

APOLLO GOLD CORP  
Form DEFM14A  
May 26, 2010

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

**Apollo Gold Corporation**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- o No fee required.
  - o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:  
Common Stock, no par value per share
- (2) Aggregate number of securities to which transaction applies:  
242,083,209

(3)

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\$0.35 (average of high and low prices of Apollo Gold Corporation common stock reported on the American Stock Exchange for such shares on April 21, 2010)

(4) Proposed maximum aggregate value of transaction:  
\$84,729,123.15

(5) Total fee paid:  
\$16,945.82

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NOTICE AND MANAGEMENT INFORMATION  
CIRCULAR  
FOR THE ANNUAL AND SPECIAL MEETING OF  
SHAREHOLDERS TO  
BE HELD ON JUNE 24, 2010  
CONCERNING, AMONG OTHER THINGS, THE  
ISSUANCE OF SHARES PURSUANT  
TO THE PROPOSED PLAN OF ARRANGEMENT  
INVOLVING LINEAR GOLD  
CORP., APOLLO GOLD CORPORATION AND 1526735  
ALBERTA ULC**

DATED MAY 26, 2010

*These materials are important and require your immediate attention. They require the shareholders of Apollo Gold Corporation to make important decisions. If you are in doubt as to how to make your decisions, contact your financial, legal or other professional advisors.*

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If you have any questions regarding the information described in this Notice and Management Information Circular or require assistance in voting your shares, please contact Laurel Hill Advisory Group toll-free, at 1-888-987-3940 (Banks, Brokers and collect calls: 416-637-4661).

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Dear fellow shareholder,

Our company is on the verge of an exciting milestone with the proposed business combination with Linear Gold Corp. ( Linear ) combining the strengths of Apollo and Linear to create Canada's next mid-tier gold producer. If approved by shareholders, this transaction will result in Apollo shareholders owning approximately 53% and Linear shareholders owning approximately 47% of the combined entity based on current issued and outstanding shares of both companies.

As our shareholder, you have an important role in helping make history as the Apollo Board of Directors and management are asking for your support in voting FOR proposals 1 through 4 and 7 in this Management Information Circular, related to the Merger, and other business items in proposals 5 and 6, for this Annual and Special Meeting of Shareholders to be held on June 24, 2010.

This will be a new beginning for Apollo and, as part of the Merger, Apollo and Linear believe it is in the best interests of the combined company and shareholders to effect a change in Apollo's name and to undertake a share consolidation on the basis of one post-consolidation combined entity common share for every four Apollo common shares outstanding immediately prior to the share consolidation.

I urge you to read the accompanying Management Information Circular for a full discussion of each of the proxy items.

We recently announced a new corporate identity and name, Brigus Gold Corp. ( Brigus Gold ) for the combined entity, which is expected to take effect upon closing of the proposed Merger, subject to shareholder approvals. We believe that Brigus Gold represents a solid foundation for growth in shareholder value based on the following value-building blocks:

- i. expected growth in production and cash flow from the Black Fox Mine;
- ii. an excellent development pipeline of gold and silver projects in predominantly low-risk operating jurisdictions;
- iii. a strengthened balance sheet that positions the company to capitalize on development and exploration opportunities;
- iv. a strong management team with development, operational and financial expertise; and
- v. improved access to the capital markets and enhanced trading liquidity.

Through the combined company, we expect to build a stronger and more financially flexible company with the immediate strengthening and de-leveraging of our balance sheet by combining with Linear's strong, debt-free position and an expanded pipeline of projects from our complementary assets. While we believe Apollo and our flagship Black Fox Mine would continue to progress steadily, demonstrating improving operating and financial results on a standalone basis, this is a win-win Merger for Apollo and Linear as the combined company would generate momentum to deliver near and long-term value for all shareholders based on our combined expected outlook for increased gold production and resources.

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## **Compelling Benefits of the Merger**

Let me review the compelling benefits of the Merger for the new and current shareholders.

### **Expected growth in gold production and cash flow**

Estimated gold production at the Black Fox Mine is expected to increase from an estimated range of 90,000 – 100,000 ounces in 2010 to approximately 110,000 ounces in 2011. With the expected production start up of Linear's Goldfields property, in Saskatchewan, within five years, the combined entity's combined gold production is expected to reach between 180,000 to nearly 200,000 ounces per year.

The combined company will initially focus on continuing to improve the Black Fox Mine performance with the objective of increasing cash flow from operations, which we expect to use in further debt reduction and advancing the development of the Box and Athona gold deposits at the Goldfields property.

At Black Fox, we believe that operating risks from the open pit have been significantly reduced as a result of ore grade control programs implemented over the past seven months, the achievement of steady state 2,000 tonnes per day of processing at the Black Fox Mill and the completion of the remaining start-up capital projects in the first quarter of 2010. With underground production expected to begin in July 2010 and projected to reach a production rate of 750 tonnes per day by the end of 2010, the mine is moving towards an open pit and underground production balance that is expected to result in improvements in both gold production and operating cash flow.

### **Excellent gold development pipeline in predominantly low-risk operating jurisdictions**

Our combined project pipeline, located in politically stable jurisdictions, ranges from our Black Fox mine to exciting earlier stage exploration projects will position the combined company for continued internal growth:

### **Solid gold reserves and resources and exploration upside**

Through the Merger, gold mineral reserves would total over 2.0 million ounces (within 32 million tonnes at an average gold grade of 2.3 grams per tonne ( gpt )), with just over half from Black Fox (at an average gold grade of 6.4 gpt), and approximately 1.0 million ounces from the Goldfields Project at an average gold grade of 1.2 gpt.

Having greater financial flexibility and an expected improving cash flow from Black Fox would enable us to aggressively pursue the excellent potential to increase the gold mineral resources at Black Fox and the adjoining Pike River and Grey Fox properties. These three contiguous properties total 17 square kilometers, covering 6.5 kilometers of strike along the prolific Destor-Porcupine Fault Zone, which is the host structure for the Black Fox and other mines in Timmins, Ontario. The Black Fox deposit remains open at depth and along strike, representing significant exploration upside.

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In Saskatchewan, the Box and Athona gold deposits are located within the under-explored Goldfields property, which extends over 25,000 hectares. Drilling completed in 2007 and 2010 has confirmed higher grade gold mineralization below the proposed Box open pit and the deposit is open at depth. In addition, a recent geophysical survey identified several prospective drill targets on the Goldfields property.

### **Balance sheet and financial position**

Since the Merger announcement on March 9, 2010, Apollo has reduced its indebtedness under the Black Fox Project Facility to \$51.8 million, using \$10 million from the proceeds of a Cdn.\$25 million private placement equity subscription by Linear in Apollo and \$8.2 million by closing out in-the-money Canadian dollar hedges. These transactions have reduced annual interest payments by \$1.3 million.

The combined company plans to reduce the debt by a further \$10 million upon closing of the Merger and anticipates an additional \$15 million repayment by December 31, 2010, resulting in a year-end debt balance of approximately \$27 million. Increasing cash flow and a de-leveraged balance sheet are expected to enable the combined company to capitalize on future strategic growth opportunities.

The Linear private placement demonstrated Linear's commitment to this Merger. In the joint news release about the private placement, my counterpart Wade K. Dawe, Linear's Chief Executive Officer and President said, "This private placement by Linear demonstrates our commitment to our shareholders to create a new investment vehicle for gold investors looking for growth in gold production and resources in a safe mining jurisdiction, as well as our recognition of the untapped value of Apollo's Black Fox Mine's proposed underground operations and the resource upside potential at their adjacent Grey Fox and Pike River properties."

### **Improved access to capital markets and enhanced market profile**

Apollo and Linear shareholders are expected to continue to benefit from trading liquidity through our continued trading on the Toronto Stock Exchange and NYSE Amex. The combined company is expected to benefit from an enhanced market profile and have greater access to the capital markets following our rebranding and share consolidation.

### **Strong Board of Directors and management plus synergistic combination**

The combined company would be under the stewardship of an experienced and skilled Board of Directors and management, led by Wade Dawe as CEO and President. The new Board of Directors would be equally weighted with three appointees from each of Linear and Apollo, and one technically experienced director to be mutually chosen and appointed. All three of Apollo's appointees – our current Chairman Charles Stott, Audit Chairman David Peat and Audit Committee Member Marvin Kaiser – are independent and have been serving with distinction.

We have commenced an aggressive search for an accomplished Chief Operating Officer, proficient in operating both underground and open pit mines as well as developing new mines. The new COO will be a proven leader skilled in communicating with employees and external stakeholders.

Our skilled mine operating and development team that built the Black Fox open pit mine, and re-engineered and upgraded a defunct 1,000 tonnes per day ( tpd ) mill to a 2,000 tpd mill is experienced in underground development and all aspects of permitting, building, commissioning, environmental mitigation and, as importantly, working cooperatively with our Wahgoshig First Nation neighbors and local communities. Members of this team would be utilized to lead the development of the Goldfields Project with commercial production planned to commence within five years.

The Merger should also result in efficiencies of scale and reduced general and administrative overhead. In addition, the combined company would have combined tax assets of approximately \$36 million to offset future income taxes in Canada.

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**Share consolidation proposal**

We hope you will support the proposed post-Merger share consolidation on the basis of one post-consolidation Apollo share for every four Apollo shares outstanding immediately prior to the share consolidation. Both Apollo and Linear believe that the share consolidation would afford the combined company greater access to the capital markets, including access to those institutions and investors who only invest in stocks with a \$1 minimum price.

If approved by shareholders, the share consolidation will affect all shareholders uniformly. In a share consolidation, there is no change in a shareholder's percentage ownership interest or voting power.

**Bright future as Brigus Gold**

As a founder and shareholder of Apollo, I believe there can only be one captain of the ship and I am pleased to hand over the helm to an accomplished business leader like Wade. In working together with Wade these past few months, I have come to know Wade well and I am confident he will do an excellent job for our shareholders. Wade and the rest of the management team, including our mine management, will have the financial, development and operational skills to continue the optimization of the combined company's suite of attractive assets.

It has been my privilege to serve you, our esteemed Directors and our 190 dedicated and professional employees. On behalf of our Board of Directors, management and our employees, I would like to thank you for keeping the faith in our company. We are all committed to building a great company and sharing in success in this next chapter as a combined Brigus Gold.

Sincerely,

*R. David Russell (signed)*

R. David Russell  
President and Chief Executive Officer

May 26, 2010

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**APOLLO GOLD CORPORATION**  
**5655 South Yosemite Street, Suite 200**  
**Greenwood Village, Colorado**  
**80111-3220**

**NOTICE OF ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS OF APOLLO GOLD  
CORPORATION**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the **Apollo Meeting**) of the holders (the **Apollo Shareholders**) of common shares (**Apollo Shares**) in the capital of Apollo Gold Corporation (**Apollo**) will be held at 11:00 a.m. (Denver time) on June 24, 2010 at the Embassy Suites Hotel Denver Tech Center, 10250 East Costilla Avenue, Centennial, Colorado 80112, USA for the following purposes:

Proposal 1: to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution, the full text of which is attached to the accompanying management information circular (the **Circular**) of Apollo as Schedule A (the **Share Issuance Resolution**) approving the issuance of Apollo Shares, (including the Apollo Shares issuable upon exercise of Apollo warrants (the **Apollo Replacement Warrants**) and Apollo options (the **Apollo Replacement Options**)), the Apollo Replacement Warrants and Apollo Replacement Options, in each case in connection with a court-approved plan of arrangement (the **Arrangement**) under section 193 of the *Business Corporations Act* (Alberta) (the **ABCA**), pursuant to which Linear Gold Corp. (**Linear**) will amalgamate with 1526735 Alberta ULC (**Apollo Sub**), a wholly-owned subsidiary of Apollo, such amalgamated corporation will become a wholly owned subsidiary of Apollo and securityholders of Linear will become securityholders of Apollo in accordance with the arrangement agreement dated March 31, 2010 entered into by and among Linear, Apollo and Apollo Sub, all as more particularly set forth in the Circular;

Proposal 2: conditional upon approval of the Share Issuance Resolution, to consider and, if deemed advisable, approve, with or without variation, an ordinary resolution authorizing certain amendments to the Apollo Stock Option Incentive Plan, the full text of which is attached to the Circular as Schedule B (the **Option Plan Amendment Resolution**);

Proposal 3: conditional upon approval of the Share Issuance Resolution and the Option Plan Amendment Resolution, to consider and, if deemed advisable, approve, with or without variation, a special resolution authorizing the filing of articles of amendment to change the name of Apollo to Brigus Gold Corp., the full text of which is attached to the Circular as Schedule C (the **Name Change Resolution**);

Proposal 4: conditional upon approval of the Share Issuance Resolution and the Option Plan Amendment Resolution, to consider and, if deemed advisable, to approve, with or without variation, a special resolution authorizing the filing of articles of amendment to effect a consolidation of Apollo Shares on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the share consolidation, such amendment to be effected as soon as practicable following consummation of the Arrangement without further approval or authorization of the Apollo Shareholders (the **Share Consolidation Resolution**), the full text of which is attached to the Circular as Schedule D;

Proposal 5: to elect seven directors of Apollo;

Proposal 6: to re-appoint Apollo's independent auditors and to authorize the directors to fix their remuneration;  
Proposal 7: to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution ratifying Apollo's shareholder rights plan (the **Rights Plan Resolution**), the full text of which is attached to the Circular as Schedule E;  
to receive the audited consolidated financial statements of Apollo for the fiscal year ended December 31, 2009, together with the report of the auditors thereon; and

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to transact such further or other business as may properly come before the Apollo Meeting and any adjournments or postponements thereof.

Only Apollo Shareholders of record as of 5:00 p.m. (Toronto time) on May 25, 2010, the record date for the Apollo Meeting (the **Record Date**), will be entitled to receive notice of the Apollo Meeting and to attend and vote at the Apollo Meeting or any adjournments or postponements thereof. This Notice is accompanied by the Circular, a letter of transmittal discussed below and a form of proxy. This Notice, the Circular, form of proxy and letter of transmittal are first being mailed to Apollo Shareholders on or about June 3, 2010.

The Circular provides additional information relating to the matters to be dealt with at the Apollo Meeting and is deemed to form part of this Notice. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Apollo Meeting will be held at a time and place to be specified either by Apollo before the Apollo Meeting or by the chairman at the Apollo Meeting.

Registered Apollo Shareholders should complete the accompanying letter of transmittal in accordance with its instructions, sign it and return it to CIBC Mellon Trust Company in the envelope provided, together with the certificates representing their Apollo Shares. The letter of transmittal contains complete instructions for registered Apollo Shareholders on how to exchange the certificate(s) representing their current Apollo Shares and receive their new Apollo Shares which will reflect the share consolidation and name change. Registered Apollo Shareholders will not actually receive their new certificate(s) until after the share consolidation and name change are approved and completed and they have returned their properly completed documents, including the letter of transmittal and the certificate(s) representing their Apollo Shares to CIBC Mellon Trust Company.

Dated this 26<sup>th</sup> day of May, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

*R. David Russell* (signed)

R. David Russell  
President and Chief Executive Officer

**Your vote is important. Accordingly, please complete, sign and return the enclosed proxy card or submit your proxy by facsimile according to the instructions on the proxy card. If you have any questions or need assistance, please call the Laurel Hill Advisory Group, which is assisting Apollo in its solicitation efforts, toll-free at (888) 987-3940. For additional information regarding voting your shares, see the section of the Circular entitled General Information Concerning The Apollo Meeting beginning on page 37 of the Circular.**

## **IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 24, 2010.**

**The Notice of Annual and Special Meeting, Circular, Proxy and Apollo's Annual Report for the Fiscal Year Ended December 31, 2009 are available at <http://www.apollogold.com/en/AGM2010.htm>.**



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## GLOSSARY OF TERMS

**ABCA** means the *Business Corporations Act* (Alberta) and the regulations made thereunder, as promulgated or amended from time to time.

**Amalgamation** means the transaction pursuant to which Linear and Apollo Sub shall be amalgamated and continue as one unlimited liability corporation under the ABCA.

**AMEX** means the NYSE Amex Equities.

**Apollo Board** means the board of directors of Apollo, including (unless the context indicates otherwise) the board of directors of the combined company following consummation of the Arrangement.

**Apollo Fairness Opinion** means the written fairness opinion of Haywood Securities dated March 9, 2010, concluding that the consideration to be paid by Apollo in connection with the Arrangement is fair, from a financial point of view, to the Apollo Shareholders, a copy of which is attached hereto as Schedule L.

**Apollo Meeting** or **Meeting** means the annual and special meeting of Apollo Shareholders to be held on June 24, 2010 at 11:00 a.m. (Denver time), and any adjournments or postponements thereof, for the purposes set forth in the attached Notice of Meeting.

**Apollo Proxy** means the instrument of proxy for Apollo accompanying this Circular.

**Apollo Replacement Options** means the stock options to be issued to former optionholders of Linear pursuant to the Arrangement.

**Apollo Replacement Warrants** means the warrants to be issued to former warrantholders of Linear pursuant to the Arrangement.

**Apollo Shareholder Approval** means the approval of the Share Issuance Resolution and the Option Plan Amendment Resolution by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

**Apollo Shareholders** means, at the relevant time(s), the holders of Apollo Shares.

**Apollo Shares** means common shares in the capital of Apollo, including (unless the context indicates otherwise) shares of the combined company following consummation of the Arrangement.

**Apollo Special Committee** means the special committee of independent directors of Apollo, comprised of Messrs. Stott, Peat, Kaiser and Vaughan, established to consider, among other things, the proposed Arrangement and the Share Issuance.

**Apollo Stock Option Incentive Plan** or **Stock Option Incentive Plan** means the stock option incentive plan of Apollo adopted in December 2003 and amended and restated as of May 16, 2009.

**Apollo Sub** means 1526735 Alberta ULC, a wholly owned subsidiary of Apollo incorporated as an unlimited liability corporation under the ABCA for the purpose of effecting the Arrangement.

**Apollo** means Apollo Gold Corporation, a corporation continued under the Laws of the Yukon Territory pursuant to the provisions of the YBCA.

**Arrangement** means the proposed arrangement under the provisions of section 193 of the ABCA upon the terms and conditions set forth in the Plan of Arrangement and any amendments thereto made in accordance with Article 7 of the Arrangement Agreement and Article 7 of the Plan of Arrangement or the direction of the Court in the Final Order.

**Arrangement Agreement** means the Arrangement Agreement dated March 31, 2010 among Linear, Apollo and Apollo Sub, a copy of which is attached hereto as Schedule F, and any amendments thereto or amendments and restatements thereof.

**Arrangement Resolution** means the special resolution of the Linear Shareholders approving the Arrangement.

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- Articles of Arrangement** means articles of amalgamation in respect of the Arrangement required by the ABCA to be filed with the Registrar after the Final Order is made.
- Binding LOI** means the binding letter of intent dated March 9, 2010 between Apollo and Linear setting out the principal terms of the Arrangement, as amended by amendment no. 1 dated March 18, 2010.
- Business Day** means a day, other than a Saturday or a Sunday or a statutory or civic holiday in Halifax, Nova Scotia and Denver, Colorado.
- Canadian GAAP** means Canadian generally accepted accounting principles.
- CBCA** means the *Canada Business Corporations Act* and the regulations made thereunder, as promulgated or amended from time to time.
- CIM Standards** means the Definition Standards for Mineral Resources and Mineral Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council on December 11, 2005.
- Circular** means this management information circular, including the Notice of Meeting and all Schedules attached hereto and all documents incorporated by reference herein, and all amendments hereof, sent to the Apollo Shareholders in connection with the Apollo Meeting.
- Completion Deadline** means the date by which the transactions contemplated by the Arrangement Agreement are to be completed, which date shall be no later than July 2, 2010.
- Continuance** means the proposed continuance of Linear from the Canadian federal jurisdiction into the Province of Alberta in order to facilitate the Arrangement.
- Continuance Resolution** means the special resolution of the Linear Shareholders approving the Continuance.
- Court** means the Court of Queen's Bench of Alberta.
- Dissent Procedures** means the dissent procedures set out in Section 190 of the CBCA in respect of the Continuance and Section 191 of the ABCA in respect of the Arrangement, required to be complied with by Dissenting Shareholders in order to exercise Dissent Rights, as qualified in their entirety by the text of the Interim Order.
- Dissent Rights** means the rights of registered shareholders of Linear to dissent in respect of the Continuance or the Arrangement, as applicable, in compliance with the Dissent Procedures.
- Dissenting Shareholder** means a registered shareholder of Linear who dissents in respect of the Continuance or the Arrangement, as applicable, in strict compliance with the Dissent Rights.
- EDGAR** means the Electronic Data Gathering Analysis and Retrieval system, maintained by the SEC.
- Effective Date** means the date shown on the Articles of Arrangement issued under the ABCA giving effect to the Arrangement.
- Effective Time** means 5:00 p.m. (Toronto time) on the Effective Date.

**Exchange Ratio** means 5.4742 Apollo Shares for each Linear Share.

**Final Order** means the order of the Court pursuant to section 193 of the ABCA approving the Arrangement, as such order may be amended at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed.

**Former Linear Shareholder** means a Linear Shareholder immediately following the Effective Time.

**Governmental Authority** means and includes, without limitation, any national, federal, provincial, state, county or municipal government, governmental or public department, court, tribunal, commission, board, bureau or agency or any political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.



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**Haywood Securities Engagement Letters** means the letter agreements dated December 30, 2009 and April 15, 2010 between the Apollo Special Committee and Haywood Securities pursuant to which Haywood Securities was retained to act as financial advisor to the Apollo Special Committee and provide the Apollo Fairness Opinion.

**Haywood Securities** means Haywood Securities Inc. in its capacity as financial advisor to the Apollo Special Committee.

**Indicated Mineral Resource** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

**Inferred Mineral Resource** means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

**Insider** has the meaning ascribed to such term in the *Securities Act* (Ontario).

**Interim Order** means the interim order of the Court dated May 25, 2010, as such order may be amended, with respect to the Arrangement providing for, among other things, the calling and holding of the Linear Meeting, a copy of which is attached hereto as Schedule I.

**Laws** means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, directives, instruments, policies, notices, directions and judgments or other requirements of any Governmental Authority.

**Linear Board** means the board of directors of Linear.

**Linear Circular** means the notice and management information circular (and all schedules and exhibits thereto and documents incorporated by reference therein) sent to the Linear Shareholders in connection with the Linear Meeting.

**Linear Listed Warrants** means, collectively, an aggregate of up to 5,203,750 Linear Warrants that were issued pursuant to the common share purchase warrant indenture dated November 19, 2009 between Linear and Computershare Trust Company of Canada, and are listed for trading on the TSX.

**Linear Meeting** means the special meeting of Linear Shareholders to be held on June 24, 2010 and any adjournments or postponements thereof, for the purpose of Linear Shareholders considering and, if deemed advisable, approving the Continuance Resolution and the Arrangement Resolution.

**Linear Optionholders** means the holders of Linear Options.

**Linear Options** means the outstanding options issued pursuant to the Linear Stock Option Plan.

**Linear Shareholder Approval** means the approval of the Continuance Resolution and the Arrangement Resolution by the Linear Shareholders present in person or represented by proxy at the Linear Meeting.

**Linear Shareholders** means, at the relevant time(s), the holders of Linear Shares.

**Linear Shares** means the outstanding common shares in the capital of Linear.

**Linear Stock Option Plan** means the stock option plan of Linear adopted on September 29, 2006.

**Linear Warrantholders** means the holders of Linear Warrants.

**Linear Warrants** means the outstanding common share purchase warrants of Linear.

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**Linear** means Linear Gold Corp., a corporation incorporated under the federal Laws of Canada.

**Material Adverse Change** when used in connection with an entity means any change (or any condition, event or development involving a prospective change) in the business, affairs, operations, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of such entity which has or is reasonably likely to have a Material Adverse Effect on such entity and its parent (if applicable) or subsidiaries, taken as a whole.

**Material Adverse Effect** when used in connection with an entity means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of such entity and its parent (if applicable) or subsidiaries, taken as a whole.

**Measured Mineral Resource** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

**Mineral Reserve** means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

**Mineral Resource** means a concentration or occurrence of natural solid inorganic material or natural solid fossilized organic material, including base and precious metals, in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

**Name Change Resolution** means the special resolution of the Apollo Shareholders, substantially in the form attached hereto as Schedule C, approving the Name Change.

**Name Change** means the proposed change of the name of Apollo to Brigus Gold Corp. upon completion of the Arrangement.

**NI 43-101** means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

**Notice of Meeting** means the notice in respect of the Apollo Meeting, as the context requires, accompanying this Circular.

**Option Plan Amendment Resolution** means the ordinary resolution of Apollo Shareholders approving certain amendments to the Apollo Stock Option Incentive Plan required in order to facilitate the Arrangement, all as more particularly described in this Circular.

**Party** or **party** means either Linear, Apollo or Apollo Sub and **Parties** or **parties** means all of Linear, Apollo and Apollo Sub.

**Plan of Arrangement** means the plan of arrangement substantially in the form attached hereto as Schedule G and any amendment or variation thereto made in accordance with its provisions, Article 7 of the Arrangement Agreement or upon the direction of the Court in the Final Order.

**Private Placement** means the issuance from treasury of 62,500,000 Apollo Shares to Linear on March 18, 2010 at a price of Cdn.\$0.40 per Apollo Share for aggregate gross proceeds of Cdn.\$25,000,000.

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**Probable Mineral Reserve** means the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**Project Facility Agreement** means the agreement among Apollo, the Project Lenders and RMB Resources Inc. dated February 20, 2009, as amended, relating to the Apollo credit facility in respect of the Black Fox project.

**Project Lenders** means, collectively, Macquarie Bank Limited and RMB Australia Holdings Limited, being the lenders to Apollo under the Project Facility Agreement.

**Proven Mineral Reserve** means the economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

**Record Date** means 5:00 p.m. (Toronto time) on May 25, 2010.

**Registered Shareholder** means a registered holder of Apollo Shares as recorded in the shareholder register of Apollo as maintained by its transfer agent.

**Registrar** means the Registrar of Corporations or Deputy Registrar of Corporations appointed pursuant to Section 263 of the ABCA.

**Resigning Directors** means R. David Russell, Robert W. Babensee, G. Michael Hobart, and W.S. (Steve) Vaughan, each a current director of Apollo who will resign from the Apollo Board upon closing of the Arrangement.

**Rights Plan Resolution** means the special resolution of the Apollo Shareholders, substantially in the form attached hereto as Schedule E, ratifying the Shareholder Rights Plan.

**SEC** means the United States Securities and Exchange Commission and includes any successor thereto.

**SEDAR** means the System for Electronic Document Analysis and Retrieval, maintained by the Canadian Securities Administrators.

**Share Consolidation** means the share consolidation of Apollo Shares on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the share consolidation.

**Share Consolidation Resolution** means the special resolution of the Apollo Shareholders, substantially in the form attached hereto as Schedule D, approving the Share Consolidation.

**Shareholder** means a Linear Shareholder or Apollo Shareholder, as the context requires.

**Share Issuance** means the issuance of Apollo Shares (including those issuable upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants), Apollo Replacement Options and Apollo Replacement Warrants in connection with the Arrangement.

**Share Issuance Resolution** means the ordinary resolution of the Apollo Shareholders, substantially in the form attached hereto as Schedule A, approving the Share Issuance.

**Shareholder Rights Plan** means the shareholder rights plan of Apollo originally adopted on January 17, 2007.

**subsidiary** means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to such a body corporate, excluding any body corporate in

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respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment.

**TSX** means the Toronto Stock Exchange.

**U.S. Exchange Act** means the United States *Securities Exchange Act of 1934*, and the regulations made thereunder, as promulgated or amended from time to time.

**U.S. GAAP** means United States generally accepted accounting principles.

**U.S. Securities Act** means the United States *Securities Act of 1933*, and the regulations made thereunder, as promulgated or amended from time to time.

**United States** or **U.S.** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

**YBCA** means the *Business Corporations Act (Yukon)* and the regulations made thereunder, as promulgated or amended from time to time.

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## GLOSSARY OF GEOLOGIC TERMS

<b>adularia</b>	a transparent or translucent variety of orthoclase (a monoclinic feldspar)
<b>alloy</b>	a homogeneous mixture or solid solution of two or more metals
<b>breccia</b>	rock consisting of angular fragments of other rocks held together by mineral cement or a fine-grained matrix
<b>call</b>	a financial instrument that provides the right, but not the obligation, to buy a specified number of ounces of gold or silver or of pounds of lead or zinc at a specified price
<b>doré</b>	unrefined gold bullion bars containing various impurities such as silver, copper and mercury, which will be further refined to near pure gold
<b>electrum</b>	an alloy of silver and gold
<b>epithermal</b>	pertaining to mineral veins and ore deposits formed from warm waters at shallow depth
<b>fault</b>	a rock fracture along which there has been displacement
<b>feasibility study</b>	a definitive engineering and economic study addressing the viability of a mineral deposit taking into consideration all associated technical factors, costs, revenues, and risks
<b>fold</b>	a curve or bend of a planar structure such as rock strata, bedding planes, foliation, or cleavage
<b>formation</b>	a distinct layer of sedimentary rock of similar composition
<b>geotechnical</b>	the study of ground stability
<b>grade</b>	quantity of metal per unit weight of host rock
<b>host rock</b>	the rock containing a mineral or an ore body
<b>hydrothermal</b>	the products of the actions of heated water, such as a mineral deposit precipitated from a hot solution
<b>induced</b>	an exploration method which uses either the decay of an excitation voltage (time-domain method) or
<b>polarization</b>	variations in the Earth's resistivity at two different but low frequencies (frequency-domain method).
<b>mafic</b>	pertaining to or composed dominantly of the ferromagnesian rock-forming silicates; said of some igneous rocks and their constituent minerals
<b>mapping or geologic mapping</b>	the recording of geologic information such as the distribution and nature of rock units and the occurrence of structural features, mineral deposits, and fossil localities
<b>metamorphism</b>	the process by which rocks are altered in composition, texture, or internal structure by extreme heat, pressure, and the introduction of new chemical substances
<b>metasediment</b>	a sediment or sedimentary rock that shows evidence of having been subjected to metamorphism
<b>mineral</b>	a naturally formed chemical element or compound having a definite chemical composition and, usually, a characteristic crystal form
<b>mineralization</b>	a natural occurrence in rocks or soil of one or more metal yielding minerals
<b>mining</b>	the process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product. Exploration continues during the mining process and, in many cases, mineral reserves are expanded during the life of the mine operations as the exploration potential of the deposit is realized.



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	<b>National Instrument 43-101</b>	Canadian standards of disclosure for mineral projects
<b>open pit</b>	mineral bearing rock that can be mined and treated profitably under current or immediately foreseeable economic conditions	surface mining in which the ore is extracted from a pit or quarry, the geometry of the pit may vary with the characteristics of the ore body
<b>ore</b>		
	<b>ore body</b>	a mostly solid and fairly continuous mass of mineralization estimated to be economically mineable
	<b>outcrop</b>	that part of a geologic formation or structure that appears at the surface of the earth
<b>petrographic</b>		the systematic classification and description of rocks, especially by microscopic examinations of thin sections
<b>put</b>		a financial instrument that provides the right, but not the obligation, to sell a specified number of ounces of gold or of pounds of lead or zinc at a specified price
	<b>pyrite</b>	common sulfide of iron
	<b>quartz</b>	a mineral composed of silicon dioxide, SiO <sub>2</sub> (silica)
<b>reclamation</b>		the process by which lands disturbed as a result of mining activity are modified to support beneficial land use. Reclamation activity may include the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings storage facilities, leach pads and other mine features, and contouring, covering and re-vegetation of waste rock and other disturbed areas.
<b>reclamation and closure costs</b>		the cost of reclamation plus other costs, including without limitation certain personnel costs, insurance, property holding costs such as taxes, rental and claim fees, and community programs associated with closing an operating mine
<b>recovery rate</b>		a term used in process metallurgy to indicate the proportion of valuable material physically recovered in the processing of ore, generally stated as a percentage of the material recovered compared to the total material originally present
<b>SEC Industry Guide 7</b>		U.S. reporting guidelines that apply to registrants engaged or to be engaged in significant mining operations
<b>sedimentary rock</b>		rock formed at the earth's surface from solid particles, whether mineral or organic, which have been moved from their position of origin and redeposited
	<b>stockwork</b>	a complex system of structurally controlled or randomly oriented veins
<b>strike</b>		the direction or trend that a structural surface, e.g. a bedding or fault plane, takes as it intersects the horizontal
	<b>strip</b>	to remove overburden in order to expose ore
<b>sulfide</b>		a mineral including sulfur (S) and iron (Fe) as well as other elements; metallic sulfur-bearing mineral often associated with gold mineralization
	<b>vein</b>	a thin, sheet-like crosscutting body of hydrothermal mineralization, principally quartz
<b>volcanic rock</b>		originally molten rocks, generally fine grained, that have reached or nearly reached the earth's surface before solidifying

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For ease of reference, the following conversion factors are provided:

1 acre	= 0.4047 hectare	1 mile	= 1.6093 kilometers
1 foot	= 0.3048 meter	1 troy ounce	= 31.1035 grams
	=		
1 gram per metric tonne	0.0292 troy ounce/short ton	1 square mile	= 2.59 square kilometers
1 short ton (2000 pounds)	= 0.9072 tonne	1 square kilometer	= 100 hectares
			=
1 tonne	= 1,000 kg or 2,204.6 lbs	1 kilogram	2.204 pounds or 32.151 troy oz
1 hectare	= 10,000 square meters	1 hectare	= 2.471 acres

The following abbreviations could be used herein:

Ag	= silver	m	= meter
Au	= gold	m(2)	= square meter
Au g/t	= grams of gold per tonne	m(3)	= cubic meter
g	= gram	Ma	= million years
ha	= hectare	Oz	= troy ounce
km	= kilometer	Pb	= lead
km(2)	= square kilometers	t	= tonne
kg	= kilogram	T	= ton
lb	= pound	Zn	= zinc

Note: All units in this Circular are stated in metric measurements unless otherwise noted.

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## NOTICE TO UNITED STATES SHAREHOLDERS

The Apollo securities to be issued in connection with the Arrangement have not been registered under the U.S. Securities Act or any U.S. state securities Laws and, to the extent that registration would otherwise be required under Section 5 of the U.S. Securities Act, are being issued in reliance on the exemption from such registration requirements set forth in Section 3(a)(10) thereof on the basis of the approval of the Court. Each of Apollo, Linear and Apollo Sub is a corporation existing under the Laws of Yukon, Canada and Alberta, respectively. The transactions contemplated in this Circular involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate Laws. Residents of the United States should be aware that such requirements differ from such requirements under the Laws of the United States and the states thereof.

Likewise, information in this Circular or in the documents incorporated by reference herein concerning the properties and operations of Apollo and Linear has been prepared in accordance with Canadian standards under applicable Canadian securities Laws, which differ from the requirements of U.S. securities Laws. The terms *Mineral Resource*, *Measured Mineral Resource*, *Indicated Mineral Resource* and *Inferred Mineral Resource* used in this Circular or in the documents incorporated by reference herein are Canadian mining terms as defined in accordance with NI 43-101 under guidelines set out in the CIM Standards.

While the terms *Mineral Resource*, *Measured Mineral Resource*, *Indicated Mineral Resource* and *Inferred Mineral Resource* are recognized and required by Canadian securities regulations, they are not recognized by the SEC.

Pursuant to United States standards as promulgated by the SEC under Industry Guide 7 ( **SEC Industry Guide** ), mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. *Inferred Mineral Resource* has a great amount of uncertainty as to its existence, as to whether they can be mined and as to its economic and legal feasibility, except in rare cases. It cannot be assumed that all or any part of an *Inferred Mineral Resource* will ever be upgraded to a higher category. Under Canadian securities regulations, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies, except in rare cases. **Readers are cautioned not to assume that all or any part of a *Measured Mineral Resource* or *Indicated Mineral Resource* will ever be converted into Mineral Reserves. Readers are also cautioned not to assume that all or any part of an *Inferred Mineral Resource* exists, or is economically or legally mineable.** Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC generally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. As such, certain information contained in this Circular or in the documents incorporated by reference herein concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by United States companies subject to reporting and disclosure requirements of the SEC.

In addition, the definitions of *Proven Mineral Reserves* and *Probable Mineral Reserves* under CIM standards differ in certain respects from the U.S. standards. Apollo's Proven and Probable Mineral Reserves are estimated in accordance with definitions set forth in NI 43-101 and on a basis consistent with the definition of Proven and Probable Mineral Reserves set forth in SEC Industry Guide 7. Because Apollo reports its Mineral Reserves to both NI 43-101 and SEC Industry Guide 7 standards, it is possible for its reserve estimates to vary between the two. Where such a variance occurs it will arise from the differing requirements for reporting Mineral Reserves set forth by the different reporting authorities to which Apollo is subject.

The enforcement by Apollo Shareholders of civil liabilities under the United States federal securities Laws may be affected adversely by the fact that both Linear and Apollo are organized under the Laws of Canada, that some or all of their officers and certain directors and the experts named herein may be resident in jurisdictions outside the United

States, and that all or a substantial portion of the assets of Linear and Apollo and such persons are located outside the United States. Accordingly, you may not be able to sue a foreign company or its officers or directors in a court outside the United States for violations of U.S. securities Laws. In addition, it may be difficult to compel a foreign company and its affiliates to subject themselves to judgment by a U.S. court.

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## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Circular and the documents incorporated by reference herein contain certain forward-looking statements and forward-looking information under applicable securities Laws. Except for statements of historical fact, certain information contained in this Circular and the documents incorporated by reference herein, constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as may, could, will, shall, might, plan, expect, project, schedule, forecast, budget, intend, believe, anticipate, similar words, or statements that certain events or conditions may, could, would, might or will occur. Forward-looking statements include, without limitation, statements with respect to future development, future production, advancement towards feasibility, future cash flows, cash costs, strip ratios, grade, mill capacities, recovery costs, mine life, the estimation of commodity prices, the estimation of Mineral Reserves and resources, the realization of Mineral Reserve and Resource estimates, costs of exploration activities, the success of exploration activities, permitting time lines, costs of production, currency exchange rate fluctuations, expected capital expenditures, requirements for additional capital, government regulation of mining activities, environmental risks, unanticipated reclamation expenses, title disputes or claims, aboriginal disputes or claims, limitations on insurance coverage, the sufficiency of current working capital and anticipated operating cash flow, the sufficiency of Mineral Reserves and Resources and estimated exploration expenditures to be incurred on Linear's and/or Apollo's properties, compliance with environmental standards, timing of regulatory approvals and other matters related to the completion of the Arrangement.

Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Linear and Apollo and there is no assurance they will prove to be correct. These factors include, but are not limited to, the risks and uncertainties relating to, among other things, changes in commodity prices, currency fluctuations, financing, unanticipated Mineral Reserve and Resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as those factors discussed under the section entitled Risk Factors in Apollo's Form 10-K dated March 17, 2010 which is incorporated by reference herein.

There are also certain risks related to the consummation of the Arrangement including, but not limited to, the risk that the businesses of Linear and Apollo may not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; the risk that the expected benefits may not be fully realized or not realized within the expected time frame; and other risks discussed in this Circular or in the documents incorporated by reference herein. Although Apollo has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The information contained in this Circular, including the information under the heading Risk Factors identifies additional factors that could affect the operations, results and performance of Apollo.

Readers are urged to carefully consider these factors. Apollo undertakes no obligations to update forward-looking statements if circumstances or managements' respective estimates or opinions change except as required by applicable securities Laws. The reader is cautioned not to place undue reliance on forward-looking statements.



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Unless otherwise indicated, all references to \$, US\$ or U.S. dollars in this Circular refer to United States dollars and all references to Cdn.\$ or Canadian dollars in this Circular refer to Canadian dollars. The financial statements of Linear are reported in Canadian dollars and prepared in accordance with Canadian GAAP. The financial statements of Apollo that are incorporated by reference herein are reported in United States dollars and prepared in accordance with U.S. GAAP.

The following table sets out the high, low, average and closing exchanges rates for Canadian dollars in terms of United States dollars for each of the three years ended December 31, 2009:

	Year Ended December 31 (US\$)		
	2007 <sup>(1)</sup>	2008 <sup>(1)</sup>	2009 <sup>(1)</sup>
High	1.0905	1.0289	0.9695
Low	0.8437	0.7711	0.7653
Average	0.9304	0.9381	0.8706
Closing	1.0120	0.8166	0.9564

(1) Using the daily noon rates for each period.

On May 25, 2010, the exchange rate for one Canadian dollar expressed in United States dollars, based upon the noon buying rates provided by the Bank of Canada, was US\$0.9278 (US\$1.00 = Cdn.\$1.0778).

**INFORMATION CONTAINED IN THIS CIRCULAR**

The information contained in this Circular is given as at May 26, 2010 except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein.

No person has been authorized by Apollo to give any information or to make any representation in connection with the Arrangement, the Share Issuance and any other matters described herein other than that contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Apollo or Linear.

Certain information pertaining to Linear included or described herein (including financial statements of Linear) has been provided by or on behalf of Linear or is based on publicly available documents and records on file with the relevant Canadian provincial securities regulators and other public sources. Linear has reviewed this Circular and confirmed the accuracy and completeness of the information in respect of Linear herein. Although Apollo does not have any knowledge that would indicate that any such information is inaccurate or incomplete, Apollo assumes no responsibility for the accuracy or completeness of such information, nor for the failure by Linear to disclose events which may have occurred or which may affect the completeness or accuracy of such information but which is unknown to Apollo.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

**Information contained in this Circular should not be construed as legal, tax or financial advice and Apollo Shareholders are urged to consult their own professional advisors in connection herewith.**



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## **QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT AND THE APOLLO MEETING**

### **Q: What is the Arrangement?**

A: Apollo and Linear are proposing to engage in a business combination transaction pursuant to which Apollo will acquire all of Linear's outstanding common shares and Linear will amalgamate with Apollo Sub and the amalgamated corporation will become a wholly owned subsidiary of Apollo. The transaction will be carried out pursuant to (i) the Arrangement Agreement dated March 31, 2010 among Linear, Apollo and Apollo Sub, and (ii) a Court-approved arrangement under section 193 of the *Business Corporations Act* (Alberta), which we refer to herein as the Plan of Arrangement. The Arrangement Agreement and Plan of Arrangement provide that Apollo will acquire (i) each outstanding Linear Share (other than those held by Linear Shareholders who properly exercise their Dissent Rights) in exchange for 5.4742 Apollo Shares, (ii) each outstanding Linear Warrant in exchange for an Apollo Replacement Warrant and (iii) each outstanding Linear Option in exchange for an Apollo Replacement Option. In addition, pursuant to the Arrangement Agreement and the Plan of Arrangement, Apollo Sub and Linear will be amalgamated and continue as one unlimited liability corporation under the ABCA.

When the term **transaction** is used throughout this Circular, it means the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement.

### **Q: Why is Apollo proposing to combine its business with Linear's?**

A: Apollo is proposing to combine its business with Linear's because Apollo believes that a combination allows Apollo to materially reduce Black Fox project debt levels, provides immediate capital to fund the new underground development at Black Fox as well as an aggressive exploration program at Grey Fox and Pike River to advance towards feasibility in the near term and expands Apollo's portfolio of quality exploration assets to include Linear's Goldfields Project in northern Saskatchewan, Canada, its properties in the Chiapas area of southern Mexico and the Ampliacion Pueblo Viejo II property in the Dominican Republic.

### **Q: Why am I receiving this Circular and Apollo Proxy card or form of Apollo Proxy?**

A: You are receiving this Circular and Apollo Proxy or form of Apollo Proxy because you own Apollo Shares.

### **Q: What will happen to Apollo Shares in the Arrangement?**

A: Nothing. Each Apollo Share outstanding will remain outstanding as a share of Apollo common stock.

### **Q: What will happen to Apollo Shares if Apollo Shareholders approve the Share Issuance Resolution, the Option Plan**

## **Amendment Resolution and the Share Consolidation Resolution?**

A: As soon as practicable following consummation of the Arrangement, the number of Apollo Shares will be consolidated on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the Share Consolidation. The Share Consolidation will affect all Apollo Shareholders uniformly and will not affect any Apollo Shareholder's percentage ownership interests or proportionate voting power, except to the extent that the Share Consolidation results in any Apollo Shareholders owning a fractional Apollo Share (in which case each fractional Apollo Share that is less than one-half of one Apollo Share will be cancelled without any compensation therefor and each fractional Apollo Share that is at least one-half of one Apollo Share will be adjusted upward to one whole Apollo Share). Following the Share Consolidation, the Apollo Shares will have the same voting rights and rights to dividends and distributions, if any, and will be identical in all other respects to the Apollo Shares now authorized.

## **Q: How do I obtain a new share certificate or certificates for my Apollo Shares that reflect the Share Consolidation and Name Change?**

A: Registered Apollo Shareholders should complete the accompanying letter of transmittal in accordance with its instructions, sign it and return it to CIBC Mellon Trust Company in the envelope provided, together with the certificates representing their Apollo Shares. The letter of transmittal contains complete instructions for registered Apollo Shareholders on how to exchange the certificate(s) representing their current Apollo Shares and receive their new share certificates which will reflect the Share Consolidation and Name Change. Registered Apollo Shareholders will not actually receive their new certificate(s) until after the Share Consolidation and Name Change are approved and completed and they have returned their properly completed documents, including the letter of transmittal and the certificate(s) representing their Apollo Shares to CIBC Mellon Trust Company.

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**Q: When does Apollo expect to complete the Arrangement?**

A: Apollo expects to complete the transaction toward the end of the second quarter of calendar year 2010. Because the transaction is subject to securityholder, governmental and regulatory approvals and other conditions, some of which are beyond the control of Apollo and Linear, the exact timing of completion of the transaction cannot be predicted.

**Q: Who will manage the combined company after the Arrangement?**

A: Following consummation of the Arrangement, the Apollo Board will consist of seven directors, which will be composed of (i) three Apollo designees (currently expected to be Marvin K. Kaiser, David W. Peat and Charles E. Stott); (ii) three Linear designees (including Wade Dawe, the current president and chief executive officer of Linear, who would be appointed as the chairman of the Apollo Board) and (iii) one nominee who would be a technical person mutually agreed upon by Apollo and Linear. In addition, upon consummation of the Arrangement, R. David Russell will resign as president and chief executive officer of Apollo and Wade Dawe will be appointed president and chief executive officer of Apollo.

**Q: What is the role of Canadian courts in the Arrangement?**

A: Under the *Business Corporations Act* (Alberta) (which we refer to in this Circular as the ABCA), an Alberta court must approve the Plan of Arrangement. If Linear Shareholders approve the Continuance Resolution and the Arrangement Resolution and Apollo Shareholders approve the Share Issuance Resolution and the Option Plan Amendment Resolution, the Court will hold a hearing regarding the Final Order. The Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Court's approval of the fairness of the Plan of Arrangement will serve as the basis for an exemption from the registration requirements of the U.S. Securities Act for the issuance of the Apollo Shares, Apollo Replacement Options and Apollo Replacement Warrants to the Linear Shareholders, Linear Optionholders and Linear Warrant holders in connection with the Arrangement.

**Q: On what am I being asked to vote?**

A: Apollo Shareholders are being asked to approve the following proposals:

Proposal 1: Apollo Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution, the full text of which is attached to this Circular as Schedule A, approving the issuance of Apollo Shares, including the Apollo Shares issuable upon exercise of the Apollo Replacement Warrants and Apollo Replacement Options, the Apollo Replacement Warrants and the Apollo Replacement Options, in each case in connection with the Plan of Arrangement, pursuant to which Linear would amalgamate with Apollo Sub and the amalgamated corporation would continue as a wholly owned subsidiary of Apollo and securityholders of Linear will become securityholders of Apollo in accordance with the Arrangement Agreement, all as more particularly set forth in this Circular.

Proposal 2: Conditional upon approval of Proposal 1, Apollo Shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, an ordinary resolution authorizing certain amendments to the Apollo Stock Option Incentive Plan.

Q: How do I obtain a new share certificate or certificates for my Apollo Shares that reflect the Share Consolidation a

Proposal 3: Conditional upon approval of Proposals 1 and 2, Apollo Shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, a special resolution authorizing the filing of articles of amendment to change the name of Apollo to Brigus Gold Corp.

Proposal 4: Conditional upon approval of Proposals 1 and 2, Apollo Shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, a special resolution authorizing the filing of articles of amendment to effect a consolidation of Apollo Shares as soon as practicable following consummation of the Arrangement on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the Share Consolidation.

Proposal 5: Apollo Shareholders will be asked to elect seven directors of Apollo. Each director, if

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elected, will serve for a one-year term and until his successor shall be elected and qualified, subject, however, to such director's prior death, resignation, retirement, disqualification or removal from office. However, if the Arrangement is approved and consummated, as contemplated by and pursuant to the Arrangement Agreement and the Plan of Arrangement, (i) it is currently contemplated that Messrs. Russell, Babensee, Hobart and Vaughan will resign as directors of Apollo and (ii) the remaining Apollo directors would appoint Wade Dawe, Michael Gross, Derrick Gill and a nominee who would be a technical person mutually agreed upon by Apollo and Linear to fill the remaining vacancies created by such resignations. As a result thereof, if the Arrangement is consummated, it is expected that the Apollo Board would consist of seven directors, which would be composed of (i) Messrs. Kaiser, Peat and Stott (three Apollo designees); (ii) Wade Dawe (who would be Chairman of the Apollo Board), Michael Gross and Derrick Gill (three Linear designees) and (iii) a technical person mutually agreed upon by Apollo and Linear.

Proposal 6: Apollo Shareholders will be asked to re-appoint Apollo's independent auditors and to authorize the directors to fix their remuneration.

Proposal 7: Apollo Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution ratifying Apollo's shareholder rights plan.

Apollo Shareholder approval of the Share Issuance Resolution is not required under Canadian corporate law or Apollo's constating documents or by-laws, but is required by the rules and regulations of AMEX and TSX. In order for the Arrangement to be consummated, Apollo Shareholders must approve the Share Issuance Resolution and the Option Plan Amendment Resolution. Apollo Shareholder approval of the Share Consolidation Resolution and the Name Change Resolution is required by the YBCA. Apollo Shareholder ratification of Apollo's shareholder rights plan is required by the terms of the rights plan. Apollo Shareholder approval of the amendments to the Apollo Stock Option Incentive Plan is required by the rules and regulations of AMEX and TSX.

### **Q: Why am I being asked to elect seven directors of Apollo if some of those directors are being replaced upon consummation of the Arrangement?**

A: Apollo is nominating seven directors for election to the Apollo Board so that it will have, if elected, seven directors in the event that the Arrangement is not consummated for any reason. If the Arrangement is consummated, it is currently contemplated that Messrs. Russell, Babensee, Hobart and Vaughan will resign as directors of Apollo and the remaining Apollo directors would appoint Wade Dawe, Michael Gross, Derrick Gill and a nominee who would be a technical person mutually agreed upon by Apollo and Linear to fill the vacancies created by such resignations. If the Arrangement is not consummated, each of the seven directors nominated for election to the Apollo Board in this Circular would serve for a one-year term and until his successor is elected and qualified, subject to such director's prior death, resignation, retirement, disqualification or removal from office.

### **Q: What vote is required to approve the proposals included in the Circular?**

A:

Proposal 1: The Share Issuance Resolution must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting. For the purposes of voting on the Share Issuance Resolution, a total of 62,500,000 Apollo Shares held by Linear (representing approximately 18.5% of the currently issued and outstanding Apollo Shares) will be excluded from voting.

Proposal 2: The amendments to the Apollo Stock Option Incentive Plan must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

Proposal 3: The Name Change Resolution must be approved by at least two-thirds of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

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Proposal 4: The Share Consolidation Resolution must be approved by at least two-thirds of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

Proposal 5: The election of the directors nominated must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

Proposal 6: The re-appointment of Deloitte & Touche LLP and approval of the resolution authorizing the directors to fix the remuneration of the auditors must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

Proposal 7: Apollo's shareholder rights plan must be ratified by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

### **Q: Who can vote?**

A: Only Apollo Shareholders who hold Apollo Shares at the close of business on the record date, which is May 25, 2010, will be entitled to vote at the Apollo Meeting. Apollo Shares constitute the only class of Apollo capital stock entitled to vote at the Apollo Meeting.

### **Q: How does the Apollo Board recommend that I vote on the proposals?**

A: The Apollo Board unanimously recommends that you vote **FOR** approval of each of the proposals.

### **Q: How do I vote my Apollo Shares?**

A: You should carefully read and consider the information contained in or incorporated by reference into this Circular, including the schedules. You should also determine whether you hold your Apollo Shares directly in your name as a Registered Shareholder or through a broker, investment dealer, bank, trust company or other nominee, because this will determine the procedure that you must follow in order to vote. If you are a Registered Shareholder of Apollo (that is, if you hold your Apollo Shares in certificate form), you may vote in any of the following ways:

in person at the Apollo Meeting complete and sign a ballot at the Apollo Meeting;  
by mail complete, sign and date the enclosed Apollo Proxy and return it as soon as possible to Apollo, c/o CIBC Mellon Trust Company, Attention: Proxy Dept., P.O. Box 721, Agincourt, Ontario M1S 0A1, in the envelope provided for that purpose; or  
by facsimile complete, sign and date the enclosed Apollo Proxy and fax it to 416-368-2502 or toll free fax 1-866-781-3111.

If you are a non-registered holder of Apollo Shares (which for purposes of this Circular means that your Apollo Shares are held in street name), you should instruct your broker, investment dealer, bank, trust company or other nominee to vote your shares by following the instructions provided by them. You may vote in person if you obtain written authorization in your name from your broker, investment dealer, bank, trust company or other nominee. Please contact your broker, investment dealer, bank, trust company or other nominee to determine how to vote by mail and whether you will be able to vote by facsimile, telephone or over the Internet.

If you do not vote, or do not instruct your broker, investment dealer, bank, trust company or other intermediary how to vote, you will not be considered to be represented by proxy for the purpose of approving the matters to be voted upon at the Apollo Meeting (other than in respect of any proposal for which your broker, investment dealer, bank, trust company or other intermediary has discretionary authority to vote your Apollo Shares under applicable law, such as the proposal to re-appoint Deloitte & Touche LLP as Apollo's independent auditors). The Apollo Shares represented by

a properly executed proxy will be voted on any ballot that may be conducted at the Apollo Meeting in accordance with your instructions and, if you specify a choice with respect to any matter to be acted upon, your Apollo Shares shall be voted accordingly. In the absence of instructions your Apollo Shares will be voted **FOR** each of the matters referred to in the Apollo Proxy.



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Proxies must be received no later than 9:00 a.m. (Toronto time) on June 22, 2010, unless the chairman of the Apollo Meeting elects to exercise his discretion to accept proxies subsequently received.

**Q: If my broker holds my shares in street name, will my broker vote my shares for me?**

A: No. If you hold your shares in street name, you will receive instructions from your broker, investment dealer, bank, trust company or other intermediary describing how to vote your Apollo Shares. Generally, if you do not instruct your broker, investment dealer, bank, trust company or other intermediary how to vote your shares, they may not vote your shares.

**Q: What happens if I return my Apollo Proxy but don't indicate how to vote?**

A: If you properly return your Apollo Proxy, but do not include instructions on how to vote, your Apollo Shares will be voted **FOR** each of the matters referred to in the Apollo Proxy. Apollo's management does not currently intend to bring any proposals to the Apollo Meeting other than those described in this Circular. If other proposals requiring a vote of shareholders are brought before the Apollo Meeting in a proper manner, the persons named in the enclosed Apollo Proxy intend to vote the shares they represent in accordance with their best judgment.

**Q: What happens if I don't return my Apollo Proxy or otherwise don't vote?**

A: Your failure to return your Apollo Proxy or otherwise vote will mean that your shares will not be counted toward determining whether a quorum is present at the Apollo Meeting.

**Q: What does it mean if I receive more than one Apollo Proxy?**

A: This means that you own Apollo Shares that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker, or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. It is necessary for you to vote, sign and return all of the proxies you receive in order to vote all of the Apollo Shares you own. If you vote by mail, please make sure you return each proxy in the return envelope that accompanied that Apollo Proxy.

**Q: Can I change my vote after I have voted?**

A: Yes. You can change your vote at any time before your Apollo Shares are voted at the Apollo Meeting.

If you are a registered Apollo Shareholder, you can do this in any of the following ways:

by depositing an instrument in writing executed by the Apollo Shareholder or by the Apollo Shareholder's attorney duly authorized in writing or, if the Apollo Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney either with CIBC Mellon Trust Company, Attention: Proxy Dept., P.O. Box 721,

Agincourt, Ontario, M1S 0A1 (facsimile: 416-368-2502 or toll free facsimile 1-866-781-3111), or at the head office of Apollo at 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220, Attention: Corporate Secretary;

by completing and submitting an Apollo Proxy bearing a later date and depositing it at or mailing it to the offices of CIBC Mellon Trust Company, Attention: Proxy Dept., P.O. Box 721, Agincourt, Ontario, M1S 0A1 (facsimile: 416-368-2502 or toll free fax 1-866-781- 3111);

by voting by facsimile after previously voting or submitting your Apollo Proxy;

by attending the Apollo Meeting and voting in person. Your attendance at the Apollo Meeting alone will not revoke your proxy. You must also vote at the Apollo Meeting in order to revoke your previously submitted proxy; or  
in any other manner permitted by law.

If your shares are held in street name, you must contact your broker or other intermediary and follow the instructions provided to you in order to revoke your Apollo Proxy.

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**Q: Am I entitled to dissenters appraisal rights?**

A: No. Holders of Apollo Shares are not entitled to dissenters appraisal rights in connection with the actions to be taken at the Apollo Meeting. See the section of this Circular under the heading General Information Concerning the Apollo Meeting Dissent Rights beginning on page 40.

**Q: Are there risks I should consider in deciding whether to vote for the Share Issuance Resolution?**

A: Yes. A number of risk factors that you should consider in connection with the transaction are described in the section of this Circular entitled Risk Factors beginning on page 30.

**Q: Who can help answer my questions about the transaction and the Apollo Meeting?**

A: You may call Apollo's proxy solicitor, Laurel Hill Advisory Group, 200-366 Bay Street, Toronto, Ontario, M5H 4B2 at (888) 987-3940 with any questions you may have about the transaction or the Apollo Meeting.

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## **SUMMARY**

*The following information is a summary of certain information contained in this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules hereto and the documents incorporated by reference herein. Capitalized terms in this Summary have the meanings set out in the Glossary of Terms or as set out in this Summary.*

### **Date, Time and Place of Meeting**

The Apollo Meeting will be held at 11:00 a.m. (Denver time) on June 24, 2010 at the Embassy Suites Hotel Denver Tech Center, 10250 East Costilla Avenue, Centennial, Colorado 80112, USA.

### **The Record Date**

The Record Date for determining the Apollo Shareholders entitled to receive notice of and to vote at the Apollo Meeting is as of 5:00 p.m. (Toronto time) on May 25, 2010.

### **Purpose of the Meeting**

The purpose of the Apollo Meeting is (i) to consider and, if deemed advisable, to approve, with or without variation, the Share Issuance Resolution; (ii) conditional upon approval of the Share Issuance Resolution, to consider and, if deemed advisable, approve, with or without variation, the Option Plan Amendment Resolution; (iii) conditional upon approval of the Share Issuance Resolution and the Option Plan Amendment Resolution, to consider and, if deemed advisable, approve, with or without variation, the Name Change Resolution; (iv) conditional upon approval of the Share Issuance Resolution and the Option Plan Amendment Resolution, to consider and, if deemed advisable, approve, with or without variation, the Share Consolidation Resolution; (v) to elect seven directors of Apollo; (vi) to re-appoint Apollo's independent auditors and to authorize the directors to fix their remuneration; (vii) to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution ratifying Apollo's Shareholder Rights Plan; (viii) to receive the audited consolidated financial statements of Apollo for the fiscal year ended December 31, 2009, together with the report of the auditors thereon; and (ix) to transact such further or other business as may properly come before the Apollo Meeting and any adjournments or postponements thereof.

### **Parties to the Arrangement**

#### **Apollo Gold Corporation**

Apollo is engaged in gold mining including extraction, processing, and production, as well as related activities including exploration and development. Apollo was continued pursuant to and is a corporation existing under the provisions of the YBCA. Apollo's registered office is located at 204 Black Street, Suite 300, Whitehorse, Yukon Territory, Canada Y1A 2M9. Apollo maintains its principal executive office at 5655 S. Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220.

Apollo owns Black Fox, an open pit and underground mine and mill located near Matheson in the Province of

Ontario, Canada ( **Black Fox** ). The Black Fox mine site is situated seven miles east of Matheson and the mill complex is twelve miles west of Matheson. Mining of ores from the open pit began in March 2009, milling operations commenced in April 2009, and commercial gold production commenced in late May 2009. Underground mining at Black Fox is expected to commence in the second half of 2010. Apollo also owns the adjoining Grey Fox and Pike River properties, which, together with the Black Fox property, give Apollo a total land package of 17 square kilometers which extends over a 6.5 kilometer strike along the Destor-Porcupine fault zone. Apollo also owns Mexican subsidiaries which own concessions at the Huizopa exploration project, located in the Sierra Madres in Chihuahua, Mexico. The Huizopa project is subject to an 80% Apollo/20% Minas de Coronado joint venture agreement.

Apollo is a reporting issuer in the United States and in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and Yukon Territory. The Apollo Shares trade on the TSX under the symbol **APG** and on the AMEX under the symbol **AGT**.

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See Selected Information Concerning Apollo Gold Corporation beginning on page 77 of this Circular.

**Linear Gold Corp.**

Linear is a corporation incorporated pursuant to the provisions of the CBCA. Linear's registered and head office is located at 2000 Barrington Street, Suite 502, Halifax, Nova Scotia, B3J 3K1. Linear is a reporting issuer in the provinces of Ontario, British Columbia, Alberta, Manitoba, Québec and Nova Scotia. The Linear Shares trade on the TSX under the symbol LRR. Certain public disclosure relating to Linear, including, without limitation, the Linear Circular and other materials filed in connection with the Linear Meeting, may be accessed at [www.sedar.com](http://www.sedar.com).

See Detailed Information About Linear Gold Corp. beginning on page 82 of this Circular.

**General Information Concerning the Apollo Meeting**

Apollo will hold an Annual and Special Meeting on June 24, 2010 at 11:00 a.m. (Denver time). The Apollo Board has fixed 5:00 p.m. (Toronto time) on May 25, 2010 as the record date for determining shareholders entitled to notice of and to vote at the Apollo Meeting.

The proposals to authorize the filing of articles of amendment to (i) change the name of Apollo to Brigus Gold Corp. and (ii) effect a consolidation of Apollo Shares as soon as practicable following consummation of the Arrangement on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the Share Consolidation must each be approved by at least two-thirds of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting. Each other proposal must be approved by a majority of the votes cast on such proposal by Apollo Shareholders present in person or by proxy at the Apollo Meeting. For the purposes of voting on the Share Issuance Resolution, a total of 62,500,000 Apollo Shares held by Linear (representing approximately 18.5% of the currently issued and outstanding Apollo Shares) will be excluded from voting.

The persons named in the enclosed Apollo Proxy are officers and/or directors of Apollo. An Apollo Shareholder has the right to appoint some other person, who need not be an Apollo Shareholder, to represent him or her at the Apollo Meeting and may do so by inserting such person's name in the blank space provided in the enclosed Apollo Proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed applicable proxy at the offices of CIBC Mellon Trust Company, Attention: Proxy Dept., P.O. Box 721, Agincourt, Ontario, M1S 0A1 (facsimile: (416) 368-2502 or toll free facsimile (866) 781-3111).

A quorum of shareholders is necessary to hold a valid Apollo Meeting. Pursuant to Apollo's by-laws, the presence in person or representation by proxy of one or more Apollo Shareholders at any meeting of Apollo Shareholders, holding, in the aggregate, not less than one-third of the outstanding Apollo Shares entitled to vote at the meeting will constitute a quorum. If a quorum is not present at the Apollo Meeting, the meeting may be postponed or adjourned, without notice other than announcement at the Apollo Meeting, until a quorum is present or represented, unless the Apollo Meeting is postponed or adjourned for an aggregate of thirty or more days. At any subsequent reconvening of the Apollo Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Apollo Meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent meeting.

See General Information Concerning the Apollo Meeting beginning on page 37 of this Circular.

## The Arrangement

### General

Apollo and Linear are proposing to engage in a business combination transaction pursuant to which Apollo will acquire all of the Linear Shares and Linear will amalgamate with Apollo Sub and the amalgamated corporation will become a wholly owned subsidiary of Apollo. The transaction will be carried out pursuant to (i) the Arrangement Agreement dated March 31, 2010 among Linear, Apollo and Apollo Sub, and (ii) a Court-approved arrangement under section 193 of the ABCA, which we refer to herein as the Plan of Arrangement. The Arrangement Agreement and Plan of Arrangement provide that Apollo will acquire (i) each outstanding Linear Share (other than those held by Linear Shareholders who properly exercise their

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Dissent Rights) in exchange for 5.4742 Apollo Shares, (ii) each outstanding Linear Warrant in exchange for an Apollo Replacement Warrant and (iii) each outstanding Linear Option in exchange for an Apollo Replacement Option. In addition, pursuant to the Arrangement Agreement and the Plan of Arrangement, Apollo Sub and Linear will be amalgamated and continue as one unlimited liability corporation under the ABCA.

Based on the number of Apollo Shares outstanding on May 25, 2010 (being 275,473,660 Apollo Shares, not including the 62,500,000 Apollo Shares purchased by Linear pursuant to the Private Placement on March 18, 2010), Linear shareholders will hold approximately 46.8% of the approximately 517,556,870 Apollo Shares to be outstanding upon completion of the Arrangement, assuming no dissenting shareholders and no exercise of convertible securities of either Linear or Apollo outstanding subsequent to May 25, 2010 and without giving effect to the Share Consolidation. Linear and Apollo Sub will be amalgamated, the amalgamated corporation will be a wholly owned subsidiary of Apollo, and Linear will cease to be publicly traded. If the required securityholder approvals are received, the Final Order is obtained, every other requirement of the ABCA relating to the Arrangement is complied with and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Arrangement will become effective on the Effective Date. Linear and Apollo currently expect that the Effective Date will be on or about July 2, 2010.

See The Arrangement and The Arrangement Mechanics beginning on pages 42 and 57, respectively.

## **Reasons and Benefits of the Arrangement**

The key strategic benefits identified by the Apollo Special Committee and Apollo Board include:

*Advancing Black Fox* The transaction is expected to allow Apollo to reduce Black Fox project debt levels and provide capital to fund the new underground development at Black Fox as well as an exploration program at Grey Fox and Pike River to advance towards feasibility in the near term.

*Additional Production* The transaction provides a near term development asset in Linear's Goldfields project that is expected to add low-cost production of approximately 70,000 ounces of gold per year by 2013.

*Improved Portfolio of Properties* The transaction expands the portfolio of quality exploration assets to include Linear's Goldfields Project in northern Saskatchewan, Canada, Linear's properties in the Chiapas area of southern Mexico and Linear's Ampliacion Pueblo Viejo II property in the Dominican Republic.

*Participation by Shareholders in the Assets of Linear* Apollo Shareholders, through the combination with Linear, will participate in any increase in the value of the mineral projects and other assets currently owned by Linear.

*Improved Balance Sheet and Enhanced Financial Flexibility* The transaction and related Private Placement of Cdn.\$25 million allows Apollo to reduce its outstanding indebtedness and enhance its working capital position thereby providing Apollo the flexibility to expand its business and pursue its exploration and development efforts.

See The Arrangement Reasons and Benefits of the Arrangement beginning on page 45.

## **Haywood Fairness Opinion**

Haywood Securities was retained by the Apollo Special Committee to provide advice and assistance to the Apollo Special Committee in connection with Apollo's consideration of the Share Issuance. Pursuant to the terms of the Haywood Securities Engagement Letters, Haywood Securities agreed to consider the fairness, from a financial point of view, to the Apollo Shareholders of the consideration to be paid by Apollo in connection with the Arrangement.

As at the date of the Apollo Fairness Opinion and subject to the analysis, assumptions, qualifications and limitations contained in the Apollo Fairness Opinion, Haywood Securities has opined that the offered consideration pursuant to the Arrangement of 5.4742 Apollo Shares for each Linear Share is fair from a financial point of view, to the Apollo



Shareholders. The Apollo Fairness Opinion is *not* a recommendation as to how the Apollo Shareholders should vote at the Apollo Meeting. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of

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the review undertaken by Haywood Securities in rendering its opinion. The summary of the Apollo Fairness Opinion in this Circular is qualified in its entirety by the full text of the Apollo Fairness Opinion which is attached as Schedule L to this Circular, and Apollo Shareholders are urged to read the Apollo Fairness Opinion in its entirety. Haywood Securities' opinion was provided to the Apollo board of directors and addresses only the fairness, from a financial point of view, of the consideration to be paid by Apollo in connection with the Arrangement as of the date of the opinion. It does not address any other aspect of the transaction and does not constitute a recommendation to the Apollo Shareholders as to how to vote with respect to the Share Issuance Resolution or act on any other matter.

See The Arrangement Opinion of Apollo's Financial Advisor Haywood Securities Inc. beginning on page 47.

### **Recommendation of the Apollo Board and Apollo Special Committee**

The Apollo Board established the Apollo Special Committee to, among other things, review and consider the transaction with Linear. The Apollo Special Committee retained Haywood Securities as its financial advisor. Haywood Securities has provided the Apollo Fairness Opinion, which states that, as of the date of such Apollo Fairness Opinion and subject to the assumptions, qualifications and limitations set forth therein, the offered consideration of 5.4742 Apollo Shares for each Linear Share is fair, from a financial point of view, to the Apollo Shareholders. The Apollo Special Committee, having taken into account the Apollo Fairness Opinion, the results of due diligence investigations, and such other matters as it considered relevant, including consulting with its financial and independent legal advisors, unanimously determined that the Arrangement is in the best interests of Apollo. Accordingly, the Apollo Special Committee voted unanimously to recommend to the Apollo Board that it approve, among other things, the execution and delivery of the Binding LOI, the Arrangement Agreement and the Arrangement, and that the Apollo Board recommend that Apollo Shareholders vote for the Share Issuance.

Having received and considered the recommendation of the Apollo Special Committee, the directors of Apollo have unanimously determined that the Share Issuance pursuant to the Arrangement is fair to Apollo Shareholders and in the best interests of Apollo and have authorized the submission of the Share Issuance Resolution to the Apollo Shareholders for their approval at the Apollo Meeting. The directors of Apollo have determined and unanimously recommend that Apollo Shareholders vote **FOR** the Share Issuance Resolution, the Option Plan Amendment Resolution, the Name Change Resolution and the Share Consolidation Resolution.

See The Arrangement Recommendation of the Apollo Special Committee and The Arrangement Recommendation of the Apollo Board beginning on pages 52 and 53, respectively.

### **The Arrangement Agreement**

Apollo and Linear entered into the Arrangement Agreement on March 31, 2010. The terms and conditions of the Arrangement are governed by the Arrangement Agreement. The Arrangement Agreement is attached to this Circular as Schedule F and is incorporated by reference herein. Apollo urges you to read the Arrangement Agreement carefully as it is the legal document that governs the Arrangement.

See The Arrangement Agreement beginning on page 61.

### **The Combined Company Upon Completion of the Arrangement**

On completion of the Arrangement, Apollo will continue to be a corporation existing under the Laws of the YBCA

and the Former Linear Shareholders will be shareholders of Apollo. After the Effective Date, Linear will amalgamate with Apollo Sub and the amalgamated corporation will be a wholly owned subsidiary of Apollo.

The business and operations of Apollo and Linear will be consolidated and Apollo expects that the principal executive office of the combined company will remain at 5655 S. Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220 immediately following consummation of the Arrangement. Apollo will continue to maintain its registered office at 204 Black Street, Suite 300, Whitehorse, Yukon Territory, Canada Y1A 2M9.

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Upon closing of the Arrangement, and subject to Apollo Shareholders approving the Name Change Resolution and the Share Consolidation Resolution, Apollo intends to file articles of amendment in order to change its name to Brigus Gold Corp.

See The Combined Company Upon Completion of the Arrangement beginning on page 74.

## **Risk Factors**

There are certain risk factors relating to Apollo, Linear and the Arrangement which should be carefully considered by Apollo Shareholders, including the fact that the Arrangement may not be completed if, among other things, Linear Shareholder Approval and Apollo Shareholder Approval are not obtained at the Linear Meeting and the Apollo Meeting, respectively, or if any other conditions precedent to the completion of the Arrangement are not satisfied or waived, as applicable.

See Risk Factors and Detailed Information About Linear Gold Corp. beginning on pages 30 and 82, respectively.

## **Particulars of Matters to be Acted Upon at the Apollo Meeting**

### **Proposal 1: The Share Issuance Proposal**

The Apollo Shareholders will be asked at the Apollo Meeting to approve the Share Issuance in connection with the Arrangement. Pursuant to Section 611 of the TSX Company Manual, securityholder approval is required in those instances where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction. Similarly, rules of the AMEX require that a listed issuer obtain the consent of its shareholders prior to completing any transaction that would result in the issuance of more than 20% of the issuer's outstanding common stock.

Upon completion of the Arrangement and without giving effect to the Share Consolidation, the Former Linear Shareholders will receive approximately 242 million Apollo Shares, representing approximately 46.8% of the Apollo Shares anticipated to be outstanding immediately after the completion of the Arrangement (excluding the 62,500,000 Apollo Shares held by Linear, which will be cancelled upon completion of the Arrangement without payment of any consideration).

#### **The Arrangement cannot be completed unless the Share Issuance Resolution is duly approved by Apollo Shareholders at the Apollo Meeting.**

The full text of the Share Issuance Resolution that Apollo Shareholders will be asked to approve at the Apollo Meeting is set forth as Schedule A to this Circular. The Share Issuance Resolution must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting. For the purposes of voting on the Share Issuance Resolution, a total of 62,500,000 Apollo Shares held by Linear (representing approximately 18.5% of the currently issued and outstanding Apollo Shares) will be excluded from voting.

**The Apollo Board believes that it is in the best interests of Apollo and its shareholders to approve the Share Issuance Resolution. The Apollo Board unanimously recommends that you vote FOR the Share Issuance**

**Resolution.**

See Proposal 1: The Share Issuance Proposal on page 142.

**Proposal 2: The Stock Option Incentive Plan Amendments Proposal**

The Apollo Shareholders will be asked at the Apollo Meeting to approve a proposal to amend the Apollo Stock Option Incentive Plan because such amendments are required in order to issue Apollo Replacement Options to former Linear optionholders as contemplated by the Arrangement. Specifically, the Apollo Stock Option Incentive Plan must be amended to:

increase the number of Apollo Shares issuable under the Apollo Stock Option Incentive Plan to a maximum of the lesser of: (a) 10% of the issued and outstanding Apollo Shares, from time to time; and (b) 51,755,687 Apollo Shares (an increase from 23,261,129 Apollo Shares as presently provided in the Apollo Stock Option Incentive Plan);

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add holders of Linear Options who will not be Apollo employees following the consummation of the Arrangement to the definition of "Eligible Person" under the Apollo Stock Option Incentive Plan; permit the Apollo Board to fix the exercise price per Apollo Share under any Apollo Replacement Option issued in the Arrangement at a price less than the market price per Apollo Share at the time of the exchange of the Linear Options for Apollo Replacement Options (this amendment is required because some of the Linear Options may be in-the-money and the Apollo Stock Option Incentive Plan presently prohibits issuance of in-the-money options); and make other conforming changes in order to give effect to the foregoing.

The Apollo Board has approved an amended Stock Option Incentive Plan (the **Amended Plan**) in order to incorporate the changes described above, subject to shareholder and regulatory approval. The principal terms of the Amended Plan are summarized in this Circular under the heading "Proposal 2: The Stock Option Incentive Plan Amendments Proposal." The principal terms of the Amended Plan are substantially similar to the Apollo Stock Option Incentive Plan, except for those provisions specifically identified above as amendments to the Apollo Stock Option Incentive Plan. The full text of the Amended Plan appears as Schedule J to this Circular.

The full text of the Option Plan Amendment Resolution that Apollo Shareholders will be asked to approve at the Apollo Meeting is set forth as Schedule B to this Circular. The Option Plan Amendment Resolution must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

The Arrangement cannot be completed unless the Option Plan Amendment Resolution is duly approved by Apollo Shareholders at the Apollo Meeting.

**The Apollo Board believes that it is in the best interests of Apollo and its shareholders to approve the Option Plan Amendment Resolution. The Apollo Board unanimously recommends that you vote FOR the approval of the Option Plan Amendment Resolution.**

See "Proposal 2: The Stock Option Incentive Plan Amendments Proposal" beginning on page 142.

## **Proposal 3: The Name Change Proposal**

Apollo Shareholders are also being asked to approve the Name Change Resolution to authorize an amendment to the articles of Apollo to change the name of Apollo to Brigus Gold Corp. The purpose of the proposed Name Change is to better reflect the combined business of Apollo and Linear after giving effect to the Arrangement. The Apollo Board is of the view that the proposed name of Brigus Gold Corp., when combined with new marketing initiatives, will assist in re-branding the combined company as an emerging Canadian mid-tier gold producer.

The full text of the Name Change Resolution that Apollo Shareholders will be asked to approve at the Apollo Meeting is set forth as Schedule C to this Circular. The Name Change Resolution must be approved by at least two-thirds of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

**The Apollo Board believes that it is in the best interests of Apollo and its shareholders to approve the Name Change Resolution. The Apollo Board unanimously recommends that you vote FOR the Name Change Resolution.**

See "Proposal 3: The Name Change Proposal" beginning on page 144.

## **Proposal 4: The Share Consolidation Proposal**

The Apollo Board has unanimously approved and is recommending that Apollo Shareholders vote to authorize the filing of articles of amendment to effect a consolidation (or reverse stock split) of outstanding Apollo Shares on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the Share Consolidation. Assuming the proposal is approved, it is anticipated that articles of amendment will be filed so as to effect the Share Consolidation as soon as practicable following consummation of the Arrangement. However, pursuant to the Share Consolidation Resolution, the Apollo

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Board may, in its discretion, decide not to proceed with the Share Consolidation at any time prior to the filing of articles of amendment without further authorization from or notice to the Apollo Shareholders. This proposal is conditional upon Apollo Shareholder approval of the Share Issuance Resolution and the Option Plan Amendment Resolution.

If the Share Consolidation is implemented by the Apollo Board:

all of the issued and outstanding Apollo Shares (which, following the consummation of the Arrangement, will include Apollo Shares held by current holders of Apollo Shares and Former Linear Shareholders) will automatically be consolidated on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the Share Consolidation;

subject to the terms and conditions of each optionholder's option agreement with Apollo and each warrantholder's warrant certificate, the number of Apollo Shares issuable upon the exercise of Apollo's outstanding options and warrants (which, following the consummation of the Arrangement, will include Apollo Shares issuable upon the exercise of Apollo Replacement Options and Apollo Replacement Warrants), the exercise price thereof and the number of shares reserved for future issuances under Apollo's Stock Option Incentive Plan will be adjusted as appropriate to reflect the Share Consolidation; and the exercise price with respect to Apollo's series A junior participating preferred stock pursuant to our Shareholder Rights Plan (assuming the Rights Plan Resolution is approved at the Apollo Meeting) and the number of Apollo Shares issuable upon exercise thereof shall be proportionately adjusted to reflect the Share Consolidation.

The full text of the Share Consolidation Resolution that Apollo Shareholders will be asked to approve at the Apollo Meeting is set forth as Schedule D to this Circular. The Share Consolidation Resolution must be approved by at least two-thirds of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

**The Apollo Board believes that it is in the best interests of Apollo and its shareholders to approve the Share Consolidation Resolution. The Apollo Board unanimously recommends that you vote FOR the Share Consolidation Resolution.**

See Proposal 4: The Share Consolidation Proposal beginning on page 145.

## **Proposal 5: Election of Directors**

The Apollo Shareholders will be asked at the Apollo Meeting to elect seven directors. Each director, if elected, will serve for a one-year term and until his successor shall be elected and qualified, subject, however, to such director's prior death, resignation, retirement, disqualification or removal from office. However, if the Arrangement is approved and consummated, as contemplated by and pursuant to the Arrangement Agreement and the Plan of Arrangement, (i) it is currently contemplated that Messrs. Russell, Babensee, Hobart and Vaughan will resign as directors of Apollo and (ii) the remaining Apollo directors intend to appoint Wade Dawe, Michael Gross, Derrick Gill and a nominee who would be a technical person mutually agreed upon by Apollo and Linear to fill the remaining vacancies created by such resignations. As a result thereof, if the Arrangement is consummated, it is expected that the Apollo Board would consist of seven directors, which would be composed of (i) Marvin K. Kaiser, David W. Peat and Charles E. Stott (three Apollo designees), (ii) Wade Dawe (who would be Chairman of the Apollo Board), Michael Gross and Derrick Gill (three Linear designees) and (iii) a technical person mutually agreed upon by Apollo and Linear.

The election of the each director nominated must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.



**The Apollo Board unanimously recommends that Apollo Shareholders vote FOR the election of Robert W. Babensee, G. Michael Hobart, Marvin K. Kaiser, David W. Peat, R. David Russell, Charles E. Stott and W.S. (Steve) Vaughan.**

See Proposal 5: Election of Directors beginning on page 149.

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**Proposal 6: Re-appointment of Auditors Proposal**

The Apollo Shareholders will be asked at the Apollo Meeting to re-appoint Deloitte & Touche LLP as Apollo's independent registered chartered accountants and authorize the directors to fix their remuneration. The re-appointment of Deloitte & Touche LLP and approval of the resolution authorizing the directors to fix the remuneration of the auditors must be approved by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

**The Apollo Board recommends that you vote FOR the proposal to re-appoint Deloitte & Touche LLP as Apollo's independent registered chartered accountants and the resolution authorizing the directors to fix the remuneration of the auditors.**

See Proposal 6: Re-appointment of Auditors Proposal beginning on page 152.

**Proposal 7: Ratification of the Shareholder Rights Plan Proposal**

At the Apollo Meeting, Apollo Shareholders will be asked, as required by the TSX and as provided under the terms of the Shareholder Rights Plan, to vote on a resolution to ratify the Shareholder Rights Plan. Apollo believes that the Shareholder Rights Plan preserves the fair treatment of Apollo Shareholders, is consistent with current best Canadian corporate practices and conforms to institutional investor guidelines. The Arrangement does not trigger any of the terms of the Shareholders Rights Plan.

The full text of the Rights Plan Resolution that Apollo Shareholders will be asked to approve at the Apollo Meeting is set forth as Schedule E to this Circular. The Shareholder Rights Plan must be ratified by a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting.

**The Apollo Board believes that it is in the best interests of Apollo and its shareholders to ratify the Shareholders Rights Plan. The Apollo Board unanimously recommends that you vote FOR the ratification of the Shareholder Rights Plan.**

See Proposal 7: Ratification of the Shareholder Rights Plan Proposal beginning on page 153.

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## SELECTED UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table contains selected unaudited pro forma consolidated financial information for Apollo and Linear as a combined company, giving effect to the acquisition of Linear by Apollo as if it had occurred on the dates indicated and after giving effect to the pro forma adjustments. The unaudited pro forma consolidated balance sheet data is presented as if the transaction had been completed on March 31, 2010. The unaudited pro forma consolidated statement of operations data for the three month period ended March 31, 2010 and the twelve month period ended December 31, 2009 is presented as if the transaction had taken place on January 1, 2009. The transaction will be accounted for under the acquisition method of accounting.

You should read the selected unaudited pro forma consolidated financial information below together with the Unaudited Pro Forma Financial Statements and related notes thereto attached as Schedule N to this Circular and the respective consolidated financial statements and accompanying notes of Apollo and Linear which, in the case of Apollo, are incorporated by reference into this Circular and, in the case of Linear, are attached to this Circular as Schedule M. The unaudited pro forma operating data is presented for informational purposes only and is not necessarily indicative of what the actual combined results of operations of the combined company would have been for the periods presented, nor does this data purport to represent the results of future periods.

Linear's consolidated financial statements are prepared in accordance with Canadian GAAP, which differs in some respects from U.S. GAAP. For purposes of presenting the selected unaudited pro forma consolidated financial information, adjustments were made to Linear's historical financial information to conform to U.S. GAAP. Please refer to Schedules 1, 2 and 3 of the Unaudited Pro Forma Financial Statements and related notes thereto attached as Schedule N to this Circular for descriptions of the adjustments required to conform Linear's financial statements to U.S. GAAP.

	Three Months Ended March 31, 2010 (in thousands of U.S. dollars, except per share data)	Twelve Months Ended December 31, 2009 (in thousands of U.S. dollars, except per share data)
Selected Pro Forma Statement of Operations Data:		
Revenue from sale of gold	\$ 17,626	\$ 47,008
Total operating expenses	13,632	41,200
Operating income from operations	3,994	5,808
Net income (loss)	8,665	(61,678 )
Per Common Share Data:		
Basic and Diluted net income (loss) per share	0.02	(0.13 )

As of  
March 31, 2010  
(in thousands of  
U.S. dollars)

## Selected Pro Forma Balance Sheet Data:

Cash and cash equivalents	\$ 11,476
Share capital	278,465
Total assets	226,099
Total liabilities	153,304
Total shareholders' equity	72,795

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TABLE OF CONTENTS**Comparative Per Share Data**

The following table sets forth for the Apollo Shares and Linear Shares certain historical, pro forma consolidated and pro forma equivalent per share financial information. The pro forma consolidated and pro forma equivalent per share information gives effect to the transaction as if the transaction had been effective at January 1, 2009. The pro forma data in the table are derived from, and should be read in conjunction with, the Unaudited Pro Forma Financial Statements and related notes thereto attached as Schedule N to this Circular. Apollo's historical per share information for the three month period ended March 31, 2010 is derived from the unaudited consolidated interim financial statements of Apollo as of March 31, 2010 contained in Apollo's Quarterly Report on Form 10-Q for the three month period ended March 31, 2010, which is incorporated by reference into this Circular. Apollo's historical per share information for the twelve month period ended December 31, 2009 is derived from the audited consolidated financial statements of Apollo as at December 31, 2009 contained in Apollo's Annual Report on Form 10-K for the year ended December 31, 2009, which is also incorporated by reference into this Circular. Linear's historical per share information is derived from the unaudited consolidated balance sheet of Linear as at December 31, 2009, the unaudited interim consolidated statements of operations of Linear for the three month and nine month periods ended December 31, 2009 and 2008 and the audited consolidated financial statements of Linear for the year ended March 31, 2009, each of which is located in Schedule M to this Circular.

The unaudited pro forma consolidated per share information does not purport to represent what the actual results of operations of the combined company would have been had the transaction been in effect for the periods described below or to project the future results of the combined company after the transaction.

Per Common Share Data	Apollo Historical (U.S. GAAP)	Linear Historical (Canadian GAAP) <sup>(5)</sup>	Unaudited Pro Forma Consolidated (U.S. GAAP) <sup>(4)</sup>	Pro Forma Equivalent Per Linear Share <sup>(1)</sup> (U.S. GAAP)
As of and for the three month period ended March 31, 2010:				
Net income (loss)				
Basic	\$ 0.02	\$ (0.03 )	\$ 0.02	\$ 0.11
Diluted	0.02	(0.03 )	0.02	0.11
Cash dividends paid <sup>(2)</sup>	N/A	N/A	N/A	N/A
Book value <sup>(3)</sup>	0.07	1.74	0.13	0.71

Per Common Share Data	Apollo Historical (U.S. GAAP)	Linear Historical (Canadian GAAP) <sup>(5)</sup>	Unaudited Pro Forma Consolidated (U.S. GAAP) <sup>(4)</sup>	Pro Forma Equivalent Per Linear Share <sup>(1)</sup> (U.S. GAAP)
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As of and for the twelve month period ended December  
31, 2009:

Net loss				
Basic	\$ (0.25 )	\$ (0.12 )	\$ (0.13 )	\$ (0.71 )
Diluted	(0.25 )	(0.12 )	(0.13 )	(0.71 )
Cash dividends paid <sup>(2)</sup>	N/A	N/A	N/A	N/A
Book value <sup>(3)</sup>	(0.05 )	1.69	0.17	0.93

The equivalent per Linear Share was calculated by multiplying the unaudited pro forma consolidated per share data (1) by an exchange ratio of 5.4742 in order to equate the pro forma consolidated amounts to the value of one Linear Share.

(2) Following the completion of the transaction, Apollo's dividend policy will be determined by its board of directors.

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The unaudited pro forma consolidated book value per share was calculated by dividing the unaudited pro forma consolidated shareholders' equity at March 31, 2010 and December 31, 2009 by the sum of the number of Apollo Shares outstanding at March 31, 2010 and December 31, 2009, respectively, and the number of additional Apollo Shares that would have been delivered to Linear Shareholders had the combination been completed on March 31, 2010 and December 31, 2009, respectively.

In conjunction with closing of the acquisition of Linear, Apollo intends to effect a share consolidation of outstanding Apollo Shares on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the Share Consolidation. On this basis, the unaudited pro forma consolidated basic and diluted net income per share for the three months ended March 31, 2010 would be \$0.07 and \$0.06 respectively, and the basic and diluted net loss per share for the twelve months ended December 31, 2009 would be \$(0.51). The unaudited pro forma consolidated book value per share would be \$0.52 and \$0.68 as of March 31, 2010 and December 31, 2009, respectively.

The Linear historical information for the three month period ended March 31, 2010 is derived from the unaudited interim consolidated financial statements of operations for the three month period ended December 31, 2009. The Linear historical information for the period ended December 31, 2009 is derived from the unaudited interim consolidated statements of operations for the nine month periods ended December 31, 2009 and 2008 and the audited consolidated financial statements of Linear for the year ended March 31, 2009.

## **Accompanying Documents**

The Notice of Meeting of Apollo and the Circular are accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Circular. It is recommended that Apollo Shareholders read the Notice of Meeting, this Circular and the attached Schedules in their entirety.

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## **RISK FACTORS**

*In addition to the other information contained in or expressly incorporated by reference in this Circular (including the risk factors applicable to Apollo contained under the heading "Risk Factors" in Apollo's annual information form and Annual Report on Form 10-K for the fiscal year ended December 31, 2009 incorporated herein by reference and the risk factors applicable to Linear contained under the heading "Detailed Information about Linear Gold Corp. beginning on page 82 of this Circular), the following factors should be considered carefully when considering risks related to the Arrangement and the combined company. These risks and uncertainties are not the only ones Apollo, Linear and combined company may face nor do they include all risks and uncertainties associated with the Arrangement. Additional risks and uncertainties not presently known to Apollo or that Apollo currently considers immaterial may also exist. If any of such risks actually occur, Apollo's business, prospects, financial condition, cash flows and operating results could be materially adversely affected.*

### **Risks Relating to the Arrangement**

#### **Failure to complete the Arrangement with Linear could negatively impact Apollo's stock price and future business and financial results.**

The Arrangement Agreement contains a number of important conditions that must be satisfied before Apollo can complete the Arrangement, including, among other things, conditions relating to (i) obtaining the Interim and Final Orders from the Court, (ii) approval of the transaction by the Linear Shareholders and the Apollo Shareholders, (iii) approval by the TSX and the AMEX of the listing of the Apollo Shares to be issued in the Arrangement, including the Apollo Shares issuable upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants, (iv) absence of certain actions, suits, proceedings or objection or opposition before any governmental or regulatory authority, (v) receipt of required regulatory approvals, (vi) the Apollo Shares, Apollo Replacement Options and Apollo Replacement Warrants issued in the Arrangement being exempt from the registration requirements of the U.S. Securities Act and (vii) the effectiveness of a U.S. registration statement registering the issuance of the Apollo Shares issuable upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants under the U.S. Securities Act.

If the transaction is not completed for any reason, Apollo's ongoing business and financial results may be adversely affected. For example, the amended repayment schedule agreed to on March 9, 2010 under the Project Facility Agreement with the Project Lenders requires Apollo to pay \$10,000,000 upon the earlier to occur of July 2, 2010 and two Business Days following the consummation of the Arrangement. If the Arrangement with Linear is not consummated, Apollo may not have sufficient cash-on-hand to meet this and the other repayment obligations under the Project Facility Agreement or under the \$4,290,000 principal amount of convertible debentures due August 23, 2010 owned by RAB Special Situations (Master) Fund Limited. In addition, if the transaction is not completed, Apollo will be subject to a number of additional risks, including the following:

Under the terms of the Arrangement Agreement, in certain circumstances, if the Arrangement is not completed, Apollo will be required to pay a Cdn.\$4,000,000 termination fee to Linear; and  
The price of Apollo Shares may decline to the extent that the current market price of Apollo Shares reflect a market assumption that the transaction will be completed and that the related benefits and synergies will be realized, or as a result of the market's perceptions that the transaction was not consummated due to an adverse change in Apollo's business or financial condition.



In addition, whether or not the transaction is completed, the pending transaction could adversely affect Apollo's operations because:

matters relating to the Arrangement (including integration planning) require substantial commitments of time and resources by Apollo's management and employees, whether or not the transaction is completed, which could otherwise have been devoted to other opportunities that may have been beneficial to Apollo;

Apollo's ability to attract new employees and consultants and retain its existing employees and consultants may be harmed by uncertainties associated with the transaction, and Apollo may be required to incur substantial costs to recruit replacements for lost personnel or consultants; and

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shareholder lawsuits could be filed against Apollo challenging the transaction. If this occurs, even if the lawsuits are groundless and Apollo ultimately prevails, it may incur substantial legal fees and expenses defending these lawsuits, and the transaction may be prevented or delayed.

Apollo cannot guarantee when, or whether, the Arrangement will be completed, that there will not be a delay in the completion of the Arrangement or that all or any of the anticipated benefits of the Arrangement will be obtained. If the transaction is not completed or is delayed, Apollo may experience the risks discussed above which may adversely affect Apollo's business, financial results and share price.

**Apollo may be unable to successfully integrate the operations of Apollo and Linear.**

Achieving the anticipated benefits of the Arrangement will depend in part upon Apollo's ability to integrate its business with Linear's business in an efficient and effective manner. Apollo's attempt to integrate two companies that have previously operated independently may result in significant challenges, and Apollo may be unable to accomplish the integration smoothly or successfully. In particular, the necessity of coordinating geographically dispersed organizations and addressing possible differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day operations of the businesses of the combined company. The process of integrating operations after the transaction could cause an interruption of, or loss of momentum in, the activities of one or more of the combined company's businesses and the loss of key personnel. Employee uncertainty, lack of focus or turnover during the integration process may also disrupt the businesses of the combined company. Any inability of management to integrate the operations of Apollo and Linear successfully could have a material adverse effect on the business and financial condition of the combined company.

**The issuance of Apollo Shares, Apollo Replacement Warrants and Apollo Replacement Options pursuant to the Arrangement may cause the market price of Apollo Shares to decline.**

As of May 25, 2010, 337,973,660 Apollo Shares were outstanding and an additional 127,302,684 Apollo Shares were subject to outstanding options, warrants and convertible debentures to purchase or acquire Apollo Shares. Apollo currently expects that in connection with the Arrangement it will issue approximately 242 million Apollo Shares (assuming that no Linear Shareholder exercises Dissent Rights) to the Former Linear Shareholders and reserve approximately 60 million Apollo Shares for issue on exercise of the Apollo Replacement Options and Apollo Replacement Warrants. The issuance of these Apollo Shares and the sale of such Apollo Shares in the public market from time to time could depress the market price for Apollo Shares.

**If Apollo is able to complete the transaction, Apollo Shareholders will experience immediate dilution as a consequence of the issuance of Apollo Shares as consideration in the transaction. The existence of a large minority share position may reduce the influence that current Apollo Shareholders have on the management of the combined company.**

If the Arrangement is completed, the influence of current Apollo Shareholders, in their capacity as shareholders of the combined company, will be significantly reduced. Following the Arrangement, if consummated, current Apollo Shareholders would hold, in the aggregate, approximately 53.2% of the issued and outstanding shares of the combined

company and current Linear Shareholders would hold, in the aggregate, approximately 46.8% of the combined company (based on the number of Apollo Shares and Linear Shares outstanding as of the date hereof). Therefore, certain Former Linear Shareholders may have the ability to exercise influence over the election of directors and other issues submitted to the shareholders of the combined company.

**Apollo will incur significant transaction, combination-related and restructuring costs in connection with the transaction, some of which will be incurred even if the transaction is never completed.**

Apollo expects that it will be obligated to pay transaction fees and other expenses related to the transaction of approximately \$4.7 million, including financial advisors fees, filing fees, legal and accounting fees, soliciting fees, regulatory fees and mailing costs. This amount is a preliminary estimate and the actual amount may be higher or lower but a significant portion of these fees and expenses will be incurred even if

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Apollo does not complete the transaction. In addition, in connection with the closing of the Arrangement, Linear is expected to pay up to Cdn.\$1.7 million in payments and retention bonuses to Linear management and staff. Also, upon the resignation of R. David Russell as president and chief executive officer, Apollo expects to pay R. David Russell up to approximately \$1.7 million in severance and other benefits under his employment agreement.

Furthermore, Apollo expects to incur significant costs associated with combining the operations of the two companies, including incurring additional employee severance costs. However, it will be difficult to predict the specific size of those charges before Apollo begins the integration process. The combined company may incur additional unanticipated costs as a consequence of difficulties arising from Apollo's efforts to integrate the operations of the two companies. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction, combination-related and restructuring costs over time, we cannot give any assurance that a net benefit will be achieved in the near future, or at all.

**Charges to earnings resulting from the application of the acquisition method of accounting may adversely affect the market value of Apollo Shares following the transaction.**

In accordance with U.S. GAAP, the transaction will be accounted for using the acquisition method of accounting, which will result in charges to earnings that could have an adverse impact on the market value of Apollo Shares following completion of the transaction. Under the acquisition method of accounting, the total estimated purchase price will be allocated to Linear's net tangible assets and identifiable intangible assets based on their fair values as of the date of completion of the transaction.

Apollo may incur additional expenses and find it necessary to record impairment to the value of acquired mineral resource properties after completion of the transaction. Changes in earnings per share, including as a result of this incremental expense, could adversely affect the trading price of Apollo Shares.

**Potential payments made to the Dissenting Shareholders in respect of their shares could exceed the amount of consideration otherwise due to them under the terms of the Arrangement Agreement.**

Under Canadian and Alberta corporate Laws, Linear Shareholders will have the right to dissent in respect of the Continuance Resolution and the Arrangement Resolution, as applicable. If the Linear Shareholders exercise their right to dissent in compliance with the Dissent Procedures, such Dissenting Shareholders will be entitled to be paid the judicially determined fair value of their Linear Shares. While Apollo and Linear believe that the value of the consideration to be paid to Linear Shareholders pursuant to the transaction is equal to or exceeds the fair value of the Linear Shares, there can be no assurance that a court would agree with this assessment and consequently the amount the Dissenting Shareholders receive could be higher than the consideration to which such shareholders would have been entitled under the Arrangement Agreement. As a result, Apollo may be required to pay a portion of the purchase price in cash where it otherwise would not have do so if all Linear Shares were exchanged for Apollo Shares in accordance with the Arrangement Agreement. Such payments to Dissenting Shareholders could have an adverse effect on the combined company's financial position.

Apollo will incur significant transaction, combination-related and restructuring costs in connection with the transaction.

**Linear's public filings are subject to Canadian disclosure standards, which differ from SEC requirements.**

Linear is a Canadian issuer that is required to prepare and file its periodic and other filings in accordance with Canadian disclosure requirements. As a result, certain of the information about Linear that is contained in this proxy statement was prepared with a view to compliance with Canadian GAAP and Canadian disclosure regulations, rather than the requirements that would apply in the United States. Because Canadian disclosure requirements are different from SEC requirements, the information about Linear contained in this proxy statement may not be comparable to similar information available about Apollo or other U.S. issuers.

**Directors and executive officers of Apollo may have interests in the Arrangement that are different from those of Apollo Shareholders generally.**

Certain executive officers and directors of Apollo may have interests in the Arrangement that may be different from, or in addition to, the interests of Apollo Shareholders generally. For example, R. David Russell, Apollo's president and chief executive officer, will resign following the completion of the transaction

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and, in connection therewith, Apollo and Linear have agreed that, although the Arrangement does not qualify as a change of control as defined in Mr. Russell's employment agreement, Mr. Russell will receive all termination and other amounts owing under his employment agreement as if he had been terminated without cause, which amounts will not exceed approximately \$1.7 million. Furthermore, immediately following the Effective Time of the transaction, three directors who currently serve on the Apollo Board, currently expected to be Marvin K. Kaiser, David W. Peat and Charles E. Stott, will continue to serve as directors of the combined company.

## **Risks Relating to the Business of Apollo, Linear and the Combined Company**

### **The business of the combined company will be subject to risks currently affecting the businesses of Apollo and Linear.**

After the completion of the transaction, the business of the combined company, as well as the price of Apollo Shares, will be subject to numerous risks currently affecting the businesses of Apollo and Linear, including:

unexpected changes in business and economic conditions, including the recent significant deterioration in global financial and capital markets;

- significant increases or decreases in gold prices;
- changes in interest and currency exchange rates including the LIBOR rate;
- timing and amount of production;
- unanticipated changes in grade of ore;
- unanticipated recovery or production problems;
- changes in operating costs;
- operational problems at the combined company's mining properties;
- metallurgy, processing, access, availability of materials, equipment, supplies and water;
- determination of reserves;
- costs and timing of development of new reserves;
- results of current and future exploration and development activities;
- results of future feasibility studies;
- joint venture relationships;
- political or economic instability, either globally or in the countries in which the companies operate;
- local and community impacts and issues;
- banking relationships;
- timing of receipt of government approvals;
- accidents and labor disputes;
- environmental costs and risks;
- competitive factors, including competition for property acquisitions; and
- availability of external financing at reasonable rates or at all.

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For a discussion of the businesses of Apollo and Linear, together with factors to consider in connection with those businesses, see the documents incorporated by reference in this Circular including Apollo's Annual report on Form 10-K for the fiscal year ended December 31, 2009, the section of this Circular under the heading "Apollo's Documents Incorporated by Reference" beginning on page 77 and the discussion of Linear's business and the risks associated therewith under the heading "Detailed Information About Linear Gold Corp." beginning on page 82.

**The combined company's substantial debt could adversely affect its financial condition, and its related debt service obligations may adversely affect its cash flow and ability to invest in and grow its businesses.**

As of the date hereof, Apollo has approximately \$51.8 million of indebtedness outstanding under the Project Facility Agreement. Under the revised repayment schedule relating to the Project Facility Agreement that was agreed to with the Project Lenders on March 9, 2010, Apollo will be required to make additional repayments totaling at least \$25 million in 2010, which will be payable as follows: (i) \$10 million on the earlier of July 2, 2010 and the date that is two Business Days following the consummation of the Arrangement, (ii) \$10 million on the earlier of September 30, 2010 and the date on which the proceeds from any one or more equity raisings following the consummation of the Arrangement equals \$10 million, and (iii) \$5 million on December 31, 2010. The remaining indebtedness outstanding under the Project Facility Agreement is to be repaid between March 31, 2011 and March 31, 2013 on dates to be agreed to by the combined company and the Project Lenders. If the combined company and the Project Lenders are unable to agree on a repayment schedule with respect to this remaining indebtedness on or before September 30, 2010, such amount will become due and payable on December 31, 2010. In addition, Apollo has approximately \$4.29 million principal amount of convertible debentures that are due on August 23, 2010. If the combined company is unable to satisfy its indebtedness obligations, it will be unable to continue its operations, including its planned development and exploration activities.

**Apollo will require significant additional capital to continue its and Linear's exploration and development activities, and, if warranted, to develop mining operations.**

Upon completion of the transaction, substantial expenditures will be required to develop Linear's Goldfields mine development project located in Saskatchewan, Canada and to continue with exploration at Apollo's Grey Fox and Pike River properties and its Huizopa exploration project, as well as Linear's Ixhuan project in Chiapas, Mexico and its exploration properties located in the Dominican Republic. In order to develop and explore these projects and properties, the combined company will be required to expend significant amounts for, among other things, geological and geochemical analysis, assaying, and, if warranted, feasibility studies with regard to the results of exploration. Apollo may not benefit from these investments if it is unable to identify commercially exploitable mineralized material. If Apollo is successful in identifying reserves, it will require significant additional capital to construct facilities necessary to extract those reserves. Apollo's ability to obtain necessary funding depends upon a number of factors, including the state of the national and worldwide economy and the price of gold. Apollo may not be successful in obtaining the required financing for these or other purposes on terms that are favorable to it or at all, in which case its ability to continue operating would be adversely affected. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration or potential development.

**Even if the combined company is able to acquire capital to continue its exploration and development activities, there can be no certainty that its exploration and development activities will be commercially successful.**

Linear currently has no properties that produce gold in commercial quantities. Similarly, Apollo's Grey Fox and Pike River properties, as well as its Huizopa project, are in the exploration phase. Substantial efforts and regulatory hurdles are required to establish ore reserves through drilling and analysis, to develop metallurgical processes to extract metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Apollo cannot assure you that any gold reserves or mineralized material acquired or discovered will be in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all.



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**The Linear properties could be subject to environmental risks, which Apollo will assume after the transaction and which could expose Apollo to significant liability and delay, suspension or termination of exploration and development efforts.**

Mining is subject to federal, state and local environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Future changes in environmental regulation, if any, may adversely affect our operations, make our operations prohibitively expensive, or prohibit them altogether.

Environmental hazards may exist on the properties in which Apollo may hold interests in the future, including the Linear properties, that are unknown to Apollo at the present and that have been caused by Apollo, Linear, or previous owners or operators, or that may have occurred naturally. Under applicable environmental Laws, prior property owners may be liable for remediating any damage that those owners may have caused. Mining properties that Apollo obtains from Linear in the Arrangement may cause Apollo to be liable for remediating any damage that Linear may have caused. The liability could include response costs for removing or remediating the release and damage to natural resources, including ground water, as well as the payment of fines and penalties.

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## INFORMATION ABOUT THE COMPANIES

### **Apollo Gold Corporation**

5655 South Yosemite Street, Suite 200  
Greenwood Village, Colorado 80111-3220  
(720) 886-9656  
*Internet address: [www.apollogold.com](http://www.apollogold.com)*

Apollo Gold Corporation is a Canadian-based mining company which is principally engaged in the extraction, processing, and refining of mineral deposits as well as related activities including the acquisition, exploration and development of such properties principally located in North America.

Apollo owns a 100% interest in the Black Fox property, an open pit and underground mine and mill located in the Province of Ontario. The Black Fox mine site is situated seven miles east of Matheson, Ontario and the mill complex is twelve miles west of Matheson, Ontario. Mining of ores from the open pit began in March 2009 and milling operations commenced in April 2009. Underground mining at Black Fox is expected to commence in 2010. Apollo owns two exploration properties adjacent to the Black Fox mine site: (a) Grey Fox; and (b) Pike River, which together with the Black Fox property, give Apollo a total land package of 17 square kilometers which extends over a 6.5 kilometer strike of the Destor-Porcupine fault zone.

Apollo also owns Mexican subsidiaries, which own concessions at the Huizopa exploration project, located in the Sierra Madres in Chihuahua, Mexico. The Huizopa project is subject to an 80% Apollo / 20% Minas de Coronado joint venture agreement.

Additional information about Apollo's business is set forth in Apollo's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and the other documents that Apollo files with the SEC, which are available on the SEC's website at [www.sec.gov](http://www.sec.gov). See the heading "Additional Information" beginning on page 158

### **Linear Gold Corp.**

2000 Barrington Street, Suite 501  
Cogswell Tower  
Halifax, Nova Scotia  
B3J 3K1, Canada  
(902) 422-1421

*Internet address: [www.lineargoldcorp.com](http://www.lineargoldcorp.com)*

Linear is a Canadian-based mineral exploration and development company with interests in properties in Canada, Mexico and the Dominican Republic. During August 2009, Linear, through its wholly owned subsidiary 7153945 Canada Inc., acquired the Goldfields Development Project in the Lake Athabasca region of Saskatchewan, Canada from GLR Resources Inc. Linear is the registered mining claim holder of the mineral/mining claims and mineral/mining leases comprising the Goldfields Development Project which includes a 100% interest in the Box Mine and the Athona Mine properties, subject to certain royalties and other interests. Linear's primary objective is advancing the Goldfields Development Project to production.

Additional information about Linear's business is set forth in the Linear Circular and the other documents that Linear files with securities regulatory authorities in Canada, which are available under Linear's SEDAR profile at [www.sedar.com](http://www.sedar.com).

See the heading Detailed Information about Linear Gold Corp. beginning on page 82.

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# GENERAL INFORMATION CONCERNING THE APOLLO MEETING

This Circular is furnished in connection with the solicitation of proxies by the management and the Apollo Board for use at the Apollo Meeting for the purposes set forth in the accompanying Notice of Meeting.

## Date, Time and Place

The Apollo Meeting will be held at 11:00 a.m. (Denver time) on June 24, 2010 at the Embassy Suites Hotel Denver Tech Center, 10250 East Costilla Avenue, Centennial, Colorado 80112.

## Purpose of the Apollo Meeting

The purpose of the Apollo Meeting is:

Proposal 1: to consider and, if deemed advisable, to approve, with or without variation, the Share Issuance Resolution;

Proposal 2: conditional upon approval of the Share Issuance Resolution, to consider and, if deemed advisable, approve, with or without variation, the Option Plan Amendment Resolution;

Proposal 3: conditional upon approval of the Share Issuance Resolution and the Option Plan Amendment Resolution, to consider and, if deemed advisable, approve, with or without variation, the Name Change Resolution;

Proposal 4: conditional upon approval of the Share Issuance Resolution and the Option Plan Amendment Resolution, to consider and, if deemed advisable, approve, with or without variation, the Share Consolidation Resolution;

Proposal 5: to elect seven directors of Apollo;

Proposal 6: to re-appoint Apollo's independent auditors and to authorize the directors to fix their remuneration;

Proposal 7: to consider and, if deemed advisable, to approve, with or without variation, the Rights Plan Resolution; to receive the audited consolidated financial statements of Apollo for the fiscal year ended December 31, 2009, together with the report of the auditors thereon; and

to transact such further or other business as may properly come before the Apollo Meeting and any adjournments or postponements thereof.

Copies of the Arrangement Agreement, Plan of Arrangement, the Apollo Stock Option Incentive Plan and the Shareholder Rights Plan are attached to this Circular as Schedules F, G, J and K, respectively. Apollo Shareholders should review the Arrangement Agreement, Plan of Arrangement, the Apollo Stock Option Incentive Plan, the Shareholder Rights Plan and this Circular carefully and in their entirety before deciding how to vote.

The rules of the TSX require that a listed issuer obtain the consent of its shareholders prior to completing any acquisition that would result in the issuance of more than 25% of the issuer's outstanding common stock. Similarly, rules of the AMEX require that a listed issuer obtain the consent of its shareholders prior to completing any transaction that would result in the issuance of more than 20% of the issuer's outstanding common stock. If the transaction is completed, Apollo will issue shares of common stock representing, in the aggregate, in excess of 25% of its outstanding shares of common stock.

In addition, shareholder ratification of Apollo's Shareholder Rights Plan is required by the terms of the rights plan and shareholder approval of the amendments to the Apollo Stock Option Incentive Plan is required by the rules and regulations of the AMEX and the TSX.

## **Record Date**

The Apollo Board has fixed 5:00 p.m. (Toronto time) on May 25, 2010 as the record date for determining shareholders entitled to notice of and to vote at the Apollo Meeting.

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## **Outstanding Shares**

As of 5:00 p.m. (Toronto time) on May 25, 2010, the record date for the Apollo Meeting, there were 337,973,660 Apollo Shares outstanding and entitled to vote (including 62,500,000 Apollo Shares held by Linear which are entitled to be voted on all proposals at the Apollo Meeting except the Share Issuance Resolution).

## **Shares Entitled to Vote**

Shares entitled to vote at the Apollo Meeting are shares of Apollo common stock held as of the close of business on the record date, May 25, 2010. Each Apollo Shareholder is entitled to one vote at the Apollo Meeting for each Apollo Share held by that shareholder at the close of business on the record date.

## **Vote Required**

The proposal to authorize the filing of articles of amendment to change the name of Apollo to Brigus Gold Corp. and the proposal to effect the Share Consolidation each must be approved by at least two-thirds of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting. Each other proposal must be approved by a majority of the votes cast on such proposal by Apollo Shareholders present in person or by proxy at the Apollo Meeting.

The Apollo Board urges Apollo Shareholders to complete, date and sign the accompanying Apollo Proxy and return it promptly in the envelope provided for that purpose or to promptly submit their proxies by facsimile.

## **Recommendation of the Apollo Board**

The Apollo Board recommends that Apollo Shareholders vote **FOR** each of the proposals set forth in this Circular and the Apollo Proxy.

## **Shares Beneficially Owned by Apollo Directors and Executive Officers**

On the record date, Apollo directors and named executive officers beneficially owned and had the right to vote approximately 3.7 million Apollo Shares. These shares represent, in the aggregate, approximately 1.1% of the total voting power of Apollo's outstanding shares of common stock entitled to vote at the Apollo Meeting (including 62,500,000 Apollo Shares held by Linear which are entitled to be voted on all proposals at the Apollo Meeting except the Share Issuance Resolution). On March 31, 2010, Linear entered into support agreements with each of the following directors and officers of Apollo: R. David Russell, Melvyn Williams, Marvin K. Kaiser, David W. Peat, Richard F. Nanna, Robert W. Babensee, W.S. (Steve) Vaughan, Brent E. Timmons, Timothy G. Smith, Wendy Yang, G. Michael Hobart and Charles E. Stott.

Pursuant to these support agreements, each Apollo director and officer party to such agreement committed to, among other things:

not sell, assign, transfer or otherwise convey, dispose of, encumber or restrict the voting rights of any of their Apollo

securities (including Apollo Shares);

vote all of their Apollo Shares in favor of the Arrangement and any resolutions or matters relating thereto at any meeting of Apollo Shareholders called to consider the same;

not withdraw any proxy (if any) delivered to Apollo or its depositary agent in connection with any meeting of Apollo Shareholders called to approve the Arrangement; and

vote against any proposal (other than a Superior Proposal as defined in the Arrangement Agreement) submitted to Apollo Shareholders in respect of any amalgamation, merger, sale of Apollo or its affiliates or associates assets, take-over bid, plan of arrangement, reorganization, recapitalization, shareholder rights plan, liquidation or winding-up of, reverse take-over or other business combination or similar transaction involving Apollo or any of its subsidiaries; (i) which would reasonably be regarded as being directed towards or likely to prevent or delay the successful completion of the Arrangement; or (ii) which would reasonably be expected to result in a material adverse effect in respect of Apollo.

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For more information regarding beneficial ownership of shares of Apollo Shares by each current Apollo director, certain executive officers of Apollo and all directors and executive officers of Apollo as a group, see Securities and Principal Holders of Securities beginning on page 114.

### **Quorum**

A quorum of shareholders is necessary to hold a valid Apollo Meeting. Pursuant to Apollo's by-laws, the presence in person or representation by proxy of one or more Apollo Shareholders at any meeting of Apollo Shareholders, holding, in the aggregate, not less than one-third of the outstanding Apollo Shares entitled to vote at the meeting will constitute a quorum. If a quorum is not present at the Apollo Meeting, the meeting may be postponed or adjourned, without notice other than announcement at the Apollo Meeting, until a quorum is present or represented, unless the Apollo Meeting is postponed or adjourned for an aggregate of thirty or more days. At any subsequent reconvening of the Apollo Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Apollo Meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent meeting. Shares held by Apollo in its treasury do not count toward a quorum.

### **Voting by Proxy**

Your vote is very important. Whether or not you plan to attend the Apollo Meeting, please take the time to vote by completing, signing and mailing the enclosed Apollo Proxy or by facsimile according to the instructions on the Apollo Proxy. A signed and completed Apollo Proxy received by Apollo or its agent prior to or at the Apollo Meeting will be voted as instructed. If your broker or other nominee holds your shares in its name, carefully follow the instructions given to you by your broker or other nominee to ensure that your shares are properly voted.

### **Appointment of Proxies**

The persons named in the enclosed Apollo Proxy are officers and/or directors of Apollo. An Apollo Shareholder has the right to appoint some other person, who need not be an Apollo Shareholder, to represent him or her at the Apollo Meeting and may do so by inserting such person's name in the blank space provided in the enclosed Apollo Proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed applicable proxy at the offices of CIBC Mellon Trust Company, Attention: Proxy Dept., P.O. Box 721, Agincourt, Ontario, M1S 0A1, (facsimile: (416) 368-2502 or toll free facsimile (866) 781-3111).

An Apollo Shareholder forwarding the applicable proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Apollo Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The securities represented by the proxy submitted by an Apollo Shareholder will be voted in accordance with the directions, if any, given in the proxy.

To be valid, an Apollo Proxy must be executed by an Apollo Shareholder or by a Shareholder's attorney duly authorized in writing or, if the Apollo Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.



## Proxies without Instructions

If a proxy card is signed and dated by an Apollo Shareholder but does not include instructions on how to vote, the Apollo Shares represented by such Apollo Proxy will follow the respective Apollo Board recommendations and consequently will be voted **FOR** each of the proposals included in this Circular and the Apollo Proxy.

## Revocation of Proxies

An Apollo Shareholder can change such shareholder's vote at any time before such shareholder's proxy is voted at the Apollo Meeting. A registered Apollo Shareholder may revoke such shareholder's proxy in several ways:

by depositing an instrument in writing executed by the Apollo Shareholder or by the Apollo

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Shareholders attorney duly authorized in writing or, if the Apollo Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney either with CIBC Mellon Trust Company, Attention: Proxy Dept., P.O. Box 721, Agincourt, Ontario, M1S 0A1 (facsimile: (416) 368-2502 or toll free facsimile (866) 781-3111), or at the head office of Apollo at 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220, Attention: Corporate Secretary;

by completing and submitting an Apollo Proxy bearing a later date and depositing it at or mailing it to the offices of CIBC Mellon Trust Company, Attention: Proxy Dept., P.O. Box 721, Agincourt, Ontario, M1S 0A1 (facsimile: 416-368-2502 or toll free facsimile 1-866-781-3111);

by voting by facsimile after previously voting or submitting your Apollo Proxy;

by attending the Apollo Meeting and voting in person. Your attendance at the Apollo Meeting alone will not revoke your proxy. You must also vote at the Apollo Meeting in order to revoke your previously submitted proxy; or  
in any other manner permitted by law.

Apollo Shareholders whose shares are held in street name must contact their brokers or other nominee and follow the instructions provided to them in order to revoke their proxies.

## **Solicitation of Proxies**

This Circular is being furnished in connection with the solicitation of Apollo Proxies by the management and the Apollo Board for use at the Apollo Meeting on June 24, 2010. Following the original mailing of the Circular and accompanying materials, directors, officers and employees of Apollo may, without payment of any additional consideration, solicit proxies by mail, telephone, facsimile, email or personal interviews. Apollo may request brokers, custodians, nominees and other record holders to forward copies of the Circular and soliciting materials to persons for whom they hold shares of Apollo and to request authority for the exercise of proxies. In such cases, Apollo may reimburse such holders for their reasonable expenses. The cost of soliciting proxies in connection with the Apollo Meeting will be borne directly by Apollo. Apollo and Linear have engaged Laurel Hill Advisory Group, 200-366 Bay Street, Toronto, Ontario, M5H 4B2, to assist in their proxy solicitation efforts at a base fee of Cdn.\$50,000 and an additional Cdn.\$50,000 success fee payable if the transaction receives the necessary shareholder approval from both Linear and Apollo Shareholders, plus reimbursement of expenses. The extent to which these proxy-soliciting efforts will be necessary depends entirely upon how promptly proxies are submitted. You should submit your Apollo Proxy without delay.

## **Dissent Rights**

Under applicable Canadian Law, Apollo Shareholders are not entitled to dissenters appraisal rights in connection with any matters to be acted upon at the Apollo Meeting.

## **Shareholder Proposals For Next Annual Meeting**

### **Shareholder Proposals for Inclusion in Proxy Statement for 2011 Annual Meeting of Apollo Shareholders**

To be considered for inclusion in Apollo's proxy statement for the 2011 annual meeting of shareholders, a shareholder proposal must be received by Apollo no later than the close of business on February 3, 2011 (assuming the 2011 annual meeting of shareholders is held on the same month and day as the Apollo Meeting). Shareholder proposals must be sent to the Secretary of Apollo at the following address: Apollo Gold Corporation, 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado, 80111-3220. Apollo will not be required to include in its proxy

statement any shareholder proposal that does not meet all the requirements for such inclusion established by applicable law, including Rule 14a-8 of the U.S. Exchange Act.

## **Other Shareholder Proposals for Presentation at 2011 Annual Meeting of Apollo Shareholders**

In addition, in accordance with the rules and regulations of the SEC, a shareholder who intends to present an item of business at the 2011 annual meeting of shareholders (other than a proposal submitted for inclusion in Apollo's proxy materials) must provide notice of such business to Apollo no later than April 19, 2011 (assuming the 2011 annual meeting of shareholders is held on the same month and day as the Apollo

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Meeting). Notices of intention to present proposals at the 2011 annual meeting of shareholders should be sent to Secretary of Apollo at the following address: Apollo Gold Corporation, 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado, 80111-3220.

## **Other Matters**

Apollo does not expect that any matters other than the proposals described in this Circular and set forth on the Apollo Proxy will be raised at the Apollo Meeting. However, if other matters are properly raised at the Apollo Meeting, the persons named as proxies will vote in accordance with the recommendations of the Apollo Board.

## **Transfer Agent**

Apollo's transfer agent is CIBC Mellon Trust Company. All communications concerning accounts of Apollo shareholders of record, including address changes, name changes, inquiries as to requirements to transfer common stock and similar issues may be handled by calling Apollo Investor Relations at (303) 524-3217, by calling CIBC Mellon Trust Company at 1-800-387-0825, by writing to CIBC Mellon Trust Company at P.O. Box 7010 Adelaide Street Postal Station, Toronto ON M5C 2W9, Canada, or by email to CIBC Mellon Trust Company at [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com). For other information about Apollo, you may visit Apollo's web site at [www.apollogold.com](http://www.apollogold.com).

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## THE ARRANGEMENT

The following discussion contains material information pertaining to the transaction, including the Arrangement Agreement and the Plan of Arrangement. This discussion is subject, and qualified in its entirety by reference, to the Arrangement Agreement and the form of Plan of Arrangement, which are attached to this document as Schedules F and G, respectively. We urge you to read and review the Arrangement Agreement and the form of Plan of Arrangement in their entirety as well as the discussion in this Circular.

### General

This section provides material information about the combination of the business of Linear and Apollo and the circumstances surrounding the transaction. The next sections of this document, entitled *The Arrangement Mechanics* and *The Arrangement Agreement* beginning on pages 57 and 61, respectively, contain additional and more detailed information regarding the legal documents that govern the transaction, including information about the conditions to completion of the transaction and the provisions for terminating the Arrangement Agreement.

Both the Apollo Board and the Linear Board have approved the Arrangement Agreement. The Arrangement Agreement and the Plan of Arrangement provide that Apollo will acquire all of the outstanding Linear Shares subject to, among other things:

approval of the Option Plan Amendment Resolution and the Share Issuance Resolution by Apollo Shareholders;  
approval of the Continuance and the Arrangement by Linear Shareholders; and  
approval of the Arrangement by the Court.

As a consequence of the transaction, Linear will amalgamate with Apollo Sub and the amalgamated corporation will become a wholly owned subsidiary of Apollo. Pursuant to the transaction, Apollo will acquire (i) each outstanding Linear Share (other than those held by Linear Shareholders who properly exercise their Dissent Rights) in exchange for 5.4742 Apollo Shares (ii) each outstanding Linear Warrant in exchange for an Apollo Replacement Warrant and (iii) each outstanding Linear Option in exchange for an Apollo Replacement Option. Linear Shareholders who properly exercise their Dissent Rights will be entitled to be paid the fair value of their Linear Shares. Non-registered holders of Linear Shares, Linear option holders and Linear warrant holders are not entitled to Dissent Rights. Dissenters' appraisal rights are not available to Apollo Shareholders in connection with the transaction. See *Dissenting Shareholder Rights* beginning on page 55.

The purpose of the Arrangement is for Apollo to acquire all of the issued and outstanding Linear Shares, Linear Options and Linear Warrants upon the amalgamation of Apollo Sub and Linear and, as consideration therefor, to issue Apollo Shares to the Former Linear Shareholders, Apollo Replacement Options to the former Linear Optionholders and Apollo Replacement Warrants to the former Linear Warrant holders, all on the basis of the Exchange Ratio (subject to corresponding adjustment to the respective exercise prices of the Apollo Replacement Options and Apollo Replacement Warrants). If permitted by applicable Laws, Apollo intends to cause Linear to apply to de-list the Linear Shares and the Linear Listed Warrants from the TSX as soon as practicable following the Effective Date and to apply to cease to be a reporting issuer under the securities Laws of each province of Canada in which it is a reporting issuer.

Apollo has agreed to use its commercially reasonable best efforts to arrange for the Apollo Replacement Warrants issued in exchange for the Linear Listed Warrants to be listed on the TSX and to maintain such listing until 5:00 p.m. (Halifax time) on November 19, 2014.

## **When the Arrangement Becomes Effective**

Under the ABCA, the Court must approve the Plan of Arrangement. If Apollo Shareholder Approval is obtained at the Apollo Meeting and Linear Shareholder Approval is obtained at the Linear Meeting, the Court will hold a hearing regarding the Final Order. The Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

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If the required securityholder approvals are received, the Final Order is obtained, every other requirement of the ABCA relating to the Arrangement is complied with and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Arrangement will become effective on the Effective Date. Linear and Apollo currently expect that the Effective Date will be on or about July 2, 2010.

## **Background of the Arrangement**

The provisions of the Arrangement Agreement are the result of arm's length negotiations conducted between representatives of Apollo, Linear, and their respective legal and financial advisors. The following is a summary of the background to the execution of the Arrangement Agreement.

In June 2008, Haywood Securities approached the management team of Apollo and raised the concept of a business combination with Linear. Also in June 2008, but in separate discussions, Haywood Securities approached the management team of Linear and presented the idea of a business combination with Apollo. Both Apollo and Linear were receptive to exploring the opportunity further and certain preliminary discussions were held between the management of both companies. It was subsequently determined, however, that Apollo would continue to focus on the development of its Black Fox mine while Linear pursued alternative transaction opportunities. Preliminary discussions were again entertained in December of 2008; however, no agreement was able to be achieved.

In August 2009, the Apollo Board established the Apollo Special Committee to review and supervise any proposed transaction that could arise in respect of Apollo, and any potential issuance of securities, change of control or similar transaction. The Apollo Special Committee consisted of Messrs. Stott (Chairman), Kaiser, Peat and Vaughan. The Apollo Board fixed the compensation for each committee member at \$20,000.

The Apollo Special Committee met only twice in calendar 2009. The Apollo Special Committee retained Stikeman Elliott LLP and Haywood Securities as its independent legal and financial advisors, respectively.

During December 2009, Apollo received inquiries from a third party outlining the potential acquisition of Apollo by such third party. In response to these inquiries, Haywood Securities contacted Linear to discuss Linear's level of interest in pursuing some form of business combination transaction with Apollo. As a result of the positive outcome of these preliminary discussions between Haywood Securities and Linear, on or about December 18, 2009, a draft form of an indicative term sheet was prepared which outlined the preliminary terms and conditions that had been discussed to date of a potential merger between Linear and Apollo. On or about the date that Apollo received the indicative term sheet from Linear, Apollo received a draft indication of interest from the third party which was the result of previous oral communication between the third party and the Apollo Special Committee.

In an engagement letter dated December 30, 2009, the Apollo Special Committee and the Apollo Board formally engaged Haywood Securities as financial advisor to review the strategic alternatives available to Apollo, including but not limited to potential business combinations, an outright sale of Apollo, and potential financing opportunities. Concurrently with the evaluation of a potential business combination with Linear, Apollo and Haywood Securities continued to explore these strategic alternatives including but not limited to the potential acquisition of Apollo by the third party. Between December 30, 2009 and March 8, 2010, the Apollo Special Committee met ten times to review the progress of the potential business combination with Linear as well as these other various alternatives and opportunities.

On January 6, 2010, Apollo and Linear entered into a mutual confidentiality agreement in order to formally commence the due diligence analysis required to better assess a potential business combination. Upon execution of the

confidentiality agreement, both Apollo and Linear provided each other with access to confidential information regarding their respective companies.

On January 18, 2010, representatives from Apollo, accompanied by a representative from Haywood Securities, and an independent mining consultant engaged by Apollo, visited Linear's Goldfields project located near Uranium City, Saskatchewan to perform on-site due diligence on Linear's exploration and development projects.

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On January 27, 2010 and January 28, 2010, representatives from Linear visited Apollo's Black Fox project located near Timmins, Ontario to perform on-site due diligence on Apollo's exploration projects and mining operations.

By the end of February 2010, Apollo and Linear had substantially completed their mutual due diligence processes. Between March 1, 2010 and March 8, 2010, significant negotiations were held between Apollo, Linear and their respective advisors regarding the Arrangement.

As indicated above, in addition to its discussions with Linear, the Apollo Special Committee also considered a number of financing transactions and other alternatives available to Apollo. With the advice of its independent legal and financial advisors, the Apollo Special Committee examined in an in-depth manner, four potential financing and other transactions. Based on the outcome of the meetings it held between December 30, 2009 and March 8, 2010, the Apollo Special Committee determined that a transaction with Linear represented the best financing and strategic opportunity available to Apollo.

On March 8, 2010, both the Apollo Special Committee and the Apollo Board held meetings to further consider the final terms of the proposed transaction with Linear. After receiving a detailed review of the transaction and having a thorough discussion on, among other factors, the timing of the transaction in the context of market and economic conditions, the consideration being offered and possible alternatives to the Arrangement, the results of due diligence investigations of Linear and its assets, the Apollo Fairness Opinion and the assumptions and limitations outlined therein, the Apollo Special Committee and the directors of Apollo unanimously determined that the Arrangement is in the best interests of Apollo. Accordingly, the Apollo Special Committee voted unanimously to recommend to the Apollo Board that it approve, among other things, the execution and delivery of the Binding LOI and the Arrangement and that the Apollo Board recommend that Apollo Shareholders vote for the Share Issuance. The Apollo Board subsequently voted unanimously to approve the Arrangement and the Binding LOI.

Linear, Apollo, and their respective legal advisors completed the negotiation of the Binding LOI, at which time the Binding LOI was signed by the parties. A press release announcing the Arrangement was issued on March 9, 2010.

The Binding LOI was amended on March 18, 2010 to reflect certain agreed changes to the proposed board and management of Apollo following completion of the Arrangement. The formal, definitive Arrangement Agreement was executed on March 31, 2010, thereby superseding the Binding LOI (as amended).

## **Consent, Lock-Up and Support of the Project Lenders**

Concurrently with the execution of the Binding LOI, Apollo entered into a consent letter with the Project Lenders in respect of the Project Facility Agreement. Pursuant to the consent letter, the Project Lenders agreed, subject to the terms and conditions contained in the consent letter, (i) to consent to the Arrangement and the Private Placement, (ii) subject to completion of the Arrangement and satisfaction of various terms and conditions, not to accelerate repayment of any amounts owing under the Project Facility Agreement or to enforce any remedies in each case prior to September 30, 2010, in the event of certain events of default or review events (each as defined in the Project Facility Agreement), and (iii) to make certain amendments to the Project Facility Agreement. The amendments to the Project Facility Agreement include amendments to the original debt repayment schedule and an extension to September 30, 2010 of various covenants contained in the Project Facility Agreement, including relating to the satisfaction of certain completion tests related to the Black Fox project and the obligation to fund a debt reserve account.

On March 18, 2010, the Project Lenders entered into lock-up agreements in favour of Apollo and Linear pursuant to which the Project Lenders agreed to, subject to certain exceptions, refrain from offering, selling, contracting to sell,

lending, or entering into any other agreement to transfer the economic consequences of any of the Apollo Shares or Apollo warrants held by them until December 31, 2010. The Project Lenders also entered into support agreements representing 8,716,800 Apollo Shares in the aggregate, pursuant to which they agreed, subject to customary exceptions in the context of a Superior Proposal and other terms and conditions set out in such agreements, to vote their Apollo Shares in favour of the Share Issuance Resolution and all other matters relating to the Arrangement at the Apollo Meeting.

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**Private Placement**

On March 18, 2010, Apollo completed a private placement from treasury of 62,500,000 Apollo Shares to Linear at a price of Cdn.\$0.40 per Apollo Share for aggregate gross proceeds of Cdn.\$25,000,000. Linear did not own or exercise control over any securities of Apollo prior to completion of the Private Placement. Immediately following completion of the Private Placement, the 62,500,000 Apollo Shares owned by Linear represented approximately 18.6% of the issued and outstanding Apollo Shares. In the event that the Arrangement is not completed for any reason, Apollo has agreed to file a registration statement with the SEC in respect of the Apollo Shares issued pursuant to the Private Placement and to take all necessary steps in order to have such registration statement declared effective by the SEC as expeditiously as possible so as to register the resale of such shares by Linear in the United States. US\$10 million of the gross proceeds from the Private Placement was applied to repay a portion of the debt owing under the Project Facility Agreement, and the remaining proceeds are being used to advance the development of the new Black Fox underground mine and for general working capital purposes.

**Support Agreements**

Prior to signing the Arrangement Agreement, the management and directors of both Apollo and Linear entered into customary support agreements, representing, in the aggregate, approximately 3.7 million Apollo Shares and 3.4 million Linear Shares.

Pursuant to the support agreements, each director and executive officer of Apollo party to such agreement committed to, among other things:

immediately cease and terminate existing discussions, if any, with any person with respect to any potential direct or indirect acquisition of, or any other business combination involving, Apollo or any material part of its assets (each, an **Apollo Acquisition Proposal** );

not, directly or indirectly, make, solicit, assist, initiate, encourage or otherwise facilitate any inquiries, proposals or offers from any person, other than Apollo or its affiliates, relating to any Apollo Acquisition Proposal or participate in, any discussions or negotiations regarding any information with respect to any Apollo Acquisition Proposal or conduct any activity otherwise detrimental to the Arrangement;

not sell, assign, transfer or otherwise convey, dispose of, encumber or restrict the voting rights of any of their Apollo securities (including Apollo Shares);

vote all of their Apollo Shares in favor of the Arrangement and any resolutions or matters relating thereto at any meeting of Apollo Shareholders called to consider the same;

not withdraw any proxy (if any) delivered to Apollo or its depositary agent in connection with any meeting of Apollo Shareholders called to approve the Arrangement; and

vote against any proposal (other than a Superior Proposal as defined in the Arrangement Agreement) submitted to Apollo Shareholders in respect of any amalgamation, merger, sale of Apollo's or its affiliates' or associates' assets, take-over bid, plan of arrangement, reorganization, recapitalization, shareholder rights plan, liquidation or winding-up of, reverse take-over or other business combination or similar transaction involving Apollo or any of its subsidiaries; (i) which would reasonably be regarded as being directed towards or likely to prevent or delay the successful completion of the Arrangement; or (ii) which would reasonably be expected to result in a material adverse effect in respect of Apollo.

## Reasons and Benefits of the Arrangement

In evaluating and approving the Share Issuance, the directors of Apollo considered a number of factors including, among others, the following.

*Advancing Black Fox* The transaction allows Apollo to materially reduce Black Fox project debt levels and provides immediate capital to fund the new underground development at Black Fox as well as an aggressive exploration program at Grey Fox and Pike River to advance towards feasibility in the near term.

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*Improved balance sheet and enhanced financial flexibility* The transaction and related Private Placement of Cdn.\$25 million allows Apollo to reduce its project debt facility, enhance its working capital and advance the new underground mine development at Black Fox, thereby positioning Apollo with improved financial flexibility.

*Additional Production* The transaction provides a near term development asset in Linear's Goldfields project that will add low-cost production of approximately 70,000 ounces of gold per year by 2013.

*Improved Portfolio of Properties* The transaction expands the portfolio of quality exploration assets to include Linear's Goldfields Project in northern Saskatchewan, Canada, Linear's properties in the Chiapas area of southern Mexico and Linear's Ampliacion Pueblo Viejo II property in the Dominican Republic.

*Participation by Shareholders in the Assets of Linear* Apollo Shareholders, through the combination with Linear, will participate in any increase in the value of the mineral projects and other assets currently owned by Linear.

In reaching their conclusion and making their recommendation, the members of the Apollo Special Committee and Apollo Board relied on their knowledge of Apollo and Linear and the industry in which they are involved, on the information provided by Apollo and its advisors and on the advice of its legal and financial advisors. The Apollo Special Committee and Apollo Board considered numerous other factors to be in favour of the transaction, including, among other things:

*Fairness Opinion* The opinion of the Apollo Special Committee's financial advisor, Haywood Securities, to the effect that, as of March 9, 2010 and subject to the analyses, assumptions, qualifications and limitations set forth in the Apollo Fairness Opinion, the offered consideration of 5.4742 Apollo Shares for each Linear Share pursuant to the Arrangement is fair, from a financial point of view, to the Apollo Shareholders.

*Due Diligence* The positive results of the due diligence review conducted by Apollo's management and Apollo's financial and legal advisors.

*Ability to Accept a Superior Proposal* Under the Arrangement Agreement, the Apollo Board remains able to respond, in accordance with its fiduciary duties, to certain unsolicited proposals that are more favourable to Apollo Shareholders than the Arrangement.

*Apollo Shareholder Approval* The Share Issuance Resolution and the Option Plan Amendment Resolution must each be approved by no less than a majority of the votes cast in respect thereof by Apollo Shareholders present in person or represented by proxy at the Apollo Meeting. For the purposes of voting on the Share Issuance Resolution, a total of 62,500,000 Apollo Shares held by Linear (representing approximately 18.5% of the currently outstanding Apollo Shares) will be excluded from voting. The Apollo Board believes that the required approvals protect the rights of Apollo Shareholders.

*Absence of Competing Proposal* Since the entering into of the Arrangement Agreement on March 31, 2010, Apollo has not received any expressions of interest or competing offers related to a merger or acquisition transaction.

*Market and Industry Trends* Current economic, industry and market trends affecting Apollo and Linear and the current and historical trading prices of their respective common stock.

The Apollo Special Committee and Apollo Board also considered potential adverse factors associated with the transaction, including, among other things:

*Dilution of Apollo Shareholders' Ownership Interest in the Combined Company; Ownership Interest by Linear Shareholders in the Combined Company* As a result of the issuance of Apollo Shares in the Arrangement, Apollo's existing shareholders will experience a significant degree of dilution in their ownership of Apollo. Upon completion of the transaction and based on the number of Apollo

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Shares and Linear Shares outstanding as of May 25, 2010, Apollo Shareholders and Linear Shareholders will own, respectively, approximately 53.2% and 46.8% of the combined company (on an undiluted basis).

*Termination Fee* The fact that Apollo may be obligated to pay a termination fee under the Arrangement Agreement in certain circumstances.

*Market Disruption if Transaction Not Completed* The fact that if the transaction is not completed, Apollo may be adversely affected due to potential disruptions in its operations and market perceptions.

*Integration Challenges* The challenges inherent in the combination of two enterprises of the size and scope of Apollo and Linear and the possible resulting diversion of management attention for an extended period of time as well as the risk that anticipated benefits, long-term as well as short-term, of the transaction for the Apollo shareholders might not be realized.

*Dissent Rights* The availability of Dissent Rights to the Linear Shareholders and that the Arrangement Agreement contains a condition that Linear Shareholders representing in excess of 5% of the outstanding Linear Shares will not have exercised rights of dissent in connection with the transaction.

The foregoing summary of the information and factors considered by the Apollo Board is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Arrangement, the directors of Apollo did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching their conclusions and recommendations. The recommendations of the directors of Apollo were made after consideration of all of the above-noted factors and in light of their collective knowledge of the business, financial condition and prospects of Linear, and were also based upon the advice of financial advisors and legal advisors to the Apollo Special Committee and the Apollo Board. In addition, individual directors of Apollo may have assigned different weights to different factors.

## **Opinion of Apollo's Financial Advisor Haywood Securities Inc.**

Pursuant to the Haywood Securities Engagement Letters, Haywood Securities was formally engaged by the Apollo Special Committee to consider the proposed Arrangement and provide its opinion to the Apollo Special Committee as to the fairness, from a financial point of view, to the Apollo Shareholders, of the consideration to be paid by Apollo to the Linear Shareholders. The Haywood Securities Engagement Letters also provide the terms upon which Haywood Securities agreed to act as a financial advisor to Apollo in connection with an analysis of various strategic alternatives, including a potential business combination or an investment by a strategic investor. Pursuant to the Haywood Securities Engagement Letters, in consideration for the services provided by Haywood Securities thereunder, Apollo agreed to pay to Haywood Securities, in addition to reimbursement of its reasonable expenses, (i) 1.5% of the total value of all consideration paid or received by Apollo in connection with the transaction with Linear plus any amounts payable in respect of employment or consulting agreements (the **Success Fee**), and (ii) Cdn.\$260,000 for the Apollo Fairness Opinion. Apollo currently estimates that, if the transaction is completed, the aggregate amount of fees payable to Haywood Securities under the Haywood Securities Engagement Letters would be approximately Cdn.\$2.1 million, of which approximately Cdn.\$1.9 million would represent the Success Fee. The Haywood Engagement Letters also state that in the event the proposed Arrangement is not consummated but that Apollo receives a break-up fee or any other payment as a result of the termination of the Arrangement, Apollo will pay to Haywood Securities the lesser of 20% of any such break-up fee or other payment received by Apollo and Cdn.\$200,000.

On March 8, 2010, Haywood Securities delivered an oral form of the Apollo Fairness Opinion to the Apollo Special Committee with respect to the Share Issuance. Subsequent to the delivery of the oral form of Apollo Fairness Opinion, Haywood Securities delivered the written Apollo Fairness Opinion dated March 9, 2010 to the Apollo Special Committee. Based upon and subject to the various considerations set forth in the Apollo Fairness Opinion, Haywood Securities is of the opinion that the consideration to be paid by Apollo to the Linear Shareholders is fair, from a



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Fairness Opinion was provided to, and for the use and benefit of, the Apollo Special Committee solely for the purpose of its consideration of the Share Issuance and addresses the fairness, from a financial point of view, to the Apollo Shareholders, of the consideration to be paid by Apollo to the Linear Shareholders and does not address any other aspect of the Share Issuance Resolution or any other transaction.

The full text of the Apollo Fairness Opinion, which sets forth, among other things, the analysis, assumptions, qualifications and limitations on the scope of review undertaken by Haywood Securities in rendering the Apollo Fairness Opinion, is set forth in Schedule L attached to this Circular. Apollo Shareholders are urged to read the Apollo Fairness Opinion in its entirety. The Apollo Fairness Opinion does not address the merits of the underlying business decision to enter into the transaction contemplated by the Share Issuance Resolution versus any alternative strategy or transaction and does not constitute advice or a recommendation as to whether Apollo Shareholders should vote in favour of the Share Issuance Resolution or any other transaction and the Apollo Fairness Opinion states that it may not be used or relied upon by any other person other than the Apollo Special Committee and the Apollo Board without the express prior written consent of Haywood Securities. This summary of the Apollo Fairness Opinion is qualified in its entirety by reference to the full text of the Apollo Fairness Opinion as set forth in the attached Schedule L. Any capitalized terms used in this Summary of the Apollo Fairness Opinion but not otherwise defined in this Circular have the meanings ascribed to such terms in Schedule L.

The Apollo Fairness Opinion was rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date of the Apollo Fairness Opinion and the condition and prospects, financial and otherwise of Apollo and its subsidiaries and affiliates, as they were reflected in the information and documents reviewed by Haywood Securities and as they were represented to Haywood Securities in discussions with management of Apollo. Subsequent developments may affect the Apollo Fairness Opinion and Haywood Securities reserves the right to change, modify or withdraw the Apollo Fairness Opinion prior to the completion of the Arrangement.

Haywood Securities is one of Canada's leading independent investment dealers with operations in investment banking, equity sales and trading and investment research. The Apollo Fairness Opinion represents the opinion of Haywood Securities and the form and content of the Apollo Fairness Opinion have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters. As per the Haywood Securities Engagement Letters, Haywood Securities is paid a fee upon delivery and publication of the Apollo Fairness Opinion and will be reimbursed for any out-of-pocket expenses.

Neither Haywood Securities nor any of its affiliated entities is an associated or affiliated entity or issuer insider (as those terms are defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions) of Linear or Apollo or any of their respective associates or affiliates. Haywood Securities may, in the future, in the ordinary course of business, provide financial advisory services to Linear or Apollo or any of their respective associates or affiliates.

The following is a list detailing all fees, commissions, shares, and warrants that Haywood Securities has received from Apollo in the past two years:

- On July 24, 2008, Cdn.\$928,347.87 and 1,713,873 broker warrants of Apollo exercisable at Cdn.\$0.60 as sales commission relating to a financing;
- On August 21, 2008, 1,020,000 broker warrants of Apollo exercisable at Cdn.\$0.50 as sales commission relating to a financing;
- On September 19, 2008, Cdn.\$25,000 for financial advisory services relating to the analysis of potential merger and acquisition opportunities;



On December 31, 2008, Cdn.\$36,000 and 255,000 warrants of Apollo exercisable at Cdn.\$0.30 for financial advisory services relating to a private placement financing;

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On February 23, 2009, 2,172,840 common shares of Apollo and 2,567,901 broker warrants of Apollo exercisable at Cdn.\$0.256 for financial advisory services;

On March 23, 2009, 1,000,000 common shares of Apollo relating to the successful completion of financial advisory services;

On July 15, 2009, Cdn.\$718,250 and 1,292,796 broker warrants of Apollo exercisable at Cdn.\$0.45 as sales commission relating to a financing;

On August 21, 2009, Cdn.\$552,500 as sales commission relating to a financing;

From September to November, 2009, Cdn.\$50,000 for financial advisory services relating to the analysis of potential merger and acquisition opportunities;

On January 5, 2010, Cdn.\$50,000 for financial advisory services relating to the analysis of strategic alternatives, including financing options and merger and acquisition opportunities;

On January 14, 2010, 300,000 common shares of Apollo for financial advisory services relating to the successful completion of a merger and acquisition transaction; and

In February, 2010, Cdn.\$100,000 for financial advisory services relating to the analysis of strategic alternatives, including financing options and merger and acquisition opportunities.

In addition, Haywood Securities has provided services to Linear in connection with the analysis of potential merger and acquisition opportunities and its financing efforts. The following is a list detailing all fees, commissions, shares, and warrants Haywood Securities has received from Linear in the past two years:

From June to August, 2008, Cdn.\$30,000 for financial advisory services relating to the analysis of potential merger and acquisition opportunities;

On February 2, 2009, Cdn.\$75,000 for financial advisory services relating to the analysis of potential merger and acquisition opportunities; and

On November 29, 2009, Cdn.\$317,009.55 and 192,330 broker warrants of Linear exercisable at Cdn.\$2.15 as sales commission relating to a financing.

In preparing the Apollo Fairness Opinion, Haywood Securities performed a variety of financial and comparative analyses, including those described below. The summary of Haywood Securities' analyses described below is not a complete description of the analyses underlying the Apollo Fairness Opinion. In arriving at the Apollo Fairness Opinion, Haywood Securities made qualitative judgments as to the significance and relevance of each factor that it considered. Accordingly, Haywood Securities believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and the Apollo Fairness Opinion.

In its analyses, Haywood Securities considered industry performance, general business, economic, market, political and financial conditions and other matters, many of which are beyond the control of Apollo and Linear. No company, transaction or business used in Haywood Securities' analyses as a comparison is identical to Apollo or Linear or the proposed transaction, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the business combination, public trading or other values of the companies, business segments or transactions being analyzed. The estimates contained in Haywood Securities' analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favourable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Haywood Securities' analyses and estimates could be subject to substantial uncertainty.



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In connection with the Apollo Fairness Opinion, Haywood Securities performed a variety of financial and comparative analyses, including but not necessarily limited to those described below. In performing its analyses and rendering its opinion with respect to the Share Issuance Resolution, Haywood, with the Apollo Board's consent:

relied, without independent verification, upon all financial and other information that was obtained by it from public sources or that was provided to it by Apollo or Linear and their respective affiliates, associates, advisors or otherwise; and

assumed that this information was complete and accurate as of the date thereof and did not omit to state any material fact or any fact necessary to be stated to make that information not misleading.

In assessing the fairness of the consideration, from a financial point of view, to be paid pursuant to the Arrangement by the Apollo Shareholders, Haywood Securities considered, among other factors, the following items and methodologies relative to Apollo and Linear and their peer group:

Discounted cash flow analysis;  
Comparable company analysis;  
Precedent transaction analysis; and  
Historical share price trading analysis.

### **Discounted Cash Flow**

The discounted cash flow ( **DCF** ) approach considers the present value of the future cash flows generated, incorporating the timing and relative certainty of projected cash flows. The DCF analysis requires that certain assumptions be made regarding, among other things, commodity prices, exchange rates, capital costs, operational costs and discount rates. In addition to considering the present value of the future cash flows generated, Haywood Securities assigns a value to exploration projects which have not necessarily demonstrated economically viable mineral deposits, but do in the opinion of Haywood Securities possess the potential for economically viable mineral deposits. To arrive at the net asset values ( **NAV** ) for Apollo and Linear, liabilities were subtracted from the total value of the assets for each respective company.

A range of discount rates of between 5% and 15% were selected for the various projects of Apollo and Linear based on Haywood Securities' experience valuing mining companies. The discount rates reflect the risks associated with the projected free cash flows and incorporates factors including, but not limited to, the risk-free rate, risks associated with mining, estimated cost of capital, and development timelines for Apollo and Linear, as well as any non-sector risks such as country risk.

To complete the DCF analysis, Haywood Securities did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses. Variables used by Haywood Securities in the sensitivity analyses included, but were not limited to, commodity prices, mining grades, production rates, discount rates, capital expenditures and operating costs. Based on this sensitivity analysis, the consideration offered to Linear Shareholders in the Arrangement represented an average premium of approximately 30.7% over the average implied exchange ratio calculated on the relative NAV per-share for Apollo and Linear of approximately 4.2.

### **Comparable Company Analysis**

Haywood Securities reviewed selected comparable public company trading ranges in terms of adjusted market capitalization ( **AMC** ) to ounces of gold equivalent resource. Metals were converted into gold equivalent ( **AuEq** ) based on Haywood Securities' long-term metal price forecasts. Haywood Securities then evaluated Linear by applying an implied range of capitalization factors to Linear's current resource base to evaluate the consideration offered to Linear Shareholders in the Arrangement versus the trading range of the peer group. The companies utilized for

comparative purposes in Haywood Securities analysis were not identical to Linear. As a result, a complete valuation analysis cannot be limited to a quantitative review of the selected publicly traded companies, but also requires complex considerations and judgments concerning differences in financial and operating characteristics of such companies, as well as other factors that could affect their value relative to that of Linear.

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The data for the comparable multiple analysis as at March 8, 2010 is summarized as follows:

Company	Market Capitalization (US\$M)	AMC (US\$M)	Total Resource (M oz AuEq)	AMC/oz AuEq (US\$)
Aurizon Mines Ltd.	\$ 733.8	\$ 645.4	5.6	\$ 115.3
Minefinders Corporation Ltd.	\$ 580.7	\$ 599.1	7.0	\$ 85.6
Kirkland Lake Gold Inc.	\$ 483.2	\$ 417.6	3.3	\$ 126.5
St. Andrew Goldfields Ltd.	\$ 248.7	\$ 271.1	4.0	\$ 67.8
Wesdome Gold Mines Ltd.	\$ 199.1	\$ 173.4	1.4	\$ 123.9
Claude Resources Inc.	\$ 122.5	\$ 117.6	0.8	\$ 147.0
Alexis Minerals Corp.	\$ 50.5	\$ 46.8	0.8	\$ 58.5
			<b>Low</b>	<b>\$ 58.5</b>
			<b>Mean</b>	<b>\$ 103.5</b>
			<b>Median</b>	<b>\$ 115.3</b>
			<b>High</b>	<b>\$ 147.0</b>

Based on the market data as at March 8, 2010, the consideration offered to Linear Shareholders under the Arrangement implied an AMC/oz AuEq value for Linear of US\$17.8/oz AuEq which was a premium to Linear's AMC/oz AuEq as at March 8, 2010 of US\$13.2/oz AuEq but was significantly below the median AMC/oz AuEq of US\$115.3/oz AuEq for the comparable group evaluated.

### Precedent Transactions

Haywood Securities reviewed publicly available information on selected merger and acquisition transactions in the mining sector, and compared these to the Arrangement. The basis for this analysis was to determine whether the consideration that other companies had paid in similar transactions was comparable to the consideration being offered to Linear Shareholders in the Arrangement. The analysis of these precedent transactions is not purely mathematical, but involves considerations and judgments concerning, among other things, differences in the comparable transactions, company-specific risk factors, share performance preceding each transaction announcement, and prevailing economic and market conditions, including metal prices.

In each case, two key metrics were evaluated:

- a) Price/oz AuEq: Calculated by dividing the total acquisition price by the target company's ounces of AuEq; and
- b) Premium to 20-day VWAP: The premium of the acquisition price paid per share to the volume weighted average price ( **VWAP** ) of the target company's shares for the 20 trading days prior to the announcement of the transaction.

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Using company filings, company presentations, and information from data providers including, but not limited to, MineSearch, Bloomberg, Capital IQ, and Thomson One, Haywood Securities examined the following transactions:

Buyer	Target	Date	Price/oz AuEq (US\$)	Premium to 20-day VWAP	
AngloGold Ashanti Ltd.	Golden Cycle Gold Corp.	January 2008	\$ 35.1	29.7	%
Eldorado Gold Corp.	Frontier Pacific Mining Corp.	April 2008	\$ 90.1	34.8	%
Iamgold Corp.	Orezone Resources Inc.	December 2008	\$ 37.2	162.9	%
B2Gold Corp.	Central Sun Mining Inc.	January 2009	\$ 19.0	71.0	%
Avocet Mining PLC	Wega Mining ASA	April 2009	\$ 60.9	50.9	%
Paramount Gold & Silver Corp.	Klondex Mines Ltd.	July 2009	\$ 27.1	24.1	%
Ramelius Resources Ltd.	Dioro Exploration NL	July 2009	\$ 30.5	40.8	%
International Minerals Corp.	Ventura Gold Corp.	September 2009	\$ 75.5	40.7	%
Ontex Resources Ltd.	Roxmark Mines Ltd.	October 2009	\$ 77.8	31.0	%
Argonaut Gold Inv.	Castle Gold Corp.	December 2009	\$ 66.1	n.a.	
		<b>Low</b>	<b>\$ 19.0</b>	<b>24.1%</b>	
		<b>Mean</b>	<b>\$ 51.9</b>	<b>54.0%</b>	
		<b>Median</b>	<b>\$ 49.1</b>	<b>40.7%</b>	
		<b>High</b>	<b>\$ 90.1</b>	<b>162.9%</b>	

Based on the market data as at March 8, 2010, the consideration offered to Linear Shareholders under the Arrangement implied a Price/oz AuEq value for Linear of US\$31.3 and represented a 20% premium over Linear's 20-day VWAP, both of which are below the median metrics represented in the analysis of the precedent transactions.

**Historical Share Price Trading Analysis**

Haywood Securities reviewed the historical trading price of Apollo Shares and Linear Shares. Haywood Securities specifically reviewed the 5-day, 10-day, 15-day, 20-day, 30-day, and 60-day VWAP prior to the announcement of the Binding LOI on March 9, 2010. The VWAPs were calculated based on the closing price and daily volume for each of Apollo and Linear's common shares on the TSX as at March 8, 2010.

The following table summarizes the implied share price ratio for each of the VWAP periods listed as well as the premium of the consideration offered to Linear Shareholders under the Arrangement to such share price ratio:

VWAP	Apollo (Cdn.\$)	Linear (Cdn.\$)	Ratio (Apollo/Linear)	Consideration Premium	
5-day	\$ 0.4160	\$ 2.0077	4.8260	13.4	%
10-day	\$ 0.4133	\$ 1.9662	4.7576	15.1	%
15-day	\$ 0.4238	\$ 1.9628	4.6311	18.2	%
20-day	\$ 0.4280	\$ 1.9523	4.5614	20.0	%
30-day	\$ 0.4273	\$ 1.8997	4.4456	23.1	%
60-day	\$ 0.4754	\$ 2.0171	4.2430	29.0	%

The consideration offered under the Arrangement Agreement represents a premium of between 13.4% to 29.0% to the implied exchange ratios for the VWAP periods listed.

## **Recommendation of the Apollo Special Committee**

The Apollo Special Committee held a meeting on March 8, 2010 and unanimously recommended that the Apollo Board approve, among other things, the execution and delivery of the Binding LOI. The Apollo Special Committee, having taken into account such factors and other matters as it considered relevant, including the Apollo Fairness Opinion, unanimously determined that the Arrangement is in the best interests



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of Apollo and unanimously recommended that the Apollo Board approve the Binding LOI and that the Apollo Board recommend that the Apollo Shareholders vote **FOR** the Share Issuance.

### **Recommendation of the Apollo Board**

The directors of Apollo have considered all factors they have deemed necessary to be considered based on the information available to them, including the Apollo Fairness Opinion and the approval and recommendation of the Share Issuance by the Apollo Special Committee and have unanimously determined that the offered consideration of 5.4742 Apollo Shares for each Linear Share under the Arrangement is fair, from a financial point of view, to Apollo

Shareholders and that the Share Issuance is in the best interests of Apollo. Accordingly, the directors of Apollo unanimously recommend that the Apollo Shareholders vote **FOR** the Share Issuance Resolution and each of the other proposals set forth in this Circular.

### **Issuance and Resale of Apollo Shares**

The Apollo Shares, Apollo Replacement Options and Apollo Replacement Warrants to be issued pursuant to the Arrangement have not been, and will not be registered under the U.S. Securities Act or the securities Laws of any other jurisdiction. The Apollo Shares, Apollo Replacement Options and Apollo Replacement Warrants to be issued in the Arrangement will be issued pursuant to an exemption from the prospectus requirements of Canadian securities law and from the registration requirements of the U.S. Securities Act under and exemption provided by Section 3(a)(10) of the U.S. Securities Act based on the approval of the Plan of Arrangement by the Court.

Section 3(a)(10) of the U.S. Securities Act exempts securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the fairness of the terms and conditions of the issuance and exchange of the securities have been approved by any court or authorized governmental entity, after a hearing upon the fairness of the terms and conditions of exchange at which all persons to whom the securities will be issued have the right to appear and to whom adequate notice of the hearing has been given. If the Court approves the Plan of Arrangement, its approval will constitute the basis for the Apollo Shares, Apollo Replacement Options and Apollo Replacement Warrants to be issued without registration under the U.S. Securities Act in reliance on the exemption from the registration requirements of the U.S. Securities Act by Section 3(a)(10) of the U.S. Securities Act.

On May 25, 2010, Linear submitted the Interim Order to the Court. The Interim Order provides for the calling and holding of the Linear Meeting and for Linear to submit the Arrangement Resolution to the Linear Meeting and to seek approval thereof from the Linear Shareholders in the manner set forth in the Interim Order. Subject to obtaining Linear Shareholder Approval at the Linear Meeting, the hearing in respect of the Final Order is scheduled to take place on June 24, 2010 at 4:00 p.m. (Alberta Time) or as soon thereafter as is reasonably practicable.

The Apollo Shares issued in the Arrangement will be freely transferable under U.S. federal securities Laws, except by persons who are deemed to be affiliates (as that term is defined under the U.S. Securities Act) of Apollo after the Arrangement. Shares held by Apollo affiliates may be resold only in transactions permitted by Rule 901 in combination with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the resale provisions of Rule 144 under the U.S. Securities Act or as otherwise permitted under the U.S. Securities Act. Rule 144 generally provides that affiliates of Apollo may not sell securities of Apollo received in the Arrangement unless the sale is effected by use of an effective registration statement or in compliance with the volume, current public information, manner of sale and timing limitations set forth in Rule 144 under the U.S. Securities Act. These limitations generally permit sales made by an affiliate in any three-month period that do not exceed the greater of 1% of the outstanding shares of Apollo common stock or the average weekly reported trading volume in such securities over the four calendar weeks

preceding the placement of the sell order, provided the sales are made in unsolicited, open market broker transactions and that current public information on Apollo is available. Persons who may be deemed to be affiliates of an issuer generally include individuals or entities that directly or indirectly control, are controlled by, or are under common control with, that issuer and may include officers and directors of the issuer as well as beneficial owners of 10% or more of any class of capital stock of the issuer.

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Section 3(a)(10) of the U.S. Securities Act does not exempt the issuance of Apollo Shares upon exercise of the Apollo Replacement Options or the Apollo Replacement Warrants from the registration requirements of the U.S. Securities Act. Accordingly, pursuant to the terms of the Arrangement Agreement, Apollo has agreed to file with the SEC a registration statement on Form S-8 and a registration statement on Form S-3 or a supplement to its currently effective shelf registration statement on Form S-3 to register the Apollo Shares issuable upon the exercise of Apollo Replacement Options and the Apollo Replacement Warrants.

## **Regulatory and Other Approvals Required for the Arrangement**

Under the Arrangement Agreement, Apollo and Linear have both agreed to use commercially reasonable best efforts to effect all necessary registrations, filings and submissions requested by any governmental entity required in order to consummate the transaction and to obtain all consents, approvals and authorizations required to be obtained under applicable Law or from any governmental entity which would, if not obtained, materially impede the completion of the transaction.

*Shareholder Approvals.* In order for the Arrangement to become effective, Apollo Shareholders must approve the Share Issuance Resolution and the Option Plan Amendment Resolution at the Apollo Meeting, and the Linear Shareholders must approve the Continuance Resolution and the Arrangement Resolution at the Linear Meeting.

*Court Approval.* An arrangement under the ABCA requires Court approval. On May 25, 2010, Linear submitted the Interim Order to the Court. The Interim Order provides for the calling and holding of the Linear Meeting and for Linear to submit the Arrangement Resolution to the Linear Meeting and to seek approval thereof from the Linear Shareholders in the manner set forth in the Interim Order. A copy of the Interim Order is attached to this Circular as Schedule I.

The hearing in respect of the Final Order is currently scheduled to be held on June 24, 2010 at 4:00 p.m. (Alberta Time) or as soon thereafter as is reasonably practicable, subject to approval of the Continuance Resolution and the Arrangement Resolution by Linear Shareholders. A copy of the Notice of Petition in respect of the Final Order is attached to this Circular as Schedule H. In accordance with the Interim Order, should the Court adjourn the hearing to a later date, notice of the later date will be given to those who have filed and delivered an appearance in accordance with the Interim Order. Any Linear Shareholder who wishes to appear or be represented and to present evidence or arguments must serve and file an appearance as set out in the Notice of Petition in respect of the Final Order and satisfy any other requirements of the Court. The Court is expected to consider, among other things, the fairness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

After the Final Order is obtained and the other conditions in the Arrangement Agreement are satisfied or waived, the Articles of Arrangement must be filed with the Registrar to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Arrangement Agreement must be executed and delivered.

*Regulatory Matters.* There are no material filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Authority in connection with the Arrangement prior to the Effective Time, except for the approval of the Final Order by the Court, which will be sought on June 24, 2010 or as soon as practicable thereafter and which is a condition to the completion of the Arrangement.

*Stock Exchange Approvals.* The Linear Shares and the Linear Listed Warrants are listed on the TSX. The TSX has conditionally approved the Arrangement, subject to Linear Shareholder Approval being obtained at the Linear Meeting and the approval of the Court.

The Apollo Shares are listed on the TSX and on the AMEX. It is a condition to closing the transaction that the Apollo Shares to be issued to the holders of Linear Shares and the Apollo Shares to be issued upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants be approved for listing by the AMEX subject only to official notice of issuance and other customary conditions. It is also a condition to closing the transaction that the Apollo Shares to be issued to the holders of Linear Shares and the Apollo Shares to be issued upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants be

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conditionally approved for listing by the TSX subject only to customary conditions. In addition, pursuant to the Arrangement Agreement, Apollo is required to use commercially reasonable best efforts to arrange for the Apollo Replacement Warrants issued upon exchange of the Linear Listed Warrants to be listed on the TSX and to maintain that listing until November 19, 2014. On May 20, 2010, the TSX conditionally approved the listing of the Apollo Shares to be issued pursuant to the Arrangement and the Apollo Replacement Warrants to be issued upon exchange of the Linear Listed Warrants pursuant to the Arrangement, subject to Apollo Shareholder Approval being obtained and the satisfaction of customary listing requirements. Pursuant to section 712 of the AMEX company guide, approval of shareholders is required as a prerequisite to approval of applications to list additional shares to be issued as sole or partial consideration for an acquisition of the stock of another company where the present or potential issuance of common stock, or securities convertible into common stock, could result in an increase in outstanding common stock of 20% or more. Apollo expects to receive AMEX approval of the Apollo Shares to be issued in connection with the Arrangement, including the Apollo Shares issuable upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants, on or about June 25, 2010.

## **Dissenting Shareholder Rights**

Under applicable Canadian Law, Apollo Shareholders are not entitled to dissenters' appraisal rights with respect to any matters to be acted upon at the Apollo Meeting. Any registered holder of Linear Shares who properly dissents from the Continuance Resolution to be considered at the Linear Meeting in accordance with the CBCA or the Arrangement Resolution in accordance with the ABCA will be entitled, in the event the transaction becomes effective, to be paid by Apollo in accordance with the terms of the Plan of Arrangement the fair value of the Linear Shares held by the Dissenting Shareholder determined as of the close of business on the day before the such resolution is approved.

## **Accounting Treatment**

The transaction will be accounted for as an acquisition of Linear by Apollo under U.S. GAAP. As required under U.S. GAAP, we considered all pertinent facts and circumstances in identifying Apollo as the acquiring entity for accounting purposes. These facts and circumstances include the relative voting rights in the combined company of former holders of Linear Shares and holders of Apollo Shares prior to the combination, the composition of the board of directors of the combined company and the terms of the exchange of Apollo Shares for Linear Shares. Under the acquisition method of accounting, the assets and liabilities of Linear will be recorded, as of the completion of the transaction, at their respective fair values and added to those of Apollo. The reported financial condition and results of operations of Apollo issued after completion of the transaction will reflect Linear's balances and results after completion of the transaction but will not be restated retroactively to reflect the historical financial position or results of operations of Linear. Following the completion of the transaction, the earnings of the combined company will reflect acquisition accounting adjustments.

## **Fees, Costs and Expenses**

Except as otherwise noted herein, all fees, costs and expenses incurred in connection with the Arrangement will be paid by the party incurring those expenses.

## **Interests of Apollo Directors and Executive Officers in the Arrangement**

You should be aware that certain members of the management of Apollo and the Apollo Board have interests in the transaction that may be different from, or in addition to, the interests of Apollo Shareholders generally. These interests include, but are not limited to, the following:

*Compensation Payable to R. David Russell, President and Chief Executive Officer of Apollo.* Upon the successful completion of the Arrangement, Mr. Russell will resign from the position of president and chief executive officer of Apollo. Apollo and Linear have agreed that Mr. Russell will receive all termination and other amounts owing under his employment agreement as if he had been terminated without cause, which amounts shall not exceed approximately \$1.7 million in the aggregate. See the Interests of Insiders and Others in Material Transactions Related Party Transactions Arrangement Agreement and Related Transactions beginning on page 138.

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*Appointments to the Combined Company's Board of Directors.* Immediately following the Effective Time, three directors who currently serve on the Apollo Board, currently expected to be Messrs. Kaiser, Peat, and Stott, will continue to serve on the board of directors of the combined company. See the *Interests of Insiders and Others in Material Transactions Related Party Transactions Arrangement Agreement and Related Transactions* beginning on page 138.

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# THE ARRANGEMENT MECHANICS

## The Arrangement

The purpose of the Arrangement is to effect the acquisition of all of the issued and outstanding securities of Linear by Apollo. If the Option Plan Amendment Resolution and the Share Issuance Resolution are approved at the Apollo Meeting and the Continuance Resolution and the Arrangement Resolution are approved at the Linear Meeting, and all other conditions to the closing of the Arrangement are satisfied or waived, the Arrangement will be implemented by way of a Court-approved plan of arrangement under the ABCA.

Pursuant to the terms of the Plan of Arrangement, the following events will occur and be deemed to occur in the following order without further act or formality:

immediately prior to the Effective Time, each Linear Share in respect of which Dissent Procedures have been exercised shall be deemed to be transferred to Apollo, following which Apollo shall pay to such Dissenting Shareholder the fair value of such Dissenting Shareholder's Linear Shares;

at the Effective Time, Linear and Apollo Sub shall be amalgamated and continue as one unlimited liability corporation under the ABCA (we refer to this below as the Amalgamation);

immediately upon the Amalgamation, all Linear Shares held by Apollo Sub, if any, shall be cancelled without any repayment of capital in respect thereof;

immediately upon the Amalgamation, all Linear Shares (other than Linear Shares acquired by Apollo in accordance with the Dissent Procedures) held by Former Linear Shareholders (other than Dissenting Shareholders) shall be exchanged with Apollo for Apollo Shares on the basis of 5.4742 Apollo Shares for each Linear Share, and shall thereafter be cancelled without any repayment of capital in respect thereof;

immediately upon the Amalgamation, each Linear Share acquired by Apollo in accordance with the Dissent Procedures shall be cancelled;

immediately upon the Amalgamation, each Linear Option outstanding immediately prior to the Effective Time shall be exchanged for an Apollo Replacement Option;

immediately upon the Amalgamation, each Linear Warrant outstanding immediately prior to the Effective Time shall be exchanged for an Apollo Replacement Warrant;

immediately upon the Amalgamation, each Apollo Share held by Linear (including the 62,500,000 Apollo Shares acquired in the Private Placement) shall be cancelled without the payment of any consideration;

immediately upon the Amalgamation, each common share of Apollo Sub shall be exchanged for one share of the resulting unlimited liability corporation following the Amalgamation; and

immediately upon the Amalgamation, the resulting unlimited liability corporation following the Amalgamation shall be a wholly owned subsidiary of Apollo and there shall not be any issued or outstanding options, warrants or other rights or privileges to acquire securities of such corporation.

Assuming all outstanding Linear Shares are exchanged for Apollo Shares, no Linear Shareholders exercise Dissent Rights and that none of the Linear Options or Linear Warrants are exercised prior to the completion of the Arrangement, and based upon the number of Linear Shares and Apollo Shares outstanding as of May 25, 2010, immediately following the completion of the Arrangement, existing Linear Shareholders will hold approximately 46.8% of the outstanding Apollo Shares (on an undiluted basis). Following consummation of the Arrangement, Linear will amalgamate with Apollo Sub and the amalgamated corporation will become a wholly owned subsidiary of Apollo in the manner described above and Linear will cease to be publicly traded.





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In addition, if the Share Consolidation Resolution is approved and implemented by the Board:

all of the issued and outstanding Apollo Shares (which, following the consummation of the Arrangement, will include Apollo Shares held by current holders of Apollo Shares and Former Linear Shareholders) will automatically be consolidated on the basis of one post-consolidation Apollo Share for every four Apollo Shares outstanding immediately prior to the Share Consolidation.

subject to the terms and conditions of each optionholder's option agreement with Apollo and each warrantholder's warrant certificate, the number of Apollo Shares issuable upon the exercise of Apollo's outstanding options and warrants (which, following the consummation of the Arrangement, will include Apollo Shares issuable upon the exercise of Apollo Replacement Options and Apollo Replacement Warrants), the exercise price thereof and the number of shares reserved for future issuances under Apollo's Stock Option Incentive Plan will be adjusted as appropriate to reflect the Share Consolidation; and the exercise price with respect to Apollo's series A junior participating preferred stock pursuant to our Shareholder Rights Plan (assuming the Rights Plan Resolution is approved at the Apollo Meeting) and the number the Apollo Shares issuable upon exercise thereof shall be proportionately adjusted to reflect the Share Consolidation.

See Proposal 4: The Share Consolidation Proposal beginning on page 145 for additional information regarding the Share Consolidation.

## **Articles of Arrangement**

Upon the Linear Shareholders approving the Continuance in accordance with the CBCA and the Arrangement in accordance with the Interim Order, the Apollo Shareholders approving the resolutions at the Apollo Meeting as required by the Arrangement Agreement and applicable Laws, including the rules and policies of the TSX and AMEX and Linear and Apollo Sub obtaining the Final Order, Linear shall proceed with the Continuance and thereafter Linear and Apollo Sub shall jointly file the Articles of Arrangement, in duplicate, with the Registrar together with such other documents as may be required in order to effect the Arrangement.

## **Fractional Shares**

No fractional shares of Apollo common stock will be issued pursuant to the Plan of Arrangement. In lieu of any fractional shares of Apollo common stock, any fractional number of Apollo Shares issuable pursuant to the Plan of Arrangement shall be rounded up or down to the nearest whole number.

## **Apollo Replacement Warrants**

On May 25, 2010, there were outstanding Linear Warrants exercisable to acquire a total of approximately 8,177,000 Linear Shares at prices between Cdn.\$1.50 and Cdn.\$3.00, with various expiration dates to November 19, 2014.

Each Linear Warrant that is outstanding as of the Effective Time will be deemed to be exchanged for or converted into an Apollo Replacement Warrant exercisable to acquire that number of Apollo Shares (rounded to the nearest whole number) that is the product of (A) the number of Linear Shares that would be deliverable upon exercise of such Linear Warrant immediately prior to the Effective Time multiplied by (B) 5.4742. The exercise price per Apollo Share represented by any such Apollo Replacement Warrant shall be an amount (rounded to the nearest cent) equal to the quotient of: (A) the exercise price per Linear Share subject to such Linear Warrant immediately prior to the Effective Time divided by (B) 5.4742.

The Apollo Replacement Warrants will otherwise be subject to same terms and conditions as were applicable to such Linear Warrant immediately prior to the Effective Time.

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In accordance with the terms of the Arrangement Agreement, Apollo has agreed to file with the SEC a registration statement on Form S-3 or a supplement to its currently effective shelf registration statement on Form S-3 to register the Apollo Shares issuable upon exercise of the Apollo Replacement Warrants. Apollo also has agreed to use its commercially reasonable best efforts to arrange for the Apollo Replacement Warrants issued upon exchange of 5,203,750 of the Linear Listed Warrants (which were listed on the TSX upon execution of the Arrangement Agreement) to be listed on the TSX and to maintain such listing until 5:00 p.m. (Halifax time) on November 19, 2014.

## **Apollo Replacement Options**

As of May 25, 2010, there were outstanding Linear Options which, when vested, would be exercisable to acquire a total of approximately 2,770,000 Linear Shares at prices between Cdn.\$1.05 and Cdn.\$3.00, with various expiration dates to October 5, 2014.

Each Linear Option that has not been exercised prior to the Effective Time will be exchanged for or converted into an Apollo Replacement Option issued under the Apollo Stock Option Incentive Plan which shall be exercisable to purchase a number of Apollo Shares (rounded to the nearest whole number) equal to the product of (A) the number of Linear Shares that would be deliverable upon exercise of the Linear Option multiplied by (B) 5.4742. The exercise price per Apollo Share represented by any such Apollo Replacement Option shall be an amount (rounded to the nearest cent) equal to the quotient of: (A) the exercise price per Linear Share subject to such Linear Option immediately prior to the Effective Time divided by (B) 5.4742.

Current employees of Linear holding Linear Options whose employment is terminated in connection with the Arrangement shall have their Linear Options exchanged for Apollo Replacement Options which shall expire on the earlier of: (i) the current expiry date of the corresponding Linear Options and (ii) the first anniversary of the date of completion of the Arrangement. Current employees of Linear holding Linear Options whose employment is not terminated in connection with the Arrangement shall receive Apollo Replacement Options with the same expiration dates as those of their Linear Options. The remaining conditions to and manner of exercising and all other terms and conditions of the Apollo Replacement Options, including, without limitation, terms in respect of the vesting periods for such options, will otherwise be materially unchanged from those of the Linear Options. In order to effect the exchange of Linear Options for Apollo Replacement Options, Apollo must make certain amendments to its existing Stock Option Incentive Plan. For this reason, Apollo is submitting the Option Plan Amendment Resolution for approval by its shareholders at the Apollo Meeting. For more information, see Proposal 2: The Stock Option Incentive Plan Amendments Proposal on page 142.

In accordance with the terms of the Arrangement Agreement, Apollo has agreed to file with the SEC a registration statement on Form S-8 and/or a registration statement on Form S-3 or a supplement to its currently effective shelf registration statement on Form S-3 to register the Apollo Shares issuable upon the exercise of the Apollo Replacement Options.

## **Court Approval of the Arrangement and Completion of the Arrangement**

An arrangement under the ABCA requires Court approval. On May 25, 2010, Linear submitted the Interim Order to the Court. The Interim Order provides for the calling and holding of the Linear Meeting and other procedural matters. A copy of each of the Notice of Petition in respect of the Final Order and the Interim Order are attached to this Circular as Schedules H and I, respectively.

Subject to the approval of the Continuance Resolution and the Arrangement Resolution by Linear Shareholders at the Linear Meeting and the approval of the Share Issuance Resolution and the Option Plan Amendment Resolution by Apollo Shareholders at the Apollo Meeting, the hearing in respect of the Final Order is expected to take place on June 24, 2010 at 4:00 p.m. (Alberta Time) or as soon thereafter as is reasonably practicable in the Court at the Courts Centre, 601-5<sup>th</sup> Street S.W., Calgary, Alberta.

In making its determination, the Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

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## **Stock Exchange Listings**

The Linear Shares are listed on the TSX, trading under the symbol LRR and the Linear Listed Warrants are listed on the TSX under the symbol LRR.WT. Conditional approval of the TSX in respect of the Arrangement and related transactions has been obtained by Linear. It is expected that following the Effective Date the Linear Shares will be delisted from the TSX.

The Apollo Shares are listed on the TSX under the symbol APG and on the AMEX under the symbol AGT. The obligation of Apollo and Linear to complete the Arrangement is subject to, among other matters, the TSX and AMEX approving the listing of the Apollo Shares to be issued pursuant to the Arrangement, including, without limitation, those Apollo Shares to be issued upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants. In addition, pursuant to the Arrangement Agreement, Apollo is required to use commercially reasonable best efforts to arrange for the Apollo Replacement Warrants issued upon exchange of the Linear Listed Warrants to be listed on the TSX and to maintain that listing until November 19, 2014. On May 20, 2010, the TSX conditionally approved the listing of the Apollo Shares to be issued pursuant to the Arrangement and the Apollo Replacement Warrants issued upon exchange of the Linear Listed Warrants pursuant to the Arrangement, subject to Apollo Shareholder Approval being obtained and the satisfaction of customary listing requirements. Pursuant to section 712 of the AMEX company guide, approval of shareholders is required as a prerequisite to approval of applications to list additional shares to be issued as sole or partial consideration for an acquisition of the stock of another company where the present or potential issuance of common stock, or securities convertible into common stock, could result in an increase in outstanding common stock of 20% or more. Apollo expects to receive AMEX approval of the Apollo Shares to be issued in connection with the Arrangement, including the Apollo Shares issuable upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants, on or about June 25, 2010.

## **Ongoing Reporting Obligations**

Linear is a reporting issuer in the provinces of Ontario, British Columbia, Manitoba, Alberta, Québec and Nova Scotia. Upon completion of the Arrangement, Linear will be a wholly owned subsidiary of Apollo. Accordingly, after the Effective Date, Apollo will, on Linear's behalf, apply to the applicable securities regulatory authorities in Canada to cease to be a reporting issuer, so as to no longer be subject to statutory financial and reporting requirements under Canadian securities Laws.

Apollo is a reporting issuer in the U.S. and in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and Yukon Territory. Upon completion of the Arrangement, Apollo will continue to be a reporting issuer in these provinces of Canada and in the U.S. Apollo will also continue to be subject to the ongoing statutory financial and other reporting requirements of applicable Canadian and U.S. securities Laws.

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## **THE ARRANGEMENT AGREEMENT**

Apollo and Linear entered into the Arrangement Agreement on March 31, 2010. The following is a summary of certain provisions of the Arrangement Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Arrangement Agreement, a copy of which is attached as Schedule F to this Circular and is incorporated herein by reference. We urge you to read the Arrangement Agreement carefully and in its entirety because it, and not this description or this Circular, is the legal document that governs the Arrangement.

### **General; The Arrangement**

At the Effective Time of the Arrangement, upon the terms and subject to the conditions of the Arrangement Agreement and in accordance with the Plan of Arrangement, Apollo will acquire all of the Linear Shares and Linear will amalgamate with Apollo Sub and the amalgamated corporation will become a wholly owned subsidiary of Apollo. The Arrangement Agreement and Plan of Arrangement provide that Apollo will acquire (i) each outstanding Linear Share (other than those held by Linear Shareholders who properly exercise their Dissent Rights) in exchange for 5.4742 Apollo Shares, (ii) each outstanding Linear Warrant in exchange for an Apollo Replacement Warrant and (iii) each outstanding Linear Option in exchange for an Apollo Replacement Option. Linear Shareholders who properly exercise their Dissent Rights will be entitled to be paid the fair value of their Linear Shares.

The Plan of Arrangement, which is deemed part of the Arrangement Agreement, provides that, on the Effective Date, a series of events shall occur without any further act or formality thereby giving effect to the transactions contemplated by the Arrangement. See the discussion above under the heading **The Arrangement Mechanics** **The Arrangement** on page 57 for a summary of these events. See also the discussion above under the heading **The Arrangement** **When the Arrangement Becomes Effective** on page 42.

### **Treatment of Linear Options**

In accordance with the terms of the Plan of Arrangement, each Linear Option outstanding immediately prior to the Effective Time shall be exchanged for an Apollo Replacement Option issued under the Apollo Stock Option Incentive Plan, provided that the rights of the holders under the Apollo Replacement Options shall not materially adversely differ from the rights of the holders of such Linear Options outstanding immediately prior to the Effective Time.

Current employees of Linear holding Linear Options whose employment is terminated in connection with the Arrangement shall have their Linear Options exchanged for Apollo Replacement Options which shall expire on the earlier of: (i) the current expiry date of the corresponding Linear Options; and (ii) the first anniversary of the date of completion of the Arrangement.

The number of Apollo Shares (rounded to the nearest whole number) issuable under an Apollo Replacement Option shall be equal to the product of: (A) the number of Linear Shares subject to such Linear Option immediately prior to the Effective Time and (B) 5.4742. The exercise price per Apollo Share subject to any such Apollo Replacement Option shall be an amount (rounded to the nearest cent) equal to the quotient of: (A) the exercise price per Linear Share subject to such Linear Option immediately prior to the Effective Time divided by (B) 5.4742. The obligations of Linear under the Linear Options as so exchanged shall be assumed by Apollo. Assuming completion of the Arrangement, all unvested Linear Options will vest in full immediately prior to the Effective Time.

## **Treatment of Linear Warrants**

In accordance with the terms of the Plan of Arrangement, each Linear Warrant outstanding immediately prior to the Effective Time shall be exchanged for an Apollo Replacement Warrant which shall be exercisable to acquire, on the same terms and conditions as were applicable to such Linear Warrant immediately prior to the Effective Time, the number of Apollo Shares (rounded to the nearest whole number) equal to the product of: (A) the number of Linear Shares subject to such Linear Warrant immediately prior to the Effective Time; and (B) 5.4742.



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The exercise price per Apollo Share subject to any such Apollo Replacement Warrants shall be an amount (rounded to the nearest cent) equal to the quotient of: (A) the exercise price per Linear Share subject to such Linear Warrant immediately prior to the Effective Time divided by (B) 5.4742. The obligations of Linear under the Linear Warrants as so exchanged shall be assumed by Apollo and Apollo agreed to use commercially reasonable best efforts to arrange for the Apollo Replacement Warrants issued upon exchange of the Linear Listed Warrants to be listed on the TSX and to maintain such listing until 5:00 p.m. (Halifax time) on November 19, 2014.

### **Treatment of Apollo Options**

In accordance with the terms of the Arrangement Agreement, immediately prior to the Effective Date (a) the terms of the Apollo Options held by the Resigning Directors (other than R. David Russell) shall be amended to provide that such Apollo Options shall expire on the earlier of: (i) the current expiry date of such Apollo Options; and (ii) the first anniversary of the Effective Date regardless of whether such Resigning Directors are Eligible Persons under the terms of the Apollo Stock Option Incentive Plan; and (b) an aggregate of 2,231,000 Apollo Options previously granted to R. David Russell and outstanding on March 31, 2010 will expire on the first anniversary of the Effective Date.

### **Representations and Warranties**

Pursuant to the Arrangement Agreement, Linear made customary representations and warranties to Apollo and Apollo Sub. The Arrangement Agreement also contains customary representations and warranties made by Apollo and Apollo Sub to Linear. These representations and warranties include, among other things, representations and warranties made by each of Linear on the one hand and Apollo and Apollo Sub on the other hand as to:

corporate organization and valid existence, power to conduct business, qualification and good standing of the respective entities and their subsidiaries;

ownership of subsidiaries and other investments;

encumbrances on the capital stock of their subsidiaries;

licenses, registrations, qualifications, permits and consents necessary to conduct their business;

properties and mining rights;

technical reports in respect of their properties;

compliance with disclosure obligations of the TSX, AMEX, Canadian securities regulators, the U.S. Securities Act and the U.S. Exchange Act, as the case may be, and the applicable rules and regulations promulgated thereunder;

compliance with other applicable Laws and regulations;

accuracy and completeness of financial statements and other information provided to the respective entities;

tax matters;

matters concerning their auditors;

matters affecting the voting or control of the securities of the respective entities and their subsidiaries;

interests of officers, directors and affiliates in the Arrangement;

litigation and government proceedings;

material contracts;

intellectual property;

capitalization;

indebtedness;

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leases;  
insurance;  
employment matters;  
maintenance of internal accounting and disclosure controls;  
environmental matters;  
brokers fees; and  
compliance with covenants contained in the Letter of Intent, dated March 9, 2010, between Apollo and Linear, as amended.

Many of the representations and warranties are qualified by the concept of Material Adverse Effect. The representations and warranties contained in the Arrangement Agreement do not survive the Effective Time of the Arrangement and will expire on the Effective Date.

## **Mutual Covenants**

Under the terms of the Arrangement Agreement, Linear on the one hand and Apollo and Apollo Sub on the other hand made a number of commitments in connection with the Arrangement including, but not limited to, the following undertakings:

file, proceed with and diligently prosecute an application to the Court for the Interim Order and carry out the terms of the same;

prepare and file a proxy circular in respect of the Arrangement;

take all commercially reasonable lawful action to solicit shareholders to vote in favour of the Arrangement including, without limitation, retaining a proxy solicitation agent;

recommend to their respective Shareholders that they vote in favour of the Arrangement and the other transactions contemplated thereby;

use reasonable efforts to deliver or cause to be delivered all certificates and legal, tax and other opinions necessary to support the disclosure contained or to be contained in their respective proxy circulars;

not adjourn, postpone or cancel their respective shareholder meetings at which the Arrangement is to be considered except under limited circumstances;

file, proceed with and diligently prosecute an application for the Final Order and carry out the terms of the same;

conduct business only in the usual and ordinary course of business and consistent with past practice, and use all reasonable commercial efforts to maintain and preserve their respective assets and advantageous business relationships;

refrain from declaring, setting aside or paying any dividend or making any other distribution or payment in respect of their respective outstanding securities;

refrain from issuing or agreeing to issue any shares or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares, other than the issuance of shares pursuant to the exercise of currently outstanding rights to acquire shares or to employees hired after March 31, 2010 in a manner consistent with past practice;

refrain from redeeming, purchasing or otherwise acquiring outstanding shares or other securities (other than redemptions required pursuant to their respective constating documents) or splitting, combining, or reclassifying any securities;

refrain from adopting a plan of liquidation or resolutions providing for liquidation, dissolution, merger, consolidation or reorganization;

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refrain from selling, pledging, disposing of or encumbering any assets other than in the ordinary course of business for consideration in excess of \$500,000 individually or \$1,000,000 in the aggregate;

refrain from expending or committing to expend more than \$1,000,000 individually or \$2,000,000 in the aggregate;

refrain from expending or committing to expend any amounts with respect to any operating expenses other than in the ordinary course of business or pursuant to the Arrangement;

refrain from acquiring (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer with an acquisition cost in excess of \$1,000,000 in the aggregate;

refrain from acquiring any assets with an acquisition cost in excess of \$1,000,000 in the aggregate;

refrain from incurring any indebtedness for borrowed money in excess of existing credit facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or in respect of the Arrangement;

refrain from authorizing, recommending or proposing any release or relinquishment of any material contract right;

refrain from waiving, abandoning, releasing, granting or transferring any material assets or rights of value or modify or change in any material respect any existing material license, lease, contract or other material document;

refrain from entering into or terminating any hedges, swaps or other financial instruments or like transactions;

refrain from making any payment to any employee, officer or director outside of its ordinary and usual compensation for services provided, except to the extent that any such entitlement to payment to a former employee or officer has accrued prior to March 31, 2010 and has been disclosed to, and approved by, the other party;

refrain from granting any officer, director or employee an increase in compensation in any form;

refrain from taking any action with respect to the amendment or grant of any severance or termination pay policies or arrangement for any directors, officers or employees;

refrain from amending any stock option plan or trust unit incentive plan or the terms of any outstanding options or rights thereunder;

refrain from advancing any loan to any officer, director or any other party not at arm's length, other than as may be agreed to by the parties;

refrain from adopting or amending or making any contribution to any bonus, employee benefit plan, profit sharing, share or deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, share or incentive or purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangement or agreements;

refrain from taking any action, permitting any action to be taken or not taken, inconsistent with the Arrangement Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement or that could reasonably be expected to render any representation or warranty made by such party untrue or inaccurate in any material respect at any time prior to the Effective Time if then made, or which would or could have a Material Adverse Effect on such party;

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except in limited circumstances, refrain from making any changes to the existing accounting practices or making any material tax election inconsistent with past practice;

refrain from entering into or modifying any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any officer, director, employee or consultant;

refrain from settling or compromising any claim brought by any present, former or purported holder of securities in connection with the transactions contemplated by the Arrangement Agreement prior to the Effective Time without the prior written consent of the other party;

refrain from renewing or modifying in any respect any material contract, agreement, lease, commitment or arrangement, except insofar as may be necessary to permit or provide for the completion of the Arrangement;

use all commercially reasonable best efforts to satisfy, or cause to be satisfied, all conditions precedent to the respective party's obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by the Arrangement Agreement, including using its commercially reasonable best efforts to:

obtain the approval of shareholders in accordance with the provisions of the CBCA, the YBCA, the Interim Order, and the requirements of any applicable regulatory authority, as applicable;

obtain all other consents, approvals and authorizations as are required to be obtained under any applicable Law or from any Governmental Authority which would, if not obtained, materially impede the completion of the transactions contemplated by the Arrangement Agreement or have a Material Adverse Effect;

effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the transactions contemplated by the Arrangement Agreement and participate and appear in any proceedings of any party thereto before any Governmental Authority;

oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting the Arrangement Agreement; and

fulfill all conditions and satisfy all provisions of the Arrangement Agreement and the Plan of Arrangement required to be fulfilled or satisfied;

make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated by the Arrangement Agreement and take all reasonable action necessary to be in compliance with such Laws;

use its commercially reasonable best efforts to conduct their affairs and to cause their subsidiaries to conduct their affairs so that all of the representations and warranties of such party contained in the Arrangement Agreement shall be true and correct on and as of the Effective Date as if made on and as of such date;

continue to make available and cause to be made available to the other party, all documents, agreements, corporate records and minute books as may be necessary to enable such party to effect a thorough examination of disclosing party and the business, properties and financial status thereof;

deliver title opinions in respect of their respective material mineral properties; and

execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated by the Arrangement Agreement such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by the other party.

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## **Mutual Conditions to Closing**

Each of Apollo's and Linear's obligations to complete the transactions contemplated by the Arrangement Agreement are subject to fulfillment or waiver of the following conditions on or before the Effective Time:

the Interim Order and the Final Order shall each have been obtained in form and substance satisfactory to the parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the parties, acting reasonably, on appeal or otherwise;

the Continuance Resolution and the Arrangement Resolution shall have been approved by the Linear Shareholders at the Linear Meeting in accordance with the provisions of the CBCA and the ABCA (as applicable), the Interim Order and the requirements of any applicable regulatory authority;

the Share Issuance Resolution and the Option Plan Amendment Resolution shall have been approved by the Apollo Shareholders at the Apollo Meeting;

the Articles of Arrangement shall be in form and substance satisfactory to the parties;

the TSX and the AMEX shall have approved the listing of the Apollo Shares to be issued in connection with the Arrangement, including, without limitation, those Apollo Shares to be issued upon exercise of the Apollo Replacement Options and Apollo Replacement Warrants, subject only to customary conditions;

there shall not be in force any Law and no Governmental Authority shall have issued any order or decree restraining or prohibiting the completion of the transactions contemplated by the Arrangement Agreement;

the Apollo Shares, Apollo Replacement Options and Apollo Replacement Warrants to be issued in the United States pursuant to the Arrangement are exempt from registration requirements under Section 3(a)(10) of the U.S. Securities Act and the Apollo Shares, Apollo Replacement Options and Apollo Replacement Warrants to be distributed in the United States pursuant to the Arrangement are not subject to resale restrictions in the United States under the U.S. Securities Act (other than as may be prescribed by Rule 144 and Rule 145 under the U.S. Securities Act);

the registration statement or registration statements of Apollo as filed with the SEC regarding the issuance of Apollo Shares upon exercise of the Apollo Replacement Warrants and Apollo Replacement Options shall have been declared effective by the SEC; and

the Arrangement Agreement shall not have been terminated.

## **Conditions in Favour of Linear**

The obligations of Linear to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment of each of the following conditions on or before the Effective Date or such other time as specified below:

the representations and warranties made by Apollo and Apollo Sub in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (with certain exceptions), and each of Apollo and Apollo Sub shall have provided to Linear a certificate of two senior officers certifying such accuracy on the Effective Date;

Apollo and Apollo Sub shall have complied in all material respects with their covenants and obligations in the Arrangement Agreement and each of Apollo and Apollo Sub shall have provided to Linear a certificate of two senior officers certifying compliance with such covenants on the Effective Date;

no Material Adverse Change shall have occurred in respect of Apollo and its subsidiaries, taken as a whole, from and after March 31, 2010 and prior to the Effective Date, and no Material Adverse Change in respect of Apollo and its subsidiaries, taken as a whole, shall have occurred prior to March 31, 2010 or shall occur from and after March 31, 2010 and prior to the Effective Date from



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that reflected in the audited consolidated financial statements of Apollo as at and for the fiscal year ending December 31, 2009 (other than a Material Adverse Change resulting from certain market conditions);

no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no Law shall have been proposed, enacted, promulgated, amended or applied, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change in respect of Apollo or would have a Material Adverse Effect on the ability of the parties to complete the Arrangement;

all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Authority, and all applicable statutory or regulatory waiting periods shall have expired or been terminated and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, and all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements, the failure of which to obtain or the non-expiry of which would, or could reasonably be expected to have, a Material Adverse Effect on Apollo or Apollo Sub or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to Linear;

all directors and officers of Apollo shall have entered into a support agreement with Linear and none of such persons shall have breached, in any material respect, any of the representations, warranties and covenants thereof;

the consent to the Arrangement and lock-up and support agreements entered into by the Project Lenders shall be in full force and effect and, other than as otherwise may be agreed to by Linear, unamended as of the Effective Date;

the directors of each of Apollo and Apollo Sub shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by each of Apollo and Apollo Sub to permit the consummation of the Arrangement;

the new Apollo Board shall be constituted in accordance with the Arrangement Agreement;

the directors of Apollo shall not have withdrawn or modified in a manner adverse to Linear their approval or recommendation to Apollo Shareholders of the transaction contemplated by the Arrangement Agreement;

R. David Russell shall have tendered his resignation as president and chief executive officer of Apollo and all amounts owing to R. David Russell pursuant to his employment agreement, to a maximum of \$1,700,000, shall have been paid (or arrangements satisfactory to Linear shall have been made to pay such amounts following the Effective Date) to him, and all steps, actions and proceedings necessary to appoint Wade Dawe as president and chief executive officer of Apollo shall have been taken; and

Apollo shall have provided to Linear evidence of the director and liability insurance required under the Arrangement Agreement.

## **Conditions in Favour of Apollo and Apollo Sub**

The obligations of Apollo to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment of each of the following conditions on or before the Effective Date or such other time as specified below:

the representations and warranties made by Linear in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (with certain exceptions), and Linear shall have provided to Apollo a certificate of two senior officers certifying such accuracy on the Effective Date;

Linear shall have complied in all material respects with its covenants and other obligations in the

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Arrangement Agreement and Linear shall have provided to Apollo a certificate of two senior officers certifying compliance with such covenants on the Effective Date;

no Material Adverse Change shall have occurred in respect of Linear and its subsidiaries, taken as a whole, from and after March 31, 2010 and prior to the Effective Date, and no Material Adverse Change in respect of Linear and its subsidiaries, taken as a whole, shall have occurred prior to March 31, 2010 or shall occur from and after March 31, 2010 and prior to the Effective Date from that reflected in the audited consolidated financial statements of Linear as at and for the fiscal year ending March 31, 2009 or in the unaudited financial statements of Linear as at and for the nine months ending December 31, 2009 (subject to certain exceptions more particularly described in the Arrangement Agreement);

no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no Law shall have been proposed, enacted, promulgated, amended or applied, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change in respect of Linear or would have a Material Adverse Effect on the ability of the parties to complete the Arrangement;

all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Authority, and all applicable statutory or regulatory waiting periods shall have expired or been terminated and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, and all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements, the failure of which to obtain or the non-expiry of which would, or could reasonably be expected to have, a Material Adverse Effect on Linear or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to Apollo and Apollo Sub;

if Dissent Rights are granted to Linear Shareholders by the Court in connection with the Arrangement, holders of not more than 5% of the issued and outstanding Linear Shares shall have exercised rights of dissent in relation to the Arrangement;

the consent to the Arrangement and lock-up and support agreements entered into by the Project Lenders shall be in full force and effect and, other than as otherwise may be agreed to by Linear, unamended as of the Effective Date;

all directors and officers of Linear shall have entered into a support agreement and none of such persons shall have breached, in any material respect, any of the representations, warranties and covenants thereof; and

the directors of Linear shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Linear and its subsidiaries to permit the consummation of the Arrangement and the directors of Linear shall not have withdrawn or modified in a manner adverse to Apollo their approval or recommendation to Linear Shareholders of the transaction contemplated by the Arrangement Agreement.

## **No Solicitation Covenant**

Each of Linear and Apollo has agreed that, except as otherwise permitted by the Arrangement Agreement, it will not, directly or indirectly, through any Representative:

solicit, facilitate, initiate or encourage any Acquisition Proposal;

enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage any effort or attempt of any other person to do or seek to do any of the foregoing;

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waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any standstill provisions thereunder; or accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal.

The Arrangement Agreement defines an **Acquisition Proposal** to mean with respect to any party, any inquiry or the making of any proposal to such party or its shareholders, from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from such party or its shareholders, of any securities of such party or its subsidiaries; (ii) any acquisition of a substantial amount of assets of such party or its subsidiaries; (iii) an amalgamation, arrangement, merger, or consolidation involving such party or its subsidiaries; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving such party or its subsidiaries or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the other party under the Arrangement Agreement or the Arrangement.

Pursuant to the Arrangement Agreement, Linear and Apollo reaffirmed their respective non-solicitation obligations under the Binding LOI. Specifically, pursuant to the terms of the Binding LOI, the parties mutually agreed to: (a) immediately cease, and instruct its representatives to immediately cease, and cause to be terminated any existing discussions and negotiations with respect to any Acquisition Proposal and immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with such party relating to an Acquisition Proposal; and (b) refrain from authorizing or permitting, directly or indirectly, any of its representatives to: (i) solicit, facilitate, initiate or encourage any Acquisition Proposal; (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage any effort or attempt of any other person to do or seek to do any of the foregoing; (iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any standstill provisions thereunder; or (iv) accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal.

## **Exceptions to Non-Solicitation Covenant; Ability to Accept Superior Proposal**

Each of Linear and Apollo agreed that, notwithstanding the non-solicitation obligations of the parties described above, each of Apollo and Linear and its officers, directors and advisers may:

enter into or participate in any discussions or negotiations with a third party who seeks, on an unsolicited basis, to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement, may furnish to such third party information concerning such party and its business, properties and assets, in each case if, and only to the extent that such discussion and negotiations involve a Superior Proposal (as defined below); accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if, prior to such acceptance, recommendation, approval or implementation, the board of directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement and after receiving the advice of outside counsel, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under applicable Laws;



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Linear or Apollo, as the case may be, has delivered written notice to the other party of the determination of the Linear Board or the Apollo Board, as the case may be, that the Acquisition Proposal is a Superior Proposal and of the intention of the Linear Board or the Apollo Board, as the case may be, to approve or recommend such Superior Proposal and/or of Linear or Apollo to enter into an agreement with respect to such Superior Proposal; at least 72 hours have elapsed since the date Apollo or Linear, as the case may be, received the notice referred to in the immediately preceding bullet point and, if the other party has offered to amend the provisions of the Arrangement and the Arrangement Agreement, the Linear Board or the Apollo Board, as the case may be, shall have determined that such Acquisition Proposal continues to be a Superior Proposal compared to the proposed amended provisions of the Arrangement and the Arrangement Agreement by Apollo or Linear, as the case may be; and

Linear or Apollo terminates the Arrangement Agreement in accordance with its terms.

The Arrangement Agreement defines a **Superior Proposal** as a written Acquisition Proposal made after March 31, 2010 in respect of which the board of directors of the party receiving the proposal (the **Receiving Party**) determines in good faith:

that funds or other consideration necessary for the Acquisition Proposal are available; (after consultation with its financial advisor) would, if consummated in accordance with its terms, result in a transaction financially superior for securityholders of the Receiving Party than the transaction contemplated by the Arrangement Agreement; after receiving the advice of outside counsel as reflected in minutes of the board of directors of the Receiving Party, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under applicable Laws; that is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal; which is not subject to a due diligence and/or access condition which would allow access to the books, records, personnel or properties of the Receiving Party or its respective officers and employees beyond 5:00 p.m. (Toronto time) on the fifth Business Day after which access is afforded to the third party making the Acquisition Proposal; that the board of directors of the Receiving Party has determined to recommend to the shareholders of such party; and that was not solicited in contravention of the Arrangement Agreement.

## **Right to Match**

Each of Linear and Apollo has agreed that, during the 72 hour period referred to above in the preceding section, Apollo or Linear, as the case may be, will have the opportunity to offer to amend the provisions of the Arrangement and the Arrangement Agreement. Linear or Apollo, as the case may be, has agreed that it will negotiate in good faith with the other party to enable the other party to make such adjustments to the provisions of the Arrangement and the Arrangement Agreement as the other party deems appropriate and as would enable it to proceed with the Arrangement on such adjusted provisions. The Linear Board or the Apollo Board, as the case may be, will review any such offers to amend the terms of the Arrangement and the Arrangement Agreement in order to determine, in good faith and in the exercise of its fiduciary duties, whether such offer would result in the relevant Acquisition Proposal ceasing to be a Superior Proposal compared to the amendment to the provisions of the Arrangement and the Arrangement Agreement offered by Apollo or Linear, as the case may be.

## **Termination of the Arrangement Agreement**

The Arrangement Agreement may be terminated at any time prior to the Effective Date by either of Apollo or Linear if:

the parties so designate by mutual written consent;



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if either party is in breach of its obligations or covenants regarding non-solicitation; or  
if the Arrangement is not completed by the Completion Deadline.

The Arrangement Agreement may be terminated at any time prior to the Effective Date by Apollo if:

the conditions to Apollo's obligation to close the transaction are not satisfied, and such condition is incapable of being satisfied, by the Completion Deadline;

there is an Acquisition Proposal in respect of Linear and (A) the directors of Linear shall have withdrawn or modified in a manner adverse to Apollo and Apollo Sub their approval or recommendation of the Arrangement or shall have failed, after being requested by Apollo in writing, to reaffirm their approval or recommendation of the Arrangement and the transactions contemplated in the Arrangement Agreement as promptly as possible after receipt of such written request from Apollo; or (B) such Acquisition Proposal constitutes a Superior Proposal and Linear shall have accepted, recommended, approved or entered into an agreement to implement such Superior Proposal; or

in the event that, prior to the Apollo Meeting, the Apollo Board authorizes Apollo, subject to complying with the terms of the Arrangement Agreement, to enter into a legally binding agreement, undertaking or arrangement with respect to a Superior Proposal received at any time after March 31, 2010 and prior to the Apollo Meeting, provided that Apollo pays the required break fee (described below).

The Arrangement Agreement may be terminated at any time prior to the Effective Date by Linear if:

the conditions to Linear's obligation to close the transaction are not satisfied, and such condition is incapable of being satisfied, by the Completion Deadline;

there is an Acquisition Proposal in respect of Apollo and (A) the directors of Apollo shall have withdrawn or modified in a manner adverse to Linear their approval or recommendation of the Arrangement or shall have failed, after being requested by Linear in writing, to reaffirm their approval or recommendation of the Arrangement and the transactions contemplated in the Arrangement Agreement as promptly as possible after receipt of such written request from Linear; or (B) such Acquisition Proposal constitutes a Superior Proposal and Apollo shall have accepted, recommended, approved or entered into an agreement to implement such Superior Proposal; or

in the event that, prior to the Linear Meeting, the Linear Board authorizes Linear, subject to complying with the terms of the Arrangement Agreement, to enter into a legally binding agreement, undertaking or arrangement with respect to a Superior Proposal received at any time after March 31, 2010 and prior to the Linear Meeting, provided that Linear pays the required break fee (described below).

## **Break Fee**

In the event that the Arrangement Agreement is terminated for any of the following reasons, Apollo will pay to Linear a break fee in the amount of Cdn.\$4,000,000:

as a result of the Apollo Shareholders failing to approve the Arrangement at the Apollo Meeting;

if an Acquisition Proposal or Superior Proposal (as applicable) in respect of Apollo is consummated; or  
in the event that, prior to the Apollo Meeting, the Apollo Board authorizes Apollo, subject to complying with the terms of the Arrangement Agreement, to enter into a legally binding agreement, undertaking or arrangement with respect to a Superior Proposal received at any time after March 31, 2010 and prior to the Apollo Meeting.

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In the event that the Arrangement Agreement is terminated for any of the following reasons, Linear will pay to Apollo a break fee in the amount of Cdn.\$4,000,000:

as a result of the Linear Shareholders failing to approve the Continuance or the Arrangement at the Linear Meeting; if an Acquisition Proposal or Superior Proposal (as applicable) in respect of Linear is consummated; or in the event that, prior to the Linear Meeting, the Linear Board authorizes Linear, subject to complying with the terms of the Arrangement Agreement, to enter into a legally binding agreement, undertaking or arrangement with respect to a Superior Proposal received at any time after March 31, 2010 and prior to the Linear Meeting.

### **Amendment**

The Arrangement Agreement may, at any time and from time to time before or after the holding of the Linear Meeting or the Apollo Meeting, be amended by mutual written agreement of Linear and Apollo without, subject to applicable Law, further notice to or authorization on the part of the Linear Shareholders or the Apollo Shareholders, provided that the Exchange Ratio cannot be amended without the prior approval of the Linear Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

### **Board of Directors**

As of the Effective Time, the Apollo Board will consist of seven (7) directors appointed as follows: three (3) current Apollo Board members or Apollo nominees; three (3) Linear nominees (including Wade Dawe who shall be appointed chairman of the board of directors of the combined company); and one (1) nominee who shall be a technical person mutually agreed upon by Apollo and Linear. Each of the Resigning Directors will resign as a director of Apollo effective as of the Effective Time.

### **Name Change**

Immediately following the Effective Time and subject to Apollo Shareholders duly approving the Name Change Resolution, Apollo will file articles of amendment with the Registrar under the YBCA to change the name of Apollo to Brigus Gold Corp.

### **Management Changes**

In accordance with the terms of the Arrangement Agreement, immediately prior to the completion of the Arrangement and subject to the approval of the Linear Board, Linear will effect and pay (as applicable) certain terminations, buyouts, severance payments and retention bonuses in respect of certain Linear management and staff in accordance with management contracts and applicable law in amounts not to exceed an aggregate of Cdn.\$1,700,000. Apollo will enter into employment agreements with any Linear management and staff whose employment shall continue with Apollo following completion of the Arrangement in form and substance satisfactory to each of Linear and Apollo, each acting reasonably.

Upon completion of the Arrangement, R. David Russell will resign as president and chief executive officer of Apollo and, subject to delivery of customary releases, will be paid all termination and other amounts owing pursuant to his employment agreement (not to exceed approximately \$1,700,000 in the aggregate) and an aggregate of 2,231,000 Apollo Options previously granted to R. David Russell and outstanding on the date hereof will remain in effect for a period of one year following the Effective Date. Upon completion of the Arrangement, R. David Russell will enter into a consulting agreement with Apollo in form and substance satisfactory to Linear and Apollo, each acting

reasonably.

## **Cancellation of Apollo Shares**

Effective as of the Effective Time, an aggregate of 62,500,000 Apollo Shares acquired by Linear pursuant to the Private Placement will be cancelled without any payment.

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## **Indemnification and Insurance**

Apollo has agreed to purchase and maintain director and officer liability run-off insurance for the benefit of the former directors and officers of Linear and Apollo for a period of not less than six years following the Effective Date with coverage of not less than \$10,000,000 with respect to claims arising from facts or events that occurred on or before the Effective Date, including with respect to the Arrangement.

Additionally, Apollo agreed that all rights to indemnification or exculpation in favour of the current and former directors and officers of Linear and its subsidiaries provided in the articles or by-laws of Linear or its subsidiaries, or in any indemnity agreements entered into between Linear and such directors and officers shall survive the completion of the Arrangement and shall be binding upon Apollo and continue in full force and effect.

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## **THE COMBINED COMPANY UPON COMPLETION OF THE ARRANGEMENT**

On completion of the Arrangement, Apollo will continue to be a corporation existing under the Laws of the YBCA and the Former Linear Shareholders will be shareholders of Apollo. After the Effective Date, Linear will, pursuant to the Amalgamation with Apollo Sub, be a wholly owned subsidiary of Apollo.

The business and operations of Apollo and Linear will be consolidated and Apollo expects that the principal executive office of the combined company will remain at 5655 S. Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220 immediately following consummation of the Arrangement. Apollo will continue to maintain its registered office at 204 Black Street, Suite 300, Whitehorse, Yukon Territory, Canada Y1A 2M9.

Upon closing of the Arrangement, and subject to Apollo Shareholders approving the Name Change Resolution, Apollo intends to file articles of amendment in order to change its name to Brigus Gold Corp.

See The Arrangement Name Change .

### **Organizational Chart**

The following chart shows the corporate relationship between Apollo, Linear and their respective subsidiaries following completion of the Arrangement:

- Assuming Apollo Shareholders approve the Name Change Resolution, Apollo expects that articles of amendment
- (1) will be filed immediately following the closing of the Arrangement to change the name of Apollo to Brigus Gold Corp.
  - (2) In connection with the Plan of Arrangement, Linear will amalgamate with 1526735 Alberta ULC, a wholly-owned subsidiary of Apollo, and such amalgamated corporation will become a wholly-owned subsidiary of Apollo.
  - (3) Assuming Apollo Shareholders approve the Name Change Resolution, Apollo expects to change the name of this entity to Brigus Gold Inc.

### **Directors and Officers of the Combined Company**

Following the Effective Date, it is anticipated that the Apollo Board will be comprised of seven directors, who will consist of Wade Dawe, who will be nominated as chairman of the Apollo Board, two other Linear nominees (who are currently contemplated to be Michael Gross and Derrick Gill), three existing Apollo Board members or individuals nominated by Apollo (who are currently contemplated to be Messrs. Kaiser, Peat and Stott), and one technical person mutually agreed upon by Apollo and Linear.

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In addition, upon consummation of the Arrangement, R. David Russell will resign as president and chief executive officer of Apollo and Wade Dawe will be appointed president and chief executive officer of the combined company.

### **Description of Share Capital**

The share capital of Apollo will remain unchanged as a result of the completion of the Arrangement, other than for the issuance of the Apollo Shares contemplated in the Arrangement.

Apollo's authorized share capital will consist of an unlimited number of common shares without par value.

Immediately following completion of the Arrangement, Apollo is expected to have approximately 517.5 million Apollo Shares issued and outstanding and the Former Linear Shareholders will, in the aggregate, hold approximately 46.8% of the issued and outstanding Apollo Shares.

Holders of shares of the combined company will be entitled to receive on a pro rata basis dividends if, as and when declared by the board of directors of the combined company, subject to the prior rights of the holders of any shares ranking senior to such shares in the payment of dividends. The Project Facility Agreement imposes significant restrictions on Apollo's ability to pay dividends while such agreement is in effect and therefore the combined company will similarly be subject to such restrictions. In the event of the dissolution, liquidation or winding-up of the combined company, the holders of the shares of the combined company, subject to the prior rights of the holders of any shares ranking senior to such shares with respect to priority in the distribution of the property and assets of the combined company upon dissolution, liquidation or winding-up, will be entitled to receive on a pro rata basis the remaining property and assets of the combined company. Holders of shares of the combined company will be entitled to receive notice of, attend and vote at any meeting of the shareholders of the combined company, except meetings where only the holders of another class or series of shares are entitled to vote separately as a class or series. The shares of the combined company will carry one vote per share.

### **Selected Unaudited Pro Forma Financial Information**

The Apollo unaudited pro forma consolidated balance sheet as at March 31, 2010 and the unaudited pro forma consolidated statements of operations for the three month period ended March 31, 2010 and the year ended December 31, 2009 are attached as Schedule N to this Circular. The unaudited pro forma consolidated financial statements are based on certain assumptions and adjustments and are not necessarily indicative of Apollo's consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented, nor do they purport to project Apollo's consolidated financial position or results from operations for any future period.

### **Post-Arrangement Shareholdings and Principal Shareholders**

Upon completion of the Arrangement, Linear will amalgamate with Apollo Sub to become a wholly owned subsidiary of Apollo. Assuming that no Linear Shareholder exercises Dissent Rights and based upon the number of Linear Shares and Apollo Shares outstanding as of May 25, 2010, the existing Linear Shareholders will own approximately 46.8% of the outstanding Apollo Shares immediately following the consummation of the Arrangement.

Immediately following the completion of the Arrangement, to the knowledge of Apollo (based solely upon a review of filings made with the SEC pursuant to sections 13(d) and 13(g) of the U.S. Exchange Act), there will be no person who beneficially own or controls or directs, directly or indirectly, more than 5% of the voting securities of Apollo, other than as set out below:

Name	Number of Apollo Shares <sup>(1)</sup>		Percentage (%) of the Outstanding Apollo Shares <sup>(2)</sup>
RMB Australia Holdings Limited	38,661,702	(3)	7.01
Macquarie Bank Limited	50,505,463	(4)	8.95

(1) Without giving effect to the Share Consolidation.

(2) Based on an estimated 517,556,869 Apollo Shares outstanding following completion of the Arrangement

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(which amount reflects the cancellation of 62,500,000 shares currently held by Linear, assumes no Apollo Replacement Options or Apollo Replacement Warrants are exercised and does not give effect to the Share Consolidation). Assumes exercise of all warrants held by each of the listed entities.

Based on information reported by RMB Australia Holdings Limited in its Schedule 13D/A filed with the SEC on May 10, 2010. Apollo Shares beneficially owned includes: (i) 4,716,800 Apollo Shares and (ii) an aggregate of 33,944,902 Apollo Shares issuable upon exercise of Apollo Share purchase warrants beneficially owned by RMB (3) Australia Holdings Limited, of which (a) 1,000,000 warrants are exercisable to purchase 1,000,000 Apollo Shares at a price of Cdn.\$0.65 per share, (b) 21,307,127 warrants are exercisable to purchase 21,307,127 Apollo Shares at a price of Cdn.\$0.221 per share and (c) 11,637,775 warrants are exercisable to purchase 11,637,775 Apollo Shares at a price of Cdn.\$0.252 per share.

Based on information reported by Macquarie Bank Limited in its Schedule 13D/A filed with the SEC on May 11, 2010. Apollo Shares beneficially owned includes: (i) 4,000,000 Apollo Shares and (ii) an aggregate of 46,505,463 Apollo Shares issuable upon exercise of Apollo Share purchase warrants beneficially owned by Macquarie Bank (4) Limited, of which (a) 2,000,000 warrants are exercisable to purchase 2,000,000 Apollo Shares at Cdn.\$0.65 per share, (b) 21,307,127 warrants are exercisable to purchase 21,307,127 Apollo Shares at a price of Cdn.\$0.221 per share and (c) 23,198,336 warrants are exercisable to purchase 23,198,336 Apollo Shares at a price of Cdn.\$0.252 per share.

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# SELECTED INFORMATION CONCERNING APOLLO GOLD CORPORATION

## General

Apollo was first incorporated under the Laws of the Province of Ontario on June 30, 1936 under the name Brownlee Mines (1936) Limited. Apollo subsequently changed its name from Brownlee Mines (1936) Limited to Joliet-Quebec Mines, Limited on January 7, 1939. Pursuant to articles of amendment dated August 14, 1978, Apollo changed its name from Joliet-Quebec Mines, Limited to J-Q Resources Inc. and pursuant to articles of amendment dated August 6, 1987, further changed its name from J-Q Resources Inc. to International Pursuit Corporation. Pursuant to a court order dated June 20, 2002, International Pursuit Corporation and Nevoro Gold Corporation entered into a plan of arrangement, and effectively changed the name of the resulting company to Apollo Gold Corporation. Pursuant to articles of continuance dated May 28, 2003, Apollo Gold Corporation was continued under the Laws of the Yukon Territory.

Apollo maintains its registered office at 204 Black Street, Suite 300, Whitehorse, Yukon Territory, Canada Y1A 2M9, and the telephone number at that office is (867) 668-5252. Apollo maintains its principal executive office at 5655 S. Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220, and the telephone number at that office is (720) 886-9656.

Apollo is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and Yukon Territory. Apollo's shares trade on the TSX under the symbol APG and on the AMEX under the symbol AGT.

## Apollo's Documents Incorporated by Reference

The SEC and Canadian securities regulatory authorities allow Apollo to incorporate by reference information into this Circular. This means that Apollo may disclose important information to you by referring you to another document filed separately with the SEC or Canadian securities regulatory authorities. The information incorporated by reference is considered to be a part of this document, except for any information that is superseded by information that is included directly in this document or incorporated by reference subsequent to the date of this document as described below.

Copies of the Apollo documents incorporated by reference herein and of Apollo's permanent information record may be obtained on request without charge from Apollo at 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220, Attention: Wendy Yang, Vice President, Investor Relations, telephone: (303) 524-3217 and are also available to the public free of charge on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov).

We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the U.S. Exchange Act, other than information in a report on Form 8-K furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K and exhibits filed in connection with such information, from the date of this Circular to the date of the Apollo Meeting:

### Apollo SEC Filings

### Period or Date Filed

Annual Report on Form 10-K

Year Ended December 31, 2009

Quarterly Report on Form 10-Q

Quarter Ended March 31, 2010

Current Reports on Form 8-K

Filed on January 6, 2010, January 11, 2010, February 3, 2010, March 1, 2010, March 9, 2010, March 23, 2010, April 1, 2010, April 13, 2010 and April 26, 2010

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**Apollo SEDAR Filings**

Annual Report on Form 10-K

Year Ended December 31, 2009

Quarterly Report on Form 10-Q

Quarter Ended March 31, 2010

Material Change Reports

Filed on January 6, 2010, January 11, 2010, February 3, 2010, March 2, 2010, March 12, 2010, March 24, 2010, April 14, 2010, April 15, 2010 and April 27, 2010

Management Information Circular

Management information circular dated as at April 3, 2009 relating to Apollo's annual meeting of shareholders held on May 7, 2009

Any documents of the type required by National Instrument 44-101 *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus (excluding confidential reports), filed by Apollo with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Circular and prior to the Apollo Meeting shall also be deemed to be incorporated by reference in this Circular from the date of this Circular to the date of the Apollo Meeting.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement shall not be deemed to be an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement of a material fact, nor an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

The reports of the Compensation and Audit Committees shall not be deemed incorporated by reference by any general statement incorporating by reference this Circular into any filing under the U.S. Securities Act or the U.S. Exchange Act, except to the extent that Apollo specifically incorporates this information by reference, and shall not otherwise be deemed filed under the U.S. Securities Act or the U.S. Exchange Act.

## **Description Of Apollo's Share Capital**

Apollo's authorized share capital is composed of an unlimited number of common shares, without par value. As at May 25, 2010, there were 337,973,660 Apollo Shares issued and outstanding.

Holders of Apollo Shares are entitled to receive on a pro rata basis dividends if, as and when declared by the Apollo Board, subject to the prior rights of the holders of any shares ranking senior to the Apollo Shares in the payment of dividends. In the event of the dissolution, liquidation or winding-up of Apollo, the holders of the Apollo Shares, subject to the prior rights of the holders of any shares ranking senior to the Apollo Shares with respect to priority in the distribution of the property and assets of Apollo upon dissolution, liquidation or winding-up, will be entitled to receive on a pro rata basis the remaining property and assets of Apollo. Holders of Apollo Shares are entitled to receive notice of, attend and vote at any meeting of the Apollo Shareholders, except meetings where only the holders

of another class or series of shares are entitled to vote separately as a class or series. The Apollo Shares carry one vote per share.

## **Dividend Record And Policy**

Apollo has not paid dividends to date on the Apollo Shares and has no plans to pay dividends in the near future. Any decision to pay dividends in the future will be based on Apollo's earning and financial requirements and other factors that the Apollo Board may consider appropriate in the circumstances. The Project Facility Agreement imposes significant restrictions on Apollo's ability to pay dividends while such agreement is in effect.

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TABLE OF CONTENTS**Consolidated Capitalization**

The following table sets forth the consolidated capitalization of Apollo as of March 31, 2010 before the Arrangement.

This table should be read in conjunction with the annual audited financial statements of Apollo for the year ended December 31, 2009 included in Apollo's Annual Report on Form 10-K and the unaudited financial statements of Apollo for the quarter ended March 31, 2010 included in Apollo's Quarterly Report on Form 10-Q, including the notes thereto, and Apollo's management's discussion and analysis included in such reports, each of which is incorporated by reference in this Circular.

	As of March 31, 2010 (In thousands of U.S. Dollars Except Per Share and Option Amounts)
Long term debt	\$ 75,399
Shareholders' Equity	\$ 22,088
Share Capital	\$ 230,450
Shares Outstanding	337,973,660
Options Outstanding	11,761,871
Contributed Surplus	\$ 45,962
Deficit	\$ (254,304 )

**Prior Sales**

The following table sets forth the Apollo Shares and securities convertible into Apollo Shares issued by Apollo within the 12 months prior to the date of this Circular:

Date	Number/Type of Securities	Type of Issuance	Issue Price Per Security	Aggregate Issue Price
March 22, 2010	800,000 Apollo Shares	Private placement <sup>(1)</sup>	(1)	(1)
March 18, 2010	1,592,733 Apollo Shares	Private placement <sup>(2)</sup>	(2)	(2)
March 18, 2010	62,500,000 Apollo Shares	Private placement to Linear	Cdn.\$0.40	Cdn.\$25,000,000
March 3, 2010	8,580,000 Apollo Shares	Warrant exercise	Cdn.\$0.25	Cdn.\$2,145,000
February 26, 2010	2,145,000 common share purchase warrants	Private placement <sup>(1)</sup>	(1)	(1)
January 14, 2010	300,000 Apollo Shares	Private placement <sup>(3)</sup>	(3)	(3)
December 11, 2009	250,000 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$44,000

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November 9, 2009	133,100 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$23,425.60
November 4, 2009	50,000 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$8,800
November 4, 2009	2,166,667 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$381,333.39
October 23, 2009	166,666 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$29,333.22
October 21, 2009	12,270 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$2,159.52
July 15, 2009	12,221,640 Apollo Shares	Private placement <sup>(4)</sup>	Cdn.\$0.45	Cdn.\$5,499,738
July 15, 2009	13,889,390 flow through Apollo Shares	Private placement <sup>(4)</sup>	Cdn.\$0.54	Cdn.\$7,500,270.60
July 15, 2009	1,566,662 compensation common share purchase options	Private placement <sup>(4)</sup>	(4)	(4)
May 28, 2009	250,000 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$44,000
May 27, 2009	316,666 Apollo Shares	Warrant exercise	Cdn.\$0.176	Cdn.\$55,733.22

On February 23, 2007, Apollo concluded a private placement pursuant to which it sold US\$8,580,000 aggregate (1) principal amount of convertible debentures due February 23, 2009 (the **Convertible Debentures** ). As originally issued, each US\$1,000 principal amount of the Convertible Debentures was

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convertible at the option of the holder into 2,000 Apollo Shares, at any time until February 23, 2009. Additionally, each US\$1,000 principal amount of the Convertible Debentures included 2,000 common share purchase warrants entitling the holder thereof to purchase one of the Company's common shares at an exercise price of US\$0.50 per share, which such warrants originally expired on February 23, 2009 (the **Warrants**). On February 26, 2010, the Company and RAB Special Situations (Master) Fund Limited (**RAB**), which owns US\$4,290,000 aggregate principal amount of Convertible Debentures and 8,580,000 Warrants, entered into an agreement that pursuant to which RAB agreed to extend the maturity date of the Convertible Debentures held by RAB to August 23, 2010 and in consideration therefor, Apollo agreed to repay the US\$772,200 of accrued interest through February 23, 2010 on the Convertible Debentures held by RAB in cash and agreed to issue to RAB (i) 800,000 Apollo Shares and (ii) 2,145,000 common share purchase warrants, which warrants entitle RAB to purchase one Apollo Common Share at an exercise price of US\$0.50 per share at any time before 5:00 p.m. (Toronto time) on February 23, 2011.

On March 12, 2010, Apollo entered into a purchase agreement with Calais Resources, Inc., Calais Resources Colorado, Inc. (together, **Calais**), Duane A. Duffy, Glenn E. Duffy, Luke Garvey and James Ober (the **Duffy (2) Group**) pursuant to which Apollo issued 1,592,733 common shares to the Duffy Group in exchange for the assignment of its rights, title and interest in and to, among other things, a promissory note from Calais with an outstanding balance, including accrued interest thereon, of \$653,020.

On January 14, 2020, Apollo granted 300,000 Apollo Shares to Haywood Securities as compensation for financial (3) advisory services rendered in connection with Apollo's sale of all the outstanding capital stock of Montana Tunnels Mining, Inc. to Elkhorn Goldfields LLC.

On July 15, 2009, Apollo completed a private placement of 12,221,640 common shares issued to purchasers within and outside the United States at Cdn\$0.45 per share and 13,889,390 common shares issued to Canadian purchasers (4) at Cdn\$0.54 per share on a flow through basis pursuant to the *Income Tax Act* (Canada). In consideration for placement agent services provided in connection therewith, among other things, Apollo issued to Haywood Securities and Blackmont Capital Inc. compensation options to purchase 1,566,662 Apollo Shares.

## Trading Price and Volume

The Apollo Shares are listed and posted for trading on the TSX under the symbol **APG** and on the AMEX under the symbol **AGT**. On March 8, 2010, the last trading day prior to the announcement of the Arrangement, the closing price of the Apollo Shares on the AMEX was \$0.42 and on the TSX was Cdn.\$0.42.

The following table sets forth, for the periods indicated, the reported high and low market closing prices of Apollo Shares on the AMEX and the TSX:

	AMEX (AGT)		Toronto Stock Exchange (APG)	
	High (\$)	Low	High (Cdn.\$)	Low
2010				
First Quarter	\$ 0.50	\$ 0.33	\$ 0.53	\$ 0.33
Second Quarter (through May 25, 2010)	0.38	0.29	0.39	0.31
2009				
First Quarter	\$ 0.38	\$ 0.19	\$ 0.47	\$ 0.24
Second Quarter	0.49	0.30	0.55	0.38
Third Quarter	0.52	0.37	0.56	0.41
Fourth Quarter	0.59	0.44	0.61	0.47



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The following table sets forth, for the periods indicated, the reported high and low trading prices of Apollo Shares on the TSX and the aggregate trading volume of Apollo Shares on the TSX:

Month	High (Cdn.\$)	Low (Cdn.\$)	Aggregate Volume
May 2010 (through May 25, 2010)	0.38	0.295	9,288,581
April 2010	0.39	0.33	8,753,776
March 2010	0.44	0.33	18,051,091
February 2010	0.47	0.40	4,010,801
January 2010	0.53	0.39	11,264,692
December 2009	0.59	0.47	4,952,355
November 2009	0.60	0.48	19,019,451
October 2009	0.62	0.46	13,863,854
September 2009	0.62	0.41	13,177,387
August 2009	0.52	0.40	5,697,340
July 2009	0.495	0.40	5,416,097
June 2009	0.56	0.45	7,624,455
May 2009	0.59	0.46	4,302,192
April 2009	0.53	0.35	5,440,260
March 2009	0.43	0.31	6,639,941

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# DETAILED INFORMATION ABOUT LINEAR GOLD CORP.

## General

The information contained under this heading Detailed Information About Linear Gold Corp. has been provided by or on behalf of Linear and has not been independently verified by Apollo.

Linear is a mineral exploration and development company and was formed on January 31, 1989 as H.L. International Inc. by Certificate of Amalgamation pursuant to the provisions of the *Business Corporations Act* (Alberta) by the amalgamation of H.L. International Inc. and Nik Capital Corporation. By articles of amendment dated May 3, 1989, Linear's issued and outstanding common shares were consolidated on the basis of three old shares for one new share. By articles of amendment dated February 13, 1996, Linear changed its name to Maple Mark International Inc. Linear consolidated the outstanding common shares on the basis of ten old shares for one new share and changed its name to Linear Resources Inc. pursuant to articles of amendment dated October 6, 1999. Linear changed its name to Linear Gold Corp. pursuant to articles of amendment dated November 24, 2003 and Linear was continued under the *Canada Business Corporations Act* on November 10, 2004.

Linear's head, principal and registered office is located at 2000 Barrington Street, Suite 502, Halifax, Nova Scotia B3J 3K1 and the telephone number at the office is (902) 422-1421.

Linear is a reporting issuer in the provinces of Ontario, British Columbia, Alberta, Manitoba, Québec and Nova Scotia. The Linear common shares trade on the TSX under the symbol LRR.

Linear and all of its subsidiaries as at May 25, 2010 are as depicted in the chart below.

## Description of Business

Linear is a mineral exploration and development company listed on the TSX. Linear is in the process of exploring and developing its properties in Canada, Mexico and the Dominican Republic. Linear's primary focus is the development of its Goldfields Project located in Saskatchewan, Canada.

### Goldfields Project, Canada

On August 20, 2009, Linear completed the acquisition, from GLR Resources Inc. ( **GLR** ), of a 100% interest in the Goldfields Project located near Uranium City, Saskatchewan, Canada (the **Goldfields Project** ), substantially in accordance with the definitive Purchase and Sale Agreement dated May 25, 2009. Prior to announcement of the Arrangement, Linear had intended to develop the Goldfields Project and expected that it would become its flagship operating property going forward. Linear, through its subsidiary 7153945 Canada Inc., paid GLR US\$5.0 million in cash and issued 727,272 Linear Shares, valued at \$1.95 per share, as consideration for a 100% interest in the Goldfields Project assets. In addition to the cash



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payment and shares issued, Linear assumed equipment construction contracts previously entered into by GLR with aggregate remaining payments of approximately Cdn.\$18.6 million as of December 31, 2009.

As of this date, the Goldfields Project is Linear's primary and most advanced project in its portfolio of properties. Unless otherwise noted, the following description of the Goldfields Project is derived from the Box Mine - Goldfields Project Technical Report, dated June 29, 2007, as revised May 12, 2008, and further revised September 24, 2009 (the **Box Mine Report**), and the Athona Pit Pre-Feasibility Box Mine - Goldfields Project Technical Report dated September 25, 2009 (the **Athona Deposit Report**) by Bikerman Engineering and Technology Associates, Inc. (**BETA**). Both the Box Mine Report and the Athona Deposit Report may be found under Linear's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**Location**

The Goldfields Property is located on the north shore of Lake Athabasca in the northwestern portion of Saskatchewan. The property area is situated approximately 55 km (34.16 miles) south of the Saskatchewan and Northwest Territory boundary and approximately 75 km (46.58 miles) east of the Saskatchewan and Alberta boundary. The property forms a rough triangle approximately 23.3 km (14.5 miles) southwest, 17.6 km (10.9 miles) northeast and 23.3 km (14.5 miles) southeast of Uranium City. The Goldfields Property derived its name from the former mining town of Goldfields located between the site of the Box Mine property to the west and the site of the Athona Mine property to the southeast.



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The Goldfields Property consists of 31 contiguous mineral claims plus five mineral leases, covering 25,685 ha (approximately 63,000 acres) in the Beaverlodge Lake area, Northern Mining District, Saskatchewan, Canada and is located within NTS map sheets 74N-06, 74N-07, 74N-08, 74N-09 and 74N-10.

The coordinates of the triangular shaped property with Uranium City on the western boundary are approximately 649,240 mE and 6,617,650 mN in the northeast, 625,980 mE and 6,584,900 mN in the southeast, and 650,990 mE and 6,588,150 mN in the east (UTM Zone 12, NAD 83).

### **Accessibility**

The Goldfields Property location does impact the logistics for both freight and personnel transport. The property is, however, the beneficiary of the infrastructure developed to support previous mining ventures, in this historical mining area.

Access to the Goldfields Property site is via a network of gravel and dirt roads from Uranium City with one branch leading to the former Box Mine site. Uranium City is serviced by commercial flights originating in Saskatoon and Regina. Charter air service is also available from those centres and northern communities of Prince Albert, La Ronge and Stony Rapids.

Heavy equipment and supplies are transported by barge service operating from Stony Rapids, Saskatchewan to the communities along the shore of Lake Athabasca from mid-May to early October.

### **Climate and Meteorology**

Average total precipitation for the Goldfields Property area ranges from 16.89 mm in February to 50 mm in each of July and August. Maximum precipitation occurring in the period between 1956 and 1983 was 118 mm, falling as rain, in August 1962. Average wind speed measured from 1956 to 1983 is 11 km/hr, blowing from the east to the northeast, 8% to 15% of the time.

Average daily temperature ranges between -26°C in January and 16°C in July. Average minimum temperatures recorded from 1953 - 1986 range from 11°C in July to -31.7°C in January. The extreme low temperature recorded from 1956 - 1983 was -48.9°C, occurring in January of 1974. Average extreme low temperature is -43.9°C. Average maximum temperature recorded from 1953 - 1986 ranges from 21°C in July to -21°C in January. The extreme high temperature recorded from 1956 - 1983 was 34.7°C, occurring in July of 1984. The average extreme high temperature between 1956 and 1983 is 28.7°C.

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### **Local Resources and Infrastructure**

The economy of northern Saskatchewan is based on mining, tourism and traditional hunting and gathering activities.

Basic community infrastructure includes water treatment plants, sewage lagoons and electrical power supply. Surface water from Black Lake provides water for the community of Black Lake, Fond du Lac River provides water for the community of Stony Rapids and the Fredette River provides water for the community of Uranium City. The community of Fond du Lac use wells for drinking water. Oil or wood burning stoves are the primary methods for heating homes and other buildings.

Power for the Goldfields site is expected to be supplied by SaskPower via an existing power line and right of way. The existing feed from Wellington to the existing line is at 115kV and will be transformed to 72kV for transmission along the existing line to the Goldfields Property. The maximum forecasted load will be 5 MVA with an annual load factor of 90 percent.

### **Physiography**

The elevation of Lake Athabasca is 211.5 meters (694 feet) above sea level (ASL). The topographic relief of the area near the Beaverlodge-Goldfields area consists of moderately high hills with the highest being Beaverlodge Mountain at 419.7 meters (1,377 feet). North of the property, near Virgin Lake, the mean elevation of the area is about 450 meters (1,476 feet).

In the northern portion of the Goldfields Property, Contact Lake is approximately 427 meters (1,401 feet) ASL and the surrounding hills of conglomerate of the Martin Group, to the north of Contact Lake, are up to 445 meters (1,460 feet) ASL and hills of basement rocks of the Tazin Group to the south are approximately 455 meters (1,493 feet) ASL. The relief decreases sharply to the north from approximately 445 meters (1,460 feet) to 350 meters (1,148 feet) in the sandstone and arkose units of the Martin Group located between Contact Lake and Cutler Lake.

### **Box Mine Project Description**

As described in the Box Mine Report, the Box Mine is planned as an open pit mine operation with a 5,000 tonne per day (1.8 million tonne per year) mill. The average mine grade is 1.43 grams per tonne minable at a strip ratio of 3.4:1 utilizing shovel-truck fleets. The mill circuit will consist of conventional crushing and grinding with gravity separation, flotation and agitation leach. Gold will be recovered by carbon adsorption and electrowinning.

### **History**

The Box Mine originally went into production at a low tonnage on June 27, 1939 after a reported expenditure of Cdn.\$4,000,000. The milling rate stepped up to over 1200 tons per day in December 1939. The first gold brick was poured August 15, 1939. A total of 8,000 ounces of gold was produced in 1939 at an operating cost of \$1.81 per ton. During 1940 the milling rate averaged 1400 tons per day. Despite increased milling rates and reduction of operating costs the mine was only marginally profitable. Operations were suspended in May 1942 and the mine closed August 15, 1942. The mine produced a total of 64,066 ounces of gold from 1,418,320 tons of ore at an average grade of 0.0452 ounce per ton.

GLR and its former companies actively conducted exploration programs in the Greater Beaverlodge area since 1987. Mary Ellen Resources Ltd. amalgamated with Lenora Explorations Ltd. and AXR Resources Ltd., effective December

31, 1988 to form Greater Lenora Resources Corporation ( Greater Lenora ). On July 24, 2001, Greater Lenora completed a plan of arrangement pursuant to which GLR Resources Inc. acquired all of the assets of Greater Lenora.

The exploration activities pertaining to the Box Mine project are summarized below.

In 1987, the Kasner Group of Companies optioned both the Box Mine property from Cominco Limited and the Athona Mine property from New Athona Mines Ltd.

During 1988, the Kasner Group of Companies completed 3 diamond drill holes from September 2 to 23. These holes, LB-88-1 to LB-88-3, totaled 1,132.1 meters. Drill holes LB-88-1 and LB-88-2 are located approximately 700 meters northeast of Shaft No.2 and had an azimuth of N310°E, dipping 45°. LB-88-2 is

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approximately 50 meters at N130°E from LB-88-1 and these holes did not contain significant gold values. Hole LB-88-3 was drilled to test the down dip extension of the Box Mine deposit under Neiman Bay and contained a number of anomalous gold values with the best intersection being 4.663 g/t (0.136 opt) over 3.0 meters (AF 74N07-0328). A 9,000 ton bulk sample from the Box Mine trenches and a 4,000 ton bulk sample from the Athona Mine trenches returned a reported grade of 1.88 g/t (0.055 opt) gold.

Also, a single drill hole (VI-88-1) was completed to test potential of the Vic Lake Fault zone. This drill hole was located at the boundary of the Box Mine and Lodge Bay project boundaries. No significant gold assays were obtained.

During 1988, 52 drill holes were completed totaling 6,381 meters. In the summer of 1988, nine diamond drill holes were surveyed with a Mount Sopris down-hole radiometric logging instrument. The survey results indicated none of the holes contained uranium mineralization. A slight increase in radioactivity was detected in the Box Mine granite, foliated granite and hanging wall gneisses, which may be caused from the decay of potassium in the feldspars and sericite. In 1988, Greater Lenora completed a pre-feasibility ore reserves estimation, using 1934 to 1988 data (AF 74N-0005).

The 1989 drilling program completed 47 reverse circulation drill holes (RCD) with a total footage of 3,169 meters over a small area, 150 meters of strike length. Western Caissons, using a Reverse Circulation hammer drill, conducted the drilling. During the drilling the bit size was reduced every 25 meters from 5.5 , to 5.25 , 5.125 and so on. Individual samples were taken at one-meter intervals. Samples weighed approximately 36kg and were assayed by total cyanide leaching by Casmyn Research.

Samples were assayed by fire assay technique by early participants as well as several drill holes in the 1988 Greater Lenora program. The remainder of the 1988 drill holes and those of the 1989 RCD drill program were assayed by the cyanide leach technique. From 1994 onwards, the complete BQ drill core was assayed by the total metallic technique.

In 1989, Greater Lenora completed on-site metallurgical testing, bulk sampling and 3,199 meters of reverse circulation drilling on the Box property and 1,037 meters reverse circulation drilling on the Athona property (AF 74N-0005). Greater Lenora completed 52 drill holes totaling 6,704 meters in 1994. In 1994, they released the results of drill holes B94-109 to -150. These infill drill holes were designed to test the deposit below the level of the existing mine workings.

Between 1994 and 1995 delineation holes B95-151 to 250 and an environmental impact study were completed on the deposit (AF 74N-0006). The Box Mine mineral resources were re-estimated at this time. In 1995, 17 drill holes and an environmental impact study were completed on the Box-Athona mines (AF 7408-0150). In October 1995, the combined reserves for Box-Athona were published. A total of 18,560 meters of BQ diamond drilling in 97 holes were completed during the 1995 summer program. The program was designed to fill in voids from previous drilling programs, define the strike limits and define the down dip extension of the mineralized zone below the level of the proposed open pit. F. Hurdy completed geological mapping of the trenches at the Box Mine. During 1995, the diamond drill holes and several of the original survey monument and mine workings (vent raises, shaft collars, etc.,) were located and surveyed. This information was incorporated into the various databases used for the resource estimations. The surface trenches surveyed at both the Box Mine and the Athona Mine were incorporated into the up-dated database.

In 1996, Greater Lenora announced a new, lower combined resource estimation for Box and Athona deposits. This was published in The Northern Miner on May 13, 1996, p1-2.

In 1997, Behre Dolbear completed an audit of the published resources for the combined Box-Athona deposits. In 1997, Pearson, Hoffman & Associates completed a resource evaluation of the Box Mine. In the same year, GLR flew an airborne EM, resistivity, magnetic, and spectrometer survey over the property (AF 74N-0007).

In 1999, Greater Lenora announced intentions to proceed with a small-scale development and production plan which will focus on open pit mining a part of the Box Mine deposit.

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In 2001, Greater Lenora stated that an environmental impact study had been completed and Gekko of Australia tried simple gravity separation of Box Mine ore and received excellent recoveries. Greater Lenora also concluded that the Fishhook and Nickolson deposits were unconformity type Au-PGE deposits similar to the Coronation Hill deposit in Australia.

In August 2009, Linear, through its wholly owned subsidiary, 7153945 Canada Inc., purchased from GLR Resources Inc., as vendor, all of the interests of GLR in the Goldfields Property for a purchase price of U.S.\$5,000,000 in cash, the assumption of certain liabilities relating to the Goldfields project and the issuance of 727,272 common shares of Linear. Linear and GLR are unrelated companies and the transaction was made at arm's length.

### **Geology and Mineralization**

The Box Mine deposits is a complex of auriferous quartz vein sets infilling fractures caused by several shearing and faulting events. The host rock is composed of a suite of metasedimentary lithological units, which has been subjected to various alteration processes common to hydrothermal fluid migration.

The Box Mine orebody is contained in a predominantly red granitic sill-like body 760 meters long and averaging 55 meters wide. This body and enclosing rocks strike northeast and dip 42° to the southeast and is located on the northwestern limb of the Goldfields syncline. The granitic body is bounded to the northwest by quartzite and granitized quartzite; to the southeast it passes gradationally into granitized quartzite. The boundary is best marked by a decrease in volume of quartz veins. The granite comprises almost equal amounts of quartz and pink-red feldspar. It contains no ferromagnesian minerals except chlorite which occurs along small fractures. In thin section, the feldspar comprises microcline, microcline-perthite and albite.

### **Royalties and Encumbrances**

The mineral rights for the Box Mine and the Athona Mine properties are now owned 100% by Linear, through its wholly owned subsidiary, 7153945 Canada Inc., with Franco-Nevada Corporation owning a 2% net smelter royalty (NSR) on an area of interest of 10 miles from the external property boundaries of the Box Mine property, Athona Mine property, Fish Hook Bay property and the Nicholson Bay property.

The Box Mine is also subject to a 1.5% NSR on all production from the area beneath 50 meters below mean sea level that is on the original Cominco Limited mining claims. This royalty does not apply to the current Box Mine planned production since that production will be from an area above the minus 50 meters below sea level elevation.

### **Mineral Dispositions**

The Saskatchewan Provincial government is empowered by the *Crown Minerals Act* to grant mineral dispositions in the form of permits, claims and leases, within its jurisdiction, to qualified entities. The regulations covering these dispositions are contained in The Mineral Disposition Regulations, 1986 otherwise known as Saskatchewan Regulation 30/86 and the pertinent subsequent amendments.

As defined by the Crown Minerals Act, those dispositions designated as mineral/mining claims do not require a legal survey, prior to registration. Mineral/mining leases require a legal survey. The mineral claims indicated above have not been the subject of a legal survey. The leases have been legally surveyed.

Under the terms and conditions in the *Crown Minerals Act*, all of the claims and leases pertaining to the Goldfields Property are designated as Active. Linear has had the claims and leases transferred to the name of its wholly owned

subsidiary, 7153945 Canada Inc., following the acquisition of the claims and leases from GLR.

In order to preserve the validity and good standing of the claims and leases, the holder of these dispositions must comply with the assessment work requirements as stipulated by the *Crown Minerals Act*. The Goldfields Property has been the subject of extensive work which fulfills the assessment work requirements to date. Linear has confirmed the status of the assessment work requirement for each mineral disposition comprising the Goldfields Property and will ensure compliance with these requirements in order to preserve the validity and good standing of the claims and leases on an ongoing basis.

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**Existing Environmental Liabilities**

The Goldfields Property has been the object of previous mining operations. Linear is not aware of any environmental liabilities to which the project is subject.

UMA Engineering Ltd. Report entitled Greater Lenora Resources Inc., Environmental Impact Statement; Box Starter Pit Mine, Goldfields Project, Northern Saskatchewan as submitted in January 2007, has addressed environmental issues and, to Linear's knowledge, provided the appropriate remediation and mitigation measures.

**Permitting Requirements**

The permitting process for mine construction and development is expected to involve the following.

**Environmental Permitting**

The Box Mine, due to its location, is under the jurisdiction of both Canadian federal and provincial regulatory agencies. The Environmental Assessment Branch of the Saskatchewan Environment & Resource Management (SERM) ministry is empowered to regulate the operation of this project under the terms of the *Environmental Assessment Act*. Additionally, due to the project's possible impact on aquatic habitat, the Canadian federal Department of Fisheries and Oceans (DFO), under the terms of the Aquatic Habitat Protection Permit, maintains jurisdiction, as a regulatory agency. Linear anticipates that water quality parameters, as defined by the Metal Mining Effluent Regulations (MMER), of the Canadian federal Fisheries Act, will define the discharge parameters for effluents generated by the future operations of the project.

In order to simplify and facilitate the environmental review process, under the terms of Canada-Saskatchewan Agreement on Environmental Assessment Cooperation, the Ministry of Environment (Saskatchewan) is designated as the Coordinating Regulatory Agency. In this role as Coordinator, the Ministry



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of Environment (Saskatchewan) assesses the project's potential impacts on the environment and subsequently solicits the participation of the appropriate regulatory agencies, in the review process.

The *Environmental Assessment Act* states that a person shall not proceed with a development (as defined in the Act) until ministerial approval has been received. It further sets requirements for a process of environmental impact assessment intended to inform the Minister of the potential impacts of a development prior to making a decision regarding the development.

Preliminary approval of the development of the Box Mine was received from the Minister of Environment on May 29, 2008, stating that the Ministry is satisfied that the requirements of the Act regarding the environmental assessment process have been met, including those required of the proponent. This approval is of particular importance, as it is a prerequisite for obtaining the additional approvals and permits required for this project.

Documents submitted to both the Canadian federal and Saskatchewan environmental regulatory agencies in reference to the development of the Box Mine include: Clifton Associates Ltd., Feasibility Study, Box and Athona Mines, Goldfields Project, Lake Athabasca, in 1995, and UMA Engineering Ltd., Greater Lenora Resources Inc., Environmental Impact Statement, Box Starter Pit Mine, Goldfields Project, Northern Saskatchewan, in January 2007. That report describes the differences in the environmental assessment findings (impacts and mitigation) previously presented to both Canadian federal and Saskatchewan provincial regulatory agencies and the anticipated environmental impacts and mitigation requirements for the Box Mine as proposed by the study.

### **Exploration and Drilling**

Initial surface and underground diamond drilling was conducted on the Box Mine property during 1935 to 1939.

Diamond drilling by GLR commenced in 1987-1988 on both properties. This was followed by reverse circulation drilling in 1989 and two additional programs of diamond drilling in 1994 and 1995. In total (1935 to 2005), 402 holes totaling 48,561 meters containing 17,226 assays have been completed on the Box Mine property. The underground sampling of the drifts and crosscuts were compiled into 32 pseudo-drill holes totaling 6,548 meters containing 4,385 assays.

The following table summarizes the diamond drill and underground sampling at the Box Mine.

Box Mine Drill Hole and Sample Summary

Year(s)	Company	Type	Location	Number of Holes	Drill Core Size	Length (meters)	Length (feet)	Number of Samples	
1935	39	Cominco	channel	underground	32		6,548.65	21,485.07	4,385
1935	39	Cominco	DDH	surface	42	EX	4,576.12	15,013.52	1,708
1939		Cominco	DDH	underground	72	EX	4,594.98	15,075.39	2,959
1987	88	GLR	DDH	surface	52	BQ	6,383.73	20,944.00	2,628
1989		GLR	RCD	surface	47		3,168.60	10,395.67	2,715
1994		GLR	DDH	surface	52	BQ	6,705.77	22,000.56	2,443
1995		GLR	DDH	surface	100	BQ	18,825.00	61,761.81	3,469
2004		GLR	DDH	surface	15	NQ	1,007.67	3,306.00	577
2005		GLR	DDH	surface	22	NQ	3,299.15	10,823.98	782

Totals: 434 55,109.67 180,806.00 21,611

Since Linear's acquisition of the Goldfields Project, Linear carried out an exploration program on the property between January 2010 and March 2010. The program consisted of diamond drill testing the down-dip potential of the Box Gold Deposit, below the bottom level of proposed open pit, and a geophysical program to define new drill targets using the Titan 24 deep IP geophysical system. The IP survey area was designed to define chargeability and/or resistivity anomalies with the potential to host mineralized systems near the Box and Athona Gold Deposits including the two kilometer area between the deposits. Sixteen drill holes were completed for a total of 4168 meters.

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**Metallurgy**

Test work has indicated that the recoverable values are finely disseminated with some nugget gold. There are no metallurgical or environmental hindrances associated with the mineralization in terms of recovery, even though some of the gold is associated with pyrite. Extensive test work dating back to 1936 has determined that the gold can be recovered by a variety of gravity and leaching methods. The feasibility flow sheet calls for gravity, flotation, and concentrate leaching methods. The amount of test data conducted is sufficient to design the processing facilities.

Work began on the current flow sheet in late 1998 and continued through to 2005 at Gekko Systems in Australia and Lakefield in Canada, using the Gekko test protocol. Primary and cleaner gravity recovery in Gekko inline pressure jigs with scavenging in a Falcon concentrator gave recoveries in the mid 1980 s for ore ground to a P80 of 500 microns, followed by regrind and cyanidation of concentrates. Concentrates produced were tested for leaching in the Gekko inline leach reactor with the gold extracted by direct electrowinning. Cyanide destruction, using peroxide, was tested by Gekko.

Test work for the Box Mine ore was originally conducted by Cominco Limited, when the plant was operated from 1939 to 1942 with underground ore. Whole ore cyanidation with 24-hours retention and Merrill-Crowe precipitation on zinc was employed from ore ground to 55% -200 mesh. Recovery is reported as between 94 and 98%.

In 1981, to compare heap leaching with flotation, Dawson Laboratories conducted leach tests on ore crushed to ¾ inch and flotation tests on ore ground to 50% -200 mesh. Recoveries were about 20% for the heap leach samples and 92 to 97% for the flotation test.

In 1988 Casmyn Engineering conducted test work at ORTECH that showed that gravity concentration was effective in recovering gold. In 1988, a simulated vat leach scoping test conducted by INNOVAT Limited showed that ore crushed to ¼ inch yielded 69% recovery.

In 1994 5, Richard C. Swider Consulting Engineers Limited designed and supervised a test program at Lakefield Research on behalf of Greater Lenora Resources Corporation. Work was done on both the Box and Athona ores, including bulk samples at depth and at-grade samples. Work indices were determined, as well as the suitability and design parameters for semi-autogenous grinding.

Flotation of spiral tailings demonstrated effective concentration of gold values. Cyanidation of gravity concentrates was also demonstrated in the Swider program. Some liquid-solid separation work was done for environmental purposes as well as pore water determination.

Under the supervision of INNOVAT Limited in 1997, leaching of spiral classifier tailings and whole ore was conducted at ORTECH and Lakefield. Both programs indicated economical recoveries on ore crushed to 10 mesh.

A program in 1995-6 was conducted at Lakefield Research Limited with input from Pocock Industrial Inc. to determine settling and filtration characteristics of the ore and tailings. Ore characterization studies were made on whole rock, gravity tailings, flotation tailings, and cyanidation tailings, including EPA acid-base accounting, EPA leachate extraction, and size distribution of residues.

Acid-Base accounting and cyanide destruction tests are continuing to back up the Environmental Impact Statement as well as further assurance that targets will be met. Current test work involves using the INCO SO<sub>2</sub>/Air process for cyanide destruction to confirm results and reagent requirements.

## **Preliminary Mine Plan**

### **General**

BETA was commissioned to prepare a technical report on the Box Mine, the details of which were set out in the Box Mine Report. As described in the Box Mine Report, mining of the Box Mine was expected to be by open-pit methods utilizing mid-size earth moving equipment. Feasible pit shapes complete with haul-road designs have been modeled based on: the disposition of grade values in the resource model; economic parameters such as gold price and mining and operating costs; and technical parameters such as pit slopes and gold recovery. Silver values were not taken into consideration in the mine model.

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As reported in the Box Mine Report, minable reserves for the Box Mine were based upon the measured and indicated resources in the computerized 3-D block model. Movable pit shapes optimize the extraction of the mineral inventory given the economic and technical parameters determined for this feasibility. The pit optimization procedures utilized in definition of the final pit design took the following factors and assumptions into consideration:

gold price of US\$750 per ounce;  
gold price is US\$735 net of royalty of 2% NSR;  
process recovery of 93% of the contained gold values;  
mining cost of US\$2.60 per tonne of ore moved;  
mining cost of US\$1.66 per tonne of waste moved;  
crushing cost of US\$1.07 per tonne of ore;  
processing and laboratory cost of US\$ 4.98 per tonne of ore;  
general and administrative and social cost of US\$1.32 per tonne of ore;  
environmental cost of US\$ 0.36 per tonne of ore;  
overall pit slope of 45 degrees on footwall and 55 degrees on hanging wall;  
minimum pit bottom of 18 meters;  
six-meter bench mining heights;  
bench face slope of 65 degrees;  
ultimate haul road grade of no greater than 10%; and  
total haul road width of 24 meters with berms.

A Lerchs-Grossman algorithm was utilized to optimize the pit. This algorithm provided a basic pit shape outline that served as the basis for final pit design.

Pre-production activities are expected to be carried out in the months prior to production. This includes development of waste the dump and stockpile areas, including clearing and grubbing and top-soil removal as necessary; and haul road development. A topsoil stockpile is expected to be situated near the pit.

The open pit design for the Box Mine deposit is predicated on the assumption that the existence of the previous underground stopes (areas of prior underground ore extraction) will not significantly disrupt the proposed mining schedule. These stopes remain open and can measure 50m x 50m and may extend vertically from the 232m to 136m elevations. The smaller underground working such as the ventilation and access infrastructure (drifts, raises and winzes) is not expected to impact open pit planning as the volume of material required to fill these structures is insignificant; however, knowledge of the location of this infrastructure is required to avoid accidents.

To minimize the disruptive impact of these pre-existing stopes on mine design and scheduling, these large voids will be filled prior to their interception by the open pit mining. The blasthole drills are expected to be used to intercept and confirm the dimensions of these underground stopping voids. Linear expects that these drills would then be required to complete a pattern of drill holes that are expected to be used to develop a drop raise connecting these voids to the surface (drop raises use vertical crater retreat blasting methods to develop near vertical openings connecting two points where top access is available). Linear expects that these voids would then be backfilled by trucks dumping low grade ore material hauled from within the open pit; the use of this low grade material is expected to minimize dilution during the subsequent extraction of ore within these areas.

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Operating Schedules	Ready days/year	Shifts	Daily mtpd	Hourly mtph
Overall	360	24 x 7	5000	208
Primary Crushing	360	12 x 5	14000	1200
Fine Ore Crushing	360	12 x 7	10000	416
Milling	360	24 x 7	5000	208
Gravity Processing	360	24 x 7	5000	208
Concentrate Leaching	360	24 x 7	187.2	7.8
Elution	360	24 x 7	187.2	7.8
Gold pour	360	Weekly		

The Box Mine Report projected that the mine would operate three shifts per day, seven days per week. The following feasible mining schedule was utilized in this analysis.

Year	Ore Mined (tonnes)	Ore Grade (g/tonne)	Waste Mined (tonnes)	Strip Ratio	Total Mines (tonnes)
1	1,500,000	1.495	5,189,000	3.46	6,689,000
2	1,800,000	1.349	6,128,000	3.40	7,928,000
3	1,800,000	1.428	6,150,000	3.42	7,950,000
4	1,800,000	1.353	6,080,000	3.38	7,880,000
5	1,800,000	1.277	6,001,000	3.33	7,801,000
6	1,800,000	1.533	7,446,000	4.14	9,246,000
7	1,800,000	1.495	6,585,000	3.66	8,385,000
8	1,800,000	1.685	6,751,000	3.75	8,551,000
9	808,000	1.081	713,000	0.88	1,521,000
<b>TOTAL</b>	<b>14,908,000</b>	<b>1.431</b>	<b>51,043,000</b>	<b>3.42</b>	<b>65,951,000</b>

**Projected Mine Operating Cost**

The Box Mine Report estimated operating and maintenance costs for a 1.8 million tonne per year operation. Operating cost was presented for each of the following categories:

mu (T/Year)	General Admin (\$/T)	Mining Ore (\$/T ore)	Mining Waste (\$/T waste)	Crushing (\$/T)	Processing (\$/T)	Environmental (\$/T)
1,800,000	1.32	2.60	1.66	1.07	4.98	0.36

The operating cost was itemized into cost components for labor (supervisory, operating & maintenance); operating consumable supplies; maintenance supplies; and power generation.

A fuel cost of \$1.54 per liter was utilized throughout the Box Mine Report.

The estimated operating cost was expressed in 2nd quarter 2009 U.S. dollars without escalation. Canadian dollars were assumed to be equivalent to U.S. dollars, which was a conservative assumption as the Canadian dollar was trading at about a 10% discount to the U.S. dollar at the time of completion of the Box Mine Report. Changes in the currency exchange rate between the Canadian dollar and the U.S. dollar is expected to affect these estimates.

Labor costs and social burdens are expected costs of skilled laborers in Uranium City.

Power costs were based on detailed estimates and bids for all electrical installations and assume 100% grid-supplied power at the Goldfields site.

The Box Mine operation was expected to employ a total of 129 persons. The following tables give summary details of the operating costs.

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## G&amp;A Summary\*

	Unit Cost	Annual Cost
Corporate office	\$ 0.172	310,000
Mine Site	\$ 1.128	2,029,950
Social Program	\$ 0.015	27,300
Total	<b>\$ 1.315</b>	<b>2,367,250</b>

## Ore Mining Operating Cost Summary\*

ORE	Unit Cost	Annual Cost
Mine Labor	\$ 0.943	1,698,125
Maintenance Labor	\$ 0.323	581,250
Equipment Expense	\$ 0.971	1,748,262
Mine Consumables	\$ 0.006	9,900
Maintenance Consumables	\$ 0.017	30,000
Explosives	\$ 0.287	516,424
Major Repairs	\$ 0.100	90,000
Totals	<b>\$ 2.597</b>	<b>4,673,961</b>

## Waste Mining Operating Cost Summary\*

WASTE	Unit Cost	Annual Cost
Mine Labor	\$ 0.486	2,998,125
Maintenance Labor	\$ 0.121	743,750
Equipment Expense	\$ 0.788	4,857,992
Mine Consumables	\$ 0.002	9,900
Maintenance Consumables	\$ 0.005	30,000
Explosives	\$ 0.247	1,521,649
Major Repairs	\$ 0.015	90,000
Totals	<b>\$ 1.663</b>	<b>10,251,416</b>

## Crushing Cost Summary\*

	Unit Cost	Annual Cost
Labor	\$ 0.611	1,100,000
Crushing Consumables	\$ 0.397	714,600
Power	\$ 0.042	103,009
Totals	<b>\$ 1.065</b>	<b>1,917,609</b>

## Processing Cost Summary\*

	Unit Cost	Annual Cost
Process Labour	\$ 0.569	1,025,000
Assay Lab Labour	\$ 0.322	580,000
Maintenance Labour	\$ 0.386	695,500
Consumables	\$ 3.053	5,496,255
Power	\$ 0.620	1,116,136



Equipment	\$ 0.027	49,439
Totals	<b>\$ 4.979</b>	<b>8,962,330</b>

Environmental Cost Summary\*

	Unit Cost	Annual Cost
Labor	\$ 0.090	162,500
Consumables	\$ 0.110	198,000
Power	\$ 0.157	281,849
Totals	<b>\$ 0.357</b>	<b>642,349</b>

\*

in US\$

TABLE OF CONTENTS**Mine Capital Costs**

The capital cost estimate was based on quotations received by BETA from GLR, Linear and Dan Mackie Associates from manufacturers, as well as from trade publications, Machinery Trader, and historical data from current operations. The cost estimate was considered accurate to within +/- 15% at the summary level and is expressed in U.S. dollars. These cost estimates were being reviewed and will likely be adjusted to account for increased costs and changes to currency exchange rates.

Total capital cost was estimated at US\$65.7 million, as detailed below.

Goldfields Box Mine Project Capital Costs Summary	
Mining and Mine Support Equipment	\$ 14,336,000
Crushing & Conveying	\$ 4,009,147
Process Plant & Refinery	\$ 16,903,036
Electrical Generation and Distribution	\$ 1,280,000
Electrical Hardware, Software and Installation	\$ 5,633,800
Tailings Facility	\$ 250,000
Buildings and Support Systems	\$ 4,620,600
E.P.C.M.	\$ 3,617,945
Civil Construction	\$ 4,095,000
Environmental Bond	\$ 3,000,000
Fuel Tank Farm	\$ 2,000,000
Contingency	\$ 6,000,000
<b>TOTAL</b>	<b>\$ 65,745,528</b>

In addition to the above, working capital is estimated at \$3,000,000, to be repaid at the end of mine life.

Linear is currently reviewing the capital cost estimates completed by BETA. The results of the initial review, while not conclusive, indicate that capital costs may exceed the estimates provided by BETA and accordingly could impact the value of the project. As of this date, management estimates that capital costs of developing the Goldfields Box Mine Project could be in the range of US\$80 – 100 million.

**Athona Mine Project Description**

BETA was commissioned to prepare a technical report on the Athona Mine - the Athona Mine Report. The Athona Mine property is approximately 3/8 of a mile (0.6 km) southeast of Neiman Bay, and about 3/4 mile south of the former town site of Goldfields. The mine is situated on the Lucky-Willy Group of 14 claims which were staked in 1934 by Great Bear Lake Mines Ltd., following the discovery of gold on the adjoining Box Mine property of Cominico of Canada Ltd. The Willy claims 1 and 2 and Lucky claims 1 – 12 were staked in the fall of 1934 and spring of 1935 for Great Bear Lake Mines Limited. In 1935 the name of the company was changed to Athona Mines Limited. Work between 1935 and 1938 consisted of extensive trenching and diamond drilling (7344 meters or 24,097 ft.) which located several zones of mineralization. Work began on two shafts in 1935. Both shafts were sunk on the Main zone. In 1937 the company was reorganized, following the acquisition of Greenlee Mines Limited properties, and renamed Athona Mines (1937) Limited. Operations were discontinued in June 1939. Approximately \$600,000 had been spent on development of the property up to this time. The Athona mine reportedly closed not from the lack of ore or grade, as sufficient development work had been done to bring the mine into production, but no arrangements had been made with Cominico for treatment of ore on a custom basis, and no satisfactory source of power was available for operation

of a mill. No further work was reported on the property until 1980.

## **Geology and Mineralization**

The gold bearing zones at the Athona Deposit are from west to east: the eastern portion of the West Mine Granite, the Athona Deposit Granite, the Pond Zone and in a prominent en echelon and bouginage quartz vein system of the East Zone. The underground mine development was concentrated in the western portion of the Athona Deposit Granite and the eastern quartz vein systems (H, I, J, K veins) on the 125 and 250 foot levels. The Athona West Granite (AWG) is a medium to coarse grained, reddish hematitic altered granite, dipping moderately westwards, containing fracture filling quartz veining within the footwall sheared contact or

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mylonite zone. The unit is underlain by the central gabbroic to amphibolitic intrusive which separates the AWG from the Athona Mine Granite (AMG).

The Athona Mine Granite (AMG) is porphyroblastic with similar amounts of potassium feldspars and plagioclase.

This unit may represent a complex multi-intrusive with variable composition or a metamorphosed sequence of sedimentary lithologies. The northern portion of the original mining claim has exposures of quartzite. The auriferous sulphides are contained within the AMG and in the fracture/shear zone filled with quartz veins trending N20E and dipping 80° west. The sulphides are less than 1% fine grained pyrite, trace amounts of galena and sphalerite with minor amounts of pyrrhotite. This zone appears to be shallow dipping to the west and is underlain by a thin gabbroic sill which separates a deeper, coarse grained granite locally termed ombstone granite. The Pond Zone appears very similar to that of the Athona Deposit Granite.

The major quartz vein systems containing the H, I, J and K veins are located at or near the eastern extent of the AMG.

The veining has been traced from surface to below the second level and for a strike length of approximately 100 meters. The vein set is a combination of en echelon and boudinage veins trending approximately N10E and dipping 72° east. Further to the southeast, a parallel to sub-parallel vein sets, L and M veins, appear to be contained within a north-northeast shear/fault zone which may extent towards the vicinity of Shaft 2.

The mineralization occurs within a grey to pink-red megacrystic leucogranite, the Athona granite. The granite body is apparently conformable with surrounding rocks that strike N to NW and dip westerly. The granite is in two parts, separated by an amphibolite (the Upper gabbro). The structurally lower part overlies a further amphibolite body (the Lower gabbro). Underlying the Lower gabbro is porphyritic fine-grained granite. NW-SE trending diabase dykes cut the granite and amphibolite. On the east side of the peninsula is a NNE-trending, easterly dipping reverse fault.

The Main zone is approximately 24 meters wide and appears in plan as a zone parallel to the granite- Upper gabbro contact. It is characterized by numerous parallel quartz veins oblique to the strike of the contact. The veins are rarely more than 8 centimeters wide. They trend NNE and dip 80° west. The veins are very persistent and can be traced up to 120 meters. Narrow quartz stringers commonly branch from the main veins in various directions. The veins occur almost exclusively in the granite. Where they intersect the granite Upper gabbro contact they pass into the overlying amphibolite, but pinch out within a few centimeters.

The total percentage of metallic minerals is low, possibly not more than one percent. Sphalerite, galena, pyrite, gold and rare chalcopyrite occur in the quartz veins and the granite. In the granite pyrite is the only common sulphide. Gold in the granite is commonly associated with clots of chlorite; more rarely it fills fractures in feldspar. In the quartz veins sphalerite and galena predominate over pyrite and chalcopyrite. They commonly occur as lumpy aggregates.

Sphalerite and galena generally indicate high grade of local extent. Most of the gold is fairly coarse and occurs alone or with the sulphides in the quartz veins. There is a marked enrichment in gold along the amphibolite contact. The East zone comprises veins similar in attitude and mineralogy to those of the Main zone. In contrast to the Main zone, the East zone exhibits locally two additional sets of quartz stringers. They apparently do not contain gold. Pyrite, galena, sphalerite and gold occur in the main quartz veins. These minerals, but particularly galena and gold, are frequently present as replacements in the wall rock along fractures adjacent to the main veins. The latter fractures are not quartz-filled. The East zone makes ore in two shoots separated by a low grade section.

## **Drilling**

Initial surface and underground diamond drilling was conducted on the Box Mine and the Athona Mine properties during 1935 to 1939.

Diamond drilling by GLR commenced in 1987-1988 on both properties. This was followed by reverse circulation drilling in 1989 and two additional programs of diamond drilling in 1994 and 1995. In total (1935 to 2005), 402 holes totaling 48,561 meters containing 17,226 assays has been completed on the Box Mine property. The underground sampling of the drifts and crosscuts were compiled into 32 pseudo-drill holes totaling 6,548 meters containing 4,385 assays.

TABLE OF CONTENTS**Athona Deposit Drilling**

In total (1935 to 2005), 263 holes totaling 23,899 meters (12,650 samples) has been completed on the Athona Mine property. The table below summarizes the diamond drilling completed at the Athona Mine property by type and location.

Year(s)	Type	Location	Number of Holes	Length (meters)	Length (feet)	Number of Samples
1935 to 1939	DDH	surface	44	5,065.60	16,619.42	831
1939	DDH	underground	23	1,587.25	5,207.51	765
1987 to 1988	DDH	surface	55	5,656.20	18,557.09	4,105
1989	RCD	surface	11	1,176.00	3,858.27	560
1994	DDH	surface	52	4,000.60	13,125.33	1,871
1995	DDH	surface	78	6,413.00	21,040.03	4,518
Totals			263	23,898.65	78,407.64	12,650

In 2006, GLR conducted a diamond drilling campaign at Athona, totaling 1592 meters, on the Mining Lease ML 5523. The diamond drilling program consisted of 16 NQ core size drill holes. The stated purpose of the 2006 summer drilling program was to bring the Athona Deposit up to NI 43-101 standards.

**Ixhuatán Project, Mexico**

Prior to its acquisition of the Goldfields Project, Linear's primary area of focus has been Mexico, where Linear owns a 100% interest, through its subsidiary Linear Gold Mexico, S.A. de C.V. ( Linear Gold Mexico ), in the Ixhuatán Project located in Chiapas, Mexico. Pursuant to an option agreement signed on October 22, 2007, Kinross Gold Corporation ( Kinross ) became the operator of the Ixhuatán Project. Pursuant to the Option Agreement with Kinross, Kinross could have earned up to a 70% interest in Ixhuatán by incurring exploration expenditures of US\$15 million over a 24-month period and making cash payments of up to US\$115 million to Linear. In December 2009, Kinross notified Linear that the option would not be exercised. Pursuant to the terms of the Option Agreement, Kinross will pay Linear US\$3.4 million, representing the difference between the minimum required expenditures and the actual expenditures incurred by Kinross during the option period. Accordingly, Linear continues to hold a 100% interest in the Ixhuatán Project.

A technical report on the Ixhuatán Project, as defined in National Instrument 43-101, was filed on SEDAR on January 13, 2006. On June 14, 2006, the results of an independent resource calculation on Ixhuatán's Campamento Deposit, compliant with National Instrument 43-101, were announced by the Company and a Technical Report was filed on SEDAR on July 7, 2006.

**Property Description and Location**

Linear owns 100% of the mineral rights on four contiguous exploration concessions covering 98,044 hectares representing the Ixhuatán Project in northern Chiapas State, Mexico. The majority of the surface rights to the Ixhuatán concessions are controlled by various ejidos (government created local farm communities) and private owners. An agreement was signed with the local community holding surface rights to the Campamento Deposit as well as significant other surface lands within the Company's concession. The agreement grants access rights to drilling for a period of three years covering all areas within the terrain of the community. In addition, agreements have been reached with 19 additional surrounding communities granting access for exploration activities.

The Ixhutatán Project is located immediately southwest of the Santa Fe mine owned by Minera Frisco. The project is accessible by unimproved roads running five kilometers east of the town of Rayon, Chiapas. Rayon is situated two hours south of Villahermosa, Tabasco, on an all season federal highway 195. Access within the property is difficult and attained primarily through trails and small dirt roads. The area is one of dense tropical vegetation, covered by thick soils, rugged topography with incised rivers making travel difficult. Maximum elevation in the general area is 2,470 meters above sea level.

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All required environmental permits for the project have been acquired and to date, all the conditions of grant have been adhered to. Under terms of the environmental drilling permit, any significant disruption to the land surface caused by drilling activities must be reclaimed.

### **History**

The Ixhuatán property was acquired by Linear Gold Mexico in 2000, following completion of a stream sediment geochemical orientation study carried out in the northern part of Chiapas State by Mount Isa Mines (MIM). The study covered an area in the general proximity of the Santa Fe poly-metallic deposits, a former gold, silver and copper producer.

The Santa Fe/La Victoria gold deposits are located to the immediate east-northeast of the Ixhuatán property. Property boundaries are common. Physiographically the area is underlain by the Chiapas Northern Range and Chiapas Highlands geological sub-provinces. The original discovery was made during the later stages of the nineteenth century and over the years Mexican, British and French mining companies have carried out limited mining activity in the area.

The Santa Fe deposits have been mined since the beginning of the 20<sup>th</sup> century by a number of companies, both foreign and domestic, and although no historical production records exist, it is assumed that the richest surface ore shoots were exploited. The La Victoria deposits were discovered more recently and records suggests exploitation from 1966 to 1970 by Minera Corzo, S.A. who commenced operation in 1966 but soon ceased as a result of the company's poor economic situation.

### **Geological Setting**

As defined by Consejo de Recursos Minerales of Mexico ( CRM ), the Ixhuatán Santa Fe region is underlain by folded sedimentary units intruded by Tertiary intrusives of possible economic interest included within the Chiapas Fold and Fault Belt. A volcanic/plutonic igneous complex crosscuts the deformed underlying sedimentary basement.

Geological mapping by Linear personnel in the south-central portion of the property has outlined a volcanic/plutonic complex of andesitic to syenitic porphyritic intrusive rocks, lahars, tuffs and volcanoclastic breccias of Pliocene age developed in and on a sequence of Eocene-Pliocene aged carbonates, siltstones and sandstones. The volcanic sequence is intruded by Tertiary age syenites, diorites and granodiorites. Mineralization appears to be related to hydrothermal alteration associated with multiple phases of the younger intrusive activity.



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**Exploration**

Linear Gold and Kinross have completed extensive stream sediment, soil, and rock sampling programs over the Ixhuatán property. Approximately 1,950 stream sediment samples, 7,895 soil samples and 7,258 rock samples have been collected through to March 2009. The detailed surface sampling has outlined gold and copper anomalies over an area of 4 by 5 kilometers, associated with the volcanic/plutonic complex that trends northeast-southwest through the area. Detailed soil sampling has identified numerous gold and copper soil anomalous areas in excess of 400 x 400 meters in area. All of the anomalies, including the Campamento, Cerro la Mina, San Isidro, Caracol (formerly Northern), Laguna Grande, Western, Laguna Chica, Central, and Cacate areas display the alteration and mineralization characteristics typical of porphyry intrusive related districts.

Soil Samples 100 ppb Gold at Ixhuatán. Grid lines every 500 meters.

Follow-up surface exploration by Kinross from October 2007 to date has included geological mapping and rock sampling focusing mainly on the known anomalies. An in-fill 482 sample, soil geochemical survey (Caracol Road), covering the area between the Cerro la Mina and Caracol anomalies has defined an elongate cluster of anomalous gold values centered on the Central Zone and extending 200 meters to the south as well as a gold anomaly to the north. In addition, soil geochemical surveys were conducted in an area to the south and the east of San Isidro.

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Caracol Road Soil Survey Results. Grid lines every 500 meters.

**Drilling**

Linear initiated a drilling program in early 2004, and this drilling program has continued without interruption, with approximately 71,500 meters of drilling in 288 drill holes being completed through the date of this report.

Early-stage drilling by Linear focused on the San Isidro (drill holes IX-01-04, 06), Buenos Aires (drill hole IX-05), Cerro la Mina (drill hole IX-07) and Central (drill hole IX-08) anomalies before making the first significant gold discovery at the Campamento Zone with drill hole IX-09. Drilling subsequently focused on the Campamento Zone and has extended to the Cerro la Mina, Caracol, Laguna Grande and Laguna Chica areas. A summary of these individual areas and drill result highlights is included in this AIF under Section 4.2 Ixhuatán Project Individual Zones.

Since Kinross became the operator of the Ixhuatán project in October 2007, Kinross has reported on approximately 18,700 meters of drilling completed in 60 drill holes to March 31, 2009.

Kinross has focused on defining the Cerro la Mina anomaly and the north-northwest structure, as well as, testing the Laguna Chica, San Isidro, Central and Caracol anomalies.

**Sampling and Analysis**

All core samples have been split in half using a saw, hydraulic splitter or manually with samples taken at continuous two meter intervals. Samples and embedded internal and commercial standards are shipped by air freight to the ALS Chemex labs in Guadalajara, Mexico where gold is analyzed by 30 or 50 gram digestion with a fire assay-AA finish, with samples greater than 10 grams per tonne of gold by gravimetric finish. Silver and base metals are analyzed by Induction Coupled Plasma spectrometry (ICP). Check analyses are performed on both pulps and bulk reject material at ALS Chemex and BSI Inspectorate Labs of Reno, Nevada. Review of assays from internal standards and check assays has verified the quality of the analytical results.

**Current Exploration Program**

Following receipt of Kinross December 2009 notice that it will not exercise their option to acquire an interest in the Ixhuatán Project, Linear is reviewing data and considering future exploration programs for the project. No exploration work is in progress at this time.

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**Future Exploration and Development**

Future drilling is expected to continue on the known anomalous zones at Ixhuatán in order to add more gold, copper and silver resources to the project.

**Other Properties**

Linear's other mineral properties are less advanced and Linear has no immediate plans to carry out significant exploration programs on these properties. Linear does not plan to complete technical reports on these properties until they are considered, by Linear, to be material.

**Dominican Republic**

In the Dominican Republic, Linear owns a 100% interest in two properties and a 50% interest in a third property, through its subsidiary Linear Gold Caribe, S.A. Linear has granted options to Everton Resources Inc. ( Everton ) to earn up to a 65% interest in each of the Dominican Republic properties, with Everton becoming operator of the properties during the term of the options. The agreements require cash payments by Everton to Linear, the completion of work commitments by Everton over a three-year period and the issuance of Everton common shares to Linear.

**Brazil**

In fiscal 2008, Linear entered into four separate option agreements to acquire up to a 100% interest in four gold-focused exploration properties in Mato Grosso, Brazil by making cash payments and incurring exploration expenditures over a three-year period. During the year ended March 31, 2009, Linear terminated all four of its option agreements in Brazil, resulting in a write-down of resource properties in Brazil of Cdn.\$2.1 million for the year.

TABLE OF CONTENTS**Linear Stock Price History**

The outstanding common shares of Linear are traded on the TSX under the trading symbol LRR . The following table sets forth, for the periods indicated, the high and low market closing prices per share of our common shares as reported by the Toronto Stock Exchange:

	Toronto Stock Exchange (LRR)	
	High	Low
	(Cdn.\$)	
Annual Information		
2005 <sup>(1)</sup>	\$ 4.14	\$ 3.15
2006	\$ 7.20	\$ 3.26
2007	\$ 6.65	\$ 2.00
2008	\$ 3.10	\$ 0.65
2009	\$ 2.77	\$ 0.78
Quarterly Information		
2010		
First Quarter	\$ 2.30	\$ 1.54
2009		
First Quarter	\$ 1.28	\$ 0.78
Second Quarter	\$ 1.59	\$ 1.01
Third Quarter	\$ 2.40	\$ 1.21
Fourth Quarter	\$ 2.77	\$ 1.85
2008		
First Quarter	\$ 3.10	\$ 2.15
Second Quarter	\$ 2.47	\$ 1.77
Third Quarter	\$ 2.18	\$ 0.90
Fourth Quarter	\$ 1.10	\$ 0.65
Monthly Information		
October 2009	\$ 2.77	\$ 1.89
November 2009	\$ 2.38	\$ 1.85
December 2009	\$ 2.25	\$ 1.91
January 2010	\$ 2.03	\$ 1.73
February 2010	\$ 2.05	\$ 1.70
March 2010	\$ 2.05	\$ 1.54
April 2010	\$ 1.95	\$ 1.73
May 2010 <sup>(2)</sup>	\$ 1.90	\$ 1.57

(1)

From November 3, 2005

(2)

Through May 25, 2010

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This data is derived from Linear's audited consolidated financial statements for the five fiscal years ended March 31, 2009, and Linear's unaudited consolidated financial statements for the nine month periods ended December 31, 2009 and 2008, which were prepared in accordance with Canadian GAAP and reconciled to U.S. GAAP. The following selected financial data has been extracted from the more detailed consolidated financial statements and is qualified in its entirety by such consolidated financial statements. The following selected financial data should be read in conjunction with the consolidated financial statements of Linear as at March 31, 2009 and 2008 and for the fiscal years ended March 31, 2009, 2008 and 2007 and the notes thereto attached to this Circular as Schedule M. The consolidated financial statements of Linear as at March 31, 2007, 2006 and 2005 and for the years ended March 31, 2006 and 2005 do not accompany this Circular and are not incorporated herein by reference, but may be found under Linear's profile on SEDAR at [www.sedar.com](http://www.sedar.com). There are several material differences between Canadian GAAP and U.S. GAAP that are applicable to the financial information disclosed or summarized herein. Reference is made to the attached consolidated financial statements of Linear for an explanation of material differences between Canadian GAAP and U.S. GAAP as at March 31, 2009 and 2008 and for the fiscal years ended March 31, 2009 and 2008 and as at December 31, 2009 and for the nine month periods ended December 31, 2009 and 2008. The following information should be read in conjunction with the "Operating and Financial Review and Prospects" section below. The information contained below and on Schedule M has been provided by or on behalf of Linear and has not been independently verified by Apollo.

The data presented is expressed in thousands of Canadian dollars, except share amounts:

	For the nine months ended December 31,		For the years ended March 31,	
	2009	2008	2009	2008
US GAAP				
Net income (loss)	168	(2,955 )	(3,155 )	(6,577 )
Net income (loss) per share - basic and diluted	0.00	(0.11 )	(0.11 )	(0.24 )
Total assets	56,484	27,265	32,180	29,675
Net assets	55,224	26,873	31,782	29,173
Cash dividends per common share				
Common shares outstanding	44,218,208	27,917,980	32,563,435	27,917,980

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### **Annual Dividends**

Linear has not paid cash dividends on its common shares and it does not anticipate paying any cash dividends until its financial position and earnings so permit. For the foreseeable future, Linear's cash resources will be used to evaluate existing properties, acquire new properties and fund ongoing activities.

Although Linear has not paid cash dividends on its common shares, Linear completed a reorganization and distribution of its wholly owned subsidiary, Linear Metals, as a dividend-in-kind to shareholders of record on June 26, 2006. The dividend-in-kind distribution to Linear's shareholders was on the basis of eight units of Linear Metals for every ten shares of Linear. Each unit consisted of one common share of Linear Metals and one-tenth warrant, with each full warrant entitling the holder to purchase one share of Linear Metals.

## **Operating and Financial Review and Prospects**

### **Results of Operations**

#### **Three-month period ended December 31, 2009**

During the quarter ended December 31, 2009, Linear incurred a net loss of Cdn.\$1.0 million, which is Cdn.\$1.1 million less than the net loss incurred in the third quarter of fiscal 2009. During this quarter, Linear incurred salaries and benefits expenses of Cdn.\$0.5 million, an increase of 83% compared to the third quarter of fiscal 2009 as Linear increased staffing levels to advance the Goldfields Project and to increase investor relations activities. Following the acquisition of the Goldfields Project, Linear increased marketing activities, resulting in expenditures during the current quarter of Cdn.\$0.1 million. Linear also incurred non-cash stock-based compensation expense of Cdn.\$0.2 million attributable to the estimated value of stock options earned during the period. Travel costs for the quarter increased by Cdn.\$0.1 million compared to the same quarter of the prior fiscal year, consistent with increased staffing levels. During the third quarter of the prior fiscal year, Linear incurred a write-down of resource properties of Cdn.\$1.7 million as a result of its decision to terminate certain resource property interests in Brazil. Linear did not incur any such write-downs during the quarter ended December 31, 2009. Linear will continue to review its portfolio of exploration properties and write-down the carrying cost of any properties considered to be impaired in value.

Interest income decreased by 81% compared to the third quarter of fiscal 2009, primarily as a result of significantly lower short-term interest rates in Canada on a year-over-year basis.

During the three-month period ended December 31, 2009, Linear earned management fees and other income of approximately Cdn.\$37,000 arising from the provision of management services to Linear Metals Corporation and Ucore Uranium Inc., the sub-leasing of office space by Linear and the rental of certain equipment to Kinross in Mexico. Linear also recognized a loss on disposal of equipment of Cdn.\$4,133 and a loss on sale of marketable securities of Cdn.\$9,514 during the quarter.

Linear recognized a foreign exchange loss of approximately Cdn.\$0.1 million during the current quarter, similar to the loss of Cdn.\$0.1 million during the third quarter of fiscal 2009. Linear may continue to incur foreign exchange gains and losses arising from changes in the value of the Mexican, United States, Dominican Republic, and Brazilian currencies used in the conduct of its business, relative to the Canadian dollar.

## **Nine-month period ended December 31, 2009**

During the nine-month period ended December 31, 2009, Linear incurred a net loss of Cdn.\$3.3 million, which is Cdn.\$0.3 million less than the net loss in the same period of the prior fiscal year. Operating expenses for the period were Cdn.\$3.5 million, a decrease of Cdn.\$0.9 million, or 20%, over the prior fiscal year. During the prior fiscal year, Linear incurred a Cdn.\$2.4 million write-down of resource properties following its decision to terminate its interests in certain resource properties in Mexico and Brazil. Linear did not incur any such write-downs of its resource properties during the current year. The absence of a property write-down in the current period was offset by a 59% increase in salaries and benefits expense compared to the first three quarters of fiscal 2009, as Linear increased staff levels to complete the acquisition, exploration and development of the Goldfields Project and to evaluate a number of other strategic opportunities. Investor relations and marketing expenses increased Cdn.\$0.7 million as Linear completed a significant investor relations and marketing campaign following the acquisition of the Goldfields Project.

Linear also incurred

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non-cash stock-based compensation expense of Cdn.\$0.9 million attributable to the estimated value of stock options earned during the period and impacted by the cancellation of 660,000 stock options during the current year. Linear capitalized Cdn.\$34,518 of non-cash stock-based compensation to its exploration expenditures costs during the current year, representing the estimated value of stock options earned by certain exploration personnel.

Interest income decreased by 69% compared to fiscal 2009, primarily as a result of significantly lower short-term interest rates in Canada on a year-over-year basis.

During the nine-month period ended December 31, 2009, Linear earned management fees and other income of Cdn.\$0.2 million arising from the provision of management services to Linear Metals Corporation and Ucore Uranium Inc., the sub-leasing of office space by Linear and the rental of certain equipment to Kinross in Mexico.

Linear recognized a foreign exchange loss of approximately Cdn.\$0.2 million during the current period, compared to a loss of Cdn.\$0.1 million during the same period of the prior fiscal year. Linear may continue to incur foreign exchange gains and losses arising from changes in the value of the Mexican, United States, Dominican Republic, and Brazilian currencies used in the conduct of its business, relative to the Canadian dollar.

### **Year Ended March 31, 2009**

During the year ended March 31, 2009, Linear experienced a net loss of Cdn.\$4.9 million, which is Cdn.\$1.2 million greater than the net loss in the previous fiscal year. Operating expenses for the year were Cdn.\$6.5 million, an increase of Cdn.\$1.5 million, or 29%, over the prior fiscal year. The increase in operating expenditures was primarily a result of Linear's write-down of resource properties during the year. In Brazil, Linear terminated its interest in all four of its property option agreements, resulting in a write-down of resource properties of Cdn.\$2.1 million. In Mexico, Linear was retaining a 20% interest in the Cobre Grande property purchase option with the Community of San Baltzar Guelavila which was not exercised, resulting in a write-down of resource properties of Cdn.\$1.2 million. Finally, Linear's decision to terminate its interests in the Motozintla property in Mexico resulted in a write-down of resource properties of Cdn.\$0.3 million. The write-down of these resource properties totaled Cdn.\$3.6 million, an increase of Cdn.\$1.6 million over the prior year. Linear will continue to review its portfolio of exploration properties and write-down the carrying cost of any properties considered to be impaired in value. Other significant operating expenses during the period included salaries and benefits expenses of Cdn.\$1.1 million, a decrease of 17% compared to the prior fiscal year, primarily a result of lower levels of exploration, administrative and investor relations staffing during the year. Linear also incurred non-cash stock-based compensation expense of Cdn.\$1.0 million attributable to the value of stock options earned during the year, representing an increase of 28% compared to the value recognized in the previous fiscal year. Linear capitalized Cdn.\$18,569 of non-cash stock-based compensation to its exploration expenditures costs during the year, representing the value of stock options earned by exploration personnel, net of amounts related to the cancellation of unvested options previously granted to exploration staff. Professional services increased by Cdn.\$0.2 million when compared to the prior year as Linear incurred increased legal, engineering and other consulting fees associated with the evaluation of potential strategic acquisitions during the year. Linear's investor relations expense was 87% lower and travel expense was 48% lower than in fiscal 2008, a result of significantly lower investor relations activities and lower travel during the year, in light of current market conditions.

Linear received a termination break fee of Cdn.\$1.0 million from Central Sun Mining Inc. (CSM) which has been recorded, net of related costs of Cdn.\$0.5 million, in other income. The direct costs related to the proposed transaction with CSM included professional fees of approximately Cdn.\$248,000, management bonuses as a result of the CSM transaction of approximately Cdn.\$165,000, independent directors committee fees of approximately Cdn.\$55,000, and travel costs of approximately Cdn.\$16,000.



While the Cdn.\$5.0 million private placement financing, completed in March 2009, contributed to a higher cash balance at March 31, 2009 when compared to March 31, 2008, interest income decreased by 22% during the year as a result of the decline in Canadian interest rates during the fiscal year.

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During the year ended March 31, 2009, Linear earned management and other fees of Cdn.\$0.3 million arising from the provision of management services to Linear Metals Corporation and Ucore Uranium Inc., the sub-leasing of office space by Linear and the rental of certain equipment in Mexico.

Linear recognized a foreign exchange loss of Cdn.\$0.1 million during fiscal 2009, a decrease of 39% from the previous year. Linear may continue to incur foreign exchange gains and losses arising from changes in the value of the Mexican, Brazilian, United States and Dominican Republic currencies used in the conduct of its business, relative to the Canadian dollar.

During the year, Linear realized a Cdn.\$0.1 million loss on disposal of equipment relating to the sale of certain fixed assets, primarily in Brazil, during fiscal 2009.

## **Liquidity and Capital Resources**

Linear's only significant source of recurring income is interest earned on its cash balance; accordingly, the Linear expects to continue to incur operating losses for the foreseeable future. Linear will continue to fund operating losses, exploration expenditures and the development of the Goldfields Project out of existing working capital, which was Cdn.\$30.4 million at March 31, 2009 and Cdn.\$44.6 million at December 31, 2009. A payment in the amount of U.S. \$1.0 million, scheduled for October 2009 pursuant to a construction contract assumed as part of the Goldfields Project acquisition, has not been recorded in accounts payable or in the working capital calculation as a result of contract deficiencies currently being discussed with the supplier.

### **Three-months ended December 31, 2009**

At December 31, 2009, Linear had working capital of Cdn.\$44.6 million, as compared to working capital of Cdn.\$22.3 million at the end of the previous quarter, an increase of Cdn.\$22.3 million, primarily due to the completion of a financing on November 19, 2009 that raised net proceeds of Cdn.\$21.1 million.

During the quarter ended December 31, 2009, Linear realized an increase in cash of Cdn.\$0.5 million from operating activities, as a result of the collection of accounts receivable from previous quarters, offset by ongoing general and administrative expenses, including salaries and benefits expenses. Linear purchased capital assets of Cdn.\$1.3 million during the quarter, primarily consisting of payments made pursuant to the equipment construction contracts assumed as part of the acquisition of the Goldfields Project. Linear also sold certain equipment in Mexico and Brazil for proceeds of approximately Cdn.\$18,000 and sold marketable securities for proceeds of approximately Cdn.\$24,000.

Linear incurred net resource property acquisitions and expenditures, including the net impact of recoverable sales taxes, of approximately Cdn.\$0.2 million during the period.

### **Nine-months ended December 31, 2009**

During the nine-month period ended December 31, 2009, Linear realized a decrease in cash of Cdn.\$1.1 million from operating activities, consisting primarily of general and administrative expenses, including salaries and benefits expenses and investor relations and marketing expenses, offset by the collection of accounts receivable. Linear purchased capital assets of Cdn.\$2.3 million during the period, including the land, buildings and equipment acquired as part of the acquisition of the Goldfields Project and total payments of Cdn.\$1.8 million made pursuant to the equipment construction contracts assumed pursuant to the acquisition of the Goldfields Project. Linear also disposed of certain equipment in Mexico and Brazil for total proceeds of approximately Cdn.\$37,000 and received proceeds of approximately Cdn.\$24,000 on the sale of marketable securities. In addition to the resource properties acquired as part

of the Goldfields Project acquisition, Linear received cash of Cdn.\$0.4 million during the first quarter of the year from Everton Resources Inc., pursuant to the option agreement between the parties, resulting in net resource property acquisitions and expenditures of Cdn.\$6.0 million during the nine-months ended December 31, 2009. Linear recovered approximately Cdn.\$16,000 during the nine-month period ended December 31, 2009 in net sales taxes related to resource property acquisitions.

In September 2009, Bikerman Engineering & Technology Associates, Inc. (BETA) completed an updated National Instrument 43-101 compliant Technical Report, initially dated June 2007 and revised on May 12, 2008 on the Box Mine Deposit and a Pre-Feasibility study on the Athona Deposit, which indicates an estimated pre-production capital cost of US\$65.7 million. Linear is currently undertaking a detailed review of

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the mine plan, the equipment, the processing plant, and the infrastructure requirements for the development of the Goldfields Project, following which a specific development timeline will be completed. In the future, Linear expects to rely on additional equity financings, debt financings and/or entering into joint venture arrangements in order to fund these capital costs and to continue exploration on its properties. There can be no assurance that Linear will be able to obtain the required financing, and the failure to do so could result in development delays or cancellations.

On November 19, 2009, Linear completed a public offering of 10,407,500 units at a price of Cdn.\$2.10 per unit and 520,000 flow-through common shares at a price of Cdn.\$2.40 per flow-through share, for aggregate gross proceeds of Cdn.\$23,103,750. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one Linear common share at an exercise price of Cdn.\$3.00 for a period of five years, expiring on November 19, 2014. The value allocated to the common shares issued was Cdn.\$18,316,300, and the value allocated to the warrants was Cdn.\$4,787,450. Total costs associated with the offering were Cdn.\$2,545,678, including cash costs for commissions, professional fees and regulatory costs of Cdn.\$2,021,157 and 655,651 broker warrants issued as a commission with a calculated value of Cdn.\$524,521. Each broker warrant entitles the holder to acquire one Linear common share at an exercise price of Cdn.\$2.15 for a period of two years, expiring on November 19, 2011. Linear has allocated Cdn.\$2,015,086 of the issue costs to the common shares and Cdn.\$530,592 of the issue costs to the warrants.

### **Year Ended March 31, 2009**

At March 31, 2009, Linear had working capital of Cdn.\$30.4 million, as compared to working capital of Cdn.\$27.4 million at the end of fiscal 2008, an increase of Cdn.\$3.0 million.

During the year ended March 31, 2009, Linear recognized an increase in cash of Cdn.\$0.3 million from operating activities, primarily a result of the recovery of an amount on deposit during the year. During fiscal 2007, Linear was advised that the income tax authority in Mexico had reviewed the funding of Linear Gold Mexico, S.A. de C.V. by its previous owners and determined that this funding was taxable as revenue. As such, the tax authorities in Mexico issued an assessment of approximately MXN\$9,175,000 for income tax and value-added tax on this assessed revenue, including interest and penalties. During the prior year, Linear placed approximately MXN\$9,175,000 on deposit with the income tax authority in Mexico. During the current fiscal year, Linear received a favorable ruling from the income tax authority in Mexico and the entire amount of the deposit, plus interest, was recovered during the fourth quarter of the year.

On March 19, 2009, Linear completed a private placement financing of 4,545,455 units at a price of Cdn.\$1.10 per unit, for aggregate gross proceeds of Cdn.\$5,000,001. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of Cdn.\$1.50 until March 19, 2011. The value allocated to the common shares issued was Cdn.\$4,409,092, and the value allocated to the warrants was Cdn.\$590,909. Total costs associated with the private placement were Cdn.\$276,097, including cash paid for commissions of Cdn.\$140,000, legal and regulatory fees of Cdn.\$26,097 and 100,000 units issued to the agent valued at Cdn.\$110,000. Linear allocated Cdn.\$243,468 to the costs of issuing the common shares and Cdn.\$32,629 to the costs of issuing the warrants.

During the year ended March 31, 2009, Linear used cash of Cdn.\$1.6 million to fund resource property expenditures, the majority of which were incurred in Brazil. Linear recovered cash of Cdn.\$0.5 million from sales taxes related to resource property expenditures, primarily in Mexico. Linear also used cash of Cdn.\$0.1 million to purchase equipment during the year.

## **Off-Balance Sheet Arrangements**

At December 31, 2009, Linear had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk for Linear.

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Linear is not aware of any material pending or threatened litigation or of any proceedings known to be contemplated by governmental authorities which are, or would be, likely to have a material adverse effect upon its operations, taken as a whole. There are no material proceedings pursuant to which any of Linear's directors, officers or affiliates or any owner of record or beneficial owner of more than 5% of its securities or any associate of any such director, officer or security holder is a party adverse to Linear or has a material interest adverse to Linear.

**Tabular Disclosure of Contractual Obligations**

Linear has contractual obligations to make future payments under non-cancelable operating lease agreements, equipment construction contracts and an office copier lease agreement. The following tables set forth these contractual obligations as of March 31, 2009:

Contractual Obligations as of March 31, 2009  
(in Canadian Dollars)

	Payments Due by Period				
	Total (\$)	Less Than 1 Year	1 - 3 Years	3 - 5 Year	Over 5 years
Rent or operating lease	\$ 155,554	\$ 109,212	\$ 44,197	\$ 2,145	\$
Equipment construction contracts	\$ 20,900,000	\$ 3,000,000	\$ 17,900,000	\$	\$

**Quantitative and Qualitative Disclosures About Market Risk**

Linear does not believe that it has material market risk exposure. Linear does have financial instruments consisting of cash and cash equivalents, marketable securities, receivables, sales taxes recoverable, and accounts payable. Management does not believe these financial instruments expose Linear to any significant credit risks, with the exception of the fact that a significant portion of the its cash and cash equivalents are on deposit with a major Canadian chartered bank and at December 31, 2009, approximately 99% of Linear's accounts receivable are receivable from Kinross Gold Corporation. All of the sales taxes recoverable are with either the governments of Canada or Mexico. A significant portion of Linear's transactions occur in United States, Mexican, Brazilian, and Dominican Republic currencies and accordingly, the related financial assets and liabilities are subject to fluctuations in the respective exchange rates. Linear has cash and cash equivalents and no interest-bearing debt; accordingly, Linear's interest income is susceptible to fluctuations in interest rates. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

The prices of metals fluctuate widely and are affected by many factors outside of Linear's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration and development companies. Linear relies on equity financing for its long-term working capital requirements and to fund its exploration and development programs. Linear does not have sufficient funds to put any of its resources interests into production from its own financial resources. There is no assurance that such financing will be available to Linear, or that it will be available on acceptable terms.

## Linear Operational Risk Factors

You should carefully consider the risk factors set forth below and all of the other information contained in this proxy statement (including, without limitation, risk factors and information in the documents incorporated by reference). If any event arising from these risks occurs, Linear's properties, projects, prospects, financial condition, results of operations or cash flows could be adversely affected. The risks described herein are not the only risks facing Linear. Additional risks and uncertainties not currently known to Linear, or that Linear currently deems immaterial, may also materially and adversely affect its business.

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**Linear may not meet production and cost estimates, and this may impact Linear's cash flow and profitability.**

Linear may provide forecasts of its future production and future total cash costs. Linear cannot guarantee that actual future production or actual future cash costs will not differ materially from forecasts, for any number of reasons, including operational difficulties, unexpected changes in the cost of key inputs, labour disruption, permitting issues, opposition to mining activities and the other risks described in this proxy statement.

A decrease in the amount of, or a change in the timing of the production, or in the prices realized for, gold produced by Linear, or an increase in actual cash or operating costs in relation to the production of gold will directly affect the amount and timing of Linear's cash flow from operations, its revenue and its profitability. The actual effect of such a decrease on Linear's cash flow from operations or profitability would depend on the timing of any changes in production and on actual prices and costs. Any change in the timing of receipt of revenue and cash would result in delays in using such cash to fund capital expenditures, including capital for Linear's development projects in the future. Any such financing requirements could adversely affect Linear's ability to access capital markets in the future to meet any external financing requirements or increase its debt financing costs.

**Linear will require significant capital in the future which may not be available or not available on terms acceptable to Linear.**

Linear will be subject to significant capital requirements associated with expanding its operations, including additional funding requirements for the development of the Goldfields Development Project, and to expand its portfolio of development projects. Linear will have to generate sufficient internal cash flow or be able to utilize available financing sources to finance its expansion and growth and sustain capital requirements. Linear may have to raise significant additional capital through equity financings in the capital markets or to incur significant borrowings through debt financings to meet these capital requirements. If these financings are required, they may not be available to Linear on attractive terms or Linear's cost of raising capital in the future may be adversely affected and/or further dilution to its shareholders may occur. In addition, if Linear is required to make significant interest and principal payments resulting from a debt financing, Linear's financial condition and ability to raise additional funds may be adversely impacted. Any significant delay in completing its development projects or in achieving commercial production from them on a consistent basis or the incurring of capital costs that are significantly higher than estimated, could have a significant adverse effect on Linear's results of operations, cash flow from operations and financial condition.

**Linear's exploration and development properties are highly speculative in nature and may not be successful.**

Linear's activities are primarily directed towards the development of mineral deposits and the exploration for and the future development of mineral deposits. The exploration for, and development of, precious metal deposits involves significant risks which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a precious metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a precious metal deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical and unpredictable; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land

Linear may not meet production and cost estimates, and this may impact Linear's cash flow and profitability.



use, importing and exporting of precious metals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Linear not receiving an adequate return on invested capital or abandoning or delaying the development of a mineral project. There is no certainty that the expenditures made by Linear towards the search and evaluation of precious metal deposits will result in discoveries of commercial quantities of such metals.

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**The development of the Goldfields Development Project is subject to a number of risks and its development into a commercially viable mine cannot be assured.**

The Goldfields Development Project is currently at the pre-development stage. Construction and development of the project is subject to numerous risks, including, but not limited to, delays in obtaining equipment, material and services essential to completing construction of the project in a timely manner; changes in environmental or other government regulations; currency exchange rates; financing risks; labour shortages; and fluctuation in metal prices, as well as the continued support of the local community. Further, the development of the Goldfields Development Project will be subject to the assessment of the combined company at the completion of the Arrangement, which may determine that delaying development in favour of focusing on other properties of the combined company may be in the best interests of the combined company and its shareholders. There can be no assurance that the construction will commence or continue in accordance with current expectations or at all.

In addition, the Goldfields Development Project has no recent operating history upon which to base estimates of future commercial viability. Estimates of mineral resources and mineral reserves are, to a large extent, based on the interpretation of geological data obtained from drillholes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital cost and operating costs based upon anticipated tonnage and grades of gold to be mined and processed, the configuration of the mineral resource, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that difference in such estimates could have a material adverse effect on Linear's business, financial condition, results of operations and prospects. There can be no assurance that Linear will be able to complete development of its mineral projects, or any of them, at all or on schedule or within budget due to, among other things, and in addition to those factors described above, changes in the economics of the mineral projects, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support Linear's operations. Should any of these events occur, it would have a material adverse effect on Linear's business, financial condition, results of operations and prospects.

**Linear's exploration project in the Dominican Republic is subject to a joint venture.**

Linear's exploration projects in the Dominican Republic are subject to a joint venture with Everton Resources Inc. The termination of this joint venture could potentially have an impact on Linear and/or the share price of Linear. Linear is currently relying on Everton to advance these projects and there is no assurance that Everton's funding of these exploration projects will continue.

**Forecasted production, capital and operating cost estimates for development projects may be inaccurate.**

The level of production and capital and operating cost estimates relating to development projects, which are used in establishing mineral reserve estimates for determining and obtaining financing and other purposes, are based on certain assumptions and are inherently subject to significant uncertainty. It is very likely that actual results, including actual capital and operating costs for Linear's development projects, will differ from estimates and assumptions, and these differences may be material. For example, Linear has determined that cost estimates contained in the Box Mine Report will require updating and these revised estimates are expected to increase. In addition, experience from actual mining or processing operations may identify new or unexpected conditions which could reduce production below, or

The development of the Goldfields Development Project is subject to a number of risks and its development into a

increase capital or operating costs above, estimates. If actual results are less favourable than currently estimated, Linear's business, results of operations, financial condition and liquidity could be materially adversely affected and it is possible that development of a project could be delayed, impaired or halted altogether.

### **Mining operations involve a high degree of operational risk.**

Mining operations involve a high degree of operational risk. Linear's mining operations will be subject to all the hazards and risks normally encountered in the production of gold, including, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, and other conditions involved in the drilling and removal of material, as well as the failure of equipment, labour disputes, and local opposition to mining activities, any of which could result in damage to, or destruction of, mines and other producing

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facilities, damage to life or property, environmental damage (including spills, leaks and tailings dam failures), delays or stoppage of mining and production activities, increased capital and operating costs and possible legal liability.

**No assurance can be given that Linear's estimation of mineralization, including mineral reserves, if any, will prove accurate.**

The figures for mineralized material estimates, including mineral reserves and mineral resources, that have been publicly filed in Canada are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves could be mined or processed profitably. There are numerous uncertainties inherent in estimating mineralized material, including many factors beyond Linear's control. Such estimation is a subjective process, and the accuracy of any mineralized material estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Fluctuation in gold prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineralized material, or of Linear's ability to extract these mineral reserves, could have a material adverse effect on Linear's results of operations and financial condition.

**Exploration and development activities may not identify mineral reserves that will be commercially mineable or viable.**

The exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. Although the mineralized material estimates included in Linear's Canadian filings have been carefully prepared and reviewed or verified by independent mining experts, these amounts are estimates only and no assurance can be given that an identified mineralized material will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, dilution estimates or recovery rates may affect the economic viability of a project. The estimated reserves and resources contained in Linear's Canadian filings should not be interpreted as assurances of mine life or of the profitability of future operations. The long term profitability of Linear's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish mineral resources through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no

assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

**Linear discloses technical information in Canada related to its properties under Canadian standards, which differs significantly from standards in the United States**

Linear files reports in Canada that are prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

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Technical disclosure regarding Linear's properties included or incorporated by reference in Linear's Canadian filings on SEDAR (the Technical Disclosure) has been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of the United States securities laws. Without limiting the foregoing, the Technical Disclosure uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with National Instrument 43-101 of the Canadian Securities Administrators (NI 43-101). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in the Technical Disclosure have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. These standards differ significantly from the requirements of the United States Securities and Exchange Commission, and resource information contained in the Technical Disclosure may not be comparable to similar information disclosed by U.S. companies. For example, use of the terms probable mineral reserves, measured mineral resources, indicated mineral resources and inferred mineral resources comply with the reporting standards in Canada but are not recognized by the United States Securities and Exchange Commission.

Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. You should not assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources, or inferred mineral resources will ever be upgraded to a higher category or that such resources are economically or legally mineable. The United States Securities and Exchange Commission normally only permits issuers to report mineralization that does not constitute reserves as in place tonnage and grade without reference to unit measures. In addition, the definitions of proven and probable mineral reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission Industry Guide 7. Accordingly, information contained in the Technical Disclosure may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

### **Currency fluctuations may adversely affect Linear's financial position.**

Exchange rate fluctuations may affect the costs that Linear incurs in its operations. Gold is sold in U.S. dollars and Linear's costs are incurred principally in Canadian dollars, United States dollars, and Mexican pesos. The appreciation of non-US dollar currencies against the U.S. dollar can increase the cost of gold production and capital expenditure in U.S. dollar terms and the depreciation of non-U.S. dollar currencies against the U.S. dollar can decrease the cost of gold production and capital expenditure in U.S. dollar terms.

Linear does not hedge any currency exposure, and as such, Linear's financial position may be adversely affected by adverse changes in the value of Canadian dollars, Mexican pesos and U.S. dollars.

### **Government regulations may have an adverse effect on Linear.**

The mining, processing, development and exploration activities of Linear are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have

Linear discloses technical information in Canada related to its properties under Canadian standards, which differs si

an adverse effect on Linear's financial position and results of operations.

**Linear's foreign operations are subject to numerous risks associated with operating in foreign jurisdictions.**

Linear's operations and development and mineral exploration activities are currently conducted in Mexico, Canada, and the Dominican Republic and are reported in Canadian dollars, and as such Linear's operations are exposed to various levels of political and economic risks, as well as various other uncertainties.

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These risks and uncertainties vary for each country and include, but are not limited to, high rates of inflation; labor unrest; fluctuations in currency and exchange rates; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; corruption and high crime rates and changing political conditions, currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of or purchase supplies from a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in these countries could adversely affect Linear's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on Linear's operations or profitability.

### **Environmental and other regulatory risks may adversely affect Linear.**

All phases of Linear's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Linear's operations. Environmental hazards may exist on the properties on which Linear holds interests which are unknown to Linear at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently, and may in the future be, required in connection with Linear's operations. To the extent that such approvals are required and not obtained, Linear may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Linear and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Linear's foreign operations are subject to numerous risks associated with operating in foreign jurisdictions. 208



While appropriate steps will be taken to prevent discharges of pollutants into the ground water and the environment, Linear may become subject to liability for hazards that it may not be insured against.

**There can be no assurance that Linear will continue to hold all permits necessary to develop or continue operating at any particular property.**

Linear's operations in Canada, Mexico, and the Dominican Republic are subject to receiving and maintaining permits from appropriate governmental authorities. Although Linear's operations currently have all required permits for their operations as currently conducted, there is no assurance that delays will not

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occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. There can be no assurance that Linear will continue to hold all permits necessary to develop or continue operating at any particular property.

**Title to some of Linear's mineral properties may be challenged or defective.**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although Linear believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of Linear's interest, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects. As a result, Linear may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in Linear's title to its properties could have a material adverse effect on its business, financial condition or results of operations.

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The authorized share capital of Apollo consists of an unlimited number of common shares. Each Apollo Share entitles the holder thereof to one vote on all matters to be acted upon at the Apollo Meeting. As at May 25, 2010, there are 337,973,660 Apollo Shares issued and outstanding.

The following table sets forth certain information known to Apollo with respect to the beneficial ownership of Apollo Shares as of May 25, 2010 by (i) all persons who are known to Apollo to be beneficial owners of five percent (5%) or more of the Apollo Shares, (ii) each of the director nominees, (iii) the chief executive officer, the chief financial officer, three other most highly compensated executive officers (collectively, the **Named Executive Officers** ) and (iv) all directors nominees and Named Executive Officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Apollo Shares subject to options or warrants that are currently exercisable or exercisable within 60 days of May 25, 2010 are deemed to be outstanding and to be beneficially owned by the person or group holding such options or warrants for the purpose of computing the percentage ownership of such person or group but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group. Unless otherwise indicated, the address for each of the individuals listed in the table is c/o Apollo Gold Corporation, 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado, 80111-3220. Unless otherwise indicated by footnote, the persons named in the table have sole voting and sole investment power with respect to all Apollo Shares shown as beneficially owned by them, subject to applicable community property Laws.

Name and Address of Beneficial Owner	Shares Beneficially Owned <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
Linear Gold Corp. <sup>(3)</sup>	62,500,000	18.49 %
RAB Special Situations (Master) Fund Limited <sup>(4)</sup>	26,158,465 <sup>(5)</sup>	7.49 % <sup>(6)</sup>
Baker Steel Capital Managers LLP <sup>(7)</sup>	25,054,500 <sup>(8)</sup>	7.41 %
RMB Australia Holdings Limited <sup>(9)</sup>	38,661,702 <sup>(10)</sup>	10.40 % <sup>(11)</sup>
Macquarie Bank Limited <sup>(12)</sup>	50,505,463 <sup>(13)</sup>	13.14 % <sup>(14)</sup>
W.S. (Steve) Vaughan (Director)	270,000 <sup>(15)</sup>	*
G. Michael Hobart (Director)	325,545 <sup>(15)(16)</sup>	*
Charles E. Stott (Director)	523,300 <sup>(15)(16)</sup>	*
Robert W. Babensee (Director)	320,000 <sup>(15)(16)</sup>	*
Marvin K. Kaiser (Director)	255,000 <sup>(15)</sup>	*
David W. Peat (Director)	267,500 <sup>(15)(16)</sup>	*
R. David Russell (CEO and President, Director)	3,692,100 <sup>(15)(16)(17)</sup>	1.09 % <sup>(18)</sup>
Melvyn Williams (Sr. Vice President and CFO)	1,930,846 <sup>(15)(16)</sup>	*
Richard F. Nanna (Sr. Vice President)	2,332,138 <sup>(15)</sup>	*
Timothy G. Smith (Vice President and General Manager)	641,220 <sup>(15)</sup>	*
Brent E. Timmons (Vice President & Controller)	388,525 <sup>(15)(16)</sup>	*
All Named Executive Officers and directors as a group (11 persons)	10,945,901 <sup>(15)(16)</sup>	3.17 % <sup>(19)</sup>

\* Represents less than 1% of the outstanding Apollo Shares.

(1) Unless otherwise noted, all shares are Apollo Shares.

(2) Unless otherwise noted, based on 337,973,660 Apollo Shares outstanding as of May 25, 2010.

(3) The address for Linear Gold Corp. is 2000 Barrington Street, Suite 502, Halifax, Nova Scotia, B3J 3K1.

(4) The address for RAB Special Situations (Master) Fund Limited is P.O. Box 908 GT, Walker House Mary Street, George Town, Cayman Islands.

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Based on information provided on behalf of RAB Special Situations (Master) Fund Limited on or about April 8, 2010. RAB Special Situations (Master) Fund Limited reported having sole voting and dispositive power over (i) 14,661,265 Apollo Shares (ii) \$4,290,000 principal amount of convertible debentures convertible, along with interest payable in the form of Apollo Shares, into Apollo Shares to acquire up to a maximum additional 9,352,200 Apollo Shares, which convertible debenture was acquired in Apollo's Series 2007-A convertible debenture placement which was completed in February 2007 (the **2007 Convertible Debenture Offering**) and (iii) 2,145,000 warrants to purchase Apollo Shares with an exercise price of \$0.50 per share, expiring February 23, 2011. William (5) Philip Seymour Richards, the fund manager of RAB Special Situations (Master) Fund Limited, reported having sole voting and dispositive power over 350,000 Apollo Shares and having shared voting and dispositive power over the securities described in (i), (ii) and (iii) above. The convertible debentures acquired in the 2007 Convertible Debenture Offering by RAB Special Situations (Master) Limited were amended on February 26, 2010 to extend the term of the convertible debentures to August 23, 2010, the consideration for which was the issue of the 2,145,000 warrants described in (iii) above and the issue of an additional 800,000 Apollo Shares to RAB Special Situations (Master) Fund Limited. Concurrent with execution of the amendment, RAB Special Situations (Master) Fund Limited exercised 8,580,000 warrants at \$0.25 per share.

Calculated based on 349,470,860 Apollo Shares outstanding (337,973,660 Apollo Shares outstanding as of May 25, 2010 plus (i) 9,352,200 Apollo Shares issuable upon conversion of \$4,290,000 principal amount of convertible debentures, plus interest payable thereon in the form of Apollo Shares and (ii) 2,145,000 warrants to purchase Apollo Shares with an exercise price of \$0.50 per share, expiring February 23, 2011, in each case owned by RAB (6) Special Situations (Master) Fund Limited). Under the terms of the warrants and convertible debenture acquired in the 2007 Convertible Debenture Offering, and as amended on February 26, 2010, in no event shall such securities be converted into or exercised for Apollo Shares, if after giving effect to such conversion or exercise, the holder would, in aggregate, beneficially own Apollo Shares in excess of 9.99% of the then issued and outstanding Apollo Shares, within the meaning of Rule 13d-1 of the U.S. Exchange Act.

(7) The address for Baker Steel Capital Managers LLP is 86 Jermyn Street, London, SW1Y 6JD.

Based on information provided by Baker Steel Capital Managers LLP on or about April 7, 2010. Apollo Shares beneficially owned by Baker Steel Capital Managers LLP are held through various affiliated entities including, but not limited to, Genus Dynamic Gold Fund, CF Ruffer Baker Steel Gold Fund, RIT Capital Partners PLC, Select (8) Gold Fund, Genus National Resources Fund and Rothschild Investment Trust. Each of the foregoing funds is managed by Baker Steel Capital Managers LLP and, consequently, the funds share voting and dispositive power with Baker Steel Capital Managers LLP in respect of the 25,054,500 total Apollo Shares.

(9) The address for RMB Australia Holdings Limited is Level 13, 60 Castlereagh Street, Sydney, NSW 2000 Australia.

Based on information reported by RMB Australia Holdings Limited in its Schedule 13D/A filed with the SEC on May 10, 2010. Apollo Shares beneficially owned includes: (i) 4,716,800 Apollo Shares and (ii) an aggregate of 33,944,902 Apollo Shares issuable upon exercise of Common Share purchase warrants beneficially owned by (10) RMB Australia Holdings Limited, of which (a) 1,000,000 warrants are exercisable to purchase 1,000,000 Apollo Shares at a price of Cdn.\$0.50 per share, (b) 21,307,127 warrants are exercisable to purchase 21,307,127 Apollo Shares at a price of Cdn.\$0.221 per share and (c) 11,637,775 warrants are exercisable to purchase 11,637,775 Apollo Shares at a price of Cdn.\$0.252 per share.

Calculated based on 371,918,562 Apollo Shares outstanding (337,973,660 Apollo Shares outstanding as of May (11) 25, 2010 plus the 33,944,902 Apollo Shares issuable upon exercise of the 33,944,902 Common Share purchase warrants owned by RMB Australia Holdings Limited described in footnote (10) above).

(12) The address for Macquarie Bank Limited is 1 Martin Place, Sydney, NSW 2000, Australia.

(13) Based on information reported by Macquarie Bank Limited in its Schedule 13D/A filed with the SEC on May 11, 2010. Apollo Shares beneficially owned includes: (i) 4,000,000 Apollo Shares and (ii) an aggregate of 46,505,463 Apollo Shares issuable upon exercise of Common Share purchase warrants beneficially owned by Macquarie Bank Limited, of which (a) 2,000,000 warrants are exercisable to purchase 2,000,000 Apollo Shares at Cdn.\$0.65

per share, (b) 21,307,127 warrants are exercisable to purchase 21,307,127 Apollo Shares at a price of Cdn.\$0.221 per share and (c) 23,198,336 warrants are exercisable to purchase 23,198,336 Apollo Shares at a price of Cdn.\$0.252 per share.

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Calculated based on 384,479,123 Apollo Shares outstanding (337,973,660 Apollo Shares outstanding as of May (14) 25, 2010 plus the 46,505,463 Apollo Shares issuable upon exercise of the 46,505,463 Common Share purchase warrants owned by Macquarie Bank Limited as described in footnote (13) above).

Amounts shown include Apollo Shares subject to options exercisable within 60 days of May 25, 2010 as follows: 270,000 Apollo Shares for Mr. Vaughan; 270,000 Apollo Shares for Mr. Hobart; 352,500 Apollo Shares for Mr. (15) Stott; 230,000 Apollo Shares for Mr. Babensee; 230,000 Apollo Shares for Mr. Kaiser; 230,000 Apollo Shares for Mr. Peat; 1,906,000 Apollo Shares for Mr. Russell; 1,331,013 Apollo Shares for Mr. Williams; 1,304,013 Apollo Shares for Mr. Nanna; 616,250 Apollo Shares for Mr. Smith and 312,625 Apollo Shares for Mr. Timmons.

Amounts shown include Apollo Shares subject to warrants exercisable within 60 days of May 25, 2010 as (16) follows: 54,545 Apollo Shares for Mr. Hobart; 5,000 Apollo Shares for Mr. Stott; 20,000 Apollo Shares for Mr. Babensee; 12,500 Apollo Shares for Mr. Peat; 50,000 Apollo Shares for Mr. Russell; 50,000 Apollo Shares for Mr. Williams and 20,000 Apollo Shares for Mr. Timmons.

(17) Includes 100 Apollo Shares owned by a member of Mr. Russell's immediate family.

Calculated based on 339,929,660 Apollo Shares outstanding (337,973,660 Apollo Shares outstanding as of May (18) 25, 2010 plus (i) 1,906,000 Apollo Shares issuable upon exercise of stock options held by Mr. Russell and described in footnote (16) above and (ii) 50,000 Apollo Shares issuable upon exercise of warrants held by Mr. Russell and described in footnote (17) above).

Calculated based on 345,238,106 Apollo Shares outstanding (337,973,660 Apollo Shares outstanding as of May (19) 25, 2010 plus (i) 7,052,401 Apollo Shares issuable upon exercise of stock options described in footnote (16) above and (ii) 212,045 Apollo Shares issuable upon exercise of warrants described in footnote (17) above).

## **Statement of Corporate Governance Practices**

The Canadian securities regulatory authorities have adopted National Instrument 58-101 Disclosure of Corporate Governance Practices ( **NI 58-101** ), which requires disclosure of Apollo's approach to corporate governance, and National Policy 58-201 Corporate Governance Guidelines ( **NP 58-201** ), which provides guidance on corporate governance practices. In the U.S., we are subject to disclosure requirements pursuant to (i) Regulation 14A promulgated under the Exchange Act, (ii) the United States Sarbanes-Oxley Act of 2002 ( **SOX** ) and (iii) the AMEX listing standards and corporate governance requirements ( **AMEX Standards** ), which require similar disclosure.

A detailed description of Apollo's governance practices is provided in Schedule O to this Circular. The following are reports of committees of the Apollo Board, which summarize the mandates and activities of each committee.

## **Board Committees**

During 2009, in addition to the Apollo Special Committee described elsewhere in this Circular, the Apollo Board had four standing committees, namely, the Audit Committee, Compensation Committee, Technical Committee, and Nominating Committee.

## **Audit Committee**

The Audit Committee held ten meetings during the year ended December 31, 2009, and is satisfied that it appropriately fulfilled its mandate to the best of its ability during the year. The Audit Committee is composed of the following three independent non-employee directors: Messrs. Babensee, Kaiser and Peat. Mr. Peat is chairperson of the Audit Committee. The Apollo Board has determined that each of Messrs. Babensee, Kaiser and Peat meet the independence and the financial literacy requirements of National Instrument 52-110 Audit Committees, the TSX and AMEX and the applicable rules and regulations promulgated by the SEC. The Apollo Board has determined that Mr.

Peat is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K.

The Apollo Board has adopted a Charter of the Audit Committee, which, among other responsibilities, requires the Audit Committee to oversee Apollo's financial reporting process and the quality of its financial reporting. In discharging its responsibilities, the Audit Committee meets regularly with Apollo's auditors and chief financial officer. The Audit Committee Charter is posted on Apollo's website at [www.apollogold.com](http://www.apollogold.com).



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## **Report of the Audit Committee**

In the performance of its oversight function, the Audit Committee reviewed and discussed Apollo's audited consolidated financial statements as of and for the year ended December 31, 2009, with management and Deloitte & Touche LLP. Management and Deloitte & Touche LLP represented to the Audit Committee that Apollo's audited consolidated financial statements as of and for the year ended December 31, 2009, were prepared in accordance with accounting principles generally accepted in the U.S. (except for Note 23, Differences Between U.S. and Canadian GAAP). The Audit Committee also discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 114, *The Auditor's Communication With Those Charged With Governance*, as amended.

The Audit Committee received the written disclosures and the letter from Deloitte & Touche LLP required by Public Company Accounting Oversight Board ( **PCAOB** ) Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, as amended. PCAOB Rule 3526 requires the independent auditor to disclose in writing to the Audit Committee all relationships between the auditor and Apollo that, in the auditor's judgment, reasonably may be thought to bear on independence and to discuss the auditor's independence with the Audit Committee. The Audit Committee discussed with Deloitte & Touche LLP its independence and considered in advance whether the provision of any non-audit services by Deloitte & Touche LLP is compatible with maintaining its independence.

Based on the reviews and discussions of the Audit Committee described above, in reliance on the unqualified opinion of Deloitte & Touche LLP dated March 16, 2010 regarding Apollo's audited consolidated financial statements as of and for the year ended December 31, 2009, the Audit Committee recommended to the Apollo Board, and the Apollo Board approved, that such financial statements be included in Apollo's annual report on Form 10-K for the year ended December 31, 2009, to be filed with the SEC.

Submitted by: Audit Committee

David W. Peat, Chairperson  
Robert W. Babensee  
Marvin K. Kaiser

## **Compensation Committee**

The Compensation Committee held five meetings during the year ended December 31, 2009, and is satisfied that it appropriately fulfilled its mandate to the best of its ability during the year. The Compensation Committee is composed of the following three independent non-employee directors: Messrs. Babensee, Peat and Stott. Mr. Stott serves as chairperson of the Compensation Committee.

The Apollo Board has adopted a Compensation Committee Charter, which, among other responsibilities, requires the Compensation Committee to establish, administer, and evaluate the compensation philosophy, policies and plans for non-employee directors and executive officers; make recommendations to the board regarding director and executive compensation; and review the performance and determine the compensation of the president and chief executive officer, based on criteria including Apollo's performance and accomplishment of long-term strategic objectives. The Compensation Committee Charter is posted on Apollo's website at [www.apollogold.com](http://www.apollogold.com).

## **Compensation Committee Interlocks and Insider Participation**

During 2009, each of Messrs. Babensee, Peat and Stott served on Apollo's Compensation Committee. None of these directors was a current or former officer or employee of Apollo, and none had any related person transaction involving Apollo. During 2009, none of our executive officers served on the board of directors of any entity that had one or more executive officers serving on the Apollo Board.

## **Compensation Committee Risk Assessment**

In 2010, the Compensation Committee reviewed Apollo's compensation policies and practices for all employees, including executive officers. As part of the review, the Compensation Committee assessed the compensation programs for design features that have the potential to encourage excessive risk-taking such as compensation policies emphasizing unreasonable goals or thresholds. The Compensation Committee

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determined that, for all employees, our compensation programs do not encourage excessive risk and instead encourage behaviors that support long-term value creation. The Compensation Committee intends to continue, on an on-going basis, reviewing Apollo's compensation policies and programs to determine if such programs encourage excessive risk taking.

### **Report of the Compensation Committee on Executive Compensation**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis ( CDA ) with management and, based on that review and discussion, has recommended to the Apollo Board that the CDA be included with this Circular.

Submitted by: Compensation Committee

Charles E. Stott, Chairperson  
Robert W. Babensee  
David W. Peat

### **Technical Committee**

The Technical Committee held six meetings during the year ended December 31, 2009, and is satisfied that it appropriately fulfilled its mandate to the best of its ability during 2009. The Technical Committee is composed of Messrs. Russell, Stott, and Kaiser. Mr. Stott served as chairperson during 2009.

The Apollo Board has adopted a Charter of the Technical Committee, which, among other responsibilities, requires the Technical Committee to review and to approve the methodology and procedure for calculating the resource and ore reserve estimates of Apollo and its subsidiaries; to review and to report on Apollo's environmental compliance program and its effectiveness; and to review and to report on Apollo's safety program and its effectiveness. The Charter of the Technical Committee is posted on Apollo's website at [www.apollogold.com](http://www.apollogold.com).

During 2009, the Technical Committee reported to the Apollo Board on its findings and recommendations with respect to ore reserves, exploration initiatives, land acquisitions and environmental and safety affairs of Apollo.

Submitted by: Technical Committee

Charles E. Stott, Chairperson  
Marvin K. Kaiser R.  
David Russell

### **Nominating Committee**

The Nominating Committee held two meetings during the year ended December 31, 2009, and is satisfied that it appropriately fulfilled its mandate to the best of its ability during 2009.

The Nominating Committee is composed of the following non-employee directors: Messrs. Vaughan, Hobart, and Babensee. Mr. Babensee served as chairperson during 2009.

The Apollo Board has adopted a Nominating Committee Charter, which, among other responsibilities, requires the Nominating Committee to identify individuals qualified to become board members and recommend to the Apollo Board proposed nominees for membership on the Apollo Board; to recommend to the Apollo Board which directors should serve on each committee; and to ensure that the Audit Committee, Compensation Committee, Technical Committee and Nominating Committee of the Apollo Board have the benefit of qualified and experienced independent directors. The Nominating Committee Charter is posted on Apollo's website at [www.apollogold.com](http://www.apollogold.com).

Submitted by: Nominating Committee

Robert W. Babensee, Chairperson  
G. Michael Hobart  
W.S. (Steve) Vaughan

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## Director Nominations

The Apollo Board will consider all potential candidates for nomination by the Apollo Board for election as directors who are recommended by Apollo's shareholders, directors, officers, and employees. The Nominating Committee has adopted written procedures to be followed by shareholders in submitting such recommendations. Candidates proposed by shareholders will be evaluated by the Nominating Committee in the same manner as candidates who are not proposed by shareholders. While shareholders may propose director nominees at any time, Apollo must receive the required notice (described below) on or before the date set forth under the heading "Shareholder Proposals For Next Annual Meeting" on page 40 of this Circular in order to be considered by the Nominating Committee in connection with Apollo's next annual meeting of shareholders.

Apollo Shareholders wishing to recommend a director candidate to serve on the Apollo Board may do so by providing advance written notice to the Chairman of the Nominating Committee, which identifies the candidate and includes the information described below. The notice should be sent to the following address: Apollo Gold Corporation, 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado, 80111-3220.

The notice shall contain the following information:

The name of the nominating shareholders and the address, phone number and e-mail address at which the nominating shareholders can be contacted.

Evidence of the number of Apollo Shares held by the nominating shareholders, a statement of how long the nominating shareholders have held those Apollo Shares, and a statement that the nominating shareholders will continue to hold those Apollo Shares at least through Apollo's next annual meeting of shareholders.

The candidate's full name, together with the address, phone number and e-mail address at which the candidate can be contacted.

A statement of the candidate's qualifications and experiences, and any other qualities that the nominating shareholders believe that the candidate would bring to the Apollo Board.

A description of all arrangements or understandings, if any, between the shareholders and the candidate and any other person or persons with respect to the candidate's proposed service on the Apollo Board.

The candidate's resume, which must include at a minimum a detailed description of the candidate's business, professional or other appropriate experience for at least the last ten (10) years, a list of other boards of directors of public companies on which the candidate currently serves or on which he or she served in the last ten (10) years, and undergraduate and post-graduate educational information.

A written statement, signed by the candidate, agreeing that if he or she is selected by the Nominating Committee and the Apollo Board, he or she will (i) be a nominee for election to the Apollo Board, (ii) provide all information necessary for Apollo to include in Apollo's proxy statement under applicable SEC or AMEX rules, and (iii) serve as a director if he or she is elected by shareholders.

Any additional information that the nominating shareholders believe is relevant to the Nominating Committee's consideration of the candidate.

The Nominating Committee may employ any of the following procedures in identifying nominees to serve as directors of Apollo: (a) evaluating persons suggested by shareholders or others, (b) conducting inquiries into background and qualifications, (c) retaining a search firm, (d) obtaining advice and assistance from internal or external legal, accounting, or other advisors, and (e) other procedures appropriate to the character of the expertise or other director characteristic needed on the Apollo Board in any specific situation.



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The Apollo Board has adopted the following series of minimum qualifications and specific qualities and skills for Apollo's directors, which will serve as the basis upon which potential director candidates are evaluated by the Nominating Committee:

- integrity;
- commitment to devoting necessary time and attention to his or her duties to Apollo;
- independence;
- business experience;
- specialized skills or experience;
- diversity of background and experience (including race, ethnicity, nationality, gender and age);
- freedom from conflicts of interest; and

other criteria appropriate to the character of the expertise or other director characteristic needed on the Apollo Board in any specific situation.

With respect to the nomination of continuing directors for re-election, the individual's contributions to the Apollo Board are also considered. The Apollo Board believes that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of skills, experience, and knowledge that will assure that the Apollo Board can continue to fulfill its responsibilities. The Apollo Board takes into account the benefits of, but does not ascribe any specific weight to, diversity of background and experience including matters of race, ethnicity, nationality, gender and age. Because the assessment of the diversity of the Apollo Board as well as the effectiveness of achieving diversity from a variety of perspectives is based on the individual subjective evaluation of each of the Apollo Board members, the Apollo Board does not engage in any formal benchmarking procedure in respect thereof.

The Nominating Committee did not receive any recommendations from shareholders regarding candidates to serve on the Apollo Board for this Meeting.

## Director Compensation and Related Information

### Summary of Board of Directors and Committee Meetings Held

For the 12-month period ended December 31, 2009	Number of Meetings Held
Board of Directors	12
Audit Committee	10
Compensation Committee	5
Technical Committee	6
Nominating Committee	2
Total number of meetings held	35

### Summary of Attendance of Directors

Director	Board Meetings	Committee Meetings
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	Attended	Attended
G. Michael Hobart	11	2
R. David Russell	12	6
Charles E. Stott	12	11
W.S. (Steve) Vaughan	9	2
Robert W. Babensee	11	17
Marvin K. Kaiser	12	16
David W. Peat	11	15

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The director compensation program is designed to enable Apollo to attract and retain highly qualified individuals to serve as directors. In 2009, directors' compensation, which is paid only to non-employee directors, consisted of:

- an annual retainer of \$12,500;
- additional annual retainer of chairman of the Apollo Board of \$15,000;
- a board meeting fee of \$1,000 per meeting if attended in person or \$500 if attended telephonically;
- an additional annual retainer for audit committee chairperson of \$10,000 and additional annual retainer for other committee chairpersons of \$5,000;
- a committee meeting fee of \$750 per meeting if attended in person or \$500 if attended telephonically;
- a travel fee of \$500 per travel day, other than a day on which a meeting occurs; and
- reimbursement of related travel and out-of-pocket expenses.

The compensation entitlements referred to above were adopted by the Apollo Board effective January 1, 2009.

Directors of Apollo are also eligible to receive options to acquire shares of Apollo. The number of options is determined by the Apollo Board after reviewing the recommendations of the Compensation Committee.

The following table summarizes the compensation paid by Apollo to non-employee directors for the fiscal year ended December 31, 2009:

Name	Fees Earned (\$)	Stock Awards (\$)	Option Awards <sup>(1)(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
G. Michael Hobart	24,000	0	10,822	0	0	0	34,822
Marvin K. Kaiser	34,500	0	10,822	0	0	0	45,322
David W. Peat	43,000	0	10,822	0	0	0	53,822
Robert Babensee	38,000	0	10,822	0	0	0	48,822
Charles E. Stott, Jr.	55,500	0	14,068	0	0	0	69,568
W.S. (Steve) Vaughan	21,500	0	10,822	0	0	0	32,322

As of December 31, 2009, the aggregate number of option awards outstanding for each director was as follows: G. Michael Hobart 295,000 (of which 227,500 were vested), Marvin K. Kaiser 255,000 (of which 187,500 were vested), David W. Peat 255,000 (of which 187,500 were vested), Robert Babensee 255,000 (of which 187,500 were vested), Charles E. Stott, Jr. 385,000 (of which 295,000 were vested) and W.S. Steve Vaughan 295,000 (of which 227,500 were vested).

(2) The fair value of each option granted is estimated at the time of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

2009	2008	2007
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Risk-free interest rate	1.9 %	2.9 %	4.0 %
Dividend yield	0 %	0 %	0 %
Volatility	78 %	73 %	71 %
Expected life in years	6	6	6
Weighted average grant-date fair value of stock options	\$ 0.22	\$ 0.44	\$ 0.37

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As at December 31, 2009, the aggregate number of options granted to non-employee directors was 1,740,000, of which 1,312,500 had vested.

On March 31, 2009, Mr. Stott was granted 65,000 options and each of Messrs. Hobart, Babensee, Kaiser, Peat and Vaughan were granted 50,000 options at a strike price of \$0.32 with a term of 10 years. The options vest 50% on the first anniversary of the grant and 50% on the second anniversary. The grant date fair value was \$68,175 (which amount includes amounts that are not allocable to 2009).

## **Compensation Discussion and Analysis**

Apollo experienced dramatic changes during the past year. To properly understand Apollo and its compensation philosophies, it is important to understand its business environment and the recent hardships that it has faced. Among other things, during 2009 Apollo transitioned its operational focus from its Montana Tunnels mine, which ceased milling operations on April 30, 2009 to its Black Fox mine, a new mining operation, which began commercial gold production in late May 2009. Apollo believes that fully understanding the steps it has taken over the past year to forge ahead into the next decade will provide insight into its past compensation practices and the steps it intends to take in the future to align the interests of its executives with the interests of the Apollo's shareholders.

## **Business Environment**

In 2009, Apollo encountered a number of significant challenges. During the first quarter of 2009, Apollo expended substantial effort to obtain the necessary financing to satisfy certain debt obligations and fund the start up of its Black Fox mine. During the second quarter of 2009, Apollo faced the operational challenge of transitioning the Montana Tunnels property from an operational mine and milling facility to a care and maintenance property while concurrently bringing its Black Fox mine into production to ensure continuity in Apollo's revenue stream. Finally, although the Black Fox mill was processing ore at the rate planned and recoveries were satisfactory, the grade of ore delivered to the mill was lower than expected. As a result, for the three-month period ended July 31, 2009, gold production was less than 80% of the amount that we agreed to produce with the Project Lenders. This shortfall triggered a review event as defined in the Project Facility Agreement. A review event enables the Project Lenders to review the Project Facility Agreement and determine if they wish to continue with the financing. Despite these and other challenges, our management team was able to:

- negotiate and enter into the Black Fox project finance facility and completion of a private placement in July 2009 which enabled Apollo to move forward with the development of its Black Fox mine;
- commence commercial gold production at the Black Fox mine and increase throughput of the Black Fox mill;
- complete the acquisition of certain mineral properties referred to as the Pike River Property located near Apollo's Black Fox mine and Grey Fox property;
- commence an exploratory drilling program on the Grey Fox and Pike River properties;
- place the Montana Tunnels mine on care and maintenance and adopt a plan to sell Apollo's interest in the mine, which sale was completed in 2010;
- negotiate a series of deferments in connection with the Black Fox project finance facility thereby allowing Apollo to work with the Project Lenders to develop a new resource model and life of mine plan; and
- continue standardization of processes and procedures at Black Fox to eliminate redundancies and reduce costs.

## **Overview of Executive Compensation For 2009**

Historically, Apollo has awarded incentive compensation to its executive officers based, in part, on individual performance as generally discussed in the sections that follow. This individual component of incentive compensation is paid in the form of cash bonuses and equity compensation and is generally distributed in during the first quarter each year.

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In light of the pending transaction with Linear, the Apollo Board has not made any decisions or assessments regarding incentive compensation for the fiscal year ended December 31, 2009. The Apollo Board, upon the recommendation of the Compensation Committee, has determined that this deviation from historical compensation practices is appropriate because of the pendency of the Arrangement and the restrictions on payments of incentive compensation and grants of equity compensation contained in the Arrangement Agreement.

### **Objectives of Apollo's Compensation Program**

The Compensation Committee of the Apollo Board (for the purposes of this discussion, the **Committee**) has responsibility for approving the compensation program for Apollo's Named Executive Officers. The Committee acts pursuant to the Compensation Committee Charter that has been approved by the Apollo Board.

The compensation program for Apollo's Named Executive Officers is designed to attract, retain and reward talented executives who can contribute to Apollo's long-term success and thereby build value for Apollo's shareholders. The program is organized around four fundamental principles:

A Substantial Portion of Apollo's Named Executive Officer Compensation Program Should Be Performance-Based. Apollo's compensation program is designed to reward superior performance. It accomplishes this in a number of ways. In terms of cash compensation, target award opportunities provided to each Named Executive Officer under Apollo's bonus plan (which pays bonuses on the basis of performance over a one-year period) are set at a percentage of each Named Executive Officer's base salary, which is generally in the range of 50% for vice presidents, 75% for senior vice presidents and up to 100% for the chief executive officer. Whether and to what extent bonuses under the bonus plan are paid depends entirely on the extent to which the company-wide, mine and project and individual goals set by the Committee pursuant to the bonus plan are attained.

A Substantial Portion of Named Executive Officer Compensation Should Be Delivered in the Form of Equity Awards. The Committee believes that a substantial portion of total compensation should be delivered in the form of equity in order to align the interests of Apollo's Named Executive Officers with the interests of Apollo's shareholders. In terms of equity awards, the target award opportunities provided to each Named Executive Officer are set as a percentage of each Named Executive Officer's base salary, which is generally in the range of 50% for vice presidents, 75% for senior vice presidents and 100% for the chief executive officer. Whether and to what extent equity awards are made depends entirely on the extent to which the company-wide, mine and project and individual goals set by the Committee are attained. The stock option awards are valued at the grant date fair value.

Apollo's Compensation Program for Named Executive Officers Should Enable Apollo to Compete for First-Rate Executive Talent. Apollo Shareholders are best served when Apollo can attract and retain talented executives with compensation packages that are competitive but fair. The Committee has historically striven to create a compensation package for Named Executive Officers that delivers total compensation that is competitive in comparison to the average of the total compensation delivered by certain peer companies with which Apollo competes for executive talent (the **Peer Group**). To assist in making this comparison, the Committee subscribes to the annual Mining Industry Salary Survey published by Coopers Consulting Ltd. In 2009, the Peer Group selected by the Committee consisted of the following companies:

Lake Shore Gold Corp.  
Aurizon Mines Ltd.  
Golden Star Resources Ltd.

Alamos Gold Inc.  
Eldorado Gold Corp.  
Minefinders Ltd.



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Apollo's Compensation Program for Named Executive Officers Should Be Fair, and Perceived as Such, Both Internally and Externally. The Committee strives to create a compensation program that will be perceived as fair, both internally and externally. It accomplishes this by comparing the compensation that is provided to Apollo's Named Executive Officers:

- (i) to the compensation, as described above, provided to officers of the companies included in the Peer Group, as a means to measure external fairness; and
- (ii) to other senior employees of Apollo, as a means to measure internal fairness.

## **The Elements of Apollo's Compensation Program**

This section describes the various elements of Apollo's compensation program for Named Executive Officers, together with a discussion of various matters relating to those items, including why the Committee chooses to include the items in the compensation program.

### **Cash Compensation**

Apollo's compensation program for Named Executive Officers is designed so that a percentage of each Named Executive Officer's total compensation is paid in cash. Cash compensation paid is comprised of salary and, if earned, a cash bonus pursuant to Apollo's bonus plan. The percentage of cash compensation paid relative to a Named Executive Officer's total compensation is generally set at up to 75% of total compensation in the case of vice presidents, up to 70% for senior vice presidents and up to 67% for the president. Salary is included in Apollo's Named Executive Officer compensation package because the Committee believes it is appropriate that some portion of the compensation that is provided to Named Executive Officers be in a form that is fixed and liquid. Performance-based bonuses are included to incentivize Apollo's Named Executive Officers to attain particular objectives that the Committee believes are consistent with the overall goals set for Apollo by its board of directors. The components comprising the cash portion of total compensation are described below.

*Salary.* Base salary for Named Executive Officers for any given year is generally fixed by the Committee at its meeting in March of each year. Increases or decreases in base salary on a year-over-year basis are dependent on the Committee's assessment of the performance of Apollo overall, Apollo's mining projects and the particular individual. Other than the fact that executive officers have employment agreements with a minimum level of salary specified within the agreement, the Committee is free to set Named Executive Officer salary at any level it deems appropriate. In fixing salaries, the Committee is generally mindful of its overall goal to keep cash compensation for its executive officers within the range of cash compensation paid by companies in Apollo's Peer Group. The amount of cash compensation that is provided in the form of salary is generally less, assuming threshold performance levels are met, than the amount that is provided in the form of bonuses and equity awards under Apollo's short and long-term bonus plans, each of which is described below. This weighting reflects the Committee's objective of ensuring that a substantial amount of each Named Executive Officers total compensation is tied to company-wide, mine and project results and individual performance goals.

*Bonus Plans.* Apollo has a cash bonus plan in which Named Executive Officers participate. This plan, which is described below, provides cash compensation to Named Executive Officers only if, and to the extent that, performance conditions set by the Committee are met. Bonus targets are set annually based on Apollo's plan and budget for such fiscal year and are set at levels that Apollo believes will be reasonably difficult to achieve.

In determining the amount of target bonuses under the bonus plan, the Committee considers several factors, including:

- (i) the target bonuses set, and actual bonuses paid, in recent years;
- (ii) the desire to ensure, as described above, that a substantial portion of total compensation is performance-based;
- (iii) the relative importance, in any given year, of the long and short-term performance goals established pursuant to the bonus plan; and
- (iv) the compensation practices of the Peer Group, as determined in published compensation surveys.



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Performance objectives for the bonus plan are developed through an iterative process. Based on a review of business plans, management, which includes the Named Executive Officers, develops preliminary recommendations for Committee review. The Committee reviews management's preliminary recommendations and establishes final goals. In establishing final goals, the Committee strives to ensure that the incentives provided pursuant to the bonus plan are consistent with the strategic goals set by the Apollo Board, that the goals set are sufficiently ambitious so as to provide a meaningful incentive and that bonus payments, assuming target levels of performance are attained, will be consistent with the overall Named Executive Officer compensation program established by the Committee. The Committee reserves the discretion to reduce or not pay bonuses under the bonus plan even if the relevant performance targets are met.

If the Arrangement is not consummated, the Compensation Committee intends to reevaluate the payment of incentive compensation relative to each executive officer's individual performance in accordance with its customary practices as outlined below and make recommendations to the Apollo Board in respect thereof at the first meeting of the Apollo Board immediately following termination of the Arrangement. If the Arrangement is consummated, the Compensation Committee will reevaluate the payment of incentive compensation relative to each executive officer's individual performance and make recommendations to the Apollo Board in respect thereof at the first meeting of the Apollo Board following consummation of the Arrangement.

For the fiscal year ended December 31, 2009, the bonus targets upon which cash bonuses were to be based included the following objectives:

- completion of the project financing of the Black Fox project by February 2009;
- commencement of gold production at Black Fox during May 2009 and the achievement of planned production;
- completion of the stripping of the glacial till for Phase I of the Black Fox open pit by June 2009;
- completion of all mine site infrastructure at Black Fox by October 2009;

ensuring that the Black Fox project passes all of the completion tests, as set out in the Project Facility Agreement, by October 31, 2009;

- commencement of permitting Phase II and III of the Black Fox open pit during the second quarter 2009, to be substantially completed by December 31, 2009;
- completion of the initial exploration work program at Grey Fox by November 2009 with the goal of publishing an inferred resource in the first quarter 2010;
- production at the Montana Tunnels mine to average a mill throughput rate of 13,000 tpd ore for the period January through April 2009 at planned metal production;
- placement of the Montana Tunnels mine on care and maintenance in May 2009; and

conversion of Apollo's financial reporting from Canadian GAAP to U.S. GAAP for the fiscal year ended December 31, 2009.

Some of the bonus targets above were not achieved; in particular the targeted Black Fox mine gold production and the completion of the tests required by the Project Lenders as part of the Project Facility Agreement. Production of gold did commence on schedule in May 2009 and the mill was successful in achieving the targeted throughput rate of 2,000 tonnes per day of ore during the last quarter 2009. However, as noted in Apollo's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009, Apollo triggered a review event as defined in the Project Facility Agreement as a result of failing to achieve 80% of its targeted production during that quarter.

In light of the pending transaction with Linear and the limitations contained in the Arrangement Agreement on awarding incentive compensation prior to the closing of the Arrangement, the Apollo Board has not made any decisions or individual assessments regarding incentive compensation for the fiscal year ended December 31, 2009.



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### **Equity Compensation**

As described above, the Committee believes that a portion of each Named Executive Officer's compensation should be in the form of equity awards because the Committee believes that such awards serve to align the interests of Named Executive Officers and Apollo's shareholders. Equity awards to Apollo's Named Executive Officers are made pursuant to the Apollo Stock Option Incentive Plan. The Apollo Stock Option Incentive Plan provides for awards in the form of stock options. The principal terms of the Apollo Stock Option Incentive Plan are summarized below under the heading Proposal 2: Stock Option Incentive Plan Amendments Proposal.

The amount of equity compensation that is provided to each Named Executive Officer in a given year is generally determined by reference to the Named Executive Officer's base salary for that year. That is, the Committee each year approves an equity award or awards for each Named Executive Officer with a cash value that is determined by multiplying the Named Executive Officer's base salary by a percentage that is chosen by the Committee. The percentage that the Committee selects for these purposes in a given year is dependent on the Committee's assessment, for that year, of the appropriate balance between cash and equity compensation. In making that assessment, the Committee considers factors such as the relative merits of cash and equity as a device for retaining and incentivizing Named Executive Officers and the practices, as reported in published compensation surveys, of other companies in the Peer Group.

In light of the pending transaction with Linear and the limitations contained in the Arrangement Agreement on awarding equity compensation prior to the closing of the Arrangement, the Apollo Board has not made any decisions or individual assessments regarding equity awards for the fiscal year ended December 31, 2009.

### **Practices Regarding the Grant of Options**

The Committee has generally followed a practice of making all option grants to its executive officers during the first quarter of each year based on the previous year's performance. For the last five years, the Committee has granted these annual awards at its regularly scheduled meeting in March. Apollo does not otherwise have any program, plan or practice to time annual option grants to its executives in coordination with the release of material non-public information.

While the bulk of Apollo's option awards to Named Executive Officers have historically been made pursuant to Apollo's annual grant program, the Committee retains the discretion to make additional awards to Named Executive Officers at other times, in connection with the initial hiring of a new officer, for retention purposes or otherwise. Apollo refers to such grants as ad hoc awards. The Committee has generally followed the practice of making such ad hoc awards only during a time when Apollo's Named Executive Officers would be permitted, pursuant to Apollo's insider trading policy, to trade in Apollo's securities. Other than in this respect, Apollo does not have any program, plan or practice to time ad hoc awards in coordination with the release of material non-public information.

### **Peer Comparisons and Survey Data**

In its annual evaluation of the compensation of Apollo's executive officers, the Committee uses peer comparisons and survey sources to obtain a general understanding of current compensation practices for the market in which Apollo competes. Specifically, the Committee reviews the annual Mining Industry Salary Survey published by Coopers Consulting Ltd., a national, broad-based industry survey, and relevant data from the peer group identified above. The Committee does not benchmark executive compensation at a certain level or percentile based on the survey or peer

comparison data. Rather, this data is only one of the components considered when setting executive compensation. Other factors include, but are not necessarily limited to, level of responsibility, individual performance, and budget constraints.

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In evaluating the appropriateness and adequacy of Apollo's compensation structure for its executive officers, the Committee considered a peer group of companies with similar principal corporate offices, levels of mineral production and amount of Mineral Reserves. The Committee believes these factors are appropriate as reference points to determine the composition of the peer group because they provide a reasonable basis for comparing like positions and scopes of responsibilities.

## Perquisites

Apollo's Named Executive Officers receive various perquisites provided by or paid for by us. These perquisites can include memberships in social and sports clubs, car allowances and gross up payments equal to the taxes payable on certain perquisites.

Apollo provides these perquisites because:

- (i) in many cases, such as membership in social and sports clubs, the perquisite makes Apollo's executives more efficient and effective and thereby is a benefit to us, and
- (ii) these perquisites are provided by a number of companies in the Peer Group to their named executive officers and it is therefore important for retention and recruitment purposes that Apollo does the same.

The Committee reviews the perquisites provided to its Named Executive Officers on a regular basis, in an attempt to ensure that they continue to be appropriate in light of the Committee's overall goal of designing a compensation program for Named Executive Officers that maximizes the interests of Apollo's shareholders.

## Executive Officers

Set forth below is certain information concerning the executive officers of Apollo.

Name	Age	Title(s)
R. David Russell	53	President and Chief Executive Officer
Melvyn Williams	61	Senior Vice President – Finance and Corporate Development and Chief Financial Officer
Richard F. Nanna	61	Senior Vice President – Exploration
Timothy G. Smith	53	Vice President – U.S. and Canadian Operations
Brent E. Timmons	39	Vice President & Controller

R. David Russell. Mr. Russell is a director of Apollo and has served as Apollo's president and chief executive officer since June 2002. Mr. Russell was a founder of Nevoro Gold Corporation in January 2002, the predecessor of Apollo Gold Corporation, and served as its president from February 2002 through June 2002. Mr. Russell was an independent mining consultant from 1999 to 2002. Mr. Russell also serves as a director of General Moly, Inc. and Pure Nickel, Inc. Mr. Russell received his mining engineering degree from Montana Tech at the University of Montana.

Melvyn Williams. Mr. Williams has served as chief financial officer since January 2005 and as the senior vice president – finance and corporate development since March 2004. From November 2003 through January 2004, Mr. Williams served as chief financial officer of Atlantico Gold, a private Brazilian mining company which held the Amapari gold project. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines. Mr. Williams also serves as a director of Andina Minerals, Inc. Mr.

Williams is a chartered certified accountant and received a Master's of Business Administration from Cranfield (UK) in 1988.

Richard F. Nanna. Mr. Nanna has served as Apollo's senior vice president - exploration since June 2002. Mr. Nanna was a founder of Nevoro Gold Corporation in January 2002, the predecessor of Apollo Gold Corporation, and served as its vice president - exploration from February 2002 through June 2002. From 1999 to 2002, Mr. Nanna worked as an independent consultant. Mr. Nanna also serves as a director of General Moly, Inc. and Azteca Gold Corp. Mr. Nanna received a Master's Degree in Geology from Akron University in Ohio.

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Timothy G. Smith. Mr. Smith has served as vice president U.S. and Canadian operations since November 2008 and was previously vice president and general manager of Montana Tunnels Mining, Inc., formerly a wholly owned subsidiary of Apollo, from February 2004. Prior to joining Apollo, Mr. Smith worked for Cominco Ltd. (before its merger with Teck Corp.) as operating manager at the Red Dog Mine from 1996 through 2003. Mr. Smith holds a Bachelor of Engineering Metallurgical, from McGill University and is a Professional Engineer registered in British Columbia.

Brent E. Timmons. Mr. Timmons joined Apollo in April 2005 in the position of senior accountant and has been vice president and controller since March 2007. Prior to joining Apollo, Mr. Timmons worked for Enterprise Rent-A-Car for six years and prior to that worked as a Certified Public Accountant performing audit services in the private and governmental sectors. Mr. Timmons holds a Master of Accountancy from Brigham Young University and is a certified public accountant.

## **Employment Agreements**

Apollo has employment agreements with the following Named Executive Officers: R. David Russell, its president and chief executive officer, Melvyn Williams, its senior vice president finance and corporate development and chief financial officer, Richard F. Nanna, its senior vice president exploration, Timothy G. Smith, its vice president U.S. and Canadian operations, and Brent E. Timmons, its vice president and controller. The Committee believes that the employment agreements and the severance provided for therein are an important part of overall compensation for Apollo's Named Executive Officers. The Committee believes that these agreements will help to secure the continued employment and dedication of Apollo's Named Executive Officers, notwithstanding any concern that they might have at such time regarding their own continued employment, prior to or following a change in control. The Committee also believes that these agreements are important as a recruitment and retention device, as all or nearly all of the companies with which Apollo competes for executive talent have similar agreements in place for their senior employees. To determine the terms of the change in control provisions, the Committee analyzed the terms of the similar arrangements. These factors lead to the amounts and the triggering events provided for under the agreements.

R. David Russell. Apollo assumed the terms and conditions of an employment agreement dated as of April 1, 2002 between Mr. Russell and Nevoro Gold Corporation, Apollo's predecessor. Mr. Russell's employment agreement was amended on January 23, 2006 and March 18, 2009 and provides that:

Mr. Russell receives a minimum annual base salary of \$380,000 and a discretionary annual cash bonus based on Apollo's performance. As at May 25, 2010 Mr. Russell's annual salary was \$380,000;

Mr. Russell is entitled to receive an automobile allowance of \$15,000 per annum and an allowance for social/sports club membership of \$5,000 per annum; and

In the event of the termination of his employment without cause or upon a change of control of Apollo (defined as the occurrence, within a single transaction or series of related transactions occurring within the same 12-month period, of a change in the identity of persons who individually or collectively hold rights to elect, or to approve the election of, a majority of the members of the Apollo Board, including, without limitation, transactions consisting of one or more sales or other transfers of assets or equity securities, mergers, consolidations, amalgamations, reorganizations, or any similar transactions), (i) Mr. Russell will be entitled to receive severance equal to 36 months of his base salary, 50% of the bonus entitlement for the 36 month period (such bonus entitlement is based on a percentage of annual base salary of up to 100%), and any other compensation to which he would otherwise have been entitled during such 36 month period and (ii) any options granted to Mr. Russell shall immediately vest.

Mr. Russell will resign from the position of president and chief executive officer of Apollo upon the successful completion of the Arrangement. Subject to delivery of customary releases, Mr. Russell shall receive all termination

and other amounts owing under his employment agreement as if a termination without cause had occurred thereunder. See the discussion under the heading Potential Payments Upon Termination Or Change In Control on page 134 below.

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Melvyn Williams. Mr. Williams' employment agreement of February 16, 2004 was amended on January 23, 2006 and March 18, 2009 and provides that:

Mr. Williams receives a minimum annual base salary of \$265,000 and a discretionary annual cash bonus based on Apollo's performance. As at May 25, 2010 Mr. Williams' annual salary was \$265,000;

Mr. Williams is entitled to receive an automobile allowance of \$10,000 per annum; and in the event of the termination of his employment without cause or upon a change of control of Apollo (defined as the occurrence, within a single transaction or series of related transactions occurring within the same 12-month period, of a change in the identity of persons who individually or collectively hold rights to elect, or to approve the election of, a majority of the members of the Apollo Board, including, without limitation, transactions consisting of one or more sales or other transfers of assets or equity securities, mergers, consolidations, amalgamations, reorganizations, or any similar transactions), (i) Mr. Williams will be entitled to receive severance equal to 24 months of his base salary, 50% of the bonus entitlement for the 24 month period (such bonus entitlement is based on a percentage of annual base salary of approximately 75%), and any other compensation to which he would otherwise have been entitled during such 24 month period and (ii) any options granted to Mr. Williams shall immediately vest.

Richard F. Nanna. Apollo assumed the terms and conditions of an employment agreement dated as of April 1, 2002, between Mr. Nanna and Nevoro Gold Corporation, Apollo's predecessor. Mr. Nanna's employment agreement was amended on January 23, 2006 and March 18, 2009 and provides that:

Mr. Nanna receives a minimum annual base salary of \$230,000 and a discretionary annual cash bonus based on Apollo's performance. As at May 25, 2010 Mr. Nanna's annual salary was \$230,000;

Mr. Nanna is entitled to receive an automobile allowance of \$15,000 per annum and an allowance for social/sports club membership of \$5,000 per annum; and

In the event of the termination of his employment without cause or upon a change of control of Apollo (defined as the occurrence, within a single transaction or series of related transactions occurring within the same 12-month period, of a change in the identity of persons who individually or collectively hold rights to elect, or to approve the election of, a majority of the members of the Apollo Board, including, without limitation, transactions consisting of one or more sales or other transfers of assets or equity securities, mergers, consolidations, amalgamations, reorganizations, or any similar transactions), (i) Mr. Nanna will be entitled to receive severance equal to 36 months of his base salary, 50% of the bonus entitlement for the 36 month period (such bonus entitlement is based on a percentage of annual base salary of approximately 75%), and any other compensation to which he would otherwise have been entitled during such 36 month period and (ii) any options granted to Mr. Nanna shall immediately vest.

Timothy G. Smith. Mr. Smith's employment agreement provides that:

Mr. Smith receives a minimum annual base salary of \$200,000 and a discretionary annual cash bonus based on the performance of the Black Fox and Montana Tunnels mines. As at May 25, 2010 Mr. Smith's annual salary was \$200,000;

Mr. Smith is entitled to an automobile for personal use; and

In the event of the termination of his employment without cause or upon a change of control of Apollo (defined as the occurrence, within a single transaction or series of related transactions occurring within the same 12-month period, of a change in the identity of persons who individually or collectively hold rights to elect, or to approve the election of, a majority of the members of the Apollo Board, including, without limitation, transactions consisting of one or more sales or other transfers of assets or equity securities, mergers, consolidations, amalgamations, reorganizations, or any similar transactions), Mr. Smith will be entitled to receive severance equal to 15 months of his base salary and benefits to which he would otherwise have been entitled for a period of 12 months.

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Brent E. Timmons. Mr. Timmons' employment agreement provides that:

Mr. Timmons receives a minimum annual base salary of \$140,000 and a discretionary annual cash bonus based on the performance of Apollo. As at May 25, 2010 Mr. Timmons' annual salary was \$140,000;

Mr. Timmons is entitled to an automobile allowance of \$10,000 per annum; and

In the event of the termination of his employment without cause or upon a change of control of Apollo (defined as the occurrence, within a single transaction or series of related transactions occurring within the same 12-month period, of a change in the identity of persons who individually or collectively hold rights to elect, or to approve the election of, a majority of the members of the Apollo Board, including, without limitation, transactions consisting of one or more sales or other transfers of assets or equity securities, mergers, consolidations, amalgamations, reorganizations, or any similar transactions), Mr. Timmons will be entitled to receive severance equal to 12 months of his base salary and benefits to which he would otherwise have been entitled for a period of 12 months.

### **Stock Ownership Guidelines**

Apollo has not established stock ownership guidelines for the Named Executive Officers. Apollo's Insider Trading and Confidentiality Policy prohibits Apollo's executive officers from engaging in selling short Apollo's common stock or engaging in hedging or offsetting transactions regarding Apollo's common stock.

### **Role of Executive Officers in Compensation Decisions**

The Chief Executive Officer annually reviews the performance of each Named Executive Officer (other than the Chief Executive Officer whose performance is reviewed by the Committee). The conclusions and recommendations reached, which cover salary adjustments and annual award amounts, are presented to the Committee. The Committee can exercise discretion in modifying any of the recommended salary adjustments or annual awards. Executive officers of Apollo have no role in the compensation of directors.

### **Indemnification Agreements**

Apollo has entered into indemnification agreements with its directors and senior executives. These agreements indemnify such persons against certain liabilities that may arise by reason of their status as a director or officer, to advance their expenses incurred as a result of a proceeding as to which they may be indemnified and to cover such person under the directors and officers liability insurance policy. Apollo believes these indemnification agreements enhance Apollo's ability to attract and retain knowledgeable and experienced executives and independent, non-management directors.

### **Tax Implications of Executive Compensation**

Apollo's program was structured to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended, which places a limit of \$1,000,000 on the amount of compensation that may be deducted by Apollo in any year with respect to the Named Executive Officers unless the compensation is performance based compensation as described in such Section 162(m).

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## Summary Compensation Table For Named Executive Officers

The following table sets forth the compensation earned by the Principal Executive Officer ( **PEO** ), Principal Financial Officer ( **PFO** ) and other Named Executive Officers for services rendered to Apollo and its subsidiaries for the fiscal years ended December 31, 2009, 2008 and 2007.

Apollo calculates the fair value of each option award granted at the time of grant using the Black-Scholes option-pricing model. For the assumptions made in calculating the fair value of options, see footnote (2) to the table in Grants of Plan-Based Awards on page 132 of this Circular and Note 14 Share Capital to the financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

(1) In 2007, 2008 and 2009 Apollo paid a vehicle allowance, plus a sports club allowance, life insurance, and a contribution towards his tax liability related to the preceding items.

(2) (3) In 2007, 2008 and 2009 Apollo paid a vehicle allowance and life insurance.

(4) In 2007, 2008 and 2009 Apollo paid a vehicle allowance, a sports club allowance and life insurance.

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TABLE OF CONTENTS**Grants Of Plan-Based Awards**

The following table provides information related to non-equity and equity-based awards made to the Named Executive Officers for the 2009 fiscal year:

(1) All options were granted under Apollo's Stock Option Incentive Plan.

(2) The fair value of each option granted is estimated at the time of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

	2009	2008	2007
Risk-free interest rate	1.9 %	2.9 %	4.0 %
Dividend yield	0 %	0 %	0 %
Volatility	78 %	73 %	71 %
Expected life in years	6	6	6
Weighted average grant-date fair value of stock options	\$ 0.22	\$ 0.44	\$ 0.37

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**Outstanding Equity Awards At Fiscal Year-End**

The following table provides information related to any equity-based awards outstanding as of December 31, 2009 for the Named Executive Officers: