

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Wedge Energy International Inc. (the “Company”)
Suite 100, 2746 St. Joseph Blvd.,
Orleans, ON, K1C1G5

Item 2 Date of Material Change

August 22, 2011

Item 3 News Release

A press release was issued by the Company through Marketwire and filed on SEDAR on August 22, 2011.

Item 4 Summary of Material Change

On August 22, 2011, the Company announced that it has entered into an arrangement agreement with Undur Tolgoi Minerals Inc. (“UTMI”) providing for the acquisition by the Company of all of the issued and outstanding shares of UTMI, by way of a court approved plan of arrangement under the *Business Corporations Act* (British Columbia) among UTMI, the Company and the Company shareholders. The agreement gives effect to the reverse takeover previously announced by the Company on June 20, 2011. Prior to completing the arrangement, the Company will submit to its shareholders for approval its continuance under the Business Corporations Act (British Columbia). The arrangement is conditional upon such continuance being approved and implemented. The arrangement is also subject to the completion by the Company of an equity financing of a minimum of CDN\$2,500,000.

Item 5 Full Description of Material Change

The Company announced on August 22, 2011 that it entered into an arrangement agreement with Undur Tolgoi Minerals Inc. (“UTMI”) providing for the acquisition by the Company of all of the issued and outstanding shares of UTMI by way of a court approved plan of arrangement under the *Business Corporations Act* (British Columbia) among UTMI, the Company and the Company shareholders.

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

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

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

The arrangement is subject to the completion by the Company of an equity financing of a minimum of CDN\$2,500,000 by means of private placement. The Company's board of directors unanimously approved the arrangement (with Mr. James Passin abstaining, as he is an officer and manager of one of the shareholders of UTMI) and determined that it is fair to the shareholders of the Company other than the interested parties, is in the best interest of the Company, and it authorized the submission of the arrangement to the security holders for approval. The board also unanimously agreed (with Mr. James Passin abstaining) to recommend the Company security holders that they vote in favour of the arrangement.

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

The closing of the Arrangement is subject to the satisfaction of certain closing conditions, including, among others:

- a) the Company obtaining approval of (i) at least two-thirds of the votes cast by the Company's shareholders, (ii) at least a simple majority of the votes cast by the Company's shareholders, excluding interested parties, (iii) at least a majority in number and three-fourths in value of the holders of the Company's notes, and (iv) at least two-thirds of the votes cast by the Company's security

holders (voting together as a single class on the basis of one vote per share, one vote per option, one vote per warrant, and one vote for each share into which the notes are convertible);

- b) the Company obtaining the approval of the OSC and the Minister of Finance (Ontario) for the continuance and effecting the continuance;
- c) the Company obtaining the consent of the CNSX and the approval of the court in connection with the arrangement;
- d) the Company redeeming all of its outstanding Series A Preferred Shares in accordance with their terms;
- e) the Company's shareholders shall not have exercised dissent rights in respect of the continuance or the plan of arrangement in excess of 5% of the Company's issued and outstanding common shares;
- f) UTMI obtaining approval of its shareholders to the transaction;
- g) the Company and UTMI obtaining approval from their respective boards of directors; and
- h) neither the Company nor UTMI having suffered a material adverse effect.

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

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

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

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

The intended proceeds of the private placement are for the funding of the redemption of the Company's outstanding convertible notes and Series A Preferred Shares, the further exploration of the area covered by the exploration

license as well as for general corporate purposes. The shares to be issued pursuant to the private placement will be subject to statutory hold periods pursuant to applicable securities laws, expiring four months after the closing date.

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

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable

Item 7 Omitted Information

None

Item 8 Executive Officer

The following executive officer of the Company is knowledgeable about the material change and this report:

Sabino Di Paola
Chief Financial Officer
613-834-7708

Item 9 Date of Report

August 26, 2011