

LOAN AGREEMENT

THIS AGREEMENT is made as of June 17, 2011.

BETWEEN: UNDUR TOLGOI MINERALS INC., a company having its head office at 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3;

(hereinafter, the “Lender”)

AND: WEDGE ENERGY INTERNATIONAL INC., a company having its head office at 100 – 2746 St. Joseph Blvd., Orleans, Ontario, K1C 1G5;

(hereinafter, the “Borrower”)

WHEREAS:

A. The Lender has agreed to make a non-convertible loan in the amount of USD150,000.00 to the Borrower and as security therefor, the Borrower has agreed to provide the Lender with a general security agreement whereby the Borrower grants to the Lender a security interest in all of the Borrower’s present and after-acquired personal property; and

B. The parties wish to record the terms and conditions of their agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that pursuant to the premises and in consideration of the mutual covenants hereinafter contained and the agreement of the Lender to advance funds to the Borrower, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereto covenant and agree as follows:

1. LOAN

1.1 **Loan.** The Lender agrees to lend to the Borrower the principal sum of USD150,000.00 (the “Principal” or the “Loan”).

1.2 **Deposit.** Subject to the other provisions of this Agreement, the Lender shall deposit the Principal to the Borrower’s bank account at the Royal Bank of Canada, on or before June 17, 2011 (the “Closing Date”).

1.3 **Interest.** The Principal shall accrue interest from the Closing Date and up to three months after the Closing Date at a rate of 10% per year calculated and compounded monthly, not in advance.

The Borrower shall pay the accrued interest at the time of repayment of the Loan. Interest shall accrue on any overdue amount in the same manner both before and after default, maturity and judgment in relation to this Agreement.

1.4 **Promissory Note.** The Loan shall be evidenced by a promissory note (the "**Promissory Note**") issued by the Borrower in favour of the Lender in the amount of the Principal. Amounts payable under the Promissory Note shall be made in accordance with Section 1.5.

1.5 **Repayment.** Subject to other terms and conditions of this Agreement:

- (a) the Loan and interest accrued thereon may be repaid, in whole but not in part, by the Borrower at any time, however, no later than three months after the Closing date;
- (b) the Loan and interest accrued thereon may be repaid, on demand within five business days of receipt by the Borrower of a notice by the Lender to this effect.

Upon the full repayment of the Loan and interest accrued thereon, the Lender will sign and deliver to the Borrower a release and authorization, in form as prepared by or at the expense of the Borrower, to evidence the repayment of the Loan and the discharge of the Security and to authorize the filing of any discharge in the Personal Property Registry of Ontario and any other applicable registry.

1.6 **Manner of Payments.** All payments to be made by the Borrower to the Lender under this Agreement shall be made to the Lender by wire transfer, cheque, direct deposit or bank draft in immediately available funds to such account or accounts of the Lender as the Lender may direct from time to time.

1.7 **Use of the Principal.** The Principal received by the Borrower under this Agreement shall be used in payment of all costs, expenses and legal fees incurred by the Borrower in connection with the proposed business combination transaction between the Lender and the Borrower.

1.8 **Criminal Code Compliance.** In this Section 1.8, the terms "interest", "criminal rate" and "credit advanced" have the meanings ascribed to them in s. 347 of the *Criminal Code* (Canada) as amended from time to time. The Borrower and the Lender agree that, notwithstanding any agreement to the contrary, no interest on the credit advanced by the Lender under this Agreement will be payable in excess of that permitted under the laws of Canada. If the effective rate of interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed the criminal rate on the credit advanced, then:

- (a) the elements of return which fall within the term "interest" shall be reduced to the extent necessary to eliminate such excess;

- (b) any remaining excess that has been paid will be credited towards prepayment of the Principal; and
- (c) any overpayment that may remain after such crediting will be returned forthwith to the Borrower upon demand,

and, in the event of dispute, a Fellow of the Canadian Institute of Actuaries appointed by the Lender shall perform the relevant calculations and determine the reductions, modifications and credits necessary to effect the foregoing and the same will be conclusive and binding on the parties.

2. SECURITY

2.1 The Loan advanced, all interest accrued thereon and all other amounts payable in connection therewith shall be secured by a security agreement in the form approved by the Lender and the Borrower, with such amendments, modifications or supplements as the parties may agree to from time to time, whereby the Borrower will grant to the Lender a security interest in all of the Borrower's present and after-acquired personal property (the "Security").

3. REPRESENTATIONS AND WARRANTIES

3.1 The Borrower hereby makes the following representations and warranties as of the Closing Date:

- (a) the Borrower is duly incorporated and it is in good standing under the laws of Ontario;
- (b) the Borrower's place of business is in the Province of Ontario;
- (c) the Borrower is a reporting issuer as defined under the *Securities Act* (Ontario) in the Province of Ontario;
- (d) the Borrower has carried on its business in a manner that is consistent with the provisions under the *Income Tax Act* (Canada) and other applicable legislation and the regulations thereto;
- (e) all information and other facts that have been or will be disclosed to the Lender by or on behalf of the Borrower or its principal(s) in connection with this Agreement and the Loan, including, without limitation, those disclosed in the preliminary due diligence process conducted by or for the Lender, are, or will be, when furnished, complete and correct, and they do not, or will not, when furnished, contain any untrue statement or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are, or will be, made;
- (f) the borrowing and the granting of security contemplated herein, and the execution, delivery and performance by the Borrower of this Agreement and all

other documents to be delivered pursuant hereto have been duly authorized by all necessary corporate proceedings of the Borrower, and will not cause a breach of or constitute a default under the Borrower's constating documents or any agreement or instrument to which the Borrower is a party;

- (g) there are no known or, to the knowledge of the Borrower, probable instances of non-compliance by the Borrower with the requirements of any regulatory and governmental authorities that are applicable to the Borrower, its assets, its subsidiaries (if any) or their assets; and
- (h) there are no actions, suits or proceedings, by or on behalf of any government authority or otherwise, pending or, to the knowledge of the Borrower, threatened against or affecting, or which could affect, the Borrower, its assets, its subsidiaries (if any) or their assets.

4. COVENANTS

4.1 The Borrower covenants and agrees with the Lender that, so long as the Loan or any part thereof shall be outstanding, the Borrower will do the following:

- (a) forthwith upon becoming aware of an Event of Default (as defined in Section 5.1), or becoming aware of any event which would, with notice, lapse of time or both, constitute an Event of Default, give to the Lender notice of such Event of Default or event; and
- (b) maintain adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its business affairs and financial condition.

5. EVENTS OF DEFAULT

5.1 **Events of Default.** Each of the following events shall constitute an "Event of Default" under this Agreement unless (i) within thirty (30) days after notice from the Lender the default specified in such notice has been cured, or (ii) the Lender agrees to waive such default:

- (a) the Borrower fails to repay the Loan, or any part thereof, to the Lender when due in the manner provided herein;
- (b) the Borrower fails to pay interest or fees payable in respect of the Loan when due in accordance with the terms and conditions herein contained;
- (c) the Borrower fails to use the Principal for the purpose set forth in Section 1.7 of this Agreement;
- (d) the Borrower defaults in the performance of any other term, covenant, condition, agreement, undertaking or provision of this Agreement;

- (e) an order is made or a resolution is passed for the liquidation or winding-up of the Borrower;
- (f) the Security or the security interest created therein becomes invalid, unenforceable or unperfected; or
- (g) the Borrower becomes insolvent, admits in writing its inability to pay its debts as they become due or otherwise acknowledges its insolvency, commits an act of bankruptcy, makes an assignment or bulk sale of its assets, is adjudged or declared bankrupt or makes an assignment for the benefit of creditors or a proposal or similar action under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or any similar legislation, or commences any other proceedings relating to it under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or thereafter in effect, or consents to any such proceedings.

5.2 **Remedies for Events of Default.** Upon the occurrence of an Event of Default, the Lender may do any or all of the following:

- (a) if the Lender has not advanced the Principal, declare that the Loan is cancelled and the Lender will no longer have any obligation to advance the Principal;
- (b) declare immediately due and payable the outstanding balance of the Loan and any accrued interest thereon without presentment of any notes evidencing the same, and without demand, protest or other notices of any kind, all of which are hereby expressly waived;
- (c) exercise any and all rights, powers, remedies and recourses available to the Lender under this Agreement, under the Security, at law, in equity or otherwise.

5.3 **Waiver of Default.** The Lender may by written instrument in its absolute discretion at any time and from time to time waive any Event of Default or any breach by the Borrower of any of the covenants herein, provided that any such waiver shall not be a continuing waiver and shall not constitute a waiver of any other term or provision hereof.

5.4 **No Waiver.** No failure or delay on the part of the Lender in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which the Lender would otherwise have. The acceptance by the Lender of any payment of or on account of the Loan after a default or of any payment on account of any partial default shall not be construed to be a waiver of any right in relation to any future default or any past default not completely cured thereby. The Lender may exercise any and all rights, powers, remedies and recourses available to it under this Agreement, or any other remedy available to it, concurrently or individually without the necessity of an election.



6. CONDITIONS PRECEDENT

Notwithstanding any other provisions in this Agreement, the Lender shall have no obligation to advance pursuant to Section 1.2 above unless and until the following conditions shall have been satisfied as of the Closing Date (or waived by the Lender):

- (a) no Event of Default or event that with notice, lapse of time or both would result in an Event of Default has occurred;
- (b) execution and delivery of the Security and registration of the Security at the Personal Property Registry of Ontario and other applicable public registry in any applicable jurisdictions in order to perfect the Security; and
- (c) execution and delivery of this Agreement, the Promissory Note and all other documents and instruments as required by the Lender and its legal counsel.

7. GENERAL

7.1 **Currency.** All references to dollars or currency in this Agreement are to Canadian dollars.

7.2 **Governing Law.** This Agreement shall in all respects be governed by and be construed in accordance with the laws of Ontario.

7.3 **Severability.** If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

7.4 **Headings.** The headings to the clauses of this Agreement are inserted for convenience only and shall not affect the construction hereof.

7.5 **Notice.** Any notice required or permitted to be given under this Agreement shall be in writing and may be given by delivering the same to the addresses of the other parties as set forth on the first page hereof. Any notice given as aforesaid shall be deemed conclusively to have been received on the date of delivery of the same. Any party may change its address for service at any time by giving written notice thereof to the other parties in accordance with the provisions of this paragraph.

7.6 **Co-operation.** Each of the parties shall execute all such further documents and do all such further things as may reasonably be required by another party in order to give full effect to this Agreement.

7.7 **No Prejudice.** Nothing contained in this Agreement shall prejudice or impair any other right or remedy which the Lender may otherwise have with respect to the Loan hereunder or any rights or remedies the Lender may have with respect to other loans which may be made to the Borrower.

7.8 **Assignment.** The Borrower shall have no right to assign or transfer its rights or obligations hereunder or under any portion of the Loan unless with the Lender's prior written consent. Upon an Event of Default, the Lender may assign all or any part of its rights or obligation hereunder or under any portion of the Loan at any time without the Borrower's consent.

7.9 **Enurement.** This Agreement shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors, executors, administrators, and personal representatives, as applicable.

7.10 **Conflict.** In the event of a conflict between the provisions of this Agreement and the Security, the terms of this Agreement will prevail.

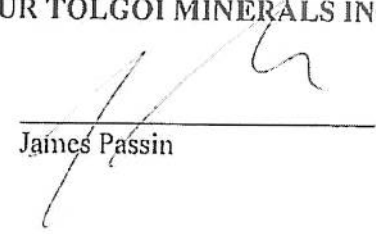
7.11 **Delivery.** This Agreement may be delivered in counterparts and by facsimile transmission or in file of Portable Document Format (PDF) attached to an email, with the same effect as if all parties had all signed an original copy of the same document and all counterparts will be construed together as one and the same agreement.

7.12 **Time.** Time shall be of the essence of this Agreement.

AS EVIDENCE OF THEIR AGREEMENT the parties hereto have caused this Agreement to be executed and delivered on 9/13/2011, 2011.

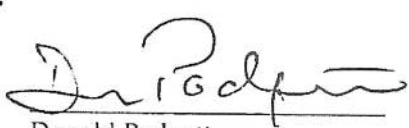
UNDUR TOLGOI MINERALS INC.

Per:


James Passin

WEDGE ENERGY INTERNATIONAL
INC.

Per:


Donald Padgett