



ERDENE GOLD INC.

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

Meeting Date: Wednesday, May 28, 2008, 5:30 p.m. (Atlantic Time)

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

ERDENE GOLD INC.
Metropolitan Place
99 Wyse Road, Suite 1480
Dartmouth NS B3A 4S5

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN:

That the Annual and Special Meeting (the "Meeting") of the Shareholders of Erdene Gold Inc. (the "Corporation") will be held at the Halifax Marriott Harbourfront, Acadia B & C, 1919 Upper Water Street, Halifax, Nova Scotia, on **Wednesday, May 28, 2008 at 5:30 p.m. (Atlantic Time)** for the following purposes:

- (a) to receive the financial statements of the Corporation for the year ended December 31, 2007, 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;
- (d) to consider and, if deemed advisable, to approve a special resolution relating to the name change of the Corporation;
- (e) to consider and, if deemed advisable, to approve a Shareholder Rights 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 Management Information Circular accompanying and forming part of this Notice.

Only Shareholders of record as of the close of business on April 22, 2008 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 **Monday, May 26, 2008 at 5:30 (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, 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 28th day of April, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

"Peter C. Akerley"
President and Chief Executive Officer

ERDENE GOLD INC.

MANAGEMENT INFORMATION CIRCULAR

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ERDENE GOLD INC.
MANAGEMENT INFORMATION CIRCULAR
(As at April 18, 2008, except as indicated)

INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF ERDENE GOLD INC. (the "Corporation") for use at the Annual and Special 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 Wednesday, May 28, 2008 at 5:30 p.m. (Atlantic Time), or at any adjournment thereof (the "Meeting"), for the purposes set forth in the accompanying 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*.

Appointment and Revocation of Proxies

General

Shareholders of the Corporation 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. 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 **Monday, May 26, 2008 at 5:30 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, 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

The Corporation has distributed copies of the Meeting materials to intermediaries for distribution to Non-Registered Shareholders. Intermediaries are required to deliver these materials to all Non-Registered Shareholders of the Corporation who have not waived their right 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 these meeting materials to Non-Registered Shareholders.

Non-Registered Shareholders who receive Meeting materials will typically be given the ability to provide voting instructions in one of two ways:

- (a) Usually, a Non-Registered Shareholder will be given a voting instruction form which must be completed and signed by the Non-Registered Shareholder 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, a Non-Registered Shareholder 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 Non-Registered Shareholder but is otherwise not completed. This form of proxy does not need to be signed by the Non-Registered Shareholder but must be completed by Non-Registered Shareholders and returned to Computershare Trust Company of Canada in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow Non-Registered Shareholders to direct the proxy voting of the Common Shares that they own but that are not registered in their name. Should a Non-Registered Shareholder who receives either a form of proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the Non-Registered Shareholder should strike out the names of the persons designated on the enclosed form of proxy and insert the Non-Registered Shareholder's name (or the name of his alternate appointee) in the blank space provided for that purpose or, in the case of a voting instruction form, follow the corresponding instructions provided by the intermediary. **In either case, Non-Registered Shareholders should carefully follow the instructions provided by the intermediary.**

To exercise the right to revoke a proxy, a Non-Registered Shareholder who has completed a proxy (or a voting instruction form, 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 Non-Registered Shareholder 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.

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 70,540,877 are issued and outstanding as of the date hereof. Each issued and outstanding Common Share is entitled to one vote.

The board of directors of the Corporation (the "Board") has fixed the record date for the Meeting as the close of business on Tuesday, April 22, 2008 (the "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.

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.

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, 2007 are contained in the Annual Report accompanying this document and will be presented to the Shareholders at the Meeting.

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 the election of directors.

ELECTION OF DIRECTORS

The By-laws 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 size of the Board is to be determined by the Board and 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 of the Corporation 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 CEO, Erdene Gold Inc.	February 25, 2003	President, Chief Executive Officer and Director, and Co-Managing Director of a Subsidiary	551,650
William B. Burton ⁽²⁾⁽⁵⁾ Ontario, Canada	President and CEO, MagIndustries Corp.	February 25, 2003	Director	102,000
John P. Byrne ⁽¹⁾⁽³⁾ Ontario, Canada	President, Petroleum Corporation of Canada Exploration Ltd.	August 25, 2004	Director	932,500
David S.B. Carnell ⁽¹⁾⁽²⁾ Nova Scotia, Canada	Retired	November 18, 2003	Director	396,400
J.C. (Chris) Cowan ⁽⁴⁾⁽⁵⁾ Ontario, Canada	Vice-President Asia Erdene Gold Inc.	February 25, 2003	Vice-President (Asia), Director and a Managing Director of the Corporation's Mongolian Subsidiaries	587,000
Jamie M. Frankcombe Barranquilla, Columbia	General Manager of the Americas, for Xstrata Coal	March 17, 2008	Director	Nil
Ken W. MacDonald ⁽⁴⁾ Nova Scotia, Canada	Vice President, Business Strategy and CFO, Erdene Gold Inc.	February 25, 2003	Vice-President (North America), Chief Financial Officer and Director	343,700
Stuart P. Rath ⁽¹⁾ Nova Scotia, Canada	President, Stuco Holdings Limited (an investment holding company)	June 14, 2006	Director	836,637

Name, Province and Country of Residence	Principal Occupation	Director Since	Position(s) with the Corporation	Common Shares Owned, Controlled or Directed ⁽⁶⁾
Philip L. Webster ⁽³⁾ Quebec, Canada	President, Imperial Windsor Group Inc. (an investment holding company)	June 14, 2006	Director	437,500

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 April 21, 2008.

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). 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 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 the General Manager of the Americas for Xstrata Coal since August 2007 and followed on from his secondment to Cerrejón as the Vice President of Production in May 2006. Prior to this he was General Manager Open Cut Operations for Xstrata Coal NSW in Australia. Mr. Frankcombe is a qualified Mining Engineer and hold 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. 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.

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 - Philip Webster's principal occupation for the past five years has been as a private investor and as President of Imperial Windsor Group Inc. and Emster Holdings Inc. (private investment companies) and, since 1998, as President of Imperial Windsor Group Inc. (a family investment company). From 1984 to 1990 he was an adjunct professor at McGill University, School of Architecture. He was a designer with Anderson Architects from 1986 to 1989 and was Executive Assistant to the President of Imperial Trust Company from 1979 to 1981. Mr. Webster is presently a director of Western Financial Group Inc. (a publicly listed Canadian financial services corporation), Detroit Marine Terminals Inc. (a stevedoring company), Imperial Windsor Group Inc., Emster Holdings Inc., PBI Kinmont Inc. (a private investment company), R. Howard Webster Foundation and the Zellers Family Foundation (both charitable foundations). He is a past director of St. Lawrence Stevedoring Inc. and Seaway Terminals Inc. (both stevedoring companies) and Newsco Investments Inc. (a private investment company). He is a trustee and past Chair of Stanstead College (a private boarding school) and a former director of the Canadian Heritage of Quebec. He was previously the Chairman of the Site Selection Committee of the McGill University Hospital Centre, Treasurer and Building Committee Chairman for the Montreal Association for the Blind and Chairman of the World Foundation of Hemophilia.

DIRECTOR AND EXECUTIVE COMPENSATION

Compensation of Directors

Prior to March 2004, the 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 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. The aggregate amount earned by the directors in 2007 based upon their meeting attendance was \$15,500. Directors are also entitled to be reimbursed for travel and other out-of-pocket expenses incurred for attendance at directors' meetings.

From time to time directors may be retained to provide specific services to the Corporation and will be compensated for services provided to the Corporation as consultants or experts on the same basis and at the same rate as would be payable if such services were provided by a third party, arm's length service provider. During the year ended December 31, 2007, the Corporation paid:

- (a) \$162,000 to Fisher Transport Limited, a company owned by Ken W. MacDonald, for management and administrative services provided by Mr. Macdonald; and
- (b) \$162,000 to J.C. (Chris) Cowan for management and technical services.

The Corporation has a formalized Incentive Stock Option Plan (the "Plan") for the granting of incentive stock options to its officers, directors, employees and consultants. The purpose of granting options pursuant to the Plan is to assist the Corporation in compensating, attracting, retaining and motivating such persons and to closely align the personal interests of such persons to that of the Shareholders. In 2007, an aggregate of 900,000 stock options were granted to directors of the Corporation pursuant to the Plan.

Executive Compensation

The following sets forth all annual and long-term compensation for services in all capacities to the Corporation in respect of the Corporation's President & Chief Executive Officer, Vice-President, Business Strategy & Chief Financial Officer and Vice-President (Asia) (the "Named Executives") for the years ended December 31, 2007, December 31, 2006 and December 31, 2005. The information provided below includes annual salary earned, incentive bonuses earned and all other compensation during those financial periods for the Named Executives.

(a) Summary Compensation Table

All amounts are in Canadian dollars.

Named Executive and Principal Position	Financial Year Ending	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs Granted (#)	Shares or Units subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Peter C. Akerley, President & CEO	2007	180,000	Nil	Nil	200,000	Nil	Nil	Nil
	2006	180,000	35,000	Nil	125,000	Nil	Nil	Nil
	2005	145,000	25,000	Nil	Nil	Nil	Nil	Nil
Ken W. MacDonald, Vice-President, Business Strategy & CFO	2007	Nil	Nil	Nil	200,000	Nil	Nil	162,000
	2006	Nil	6,000	Nil	Nil	Nil	Nil	142,000
	2005	Nil	Nil	Nil	125,000	Nil	Nil	114,922 ⁽¹⁾
J.C. Cowan (Chris), Vice President (Asia)	2007	Nil	Nil	Nil	200,000	Nil	Nil	162,000
	2006	Nil	35,000	Nil	125,000	Nil	Nil	162,000 ⁽²⁾
	2005	Nil	Nil	Nil	Nil	Nil	Nil	102,000 ⁽²⁾

Notes:

- (1) Until December 31, 2007, 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. Since January 1, 2008, he has been an employee of the Corporation.
- (2) Until December 31, 2007, Mr. Cowan was compensated pursuant to a consulting arrangement whereby he was paid a monthly rate for services provided. Since January 1, 2008, he has been an employee of the Corporation.

(b) Options Granted During the Most Recently Completed Financial Year

The following options were granted to the Named Executives during the most recently completed financial year pursuant to the Corporation's Incentive Stock Option Plan.

Named Executive	Securities under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year ⁽¹⁾	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date (MM/DD/YY)
Peter C. Akerley, President & CEO	200,000	12.1%	\$1.35	\$1.38	05/11/2012
Ken W. MacDonald Vice-President, Business Strategy & CFO	200,000	12.1%	\$1.35	\$1.38	05/11/2012
J.C. (Chris) Cowan	200,000	12.1%	\$1.35	\$1.38	05/11/2012

Note:

(1) An aggregate of 1,650,000 options were granted to employees of the Corporation during the most recently completed financial year pursuant to the Corporation's Incentive Stock Option Plan.

(c) Aggregate Options Exercised During the Most Recently Completed Financial Year and Financial Year End Option Values

The following table sets forth information concerning each exercise of options by the Named Executives during the most recently completed financial year of the Corporation. 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, 2007 which was \$1.11 per Common Share and the exercise price of the options.

Named Executive	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Dec. 31, 2007 (#)		Value of Unexercised In-the-Money Options/SARs at Dec. 31, 2007 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Peter C. Akerley President & CEO	22,500	\$22,037.50	477,500	Nil	\$83,837.50	Nil
Ken W. MacDonald Vice-President Business Strategy & CFO	Nil	N/A	568,000	Nil	\$145,830	Nil
J.C. (Chris) Cowan, Vice President (Asia)	40,000	\$35,800	450,000	Nil	\$65,000	Nil

(d) Employment Agreements

Effective May 1, 2004, Peter C. Akerley, the President & CEO has been compensated pursuant to a written employment agreement under which he was paid at the rate of \$145,000 per annum for his services as President & CEO, which was increased to \$180,000 per annum effective January 1, 2006 and to \$210,000 effective January 1, 2008. In 2006, Mr. Akerley received a bonus of \$35,000 for his exceptional efforts in 2005 and in March 2008, he received a bonus of \$25,000 for his exceptional efforts in 2007. Mr. Akerley's agreement is for an indefinite term, which the Board agreed to review annually.

Effective February 1, 2004, Ken W. MacDonald, Chief Financial Officer and Vice-President, Business Strategy has been compensated through Fisher Transport Limited pursuant to a written consulting agreement for management, financial and accounting services provided by Mr. MacDonald (and, until the spring of 2006, by Mr. MacDonald and others) at a rate of \$9,500 per month, which was increased to \$13,500 per month effective June, 2006 and to \$15,416 per month effective January 1, 2008. In 2006, Fisher Transport Ltd. received a bonus of \$6000 for the exceptional services provided by Mr. MacDonald in 2005 and in March 2008 received a bonus of \$20,000 for the exceptional services provided in 2007.

J.C. (Chris) Cowan, who was appointed the Vice-President (Asia) of the Corporation in June 2006, has been compensated pursuant to a consulting arrangement for the technical and management services he provides to the Corporation. Beginning January 2004, he was compensated at the rate of \$6,000 per month, which was increased to \$8,500 per month effective January 1, 2005, to \$13,500 per month effective January 1, 2006 and to \$15,416 effective January 1, 2008. In 2006, Mr. Cowan received a bonus of \$35,000 for his exceptional efforts in 2005 and in March 2008 he received a bonus of \$20,000 for his exceptional efforts in 2007.

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 Executives' responsibilities following a change in 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 agreement with Fisher Transport 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 payment equal to his annual salary, and if Fisher Transport does so, the Corporation is obliged to pay it an amount equal to the compensation received by Fisher Transport in the preceding 12 months with respect to the services provided by Mr. MacDonald.

Composition of the Compensation Committee

The Corporation's Compensation Committee consists of two Board members, William Burton and David Carnell.

Report on Executive Compensation

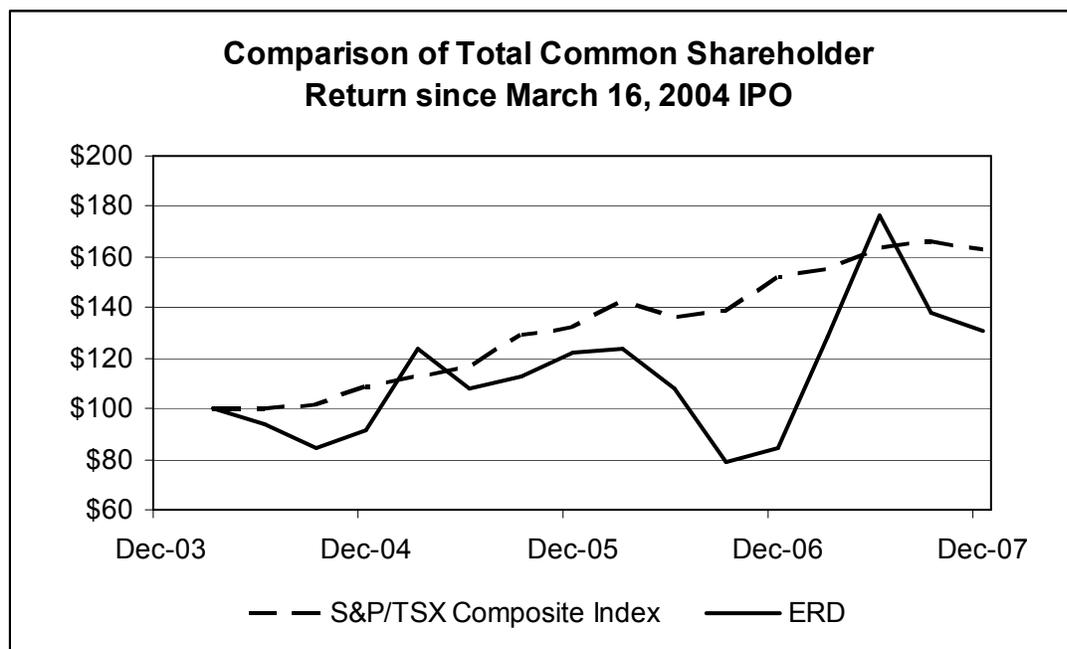
The Compensation Committee has been assigned the responsibility for reviewing and determining the adequacy and form of compensation and making recommendations to the Board on all aspects of compensation payable to the CEO and CFO. The Compensation Committee is also responsible for approving, upon recommendation of the CEO to the Compensation Committee, the remuneration of the other executive officers of the Corporation. The objective of the Corporation's Compensation Committee is to provide an appropriate compensation package to reward performance taking 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 a non-cash stock option component and a reasonable salary component based on industry comparables with companies at similar levels of development.

Salaries for the CEO, CFO and key personnel 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. At the end of each year, the Compensation Committee reviews actual performance against the objectives set by the Corporation and the employee for such year. The assessment of whether our objectives for the year have been met includes, but is not limited to, considering the quality and measured progress of the Corporation's exploration projects, raising of capital, corporate alliances and similar achievements. On the recommendation of the Compensation Committee, the Board approved bonuses payable to the CEO and the CFO of \$25,000 and \$20,000, respectively, and the CEO approved a bonus of \$20,000 to the Vice-President (Asia) for their performance during the calendar years 2006 and 2007.

Stock options are generally awarded to key personnel at the commencement of their employment and periodically thereafter. Options are granted to reward individuals for current performance, expected future performance and value to the Corporation, and take into account the stock options held by the individual.

Presented by the Compensation Committee, namely: William B. Burton and David S.B. Carnell.

Performance Graph



The graph depicts the quarterly percentage change in the Corporation's cumulative total shareholder return 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 Index shares.

Date	Value based on \$100 invested in S&P/TSX Composite Index	Value based on \$100 invested in Erdene Gold Inc.
Mar 16, 2004	100.00	100.00
Jun 30, 2004	100.50	94.12
Sep 30, 2004	101.94	84.71
Dec 31, 2004	108.74	91.76
Mar 31, 2005	113.04	123.53
Jun 30, 2005	116.46	108.24
Sep 30, 2005	129.50	112.94
Dec 31, 2005	132.56	122.35
Mar 31, 2006	142.42	123.53
Jun 30, 2006	136.57	108.24
Sep 30, 2006	138.31	78.82
Dec 31, 2006	151.81	84.71
Mar 31, 2007	154.83	128.24
Jun 30, 2007	163.54	176.47
Sep 30, 2007	165.81	137.65
Dec 31, 2007	162.68	130.59

INCENTIVE STOCK OPTION PLAN

The Shareholders of the Corporation approved the Corporation's Incentive Stock Option Plan (the "Plan") on May 10, 2007. The Plan replaced the stock option plan approved by the Shareholders of the Corporation 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 Corporation's 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 in the Corporation 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 of the Corporation 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 terms of any options;
- (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 1,038,500, which represents 1.5% 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 6,448,106, which represents 9.14 % of the outstanding Common Shares.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Year-End Options and Warrants Outstanding

The following table sets out information as of December 31, 2007, the Corporation's most recently completed financial year, with regard to outstanding options exercisable into Common Shares under the 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)
Incentive Stock Option Plan (Approved by Shareholders)	4,346,500	\$0.97	2,673,593 ⁽¹⁾
Individual Equity Compensation (Not Approved by Shareholders) ⁽²⁾	528,938	\$1.10	Nil
Total	4,875,438	\$0.99	2,673,594

Notes:

- (1) This number equals 10% of the total issued and outstanding Common Shares of the Corporation on December 31, 2007, which was 70,200,939, less the number of Common Shares reported under column (a) above.
- (2) The Corporation issued an aggregate of 395,750 warrants to purchase Common Shares to its agents in connection with a private placement of Common Shares by the Corporation on July 14, 2006. Each warrant is exercisable until January 14, 2008 at an exercise price of \$1.00 per Common Share. An aggregate of 226,812 warrants were exercised in the year 2007. A further 98,938 were exercised in 2008 and the remaining 70,000 expired. The Corporation issued an aggregate 600,000 warrants to purchase Common Shares to its agents in connection with a private placement of Common Shares by the Corporation on April 12, 2007. Each warrant is exercisable until April 11, 2008, at an exercise price of \$1.15 per Common Share. 240,000 warrants were exercised on May 31, 2007, and 360,000 remain outstanding.

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, 2009 at an annual premium of \$41,475 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 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 June 30, 2008.

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, 2007, or in any proposed transaction which, in either case, has materially affected or would materially affect the Corporation or its subsidiaries.

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 of the Corporation, at the 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.

APPROVAL OF NAME CHANGE

The Corporation proposes to change its name to "Erdene Resource Development Corporation" to better reflect the current business and operations of the Corporation. The Shareholders will be asked to consider and, if thought advisable, to amend the Articles of Incorporation of the Corporation to effect a change of the name of the Corporation to "Erdene Resource Development Corporation" or such other name as the Board determines appropriate and which all applicable regulatory authorities may accept (the "Name Change"). The Name Change is subject to acceptance by the TSX. A copy of the proposed form of the special resolution (the "Name Change Resolution") is set forth as Schedule "A" to this Management Information Circular.

If the Name Change Resolution is approved at the Meeting, it is the intention of the Board that the Name Change will be made effective shortly after the Meeting (subject to receipt of all necessary regulatory approvals). The text of the Name Change Resolution reserves to the Board the power to revoke the Name Change Resolution after it has been approved by the Shareholders. The Board might exercise this power if it is deemed to be in the best interests of the Corporation.

The directors of the Corporation believe the Name Change is in the Corporation's best interests and recommended that the Shareholders approve the Name Change. **It is intended that all proxies received will be voted in favour of the Name Change Resolution, unless a proxy contains instructions to vote against such resolution. At least 66-2/3% of the votes cast by Shareholders present in person or by proxy is required to approve this special resolution.**

APPROVAL OF SHAREHOLDER RIGHTS PLAN

The Corporation is a party to a shareholder rights plan agreement ("Rights Plan") with Computershare Investor Services Inc. as rights agent, dated March 14, 2008. The Rights Plan was adopted: (i) to give adequate time for

Shareholders to properly assess a take-over bid without undue pressure; (ii) to provide the Board time to consider value-enhancing alternatives to a take-over bid and to allow competing bids to emerge; and (iii) to ensure that Shareholders of the Corporation are provided equal treatment under a take-over bid. The Rights Plan is not intended to prevent take-over bids that treat Shareholders fairly and was not adopted in response to any proposal to acquire control of the Corporation.

Under the Rights Plan, those bids that meet certain requirements intended to protect the interests of all Shareholders are deemed to be "Permitted Bids". Permitted Bids must be made by way of a take-over circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for sixty days. In the event a take-over bid does not meet the Permitted Bid requirements or a person otherwise acquires 20% or more of the outstanding Common Shares, subject to certain exemptions, the rights will entitle Shareholders, other than any Shareholder acquiring the Common Shares, to purchase additional Common Shares at a substantial discount to the market value at the time. As a result, the investment of the Shareholder or Shareholders making the acquisition will be greatly diluted if a substantial portion of the rights are exercised.

A summary of the Rights Plan is set forth in Schedule "B" to this Management Information Circular. This summary is qualified in its entirety by reference to the text of the Rights Plan, which is available upon request from the Corporation at Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4Z2, telephone (902) 423-6419 or fax (902) 423-6432, or a copy of the Rights Plan may be obtained from the Corporation's public disclosure documents found on SEDAR at www.sedar.com. Capitalized terms used in the summary without express definition have the meanings ascribed thereto in the Rights Plan.

Rights Plan will expire unless the Shareholders vote to continue its operation. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass a resolution, with or without amendment, in the form set forth in Schedule C to this Management Information Circular ("Rights Plan Resolution").

The directors of the Corporation recommend that the Shareholders approve the Rights Plan. **It is intended that all proxies received will be voted in favour of the Rights Plan Resolution, unless a proxy contains instructions to vote against such resolution. Greater than 50% of the votes of Shareholders present in person or by proxy are required to approve the Rights Plan Resolution.** If the Rights Plan Resolution is not approved, the Rights Plan will terminate and the rights issued under it will be void.

AUDIT COMMITTEE

Information about the Corporation's Audit Committee is provided in the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2007, 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.

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* (the "Instrument"). The Instrument has been adopted by the securities commissions or similar regulatory authorities across Canada (the "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).

Although the independent directors do not meet regularly without the non-independent members of the Board, the directors can request at any time a meeting restricted to independent directors for the purpose of discussing matters independently of Management. No such formal meetings have been called since January 1, 2007. There have been, however, informal discussions among Board members, as well as formal meetings of the Audit Committee, which is comprised of three directors, all of whom are independent. As a result, the Chair of the Audit Committee, David Carnell, has provided leadership for the majority of the independent directors. In addition, all of the members of the Corporate Governance and Disclosure Policy Committee are 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	Western Financial Group Inc. (TSX)

The Board meets a minimum of four times a year and more frequently, if required.

There were six formal Board meetings between January 1, 2007 and April 18, 2008, and the attendance record of each director at such meetings is as follows:

Director	Number of Meetings Attended
Peter C. Akerley	6
William B. Burton	3
John P. Byrne	5
David S.B. Carnell	6
J.C. (Chris) Cowan	5
Jeffrey Gerard ⁽¹⁾	2
Jamie M. Frankcombe ⁽²⁾	2
Ken W. MacDonald	6
Stuart P. Rath	5
Philip L. Webster	5

Notes:

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

(2) Jamie M. Frankcombe did not attend any meetings in 2007 as he was not appointed to the Board until 2008. In 2008, he attended 1 meeting as a guest of the Board, prior to his appointment to the Board on March 17, 2008.

In addition, certain of the Board's decisions since January 1, 2007 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, 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 Board has not developed written position descriptions for the Chairman, the Chair of each committee, or for the Chief Executive Officer of the Corporation. 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 roles and responsibilities have been appropriately communicated through Board meetings and informal communications amongst the Board, the Chairs of the Board committees 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.

In August of 2007, the Board met in Sydney, Nova Scotia. Seven of the nine directors attended the meeting in Sydney, Nova Scotia, where a presentation was made to the Board on the Corporation's activities in Mongolia and North America. Many of the Board members also visited the Corporation's Donkin site, where Board members visited the Corporation's offices and laboratory facilities, met the Corporation's administrative and technical staff and observed the systems of financial policies and internal controls.

Ethical Business Conduct

In March 2006, the Board adopted a formal Code of Business Conduct and Ethics (the "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 and Corporate Governance 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 and Corporate Governance 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

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 two directors, Messrs. Burton and Carnell, who are both independent.

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 oversees 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 9, 2009, 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 Gold Inc., 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 28th day of April, 2008.

"Peter C. Akerley"

President and Chief Executive Officer

SCHEDULE "A"

SHAREHOLDERS' RESOLUTION WITH RESPECT TO NAME CHANGE

BE IT RESOLVED as a special resolution of the Corporation that:

1. The name of the Corporation be changed to ""Erdene Resource Development Corporation" or such other name as the Board determines appropriate and which all applicable regulatory authorities may accept (the "Name Change");
2. The Articles of Incorporation of the Corporation be amended with respect to the Name Change;
3. Any director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this special resolution (including, without limitation, the delivery of articles of amendment in the prescribed form to the director appointed under the *Canada Business Corporations Act* (the "Director")), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
4. Despite the foregoing, the directors of the Corporation may revoke this special resolution without further approval of the shareholders at any time prior to the endorsement by the Director of a certificate of amendment of articles in respect of the foregoing.

SCHEDULE "B"

SUMMARY OF SHAREHOLDER RIGHTS PLAN

1. Summary of the Principal Terms of the Rights Plan

This summary is qualified in its entirety by reference to the text of the Rights Plan, which is available upon request from the Corporation, at Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4Z2, telephone (902) 423-6419 or fax (902) 423-6492, or a copy of the Rights Plan may be obtained from the Corporation's public disclosure documents found on SEDAR at www.sedar.com. Capitalized terms used in this summary without express definition have the meanings ascribed thereto in the Rights Plan.

2. Issue of Rights

The Corporation issued one right (a "Right") in respect of each Common Share outstanding at the close of business on March 14, 2008 (the "Record Time"). The Corporation will issue Rights on the same basis for each Common Share issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time (both defined below).

3. Rights Certificates and Transferability

Before the Separation Time, the Rights will be evidenced by the certificates for the Common Shares and will not be transferable separate from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates which will be transferable separate from and independent of the Common Shares.

4. Exercise of Rights

Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the Exercise Price of \$50 (subject to certain antidilution adjustments). This Exercise Price is expected to be in excess of the estimated maximum value of the Common Shares during the term of the Rights Plan. Upon the occurrence of a Flip-In Event (defined below) prior to the Expiration Time, each Right (other than any Right held by an "Acquiring Person", which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Common Shares which have an aggregate Market Price equal to twice the Exercise Price of the Rights for a price equal to the Exercise Price. Effectively, this means a Shareholder of the Corporation (other than the Acquiring Person) can acquire additional Common Shares from treasury at half their Market Price.

5. Definition of "Acquiring Person"

Subject to certain exceptions, an Acquiring Person is a person who is the Beneficial Owner (defined below) of 20% or more of the outstanding Common Shares.

6. Definition of "Beneficial Ownership"

A person is a Beneficial Owner if such person or its affiliates or associates or any other person acting jointly or in concert owns the securities at law or in equity, and has the right to acquire (immediately or within 60 days) the securities upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

However, a person is not a Beneficial Owner under the Rights Plan where:

- (a) the securities have been deposited or tendered pursuant to a take-over bid, unless those securities have been accepted unconditionally for payment or exchange or have been taken up and paid for;
- (b) such person (including a fund manager, trust company, pension fund administrator, trustee or nondiscretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds or investment funds for others, as long as that person:

- (i) holds those Common Shares in the ordinary course of its business for the account of others;
 - (ii) holds not more than 30% of the Common Shares (in the case of a pension fund administrator); and
 - (iii) is not making a take-over bid or acting jointly or in concert with a person who is making a takeover bid; or
- (c) such person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

7. Definition of "Separation Time"

Separation Time occurs on the tenth trading day after the earlier of:

- (a) the first date of public announcement that a person has become an Acquiring Person;
- (b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Bid) or such later date as determined by the Board; and
- (c) the date on which a Permitted Bid or Competing Bid ceases to qualify as such or such later date as determined by the Board.

8. Definition of "Expiration Time"

Expiration Time occurs on the date being the earlier of:

- (a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan; and
- (b) the date immediately after the Corporation's annual meeting of Shareholders to be held in 2010.

9. Definition of a "Flip-In Event"

A Flip-In Event occurs when a person becomes an Acquiring Person, provided however, that the Flip-In Event shall be deemed to occur at the close of business on the tenth day (or such later date as the Board may determine) after the first date of public announcement that a person has become an Acquiring Person. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person or any of its related parties to whom the Acquiring Person has transferred its Rights, will become null and void and the Acquiring Person's investment in the Corporation will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

10. Definition of "Permitted Bid"

A Permitted Bid is a take-over bid made by a person (the "Offeror") pursuant to a take-over bid circular that complies with the following conditions:

- (a) the bid is made to all registered holders of Common Shares (other than Common Shares held by the Offeror), and for all Common Shares (other than the Common Shares held by the Offeror);
- (b) the Offeror agrees that no Common Shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid and that no Common Shares will be taken up or paid for unless at such date more than 50% of the outstanding Common Shares held by Shareholders other than the Offeror and certain related parties have been deposited pursuant to the bid and not withdrawn;

- (c) the Offeror agrees that the Common Shares may be deposited to and withdrawn from the take-over bid at any time before such Common Shares are taken up and paid for; and
- (d) if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the bid shall remain open for an additional period of at least 10 business days to permit the remaining Shareholders to tender their Common Shares.

11. Definition of "Competing Bid"

A Competing Bid is a take-over bid that:

- (a) is made while another Permitted Bid is in existence; and
- (b) satisfies all the requirements of a Permitted Bid except that the Common Shares under a Competing Bid may be taken up on the later of 35 days after the Competing Bid was made and 60 days after the earliest date on which any other Permitted Bid or Competing Bid that was then in existence was made, and at such date more than 50% of the outstanding Common Shares held by Shareholders other than the Offeror and certain related parties have been deposited pursuant to the bid and not withdrawn.

12. Redemption of Rights

The Rights may be redeemed by the Board at its option with the prior approval of the Shareholders at any time before a Flip-In Event occurs at a redemption price of \$0.00001 per Right. In addition, the Rights will be redeemed automatically in the event of a successful Permitted Bid, Competing Bid or a bid for which the Board has waived the operation of the Rights Plan.

13. Waiver

The Board, acting in good faith, may waive the application of the Flip-In provisions of the Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of Common Shares. However, if the Board waives the Rights Plan with respect to a particular bid, it will be deemed to have waived the Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of Common Shares before the expiry of that first bid. Other waivers of the "Flip-In" provisions of the Rights Plan will require prior approval of the Shareholders of the Corporation. The Board may also waive the "Flip-In" provisions of the Rights Plan in respect of any Flip-In Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person.

14. Term of the Rights Plan

Unless otherwise terminated, the Rights Plan will expire on the date immediately after the Corporation's annual meeting of Shareholders to be held in 2011.

15. Amending Power

Except for minor amendments to correct typographical errors and amendments to maintain the validity of the Rights Plan as a result of a change of law, Shareholder approval is required for amendments to the Rights Plan.

16. Rights Agent

Computershare Investor Services Inc.

17. Rightsholder not a Shareholder

Until a Right is exercised, the holder thereof as such will have no rights as a Shareholder of the Corporation.

SCHEDULE "C"

SHAREHOLDERS' RESOLUTION WITH RESPECT TO SHAREHOLDER RIGHTS PLAN

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

1. The shareholder rights plan (the "Rights Plan") as set forth in the shareholder rights plan agreement dated as of March 14, 2008 between the Corporation and Computershare Investor Services Inc., and the issuance of the rights (the "Rights") issued pursuant to such Rights Plan, be and the same are hereby approved, ratified and confirmed;
2. Any officer of the Corporation be and is hereby authorized and directed to negotiate, finalize, execute and deliver any and all such further agreements, documents, authorizations, elections or other instruments and to do all such further acts and things as such officer in his sole discretion may determine in order to complete and give effect to the foregoing resolution and the transactions contemplated by the Rights Plan, such determination to be conclusively evidenced by such officer's execution and delivery of any such agreement, document, authorization, election or other instrument or the taking of any such action; and
3. Despite the foregoing, the directors may revoke this resolution without further approval of the shareholders at any time.