

UNDUR TOLGOI MINERALS INC.

– and –

WEDGE ENERGY INTERNATIONAL INC.

ARRANGEMENT AGREEMENT

FASKEN MARTINEAU DuMOULIN LLP

August 19, 2011

TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	1
1.1 Definitions.....	1
1.2 Interpretation Not Affected by Headings.....	11
1.3 Number and Gender.....	12
1.4 Date for Any Action.....	12
1.5 Statutory References.....	12
1.6 Currency.....	12
1.7 Schedules.....	12
1.8 Knowledge.....	12
ARTICLE 2 THE ARRANGEMENT.....	12
2.1 Arrangement.....	12
2.2 Press Release Announcing the Arrangement.....	13
2.3 Interim Order.....	13
2.4 Circular.....	14
2.5 Wedge Meeting.....	15
2.6 Final Order.....	16
2.7 Closing.....	16
2.8 Preparation of Filings and Court Proceedings.....	16
2.9 Public Communications.....	18
ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF WEDGE.....	18
3.1 Representations and Warranties of Wedge.....	18
3.2 Survival of Representations and Warranties.....	30
ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF CORPORATION.....	30
4.1 Representations and Warranties.....	30
4.2 Survival of Representations and Warranties.....	40
ARTICLE 5 COVENANTS OF THE PARTIES.....	41
5.1 Covenants of Wedge Regarding the Conduct of Business.....	41
5.2 Covenants of the Corporation Regarding the Business.....	43
5.3 Covenants of Wedge Regarding the Arrangement.....	45
5.4 Covenants of the Corporation Regarding the Arrangement.....	47
5.5 Covenants of Wedge Regarding Non-Solicitation.....	48
5.6 Access to Information.....	51
5.7 Insurance and Indemnification.....	52
5.8 Resignations and Release.....	53
5.9 Tax Matters.....	53
5.10 Take-over Regulation.....	53

ARTICLE 6 CONDITIONS PRECEDENT	53
6.1 Mutual Conditions Precedent.....	53
6.2 Additional Conditions Precedent to the Obligations of the Corporation.....	55
6.3 Additional Conditions Precedent to the Obligations of Wedge.....	56
6.4 Satisfaction of Conditions.....	56
ARTICLE 7 TERMINATION, AMENDMENT AND WAIVER	56
7.1 Termination.....	56
7.2 Effect of Termination.....	57
7.3 Amendment.....	58
7.4 Waiver.....	58
ARTICLE 8 GENERAL PROVISIONS	58
8.1 Notices	58
8.2 Entire Agreement, Binding Effect and Assignment	59
8.3 Severability	59
8.4 No Third Party Beneficiaries	59
8.5 Time of Essence.....	60
8.6 Remedies.....	60
8.7 Expenses	60
8.8 Governing Law	60
8.9 Rules of Construction	60
8.10 Counterparts, Execution.....	60

ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of August 19, 2011,

BETWEEN: **UNDUR TOLGOI MINERALS INC.**, a corporation incorporated under the laws of British Columbia;

(hereinafter, the “**Corporation**”)

AND: **WEDGE ENERGY INTERNATIONAL INC.**, a corporation incorporated under the laws of Ontario;

(hereinafter, “**Wedge**”)

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement (including the Schedule hereto), the following terms shall have the following meanings, and grammatical variations shall have the respective corresponding meanings:

“**Acquisition Proposal**” means a proposal or offer, oral or written, relating to any merger, take-over bid, amalgamation, plan of arrangement, business combination, consolidation, recapitalization, reorganization, issuer bid, liquidation or winding-up or similar transaction or sale of assets, or any transaction being economically or functionally equivalent to any of the foregoing, whether in a single transaction or a series of transactions, in respect of Wedge or its Subsidiary involving 20% or more of the consolidated assets of Wedge or 20% or more of the outstanding Wedge Shares, other than the transactions contemplated by this Agreement or the Arrangement;

“**affiliate**” has the meaning ascribed thereto in the *Securities Act*;

“**Agreement**” means this arrangement agreement as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“**Amalco**” means the corporation resulting from the amalgamation of the Corporation and Wedge, as more fully described in the Plan of Arrangement;

“**Amalco Shares**” means the common shares of Amalco, having the same terms and conditions as the Wedge Shares;

“**Arrangement**” means an arrangement under Section 288 of the BCABC on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms thereof or made at the direction of the Court in the Interim Order or Final Order, as the case may be and approved by the Corporation and Wedge, each acting reasonably;

“**Arrangement Resolution**” means the special resolution of the Wedge Securityholders approving the Arrangement, to be substantially in the form and content of Schedule A attached hereto;

“**BCABC**” means the *Business Corporations Act* (British Columbia), as now in effect and as it may be amended from time to time prior to the Effective Time;

“**Benefit Plan**” means any pension or retirement income, benefit, supplemental benefit, health, welfare, medical, dental, disability plans or any other employee compensation or benefit plans, policies, programs or other arrangements (written or oral) and all related agreements and policies with third parties such as trustees or insurance companies (written or oral), which are maintained by or binding upon the Corporation or its Subsidiaries or Wedge or its Subsidiary, as applicable, with respect to any of their current or former employees, directors, officers or other individuals providing services to the Corporation or its Subsidiaries or Wedge or its Subsidiary, as applicable;

“**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the provinces of British Columbia or Ontario;

“**Canadian GAAP**” means Canadian generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, consistently applied and applicable as at the date on which such calculation or action is made or taken or required to be made or taken;

“**Change of Recommendation**” has the meaning ascribed thereto in Paragraph 5.5(a)(iii);

“**Circular**” means the notice of the Wedge Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Wedge Securityholders in connection with the Wedge Meeting, as same may be amended, supplemented or otherwise modified;

“**CNSX**” means the Canadian National Stock Exchange;

“**Competition Act**” means the *Competition Act* (Canada), as amended from time to time;

“**Continuance**” means the application by Wedge to the Registrar of the province of British Columbia requesting that Wedge be continued as if it had been incorporated under the laws of the province of British Columbia, the whole as prescribed under Section 181 of the OBCA;

“**Continuance Resolution**” means the special resolution of the Wedge Shareholders approving the Continuance;

“**Contract**” means any contract, agreement, license, lease, commitment, understanding or other right or obligation (written or oral) to which Corporation or its Subsidiaries or Wedge or its Subsidiary, as applicable, is a party or by which the Corporation or its Subsidiaries or Wedge or its Subsidiary, as applicable, is bound or affected or to which any of their respective properties or assets is subject;

“**Corporation**” has the meaning ascribed thereto on the first page of this Agreement;

“**Corporation Board**” means the board of directors of the Corporation;

“**Corporation Financial Statements**” means the audited financial statements of Novametals Resources LLC for the fiscal year ended December 31, 2010;

“**Corporation Material Adverse Effect**” means, in respect of the Corporation, a change, effect, event, occurrence or state of facts that has, or would reasonably be expected to have, individually or in the aggregate, with other changes, effects, events, occurrences or states of facts, an impact that is both material and adverse to the business, operations, assets, financial condition, liabilities or results of operations of the Corporation and its Subsidiaries taken as a whole, other than any change, effect, event, occurrence or state of facts:

- (a) relating to general political, economic or financial conditions or the securities markets in North America or to any natural disaster or epidemic or any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof;
- (b) relating to changes affecting the industry in which the Corporation and its Subsidiaries carry on their business;
- (c) relating to any changes in Laws or interpretation thereof by any Governmental Entity;
- (d) relating to any changes in regulatory accounting principals, including in connection with the transition to IFRS;
- (e) resulting from (i) the announcement of this Agreement or the transactions contemplated hereby or other communication by the Corporation of its plans or intentions with respect to the business; (ii) compliance with the terms of this Agreement and performance of any obligation hereunder; or (iii) the consummation of the transactions contemplated hereby, including, in each case, the impact thereof on relationships (contractual or otherwise) with clients, suppliers, lenders, investors or employees;
- (f) directly caused by Wedge or resulting from any action undertaken by the Corporation at the request of or with the consent of Wedge; or
- (g) that has been specifically disclosed in the Corporation’s Disclosure Letter.

provided, however, that the change, effect, event, occurrence or state of facts referred to in clauses (a) to (d) above shall not be excluded from the definition of Corporation Material Adverse Effect if it materially, disproportionately and adversely affects the Corporation and its Subsidiaries, taken as a whole, compared to other companies operating in the industry in which the Corporation and its Subsidiaries operate;

“**Corporation Shares**” means the common shares in the capital stock of the Corporation;

“**Corporation Shareholders**” means the registered holders of the Corporation Shares;

“**Court**” means the Supreme Court of British Columbia;

“**Disclosure Letter**” means the disclosure letter of the Corporation and the disclosure letter of Wedge, as applicable, delivered to the other Party concurrently with the execution and delivery of this Agreement, which in each case is deemed to constitute an integral part of this Agreement and to modify the representations and warranties of the respective Party contained in this Agreement, and which such disclosures must reference or be associated with a particular section in this Agreement;

“**Dissent Rights**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Effective Date**” means the date determined in accordance with Section 2.7;

“**Effective Time**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Encumbrance**” means pledges, liens, charges, security interests, leases, title retention agreements, mortgages, hypothecs, title defects, options or adverse claims or encumbrances of any kind or character whatsoever;

“**Environmental Laws**” means all applicable federal, provincial, state, municipal or local Laws relating in any way to the environment or public, human or occupational health and safety, including any soil and groundwater criteria provided for in a policy of a Governmental Entity;

“**Environmental Permits**” means all permits, licenses, certificates, certificates of authorization, approvals, registrations, consents or any other authorization required from any Governmental Entity under any Environmental Laws;

“**Exploration Licence**” means the mineral exploration licence number 8573X named “Undur Tolgoi” covering an area of 9,619.7 hectares located in territories of Khatanbulag/Khanbogd Sub-provinces of the Dornogobi and Umnugobi Provinces, originally issued by the Department of Geological Cadastre of Mineral Resources Authority of Mongolia on October 13, 2004 and transferred by ASA Group LLC to Novametals Resources LLC, on May 21, 2010 and is, for greater certainty, part of the Corporation and its Subsidiaries’ assets;

“**Final Order**” means the order made after application to the Court in a form acceptable to the Corporation and Wedge, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Corporation and Wedge, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is

withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and Wedge, each acting reasonably) on appeal;

“**Governmental Entity**” means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign, (b) any subdivision, agent or authority of any of the foregoing or (c) any quasi-governmental or private body, including any tribunal, commission, stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Hazardous Substance**” means any substance or material that is prohibited, listed, defined, designated or classified as dangerous, deleterious, hazardous, radioactive, explosive, toxic or a pollutant, waste, residual material or a contaminant under or pursuant to any applicable Environmental Laws, or any other substance or material that when Released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials, urea formaldehyde, foam insulation, toxic mold or radon gas;

“**IFRS**” means International Financial Reporting Standard 1;

“**Interim Order**” means the order made after application to the Court in a form acceptable to the Corporation and Wedge, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Corporation and Wedge, each acting reasonably) or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and Wedge, each acting reasonably) on appeal;

“**Investment Canada Act**” means the *Investment Canada Act*, as amended from time to time;

“**Law**” or “**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity, statutory body or self-regulatory authority, and the term “**applicable**” with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the person or persons or its or their business, undertaking or securities;

“**Lease**” has the meaning ascribed thereto in Paragraph 3.1(w);

“**Material Contract**” means any Contract:

- (a) under which the Party is entitled to receive, or is obliged to make, payments on an annual basis in excess of \$10,000 in the aggregate or in excess of \$10,000 over the term of the Contract;

- (b) under which indebtedness for borrowed money is outstanding or pursuant to which any property or asset of the Party or its Subsidiaries is mortgaged, pledged or otherwise subject to an Encumbrance (other than a Permitted Encumbrance), or under which the Party is directly or indirectly liable for the indebtedness, liabilities or obligations of any Person;
- (c) which is a Lease;
- (d) which is a partnership agreement, limited liability company agreement, joint venture, alliance agreement, franchisee or other similar agreement or arrangement relating to the formation, creation, operation, management, business or control of any partnership or joint venture;
- (e) that does or purports to limit or otherwise affect or restrict the right of the Party or its Subsidiaries to engage and operate in any line of business, to solicit any Person or to compete with any Person or operate in any location;
- (f) which, if terminated without the consent of the Party or its Subsidiaries, would have, or reasonably be expected to have, a Wedge Material Adverse Effect or a Corporation Material Adverse Effect, as applicable;
- (g) that was entered into in the past twelve months or in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition, directly or indirectly, of assets or capital stock or other equity interests of another Person, in each case other than in the ordinary and usual course of business and in a manner consistent with past practice;
- (h) that would prevent, delay or impede the Party's ability to consummate the Arrangement or the other transactions contemplated by this Agreement; and
- (i) in the case of Wedge, which has been filed by Wedge with the Securities Authority pursuant to Part 12 of NI 51-102 – *Continuous Disclosure Obligations* and forming part of the Wedge Public Documents;

“**Material Fact**” has the meaning ascribed thereto in the Securities Act;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“**Minerals**” means all ores, doré, concentrates and other products derived therefrom, of precious, base and industrial minerals, including diamonds, which may be lawfully explored for, mined and sold pursuant to Mineral Rights and other instruments of title;

“**Mineral Rights**” means prospecting licences, exploration licences, exploration licences, mining leases, mining licences, mineral concessions and other forms of mineral tenure or other rights to Minerals, or to work upon lands for the purposes of exploring for, developing or extracting Minerals under any forms of mineral title (or any interest therein) recognized under applicable Law;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**OBCA**” means the *Ontario Business Corporations Act*, as now in effect and as it may be amended from time to time prior to the Effective Time;

“**Order**” means any decree, decision, judgment, ruling, ordinance, arbitration award, assessment, writ, injunction, notice or similar requirement or order of any Governmental Entity (including building, environmental, fire, health, labour, police or occupational health and safety authorities), in each such case whether preliminary or final;

“**OSC**” means the Ontario Securities Commission;

“**Outside Date**” means December 30, 2011, or such later date as may be agreed to in writing by the Parties;

“**Owned Real Properties**” has the meaning ascribed thereto in Paragraph 4.1(r);

“**Parties**” means, collectively, the Corporation and Wedge and “**Party**” means either one of them;

“**Permits**” means all permits, accreditations, consents, waivers, licenses, certificates, approvals, authorizations, registrations, franchises, rights, privileges and exemptions, or any document with a similar effect, issued or granted by any Governmental Entity;

“**Permitted Encumbrances**” means the Encumbrances listed in the Disclosure Letter;

“**Person**” or “**person**” includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement, substantially in the form and content of Schedule B attached hereto, and any amendments or variations thereto made in accordance with Section 7.3 hereof or Article 5 of the Plan of Arrangement or made at the direction of the Court in the Final Order (with the consent of both the Corporation and Wedge, each acting reasonably);

“**Post-Signing Tax Returns**” has the meaning ascribed thereto in Paragraph 5.9(a);

“**Private Placement**” means the private placement of a minimum amount of \$2,500,000 to be completed immediately following the Effective Time;

“**Private Placement Resolution**” means the special resolution of the Wedge Securityholders approving the Private Placement;

“**Release**” has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial,

abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the environment;

“**Registrar**” has the meaning ascribed thereto by the BCABC on the date hereof;

“**Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities;

“**Required Vote**” has the meaning ascribed thereto in Paragraph 2.3(c);

“**Securities Act**” means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder;

“**Securities Authority**” means the Ontario Securities Commission;

“**Securities Laws**” means the Securities Act and all other rules, regulations, notices, instruments, orders and published policies thereunder or issued by the Ontario Securities Commission;

“**Subsidiary**” has the meaning ascribed thereto in the OBCA;

“**Stock Option Plan Resolution**” means the resolution of Wedge Shareholders approving the stock option plan of Amalco;

“**Superior Proposal**” means a *bona fide* Acquisition Proposal made by a third party to Wedge in writing after the date hereof that the Wedge Board determines in good faith, after consultation with its financial and legal advisors, is more favourable to Wedge Securityholders from a financial point of view than the Arrangement, taking into account the form and amount of consideration, the likelihood and timing of completion and the other terms thereof; provided that for purposes of this definition, “**Acquisition Proposal**” shall have the meaning set forth above, except that the references in the definition thereof to “20% or more of the outstanding Wedge Shares” shall be deemed to be references to “a majority of the outstanding Wedge Shares” and references to “20% or more of the consolidated assets of Wedge” shall be deemed to be references to “the majority of the consolidated assets of Wedge”;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Tax Returns**” means all returns, reports, declarations, elections statements, bills, schedules, forms or written information of, or in respect of, Taxes that are, or are required to be, filed with or supplied to any Governmental Entity;

“**Taxes**” means any and all domestic and foreign federal, state, provincial, municipal, school and local taxes, assessments and other governmental charges, duties, impositions and liabilities imposed by any Governmental Entity, including Canada Pension Plan and provincial pension plan contributions, instalments, employment insurance premium and contributions, worker’s compensation and deductions at source, including taxes based on or measured by gross receipts,

income, profits, sales, capital, use, and occupation, and including goods and services, value added, ad valorem, transfer, franchise, withholding, customs, payroll, recapture, employment, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts;

“**third party**” means any person other than the Corporation or Wedge or their respective Subsidiaries;

“**Wedge**” has the meaning ascribed thereto on the first page of this Agreement;

“**Wedge Annual Financial Statements**” means the audited consolidated financial statements of Wedge as at and for the fiscal years ended December 31, 2010, 2009 and 2008 together with the notes thereto;

“**Wedge Board**” means the board of directors of Wedge;

“**Wedge Financial Statements**” means, collectively, the Wedge Annual Financial Statements and the Wedge Interim Financial Statements;

“**Wedge Interim Financial Statements**” means the unaudited interim consolidated financial statements of Wedge as at and for the six months ended June 30, 2011 and 2010, together with the notes thereto;

“**Wedge Material Adverse Effect**” means, in respect of Wedge, a change, effect, event, occurrence or state of facts that has, or would reasonably be expected to have, individually or in the aggregate, with other changes, effects, events, occurrences or states of facts, an impact that is both material and adverse to the business, operations, assets, financial condition, liabilities or results of operations of Wedge and its Subsidiary taken as a whole, other than any change, effect, event, occurrence or state of facts:

- (a) relating to general political, economic or financial conditions or the securities markets in North America or to any natural disaster or epidemic or any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof;
- (b) relating to changes affecting the industry in which Wedge and its Subsidiary carry on their business;
- (c) relating to any changes in Laws or interpretation thereof by any Governmental Entity;
- (d) relating to any changes in Canadian GAAP or regulatory accounting principals, including in connection with the Transaction to IFRS;
- (e) any matter that has been disclosed in the Wedge Public Disclosure Record or has been communicated in writing to the Corporation as of the date of this Agreement in the Disclosure Letter;

- (f) any change in the trading price or volume of the Wedge Shares (it being understood that the causes underlying such change in market price or trading volume may be taken in account in determining whether a Wedge Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any securities exchange on which any securities of Wedge trade;
- (g) resulting from (i) the announcement of this Agreement or the transactions contemplated hereby or other communication by the Corporation of its plans or intentions with respect to the business; (ii) compliance with the terms of this Agreement and performance of any obligation hereunder; or (iii) the consummation of the transactions contemplated hereby, including, in each case, the impact thereof on relationships (contractual or otherwise) with clients, suppliers, lenders, investors or employees;
- (h) conditions directly caused by the Corporation or resulting from any action undertaken by Wedge at the request of or with the consent of the Corporation; or
- (i) any matter that has been specifically disclosed in the Wedge's Disclosure Letter.

provided, however, that the change, effect, event, occurrence or state of facts referred to in clauses (a) to (d) above shall not be excluded from the definition of Wedge Material Adverse Effect if it materially, disproportionately and adversely affects Wedge and its Subsidiary, taken as a whole, compared to other companies operating in the industry in which the Wedge and its Subsidiary operate;

“Wedge Meeting” means the special meeting of the Wedge Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider and, if deemed advisable, to, *inter alia*, approve the Continuance, the Arrangement and the Private Placement;

“Wedge January 2010 Convertible Notes” means the convertible notes issued by Wedge in January 2010, as amended in January 2011 and July 2011, and having an interest rate of 10% between January 26, 2010 and January 26, 2011 and an interest rate of 12.5% from January 27, 2011 until the maturity date of December 31, 2011 and as may be amended from time to time after the date hereof;

“Wedge July 2010 Convertible Notes” means the convertible notes issued by Wedge in July 2010, as amended in November 2010 and May 2011, and having an interest rate of 10% between July 2010 and November 30, 2010, an interest rate of 12.5% between December 1, 2010 and May 30, 2011 and an interest rate of 13% from June 1, 2011 until the maturity date of November 30, 2011 and as may be amended from time to time after the date hereof;

“Wedge Notes” means, collectively, the Wedge January 2010 Convertible Notes and the Wedge July 2010 Convertible Notes issued and outstanding as of the Effective Date;

“Wedge Preference Shares” means the preference shares in the share capital of Wedge, issuable in series;

“**Wedge Public Documents**” means all forms, reports, schedules, statements and other documents filed by Wedge with the Securities Authority since December 31, 2009 and accessible to the public on the SEDAR website;

“**Wedge Securities**” means, collectively, the Wedge Shares, the Wedge Stock Options, the Wedge Warrants and the Wedge Notes;

“**Wedge Securityholders**” means, collectively, the Wedge Shareholders, the holders of Wedge Stock Options, the holders of Wedge Warrants and the holders of Wedge Notes;

“**Wedge Series A Preference Shares**” means the Series A Wedge Preference Shares issued and outstanding as of the Effective Date;

“**Wedge Shareholders**” means the registered holders of the Wedge Shares;

“**Wedge Shares**” means the common shares in the capital stock of Wedge;

“**Wedge Stock Option Plan**” means Wedge’s stock option plan adopted by the shareholders of Alyattes Enterprises Inc., on April 21, 2006, Wedge’s predecessor entity, prior to the three-cornered amalgamation February 1, 2007 involving Alyattes Enterprises Inc. and two numbered companies;

“**Wedge Stock Options**” means the options to purchase Wedge Shares issued and outstanding under the Wedge Stock Option Plan as of the Effective Date;

“**Wedge \$0.02 Warrants**” means the warrants issued by Wedge on January 27, 2010, each entitling the holder thereof to purchase one Wedge Share at a price of \$0.02 per Wedge Share until January 26, 2012;

“**Wedge \$0.10 Warrants**” means the warrants issued by Wedge on June 22, 2009, each entitling the holder thereof to purchase one Wedge Share at a price of \$0.10 per Wedge Share until May 1, 2012;

“**Wedge \$0.35 Warrants**” means, the warrants issued by Wedge on October 18, 2007 and on December 27, 2007, each entitling the holder thereof to purchase one Wedge Share at a price (following the re-pricing in April 2009 from the original price of \$0.75 per Wedge Share) of \$0.35 per Wedge Share until September 1, 2011 and November 15, 2011, respectively; and

“**Wedge Warrants**” means, collectively, the Wedge \$0.02 Warrants, the Wedge \$0.10 Warrants, and the Wedge \$0.35 Warrants issued and outstanding as of the Effective Date.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “**hereof**”, “**hereunder**” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless

something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to, this Agreement.

1.3 Number and Gender

In this Agreement, words importing the singular number include the plural and vice versa, and words importing any gender include both genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.6 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

1.7 Schedules

The following Schedules are attached to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A – Arrangement Resolution

Schedule B – Plan of Arrangement

1.8 Knowledge

In this Agreement, reference to “the knowledge of Wedge” means the actual knowledge, in their capacity as officers of Wedge and not in their personal capacity, of the Chief Executive Officer and Chief Financial Officer of Wedge after reasonable inquiry.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Press Release Announcing the Arrangement

Subject to compliance with applicable Laws, immediately upon the execution of this Agreement, the Corporation and Wedge shall jointly issue a mutually agreed press release announcing the entering into of this Agreement, which press release will be satisfactory in form and substance to the Parties, acting reasonably. Wedge will file such press release, together with a material change report in prescribed form and a copy of this Agreement with the Securities Authority and the CNSX.

2.3 Interim Order

Subject to the terms of this Agreement, as soon as reasonably practicable following the execution of this Agreement, but in any event within 20 Business Days after the date hereof, Wedge shall apply for the Interim Order pursuant to Section 291 of the BCABC in a manner acceptable to the Corporation, acting reasonably, and, in cooperation with the Corporation, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Wedge Meeting and for the manner in which such notice is to be provided;
- (b) for the fixing of the record date for the Wedge Meeting and that the record date will not change in respect of any adjourned Wedge Meeting;
- (c) that the requisite approval for the Arrangement Resolution shall be (i) at least two-thirds of the votes cast by the Wedge Shareholders present in person or represented by proxy at the Wedge Meeting, voting by class, (ii) at least a simple majority of the votes cast by the Wedge Shareholders present in person or represented by proxy at the Meeting, excluding Wedge Shares beneficially owned or over which control or direction is exercised by the Corporation or its affiliates or any other “interested parties” and certain of their “related parties” and “joint actors”, if any (within the meaning of, and as provided by, Section 8.1 of MI 61-101), (iii) at least a majority in number of the holders of Wedge Notes and at least $\frac{3}{4}$ in value of the principal amount owing under the Wedge Notes present in person or represented by proxy at the Meeting; and (iv) at least two-thirds of the votes cast by the Wedge Securityholders (voting together as a single class on the basis of one vote per Wedge Share, one vote per Wedge Option (vested or unvested), one vote per Wedge Warrant, and one vote for each Wedge Share into which the Wedge Notes are convertible (it being acknowledged and agreed that the Wedge Notes will vote on an “as converted” basis, notwithstanding that they may not have been converted into Wedge Shares as at the Wedge Meeting record date)) present in person or represented by proxy at the Wedge Meeting (such approval described in this Section, the “**Required Vote**”);
- (d) that, in all material respects, the terms, conditions and restrictions of Wedge’s constating documents, including quorum requirements and all other matters and

the ruling and direction of the chair of the Wedge Meeting in accordance with the BCABC shall apply in respect of the Wedge Meeting;

- (e) for the grant of the Dissent Rights;
- (f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order required to implement the Plan of Arrangement;
- (g) that the Wedge Meeting may be adjourned or postponed from time to time by Wedge (with the prior written consent of the Corporation) without the need for additional approval of the Court;
- (h) that the record date for Wedge Securityholders entitled to notice of and to vote at the Wedge Meeting will not change as a result of any adjournment(s) of the Wedge Meeting;
- (i) that each Securityholder will have the right to appear before the Court at the hearing of the application for the Final Order provided they file a response to petition with the Court and deliver a copy of the filed response to the petition together with copies of any affidavit materials and other materials on which the person intends to rely at the hearing of the application for the Final Order to legal counsel for Wedge, Gowling Lafleur Henderson, LLP, Attention: Bryce Kraeker, at 50 Queen Street North, P.O. Box 2248, Suite 1020, Kitchener, ON N2H 6M2 on or before 4:00 pm (Eastern Time) on the fourth Business Day prior to the date of the Wedge Meeting;
- (j) that the Final Order will expressly state that the Arrangement is fair and reasonable; and
- (k) for such other matters as the Corporation or Wedge (with the prior written consent of the other) may reasonably require.

2.4 Circular

- (a) As soon as reasonably practicable after the date hereof, but in any event within 25 Business Days hereof, Wedge shall prepare and complete the Circular, together with any other documents required by the Securities Act or other applicable Laws in connection with the Wedge Meeting. Wedge will provide the Corporation and its representatives with a reasonable opportunity to review and comment on the Circular and any other relevant documentation. Wedge will give reasonable consideration to any comments made by the Corporation and its counsel on the Circular and other relevant documentation; however, any revisions made as a result of such comments will be determined solely by Wedge, acting reasonably provided that all information relating solely to the Corporation included in the Circular shall be in form and content satisfactory to the Corporation, acting reasonably.

- (b) As soon as reasonably practicable after obtaining the Interim Order, but in any event within five Business Days thereof, Wedge shall cause the Circular and other documentation required in connection with the Wedge Meeting to be mailed to the Wedge Securityholders and filed as required by the Interim Order and applicable Laws.
- (c) The Circular will include the unanimous recommendation of the Wedge Board that the Wedge Securityholders vote in favour of the Arrangement Resolution unless such recommendation has been withdrawn, modified or amended in accordance with the terms of this Agreement.
- (d) Without limiting the generality of the foregoing, Wedge shall file on the SEDAR website, concurrently with the filing and mailing of the Circular, any technical report required by NI 43-101 to be filed in connection with any disclosure in the Circular with respect to any property of the Corporation or any of its Subsidiaries.

2.5 Wedge Meeting

- (a) Subject to the terms of this Agreement, Wedge agrees (i) to call and hold the Wedge Meeting as soon as reasonably practicable following the date of the Interim Order, but in any event within 30 Business Days from the date of receipt thereof, in accordance with the Interim Order and applicable Laws; and (ii) not to cancel, adjourn or postpone the Wedge Meeting without the Corporation's prior written consent, except as contemplated by this Agreement or as required for quorum purposes or by law. In calling the Wedge Meeting, Wedge shall use commercially reasonable efforts to abridge the time period contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* pursuant to Section 2.20 thereof.
- (b) Subject to the terms of this Agreement, Wedge shall solicit proxies in favour of the approval of the Arrangement Resolution and take all other actions necessary or desirable to secure the approval of the Arrangement Resolution, including proxy solicitation services at the request and the expense of the Corporation, provided, however, that if Wedge makes any Change of Recommendation, it shall no longer remain obligated to solicit proxies.
- (c) Except as required by applicable Law, or with the prior written consent of the Corporation, which shall not be unreasonably delayed or withheld, the Continuance Resolution, the Arrangement Resolution and the Stock Option Plan Resolution shall be the only business transacted at the Wedge Meeting; provided that, if Wedge is required by applicable Law or permitted by the Corporation in writing to transact any other item of business at the Wedge Meeting, Wedge shall cause the Continuance Resolution and the Arrangement Resolution to be considered and voted upon before any other items of business to be transacted at the Wedge Meeting.

- (d) Wedge will advise the Corporation as the Corporation may reasonably request, and on a daily basis on each of the last five Business Days prior to the Wedge Meeting, as to the aggregate tally of the proxies received by Wedge in respect of the Continuance Resolution, the Arrangement Resolution and any other matters to be considered at the Wedge Meeting.
- (e) Wedge will promptly advise the Corporation of any written notice of Dissent Rights exercised or purported to have been exercised by any Wedge Shareholder received by Wedge in relation to the Wedge Meeting and the Arrangement Resolution and any withdrawal of Dissent Rights received by Wedge and, subject to applicable Laws, any written communications sent by or on behalf of Wedge to any Wedge Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution.

2.6 Final Order

Subject to obtaining such approvals as are required by the Interim Order and subject to the terms of this Agreement, as soon as reasonably practical after obtaining the Required Vote, and in any event within three Business Days thereof, Wedge shall proceed with and diligently pursue the application to the Court for the Final Order pursuant to Section 291 of the BCABC. If the Final Order is obtained, subject to the satisfaction, waiver or release of the conditions set forth in Article 6 (as confirmed by each Party hereto in writing), Wedge will, as soon as reasonably practicable after the granting of the Final Order in a form acceptable to the Parties, make any filings required under the BCABC.

2.7 Closing

Subject to the rights of termination contained in Article 7 hereof, upon the Wedge Securityholders approving the Arrangement in accordance with the Interim Order, Wedge obtaining the Final Order and on the second Business Day after the satisfaction or waiver (subject to applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Effective Date) set forth in Article 6, unless another date is agreed to in writing by the Corporation and Wedge (the “**Effective Date**”), the Final Order and any other required filings shall be filed with the Registrar. The Arrangement will, from and after the Effective Time, have all of the effects provided therein (including, among other things, that the Corporation Shares shall be transferred to Wedge in exchange for Wedge Shares (post-Consolidation) in accordance with the terms provided in the Plan of Arrangement) and by applicable Laws, including the BCABC. The closing of the transactions contemplated by the Arrangement will take place at the Montreal offices of Fasken Martineau DuMoulin LLP on the Effective Date.

2.8 Preparation of Filings and Court Proceedings

- (a) The Parties will cooperate in seeking the Interim Order and the Final Order, including by the Corporation providing to Wedge on a timely basis any information required to be supplied by it in connection therewith and by Wedge

providing legal counsel to the Corporation with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement and Wedge will incorporate therein all reasonable comments made by the Corporation and its counsel as determined by Wedge, acting reasonably.

- (b) Wedge will provide legal counsel to the Corporation, on a timely basis, with copies of any responses to petition and evidence served on Wedge or its legal counsel in respect of the application for the Final Order or any appeal therefrom.
- (c) Wedge will not file any material with the Court in connection with the Arrangement or serve any such material and will not agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent the Corporation, such consent not to be unreasonably withheld or delayed.
- (d) The Parties shall cooperate with each other, and permit each other to provide comments to the extent reasonably practicable, in the preparation of any application for orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by any of the Parties to be necessary to discharge its obligations or otherwise advisable under applicable Laws in connection with the Arrangement and this Agreement as promptly as practicable hereafter.
- (e) Each of the Parties shall provide to the other all information as may be required to implement the transactions and other actions described in this Article 2. In particular, the Corporation will furnish to Wedge such information concerning the Corporation and its Subsidiaries as may be reasonably required by Wedge in the preparation of the Circular. Each Party covenants with the others that information to be furnished by it (to its knowledge in the case of information concerning its Shareholders) in connection with the Circular, actions or otherwise in connection with the consummation of the Arrangement will not contain any untrue statement of a Material Fact or omit to state a Material Fact required to be stated in any such document or which is necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.
- (f) Wedge will ensure that the Circular complies with all applicable Laws and, without limiting the generality of the foregoing, that the Circular does not contain any misrepresentation or any untrue statement of a Material Fact or omit to state a Material Fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to and provided by the Corporation or its Subsidiaries). Without limiting the generality of the foregoing, Wedge will ensure that the Circular complies with National Instrument 51-102 – *Continuous Disclosure Requirements* and Form 51-102F5 thereunder adopted by the Securities Authority and provides Wedge Securityholders with information in

sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Wedge Meeting.

- (g) The Corporation shall promptly notify Wedge, and Wedge shall promptly notify the Corporation, if, at any time before the Effective Time, it becomes aware that the Circular contains any untrue statement of a Material Fact or omits to state a Material Fact required to be stated therein or which is necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Circular or such application. In any such event, the Parties shall cooperate in the preparation of a supplement or amendment to the Circular or such applications, as required and as the case may be, and, if required, shall cause the same to be distributed to Wedge Securityholders and/or filed with the relevant Governmental Entities.
- (h) Legal counsel to the Corporation shall make such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that Wedge is advised of the nature of such submissions in advance.

2.9 Public Communications

The Parties agree to cooperate in the preparation of presentations, if any, to the Wedge Securityholders regarding the Arrangement or to Corporation Shareholders, and no Party shall issue any press release or otherwise make public statements or any nature whatsoever with respect to the Arrangement or this Agreement, without the consent of the other Party (which consent shall not be unreasonably withheld or delayed), and Wedge shall not make any filing with any Governmental Entity with respect to the Arrangement without prior consultation with the Corporation, provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws, and the Party making any such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity for the other Party to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing).

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF WEDGE

3.1 Representations and Warranties of Wedge

Wedge hereby represents and warrants to and in favour of the Corporation and acknowledges that the Corporation is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Organization, Standing and Corporate Power. Each of Wedge and its Subsidiary has been duly amalgamated, incorporated or constituted, as applicable, and is validly existing under the Laws of its jurisdiction of amalgamation, incorporation

or constitution, as applicable, and has the corporate power and authority to own its properties and conduct its business as currently owned and conducted.

- (b) Authority; no Conflict. Wedge has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. This Agreement has been duly executed and delivered by Wedge and constitutes a valid and binding obligation of Wedge, enforceable against Wedge in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies. Except as disclosed in the Disclosure Letter, the execution and delivery by Wedge of this Agreement and the completion of the transactions contemplated hereby will not:
- (i) result in the breach of or violate any term or provision of the articles, by laws or other constating documents of Wedge or its Subsidiary;
 - (ii) result in the creation of any Encumbrance upon any of Wedge's assets;
 - (iii) require any consent, approval or notice under, conflict materially with, result in a material breach of, constitute a material default (or an event which, with notice or lapse of time or both, would constitute a material default) under, require any consent, approval or notice under, or accelerate or permit the acceleration of the performance required by, or result in granting to a third party a right to increase fees or other payments by Wedge or its Subsidiary or a right to reduce any payments that would otherwise become payable to Wedge or its Subsidiary, or result in granting to a third party a right of first refusal, first opportunity, or other right or option or assets to Wedge or its Subsidiary, or result in a right of termination, cancellation or acceleration under, or cause any obligation or indebtedness to come due before its stated maturity, or cause any credit commitment to cease to be available, or cause any payment or other material obligation to be imposed upon Wedge or its Subsidiary pursuant to any Contract; or
 - (iv) violate any material terms or provisions of any of the Environmental Permits, or any order of any court, Governmental Entity or any applicable Law or rules and regulations of the CNSX.
- (c) Restrictions on Business Activities. There is no agreement, arbitral award, judgment, injunction, order or decree binding upon Wedge or its Subsidiary that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing (i) any business practice of either of them, (ii) any acquisition or disposition of property by either of them, or (iii) the conduct of the business by either of them as currently conducted.
- (d) Board Approval. The Wedge Board, after consultation with its financial and legal advisors, has determined unanimously that the Arrangement is fair to the Wedge Securityholders and in the best interests of Wedge and has resolved unanimously,

subject to the terms and conditions of this Agreement, to recommend to the Wedge Securityholders that they vote their shares in favour of the Arrangement Resolution. The Wedge Board has unanimously approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement and the performance of the Plan of Arrangement. All of the directors and senior officers of Wedge have advised Wedge that they intend to vote or cause to be voted in favour of the approval of the Plan of Arrangement all Wedge Shares and Wedge shall make a statement to that effect in the Circular and in any joint press release issued pursuant to Section 2.2.

- (e) Consents and Approvals. Other than the Interim Order, the Final Order and consent from the CNSX, no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required in connection with this Agreement and the completion of the transactions contemplated by this Agreement and the Plan of Arrangement.
- (f) Capitalization. The authorized share capital of Wedge consists of an unlimited number of Wedge Shares and an unlimited number of Wedge Preference Shares. As at the date hereof, there were 44,244,392 Wedge Shares and 70,000 Wedge Series A Preference Shares outstanding. All outstanding Wedge Shares and Wedge Preference Shares have been duly authorized and validly issued, are fully paid and non-assessable. All securities of Wedge have been issued in compliance with all applicable Laws. The Disclosure Letter sets forth all securities issued, issuable or outstanding, as at the date hereof, and all rights, entitlements and benefits outstanding under the Wedge Stock Option Plan. Except as disclosed in the Disclosure Letter, as at the date hereof, there were no options, warrants, conversion privileges or other rights (whether pre-emptive or contractual), agreements, arrangements or commitments obligating Wedge to issue or sell any shares of the capital of Wedge or securities or obligations of any kind convertible into or exchangeable for any shares of the capital of Wedge.
- (g) Subsidiaries. Wedge's Subsidiary is listed in the Disclosure Letter. Except as disclosed in the Disclosure Letter, neither Wedge nor its Subsidiary has any ownership interest in any Person (other than securities in such Subsidiary and any marketable securities of publicly-listed issuers or Governmental Entities). Wedge beneficially owns, directly or indirectly, all of the issued and outstanding securities of its Subsidiary free and clear of all Encumbrances (except for Permitted Encumbrances and restrictions on transfer contained in the constating documents of its Subsidiary). All of the issued and outstanding shares in the capital of its Subsidiary are validly issued, fully paid and non-assessable; there are no outstanding options, warrants or rights to purchase or acquire, or securities convertible into or exchangeable for, any shares in the share capital of such Subsidiary; and there are no Contracts which require such Subsidiary to issue, sell or deliver any shares in its share capital or any securities or obligations convertible into or exchangeable for, any shares of its share capital.

- (h) Shareholder Rights Plan and Shareholders Agreements. Wedge does not maintain any shareholder rights plan. There are no shareholders agreements, registration rights agreements, voting trusts, proxies or similar agreements, arrangements or commitments to which Wedge or its Subsidiary is a party or, to the knowledge of Wedge, with respect to the Wedge Shares or any other equity interests of Wedge or its Subsidiary or any other Contract relating to disposition, voting or dividends with respect to any equity securities of Wedge or its Subsidiary.
- (i) Compliance with Laws. Except as disclosed in the Disclosure Letter or the Wedge Public Documents, each of Wedge and its Subsidiary has conducted and is conducting its business in compliance with all applicable Laws.
- (j) Canadian Securities Legislation. Wedge is a “reporting issuer” under the Securities Act and is not in default of any material requirements of the Securities Act, and no delisting, suspension of trading in or cease trading order with respect to the Wedge Shares or other securities of Wedge is pending or, to Wedge’s knowledge, threatened. Except as disclosed in the Disclosure Letter, no inquiry, review or investigation (formal or informal) of the Securities Authority, is in effect or ongoing or, to Wedge’s knowledge, expected to be implemented or undertaken.
- (k) Disclosure Record. Wedge has filed with the Securities Authority and the CNSX true and complete copies of the Wedge Public Documents that Wedge was required to file therewith. Wedge has not filed any confidential material change report with the OSC or any other Securities Authority which, as of the date hereof, remains confidential.
- (l) Public Documents. The Wedge Public Documents, at the time filed, (i) did not contain any untrue statement of a Material Fact or omit to state a Material Fact required to be stated therein necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (ii) complied with the requirements of all applicable Securities Laws and the policies of the CNSX.
- (m) Financial Statements. The Wedge Annual Financial Statements have been prepared in accordance with Canadian GAAP, applied on a basis consistent with that of prior periods. The Wedge Interim Financial Statements have been prepared in accordance with IFRS, applied on the basis of the First Time Adoption of IFRS. The Wedge Financial Statements fairly present in all material respects the consolidated financial position of Wedge and its Subsidiary as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (except that such Wedge Interim Financial Statements may omit notes which are not required in unaudited financial statements). All indebtedness and liabilities have been reflected therein or in the notes thereto. Wedge has not engaged in any “off-balance sheet” or similar financing.

- (n) Absence of Certain Changes or Events; No Undisclosed Liabilities. (i) Except as disclosed in the Disclosure Letter or the Wedge Public Documents, Wedge and its Subsidiary have conducted their respective businesses in the ordinary course and consistent with past practice; (ii) except as disclosed in the Disclosure Letter or the Wedge Public Documents or in the Wedge Annual Financial Statements, no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) of Wedge or its Subsidiary, on a consolidated basis, has been incurred other than in the ordinary course and consistent with past practice; and (iii) no Wedge Material Adverse Effect has occurred.
- (o) Internal Controls. Wedge maintains a system of internal control over financial reporting that has been designed by Wedge's senior officers, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP, and IFRS, respectively. Wedge's internal control over financial reporting is effective and, to the knowledge of Wedge, there are no material weaknesses in its internal control over financial reporting.
- (p) Books and Records. Except as disclosed in the Disclosure Letter, the minute books of Wedge and the minute books of its Subsidiary, since the date of creation or acquisition of such Subsidiary, have been maintained in accordance with all applicable Laws and are, in all material respects, complete and accurate. The financial books and records and accounts of Wedge and those of its Subsidiary have been maintained in accordance with industry practices on a basis consistent with prior years and accurately and fairly reflect, in all material respects, the basis for Wedge's consolidated financial statements.
- (q) Litigation. Except as disclosed in the Disclosure Letter, there are no suits, claims, actions or proceedings pending or, to Wedge's knowledge, threatened against Wedge or its Subsidiary before any Governmental Entity or arbitral panel or tribunal or which involve or affect Wedge, its Subsidiary, the Wedge Shares, their assets, including the title to or ownership of material assets and, to Wedge's knowledge, there are no grounds upon which such actions, suits or proceedings may be commenced with a reasonable likelihood of success. Neither Wedge nor its Subsidiary is subject to any judgment, order or decree entered in any lawsuit or proceeding.
- (r) Material Contracts. All Material Contracts to which Wedge or its Subsidiary is a party or by which either of them are bound are listed in the Disclosure Letter. Except as disclosed in the Disclosure Letter, neither Wedge nor its Subsidiary nor, to Wedge's knowledge, the other parties thereto, is in material breach or violation of, or default (in each case, with or without notice or lapse of time or both) under, any Material Contract and neither Wedge nor its Subsidiary has received or given any notice of default or non-renewal under or of any such Contract which remains uncured, and, to Wedge's knowledge, there exists no state of facts which after notice or lapse of time or both would constitute a default, breach or non renewal of such Material Contract.

- (s) Non-Competition and Restriction of Business. No Material Contract to which Wedge or its Subsidiary is a party or by which either are bound contains any non-competition obligation or otherwise restricts in any material way the business of Wedge and its Subsidiary, taken as a whole, except to the extent that such restrictions would not in the aggregate have a Wedge Material Adverse Effect.
- (t) Interest in Assets and Properties. Either Wedge or its Subsidiary has good and valid title to all of the assets reflected on the Wedge Financial Statements or necessary to operate the business, free and clear of any Encumbrances except (i) as disclosed in the Disclosure Letter; (ii) for assets which were sold or disposed of in the ordinary course of business consistent with past practice since the date of the Wedge Financial Statements; and (iii) for Permitted Encumbrances. There are no outstanding agreements, options, offers, commitments or other rights to purchase, or obligations to sell, assets or rights of Wedge or its Subsidiary, except for the acquisition or disposition of current assets in the ordinary course of the business consistent with past practice. The tangible assets owned or leased by Wedge or its Subsidiary are in good operating condition and repair having regard to the use and age and are adequately suitable for the use to which they are being put. None of such tangible assets is in need of maintenance or repair, except for normal maintenance or repairs that are not material in nature or in costs.
- (u) Moveable Property. Except as disclosed in the Disclosure Letter, Wedge and its Subsidiary own, are entitled to use or hold all moveable property owned, used or held for use by them. Except as disclosed in the Disclosure Letter, neither Wedge nor its Subsidiary's ownership of or leasehold interest in any such moveable property is subject to any Encumbrances, except for Permitted Encumbrances.
- (v) Real Property. Except as disclosed in the Disclosure Letter, neither Wedge nor its Subsidiary owns, or has ever owned, any real property or interest in any material real property (other than interests in Leases).
- (w) Leased Property. The Disclosure Letter contains a list of premises currently leased by Wedge or its Subsidiary. Each real property lease pertaining to leased premises (a "Lease") has been validly executed and delivered by Wedge or the Subsidiary and is in full force and effect. There exists no default or event, occurrence, condition or act which, with the giving of notice or the lapse of time or both, would become a default under such Lease which would give the lessor the right to terminate the Lease, charge any increase in rent or require any penalty or similar payment, subject to all rights to cure under such Lease. Except as disclosed in the Disclosure Letter, to Wedge's knowledge, (i) all buildings, fixtures and improvements included in such property respect the applicable municipal zoning regulations and fire safety regulations and are in adequate condition and state of repair, normal wear and tear expected, for the continued conduct of the business in the manner in which it is currently conducted, and (ii) there are no outstanding municipal work orders or orders from other governmental agencies having jurisdiction requiring that work be carried out. Except as disclosed in the

Disclosure Letter, the completion of the transactions contemplated by this Agreement will not give rise to or trigger any change of control provision or termination right under any Lease.

- (x) Permits. Each of Wedge and its Subsidiary has obtained and is in compliance with all Permits required by applicable Laws, necessary to conduct its current business as it is now being conducted, except to the extent that the failure to obtain such permit or be in compliance therewith would not reasonably be expected to have an Wedge Material Adverse Effect.
- (y) Environmental Permits and Orders. Except as disclosed in the Disclosure Letter, Wedge and its Subsidiary have obtained and currently hold all Environmental Permits which are required under all Environmental Laws to own and operate the business and the assets, all of which are in full force and effect. The Disclosure Letter sets out: (i) all Environmental Permits which are held by Wedge and its Subsidiary; and (ii) all remedial orders, to which Wedge, its business or its assets are subject, and copies of the same have been made available to the Corporation prior to the date hereof.
- (z) Compliance with Environmental Laws.
 - (i) Except as disclosed in the Disclosure Letter, (A) Wedge and its Subsidiary, their assets and the operation of their business are and, to Wedge's knowledge have always been, in all material respects, in compliance with all Environmental Laws and all Environmental Permits; (B) Wedge and its Subsidiary possesses all Environmental Permits necessary to operate the business (C) neither Wedge nor its Subsidiary has received any written notice nor, to Wedge's knowledge, has received any oral notice that any of its operations, the business and the assets are not in compliance, in all material respects, with all applicable Environmental Laws and all applicable Environmental Permits; (D) to Wedge's knowledge, there are no proceedings in progress or threatened, nor are there any facts or circumstances which are expected to result in the cancellation, revocation, suspension, or modification of any Environmental Permit; (E) Wedge and its Subsidiary have not been charged with or convicted of an offence, been fined or otherwise sentenced, or settled any prosecution short of conviction, for non-compliance with or breach of any Environmental Law; and (F) to Wedge's knowledge, there are no facts or circumstances that give rise to breach or alleged breach of or non-compliance with any Environmental Laws or Environmental Permits.
 - (ii) Except as disclosed in the Disclosure Letter, there is not any presence or Release of any Hazardous Substances (except in compliance with Environmental Laws or Environmental Permits) on, at, in, under or from any of the immovable or real properties currently or previously owned, leased, occupied or operated by Wedge and its Subsidiary.

- (iii) Except as disclosed in the Disclosure Letter, there are no pending claims, or threatened claims, against Wedge and its Subsidiary arising out of any applicable Environmental Laws.
 - (iv) No Encumbrance in favour of a Governmental Entity arising under Environmental Laws is pending or, to Wedge's knowledge, threatened, affecting Wedge or its Subsidiary, the business or its assets, or any Property or moveable property of Wedge or its Subsidiary.
- (aa) Accounts Receivable. All accounts receivable of Wedge and its Subsidiary were created in the ordinary course of business, are reflected properly in their respective books and records and are valid and outstanding, except as provided therein.
- (bb) Intellectual Property. Wedge or its Subsidiary own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property necessary to carry on the business now operated by them, and neither Wedge nor its Subsidiary has received any written notice or claim challenging Wedge or its Subsidiary respecting the validity of, use of or ownership of the processes and technology, and to the knowledge of Wedge, there are no facts upon which such a challenge could be made.
- (cc) Employment Matters. The Disclosure Letter contains a list of all employees and consultants of Wedge and its Subsidiary as of the date of this Agreement setting forth date of hire, department, compensation and benefits of each employee or consultant, as applicable. Except as disclosed in the Disclosure Letter, all such employees or consultants have executed the standard form of employment or consultant contract and confidentiality agreement provided or made available to the Corporation.
- (i) Except as disclosed in the Disclosure Letter, neither Wedge nor its Subsidiary is a party to any agreement (written or oral) pursuant to which either (A) severance, termination, bonus or any other payments to any director, officer, employee or consultant may be required to be paid, waived or renounced as a result of or in connection with the completion of the transactions contemplated by this Agreement; or (B) any employee or consultant who is bound by confidentiality, non-competition or non-solicitation covenants with Wedge or its Subsidiary is relieved thereof solely as a result of the completion of the transactions contemplated by this Agreement.
 - (ii) Each of Wedge and its Subsidiary is in all material respects in compliance with and is in good standing under all applicable Laws relating to its employees and their employment, including provisions thereof relating to

employment standards, wages, hours of work, vacation pay, overtime, termination notice, pay in lieu of termination notice, termination and severance pay, human rights, workers' compensation, manpower training, pay equity, unfair labour practices, collective bargaining, equal opportunity or similar Laws related to employment obligations.

- (iii) There has not been, for a period of twelve consecutive months preceding the date hereof, nor is there currently or, to Wedge's knowledge, threatened any strike, slowdown, picketing or work stoppage with respect to its employees.
- (iv) Except as disclosed in the Disclosure Letter, no employee has given notice of resignation from his employment or of an intention to terminate his employment and Wedge is not aware of any intention on the part of any employee to terminate his employment. Wedge has not given notice of termination to any employee and does not currently intend to terminate any employee.
- (dd) Benefit Plans. A list of all Benefit Plans is disclosed in the Disclosure Letter and a copy of each Benefit Plan has been provided or made available to the Corporation. Each Benefit Plan maintained by or binding upon Wedge or its Subsidiary has been administered in compliance with the terms of such Benefit Plan and all applicable Laws. Except as disclosed in the Disclosure Letter, no Benefit Plan is subject to any funding shortfall. Except as disclosed the Disclosure Letter or as permitted by the terms of this Agreement, neither Wedge nor its Subsidiary has any formal plan or has made a promise or commitment, whether legally binding or not, to create any additional Benefit Plan or to materially improve or change the benefits provided under any Benefit Plan. Except as disclosed in the Disclosure Letter, none of the Benefit Plans provides for benefit increases or the acceleration of, or an increase in, funding obligations that are contingent upon or will be triggered by the entering into of this Agreement or the completion of the transactions contemplated herein.
- (ee) Insurance. Wedge and its Subsidiary maintain such policies of insurance, issued by responsible and reputable insurers, as is appropriate, adequate and sufficient for the conduct of business, in such amounts and covering such risks and with such deductibles as are generally maintained by like business. The Disclosure Letter contains a list of all insurance policies currently in force naming Wedge or its Subsidiary as an insured. All premiums payable under such insurance policies have been paid and neither Wedge nor its Subsidiary has failed to make a claim thereunder on a timely basis. All such policies and insurance remain in force and effect and neither Wedge nor its Subsidiary is in default under the terms of any such policy.
- (ff) Long Term and Derivative Transactions. Wedge and its Subsidiary have no material obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity

swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, transactions having terms greater than 90 days or any similar transactions (including any option with respect to any of such transactions) or any combination of such transactions, except those incurred in the ordinary course of business.

(gg) Tax Matters.

Except as disclosed in the Disclosure Letter:

- (i) Each of Wedge and its Subsidiary has filed all Tax Returns required to be filed by it on or before the date of this Agreement, and those Tax Returns were complete and correct.
- (ii) Each of Wedge and its Subsidiary has duly and timely paid all Taxes (including instalments on account of Taxes for the current year) which are due and payable by it on or before the date hereof and have provided adequate accruals in the Wedge Interim Financial Statements for any Taxes for the period covered by such Wedge Interim Financial Statements that have not been paid whether or not shown as being due on any Tax Returns.
- (iii) Since the date of the Wedge Interim Financial Statements, no liability in respect of Taxes not reflected in such Wedge Interim Financial Statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued.
- (iv) Each of Wedge and its Subsidiary has duly and timely withheld, deducted and collected, the amount of all Taxes and other amounts required under any Laws to be withheld, deducted or collected and has duly and timely remitted such amounts to the appropriate Governmental Entity.
- (v) To Wedge's knowledge, there are no actions, suits, proceedings, investigations or claims threatened against Wedge or its Subsidiary in respect of Taxes, or any matters under discussion, audit or appeal with any Governmental Entity relating to Taxes asserted by any such Governmental Entity.
- (vi) Except for the taxation year ended March 31, 2011, the income Tax liability of each of Wedge and its Subsidiary has been assessed by the relevant tax authority in respect of the taxation years of Wedge and its Subsidiary ending before the date hereof.
- (vii) Neither Wedge nor its Subsidiary currently benefit from or have benefited in the past from any tax related advantages, exonerations, derogations, assistance that were provided in exchange for any obligations or

undertakings that have yet to be completed. All conditions and requirements for these undertakings have been respected.

- (viii) Wedge and its Subsidiary have not prepared or filed any election, designation, or similar documentation or undertaken an exchange whereby assets were acquired by Wedge or its Subsidiary in exchange for securities of Wedge or its Subsidiary on a tax deferred basis.
- (ix) Wedge and its Subsidiary have never been required to file any Tax Return with, and have never been liable to pay any Taxes to, any taxation authority outside Canada. No Claim has ever been made by a taxation authority in a jurisdiction where Wedge or its Subsidiary does not file Tax Returns that it is or may be subject to the imposition of any Tax by that jurisdiction.
- (x) Wedge and its Subsidiary have not requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver providing for any extension of time within which any Governmental Authority may assess or collect Taxes for which Wedge or its Subsidiary is or may be liable.
- (xi) No Person or group of Person controls or has the right to acquire control of Wedge for the purposes of the Tax Act. Neither Wedge nor its Subsidiary have acquired, disposed or had the use of any property from a person with whom it was not dealing at arm's length for proceeds that are not the equivalent fair market value.
- (xii) For all transactions between Wedge or its Subsidiary and any non-resident Person with whom Wedge or its Subsidiary was not dealing at arm's length during a taxation year ending before the Effective Date, each of Wedge and its Subsidiary has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (xiii) Neither Wedge nor its Subsidiary has ever made an "excessive eligible dividend designation" within the meaning of the Tax Act.
- (hh) Competition Act. Wedge and its Subsidiary do not have assets in Canada that exceed \$73 million or annual gross revenues from sales in or from Canada that exceed \$73 million, in either case, as determined in accordance with the Competition Act and the regulations thereunder.
- (ii) Investment Canada Act. (i) Wedge and its Subsidiary do not carry on a "cultural business" as defined in the Investment Canada Act, and (ii) the value of the assets of Wedge and its Subsidiary, calculated in accordance with the Investment Canada Act, does not exceed \$312 million.
- (jj) Conduct of Business. Except as disclosed in the Disclosure Letter, since December 31, 2010, Wedge and its Subsidiary have:

- (i) not amended their respective articles, by-laws or other governing documents;
 - (ii) except for the transactions contemplated herein, conducted the business in the usual, ordinary and regular course and consistent with past practice;
 - (iii) not suffered any change that would have a Wedge Material Adverse Effect;
 - (iv) not made any change in their respective accounting principles and practices which are not required by GAAP or IFRS as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained;
 - (v) not settled any litigation;
 - (vi) not sold, leased, transferred or assigned, in one or more transactions, any assets, tangible or intangible, except inventory in the ordinary course of business;
 - (vii) not made any loan to, or any other investment in, any other person other than Wedge and its Subsidiary;
 - (viii) not issued, sold or otherwise disposed of any of its share capital, or granted any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its share capital other than pursuant to the terms of the Stock Option Plan;
 - (ix) not declared, set aside or paid any dividend or made any distribution with respect to its share capital (whether in cash or in kind) or redeemed, purchased or otherwise acquired any of its capital; and
 - (x) not adopted, amended, modified or terminated any bonus, profit-sharing, incentive, severance, pension or other plan, contract or commitment (or taken any such action with respect to any other such plan) for the benefit of: (A) any of its or its Subsidiary's officers or directors; or (B) any of its or its Subsidiary's other employees.
- (kk) Banking Information. The Disclosure Letter sets forth the name and location (including municipal address) of each bank, trust company or other institution in which either Wedge or its Subsidiary has an account, money on deposit or a safety deposit box and the name of each Person authorized to draw thereon or to have access thereto and the name of each Person holding a power of attorney and a summary of the terms hereof.

- (ll) Fees. Except for the fees payable as set forth in the Disclosure Letter, Wedge and its Subsidiary will not be liable, directly or indirectly, for the fees, commissions or expenses of any broker, finder, investment banker or other similar agent in connection with the Arrangement.
- (mm) Material Facts Disclosed. No representation or warranty in this Agreement contains any untrue statement of a Material Fact and the representations and warranties contained in this Agreement do not omit to state any Material Fact necessary to make any of the representations or warranties contained herein not misleading to a prospective purchaser of Wedge seeking full information as to Wedge and its Subsidiaries, the business and their respective assets. Without limiting the foregoing, to Wedge's knowledge, there are no changes, events or occurrences that have taken place since March 31, 2011 or are pending that cause, or in the future could cause, a Wedge Material Adverse Effect, or which could materially increase the costs incurred in operating the business subsequent to the Effective Date.

3.2 Survival of Representations and Warranties

The representations and warranties of Wedge contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF CORPORATION

4.1 Representations and Warranties

The Corporation represents and warrants to and in favour of Wedge and acknowledges that Wedge is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Organization, Standing and Corporate Power. The Corporation and each of its Subsidiaries has been duly amalgamated, incorporated or constituted, as applicable, and is validly existing under the Laws of its jurisdiction of amalgamation, incorporation or constitution, as applicable, and has the corporate power and authority to own its properties and conduct its business as currently owned and conducted.
- (b) Authority; no Conflict. The Corporation has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. This Agreement has been duly executed and delivered by the Corporation and constitutes a valid and binding obligation of the Corporation, enforceable against The Corporation in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies. The execution and delivery by the Corporation of this Agreement and the completion of the transactions contemplated hereby will not:

- (i) result in the breach of or violate any term or provision of the articles, by laws or other constating documents of the Corporation or any of its Subsidiaries;
 - (ii) result in the creation of any Encumbrance upon any of the Corporation's assets;
 - (iii) require any consent, approval or notice under, conflict materially with, result in a material breach of, constitute a material default (or an event which, with notice or lapse of time or both, would constitute a material default) under, require any consent, approval or notice under, or accelerate or permit the acceleration of the performance required by, or result in granting to a third party a right to increase fees or other payments by the Corporation or any of its Subsidiaries or a right to reduce any payments that would otherwise become payable to the Corporation or any of its Subsidiaries, or result in granting to a third party a right of first refusal, first opportunity, or other right or option or assets to the Corporation or any of its Subsidiaries, or result in a right of termination, cancellation or acceleration under, or cause any obligation or indebtedness to come due before its stated maturity, or cause any credit commitment to cease to be available, or cause any payment or other material obligation to be imposed upon the Corporation or any of its Subsidiaries pursuant to any Contract; or
 - (iv) violate any material terms or provisions of any of the Environmental Permits, or any order of any court, Governmental Entity or any applicable Law.
- (c) Restrictions on Business Activities. There is no agreement, arbitral award, judgment, injunction, order or decree binding upon the Corporation or any of its Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing (i) any business practice of either of them, (ii) any acquisition or disposition of property by either of them, or (iii) the conduct of the business by either of them as currently conducted.
- (d) Board Approval. The Corporation Board, after consultation with its financial and legal advisors, has determined unanimously that the Arrangement is fair to the Corporation Shareholders and in the best interests of the Corporation and has resolved unanimously to recommend to the Corporation Shareholders that they vote their shares in favour of the Arrangement Resolution. The Corporation Board has unanimously approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement and the performance of the Plan of Arrangement.
- (e) Consents and Approvals. Other than the Interim Order and the Final Order, no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required in

connection with this Agreement and the completion of the transactions contemplated by this Agreement and the Plan of Arrangement.

- (f) Capitalization. The authorized share capital of the Corporation consists of an unlimited number of Corporation Shares. As at the date hereof, there were 19,975,647 Corporation Shares outstanding. All outstanding Corporation Shares have been duly authorized and validly issued, are fully paid and non-assessable. All securities of the Corporation have been issued in compliance with all applicable Laws. Except as disclosed in the Disclosure Letter, as at the date hereof, there were no options, warrants, conversion privileges or other rights (whether pre-emptive or contractual), agreements, arrangements or commitments obligating the Corporation to issue or sell any shares of the capital of the Corporation or securities or obligations of any kind convertible into or exchangeable for any shares of the capital of the Corporation. The Disclosure Letter sets forth all securities issued, issuable or outstanding, as at the date hereof, and all rights, entitlements and benefits outstanding.
- (g) Subsidiaries. The Corporation's Subsidiaries are listed in the Disclosure Letter. Except as disclosed in the Disclosure Letter, neither the Corporation nor any of its Subsidiaries has any ownership interest in any Person (other than securities in such Subsidiaries and any marketable securities of publicly-listed issuers or Governmental Entities). The Corporation beneficially owns, directly or indirectly, all of the issued and outstanding securities of its Subsidiaries free and clear of all Encumbrances (except for Permitted Encumbrances and restrictions on transfer contained in the constating documents of its Subsidiaries). All of the issued and outstanding shares in the capital of its Subsidiaries are validly issued, fully paid and non-assessable; there are no outstanding options, warrants or rights to purchase or acquire, or securities convertible into or exchangeable for, any shares in the share capital of such Subsidiaries; and there are no Contracts which require such Subsidiaries to issue, sell or deliver any shares in its share capital or any securities or obligations convertible into or exchangeable for, any shares of its share capital.
- (h) Shareholders Agreements. There are no shareholders, registration rights agreements, voting trusts, proxies or similar agreements, arrangements or commitments to which the Corporation or any of its Subsidiaries is a party or, to the knowledge of the Corporation, with respect to the Corporation Shares or any other equity interests of the Corporation or any of its Subsidiaries or any other Contract relating to disposition, voting or dividends with respect to any equity securities of the Corporation or any of its Subsidiaries.
- (i) Compliance with Laws. The Corporation has conducted and is conducting its business in compliance with all applicable Laws, in all material respects.
- (j) Financial Statements. The Corporation Financial Statements have been prepared in accordance with IFRS, applied on a basis consistent with that of prior periods. The Corporation Financial Statements fairly present in all material respects the

consolidated financial position of Novametals Resources LLC as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended. All indebtedness and liabilities have been reflected therein or in the notes thereto. The Corporation has not engaged in any “off-balance sheet” or similar financing.

- (k) Absence of Certain Changes or Events; No Undisclosed Liabilities. (i) Except as disclosed in the Disclosure Letter, the Corporation and its Subsidiaries have conducted the business in the ordinary course and consistent with past practice; (ii) except as disclosed in the Disclosure Letter or in the Corporation Financial Statements, no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) of the Corporation or any of its Subsidiaries, on a consolidated basis, has been incurred other than in the ordinary course and consistent with past practice; and (iii) no Corporation Material Adverse Effect has occurred.
- (l) Books and Records. The minute books of the Corporation and the minute books of its Subsidiaries, since the date of creation or acquisition of such Subsidiaries, have been maintained in accordance with all applicable Laws and are, in all material respects, complete and accurate. The financial books and records and accounts of the Corporation and those of its Subsidiaries have been maintained in accordance with industry practices on a basis consistent with prior years and accurately and fairly reflect, in all material respects, the basis for the Corporation’s consolidated financial statements.
- (m) Litigation. There are no suits, claims, actions or proceedings pending or, to the Corporation’s knowledge, threatened against the Corporation or any of its Subsidiaries before any Governmental Entity or arbitral panel or tribunal or which involve or affect the Corporation, its Subsidiaries, the Corporation Shares, their assets, including the title to or ownership of material assets (including the Exploration Licence), and, to the Corporation’s knowledge, there are no grounds upon which such actions, suits or proceedings may be commenced with a reasonable likelihood of success. Neither the Corporation nor any of its Subsidiaries is subject to any judgment, order or decree entered in any lawsuit or proceeding.
- (n) Material Contracts. All Material Contracts to which the Corporation or any of its Subsidiaries is a party or by which either of them are bound are listed in the Disclosure Letter. Neither the Corporation nor any of its Subsidiaries nor, to the Corporation’s knowledge, the other parties thereto, is in material breach or violation of, or default (in each case, with or without notice or lapse of time or both) under, any Material Contract and neither the Corporation nor any of its Subsidiaries has received or given any notice of default or non-renewal under or of any such Contract which remains uncured, and, to the Corporation’s knowledge, there exists no state of facts which after notice or lapse of time or both would constitute a default, breach or non renewal of such Material Contract.

- (o) Non-Competition and Restriction of Business. No Material Contract to which the Corporation or any of its Subsidiaries is a party or by which either are bound contains any non-competition obligation or otherwise restricts in any material way the business of the Corporation and its Subsidiaries, taken as a whole, except to the extent that such restrictions would not in the aggregate have a the Corporation Material Adverse Effect.
- (p) Interest in Assets and Properties. Either the Corporation or one of its Subsidiaries has good and valid title to all of the assets reflected on the Corporation Financial Statements or necessary to operate the business, free and clear of any Encumbrances except (i) for assets which were sold or disposed of in the ordinary course of business consistent with past practice since the date of the Corporation Financial Statements; and (ii) for Permitted Encumbrances. There are no outstanding agreements, options, offers, commitments or other rights to purchase, or obligations to sell, assets or rights of the Corporation or any of its Subsidiaries, except for the acquisition or disposition of current assets in the ordinary course of the business consistent with past practice. The tangible assets owned or leased by the Corporation or any of its Subsidiaries are in good operating condition and repair having regard to the use and age and are adequately suitable for the use to which they are being put. None of such tangible assets is in need of maintenance or repair, except for normal maintenance or repairs that are not material in nature or in costs.
- (q) Moveable Property. The Corporation and its Subsidiaries own, are entitled to use or hold all moveable property owned, used or held for use by them. Except as disclosed in the Disclosure Letter, neither the Corporation nor any of its Subsidiaries' ownership of or leasehold interest in any such moveable property is subject to any Encumbrances, except for Permitted Encumbrances.
- (r) Real Property. The Corporation does not own any real property nor any of its Subsidiaries and sets forth the name of the entity (i.e. the Corporation or any of its Subsidiaries).
- (s) Leased Property. The Disclosure Letter contains a list of premises currently leased by the Corporation or any of its Subsidiaries. Each Lease has been validly executed and delivered by the Corporation or the relevant Subsidiary and is in full force and effect. There exists no default or event, occurrence, condition or act which, with the giving of notice or the lapse of time or both, would become a default under such Lease which would give the lessor the right to terminate the Lease, charge any increase in rent or require any penalty or similar payment, subject to all rights to cure under such Lease. Except as disclosed in the Disclosure Letter, to the Corporation's knowledge, (i) all buildings, fixtures and improvements included in such property respect the applicable municipal zoning regulations and fire safety regulations and are in adequate condition and state of repair, normal wear and tear expected, for the continued conduct of the business in the manner in which it is currently conducted, and (ii) to the Corporation's knowledge, there are no outstanding municipal work orders or orders from other

governmental agencies having jurisdiction requiring that work be carried out. Except as disclosed in the Disclosure Letter, the completion of the transactions contemplated by this Agreement will not give rise to or trigger any change of control provision or termination right under any Lease.

- (t) Royalties, Rentals and Taxes Paid. Except as set forth in the Disclosure Letter, all royalties and rentals payable under the Leases and Permits of the Corporation and its Subsidiaries and other title and operating documents pertaining to the mining assets of Corporation and its Subsidiaries and all ad valorem, property, production, severance and similar taxes and assessments based upon or measured by the ownership of such assets or the production of base metals therefrom or allocated thereto or the proceeds of sales thereof payable have been properly paid in full and in a timely manner except to the extent that such non-payment would not have a Corporation Material Adverse Effect.

- (u) Exploration Licence.
 - (i) Except as disclosed in the Disclosure Letter, the Exploration Licence is the only mineral concession, claim, lease, licence, permit or other right to explore for and prospect for Minerals that the Corporation or any of its Subsidiaries have any legal or equitable interest in and that is required to explore the project.
 - (ii) The Exploration Licence is in good standing and is held by the Corporation or its Subsidiaries free and clear of all Encumbrances and the Corporation and its Subsidiaries are lawfully authorized to hold the interests of the Corporation and its Subsidiaries in the Exploration Licence.
 - (iii) The Exploration Licence has been obtained and maintained in compliance with applicable Laws.
 - (iv) Except as disclosed in the Disclosure Letter, all payments due and payable in respect of the Exploration Licence have been paid.
 - (v) Any and all material filings required to be filed in respect of the Exploration Licence have been filed.
 - (vi) Except as disclosed in the Disclosure Letter, the Corporation and or its Subsidiaries have the exclusive right to deal with the Exploration Licence and, except as provided in this Agreement, no other person has any material interest in the Exploration Licence or any right to acquire such interest.
 - (vii) Neither the Corporation nor any of its Subsidiaries have received any written notice or, to the Corporation's knowledge, any oral notice, from any Governmental Entity or any person with jurisdiction or applicable authority of any expropriation or revocation, or any intention to

expropriate or revoke, the Corporation's and its Subsidiaries' interests in the Exploration Licence.

- (viii) Except as disclosed in the Disclosure Letter, no royalty, commission or similar payment is payable by the Corporation or any of its Subsidiaries in respect of the Exploration Licence.
- (v) Mineral Reserves and Resources. The Corporation and its Subsidiaries have not prepared or disclosed any mineral resources or mineral reserves (as such terms are defined in NI 43-101). No material mineral deposit of the Corporation and its Subsidiaries is subject to illegal occupation.
- (w) Permits. The Corporation and each of its Subsidiaries has obtained and is in compliance with all Permits required by applicable Laws, necessary to conduct its current business as it is now being conducted, except to the extent that the failure to obtain such permit or be in compliance therewith would not reasonably be expected to have a Corporation Material Adverse Effect.
- (x) Accounts Receivable. All accounts receivable of the Corporation and its Subsidiaries were created in the ordinary course of business, are reflected property in their respective books and records and are valid and outstanding, except as provided therein.
- (y) Intellectual Property. The Corporation or one of its Subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property necessary to carry on the business now operated by them, and neither the Corporation nor any of its Subsidiaries has received any written notice or claim challenging the Corporation or any of its Subsidiaries respecting the validity of, use of or ownership of the processes and technology, and to the knowledge of the Corporation, there are no facts upon which such a challenge could be made.
- (z) Employment Matters. The Disclosure Letter contains a list of all employees of the Corporation as of the date of this Agreement setting forth date of hire, department, compensation and benefits of each employee. Except as disclosed in the Disclosure Letter, all such employees have executed the standard form of employment contract and confidentiality agreement provided or made available to Wedge.
 - (i) Except as disclosed in the Disclosure Letter, the Corporation is not a party to any agreement (written or oral) pursuant to which either (A) severance, termination, bonus or any other payments to any director, officer or employee may be required to be paid, waived or renounced as a result of or in connection with the completion of the transactions contemplated by this Agreement; or (B) any employee or consultant who is bound by

confidentiality, non-competition or non-solicitation covenants with the Corporation is relieved thereof solely as a result of the completion of the transactions contemplated by this Agreement.

- (ii) The Corporation is in all material respects in compliance with and is in good standing under all applicable Laws relating to its employees and their employment, including provisions thereof relating to employment standards, wages, hours of work, vacation pay, overtime, termination notice, pay in lieu of termination notice, termination and severance pay, human rights, workers' compensation, manpower training, pay equity, unfair labour practices, collective bargaining, equal opportunity or similar Laws related to employment obligations.
 - (iii) There has not been, for a period of twelve consecutive months preceding the date hereof, nor is there currently or, to the Corporation's knowledge, threatened any strike, slowdown, picketing or work stoppage with respect to its employees.
 - (iv) Except as disclosed in the Disclosure Letter, no employee has given notice of resignation from his employment or of an intention to terminate his employment and the Corporation is not aware of any intention on the part of any employee to terminate his employment. The Corporation has not given notice of termination to any employee and does not currently intend to terminate any employee.
- (aa) Benefit Plans. The Corporation does not have any formal plan or has made a promise or commitment, whether legally binding or not, to create any additional Benefit Plan or to materially improve or change the benefits provided under any Benefit Plan.
 - (bb) Insurance. The Corporation does not currently maintain any insurance policies.
 - (cc) Long Term and Derivative Transactions. The Corporation and its Subsidiaries have no material obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, transactions having terms greater than 90 days or any similar transactions (including any option with respect to any of such transactions) or any combination of such transactions, except those incurred in the ordinary course of business.
 - (dd) Tax Matters.

Except as disclosed in the Disclosure Letter:

- (i) The Corporation and each of its Subsidiaries has filed all Tax Returns required to be filed by it on or before the date of this Agreement, and those Tax Returns were complete and correct.
- (ii) The Corporation and each of its Subsidiaries has duly and timely paid all Taxes (including instalments on account of Taxes for the current year, and including Taxes due and payable in respect of the Exploration Licence) which are due and payable by it on or before the date hereof and have provided adequate accruals in the Corporation Financial Statements for any Taxes for the period covered by such Corporation Financial Statements that have not been paid whether or not shown as being due on any Tax Returns.
- (iii) Since the date of the Corporation Financial Statements, no liability in respect of Taxes not reflected in such Corporation Financial Statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued.
- (iv) The Corporation and each of its Subsidiaries has duly and timely withheld, deducted and collected, the amount of all Taxes and other amounts required under any Laws to be withheld, deducted or collected and has duly and timely remitted such amounts to the appropriate Governmental Entity.
- (v) To the Corporation's knowledge, there are no actions, suits, proceedings, investigations or claims threatened against the Corporation or any of its Subsidiaries in respect of Taxes, or any matters under discussion, audit or appeal with any Governmental Entity relating to Taxes asserted by any such Governmental Entity.
- (vi) The income Tax liability of the Corporation and each of its Subsidiaries has been assessed by the relevant tax authority in respect of the taxation years of the Corporation and its Subsidiaries ending before the date hereof.
- (vii) The Corporation and its Subsidiaries have never been required to file any Tax Return with, and have never been liable to pay any Taxes to, any taxation authority outside Canada or any jurisdiction in which one of the Corporation's Subsidiaries resides. No Claim has ever been made by a taxation authority in a jurisdiction where the Corporation or any of its Subsidiaries does not file Tax Returns that it is or may be subject to the imposition of any Tax by that jurisdiction.
- (viii) The Corporation and its Subsidiaries have not requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver providing for any extension of time within which any Governmental Authority may assess or collect Taxes for which the Corporation or any of its Subsidiaries is or may be liable.

- (ix) For all transactions between the Corporation or any of its Subsidiaries and any non-resident Person with whom the Corporation or any of its Subsidiaries was not dealing at arm's length during a taxation year ending before the Effective Date, each of the Corporation and its Subsidiaries has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (x) Neither the Corporation nor any of its Subsidiaries has ever made an "excessive eligible dividend designation" within the meaning of the Tax Act.
- (ee) Competition Act. The Corporation and its Subsidiaries do not have assets in Canada that exceed \$73 million or annual gross revenues from sales in or from Canada that exceed \$73 million, in either case, as determined in accordance with the Competition Act and the regulations thereunder.
- (ff) Investment Canada Act. (i) The Corporation and its Subsidiaries do not carry on a "cultural business" as defined in the Investment Canada Act, and (ii) the value of the assets of the Corporation and its Subsidiaries, calculated in accordance with the Investment Canada Act, does not exceed \$312 million.
- (gg) Conduct of Business. Except as disclosed in the Disclosure Letter, since December 31, 2010, the Corporation and its Subsidiaries have:
 - (i) not amended their respective articles, by-laws or other governing documents;
 - (ii) except for the transactions contemplated herein, conducted the business in the usual, ordinary and regular course and consistent with past practice;
 - (iii) not suffered any change that would have a Corporation Material Adverse Effect;
 - (iv) not made any change in their respective accounting principles and practices which are not required by IFRS as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained;
 - (v) not settled any litigation;
 - (vi) not sold, leased, transferred or assigned, in one or more transactions, any assets, tangible or intangible, except inventory in the ordinary course of business;
 - (vii) not made any loan to, or any other investment in, any other person other than the Corporation and its Subsidiaries;

- (viii) not issued, sold or otherwise disposed of any of its share capital, or granted any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its share capital;
 - (ix) not declared, set aside or paid any dividend or made any distribution with respect to its share capital (whether in cash or in kind) or redeemed, purchased or otherwise acquired any of its capital; and
 - (x) not adopted, amended, modified or terminated any bonus, profit-sharing, incentive, severance, pension or other plan, contract or commitment (or taken any such action with respect to any other such plan) for the benefit of: (A) any of its or its Subsidiaries' officers or directors; or (B) any of its or its Subsidiaries' other employees.
- (hh) Banking Information. The Disclosure Letter sets forth the name and location (including municipal address) of each bank, trust company or other institution in which either the Corporation or any of its Subsidiaries has an account, money on deposit or a safety deposit box and the name of each Person authorized to draw thereon or to have access thereto and the name of each Person holding a power of attorney and a summary of the terms hereof.
- (ii) Fees. Except for the fees payable as set forth in the Disclosure Letter, the Corporation and its Subsidiaries will not be liable, directly or indirectly, for the fees, commissions or expenses of any broker, finder, investment banker or other similar agent in connection with the Arrangement.
- (jj) Material Facts Disclosed. No representation or warranty in this Agreement contains any untrue statement of a Material Fact and the representations and warranties contained in this Agreement do not omit to state any Material Fact necessary to make any of the representations or warranties contained herein not misleading to a prospective purchaser of the Corporation seeking full information as to the Corporation and its Subsidiaries, the business and their respective assets. Without limiting the foregoing, to the Corporation's knowledge, there are no changes, events or occurrences that have taken place since December 31, 2010 or are pending that cause, or in the future could cause, a Corporation Material Adverse Effect, or which could materially increase the costs incurred in operating the business subsequent to the Effective Date.

4.2 Survival of Representations and Warranties

The representations and warranties of the Corporation contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5
COVENANTS OF THE PARTIES

5.1 Covenants of Wedge Regarding the Conduct of Business

Wedge covenants and agrees that it shall, and shall cause its Subsidiary to, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless the Corporation shall otherwise agree in writing, or except as is otherwise expressly permitted or contemplated by this Agreement or the Plan of Arrangement or expressly permitted or contemplated by the Disclosure Letter, or as otherwise required by Law:

- (a) conduct its business only in, not take any action except in, and maintain its properties and facilities in, the ordinary course of business consistent with past practice;
- (b) other than pursuant to the Private Placement, not issue, sell, pledge, lease, dispose of or encumber or agree to issue, sell, dispose of or encumber (i) any additional securities, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any securities (other than pursuant to the exercise of Options currently outstanding, including for greater certainty, Options the vesting of which may be accelerated by the Wedge Board under the Stock Option Plan); or (ii) except in the ordinary course of business, in a manner consistent with past practice, any portion of the property and assets owned by Wedge (other than pursuant to transactions between Wedge and its Subsidiary);
- (c) not amend or propose to amend its articles or by-laws;
- (d) not split, consolidate, combine or reclassify any class of securities or declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to any class of securities;
- (e) not redeem, purchase or offer to purchase any securities;
- (f) not to amend the Stock Option Plan or adopt any other bonus, profit sharing, incentive, compensation, stock option, pension, retirement, deferred compensation, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any employee;
- (g) to maintain insurance on and in respect of the property and assets owned or leased by Wedge and its Subsidiary in like kind to, and in an amount not less than the amount of, insurance in respect of such property and assets in effect on the date hereof;
- (h) use its commercially reasonable efforts to preserve intact the business and the goodwill of Wedge, to keep available the services of the officers and employees of Wedge and its Subsidiary;

- (i) not to take any action that would render, or that may reasonably be expected to render, any representation or warranty (except any representation and warranty which speaks solely as of a date prior to the occurrence of such action) made by it in this Agreement untrue at any time prior to the Effective Time;
- (j) promptly notify the Corporation of any change that could have a Wedge Material Adverse Effect;
- (k) not repay any outstanding indebtedness in excess of an amount of \$25,000 except such as have been reserved against in the Wedge Financial Statements;
- (l) not make any loan, advances or capital contributions to, or investments in, any other Person other than its Subsidiary or make any loans to any officer or director of Wedge or its Subsidiary;
- (m) not make capital expenditures from the date hereof to the Effective Date;
- (n) not incur any new indebtedness or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person;
- (o) not amend any Tax Returns of Wedge or its Subsidiary or settle or compromise any material federal, national, provincial, foreign, state or local Tax liability;
- (p) not reorganize, amalgamate or merge Wedge or its Subsidiary with any other Person;
- (q) not reduce the stated capital of the shares of Wedge or its Subsidiary;
- (r) not acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any Person, or make any investment either by purchase of shares or securities, contributions of capital (other than to its Subsidiary), property transfer or purchase of any property or assets of any other Person (excluding capital expenditures);
- (s) not adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of Wedge or its Subsidiary;
- (t) not pay, discharge, satisfy or settle any claims, liabilities or obligations other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Wedge Financial Statements;
- (u) not authorize, recommend or propose any release or relinquishment of any contractual right;
- (v) not enter into any interest rate, currency swaps, hedges, caps, collars, forward sales or other similar financial instruments;

- (w) not, except as required by GAAP or IFRS or any applicable Laws, make any changes to the existing accounting practices of Wedge or its Subsidiary or make any tax election inconsistent with past practice;
- (x) not terminate the employment of any employee;
- (y) not increase the remuneration or benefits payable or to become payable to its directors, officers or, except as required pursuant to an existing contractual obligation, employees (whether from Wedge or its Subsidiary); or enter into or modify any employment, retention, severance or similar agreements or arrangements with, or grant any bonuses, salary increases, retention, severance or termination pay to, any member of the Wedge Board, officer or employee of Wedge or its Subsidiary;
- (z) not waive, release, assign, settle or compromise any legal actions or any claim or liability other than in the ordinary course of business consistent with past practice; or
- (aa) not agree or commit to do any of the foregoing.

5.2 Covenants of the Corporation Regarding the Business

The Corporation covenants and agrees that it shall, and shall cause each of its Subsidiaries to, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless Wedge shall otherwise agree in writing, or except as is otherwise expressly permitted or contemplated by this Agreement or the Plan of Arrangement or expressly permitted or contemplated by the Disclosure Letter, or as otherwise required by Law:

- (a) conduct its business only in, not take any action except in, and maintain its properties and facilities in, the ordinary course of business consistent with past practice;
- (b) not issue, sell, pledge, lease, dispose of or encumber or agree to issue, sell, dispose of or encumber (i) any additional securities, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any securities; or (ii) except in the ordinary course of business, in a manner consistent with past practice, any portion of the property and assets owned by the Corporation and the Subsidiaries, including with respect to the Exploration License (other than pursuant to transactions between the Corporation and its Subsidiaries);
- (c) not amend or propose to amend its articles or by-laws;
- (d) not split, consolidate, combine or reclassify any class of securities or declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to any class of securities;
- (e) not redeem, purchase or offer to purchase any securities;

- (f) not to adopt any other bonus, profit sharing, incentive, compensation, stock option, pension, retirement, deferred compensation, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any employee;
- (g) to maintain insurance on and in respect of the property and assets owned or leased by the Corporation and its Subsidiaries in like kind to, and in an amount not less than the amount of, insurance in respect of such property and assets in effect on the date hereof;
- (h) use its commercially reasonable efforts to preserve intact the business and the goodwill of the Corporation, to keep available the services of the officers and employees of the Corporation and its Subsidiaries;
- (i) not to take any action that would render, or that may reasonably be expected to render, any representation or warranty (except any representation and warranty which speaks solely as of a date prior to the occurrence of such action) made by it in this Agreement untrue at any time prior to the Effective Time;
- (j) promptly notify Wedge of any change that could have a Corporation Material Adverse Effect;
- (k) not repay any outstanding indebtedness except such as have been reserved against in the Corporation Financial Statements;
- (l) not make any loan, advances or capital contributions to, or investments in, any other Person other than its Subsidiaries or make any loans to any officer or director of the Corporation and its Subsidiaries;
- (m) not make capital expenditures from the date hereof to the Effective Date;
- (n) not incur any new indebtedness or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person;
- (o) not amend any Tax Returns of the Corporation and its Subsidiaries or settle or compromise any material federal, national, provincial, foreign, state or local Tax liability;
- (p) not reorganize, amalgamate or merge the Corporation or its Subsidiaries with any other Person;
- (q) not reduce the stated capital of the shares of Corporation or its Subsidiaries;
- (r) not acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any Person, or make any investment either by purchase of shares or securities, contributions of capital (other than to its Subsidiaries),

property transfer or purchase of any property or assets of any other Person (excluding capital expenditures);

- (s) not adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Corporation or its Subsidiaries;
- (t) not pay, discharge, satisfy or settle any claims, liabilities or obligations other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Corporation Financial Statements;
- (u) not authorize, recommend or propose any release or relinquishment of any contractual right;
- (v) not enter into any interest rate, currency swaps, hedges, caps, collars, forward sales or other similar financial instruments;
- (w) not, except as required by GAAP or IFRS or any applicable Laws, make any changes to the existing accounting practices of the Corporation or its Subsidiaries or make any tax election inconsistent with past practice;
- (x) not terminate the employment of any employee;
- (y) not increase the remuneration or benefits payable or to become payable to its directors, officers or, except as required pursuant to an existing contractual obligation, employees (whether from the Corporation or its Subsidiaries); or enter into or modify any employment, retention, severance or similar agreements or arrangements with, or grant any bonuses, salary increases, retention, severance or termination pay to, any member of the Corporation Board, officer or employee of the Corporation or its Subsidiaries;
- (z) not waive, release, assign, settle or compromise any legal actions or any claim or liability other than in the ordinary course of business consistent with past practice;
or
- (aa) not agree or commit to do any of the foregoing.

5.3 Covenants of Wedge Regarding the Arrangement

Wedge shall perform, and shall cause its Subsidiary to perform, all obligations required or desirable to be performed by Wedge or its Subsidiary under this Agreement, cooperate with the Corporation in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Wedge shall and, where appropriate, shall cause its Subsidiary to:

- (a) complete the Continuance prior to the Effective Time;

- (b) comply with the terms of the Plan of Arrangement;
- (c) carry out the terms of the Interim Order and the Final Order applicable to it;
- (d) unless this Agreement shall have been terminated in accordance with Section 7.1, submit the Arrangement Resolution for approval by the Wedge Securityholders at the Wedge Meeting in accordance with Section 2.5;
- (e) obtain all Regulatory Approvals relating to Wedge or its Subsidiary and, in doing so, keep the Corporation informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing the Corporation with copies of all related applications and notifications, in draft form, in order for the Corporation to provide its comments thereon, acting reasonably;
- (f) obtain all necessary waivers, consents and approvals required to be obtained by Wedge or its Subsidiary in connection with the Arrangement from other parties to any Contracts without paying, and without committing itself or the Corporation to pay any consideration or incur any liability or obligation to or in respect of any such other party to obtain such waiver, consent or approval without the prior written consent of the Corporation;
- (g) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Wedge or its Subsidiary relating to the Arrangement;
- (h) comply promptly with all requirements which applicable Laws may impose on Wedge or its Subsidiary with respect to the Arrangement and the other transactions contemplated herein;
- (i) defend all lawsuits or other legal, regulatory or other proceedings against the Wedge or its Subsidiary challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (j) use all commercially reasonable efforts to have lifted or rescinded any injunction or restraining order relating to Wedge or its Subsidiary or other order which may adversely affect the ability of the Parties to consummate the Arrangement;
- (k) promptly advise the Corporation orally and, if then requested, in writing:
 - (i) of any event occurring subsequent to the date of this Agreement that would render any representation or warranty of Wedge contained in this Agreement (except any such representation or warranty which speaks solely as of a date prior to the occurrence of such event), if made on or as of the date of such event or the Effective Time, untrue or inaccurate;
 - (ii) of any change, effect, event or occurrence which would reasonably be expected to have a Material Adverse Effect on Wedge or its Subsidiary, or to impair or delay the consummation of the transactions contemplated by

this Agreement or the ability of Wedge to perform its obligations hereunder; and

(iii) of any breach by Wedge of any covenant or agreement contained in this Agreement; and

(l) apply for and use commercially reasonable efforts to obtain conditional approval of the listing and posting for trading on the CNSX of the Amalco Shares, subject only to the satisfaction by Wedge of customary post-closing conditions imposed by the CNSX in similar circumstances.

5.4 Covenants of the Corporation Regarding the Arrangement

The Corporation shall perform, and shall cause each of its Subsidiaries to perform, all obligations required or desirable to be performed by the Corporation and its Subsidiaries under this Agreement, cooperate with Wedge in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, the Corporation shall and, where appropriate, shall cause its Subsidiaries to:

- (a) comply with the terms of the Plan of Arrangement;
- (b) carry out the terms of the Interim Order and the Final Order applicable to it;
- (c) obtain, and assist Wedge to obtain, all Regulatory Approvals relating to the Corporation and its Subsidiaries and, in doing so, keep Wedge informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing Wedge with copies of all related applications and notifications (other than confidential information contained in such applications and notifications), in draft form, in order for Wedge to provide its comments thereon, acting reasonably;
- (d) unless this Agreement shall have been terminated in accordance with Section 7.1, seek the approval of the Arrangement from the Corporation Shareholders;
- (e) effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Corporation and its Subsidiaries relating to the Arrangement;
- (f) comply promptly with all requirements which applicable Laws may impose on the Corporation or its Subsidiaries with respect to the Arrangement and any other transactions contemplated herein;
- (g) defend all lawsuits or other legal, regulatory or other proceedings against the Corporation challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

- (h) use all commercially reasonable efforts to have lifted or rescinded any injunction or restraining order relating to the Corporation or other order which may adversely affect the ability of the Parties to consummate the Arrangement; and
- (i) promptly advise Wedge orally and, if then requested, in writing:
 - (i) of any event occurring subsequent to the date of this Agreement that would render any representation or warranty of the Corporation contained in this Agreement (except any such representation or warranty which speaks solely as of a date prior to the occurrence of such event), if made on or as of the date of such event or the Effective Time, untrue or inaccurate in any material respect;
 - (ii) of any change, effect, event or occurrence which would reasonably be expected to have a Corporation Material Adverse Effect; and
 - (iii) of any material breach by the Corporation of any covenant or agreement contained in this Agreement.

5.5 Covenants of Wedge Regarding Non-Solicitation

- (a) On and after the date of this Agreement, except as otherwise provided in this Agreement, Wedge shall not, directly or indirectly, through any officer, director, employee, representative (including for greater certainty any financial or other advisors) or agent:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing non-public information or entering into any form of Contract) any inquiries, proposals or offers regarding any Acquisition Proposal;
 - (ii) engage in any discussions or negotiations regarding, or provide any confidential information with respect to, any Acquisition Proposal (provided that, for greater certainty, Wedge may advise any Person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute or would not reasonably be expected to lead to a Superior Proposal when the Wedge Board has so determined);
 - (iii) withdraw, modify or qualify (or publicly propose to or publicly state that it intends to withdraw, modify or qualify) in any manner adverse to the Corporation the approval or recommendation of the Wedge Board of this Agreement or the Arrangement (it being understood that a failure to reaffirm its approval or recommendation within four Business Days of a request of the Corporation to do so will be considered an adverse modification) or approve or recommend, publicly propose to or publicly state that it intends to approve or recommend an Acquisition Proposal (each, a “**Change of Recommendation**”); or

- (iv) accept or enter into, or publicly propose to accept or enter into, any Contract related to any Acquisition Proposal or requiring Wedge to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees and expenses to any Person in the event that Wedge completed the transaction contemplated hereby.
- (b) Wedge will cease and cause to be terminated any existing solicitation, encouragement, activity, discussion or negotiation with any Person by Wedge or any of its directors, officers, employees, representatives or agents with respect to any Acquisition Proposal, whether or not initiated by Wedge, and, in connection therewith, Wedge will discontinue access to any data rooms (virtual or otherwise) previously provided to any such Person and will request (and exercise all rights it has to require) the return or destruction of all information regarding Wedge and its Subsidiary previously provided to any such person. Wedge shall not terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to an Acquisition Proposal or any standstill agreement to which it is a party (it being understood that the automatic termination of the standstill provisions of such agreements as a result of entering into or announcing this Agreement shall not be a violation of this Paragraph 5.5(b)). Wedge shall use its best efforts to enforce any standstill agreement or covenant of any third party which are still valid and enforceable as of the date hereof.
- (c) From and after the date of this Agreement, Wedge shall promptly notify (and in any event within 48 hours) the Corporation, at first orally and then in writing, of any proposal, inquiry, offer, expression of interest or request relating to or constituting an Acquisition Proposal, any request for discussions or negotiations and any request for non-public information relating to Wedge or its Subsidiary (whether or not relating to an actual or potential Acquisition Proposal) received by or known by the Wedge Board or Wedge employees, or any amendments to the foregoing, and if possible to obtain and transmit a copy without violating any laws, provide the Corporation with a copy of any such proposal, inquiry, offer or expression of interest or request received. Such notice shall include a copy of any written proposal and, if the proposal is not in written form, a description of the terms and conditions of, and the identity of the Person making, any proposal, inquiry, offer or request. Wedge shall, at the request of the Corporation, inform the Corporation as to the status, including any change to the terms, of any such proposal, inquiry, offer or request, or any amendment to any of the foregoing.

- (d) Notwithstanding Paragraph 5.5(a) and any other provision of this Agreement, if Wedge receives a *bona fide* written proposal or offer with respect to an Acquisition Proposal that was not solicited after the date hereof, the Wedge Board shall be permitted to engage in discussions or negotiations, provide information and otherwise cooperate with and assist the Person making such Acquisition Proposal, if and only to the extent that:
- (i) Wedge has provided the Corporation with the notice required by Paragraph 5.5(c) in respect of such Acquisition Proposal;
 - (ii) the Wedge Board determines in good faith, after consultation with its outside legal and financial advisors, that such Acquisition Proposal would reasonably be expected to lead to a Superior Proposal and that the failure to take such action would be inconsistent with its fiduciary duties under applicable Laws;
 - (iii) prior to providing any information or data, the Wedge Board receives from such Person an executed confidentiality agreement that contains provisions that are not less favourable to Wedge than those contained in Section 5.6 and Wedge sends a copy of any such confidentiality agreement to the Corporation promptly upon its execution; and
 - (iv) the Corporation is provided promptly with a list or description of, or in the case of information that was not previously made available to the Corporation, copies of, any information provided to such Person.
- (e) Notwithstanding Paragraph 5.5(a) and any other provision of this Agreement, if Wedge receives a *bona fide* written proposal or offer with respect to an Acquisition Proposal that was not solicited after the date hereof, the Wedge Board shall be permitted to withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to the Corporation the approval or recommendation of this Agreement and the Arrangement and to make a Change of Recommendation, if and only to the extent that:
- (i) Wedge has provided the Corporation with the notice required by Paragraph 5.5(c) in respect of such Acquisition Proposal;
 - (ii) Wedge has provided the Corporation with a copy of the Acquisition Proposal documents;
 - (iii) the Wedge Meeting has not occurred;
 - (iv) Wedge has provided the Corporation with a written notice advising them of the Wedge Board's determination;
 - (v) taking into account any revised proposal made by the Corporation since receipt of the notice required by clause (iv) above, such Superior Proposal remains a Superior Proposal;

- (vi) five Business Days shall have elapsed from the date the Corporation received the notice required by clause (iv) above;
 - (vii) the Wedge Board determines in good faith, after consultation with its outside legal and financial advisors, that such Acquisition Proposal constitutes a Superior Proposal and that the failure to take such action would be inconsistent with its fiduciary duties under applicable Laws.
- (f) During the five Business Day period referred to in Paragraph 5.5(e)(vi), the Corporation shall have the opportunity, but not the obligation, to offer to amend the terms of this Agreement. The Wedge Board will review any offer by the Corporation to amend the terms of this Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties, whether such amended offer, upon acceptance by Wedge, would, if consummated in accordance with its terms, result in a transaction equal or more favourable to the Wedge Securityholders from a financial point of view than the transaction contemplated by the Superior Proposal. If the Wedge Board so determines, Wedge will enter into an amended agreement with the Corporation reflecting the amended offer. If the Wedge Board continues to believe, in good faith, after consultation with its outside legal and financial advisors, that such Superior Proposal remains a Superior Proposal and therefore rejects the amended offer, Wedge and the Wedge Board may make a Change of Recommendation.
- (g) In the event that Wedge provides the notice contemplated by Paragraph 5.5(c) on a date which is less than five Business Days prior to the Wedge Meeting, Wedge shall be entitled to adjourn or postpone the Wedge Meeting to a date that is not more than five Business Days after the date of such notice provided that in any event the Wedge Meeting shall be held at least five Business Days prior to the Outside Date.
- (h) Wedge will ensure that its officers and directors and those of its Subsidiary and any financial advisors or other advisors or representatives retained by it or its Subsidiary are aware of the provisions of this Section 5.5, and it will be responsible for any breach of this Section 5.5 by such officers, directors, financial advisors or other advisors or representatives.
- (i) Without limiting any of the other provisions of this Agreement, nothing contained in this Section 5.5 or any other provision of this Agreement shall prohibit the Wedge Board from making any disclosure to the Wedge Securityholders prior to the Effective Date if, in the good faith judgment of the Wedge Board, after consultation with outside legal counsel, such disclosure is necessary for the Wedge Board to act in a manner consistent with its fiduciary duties.

5.6 Access to Information

From the date hereof until the earlier of the Effective Date and the termination of this Agreement, upon reasonable notice and subject to compliance with applicable Law and the

confidentiality provisions of any existing contract or agreement to which Wedge, the Corporation, or either of their Subsidiaries is a party, each of the Parties shall, and shall cause its respective Subsidiaries to, afford to the other Party and to the officers, employees, agents and representatives of the other Party such access as the other Party may reasonably require at all reasonable times, including, in the case of requests by the Corporation, for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records, and Contracts of Wedge, as applicable, and shall furnish the other Party with all data and information as the other Party may reasonably request. The Parties hereby acknowledge and agree that information furnished pursuant to this Section 5.6 shall be protected using reasonable measures to protect the confidential nature of such information.

5.7 Insurance and Indemnification

- (a) The Corporation and Wedge agree that they will directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of Wedge which will survive the completion of the Arrangement.
- (b) If the Arrangement shall become effective, the Corporation or Wedge will maintain in effect without any reduction in scope or coverage for six years from the Effective Time customary policies of directors' and officers' liability insurance providing protection equal to or better than the protection provided by the policies maintained by Wedge which are in effect immediately prior to the Effective Time and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Time; provided, however, that the Corporation or Wedge will not be required, in order to maintain such directors' and officers' liability insurance policy, to pay an annual premium in excess of 250% of the cost of the existing policies; and provided further that, if equivalent coverage cannot be obtained or can only be obtained by paying an annual premium in excess of 250% of such amount, the Corporation or Wedge will only be required to obtain as much coverage as can be obtained by paying an annual premium equal to 250% of such amount. Furthermore, prior to the Effective Time the Corporation or Wedge may, in the alternative, purchase run off directors' and officers' liability insurance for a period of up to six years from the Effective Time provided that the premiums will not exceed 250% of the premiums currently charged to Wedge for directors' and officers' liability insurance.
- (c) The provisions of this Section 5.7 are intended for the benefit of, and will be enforceable by, each insured or indemnified person described in Section 5.7(a), his or her heirs and his or her legal representatives and, for such purpose, the Parties hereby confirm that, in negotiating and agreeing with the provisions of this Section 5.7, Wedge is acting as agent and trustee on their behalf.

5.8 Resignations and Release

Subject to confirmation that insurance coverage is maintained as contemplated in Section 5.7, Wedge will obtain and deliver to Corporation at the Effective Time evidence reasonably satisfactory to Corporation of the resignation and full release in favour of Wedge effective as of the Effective Time of those directors designated by Corporation to Wedge in writing at least five calendar days prior to the Effective Time.

5.9 Tax Matters

During the period from the date of this Agreement to the Effective Time, Wedge and its Subsidiary shall:

- (a) prepare and timely file all Tax Returns required to be filed by them on or before the Effective Time (“**Post-Signing Returns**”) in a manner consistent, in all material respects, with past practice, except as otherwise required by applicable Laws;
- (b) fully and timely pay all Taxes due and payable in respect of such Post-Signing Returns that are so filed; and
- (c) properly reserve (and reflect such reserve in their books and records and financial statements) for all Taxes payable by them for which no Post-Signing Return is due prior to the Effective Time in a manner consistent with past practice.

5.10 Take-over Regulation

If any take-over regulation is or becomes applicable to this Agreement, the Arrangement or the other transactions contemplated by this Agreement, Wedge and the Corporation and their respective boards of directors shall (i) take all necessary action to ensure that such transactions may be consummated as promptly as practicable upon the terms and subject to the conditions set forth in this Agreement and (ii) otherwise act to eliminate or minimize the effects of such take-over regulation.

ARTICLE 6 CONDITIONS PRECEDENT

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived by the mutual written consent of the Parties:

- (a) the Continuance Resolution shall have been passed at the Wedge Meeting by at least two-thirds of the votes cast by the Wedge Shareholders present in person or represented by proxy at the Wedge Meeting, voting by class;

- (b) the approval by the OSC and the Minister of Finance (Ontario) of the Wedge Continuance;
- (c) the Continuance shall have been effected;
- (d) all of the issued and outstanding Wedge Series A Preferred Shares shall have been redeemed in accordance with their terms;
- (e) the Arrangement Resolution shall have been passed at the Wedge Meeting by not less than the Required Vote and in accordance with the Interim Order and applicable Laws;
- (f) the Corporation Shareholders shall have approved the Arrangement;
- (g) the Corporation shall commit or shall cause its Shareholders to commit to a minimum of \$2,500,000 for the Private Placement;
- (h) the Private Placement Resolution shall have been approved by (i) at least two-thirds of the votes cast by the Wedge Shareholders present in person or represented by proxy at the Wedge Meeting, voting by class, (ii) at least a simple majority of the votes cast by the Wedge Shareholders present in person or represented by proxy at the Meeting, excluding Wedge Shares beneficially owned or over which control or direction is exercised by the Corporation or its affiliates or any other “interested parties” and certain of their “related parties” and “joint actors”, if any (within the meaning of, and as provided by, Section 8.1 of MI 61-101);
- (i) the Interim Order and the Final Order shall have been granted in form and content satisfactory to each of the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (j) no person will have filed any notice of appeal of the Final Order, and no person will have communicated to Wedge or the Corporation (orally or in writing) any intention to appeal the Final order which would make it inadvisable to proceed with the implementation of the Arrangement;
- (k) all of the filings required to be made with the Registrar in connection with the Arrangement prior to the Effective Time shall be in the form and substance satisfactory to the Parties, acting reasonably;
- (l) the Regulatory Approvals shall have been obtained or concluded and, in the case of waiting, suspensory or investigatory periods, such waiting, suspensory or investigatory periods shall have expired, been terminated or been waived by the applicable Governmental Entity;

- (m) no judgment, decision, order or decree of a Governmental Entity enforceable against Wedge or the Corporation shall have been rendered, and no Law shall have been enacted, promulgated or applied, in either case:
 - (i) to enjoin, prohibit or impose material limitations on the Arrangement; or
 - (ii) which would materially and adversely affect the ability of the Parties to proceed with the Arrangement; and
- (n) this Agreement shall not have been terminated in accordance with its terms.

6.2 Additional Conditions Precedent to the Obligations of the Corporation

The obligations of the Corporation to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of the Corporation and may be waived by the Corporation):

- (a) the representations and warranties of Wedge shall be true and correct in all material respects (it being understood that the reference to a materiality threshold in any of the representations shall not be interpreted as requiring a higher standard by imposing a double materiality threshold) (i) as of the date hereof (other than the representations and warranties contained in Paragraphs 3.1(a), 3.1(b), 3.1(c) and 3.1(f) and the representations qualified by reference to materiality, which shall be true and correct in all respects) and (ii) as of the Effective Time as if made at the Effective Time (except for those expressly stated to speak at or as of a specified date, the accuracy of which shall be determined as of such date), and the Corporation shall have received a certificate of the Corporation addressed to the Corporation dated the Effective Date, signed on behalf of Wedge (on Wedge's behalf and without personal liability) by a senior executive officer of Wedge confirming same as of the Effective Date;
- (b) Wedge and its Subsidiary shall not be in material breach of any applicable Laws;
- (c) no Wedge Material Adverse Effect shall have occurred since the date hereof;
- (d) Wedge shall have complied with its covenants and obligations under this Agreement and the Plan of Arrangement and the Corporation shall have received a certificate of Wedge addressed to the Corporation dated the Effective Date, signed on behalf of Wedge by a senior executive officer of Wedge (on Wedge's behalf and without personal liability), confirming the same as of the Effective Date; and
- (e) the time period as specified in the Interim Order for the exercise of Dissent Rights in respect of the Continuance and Arrangement shall have expired, and Wedge Shareholders shall not have exercised (and not abandoned) such Dissent Rights with respect to greater than 5% of the Wedge Shares then outstanding.

6.3 Additional Conditions Precedent to the Obligations of Wedge

The obligations of Wedge to complete the transactions contemplated by this Agreement shall also be subject to the following conditions precedent (each of which is for the exclusive benefit of Wedge and may be waived by Wedge):

- (a) the representations and warranties of the Corporation shall be true and correct in all material respects as of the date hereof and as of the Effective Time as if made at the Effective Time (except for those expressly stated to speak at or as of a specified date, the accuracy of which shall be determined as of such date) (other than the representations and warranties contained in Paragraph 4.1(a), 4.1(b), 4.1(c) and 4.1(f) which shall be true and correct in all respects) and Wedge shall have received a certificate of the Corporation addressed to Wedge dated the Effective Date, signed on behalf of the Corporation by a senior executive officer of the Corporation (on the Corporation's behalf and without personal liability) confirming same as of the Effective Date;
- (b) no Corporation Material Adverse Effect shall have occurred since the date hereof;
- (c) the Corporation and its Subsidiaries shall not be in material breach of any applicable Laws; and
- (d) the Corporation shall have complied with their covenants and obligations under this Agreement and under the Plan of Arrangement and Wedge shall have received a certificate of the Corporation addressed to Wedge dated the Effective Date, signed on behalf of the Corporation by a senior executive officer of the Corporation (on the Corporation's behalf and without personal liability) confirming the same as of the Effective Date.

6.4 Satisfaction of Conditions

The conditions precedent set out in Sections 6.1, 6.2, and 6.3 shall be conclusively deemed to have been satisfied, waived or released when, with the agreement of each Party, a Certificate of Arrangement in respect of the Arrangement is issued by the Registrar.

ARTICLE 7 TERMINATION, AMENDMENT AND WAIVER

7.1 Termination

This Agreement may be terminated at any time prior to the Effective Time:

- (a) by mutual written consent of Wedge and the Corporation (and for greater certainty, without further action on the part of Wedge Securityholders if terminated after the holding of the Wedge Meeting);
- (b) by the Corporation, (i) within five Business Days of a Change of Recommendation; or (ii) (A) if the Corporation is not in breach of its

representations, warranties, covenants or obligations under this Agreement and has therefore satisfied the conditions contained in Paragraph 6.3(a) and 6.3(d), and (B) through the fault of Wedge (except as contemplated by Paragraph 2.5(a)(ii)), the Arrangement is not, at least five Business Days prior to the Outside Date, submitted for the approval of the Wedge Securityholders at the Wedge Meeting;

- (c) by either Wedge or the Corporation, if the Required Vote is not obtained at the Wedge Meeting (or any adjournment or postponement thereof);
- (d) by the Corporation, (A) if the Corporation is not in breach of its representations, warranties, covenants or obligations under this Agreement and has therefore satisfied the conditions contained in Paragraph 6.3(a) and 6.3(d), and (B) Wedge is in breach of any of its representations, warranties, covenants or obligations under this Agreement and has therefore not satisfied certain conditions contained in Paragraph 6.2(a) and 6.2(d), and any such breach is incapable of being cured or is not cured by the Corporation within 15 days of written notice thereof;
- (e) by Wedge, (A) if Wedge is not in breach of its representations, warranties, covenants or obligations under this Agreement and has therefore satisfied the conditions contained in Paragraph 6.2(a) and 6.2(d), and (B) the Corporation is in breach of any of its representations, warranties, covenants or obligations under this Agreement and has therefore not satisfied certain conditions contained in Paragraph 6.3(a) and 6.3(d), and any such breach is incapable of being cured or is not cured by the Corporation within 15 days of written notice thereof;
- (f) by either Wedge or the Corporation, if the Interim Order or the Final Order shall not have been obtained on terms consistent with this Agreement or shall have been set aside or modified in a manner unacceptable to Wedge or the Corporation, acting reasonably, on appeal; provided that the right to terminate this Agreement pursuant to this Section 7.1(f) shall not be available to any Party whose failure to perform any of its covenants or agreements under this Agreement has been the cause of, or resulted in, the Final Order not being obtained as contemplated herein;
- (g) by either Wedge or the Corporation, if the Effective Date has not occurred on or prior to the Outside Date; provided that the right to terminate this Agreement pursuant to this Paragraph 7.1(g) shall not be available to a Party whose action or failure to act has been a principal cause of or resulted in the failure of the Effective Date to occur prior to the Outside Date and such action or failure to act constitutes a breach of this Agreement.

7.2 Effect of Termination

If this Agreement is terminated in accordance with the provisions of Section 7.1, no Party shall have any further liability to perform its obligations under this Agreement except the obligations set forth in Section 8.7 (if applicable) and as otherwise expressly contemplated by this

Agreement, and provided that neither the termination of this Agreement nor anything contained in this Article 7 shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants made herein.

7.3 Amendment

This Agreement may not be amended, except by written instrument signed by each of the Parties hereto.

7.4 Waiver

At any time on or prior to the Effective Date, any Party hereto may: (a) extend the time for the performance of any of the obligations or other acts of any other Party hereto; or (b) waive compliance with any of the obligations, covenants or agreements of the other Party or with any conditions to its own obligations, and in each case only to the extent such obligations, covenants, agreements and conditions are intended for its benefit. For greater certainty, Wedge cannot waive compliance with Section 5.7.

ARTICLE 8 GENERAL PROVISIONS

8.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following Business Day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

- (a) if to the Corporation:

Undur Tolgoi Minerals Inc.
2900 – 550 Burrard Street
Vancouver, BC V6C 0A3

Attention: James Passin
Facsimile No.: (212) 698-9266
Email: JPassin@fbird.com

with a copy (which shall not constitute notice) to:

Fasken Martineau DuMoulin LLP
Stock Exchange Tower
Suite 3700, P.O. Box 242
800 Place Victoria
Montréal, QC H4Z 1E9

Attention: François Brais
Facsimile No.: (514) 397-7600
Email: fbrais@fasken.com

(b) if to Wedge:

Wedge Energy International Inc.
2746 St. Joseph Boulevard, Suite 100
Orleans, ON K1C 1G5

Attention: Donald Padgett
Facsimile No.: (613) 834-8166
Email: dp@primarycapital.net

with a copy (which copy shall not constitute notice) to:

Gowling Lafleur Henderson, LLP
50 Queen Street North, P.O. Box 2248, Suite 1020
Kitchener, ON N2H 6M2

Attention: Bryce Kraeker
Facsimile No.: (416) 369-4629
Email: bryce.kraeker@gowlings.com

8.2 Entire Agreement, Binding Effect and Assignment

This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement (including the Schedules hereto) and the Disclosure Letter constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof and thereof. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

8.3 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

8.4 No Third Party Beneficiaries

Except as provided in Section 5.7, this Agreement is not intended to confer any rights or remedies upon any Person other than the Parties to this Agreement. The Corporation appoints

Wedge as the trustee with respect to those individuals as specified in Section 5.7 of this Agreement and Wedge accepts such appointment.

8.5 Time of Essence

Time shall be of the essence in this Agreement.

8.6 Remedies

The Parties acknowledge and agree that an award of money damages alone would be inadequate for any breach of this Agreement by any Party or its representatives and any such breach would cause the non-breaching party irreparable harm. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by one of the Parties, a non-breaching Party may also be entitled to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to each of the parties.

8.7 Expenses

The Parties agree that all costs and expenses of the Parties relating to the Amalgamation and the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party incurring such expenses.

8.8 Governing Law

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and shall be construed and treated in all respects as a British Columbia contract. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and the Arrangement.

8.9 Rules of Construction

The Parties to this Agreement have been represented by counsel during the negotiation and execution of this Agreement and waive the application of any Laws or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

8.10 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

(remainder of page intentionally left blank)

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

UNDUR TOLGOI MINERALS INC.

Per: (s) James Passin
Name: James Passin
Title: President

WEDGE ENERGY INTERNATIONAL INC.

Per: (s) Donald Padgett
Name: Donald Padgett
Title: President & Chief Executive Officer

SCHEDULE A

**SPECIAL RESOLUTION OF THE SHAREHOLDERS
REGARDING THE ARRANGEMENT**

See attached document.

SCHEDULE A

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCABC**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Schedule A to Appendix ● to the Management Information Circular (the "**Information Circular**") of Wedge Energy International Inc. ("**Wedge**") dated ● accompanying the notice of this meeting is hereby authorized, approved and adopted;
2. the Plan of Arrangement and the arrangement agreement (the "**Arrangement Agreement**") dated August 19, 2011 between Wedge and Undur Tolgoi Minerals Inc., a copy of which is attached as Appendix ● to the Information Circular, and all the transactions contemplated therein and the actions of the directors of Wedge in approving the Arrangement Agreement and the Plan of Arrangement and any amendments thereto is hereby confirmed, ratified and approved;
3. Wedge be, and is hereby, authorized to apply for a Final Order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as the same may be or have been modified or amended and as described in the Information Circular);
4. notwithstanding that this special resolution has been duly passed and/or has received the approval of the Supreme Court of British Columbia, the directors of Wedge may, without further notice to or approval of the holders of Wedge common shares or other interested or affected parties, subject to the terms of the Arrangement Agreement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement, (ii) decide not to proceed with the Arrangement or the Plan of Arrangement, or (iii) revoke this special resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCABC;
5. any officer or director of Wedge is hereby authorized and directed for, and on behalf of, Wedge to execute, under the seal of the Company or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the BCABC in accordance with the Arrangement Agreement for filing; and
6. any officer or director of Wedge is hereby authorized and directed for and on behalf of Wedge to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution, including the transactions contemplated by the Plan of Arrangement and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE B

**PLAN OF ARRANGEMENT
UNDER SECTION 288 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH
COLUMBIA)**

See attached document.

PLAN OF ARRANGEMENT

UNDER SECTION 288 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“**affiliate**” has the meaning ascribed thereto in the Securities Act;

“**Amalco**” has the meaning ascribed thereto in Section 2.2.1(m);

“**Amalco Shares**” means the common shares of Amalco, having the same terms and conditions as the Wedge Shares;

“**Arrangement Agreement**” means the arrangement agreement between the Corporation and Wedge dated August 17, 2011, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Arrangement**” means an arrangement under Section 288 of the BCABC on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms hereof or made at the direction of the Court in the Interim Order or Final Order, as the case may be and approved by the Corporation and Wedge, each acting reasonably;

“**Arrangement Resolution**” means the special resolution of the Wedge Securityholders approving the Arrangement, to be substantially in the form and content of Schedule A of the Arrangement Agreement;

“**BCABC**” means the *Business Corporations Act* (British Columbia), as now in effect and as it may be amended from time to time prior to the Effective Time;

“**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the provinces of British Columbia or Ontario;

“**Circular**” means the notice of the Wedge Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Wedge Securityholders in connection with the Wedge Meeting, as same may be amended, supplemented or otherwise modified;

“**Consolidation**” has the meaning ascribed thereto in Section 2.2.1(j);

“**Continuance**” means the application by Wedge to the Registrar of the province of British Columbia requesting that Wedge be continued as if it had been incorporated under the laws of the province of British Columbia, the whole as prescribed under Section 181 of the *Business Corporation’s Act* (Ontario);

“**Continuance Resolution**” means the special resolution of the Wedge Shareholders approving the Continuance;

“**Corporation**” means Undur Tolgoi Minerals Inc.;

“**Corporation Meeting**” means (i) the meeting of the Corporation Shareholders, including any adjournment or postponement thereof, to consider, and if deemed advisable, to, *inter alia*, approve the Arrangement; or (ii) any written consent of the Corporation Shareholders approving the Arrangement that is obtained in lieu of holding a meeting of the Corporation Shareholders;

“**Corporation Shares**” means the common shares in the capital stock of the Corporation;

“**Corporation Shareholders**” means the registered holders of the Corporation Shares;

“**Court**” means the Supreme Court of British Columbia;

“**Dissent Rights**” means the rights of dissent in respect of the Continuance and Arrangement described in Article 3;

“**Dissenting Shareholder**” means a holder of Wedge Shares who properly dissents in respect of the Arrangement in strict compliance with the procedures for exercising Dissent Rights and does not withdraw such dissent prior to the Effective Time;

“**Effective Date**” means the second Business Day after the satisfaction or waiver (subject to applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Effective Date) set forth in Article 6 of the Arrangement Agreement, unless another date is agreed to in writing by the Corporation and Wedge;

“**Effective Time**” means 12:01 a.m. (Vancouver Time) on the Effective Date, or such other date and time as may be agreed by the Parties, acting reasonably;

“**Final Order**” means the order after application to the Court in a form acceptable to the Corporation and Wedge, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Corporation and Wedge, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and Wedge, each acting reasonably) on appeal;

“**Governmental Entity**” means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign, (b) any subdivision, agent or authority of any of the foregoing or (c) any quasi-

governmental or private body, including any tribunal, commission, stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Interim Order**” means the order after application to the Court in a form acceptable to the Corporation and Wedge, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Corporation and Wedge, each acting reasonably) or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and Wedge, each acting reasonably) on appeal;

“**Law**” or “**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity, statutory body or self-regulatory authority, and the term “**applicable**” with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the person or persons or its or their business, undertaking or securities;

“**Letter of Transmittal**” means the letter of transmittal to be sent by Wedge to the Wedge Shareholders with the Circular in connection with the Arrangement;

“**Parties**” means, collectively, the Corporation and Wedge and “**Party**” means either one of them;

“**Person**” or “**person**” includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Plan of Arrangement**” means this plan of arrangement, and any amendments or variations thereto made in accordance with Section 7.3 of the Arrangement Agreement or Article 5 hereof or made at the direction of the Court in the Final Order (with the consent of both the Corporation and Wedge, each acting reasonably);

“**Private Placement**” means the private placement of a minimum amount of \$2,500,000 to be completed immediately following the Effective Time;

“**Registrar**” has the meaning ascribed thereto by the BCABC on the date hereof;

“**Securities Act**” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder;

“**Subsidiary**” has the meaning ascribed thereto in the *Business Corporations Act* (Ontario);

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Transfer Agent**” means the registrar and transfer agent in respect of the Wedge Shares, Equity Transfer & Trust Company;

“**Wedge Board**” means the board of directors of Wedge;

“**Wedge January 2010 Convertible Notes**” means the convertible notes issued by Wedge in January 2010, as amended in January 2011 and July 2011, and having an interest rate of 10% between January 26, 2010 and January 26, 2011 and an interest rate of 12.5% from January 27, 2011 until the maturity date of December 31, 2011 and as may be amended from time to time after the date hereof;

“**Wedge July 2010 Convertible Notes**” means the convertible notes issued by Wedge in July 2010, as amended from time to time, and having an interest rate of 10%;

“**Wedge Meeting**” means the special meeting of the Wedge Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider and, if deemed advisable, to, *inter alia*, approve the Arrangement;

“**Wedge Notes**” means, collectively, the Wedge January 2010 Convertible Notes and the Wedge July 2010 Convertible Notes issued and outstanding as of the Effective Date;

“**Wedge Preference Shares**” means the preference shares in the share capital of Wedge, issuable in series;

“**Wedge Securities**” means, collectively, the Wedge Shares, the Wedge Stock Options, the Wedge Warrants and the Wedge Notes;

“**Wedge Securityholders**” means, collectively, the Wedge Shareholders, the holders of Wedge Stock Options, the holders of Wedge Warrants and the holders of Wedge Notes;

“**Wedge Series A Preference Shares**” means the Series A Wedge Preference Shares issued and outstanding as of the Effective Date;

“**Wedge Shareholders**” means the registered holders of the Wedge Shares;

“**Wedge Shares**” means the common shares in the capital stock of Wedge as constituted immediately prior to the Effective Time;

“**Wedge Stock Option Plan**” means Wedge’s stock option plan adopted by the shareholders of Alyattes Enterprises Inc., on April 21, 2006, Wedge’s predecessor entity, prior to the three-cornered amalgamation dated February 1, 2007 involving Alyattes Enterprises Inc. and two numbered companies;

“**Wedge Stock Options**” means the options to purchase Wedge Shares issued and outstanding under the Wedge Stock Option Plan as of the Effective Date;

“**Wedge \$0.02 Warrants**” means the warrants issued by Wedge on January 27, 2010, each entitling the holder thereof to purchase one Wedge Share at a price of \$0.02 per Wedge Share until January 26, 2012;

“**Wedge \$0.10 Warrants**” means the warrants issued by Wedge on June 22, 2009, each entitling the holder thereof to purchase one Wedge Share at a price of \$0.10 per Wedge Share until May 1, 2012;

“**Wedge \$0.35 Warrants**” means, the warrants issued by Wedge on October 18, 2007 and on December 27, 2007, each entitling the holder thereof to purchase one Wedge Share at a price (following the re-pricing in April 2009 from the original price of \$0.75 per Wedge Share) of \$0.35 per Wedge Share until September 1, 2011 and November 15, 2011, respectively; and

“**Wedge Warrants**” means, collectively, the Wedge \$0.02 Warrants, the Wedge \$0.10 Warrants, and the Wedge \$0.35 Warrants issued and outstanding as of the Effective Date.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles and Sections and headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. The terms “**hereof**”, “**hereunder**” and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to, this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, words importing the singular number include the plural and vice versa, and words importing any gender include both genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Statutory References

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.6 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

1.7 Time

Time shall be of the essence in this Plan of Arrangement.

1.8 Governing Law

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and shall be construed and treated in all respects as a British Columbia contract. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising under and in relation to this Plan of Arrangement and the Arrangement.

ARTICLE 2 ARRANGEMENT

2.1 Binding Effect

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms a part of the Arrangement Agreement. This Plan of Arrangement will become effective at the Effective Time, and will be binding at and after the Effective Time on: (i) Wedge; (ii) the Corporation; (iii) all Wedge Securityholders; and (iv) all Corporation Shareholders; and (v) the Transfer Agent.

2.2 Arrangement

2.2.1 At the Effective Time, the following shall occur in the following order without any further act or formality, provided that none of the following will occur or be deemed to occur unless all of the following occurs:

- (a) Immediately prior to the Effective Time, the Wedge Shares held by Dissenting Shareholders shall be deemed to have been surrendered to Wedge for cancellation, and such Dissenting Shareholders shall cease to be the holders of such Wedge Shares and to have any rights as holders of such Wedge Shares other than the right to be paid the fair value for such Wedge Shares as set out in Section 3.1, and such Dissenting Shareholders' names shall be removed as the holders of such Wedge Shares from the central securities register of Wedge for the Wedge Shares;
- (b) Each outstanding Wedge Note shall be redeemed by Wedge at a redemption price equal to the principal amount owing under such Wedge Note and all applicable and unpaid interest thereon up to but excluding the Effective Date, such payment of the redemption price to be completed immediately upon completion of the Private Placement;
- (c) Each Wedge Note redeemed in accordance with the foregoing Paragraph 2.2.1(b) shall be cancelled immediately following such redemption and the holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to cancel such Wedge

Note in accordance with this Paragraph 2.2.1(c), including, for greater certainty, all consents and waivers regarding those negative covenants of Wedge contained in the Wedge Notes relating to, among others, a change in business, the redemption of securities, an amendment to articles, any continuation under other jurisdictions and transactions with related parties;

- (d) The holder of each Wedge Note shall cease to be the holder thereof and shall cease to have any rights as a holder or a former holder of such Wedge Note, and all agreements, certificates and similar instruments relating to such Wedge Note, including, for greater certainty, the intercreditor agreement and anti-dilution undertaking, each dated January 26, 2010, shall be and shall be deemed to be cancelled and terminated and Wedge shall cease to have any liability in respect thereof;
- (e) Notwithstanding the terms of the Wedge Warrants, each Wedge Warrant shall be deemed to be surrendered and cancelled immediately and Wedge shall cease to have any liability in respect thereof, and the holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to cancel such Wedge Warrant in accordance with this Paragraph 2.2.1(e);
- (f) The holder of each Wedge Warrant shall cease to be the holder thereof and shall cease to have any rights as a holder or a former holder of such Wedge Warrant, and all agreements, certificates and similar instruments relating to such Wedge Warrant shall be and shall be deemed to be cancelled;
- (g) Notwithstanding the terms of the Wedge Stock Options and the Wedge Stock Option Plan, each Wedge Stock Option shall be deemed to be cancelled immediately and Wedge shall cease to have any liability in respect thereof, and the holder thereof shall be deemed to have executed and delivered all covenants, releases, assignments and waivers, statutory or otherwise, required to cancel such Wedge Stock Options in accordance with this Paragraph 2.2.1(g);
- (h) The holder of each Wedge Stock Option shall cease to be the holder thereof and shall cease to have any rights as a holder or a former holder of such Wedge Stock Option, and all agreements, certificates and similar instruments relating to such Wedge Stock Option shall be and shall be deemed to be cancelled;
- (i) The Wedge Stock Option Plan and any other agreements relating to the Wedge Stock Options shall be terminated and Wedge shall cease to have any liability in respect thereof;
- (j) The issued and outstanding Wedge Shares be consolidated by a ratio of 20:1, with any resulting fractional shares to be rounded down to the nearest whole Wedge Share (the “**Consolidation**”) and the central securities register of Wedge in respect of such shares shall be adjusted accordingly;

- (k) Each Corporation Share outstanding will be exchanged by the holder thereof, without any further act or formality and free and clear of all liens, claims and encumbrances, for one fully paid and non-assessable Wedge Share, and the name of each such holder of Corporation Shares will be removed from the central securities register of the Corporation for the Corporation Shares and added to the central securities register of Wedge for the Wedge Shares, and Wedge shall be added to the central securities register of the Corporation for the Corporation Shares;
- (l) All of the authorized and unissued Wedge Shares and Wedge Preference Shares shall be cancelled;
- (m) The Corporation, now a wholly-owned subsidiary of Wedge, and Wedge shall amalgamate to form one corporation (“**Amalco**”) with the same effect as if they had amalgamated under Section 270 of the BCABC, in accordance with the following:
 - (i) the notice of articles of amalgamation and articles of Amalco shall be substantially in the form of the notice of articles and articles of Wedge, taking into account the transactions set forth herein;
 - (ii) the Corporation Shares held by Wedge shall be cancelled without reimbursement of the capital represented thereby and the capital of Amalco shall be the same as the capital of Wedge immediately prior to the Amalgamation;
 - (iii) the property, rights and interests of Wedge and the Corporation will be the property, rights and interests of Amalco;
 - (iv) Amalco shall be liable for the obligations of Wedge and the Corporation;
 - (v) any existing cause of action, claim or liability to prosecution of Wedge or the Corporation shall be unaffected;
 - (vi) any legal proceeding being prosecuted or pending by or against either Wedge or the Corporation may be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco;
 - (vii) a conviction against, or ruling, order or judgment in favour or against either Wedge or the Corporation may be enforced by or against Amalco;
 - (viii) Amalco’s name shall be Undur Tolgoi Minerals Inc.;

- (ix) the board of directors of Amalco shall consist of the following persons:

Name

Donald Padgett
James Passin
Paul Rapello
Orgilmaa Siikhuy
Larry Van Hatten

- (x) the officers of Amalco shall consist of the following persons:

Name

Title

Donald Padgett	President and Chief Executive Officer
Sabino Di Poala	Chief Financial Officer and Secretary

- (xi) the first auditors of Amalco shall be Ernst & Young LLP, who shall hold office until the first annual meeting of Amalco following the amalgamation or until their successors are elected or appointed, and for the purposes of Section 220 of the BCABC, the provisions of this section shall constitute the amalgamation agreement between Wedge and the Corporation.

2.2.2 Any transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any liens, claims, encumbrances, charges, adverse interests or security interests.

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent

3.1.1 Wedge Shareholders may exercise rights of dissent (the “**Dissent Rights**”) in connection with the Continuance and the Arrangement pursuant to and in the manner set forth in Section 185 of the OBCA and this Section 3.1, as modified by this Section 3.1, the Interim Order or the Final Order; provided that, notwithstanding Subsection 185(6) of the OBCA, the written objection to the Continuance Resolution and/or the Arrangement Resolution must be received by Wedge not later than 5:00 p.m. (Eastern Time) on the last Business Day preceding the Wedge Meeting.

3.1.2 The holders of Wedge Shares who have properly and duly exercised Dissent Rights and who:

- (a) are ultimately determined to be entitled to be paid the fair value for Wedge Shares in respect of which they dissent, whether by order of the Court or by acceptance of an offer made pursuant to the Dissent Rights, shall be deemed to have transferred and surrendered to Wedge for Cancellation such Wedge Shares as of

the Effective Time in accordance with Section 2.2.1(a), in consideration for a payment of cash equal to such fair value; or

- (b) are ultimately determined not to be entitled, for any reason, to be paid the fair value for Wedge Shares in respect of which they dissent shall be deemed to have participated in the Continuance and the Arrangement on the same basis as non-dissenting Wedge Shareholders.

But in no case shall Wedge or the Corporation be required to recognize such Dissenting Shareholders as a holder of Wedge Shares after the Effective Date and the names of each Dissenting Shareholder shall be deleted from the central securities register of Wedge for the Wedge Shares at the Effective Time.

3.1.3 For greater certainty, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Wedge Options, (ii) holders of Wedge Notes, (iii) holders of Wedge Warrants, and (iv) any Wedge Shareholder who has voted in favour, or instructed a proxyholder to vote in favour, of Arrangement Resolution, with respect to the exercise of Dissent Rights relating to the Arrangement Resolution or the Continuance Resolution, with respect to the exercise of Dissent Rights relating to the Continuance Resolution.

3.1.4 The fair value of Wedge Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved at the Wedge Meeting.

ARTICLE 4 CERTIFICATES AND PAYMENT

4.1 Wedge Share Certificates

- (a) Recognizing that the capital of Amalco shall be the same as the capital of Wedge immediately prior to the Amalgamation, no certificates representing the Wedge Shares (post-Consolidation) shall be issued to Wedge Shareholders or to the Corporation; only certificates representing the Amalco Shares shall be issued.

4.2 Amalco Share Certificates

- (a) At or before the Effective Time, the Corporation Shares shall be transferred to Wedge in exchange for Wedge Shares (post-Consolidation) pursuant to the Arrangement. Upon surrender of a certificate representing the Corporation Shares, the holder of such surrendered certificate shall be entitled to receive in exchange thereof, and Wedge shall cause the Transfer Agent to deliver to such holder, a certificate representing the equivalent number of Amalco Shares.
- (b) Subject to surrender to the Transfer Agent for cancellation of a certificate which immediately prior to the Effective Time represented Wedge Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Transfer Agent may reasonably require,

following the Effective Time the holder of such surrendered certificate shall be entitled to receive in exchange thereof, and the Transfer Agent shall deliver to such holder, the certificate representing that number of Amalco Shares which such holder has the right to receive, taking into account the transactions contemplated herein, and the certificate so surrendered shall forthwith be cancelled.

- (c) Until surrendered as contemplated by this Section 4.2, each certificate that immediately prior to the Effective Time represented Wedge Shares shall be deemed after the Effective Time to represent only the right to receive, upon such surrender, the certificate representing that number of Amalco Shares which such holder has the right to receive, taking into account the transactions contemplated herein.

4.3 No Fractional Shares

No certificates representing fractional Amalco Shares shall be issued upon the surrender for exchange of certificates pursuant to Section 4.2. The aggregate number of Amalco Shares for which no certificates are issued as a result of the foregoing provisions of this Section 4.3 shall be deemed to have been surrendered by the owners thereof, to Amalco for no additional consideration at the Effective Time.

4.4 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Wedge Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost stolen or destroyed, the Transfer Agent will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more Amalco Shares (and any dividends or distributions with respect thereto) deliverable in accordance with such Wedge Shareholder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom the certificates representing Amalco Shares are to be issued shall, as a condition precedent thereof, give a bond satisfactory to Amalco and the Transfer Agent in such sum as Amalco may direct or otherwise indemnify Amalco in a manner satisfactory to Amalco against any claim that may be made against Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or paid after the Effective Time with respect to Amalco Shares shall be delivered to the holder of any certificate formerly representing Wedge Shares unless and until the holder of such certificate shall have complied with the provisions of Section 4.2. Subject to applicable law and to Section 4.2 at the time of such compliance, there shall, in addition to the delivery of the certificate representing that number of Amalco Shares which such holder has the right to receive, taking into account the transactions contemplated herein, be delivered to the holder, without interest, the amount of any dividend or other

distribution declared or made after the Effective Time with respect to Amalco Shares to which such holder is entitled in respect of such holder's shareholdings.

4.6 Extinction of Rights

Any certificate formerly representing Wedge Shares not duly surrendered in accordance with Section 4.2 on or before the sixth anniversary of the Effective Date shall:

- (a) cease to represent a claim by, or interest of, any former Wedge Shareholder of any kind or nature against or in Wedge, the Corporation and Amalco (or any successor to any of the foregoing);
- (b) be deemed to have surrendered to Amalco together with all entitlements to dividends, distributions and interest thereon held by such former Wedge Shareholder, and
- (c) shall be cancelled.

ARTICLE 5 GENERAL

5.1 Amendments to Plan of Arrangement

- (a) Wedge reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by the Corporation, (iii) filed with the Court and, if made following the Wedge Meeting, approved by the Court and communicated to Wedge Securityholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Wedge at any time prior to the Wedge Meeting (provided that the Corporation shall have consented thereto), and if so proposed and approved by the persons voting at the Wedge Meeting (as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Wedge Meeting shall be effective only if (i) it is consented to by each of Wedge and the Corporation; and (ii) if required by the Court, it is approved by Wedge Securityholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Corporation, provided that it concerns a matter which, in the reasonable opinion of the Corporation, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any Wedge Securityholders.

- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

5.2 Paramountcy

From and after the Effective Time:

- (a) This Plan of Arrangement shall take precedence and priority over any and all Wedge Securities issued prior to the Effective Time;
- (b) The rights and obligations of the registered holders of Wedge Securities, Wedge, the Corporation, Amalco, the Transfer Agent and any trustee or transfer agent therefore or in relation thereto, shall be solely as provided for in this Plan of Arrangement; and
- (c) All actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Wedge Securities or Amalco Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

5.3 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement and shall become effective without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

5.4 Withholding Rights

Notwithstanding anything in the Arrangement Agreement or this Plan of Arrangement to the contrary, Wedge, or one or more affiliates or subsidiaries, as the case may be, shall be entitled to deduct and withhold from any amount otherwise payable pursuant to the Arrangement Agreement or this Plan of Arrangement to any former Wedge Securityholder such amounts as are required to be deducted and withheld with respect to the making of such payments under the Tax Act or any provision of applicable Law, as amended, or the administrative practice of the relevant Governmental Entity administering such Law. To the extent that amounts are so withheld, the withheld amounts shall be treated for all purposes of the Arrangement Agreement and this Plan of Arrangement as having been paid to the former Wedge Securityholder, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority within the time required and in accordance with applicable Laws.