

UNDUR TOLGOI MINERALS INC.

AND

FIREBIRD MONGOLIA FUND, LTD.

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SECURITIES PURCHASE AGREEMENT

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DATED February 24, 2011



## SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT is made as of February 24, 2011;

**BETWEEN:** **UNDUR TOLGOI MINERALS INC.**, a corporation existing under the laws of the Province of British Columbia (the "Purchaser")

**AND:** **FIREBIRD MONGOLIA FUND, LTD.**, a limited company governed by the laws of the Cayman Islands, registered with the Register of Companies, Cayman Islands, under number 236324, having its registered office c/o Trident Trust Company (Cayman) Limited, One Capital Place, P.O. Box 847 GT, George Town, Grand Cayman, Cayman Islands ("Firebird")

**WHEREAS** Firebird is the registered and beneficial owner of all of the issued and outstanding securities of Natalya-1 S.à r.l., a private limited liability corporation (*société à responsabilité limitée*) existing under the laws of Luxembourg, registered with the Luxembourg *Registre de Commerce et des Sociétés* under the number B.153472 and with registered office at 74, rue de Merl, L-2146 Luxembourg, Grand Duchy of Luxembourg (the "Company"), with a share capital of USD 268,000 consisting of 2,680 shares with a par value of USD 100,- each (the "Securities");

**WHEREAS** Firebird has agreed to sell, transfer and assign to the Purchaser, and the Purchaser has agreed to purchase from Firebird, all the Securities for the Consideration;

**NOW, THEREFORE**, in consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties covenant as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Defined Terms

In this Agreement, unless the context otherwise requires:

"**Agreement**" means this Securities Purchase Agreement as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

"**Articles of the Company**" means the restated articles of incorporation as of August 9, 2010 and the excerpt from the Luxembourg *Registre de Commerce et des Sociétés* dated August 23, 2010, containing the rights, privileges, conditions and restrictions attaching to the Securities;

“**Articles of the Purchaser**” means the articles of incorporation and the accompanying certificate of incorporation dated December 22, 2010 and the articles of the Purchaser amended on January 20, 2011, containing the rights, privileges, conditions and restrictions attaching to the common shares of the Purchaser;

“**Business Day**” means any day, other than a Saturday, a Sunday or any other day on which the principal chartered banks located in Vancouver, Toronto or New York are not open for business during normal banking hours;

“**Consideration**” means the fully paid and non-assessable common shares in the capital of the Purchaser to be issued, as follows, as consideration for the purchase of the Securities;

- 5,187,580 common shares of the Purchaser will be issued in consideration of the Securities;

“**Company**” has the meaning ascribed to it in the preamble;

“**Parties**” means the Purchaser and the Company, and “**Party**” means either of them;

“**Purchaser’s Shares**” has the meaning ascribed to in subparagraph 2.2.1 hereof; and

“**Securities**” has the meaning ascribed to it in the preamble.

## 1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section or Schedule by number or letter or both refer to the Article, Section or Schedule, respectively, bearing that designation in this Agreement.

## 1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

## 1.4 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 or in lawful money of the United States of America and “USD” refers to American dollars.

## ARTICLE 2 PURCHASE OF SECURITIES

### 2.1 Consideration

Firebird covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from Firebird, effective the 24<sup>th</sup> day of February, 2011, the Securities for the Consideration.

### 2.2 Payment

It is agreed that the Consideration for all Securities shall be paid as follows:

2.2.1 The Purchaser shall issue to Firebird 5,187,580 common shares from its capital (the "**Purchaser's Shares**"). For purposes of this Agreement, a Purchaser's Share shall be valued at USD0.05 per Share;

2.2.2 In order to give effect to the issuance of the Purchaser's Shares as per subparagraph 2.2.1, the Purchaser shall:

- (a) deliver to Firebird the Purchaser's Shares; and
- (b) any such additional documents as may be required to effect the transfer of the Securities and issuance of the Purchaser's Shares.

2.2.3 Furthermore Firebird will also provide any such documents as may be required to effect the transfer of the Securities and the issuance of the Purchaser's Shares.

### 2.3 Registration of the purchase in the Company's registers

The Purchaser and Firebird do hereby irrevocably constitute and appoint all or any of the officers of the Company, any lawyers of Dechert Luxembourg or any other duly authorised agents, each acting individually and with full power of substitution, as attorneys-in-fact to register the transfer of the Securities to the Purchaser in the Company's register of shares, and to complete all filing and publication formalities in connection with the transfer of the Securities.

## ARTICLE 3 CONSIDERATION

Complete and final payment of the Consideration for all Securities payable by the Purchaser will be made pursuant to Section 2.2.1 above. The delivery of the Consideration to Firebird shall be made in accordance with the terms of the Articles of the Purchaser.

**ARTICLE 4  
REPRESENTATIONS AND WARRANTIES**

**4.1 Representations of the Parties**

Each of the Purchaser and Firebird represents and warrants to the other party as follows and acknowledges and confirms that each is relying on such representations and warranties in entering into this Agreement:

- (a) **Corporate Power.** It has been duly formed and is validly existing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to enter into and deliver this Agreement and to perform its obligations under this Agreement;
- (b) **Conflict with Other Instruments.** The execution and delivery by it and the performance by it of its obligations under, and compliance with the terms, conditions and provisions of, this Agreement will not conflict with or result in a breach of: (i) its constituting documents, (ii) any applicable law, rule or regulation, (iii) any agreement or instrument to which it is a party or by which it is bound or by which any of its properties or assets are bound, or (iv) any judgment, injunction, determination or award which is binding on it;
- (c) **Corporate Action.** The execution and delivery of this Agreement by it and the performance by it of its obligations under this Agreement have been duly authorized by all necessary corporate action on its part; and
- (d) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

**4.2 Representation of Firebird**

The Securities are owned by Firebird as the sole legal owner of record with a good and marketable title thereto, free and clear of all mortgages, liens, charges, security interest, adverse claims, pledges, encumbrances and demands whatsoever.

**ARTICLE 5  
GENERAL PROVISIONS**

**5.1 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 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 Purchaser:

Undur Tolgoi Minerals Inc.  
152 West 57<sup>th</sup> Street  
New York, NY 10019  
USA

Attention: Anthony Milewski  
Facsimile: 212 698 9266

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

Fasken Martineau DuMoulin LLP  
3400 – 800 Place Victoria  
Stock Exchange Tower  
Montreal, QC H4Z 1E9

Attention: François Brais  
Facsimile: 514 397 7600

(b) if to Firebird:

Firebird Mongolia Fund, Ltd.  
152 West 57<sup>th</sup> Street  
New York, NY 10019  
USA

Attention: James Passin  
Facsimile: 212 698 9266

## 5.2 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 laws of Canada applicable therein. 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.

## 5.3 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions and other equitable relief (including specific performance) to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief (including specific performance) hereby being waived.

**5.4 Time of Essence**

Time shall be of the essence in this Agreement.

**5.5 Binding Effect and Assignment**

Purchaser may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, an affiliate of Purchaser, provided that if such assignment and/or assumption takes place, Purchaser shall continue to be liable jointly and severally with such affiliate for all of its obligations hereunder. This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

**5.6 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.

\*\*\*\*\* *Signature page follows* \*\*\*\*\*



IN WITNESS WHEREOF the Purchaser and Firebird 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: \_\_\_\_\_

Name: *Anthony Mieluska*

Title: *CEO*

We have authority to bind the Corporation

**FIREBIRD MONGOLIA FUND, LTD.**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

We have authority to bind the Corporation

Acknowledged and agreed this 24<sup>th</sup> day of February, 2011

**NATALYA-1 S.à r.l.**

Per: \_\_\_\_\_

Name: *Anthony Mieluska*

Title: *Manager*

We have authority to bind the Company



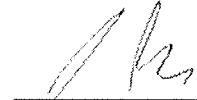
IN WITNESS WHEREOF the Purchaser and Firebird have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**UNDUR TOLGOI MINERALS INC.**

Per: \_\_\_\_\_  
Name:  
Title:

We have authority to bind the Corporation

**FIREBIRD MONGOLIA FUND, LTD.**

Per:  \_\_\_\_\_  
Name: JAMES + AOSH  
Title: DIRECTOR

We have authority to bind the Corporation

Acknowledged and agreed this 24<sup>th</sup> day of February, 2011

**NATALYA-1 S.à r.l.**

Per: \_\_\_\_\_  
Name:  
Title: Manager

We have authority to bind the Company