 32-year career in sales and management and, since then, his principal occupation has been as a private investor both individually and until 2007 through Bedford Capital Group Inc. (an investment holding company). From 1987 to 1989, Mr. Carnell was a director of AquaGold Resources Inc. (now Atlantic Industrial Minerals Inc.).

J.C. (Chris) Cowan - Mr. Cowan, MSc (Geology), P. Eng. (Ontario), is a minerals consultant providing services to exploration and mining companies world-wide since 1990. Prior to that, he spent 28 years with Falconbridge Limited in a variety of senior management and board positions. Mr. Cowan has also been responsible for technical direction of Falconbridge's world-wide exploration as well as activities exploration manager in Southeast Asia and Chief Geologist for Sudbury Operations. Mr. Cowan is a Managing Director of Erdene Mongol XXK, Erdene Energy XXK, and Anian Resources XXK, wholly-owned subsidiaries of the Corporation. Mr. Cowan has served as a director for a number of publicly listed companies, including Unigold Inc. (2003-2006) and Preston Resources Inc. (1997-2001) and is presently on the board of Advanced Primary Minerals Corporation ("**APM**"), a TSX Venture Exchange ("**TSXV**") listed company controlled by the Corporation. Mr. Cowan was appointed Vice-President (Asia) of the Corporation in June 2006.

Jamie M. Frankcombe - Mr. Frankcombe replaced Jeffrey Gerard as Xstrata Coal's nominee to the Board effective March 17, 2008. Mr. Frankcombe is the Executive General Manager of the Americas for Xstrata Coal and is responsible for the Donkin Coal Project in Nova Scotia, Canada and general business development opportunities in the Americas. In addition, Mr. Frankcombe is the Xstrata Coal shareholder representative for the Carbones del Cerrejón LLC ("**Cerrejón**") coal mining operation in Colombia and a board member of the FutureGen Industrial Alliance, Inc. project. The FutureGen Industrial Alliance public-private partnership intends to design, build, and operate the world's first coal-fueled, near-zero emissions power plant utilizing clean coal technology. During Mr. Frankcombe's 28 years in the mining industry, he has held various operational and management positions in open cut and underground coal mining operations. Mr. Frankcombe has been responsible for the Americas division of Xstrata Coal since August 2007 and, prior to that, he was the Vice President of Production for Cerrejón. Prior to this he was General Manager Open Cut Operations for Xstrata Coal NSW in Australia. Mr. Frankcombe is a qualified Mining Engineer and holds an MBA from Deakin University of Melbourne, Australia.

Kenneth W. MacDonald - From September 1992 to present, Mr. MacDonald has been the President and owner of Fisher Transport Limited, a specialized transport company. Mr. MacDonald was Vice-President of Finance for Kaoclay Resources Inc. (now Erdene Resources Inc.) from 1996 until it was acquired by the Corporation. From 1985 to September 1992, he was involved as Vice-President Finance with public and private corporations in the resource sector. Prior to 1985, Mr. MacDonald, a chartered accountant, was a senior manager with one of Canada's major accounting firms. Mr. MacDonald has been Vice-President and Chief Financial Officer of the Corporation since March 2003. Mr. MacDonald was appointed Vice-President Business Strategy in 2007. On February 27, 2009, Mr. MacDonald was appointed President and Chief Executive Officer of TSXV listed APM following the reverse takeover of APM by the Corporation.

Stuart P. Rath - Stu Rath is President and Director of Stuco Holdings Ltd., a private investment company. From 1985 to 1995, he was President and Chief Operating Officer of Halifax Cablevision Ltd., a cable television business with systems in Halifax, Yarmouth, Liverpool and Shelburne. From 1976 to 1985 he was the President and General Manager of Eastern Cablevision Ltd. and from 1960 to 1976 he was employed by the Bank of Montreal serving in the capacity of Manager, Commercial Credit from 1975 to 1976. He is the Vice-President of Truro Centre Ltd. and Chairman of the Truro Industrial Society.

Philip L. Webster - For the past ten years Philip Webster's principal occupation has been as President of Imperial Windsor Group Inc. and Emster Holdings Inc. and as a private investor. From 1984 to 1990 he was an adjunct professor at McGill's School of Architecture. He was a designer with Anderson Architects from 1986 to 1989 and Executive Assistant to the President of Imperial Trust Company from 1979 to 1981. Mr. Webster is presently a director of the Corporation and Western Financial Group Inc., both TSX listed, APM (TSXV listed) and Imperial Windsor Group Inc., Autoparc Stanley, Webridge Donnacona and Emster Holdings Inc., all private companies. He is a Trustee of the R. Howard Webster Foundation, the Zellers Family Foundation, the Constance Lethbridge Foundation, the Lucas Foundation and the Red and White Foundation. He is a Trustee and past Chair of Stanstead College, on the board of the Atwater Library and Computer Centre, a member of the Canadian Centre for Architecture's Development Committee, and the Corporation of Bishop's University and sits on various committees of Princeton University. He was previously the Chairman of the Site Selection Committee of the McGill University Hospital Centre; the Treasurer, Building Committee Chairman and Foundation member for the Montreal Association for the Blind and Chairman of the World Foundation of Haemophilia. He has an A.B. (Hon.) degree from Princeton University and a Master of Architecture from the Graduate School of Design at Harvard.

APPOINTMENT OF AUDITOR

KPMG LLP, Chartered Accountants, has been the Auditor of the Corporation since its incorporation. 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 the Shareholders, at a remuneration to be fixed by the Board.

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

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION & ANALYSIS

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.

As at December 31, 2008, the end of the most recently completed financial year of the Corporation, the Corporation had four named executive officers, namely, the president and chief executive officer ("**CEO**"), the chief financial officer and vice-president business strategy ("**CFO**"), the vice president asia and the vice president of ERD Aggregate Corporation, a wholly-owned subsidiary of the Corporation (collectively, the "**Named Executives**").

Role of Compensation Committee

The Compensation Committee has been assigned the responsibility of reviewing the remuneration package for the CEO and for senior executives and to recommend changes, if any, to the Board. In making its recommendations, the Compensation Committee considers each individual's performance and remuneration and incentives paid to senior executives of comparable companies. The Compensation Committee also seeks the views of the CEO when

reviewing compensation for other executive officers because of his day-to-day involvement with these officers. It is also the responsibility of the Compensation Committee to review any proposals concerning the Corporation's incentive stock option plan ("**Plan**") or any other equity compensation plans including grant proposals for approval by the Board.

The members of the Compensation Committee are William B. Burton, John P. Byrne and David S.B. Carnell, all of whom are independent directors, applying the definition set out in Section 1.4 of Multilateral Instrument 52-110 - Audit Committees.

Currency

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

Objectives of the Compensation Program

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

- (a) 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) align management's interests with the long term interests of shareholders;
- (c) provide a compensation package that is commensurate with other comparable mineral exploration companies to enable the Corporation to attract and retain talent; and
- (d) 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 have been designed to provide a blend of non-cash stock option component in a reasonable salary and benefits component based on industry comparable with companies at similar levels of development. In addition, extraordinary efforts which enhance shareholder value are rewarded with cash bonuses.

Salaries for the CEO, CFO and the Vice-President Asia are determined by evaluating the responsibilities inherent in the position held, and the individual's experience and past performance, as well as by reference to the competitive marketplace for management talent at other mining companies. Following the end of each year, the Compensation Committee reviews actual performance for the Corporation and the employee for such year, including the quality and measured progress of the Corporation's exploration projects, raising of capital, corporate alliances and similar achievements.

Overview of Elements of Compensation

The Corporation's executive compensation program is comprised of five components: (i) base salary; (ii) a stock option plan; (iii) a bonus plan; (iv) perquisites, and (v) benefits. The elements of compensation are described in detail below.

Component of Total Direct Compensation	Type of Compensation	Element	Form	Performance Period
FIXED	Annual	Base Salary	Cash	1 year
	Annual	Short-term Incentive	Annual cash bonus	1 year
VARIABLE	Longer-term	Long-term Incentive	Stock Options	1 year (or more)
	Annual or Longer-Term	Benefits	Corporate benefits plan`	1 year (or more)
	Annual	Perquisites	Cash	1 year

Base Salary

Salaries of the Named Executives are based on a comparison with competitive positions, taking into account the size and sector, as well as the level of activity, of the group. Individual circumstances are also taken into consideration including the scope and geographic location of a Named Executive's position, the Named Executive's relevant competencies or experience and retention risk. The financial performance of the Corporation is also a factor as is the individual performance of the Named Executive. The base salary for each of the CEO, the CFO and the Vice-President Asia is reviewed by the Compensation Committee each year in consultation with the CEO. Base salaries may be adjusted as appropriate, based on any change in the Named Executive's role within the Corporation, performance of the Named Executive, performance of the Corporation or general change in market salary levels. The salary for the Vice President of ERD Aggregate Corporation is fixed pursuant to the provisions of a term contract.

In 2008, management conducted an informal survey of comparable data in the mining industry in respect of the corporation for the CEO, the CFO and the Vice President Asia. The peer group review included QGX Ltd., East Asia Minerals Corporation, Linear Gold Corp., Etruscan Resources Inc., Temex Resources Corp. and Merrex Gold Inc. The Compensation Committee analyzed actual 2006 and 2007 salaries reported in 2007 in determining the 2008 total executive compensation for the CEO, the CFO and the Vice President Asia. Backward looking peer bench marking is and will continue to be a determining factor in total compensation.

Performance Bonus

The Corporation does not have an annual incentive program. However, annually, the Compensation Committee considers whether it is appropriate and in the best interest of the Corporation to award a discretionary cash bonus to any of the Named Executives. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships and/or capital raising efforts. Demonstrations of extraordinary personal commitment to the Corporation's interests, the community and the industry may also be rewarded through a cash bonus. In 2008, the Corporation paid a bonus of \$25,000 to the CEO and a bonus of \$20,000 to each of the CFO and the Vice-President Asia for their extraordinary efforts in 2007.

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, employees, and consultants of 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. The Plan continues to be an important tool for attracting, motivating and retaining qualified employees, which is critical to the Corporation's success. For more information on the Plan, see "*Securities Authorized for Issuance Under Equity Compensation Plans – Incentive Stock Option Plan*".

All grants of stock options to the Named Executives are reviewed and approved by the Compensation Committee and the Board. The process is initiated by management recommending a grant of option-based awards to the Compensation Committee. The Compensation Committee reviews these recommendations and, if they are approved, recommends them to the Board. In evaluating option grants to the Named Executives, the Compensation Committee and the Board 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. Three of the Named Executives are directors of the Corporation and each declares his interest in any resolution involving the grant of options to him and refrains from voting thereon.

Benefits

The CEO participates in a corporate benefits program including medical, dental and life insurance in line with organizations of a similar size. The CFO and Vice President Asia provide services through consulting arrangements and do not participate in the Corporation's benefit plans. The Vice President of ERD Aggregate Corporation resides in the United States and receives a reimbursement of medical, dental and long-term insurance premiums.

Perquisites

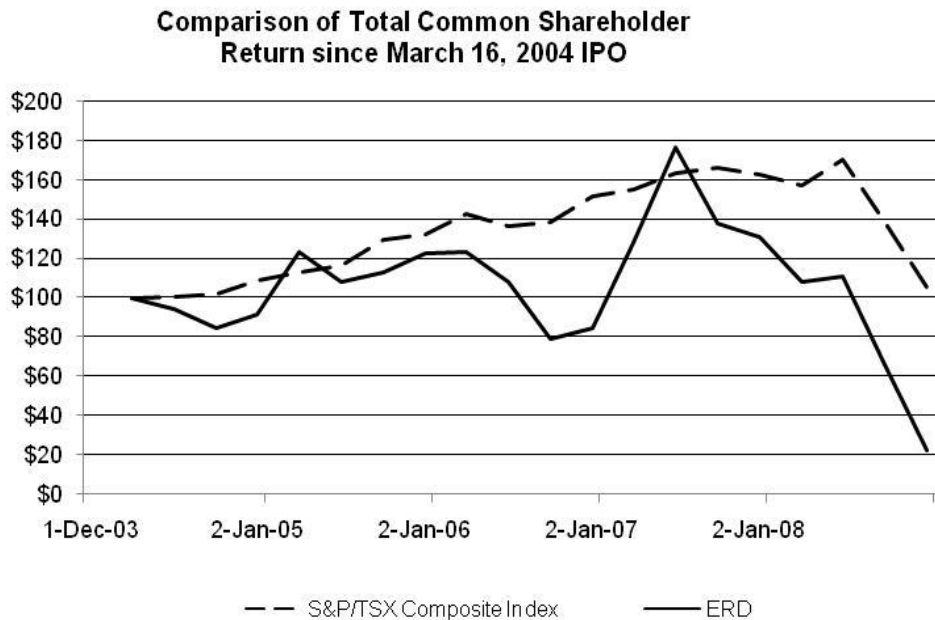
The Corporation provides a limited number of perquisites to its Named Executives which vary by title but do not account for a material portion of the overall compensation of the Named Executives. For example, the Corporation offers paid parking and memberships in industry-related organizations. The Corporation awards these perquisites as tools for attraction, retention and motivation.

Other Factors for Understanding Compensation

On March 2, 2009, the Corporation announced the closing of its reverse takeover of Beta Minerals Inc. (now Advanced Primary Minerals Corporation ("APM") (TSXV:APD)). As disclosed in the announcement and the takeover bid circular prepared by APM dated November 20, 2008, Kenneth W. MacDonald, CFO of the Corporation, will devote up to 60% of his time to the business and affairs of APM as its president and chief executive officer. Pursuant to a management agreement between the Corporation and APM, APM pays the Corporation a lump sum monthly fee intended to reimburse the Corporation for the costs of the time that Mr. MacDonald and others devote to the business and affairs of APM.

PERFORMANCE GRAPH

The following line graph depicts the Corporation's cumulative total shareholder return by quarter since March 16, 2004, the date the Corporation completed its initial public offering of Common Shares, assuming a \$100 investment in the Common Shares on such date, compared to an equal investment in the S&P/TSX Composite Total Return Index shares.



As noted above, a number of factors and performance elements are taken into account when determining compensation for the Named Executives. Although total cumulative shareholder return is one performance measure that is reviewed, it is not a significant consideration in executive compensation deliberations. As a result, a direct correlation between total cumulative Shareholder return over a given period and executive compensation levels is not anticipated.

SUMMARY COMPENSATION TABLE

The following table sets forth information regarding compensation paid to the Named Executives for the Corporation's most recently completed financial year ended December 31, 2008. In accordance with the amended Form 51-102F6, information has only been provided with respect to the most recent financial year of the Corporation. For information related to the Corporation's prior 2 years, refer to the Corporation's management information circulars for such years which are available on SEDAR at www.sedar.com.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
Peter C. Akerley, President & CEO	2008	210,000	Nil	146,360	25,000	Nil	N/A	11,136	392,496
Ken W. MacDonald, Vice-President, Business Strategy & CFO ⁽¹⁾	2008	nil	Nil	109,770	20,000	Nil	N/A	187,005 ⁽¹⁾	316,775
J.C. Cowan (Chris), Vice President (Asia) ⁽³⁾	2008	184,992	Nil	109,770	20,000	Nil	N/A	Nil	314,762
Mark Davies, Vice-President of ERD Aggregate Corporation ⁽⁵⁾	2008	128,068	Nil	18,447	Nil	Nil	N/A	26,490	173,005

Notes:

- (1) Mr. MacDonald was compensated pursuant to a consulting arrangement whereby Fisher Transport Limited, a company owned by Mr. MacDonald, was paid a monthly rate for services provided by Mr. MacDonald which aggregated \$184,992 for 2008. The figure also includes total perquisites of \$2,013.
- (2) This column shows the total compensation value of stock options granted to the Named Executives in 2008. 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 of 3.15%, expected volatility of 105%, and an expected life of 5 years. All options granted had an exercise price equal to the market price of the Common Share at the time of the grant (\$0.94 for those granted to Akerley, Cowan and MacDonald and \$0.91 and \$0.35 for those granted to Mr. Davis). None of the options have been exercised.
- (3) In March 2008, Mr. Akerley was paid a cash bonus of \$25,000 and Messrs. Cowan and MacDonald were each paid a cash bonus of \$20,000 for their extraordinary services in 2007.
- (4) Includes perquisites, benefits package and, in the case of Mr. Akerley, taxable benefit on loans.
- (5) Mr. Davis is compensated in US dollars. This table reflects the Canadian equivalent, using the Corporation's average exchange rate for the year, namely CDN\$1 = US\$0.937.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The following table presents details of all outstanding option-based awards and outstanding unvested share-based awards to Named Executives as at December 31, 2008.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Peter C. Akerley President & CEO	125,000	0.85	06-Apr-2009 ⁽²⁾	nil	n/a	n/a
	125,000	0.85	23-Aug-2011	nil		
	200,000	1.35	11-May-2012	nil		
	200,000	0.94	17-Mar-2013	nil		

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Ken W. MacDonald Vice-President Business Strategy & CFO	125,000	0.85	06-Apr-2009 ⁽²⁾	nil	n/a	n/a
	125,000	0.85	05-Aug-2010	nil		
	200,000	1.35	11-May-2012	nil		
	150,000	0.94	17-Mar-2013	nil		
J.C. (Chris) Cowan, Vice President (Asia)	125,000	0.85	06-Apr-2009 ⁽²⁾	nil	n/a	n/a
	125,000	0.85	23-Aug-2011	nil		
	200,000	1.35	11-May-2012	nil		
	150,000	0.94	17-Mar-2013	nil		
Mark Davies Vice-President of ERD Aggregate Corporation	100,000	1.14	01-Oct-2012	nil	n/a	n/a
	25,000	0.91	04-Apr-2013	nil		
	3,500	0.35	10-Oct-2013	nil		

Notes:

(1) The value of unexercised in-the-money options is the difference between the 2008 year-end closing price on the TSX for Common Shares, which was \$0.19, and the exercise price of the options.

(2) Expired on April 6, 2009.

(3) During the financial year ended December 31, 2008, 68,000 options were exercised by Named Executives.

Incentive Plan Award – Value Vested or Earned During the Year

The table below presents the value of all incentive plan awards vested or earned by Named Executives during the year ended December 31, 2008:

Name (a)	Option-based awards – Value vested during the year (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation - Value earned during the year (\$) (d)
Peter C. Akerley President & CEO	Nil	Nil	Nil
Ken W. MacDonald Vice-President Business Strategy & CFO	Nil	Nil	Nil
J.C. (Chris) Cowan, Vice President (Asia)	Nil	Nil	Nil
Mark Davis Vice-President ERD Aggregate Corporation	Nil	Nil	Nil

Note: All options vested at the time of grant and the exercise price was at or above the market price on the grant date. Hence, none of the Named Executives would have received any value if the options had been exercised on the grant date.

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:

- (a) under the terms of the employment agreement with Mr. Akerley:
 - (i) if his employment is terminated by the Corporation without cause, he will receive 12 months salary and the Corporation shall continue his group insurance benefits, if any, for 6 months after the date of termination; and
 - (ii) 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 salary; and
- (b) under the terms of the consulting agreements with Fisher Transport and Chris Cowan and the employment agreement with Mr. Akerley, in the event of a change of control of the Corporation, each may terminate their respective agreements with the Corporation. If Mr. Akerley does so, the Corporation is required to pay him a lump sum equal to his annual salary, and if either Fisher Transport or Chris Cowan does so, the Corporation is obliged to pay an amount equal to the compensation received by Fisher Transport and/or Mr. Cowan in the preceding 12 months with respect to the services provided by Mr. MacDonald and/or Mr. Cowan, as the case may be.

DIRECTOR COMPENSATION

The following table sets forth amounts of compensation provided to members of the Board other than Named Executives for the financial year ended December 31, 2008:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁴⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
William B. Burton	1,500	Nil	\$36,590	Nil	N/A	Nil	38,090
John P. Byrne	8,500	Nil	\$36,590	Nil	N/A	Nil	45,090
David S.B. Carnell	9,000	Nil	\$36,590	Nil	N/A	Nil	45,590
Jamie M. Frankcombe	4,000 ⁽¹⁾	Nil	\$36,590 ⁽²⁾	Nil	N/A	Nil	45,090
Jeff Gerard ⁽³⁾	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Stuart P. Rath	10,000	Nil	\$36,590	Nil	N/A	Nil	46,590
Philip L. Webster	5,500	Nil	\$36,590	Nil	N/A	Nil	42,090

Notes:

- (1) Director's fees earned are paid to Mr. Frankcombe's employer, Xstrata Coal.
- (2) Mr. Frankcombe surrendered his options on April 2, 2008.
- (3) Mr. Gerard did not attend any meetings in 2008 prior to his resignation on March 17, 2008.
- (4) All options had a 5 year term and were fully vested at the time of grant. The fair value of the options on the date granted was \$0.7318 per option. The Corporation values the stock based incentives using the Black-Scholes method using the following assumptions: no dividend yield, risk-free interest of 3.15%, expected volatility of 105% and an expected life of 5 years.

Prior to March 2004, non-management directors of the Corporation did not receive fees or other such compensation in their capacities as directors, other than stock options pursuant to the Corporation's Incentive Stock Option Plan. Following the Corporation's initial public offering in March 2004, the Corporation began to pay its non-management directors, who are not executive officers, an honorarium of \$500 per meeting of the Board or any committee of the Board. This amount was increased to \$1,000 per meeting effective March 2008. Directors are not paid a second fee for concurrent meetings. To date, fees have not been paid for any committee meetings except the audit committee.

The aggregate amount earned by the directors in 2008 based upon their meeting attendance was \$38,500. Directors are also entitled to be reimbursed for travel and other out-of-pocket expenses incurred for attendance at directors' meetings.

Outstanding Share-Based Awards and Option-Based Awards

The following table presents details of all outstanding option-based awards and outstanding unvested share-based awards to members of the Board other than Named Executives as at December 31, 2008.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
William B. Burton	100,000	0.85	06-Apr-2009 ⁽²⁾	nil	n/a	n/a
	100,000	0.85	23-Aug-2011	nil		
	50,000	1.35	11-May-2012	nil		
	50,000	0.94	17-Mar-2013	nil		
John P. Byrne	100,000	0.85	23-Aug-2009 ⁽²⁾	nil	n/a	n/a
	100,000	0.85	23-Aug-2011	nil		
	50,000	1.35	11-May-2012	nil		
	50,000	0.94	17-Mar-2013	nil		
David S.B. Carnell	100,000	0.85	06-Apr-2009 ⁽²⁾	nil	n/a	n/a
	100,000	0.85	23-Aug-2011	nil		
	50,000	1.35	11-May-2012	nil		
	50,000	0.94	17-Mar-2013	nil		
Jamie M. Frankcombe	Nil	n/a	n/a	n/a	n/a	n/a
Stuart P. Rath	100,000	0.85	23-Aug-2011	nil	n/a	n/a
	50,000	1.35	11-May-2012	nil		
	50,000	0.94	17-Mar-2013	nil		
Philip L. Webster	100,000	0.85	23-Aug-2011	nil	n/a	n/a
	50,000	1.35	11-May-2012	nil		
	50,000	0.94	17-Mar-2013	nil		

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, 2008, which was \$0.19 per Common Share, and the exercise price of the options.
- (2) Expired on April 6, 2009.

During the financial year ended December 31, 2008, 36,000 options were exercised by members of the Board other than the Named Executives.

Incentive Plan Award – Value Vested or Earned During the Year

The table below presents the value of all incentive plan awards vested or earned by members of the Board other than Named Executives during the year ended December 31, 2008:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year⁽¹⁾ (\$)	Non-equity incentive plan compensation- Value earned during the year (\$)
William B. Burton	nil	nil	nil
John P. Byrne	nil	nil	nil
David S.B. Carnell	nil	nil	nil
Jamie M. Frankcombe	nil	nil	nil
Jeff Gerard ⁽¹⁾	nil	nil	nil
Stuart P. Rath	nil	nil	nil
Philip L. Webster	nil	Nil	nil

Note:

(1) All options vested at the time of the grant and the exercise price was the market price on the grant date. Hence, none of the Directors would have received any value if the options had been exercised on the grant date.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

EQUITY COMPENSATION PLAN

The following table sets out information as of December 31, 2008, the Corporation's most recently completed financial year, with regard to outstanding options exercisable into Common Shares under the Corporation's Plan and outstanding warrants exercisable into Common Shares under individual compensation arrangements.

Plan Category	Number of securities to be issued upon exercise of outstanding options and warrants (a)	Weighted-average exercise price of outstanding options and warrants (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,725,000	\$1.01	4,198,087 ⁽¹⁾
Equity compensation plans not approved by securityholders ⁽²⁾	Nil	N/A	Nil
Total	4,725,000	\$1.01	4,198,087

Notes:

- (1) This number equals 10% of the total issued and outstanding Common Shares of the Corporation on December 31, 2008, which was 89,230,877, less the number of Common Shares reported under column (a) above.
- (2) There are no warrants outstanding that were issued in respect of the Corporation's equity compensation plan. However, there are 4,489,975 listed warrants outstanding with the exercise price of \$1.60 that were issued to shareholders of Kao clay Resources Inc. now Erdene Resources Inc., ("Kao clay") on June 15, 2006 when the Corporation acquired the shares of Kao clay pursuant to a plan of arrangement.

INCENTIVE STOCK OPTION PLAN

The Shareholders approved the Plan on May 10, 2007. The Plan replaced the stock option plan approved by the Shareholders on November 18, 2003, and re-affirmed on June 24, 2004 and June 9, 2005 as required by the policies of the TSX Venture Exchange, the stock exchange upon which the Common Shares were listed at the time. The purpose of the Plan is to advance the interests of the Corporation and its subsidiaries by encouraging the directors, officers, employees, consultants and management company employees 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. The Plan provides that the number of Common Shares reserved for issuance upon the exercise of options is a rolling maximum number that shall not be greater than 10% of the outstanding Common Shares at any point in time.

The Plan authorizes the Board (or a Committee of the Board if so authorized by the Board) to grant options to acquire Common Shares in favour of "Eligible Persons". Eligible Persons are directors, officers, employees, consultants, management company employees or any other service providers of the Corporation or its affiliates.

The aggregate number of Common Shares issued to insiders of the Corporation within any one year period under the Plan, together with any other security based compensation arrangement cannot exceed 10% of the outstanding Common Shares. In addition, the aggregate number of Common Shares issuable to insiders of the Corporation at any time under the Plan together with any other security based compensation arrangement cannot exceed 10% of the outstanding Common Shares.

The date of grant, the number of Common Shares, the vesting period and any other terms and conditions of options granted pursuant to the Plan are determined by the Board, subject to the express provisions of the Plan.

Unless otherwise specified by the Board at the time an option is granted under the Plan:

- (a) the exercise price of the option will be the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the date of the grant;
- (b) the term of the option will be 10 years from the date of the grant (which is the maximum allowable term under the Plan), unless the expiry of the term falls during a black-out (or within ten days from the end of blackout) from trading in the securities of the Corporation imposed on certain persons including the optionee pursuant to any policies of the Corporation, and where such black-out applies, the expiry of the term of the option shall automatically be extended to 10 business days following the end of the black-out;
- (c) the option will vest immediately upon grant; and
- (d) if before the expiry of the option, the optionee ceases to be an Eligible Person for any reason other than termination by the Corporation for cause, the option will terminate within ninety days of the date the optionee ceases to be an Eligible Person, provided however, in the event of the death of the optionee, the option continues to be exercisable for a period up to twelve months from the date of such event.

In the event an offer is made for the Common Shares which would result in the offeror exercising control of the Corporation within the meaning of applicable securities laws, any options then outstanding may be exercised so as to allow the optionee to tender the Common Shares received upon such an exercise to the offer; provided however, if the offer is not completed or the Common Shares tendered to the offeror are not taken up and paid for by the offeror, then such Common Shares must be returned to the Corporation by the optionee and the terms of the option applicable prior to the offer will again apply to the options.

The options are non-assignable and non-transferable and there is no ability under the Plan to transform an option granted under the Plan into a stock appreciation right.

The Board may, in its discretion, but subject to applicable law, authorize the Corporation to make loans to Eligible Persons to assist them in exercising their options. The terms and conditions of such loans are determined by the Board, and must include interest at prevailing market rates, a term not in excess of one year, and security in favour of the Corporation represented by that number of Common Shares received on exercise which equals the loaned amount divided by the market price of the Common Shares on the date of such exercise, or equivalent security, which security may be granted on a non-recourse basis.

The Plan contains a formal amendment procedure which sets forth a list of amendments that can be made to the Plan by the Board without requiring the approval of Shareholders unless specifically required by the TSX. These amendments include, without limitation:

- (a) altering, extending or accelerating option vesting terms and conditions;
- (b) amending the termination provisions of an option;
- (c) accelerating the expiry date of an option;
- (d) determining adjustments pursuant to the provisions of the Plan concerning corporate changes;
- (e) amending the definitions contained in the Plan;
- (f) amending or modifying the mechanics of exercising options;
- (g) adding, amending or removing any provisions for financial assistance provided by the Corporation to purchase Common Shares under the Plan;
- (h) amending provisions relating to the administration of the Plan;
- (i) making "housekeeping" amendments, such as those necessary to cure errors or ambiguities contained in the Plan;
- (j) effecting amendments necessary to comply with the provisions of applicable laws; and
- (k) suspending or terminating the Plan.

The Plan specifically provides that the following amendments, among others, require shareholder approval:

- (a) increasing the number of Common Shares issuable under the Plan, except by operation of the "rolling" maximum reserve;
- (b) amending the Plan which amendment could result in the aggregate number of Common Shares issued to insiders within any one-year period or issuable to insiders at any time under the Plan, together with any other security based compensation arrangement, exceeding 10% of the issued and outstanding Common Shares;
- (c) extending the period of time during which options may be exercised;
- (d) reducing the option price;
- (e) amending the class of Eligible Persons which would have the potential of broadening or increasing participation in the Plan by insiders;
- (f) amending the formal amendment procedures; and
- (g) making any amendments required to be approved by the Shareholders under applicable law.

Existing Stock Options and Shares Reserved

As of the date hereof:

- (a) the total number of Common Shares issued upon exercise of options granted under the Plan is 114,000 which represents 0.13% of the outstanding Common Shares; and
- (b) the total number of Common Shares which remain reserved for issuance pursuant to currently outstanding options and options available to be granted is 4,198,087, which represents 4.7% of the outstanding Common Shares.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has acquired 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 well as insurance for the Corporation to insure the Corporation against any loss arising out of any liability to indemnify a director or officer. The insurance is in effect until April 22, 2010 at an annual premium of \$43,130 paid by the Corporation. The insurance provides coverage of up to \$5,000,000 with a \$50,000 deductible applicable to the Corporation only.

In addition, the Corporation acquired a "run off" liability insurance policy for the former directors and officers of Kaoclay Resources Inc., a corporation acquired by the Corporation by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* on June 12, 2006. The policy insures the former officers and directors until June 12, 2009, from claims against them for certain of their acts, errors and omissions as officers and directors of Kaoclay Resources Inc. The Corporation paid \$25,000 for the insurance, which provides coverage of \$2,000,000 with a deductible of \$25,000.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the current or former directors, executive officers or employees of the Corporation, or associates or affiliates of a director or executive officer of the Corporation, have been indebted to the Corporation or its subsidiaries at any time since the beginning of the last completed financial year of the Corporation, other than "routine indebtedness" as that term is defined in applicable securities legislation, except for: (a) a loan in the amount of \$98,175 to Peter Akerley, president and chief executive officer of the Corporation, to exercise 231,000 warrants of the Corporation having an aggregate exercise price of \$98,175 (\$0.425 per warrant), which warrants had an expiry date of January 23, 2008. The loan is non-interest bearing and is payable in full by December 31, 2009; (b) a non-interest bearing housing loan to Peter Akerley, with a balance owing of \$39,900, payable 60 days after demand.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the directors or executive officers 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, 2008, or in any proposed transaction which, in either case, has materially affected or would materially affect the Corporation or its subsidiaries.

CORPORATE GOVERNANCE

The Corporation is required to include disclosure of its corporate governance practices in this Management Information Circular in accordance with National Instrument 58-101, *Disclosure of Corporate Governance Practices* ("**Instrument**"). The Instrument has been adopted by the securities commissions or similar regulatory authorities across Canada ("**Canadian Securities Administrators**").

The Board endorses the efforts of the Canadian Securities Administrators 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. 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 overhead costs and reducing the return on Shareholders' equity.

BOARD OF DIRECTORS

The Board is currently comprised of nine directors, five of whom are "independent" within the meaning of applicable securities legislation. An independent director is defined to be a director who has no direct or indirect relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgement.

The five independent directors are William Burton, John Byrne, David Carnell, Stuart Rath and Philip Webster. The remaining four directors are not considered independent for the following reasons:

- (a) Peter C. Akerley is the President and Chief Executive Officer of the Corporation;
- (b) J.C. (Chris) Cowan is the Vice President (Asia) and a Managing Director of subsidiaries of the Corporation;
- (c) Ken W. MacDonald is the Vice-President, Business Strategy and Chief Financial Officer of the Corporation; and
- (d) Jamie M. Frankcombe is an employee of Xstrata Coal, an affiliate of Xstrata Coal Donkin Ltd. (with whom the Corporation is a joint venture partner in connection with the Donkin Coal Project in Cape Breton, Nova Scotia), Donkin Coal Management Limited (which manages the Donkin Coal Project) and Xstrata Coal Canada Limited (with whom the Corporation has an alliance agreement).

The Board meets at least once each calendar quarter and following the annual meeting of Shareholders. 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.

To facilitate the franchising of the Board independently of management the Board recently implemented a practice whereby the independent directors meet at the end of each Board meeting without the non-independent members of the Board to discuss matters independently of Management. In addition, each of the Audit Committee, the Compensation Committee and the Corporate Governance and Disclosure Policy Committee are comprised only of independent directors.

The following directors of the Corporation are also directors of other reporting issuers:

Director	Name of Other Reporting Issuer
Peter C. Akerley	Temex Ressources Corp. (TSX-V)
William B. Burton	MagIndustries Corp. (TSX-V)
Philip L. Webster	Advanced Primary Minerals Corporation (TSX-V) Western Financial Group Inc. (TSX)

There were 7 formal Board meetings during the year ended December 31, 2009. The attendance record of each director at such meetings is as follows:

Director	Number of Meetings Attended
Peter C. Akerley	7
William B. Burton	2
John P. Byrne	7
David S.B. Carnell	6
J.C. (Chris) Cowan	6
Jeffrey Gerard ⁽¹⁾	0
Jamie M. Frankcombe ⁽²⁾	5
Ken W. MacDonald	7
Stuart P. Rath	7
Philip L. Webster	7

Notes:

(1) Jeffrey Gerard resigned from the Board effective March 17, 2008.

(2) Jamie Frankcombe was appointed to the Board on March 17, 2008.

In addition, certain of the Board's decisions since January 1, 2008 were passed by way of written consent following informal discussions among the directors and Management.

BOARD MANDATE

The Board is responsible for the stewardship of the Corporation through the supervision of the business and management of the Corporation. This mandate is accomplished directly and through five committees:

- (i) the Audit Committee
- (ii) the Compensation Committee;
- (iii) the Pre-Clearance Committee;
- (iv) the Corporate Governance and Disclosure Policy Committee; and
- (v) the Technical Committee.

The Board 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, both on a formal annual basis and on an on-going basis through regular interim reports from management. The Board also works with Management to identify principal risks, to select and assess senior management and to review significant operational and financial matters. The Board reviews and approves the annual audited financial statements, the annual report, the annual budget and changes thereto, management proxy information circulars, material press releases, quarterly financial statements, management discussions and analysis, decisions as to material acquisitions not within the budget and the grant of stock options. The Board does not have a written mandate.

POSITION DESCRIPTIONS

The position descriptions for the chairs of each board committee are contained in the charters for the committee. The Board has five committees noted above. The chair of the Audit Committee, Compensation Committee and Corporate Governance and Disclosure Policy Committee is required to ensure that the committee meets regularly and performs its duties as set forth in the charter, and to report to the Board on the activities of the committee. The Pre-Clearance Committee and the Technical Committee meet as required.

The Board has not developed a written position description for the chairman of the Board as this position is presently held by the CEO. The Board has not developed a written position description for the CEO. Given the relatively small size of the Corporation and the length of time Mr. Akerley and the majority of the Board members

have served in such capacities, the Board believes that the role and responsibilities have been appropriately communicated through board meetings and in the form of communications between the Board and Mr. Akerley.

ORIENTATION AND CONTINUING EDUCATION

Given the size and relative stability of the Board, there is no formal program for the orientation and education of new recruits to the Board. The Corporation does, however, ensure that all new directors receive a complete package outlining the securities law obligations and restrictions on Board members and the Corporation, as well as a copy of all of the Corporation's policies. In addition, the Board believes that the past and continuing experiences of each director resulting from their past experience and current positions as detailed in this Management Information Circular ensure they have the skills and knowledge necessary to serve the Corporation as a member of the Board on an ongoing basis.

ETHICAL BUSINESS CONDUCT

In March 2006, the Board 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. The Board does not intend to monitor compliance with the Code; however, a copy of the Code will be provided to each director, officer and employee, and such person will be 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. 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 Committee. The 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 believes that the Corporation's size also facilitates informal review of and discussions with its officers and employees to promote ethical business conduct.

In addition, the Pre-Clearance Committee is responsible for pre-clearing trades in the Corporation's securities by the officers and directors of the Corporation, and members of their families who reside with them, in accordance with the Corporation's Pre-Clearance Policy.

NOMINATION OF DIRECTORS

The responsibility for proposing new nominees to the Board and for assessing directors on an ongoing basis is assumed by the full Board and every director is entitled to bring the matter to the Board. While it is open to any one director to propose new nominees to the Board for consideration by the Board as a whole, the Corporate Governance and Disclosure Policy Committee reviews the qualifications of candidates for Board membership and the slate of candidates for directors to be nominated for election by Shareholders at the annual general meeting of Shareholders. The Corporate Governance and Disclosure Policy Committee is required to meet a minimum of four times a year.

COMPENSATION COMMITTEE

The mandate of the Compensation Committee is to review the performance, compensation and succession planning of the executive officers of the Corporation and to ensure the proper administration of the Plan. This Committee is also responsible to review and recommend all executive benefits plans and executive prerequisites for approval by the Board. The Compensation Committee meets twice a year.

The Compensation Committee presently consists of three directors, Messrs. Burton, Byrne and Carnell, all of whom are independent as that term is defined in MI 52-110.

AUDIT COMMITTEE

Information concerning the Corporation's Audit Committee is provided in the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2008, under the section entitled "Audit Committee". A copy of the AIF may be obtained from the Corporation's public disclosure documents found on the SEDAR website at www.sedar.com.

OTHER BOARD COMMITTEES

The Pre-Clearance Committee is responsible for pre-clearing trades in the Corporation's securities by the officers and directors of the Corporation, and members of their families who reside with them, in accordance with the Corporation's Pre-Clearance Policy.

The Corporate Governance and Disclosure Policy Committee oversee all regulatory disclosure requirements and the Corporation's disclosure practices, including its Insider Trading Policy. This Committee is responsible to ensure that appropriate systems, processes and controls for disclosure are in place and to review all news releases and core disclosure documents before their release or filing.

The Technical Committee assists management in identifying and reviewing any acquisitions, joint ventures or similar opportunities before they are submitted to the Board.

The Board may, from time to time, create new committees or establish ad hoc committees to address special business issues.

ASSESSMENTS

The responsibility for assessing directors on an ongoing basis is assumed by the full Board and every director is entitled to bring the matter to the Board. Without convening a special meeting for this purpose, the Board periodically performs an assessment exercise addressing its effectiveness, with input from Management.

PROPOSALS BY SHAREHOLDERS

Pursuant to the *Canada Business Corporations Act* (the "Act"), resolutions intended to be presented by Shareholders for action at the next annual meeting must comply with the provisions of the Act and be deposited at the Corporation's head office not later than February 19, 2010, in order to be included in the management information circular relating to the next annual meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at 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. To request copies of the Corporation's financial statements and MD&A, Shareholders should contact Michael X. Gillis at Erdene Resource Development Corporation, Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4S5, Telephone (902) 423-6419, Fax (902) 423-6432. The financial statements and MD&A are also available on SEDAR at www.sedar.com.

APPROVAL OF CIRCULAR

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

Dated at Halifax, Nova Scotia, this 15 day of May, 2009.

(Signed) "*Peter C. Akerley*"
President and Chief Executive Officer