

Press Release #11-2

CNSX: WEG

August 22, 2011

WEDGE ANNOUNCES REVERSE TAKEOVER BY UTMI

Ottawa, ON – Wedge Energy International Inc. (the “Company”) (CNSX:WEG) announced that the Company has entered into an arrangement agreement with Undur Tolgoi Minerals Inc. (“UTMI”), providing for the acquisition by the Company of all of the issued and outstanding shares of UTMI. The agreement gives effect to the reverse takeover previously announced by the Company on June 20, 2011.

The acquisition will be effected by court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) among UTMI, the Company and the Company shareholders.

Prior to completing the arrangement, the Company will submit to its shareholders for approval its continuance under the *Business Corporations Act* (British Columbia). The arrangement is conditional upon such continuance being approved and implemented.

In connection with the arrangement, the Company will, among other:

- (a) redeem all of its outstanding convertible notes issued in January 2010 and July 2010, as amended, at a redemption price equal to the principal amount owing pursuant to such notes plus all applicable and unpaid interest thereon up to but excluding the date of the arrangement;
- (b) cause for the surrender and cancellation of all of its outstanding warrants;
- (c) cause for the surrender and cancellation of all of its outstanding options to purchase shares granted under its stock option plan;
- (d) effect a share consolidation on a 20:1 basis;
- (e) issue new shares in exchange for all of the issued and outstanding shares of UTMI; and
- (f) amalgamate with UTMI (following the share exchange), with the resulting issuer adopting the name to “Undur Tolgoi Minerals Inc.”.

The arrangement is subject to the completion by the Company of an equity financing of a minimum of \$2,500,000 by means of private placement.

The arrangement was unanimously approved by the Company’s board of directors (with Mr. James Passin abstaining, as he is an officer and manager of one of the shareholders of UTMI). In doing so, the board determined that the arrangement is fair to the shareholders of the Company other than the interested parties, is in the best interest of the Company, and it authorized the submission of the arrangement to the security holders for approval. The board also unanimously

agreed (with Mr. James Passin abstaining) to recommend to the Company security holders that they vote in favour of the arrangement.

Full details of the arrangement and related transactions will be included in the Company's management information circular which is expected to be mailed to security holders in September 2011.

The Consolidation

As part of the arrangement, the Company will consolidate its outstanding common shares on the basis of 1 (new) for 20 (old) shares. The Company currently has 44,244,392 common shares outstanding. Post-consolidation (but prior to the completion of the arrangement and the private placement), the Company will have approximately 2,212,220 common shares issued and outstanding.

The Share Exchange

The Company will also acquire all of the issued and outstanding shares of UTMI in exchange for the equivalent number of shares in the Company, which will result in UTMI shareholders holding, as a group, approximately 90% of the post-consolidation (but pre-private placement) outstanding common shares of the Company.

Treatment of Other Securities

All of the Company's outstanding warrants and options to purchase common shares will be cancelled without consideration, and outstanding convertible notes will be redeemed at a redemption price equal to the principal amount owing pursuant to such notes plus all applicable and unpaid interest thereon up to but excluding the date of the arrangement.

The Amalgamation

Following the Company's acquisition of UTMI by means of the share exchange described above, UTMI will be a wholly-owned subsidiary of the Company. The Company and UTMI will then amalgamate, and the resulting issuer will adopt the name to "Undur Tolgoi Minerals Inc.". Existing Company shareholders will receive the equivalent number of shares in the amalgamated entity, taking into account the consolidation.

Upon completion of the arrangement (but prior to the completion of the private placement), and assuming no additional securities of either the Company or UTMI are issued prior to closing, it is anticipated that the resulting issuer will have approximately 22,187,867 common shares outstanding.

Board of Directors and Management of the Resulting Issuer

Under the terms of the plan of arrangement and pursuant to the amalgamation, the board of directors of the resulting issuer will be comprised of 5 directors. A new management team will also be appointed. The following are the names and biographies of the proposed directors and officers:

Sabino Di Paola (Chief Financial Officer and Secretary). Mr. Sabino Di Paola is a Chartered Accountant in the Provinces of Quebec and Ontario and a member in good standing of The Quebec Order of Chartered Accountants as well as the Order of Chartered Accountants of Ontario. He has a wide variety of experience in computer systems and consulting, and has worked with international accounting firms performing engagements on both the public and private sector organizations. He is also a Chief Financial Officer with three other junior exploration companies.

Donald Padgett (Director, President and Chief Executive Officer). 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 Bachelors of Science from University of Toronto.

James Passin (Director). 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 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 Sharyn Gol JSC, Baganuur JSC, and NIBank. Mr. Passin has served as Director of Wedge Energy International Inc. since January 28, 2010. 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.

Paul Rapello (Director). 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.

Orgilmaa Siikhuu (Director). Mrs. Orgilmaa Siikhuu is the Chief Legal Officer of the NIBank, in Ulaanbaatar, Mongolia. Mrs. Siikhuu served as secretary to the Bank's Board of Directors. Mrs. Siikhuu holds a law degree from the Law School of the State University of Mongolia and is a member of the Mongolian Advocates Association.

Larry Van Hatten (Director). Mr. Larry Van Hatten was a partner of Ernst & Young LLP, from May 2005 to June 2010, leading its Vancouver assurance practice until announcing his retirement in June 2010. Prior to May 2005, Mr. Van Hatten was the managing partner of Ellis Foster, Chartered Accountants, a Vancouver based firm that merged into Ernst & Young LLP in May 2005. From June 2002 to May 2006, Mr. Van Hatten was a director of Saxon Oil Company, an international oil and gas company engaged in the acquisition, development and production of oil and natural gas reserves. Mr. Van Hatten also served on the board of the BC Children's Hospital Foundation, which he chaired from 1996 to 1999. Mr. Van Hatten is currently a director of Kensington Court Ventures Inc., a capital pool company, and PNG Gold Corporation, a premier gold exploration and mine development company in Papua New Guinea. Mr. Van Hatten received his Chartered Accountant designation in 1975 and his Fellow Chartered Accountant designation in 2009. In 2010, he completed the academic requirements for the Directors Education Program.

Conditions of Closing

Completion of the transaction will be subject to certain conditions, including:

- (a) the Company obtaining approval of (i) at least two-thirds of the votes cast by the Company's shareholders, (ii) at least a simple majority of the votes cast by the Company's shareholders, excluding interested parties, (iii) at least a majority in number and three-fourths in value of the holders of the Company's notes, and (iv) at least two-thirds of the votes cast by the Company's security holders (voting together as a single class on the basis of one vote per share, one vote per option, one vote per warrant, and one vote for each share into which the notes are convertible);
- (b) the Company obtaining the approval of the OSC and the Minister of Finance (Ontario) for the continuance and effecting the continuance;
- (c) the Company obtaining the consent of CNSX and the approval of the court in connection with the arrangement;
- (d) the Company redeeming all of its outstanding Series A Preferred Shares in accordance with their terms;
- (e) the Company's shareholders shall not have exercised dissent rights in respect of the continuance or the plan of arrangement in excess of 5% of the Company's issued and outstanding common shares;
- (f) UTMI obtaining approval of its shareholders to the transaction;
- (a) the Company and UTMI obtaining approval from their respective boards of directors; and
- (b) neither the Company nor UTMI having suffered a material adverse effect.

The Company will be calling a special meeting of its security holders to consider the continuance, the transaction and related matters.

Purpose and Business Reasons for the Transaction

Through its wholly owned subsidiaries, UTMI wholly owns an interest in an exploration license for a property situated approximately 100 kilometers from Ivanhoe Mines Ltd. "Oyu Tolgoi" copper and gold mine. The license covers approximately 9620 hectares of property and allows for the exploration of all minerals except uranium, petroleum, gas and water. Upon completion of the transaction, the resulting issuer will hold the rights to this license.

The Company and UTMI have agreed to use best efforts to complete the transaction on or before December 30, 2011. Each of the Company and UTMI has agreed that, until completion of the transaction or termination of the arrangement agreement, it will not solicit, initiate or encourage the sale of any of its securities to a third party.

Concurrent Private Placement

The Company plans to complete a concurrent, non-brokered private placement of up to \$5,000,000 through the sale of up to 25,000,000 shares of the amalgamated entity at a price of \$0.20 per share. The closing of the private placement will be conditional upon the closing of the transaction.

The intended proceeds of the private placement are for the funding of the redemption of the Company's outstanding convertible notes and Series A Preferred Shares, the further exploration of the area covered by the exploration license as well as for general corporate purposes. The shares to be issued pursuant to the private placement will be subject to statutory hold periods pursuant to applicable securities laws, expiring four months after the closing date.

The Company anticipates participation in the private placement by "related parties", including the existing UTMI shareholders, who have agreed to commit a minimum of \$2.5 million, as well as management and it will therefore constitute a "related party transaction" under relevant securities legislation, requiring the Company, in the absence of exemptions, to rely on minority shareholder approval of the private placement.

Completion of the continuance, the arrangement and the private placement are subject to a number of conditions, including CNSX approval and approval of the Company's security holders. The plan of arrangement is also subject to UTMI shareholder approval, court approval and other statutory requirements, all of which remain outstanding. The transaction cannot close until all such approvals have been obtained and the other necessary conditions of closing are fulfilled or waived by the parties entitled to do so. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading of securities of the Company should be considered highly speculative.

The CNSX has in no way passed upon the merits of the proposed transaction and has neither approved or disapproved the contents of this press release.

For further information, please contact:

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Disclaimer for Forward-Looking Information

Statements containing forward-looking information express, as at the date of this news release, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and are believed to be reasonable based on information currently available to the Company.

Forward-looking statements and information are based on assumptions that financing and personnel will be available when required and on reasonable terms, and all necessary regulatory approvals and shareholder approval will be obtained, none of which are assured and are subject to a number of other risks and uncertainties.

There can be no assurance that forward-looking statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers should not place undue reliance on forward-looking information.