

**EARLY WARNING REPORT PURSUANT TO
NATIONAL INSTRUMENT 62-103**

RE: UNDUR TOLGOI MINERALS INC. (the “Issuer”)

1. The name and address of the offeror:

SMDD Capital Ltd. (“SMDD”)
1603, 16F Island Place Tower
510 King’s Road
Hong Kong

2. The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

SMDD reports that it acquired 9,788,067 common shares in the shares capital of the Issuer and a right to a bonus payable in form of 4,000,000 common shares of the Issuer upon satisfaction of certain conditions (the “**Bonus Shares**”), as a result of the completion of the arrangement agreement between the former Undur Tolgoi Minerals Inc. (the “**Former UTMI**”) and the Issuer, then known as Wedge Energy International Inc. (“**Wedge**”). Pursuant to the arrangement agreement, Wedge purchased all of the issued and outstanding shares of the Former UTMI, which the shareholders of UTMI, including SMDD, tendered in exchange for common shares of the Issuer. Please refer to the Issuer’s November 15, 2011 press release for details of the completion of the arrangement. SMDD’s position in Wedge was previously reported by Firebird Global Master Fund, Ltd. (“**FGMF**”), as SMDD may have been considered a joint actor of FGMF prior to completion of the arrangement.

3. The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

The aggregate number of securities of the Issuer currently held by SMDD is 9,788,067 common shares and the Bonus Shares. The 9,788,067 common shares represent approximately 16.59% of the current outstanding common shares of the Issuer.

In addition, assuming the issuance of the Bonus Shares, the total securityholding of SMDD and it joint actor in the share capital of the Issuer would be 13,788,067 common shares, representing approximately 21.89% of the common shares of the Issuer, including the common shares deemed to be acquired pursuant to the issuance of the Bonus shares.

4. The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to above over which:

- (a) *the offeror, either alone or together with any joint actors, has ownership and control:*

See item 3 above.

- (b) *the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:*

N/A

- (c) *the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:*

N/A

5. The name of the market in which the transaction or occurrence that gave rise to the news release took place:

N/A

6. The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:

See item 2 above.

7. The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:

The transactions were effected for the purpose of enabling SMDD and joint actors of FGMF to take control of the Issuer.

8. The general nature and material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding disposition or voting of any of the securities:

Please refer to the Issuer's November 15, 2011 press release for details of the completion of the arrangement agreement.

9. **The names of any joint actors in connection with the disclosure required by Appendix E of National Instrument 62-103:**

N/A

10. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value, in Canadian dollars, of the consideration paid by the offeror:**

See item 2 above.

11. **If applicable, a description of any change in any material fact set out in a previous report by the offeror under the early warning requirements:**

N/A

12. **If applicable, a description of the exemption from securities legislation being relied on by the offeror and the fact supporting that reliance.**

N/A

13. **Declaration**

The filing of this report is not an admission that an entity named in this report owns or controls any described securities or is a joint actor with anyone else.

DATED this 13th day of December, 2011.

SMDD CAPITAL LTD.

Per: (s) Batchimeg Chuluunbat
Name: Batchimeg Chuluunbat