



**UNDUR TOLGOI MINERALS INC.**

**NOTICE OF ANNUAL GENERAL MEETING  
OF SHAREHOLDERS  
TO BE HELD ON FRIDAY, JUNE 28, 2013**

**AND**

**INFORMATION CIRCULAR**

MAY 24, 2013

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.



Suite 900 – 595 Howe Street  
Vancouver, British Columbia V6C 2T5

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the “Meeting”) of the shareholders of *Undur Tolgoi Minerals Inc.* (the “Company”) will be held on **Friday, June 28, 2013** at the hour of **10:00 a.m.** (Pacific time), at Suite 900, 595 Howe Street, Vancouver, British Columbia for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2012, and the report of the auditors thereon;
2. To set the number of directors of the Company for the ensuing year at six (6);
3. To elect the directors of the Company for the ensuing year;
4. To appoint Ernst & Young LLP as auditors of the Company for the ensuing financial year at a remuneration to be fixed by the board of directors (the “**Board**”) of the Company; and
5. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The accompanying Information Circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Annual General Meeting. Additional information about the Company and its financial statements are also available on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Board has by resolution fixed **Friday, May 24, 2013** as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting and at any adjournments or postponements thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company’s transfer agent, *Equity Financial Trust Company* (the “**Transfer Agent**”), at their offices located at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, Attention Proxy Department or by toll-free fax within North America 1-866-393-4891 by 10:00 AM (Pacific time) on **Wednesday, June 26, 2013**, or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Annual General and Special Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing or any other person that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

**DATED** at Vancouver, British Columbia this 30<sup>th</sup> day of May 2013

**BY ORDER OF THE BOARD**

Yours truly,

(signed) *Donald Padgett*

Donald Padgett

President and Chief Executive Officer

# UNDUR TOLGOI MINERALS INC.

Suite 900 – 595 Howe Street  
Vancouver, British Columbia V6C 2T5

## INFORMATION CIRCULAR

(Containing information as at May 24, 2013 unless otherwise noted)

### MANAGEMENT SOLICITATION OF PROXIES

This information circular (“**Information Circular**”) is furnished to the shareholders (each a, “**Shareholder**”) of common shares (each, a “**Common Share**”) of **Undur Tolgoi Minerals Inc.** (the “**Company**”) in connection with the solicitation of proxies by the management of the Company for use at the annual general meeting of the Shareholders (and any adjournment thereof) (the “**Meeting**”) to be held on Friday, **June 28, 2013 at 10:00 am** (Pacific Time) at **Suite 900 – 595 Howe Street, Vancouver, British Columbia**, for the purposes set out in the accompanying Notice of Meeting and any adjournment thereof. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone without special compensation by officers, directors and the regular employees of the Company at nominal cost. No solicitation will be made by specifically engaged employees or soliciting agents. The Company does not reimburse Shareholders, nominees or agents for the costs incurred in obtaining from their principals authorization to execute instruments of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish these proxy materials to their customers and the Company will reimburse such brokers and nominees from their related out-of-pocket expenses. All costs of solicitation by management will be borne by the Company.

THE CONTENTS AND THE SENDING OF THIS INFORMATION CIRCULAR HAVE BEEN APPROVED BY THE DIRECTORS OF THE COMPANY.

### PROXY INSTRUCTIONS AND VOTING RIGHTS

#### Management Solicitation

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied on as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone 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 anyone to whom it is unlawful to make such an offer of solicitation.

#### Appointment of Proxies

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY. Such Shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as a proxy and should provide instructions to the nominee on how the Shareholder’s Common Shares should be voted. The nominee should bring personal identification to the Meeting.

A proxy will not be valid unless the completed form of proxy is received by the Company’s registrar and transfer agent, Equity Financial Trust Company (the “**Transfer Agent**”), at its offices located at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, or by the Company at the address set forth above, by mail or fax not less than 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the scheduled time of the Meeting or any adjournment or postponement thereof, or delivered to the Chairman of the Meeting prior to the commencement of the Meeting.

### Signing of Proxies

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder's attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer, or attorney-in-fact, for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders or by an office or attorney-in-fact for a corporate Shareholder, the instrument so empowering the office or attorney-in-fact, as the case may be, or a notarially certified copy of that document, should accompany the form of proxy.

### Revocation of Proxies

A Shareholder who has given a proxy may revoke it at any time, before it is exercised, by an instrument in writing; (a) executed by the Shareholder or by that Shareholder's attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, of the corporation; and (b) delivered either (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting, or, if adjourned or postponed, any reconvening of the Meeting; or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed any reconvening thereof; (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### Voting of Proxies

Subject to the information below under the heading "Advice to Non-Registered (Beneficial) Shareholders", registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each Common Share that such Shareholder holds on May 24, 2013 (the "**Record Date**") on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

A Shareholder may indicate the manner in which the designated persons named in the form of proxy is to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the form of proxy are certain, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. **The Common Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY AND IN FAVOUR OF ALL OTHER MATTERS PROPOSED BY MANAGEMENT AT THE MEETING.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of common Shares on any matter, the Common Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

## Voting in Person

Any Shareholder attending the Meeting to vote personally shall be required to produce identification satisfactory to the Chairman of the Meeting establishing his or her identity. If a Shareholder is a corporation or an entity other than an individual, then the duly authorized officer or representative of the corporation or other entity must deliver to the Chairman of the Meeting the original or a notarial copy of the instrument empowering such person to attend the Meeting and vote on behalf of the Shareholder. Such documentation shall be in a form acceptable to the Chairman of the Meeting in his or her discretion.

### ADVICE TO NON-REGISTERED (BENEFICIAL) SHAREHOLDERS

Only shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are “non-registered” shareholders because their Common Shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “Nominee”). If you purchased your Common Shares through a broker, you are likely a non-registered shareholder.

Non-registered shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “NOBOs”. Those non-registered shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “OBOs”.

In accordance with securities regulatory policy, we have distributed copies of the Meeting materials, being the Notice of Annual General and Special Meeting, this Information Circular and the form of proxy, directly to the NOBOs and to the Nominees for onward distribution to our non-registered shareholders.

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Common Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting materials are accompanied by a request for voting instructions (a “VIF”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered shareholder is able to instruct the registered shareholder or Nominee how to vote on behalf of the non-registered shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the Common Shares which they beneficially own. **If a non-registered holder of Common Shares who receives a VIF wishes to attend the Meeting or to have someone else attend on his, her or its behalf, the non-registered shareholder may appoint a legal proxy as set forth in the VIF, which will give the non-registered shareholder or his, her or its Nominee the right to attend and vote at the Meeting. Non-registered shareholders must carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

### INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as described below, no person who has been a director or an officer of the Company nor any proposed nominee at any time since the beginning of its last completed financial year, or any associate of such director or officer, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the adoption of the Company’s incentive stock option plan, the approval of which will be sought at the Meeting. Directors and executive officers of the Company may participate in the incentive stock option plan and accordingly have an interest in its approval. See “Particulars of Matters to be Acted Upon”.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Company consists of an unlimited number of Shares without par value. As of the Record Date, there were a total of **58,987,865** Shares issued and outstanding. Each Common Share outstanding on the Record Date carries the right to one vote at the Meeting.

Only registered Shareholders of Common Shares as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Shareholder and proxy holder will have one vote and, on a poll, every Shareholder present in person or represented by proxy will have one vote for each Common Share held. In order to approve a motion proposed at the Meeting, a simple majority of more than 50% of the votes cast will be required to pass an ordinary resolution, and a majority of at least two thirds of the votes cast will be required to pass a special resolution.

To the knowledge of the Company's directors and executive officers, as of **May 24, 2013**, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to the outstanding Shares of the Company, other than as set forth below:

Name <sup>(1)</sup>	Number of Shares	Percentage of Issued and Outstanding Shares <sup>(2)</sup>
James Passin	26,805,972 <sup>(3)</sup>	45.44%
SMDD	9,788,067	16.59%

Notes:

- (1) The above information is based upon information supplied by the Company's registrar and transfer agent and the Company's management.
- (2) Based on 58,987,865 Shares issued and outstanding on the Record Date. The Company believes that all persons hold legal title and it has no knowledge of actual Common Share ownership.
- (3) Disclosed holding is controlled by James Passin, a director of the Company, who has direct control of 1,000,000 Shares and indirect control and direction of (i) 126, 250 Shares held by Passin Management Limited Partnership, (ii) 15,187,580 Shares held by Firebird Mongolia Fund, Ltd. ("**Firebird Mongolia**"), (iii) 530,749 Shares held by Firebird Global Master Fund, Ltd. ("**FGMF**"), (iv) 461,393 Shares held by Firebird Global Master Fund II, Ltd. ("**FGMF2**") and (v) 9,500,000 Shares held by Firebird New Mongolia Fund, LP ("**Firebird New Mongolia**").

### FIXING NUMBER OF DIRECTORS

The Articles of the Company provide for a board of directors of no fewer than three persons. At the Meeting it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles and by-laws of the Company, be set at six (6) persons. **Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favor of setting the number of directors to be elected at the Meeting at six (6).**

### ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting of Shareholders or until their successors are duly elected or appointed in accordance with the Company's Articles, or until such director's earlier death, resignation or removal. In the absence of instructions to the contrary, the enclosed form of proxy will be voted for the nominees listed in the form of proxy.

Management of the Company proposes to nominate the persons named in the table below for election by the Shareholders as directors of the Company. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Jurisdiction of Residence and Present Office Held <sup>(1)</sup>	Principal Occupation, Business or Employment for the Last Five Years <sup>(1)</sup>	Periods which Nominee has Served as a Director of the Company	Number of Voting Securities of the Company Beneficially Owned or Controlled or Directed, Directly or Indirectly <sup>(2)</sup>
<b>DONALD PADGETT</b> <sup>(3)(4)</sup> British Columbia, Canada  President, CEO & Director	Mining Executive; corporate finance and investment banking executive; director and officer of several public companies	November 14, 2011	472,940 Common Shares
<b>JAMES PASSIN</b> <sup>(3)(4)</sup> New York, USA  Director	Principal, FGS Advisors LLC, Director, Firebird Global Master Fund, Ltd., Firebird Global Master Fund II, Ltd., Firebird Mongolia Fund, Ltd. and Firebird New Mongolia Fund, LP	November 14, 2011	26,805,972 Common Shares <sup>(5)</sup>

Name, Jurisdiction of Residence and Present Office Held <sup>(1)</sup>	Principal Occupation, Business or Employment for the Last Five Years <sup>(1)</sup>	Periods which Nominee has Served as a Director of the Company	Number of Voting Securities of the Company Beneficially Owned or Controlled, Directly or Indirectly <sup>(2)</sup>
<b>PAUL RAPELLO</b> <sup>(3)</sup> Connecticut, USA  Director	Partner at Great Circle Capital	November 14, 2011	59,225 Common Shares
<b>ORGILMAA SIZKHUU</b> , Ulaanbaatar, Mongolia  Director	Chief Legal Officer at the National Investment Bank (Mongolia)	November 14, 2011	N/A
<b>LARRY VAN HATTEN</b> <sup>(3)(4)</sup> British Columbia, Canada  Director	Partner, Ernst & Young LLP May 2005 – June 2010, retired as of June 2010	November 14, 2011	125,000 Common Shares
<b>KENNETH FARRELL</b> <sup>(3)</sup> Jakarta, Indonesia  Director	CEO and Executive Director of Bumi Resources Minerals, executive of BHP Billiton	March 20, 2012	N/A

Notes:

- (1) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned directly or indirectly or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Member of Audit Committee.
- (4) Member of the Compensation Committee.
- (5) James Passin has direct control of 1,000,000 Shares and indirect control and direction of (i) 126, 250 Shares held by Passin Management Limited Partnership, (ii) 15,187,580 Shares held by Firebird Mongolia, (iii) 530,749 Shares held by FGMF, (iv) 461,393 Shares held by FGMF2 and (v) 9,500,000 Shares held by Firebird New Mongolia.

*Cease Trade Orders, Penalties, Sanctions and Bankruptcies*

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the common shares represented by proxy for the election of any other persons as directors.

To the knowledge of the Company, no proposed director of the Company:

- (a) is, or within the 10 years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days or; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or(b)Company is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or an executive officer of any company (including the Company) that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to

bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

(d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(e) has been the subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**Management of the Company recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year. In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the election to the Board of those persons hereinafter designated as nominees for election as directors. The Board does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his proxy that his/her/its Common Shares are to be withheld from voting on the election of directors.**

#### **STATEMENT OF EXECUTIVE COMPENSATION**

##### **Definitions**

For the purpose of this Information Circular:

**"CEO" or "Chief Executive Officer"** means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"CFO" or "Chief Financial Officer"** means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"closing market price"** means the price at which the company's security was last sold, on the applicable date,

- (a) in the security's principal marketplace in Canada, or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace

**"company"** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

**"equity incentive plan"** means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

**"external management company"** includes a subsidiary, affiliate or associate of the external management company;

**"grant date"** means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

**"incentive plan"** means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;



"**incentive plan award**" means compensation awarded, earned, paid, or payable under an incentive plan;

"**NEO**" or "**named executive officer**" means each of the following individuals:

- (a) each CEO;
- (b) each CFO;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of NI 51-102 *Continuous Disclosure Obligations*, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

"**non-equity incentive plan**" means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

"**option-based award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

"**plan**" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

"**replacement grant**" means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

"**repricing**" means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

"**share-based award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

All financial amounts are stated in Canadian dollars unless otherwise indicated.

## **Determination of NEO's**

In accordance with the provisions of applicable securities legislation, the Company had two (2) NEO's during the most recently completed financial year ended December 31, 2012, namely (i) Donald Padgett, CEO and President; (ii) Sabino Di Paola, CFO.

## **Compensation Discussion and Analysis**

### *Philosophy and Objectives*

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

The Company's executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance.

The Company's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support the Company's long-term growth strategies. Due to the early stage of the Company's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Company does not enter into long-term commitments with its officers.

#### *Role of the Compensation Committee*

The Compensation Committee was established on July 9, 2012 by the Board to assist in fulfilling the Board's responsibilities relating to compensation issues and to establish a plan of continuity for executive officers. The Compensation Committee ensures that the Company has an executive compensation plan that is both motivational and competitive so that it will attract, hold and inspire performance by executive officers of a quality and nature that will enhance the sustainable profitability and growth of the Company. The Compensation Committee reviews and recommends the compensation philosophy and guidelines for the Company which include reviewing compensation for executive officers for recommendation to the Board.

The Compensation Committee reviews, on an annual basis, the cash compensation, performance and overall compensation package for each executive officer. It then submits its recommendations to the Board with respect to the basic salary, bonus and participation in share compensation arrangements for each executive officer.

In making its recommendations in 2012, the Compensation Committee was satisfied that all recommendations complied with the Compensation Committee's philosophy and guidelines.

#### *Composition of the Compensation Committee*

The Compensation Committee is currently comprised of three of the Company's six Directors: James Passin, Donald Padgett and Larry Van Hatten. The Board considers these individuals particularly well-qualified to serve on the Compensation Committee given the expertise they have accrued in their business careers:

*Mr. Passin* is a fund manager at Firebird Management LLC. He joined the firm in 1999. Mr. Passin is the Co-Founder and Manager of Firebird Mongolia Fund, Firebird New Mongolia Fund, Firebird Global Fund, and Firebird Global Fund II and a Principal at FGS Advisors LLC and FG2 Advisors LLC. He is a director of a number of both public and private Mongolian and Canadian companies, including Vanoil Energy Ltd., Baganuur JSC, BDsec JSC, Sharyn Gol JSC, Berkh Uul JSC, Naco Fuel JSC, Khot Development JSC and Mongol Shiltgeen JSC. Mr. Passin is a graduate of St. John's College, where he majored in Philosophy and Classical Literature.

*Mr. Padgett* is an experienced senior management leader with a proven track record of developing and executing successful strategies for profitable international business ventures. He has served as Chairman, President and director of several public and private companies. Mr. Padgett has also enjoyed a successful investment banking career in senior management positions including: Managing Director of the investment banking group at Canaccord Financial Ltd.'s Western Canadian office and more than 10 years as a senior member of the Investment Banking Group at Burns Fry, now Nesbitt Burns. Mr. Padgett holds a law degree from Dalhousie University, an MBA from McMaster and a BSc from University of Toronto.

Mr. Larry Van Hatten received his chartered accountants designation in 1975 and elected to a Chartered Accountant Fellowship in 2009. Mr. Van Hatten was a partner of Ernst & Young from May 2005 until his retirement in June 2010. Prior to May 2005, Mr. Van Hatten was the managing director of Ellis Foster, Chartered Accountants until their merger with Ernst & Young in 2005. Mr. Van Hatten has served as a director and strategic advisor to a number of private and public companies as well as philanthropic organizations. These include the Saxon Oil Company, Vanoil Energy Ltd. and PNG Gold Corporation. In addition, Mr. Van Hatten served as Chair of the BC Hospital Foundation. He is a graduate of the Institute of Corporate Directors.

### *Base Compensation*

In the Board's view, paying base salaries or management fees which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Base compensation is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

### *Bonus Incentive Compensation*

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the executive meeting those strategic objectives and milestones, the executive's individual performance and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon comparable compensation levels based on recommendations of the Board as a whole, and such recommendations are generally based on survey data provided by independent consultants.

### *Equity Participation*

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan (the "**Plan**"). Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

### *Option-Based Awards*

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the long-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire and increase proprietary interest in the Company. The Company awards stock options to its executive officers based upon the recommendation of the Board. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation and amendments to the existing Plan are the responsibility of the Board

### *Compensation Risk Assessment and Governance*

The Company believes that it has effective risk management and regulatory compliance relating to its compensation policies. The Compensation Committee assists the Board in discharging its duties relating to compensation of the directors and executive officers, together with the general responsibility for developing and reviewing the Company's approach to governance and related issues. The Compensation Committee reviews the overall executive compensation program on an annual basis and considers the implications of the risks associated with the Company's executive compensation policies, philosophy and practices. As discussed above, the Compensation Committee follows an overall compensation model which ensures that an adequate portion of overall compensation for the NEOs is "at risk" and only realized through the performance of the Company over both the short-term and long-term. Short-term incentive structures are designed to include multiple elements so as to mitigate the risk of maximizing one component at the expense of another. The long-term component, which is satisfied by stock option grants, which are now subject to vesting, are priced at market-value at the time of grant and the number granted based on a fixed annual dollar amount using the then applicable Black-Scholes value per option granted. Therefore, the realization of value from the long-term incentive component of the executive compensation program is entirely dependent upon long-term appreciation in shareholder value. Accordingly, the Company believes that its compensation program is appropriately structured, encourages the right management behaviors, uses a balanced scorecard to assess performance, and avoids excessive risk-taking or extreme payouts to its executives and employees.

## NEO Compensation

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the NEO's of the Company, during the financial years ended December 31, 2012, 2011 and 2010:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Donald Padgett President & CEO	2012	\$41,790	Nil	Nil	Nil	Nil	Nil	Nil	\$41,790
	2011	\$120,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$120,000
	2010	\$55,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	25,000	\$80,000
Sabino Di Paola CFO	2012	\$120,000	Nil	Nil	Nil	Nil	Nil	Nil	\$120,000
	2011	\$39,645	Nil	Nil	Nil	Nil	Nil	Nil	\$39,645
	2010	\$32,945 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	\$Nil	\$32,945

Notes:

- (1) The deemed fair value of option based awards was determined using the *Black Scholes Option Pricing Mode*. For options granted in the fiscal year ended December 31, 2012 please see Note 12 of the annual financial statements for that fiscal year for the terms and assumptions used.
- (2) This amount was paid to Primary Ventures Corporation, a company of which Don Padgett is associated with.
- (3) Prior to November 14, 2011, compensation was paid by Wedge. Post November 14, 2011, Wedge was acquired by the Company as part of a reverse takeover pursuant to a 2011 plan of arrangement agreement.

### *Narrative Discussion*

During the most recently completed financial year, the significant terms of each NEO's employment agreement or arrangement is as follows:

- Mr. Padgett has a consulting contract with the Company that provides for monthly compensation of \$10,000 per month in cash for management services.
- Mr. Di Paola has a consulting contract to which he bills the Company at a rate of \$100 per hour when performing CFO functions.

There is no formal bonus structure in place and determination of bonuses is at the discretion of the Compensation Committee.

### Incentive Plan Awards

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned paid, or payable under an incentive plan.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth certain information regarding all awards outstanding for each NEO of the Company as of December 31, 2012:

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options <sup>(2)</sup> (\$)	Number of Shares or Units of Share that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Donald Padgett</b> <i>President &amp; CEO</i>	500,000	\$0.25	December 6, 2016	Nil	N/A	N/A	N/A
<b>Sabino Di Paola</b> <i>CFO</i>	300,000	\$0.25	December 6, 2016	Nil	N/A	N/A	N/A

Notes:

- (1) Class of securities underlying all stock options is Common Shares.
- (2) Value of In-the-money options is calculated based on the difference between the closing market price of the Common Shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The last closing market price of the Shares on the CNSX as of December 31, 2012 was \$0.08 per share.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth certain information regarding the value vested or earned for awards granted to each NEO of the Company during the financial year ended December 31, 2012:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Donald Padgett</b> <i>President &amp; CEO</i>	Nil	N/A	Not Applicable
<b>Sabino Di Paola</b> <i>CFO</i>	Nil	N/A	Not Applicable

Notes:

- (1) For options that vested during the most recently completed financial year and were in-the-money on the vesting date, based on the difference between the most recent closing market price of the Common Shares underlying the vested option at the time of vesting and the exercise price of the options.

### Narrative Discussion

There were no re-pricing of stock options under the Plan or otherwise during the Company's completed financial year ended December 31, 2012.

Refer to the section titled "Compensation Discussion and Analysis", beginning on page 7 and "Terms of Stock Option Plan" beginning on page 14 for a description of all plan based awards and their significant terms.

### Pension and Retirement Benefit Plans

No pension or retirement benefit plans have been instituted by the Company and none are proposed at this time.

## Termination and Change of Control Benefits

The Company has no plan or arrangement whereby any NEO may be compensated in the event of that NEO's resignation, retirement or other termination of employment, or in the event of a change of control of the Company or a change in NEO's responsibilities following such a change of control (see "Narrative Discussion" above).

## DIRECTOR COMPENSATION

### Director Compensation Table

The following table sets out certain information regarding compensation provided to the directors of the Company who were not NEOs during the financial year ended December 31, 2012:

Name <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
James Passin	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paul Rapello	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Orgilmaa Siizkhuu	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Larry Van Hatten	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth Farrell	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) For the compensation of Donald Padgett, who is a NEO of the Company, see "Statement of Executive Compensation – Summary Compensation Table".

### Narrative Discussion

Other than as set forth in the foregoing, no director of the Company who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or expert.

### Incentive Plan Awards for Directors

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned paid, or payable under an incentive plan.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth certain information regarding all awards outstanding for each Director who is not a NEO of the Company as of December 31, 2012:

Name <sup>(1)</sup>	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
James Passin	500,000	\$0.25	December 16, 2016	Nil	N/A	N/A	N/A
Paul Rapello <sup>1</sup>	350,000	\$0.25	December 16, 2016	Nil	N/A	N/A	N/A
Orgilmaa Siizkhuu	350,000	\$0.25	December 16, 2016	Nil	N/A	N/A	N/A
Larry Van Hatten	350,000	\$0.25	December 16, 2016	Nil	N/A	N/A	N/A
Kenneth Farrell	Nil	N/A	N/A	N/A	Nil	Nil	N/A

Notes:

- (1) For the outstanding option-based awards to Donald Padgett, who is a NEO of the Company, see “Statement of Executive Compensation – Incentive Plan Awards – Outstanding Share-Based and Option-Based Awards”.
- (2) Value of in-the-money options is calculated based on the difference between the closing market price of the Shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The closing market price of the Shares on the TSXV as of December 31, 2012 was \$0.08 per share.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by each Director who is not a NEO during the financial year ended December 31, 2012:

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$) <sup>(2)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
James Passin	Nil	N/A	N/A
Paul Rapello	Nil	N/A	N/A
Orgilmaa Siizkhuu	Nil	N/A	N/A
Larry Van Hatten	Nil	N/A	N/A
Kenneth Farrell	Nil	N/A	N/A

Notes:

- (1) For the compensation of Donald Padgett, who is a NEO of the Company, see above.
- (2) For options that vested during the most recently completed financial year and were in-the-money on the vesting date, based on the difference between the closing market price on the vesting date and the exercise price of the options.

### Narrative Discussion

There were no re-pricing of stock options under the Plan or otherwise during the Company’s completed financial year ended December 31, 2012.

Refer to the section titled “Compensation Discussion and Analysis”, beginning on page 7 and “Terms of Stock Option Plan” beginning on page 14 for a description of all plan based awards and their significant terms.

### Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the directors at, following, or in connection with retirement.

### *Defined Benefits Plans*

The Company does not have a pension plan that provide for payments or benefits at, following, or in connection with retirement, excluding defined contribution plans.

### *Defined Contribution Plans*

The Company does not have a pension plan that provides for payments or benefits at, following or in connection with retirement, excluding defined benefit plans.

### *Deferred Compensation Plans*

The Company does not have any deferred compensation plan with respect to any director.

### **Termination and Change of Control Benefits**

The Company has no contract, agreement, plan or arrangement that provides for payments to directors, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in the director's responsibilities.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Company has no compensation plans under which equity securities are authorized for issuance as at the fiscal year ended December 31, 2012, with the exception of the Company's Stock Option Plan.

The following table sets forth details of the Company's equity compensation plans as of December 31, 2012:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders <sup>(1)</sup>	4,525,000	\$0.25	1,373,785
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>4,525,000</b>	<b>\$0.25</b>	<b>1,373,785</b>

Notes:

(1) Represents stock option plan of the Company, which reserves a fixed number of 5,898,786 Shares for issue pursuant to stock options under the plan.

### **STOCK OPTION PLAN**

The Company's Board of Directors adopted its "fixed" Stock Option Plan (the "**Plan**") on May 29, 2012, pursuant to which its directors, officers, employees and consultants may be granted options to acquire common shares as an incentive mechanism to foster their interest in the success of the Company and to encourage their proprietary ownership of the Company.

#### *Terms of Stock Option Plan*

The aggregate number of Common Shares reserved for issuance, from time to time, under the Plan shall be 5,898,786 Common Shares, or 10% of the issued and outstanding common shares. In connection with the granting of an Option, the number of Common Shares available for the granting of further Options shall be reduced by the number of Common Shares in respect of which the option is granted or denominated. Whenever any outstanding Option or portion thereof expires, is cancelled, exercised or otherwise terminated for any reason or payment having



been made in respect of the entire Option, the Common Shares applicable to the expired, cancelled, settled, exercised or otherwise terminated portion of the Option may again be the subject of Options granted under the Plan.

Highlights of the Plan are listed below:

- (a) the aggregate number of Common Shares so available for issuance under the Plan to any one person in any 12 month period shall not exceed 5% of the issued and outstanding Shares (on a non-diluted basis) at the time of grant of any Option (including the Shares that are subject to such Option);
- (b) the aggregate number of Common Shares so available for issuance under the Plan to any Consultant in any 12 month period shall not exceed 2% of the issued and outstanding shares (on a non-diluted basis) at the time of grant of any Option (including the Shares that are subject to such Option);
- (c) the aggregate number of Options granted to persons employed in Investor Relations Activities in any 12 month period shall not exceed 2% of the issued and outstanding shares (on a non-diluted basis) at the time of grant of any Option (including the Common Shares that are subject to such Option);
- (d) the number of Common Shares reserved for issue to Insiders at any time, and in any 12 month period, may not exceed 10% of the outstanding common shares at the time of grant;
- (e) the exercise price per Common Share for an Option shall be determined by the Board on the date an Option is granted, provided that such price may not be less than the greater of (i) the Market Price for such Common Shares, or (ii) \$0.05;
- f) stock options may have a term not exceeding ten years;
- g) stock options expire three months from date the optionee ceases to be a director, officer, employee or consultant of the Company;
- h) stock options are non-assignable and non-transferable; and
- i) the Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of stock options in the event of a share consolidation, split, reclassification or other relevant change in the Common Shares, or an amalgamation, merger or other relevant change in the Company's corporate structure, or any other relevant change in its capitalization.

The Plan provides that other terms and conditions may be attached to a particular stock option at the discretion of the Board.

A copy of the Plan is available for review at the Company's office, Suite 205 – 2742 St. Joseph Blvd., Orleans, Ontario, Canada K1C 1G5 or at the registered offices of the Company, at Suite 900 – 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5, during normal business hours up to and including the date of the Meeting.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No current or former director, executive officer or employee, or associate of any such persons is, or has been, indebted to the Company since the beginning of the most recently completed financial year of the Company and no indebtedness remains outstanding as at the date of this Information Circular.

None of the directors or executive officers of the Company is or, at any time since the beginning of the most recently completed financial year, has been indebted to the Company. None of the directors' or executive officers' indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed herein, no informed person of the Company, proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company has had any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, if any.

“**Informed person**” means

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution of it; and
- (d) the Company has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

### APPOINTMENT OF AUDITOR

At the Meeting, shareholders will be asked to vote for the appointment of Ernst & Young LLP, Chartered Accountants, to serve as auditor of the Company for the next ensuing year at a remuneration to be fixed by the Board. Ernst & Young LLP, was first appointed as the auditor of the Company by the Board on November 14, 2011.

**Management recommends that shareholders vote in favour of the appointment of Ernst & Young LLP, Chartered Accountants, as the Company’s auditors for the Company’s fiscal year ending December 31, 2013 at remuneration to be fixed by the Board.**

### CORPORATE GOVERNANCE

#### General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

#### Board of Directors

The Board facilitates its exercise of independent supervision over the Company's management through frequent communication with the management.

As of the date of this Information Circular, the following persons are the directors of the Company:

Donald Padgett	Not Independent <sup>(1)</sup>
James Passin	Not Independent <sup>(1)</sup>
Paul Rapello	Independent
Orgilmaa Siizkhuu	Independent
Larry Van Hatten	Independent
Kenneth Farrell	Independent

Notes:

- (1) The Company considers a member of the Board as “Not Independent” if he or she has a direct or indirect “material relationship” with the issuer as set out in NI 52-110.

#### Directorships

Certain of the directors, or nominee for director, are also directors or officers of other reporting issuers, as follows:

## Directorships

Director	Directorship in other Reporting Issuer(s)
Donald Padgett	Vanoil Energy Ltd. War Eagle Mining Company Inc.
James Passin	Vanoil Energy Ltd. Baganuur JSC BDSec JSC Sharyn Gol JSC Berkh Uul JSC Naco Fuel JSC Khot Development JSC Mongol Shiltgeen JSC
Paul Rapello	None
Orgilmaa Siizkhuu	None
Larry Van Hatten	Kensington Court Ventures Inc. PNG Gold Corporation Vanoil Energy Ltd. Zorro Capital Inc.
Kenneth Farrell	None

## Orientation and Continuing Education

Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. The Company provides continuing education for its directors as such need arises and encourages open discussion at all meetings which format encourages learning by the directors.

## Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals.

In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

## Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President of the Company. The Board monitors but does not formally assess the performance of individual Board members or committee members on their contributions.

## Compensation

The compensation committee is comprised of James Passin (chair), Donald Padgett and Larry Van Hatten.

The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Company and the position.

## Other Board Committees

The Company has no standing committees other than the audit committee and compensation committee.

## Assessments

The Board collectively conducts and reviews informal annual assessments of the Board's effectiveness, its individual directors and its individual committees.

### AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 Audit Committees of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

#### The Audit Committee Charter

1. Members. The Board of Directors will appoint an Audit Committee of at least three (3) members, a majority of whom should be "independent" directors of the Board. "Independent" means a director who meets the definition of "independence" under National Instrument 52-110 or any successor policy promulgated by securities regulatory authorities.

All members of the Audit Committee should be "financially literate". An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. Each appointed member of the Audit Committee shall be subject to annual reconfirmation and may be removed by the Board of Directors at any time.

2. Purposes, Duties, and Responsibilities. The Audit Committee represents the Board of Directors in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and audit activities and legal compliance of the Company and its subsidiaries; however, the Audit Committee's function shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the independent accountants relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) Recommend to the Board the appointment (including terms of appointment such as compensation and scope of duties) and discharge the external auditor of the Company (the "auditor") who perform the annual audit or other audit, review or attest services in accordance with applicable securities laws, which auditor shall be ultimately accountable to the Board of Directors through the Audit Committee. The auditor of the Company must report directly to the Audit Committee;
- (b) Have the authority to communicate directly with the auditor of the Company;
- (c) Review with the auditor the scope of the audit and the results of the annual audit examination by the auditor and any reports of the auditor with respect to reviews of interim financial statements or other audit, review or attest services. The Audit Committee will be responsible for resolving any disagreements between management and the auditor regarding financial reporting;
- (d) Review information, including written statements, if any, from the auditor concerning any relationships between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor and assess the independence of the auditor;
- (e) Review and discuss with management and the auditor the Company's annual audited financial statements prior to their public disclosure, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles;
- (f) Review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;

- (g) Review the services to be provided by the auditor to assure that the auditor does not undertake any engagement for services for the Company that would constitute prohibited services under applicable securities laws under the rules of any stock exchange or trading market on which the Company's shares are listed for trading, or could be viewed as compromising the auditor's independence. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the auditor;
- (h) Review with management and the auditor the results of any significant matters identified as a result of the auditor's interim review procedures prior to the filing of each quarterly financial statements or as soon thereafter as possible;
- (i) Review the annual program for the Company's internal audits, if any, and review audit reports submitted by the internal auditing staff, if any;
- (j) Periodically review the adequacy of the Company's internal controls;
- (k) Review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditor that may have a significant impact on the Company's financial reports, and make comments on the foregoing to the Board of Directors;
- (l) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer;
- (m) Periodically review the adequacy of this Audit Committee Charter;
- (n) Make reports and recommendations to the Board of Directors within the scope of its functions;
- (o) Approve material contracts where the Board of Directors determines that it has a conflict;
- (p) Establish procedures for receipt, retention and treatment of complaints received by the Company regarding auditing, internal accounting controls or accounting matters and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (q) Where considered necessary by the Audit Committee to carry out its duties, have the authority to engage independent counsel and/or other advisors at the Company's expense upon the terms and conditions, including compensation, determined by the Audit Committee;
- (r) Satisfy itself that management has put into place procedures that facilitate compliance with the disclosure and financial reporting controls provisions of applicable securities laws, including adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements. The Audit Committee will assess the adequacy of these procedures annually;
- (s) Review all loans to officers;
- (t) Review and monitor all related party transactions which may be entered into by the Company as required by rules of the stock exchange or trading market upon which the Company's shares are listed for trading; and
- (u) Ensure all public disclosure regarding the audit committee is made in compliance with applicable stock exchange rules and securities legislation.

3. Meetings. The Audit Committee will, when expedient, meet to review the Company's quarterly and annual financial statements and MD&A, and will hold special meetings as it deems necessary or appropriate in its judgment. The Audit Committee will endeavor to meet at any time that the auditor believes that communication to the Audit Committee is required. As it deems appropriate, but not less than once each year, the Audit Committee will meet in private session with the independent accountants. The majority of the members of the Audit Committee constitute a quorum and shall be empowered to act on behalf of the Audit Committee. The members of the Audit

Committee will designate one member as chair. Meetings may be held in person or by telephone, and shall be at such times and places as the Audit Committee determines.

### **Composition of the Audit Committee**

The following are the members of the audit committee:

	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Larry Van Hatten (chair)	yes	yes
Donald Padgett	no	yes
James Passin	no	yes
Paul Rapello	yes	yes
Kenneth Farrell	yes	yes

Notes:

(1) As defined by NI 52-110

The Company is relying on the exemption provided under Section 6.1 of NI 52-110.

### **Relevant Education and Experience**

#### ***Larry Van Hatten***

Mr. Larry Van Hatten received his chartered accountants designation in 1975 and elected to a Chartered Accountant Fellowship in 2009. Mr. Van Hatten was a partner of Ernst & Young from May 2005 until his retirement in June 2010. Prior to May 2005, Mr. Van Hatten was the managing director of Ellis Foster, Chartered Accountants until their merger with Ernst & Young in 2005. Mr. Van Hatten has served as a director and strategic advisor to a number of private and public companies as well as philanthropic organizations. These include the Saxon Oil Company, Vanoil Energy Ltd. and PNG Gold Corporation. In addition, Mr. Van Hatten served as Chair of the BC Hospital Foundation. He is a graduate of the Institute of Corporate Directors.

#### ***Donald Padgett***

Mr. Padgett is an experienced senior management leader with a proven track record of developing and executing successful strategies for profitable international business ventures. He has served as Chairman, President and director of several public and private companies. Mr. Padgett has also enjoyed a successful investment banking career in senior management positions including: Managing Director of the investment banking group at Canaccord Financial Ltd.'s Western Canadian office and more than 10 years as a senior member of the Investment Banking Group at Burns Fry, now Nesbitt Burns. Mr. Padgett holds a law degree from Dalhousie University, an MBA from McMaster and a BSc from University of Toronto.

#### ***James Passin***

Mr. James Passin is a fund manager at Firebird Management LLC. He joined the firm in 1999. Mr. Passin is the Co-Founder and Manager of Firebird Mongolia, Firebird New Mongolia, FGMF, FGMF2 and a Principal at FGS Advisors LLC and FG2 Advisors LLC. He is a director of a number of both public and private Mongolian and Canadian companies, including Vanoil Energy Ltd., Baganuur JSC, BDSec JSC, Sharyn Gol JSC, Berkh Uul JSC, Naco Fuel JSC, Khot Development JSC and Mongol Shiltgeen JSC. Mr. Passin served as Director of Wedge from January 28, 2010 until its arrangement with the Issuer. Mr. Passin is a graduate of St. John's College, where he majored in Philosophy and Classical Literature. Mr. Passin has directed Firebird's portfolio and private equity investment activity in Mongolia since 2006.

#### ***Raul Rapello***

Mr. Paul S. Rapello is a Partner at Great Circle Capital. He also founded the firm and works at The Great Circle Fund, L.P. Mr. Rapello has served in senior executive positions for United States based enterprises engaged in finance, capital markets, and investments in international shipping and emerging capital markets for over 15 years. He has extensive experience investing in and providing finance to transportation sector. From March 1999 to December 2000, Mr. Rapello was a Managing Director at Stanton Capital Corp., where his responsibilities included the monitoring the firm's portfolio in emerging markets. From March 1997 through December 1998, he was a Vice President of the Leveraged Finance Group at Credit Suisse First Boston. From January 1993 to March 1997, Mr. Rapello was in the Investment Banking Department of Paine Webber with a focus on basic industries. He serves as a

Director of Wedge Energy International Inc. since January 28, 2010; STS Logistics; Russian Logistic Service; and Balnak Logistics Group. Mr. Rapello was a Director of Caspian Services Inc. He received an M.B.A. from Columbia University Graduate School of Business and a B.A. from Georgetown University.

### **Kenneth Farrell**

Mr. Farrell is the CEO of Bumi Resources Minerals, the largest publicly traded Indonesian mineral company. Mr. Farrell is also an Executive Director of Bumi Resources, Indonesia's largest listed coal mining company. Prior to joining Bumi Resources in 2002, Mr. Farrell worked for BHP Billiton for 21 years in various executive and managerial capacities in iron ore, transport, manganese and coal business units. He is a Member of the Institution of Engineers, Australia; a Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis* Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in Section 2(g) of the Audit Committee Charter which is reproduced above.

### **External Auditor Service Fees (By Category)**

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees <sup>(2)</sup></b>	<b>Tax Fees <sup>(3)</sup></b>	<b>All Other Fees <sup>(4)</sup></b>
December 31, 2012	\$44,600	Nil	Nil	Nil
December 31, 2011	\$50,451.03	\$96,027.12	Nil	Nil

Notes:

- (1) The aggregate fees billed by the Company's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning. These services include the filing of the Company's annual tax returns.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

### **Exemption**

The Company is relying upon the exemptions set out in section 6.1 of National Instrument 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

## **MANAGEMENT CONTRACTS**

There were no management functions of the Company or its subsidiary, which were, to any substantial degree, performed by a person other than the directors or executive officers of the Company or its subsidiary.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

No director or executive officer of the Company who was a director or executive officer at any time since the beginning of the Company's last financial year, or any associate or affiliates of any such directors or officers, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## ADDITIONAL INFORMATION

Additional Information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's web site [www.undurtolgoi.com](http://www.undurtolgoi.com).

Shareholders may contact the Company at its office by mail at the address set out below to request copies of the Company's financial statements and the related Management's Discussion and Analysis (the "MD&A") which will be sent to the shareholder without charge upon request. Financial information is provided in the Company's comparative financial statements and MD&A for its financial years ended December 31, 2012.

**Undur Tolgoi Minerals Inc.**  
Suite 205 – 2742 St. Joseph Blvd.  
Orleans, ON K1C 1G5  
Telephone: (613) 834-7708  
Fax: (613) 834-8166 • E-mail: [info@undurtolgoi.com](mailto:info@undurtolgoi.com)

## OTHER MATERIAL FACTS

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting.

## APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved, and the delivery of it to each Shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

**DATED** at Vancouver, British Columbia, on the 30<sup>th</sup> day of May 2013

## BY ORDER OF THE BOARD

(signed) *Donald Padgett*  
President and Chief Executive Officer