

Execution Copy

SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT is made as of 15 May, 2011.

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

(hereinafter, the "Corporation")

AND: **SMDD CAPITAL LTD.**, a corporation existing under the laws of the British Virgin Islands registered under the company number 148838;

(hereinafter, the "Subscriber")

WITH THE INTERVENTION OF: **NOVAMETAL RESOURCES LLC**, a limited liability company organized under the laws of Mongolia (Registration Number 5372658, State Registration Number 9011232015);

(hereinafter, "Novametal")

AND: **MR. SUMIYABAZAR DOLGORSUREN**, an individual residing in the city of Ulaanbaatar in Mongolia;

WHEREAS the Corporation wishes to issue, on a private placement basis, the Shares (as hereinafter defined) and the Subscriber wishes to subscribe for the Shares, the whole upon and subject to the terms and conditions set forth herein;

WHEREAS Novametal is an indirect subsidiary of the Corporation;

WHEREAS Mr. Sumiyabazar Dolgorsuren, a shareholder of Novametal, intends to have all of his common shares held in the capital of Novametal redeemed in accordance with the applicable laws of Mongolia and in accordance with the constating documents of Novametal (the "Novametal Shares Redemption");

WHEREAS Mr. Sumiyabazar Dolgorsuren is a controlling shareholder of the Subscriber;

WHEREAS further to the Novametal Shares Redemption Natalya-I s.a.r.l., a company organized under the laws of Luxembourg (Company Registration Number B153472), being a wholly-owned subsidiary of the Corporation, will be the sole shareholder of Novametal;

WHEREAS notwithstanding the Novametal Shares Redemption, a bonus having a value of USD1,000,000 payable to Mr. Sumiyabazar Dolgorsuren pursuant to section 4.7 (a) of the shareholders agreement of Novametal will be maintained and documented in a separate agreement (the "Bonus Validation");

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, hereby agree as follows:

ARTICLE I  
INTERPRETATION

1.1 Definitions

When used in this Agreement, the following terms shall have the following meanings:

"Agreement" means this subscription agreement, including its recitals and schedules, as modified, amended or supplemented from time to time; "hereof", "hereto", "hereunder" and similar expressions mean and refer to this Agreement and not to a particular Article or Section; and the expression "Article" or "Section" followed by a number means and refers to the specified Article or Section of this Agreement.

"Bonus Cancellation" has the meaning ascribed thereto in the preamble.

"Canadian Securities Laws" means applicable securities laws in Canada, regulations thereunder, and published policy statements of the Securities Regulatory Authorities.

"Closing" means the issuance and sale of the Shares and the payment of the Subscription Price.

"Novametal Shares Redemption" has the meaning ascribed thereto in the preamble.

"Parties" means the Subscriber and the Corporation; and "Party" means either of them.

"Securities Regulatory Authorities" means the applicable securities commissions or similar regulatory authorities in Canada.

"Shares" means the common shares of the Corporation.

"Securities Act" means the British Columbia Securities Act.

"Subscribed Shares" means the Shares described in Section 2.1.

"Subscription Price" has the meaning ascribed thereto in Section 2.1.

"U.S. Securities Act" means the United States Securities Act of 1933, as amended.

"U.S. Securities Laws" means applicable securities laws in the United States of America, including the U.S. Securities Act and State securities laws.

1.2 Gender and Number

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender and vice versa.

1.3 Headings

The division of this Agreement into Articles and Sections and the use of a table of contents and headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

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  
SUBSCRIPTION

2.1 Subscription for Shares

Upon and subject to the terms and conditions contained herein, the Subscriber hereby subscribes for 9,788,067 Shares (the "Subscribed Shares") at a price of USD0.015 per Share (the "Subscription Price") and the Corporation hereby issues the Subscribed Shares to the Subscriber.

Upon issuance of the Subscribed Shares, the Corporation's share capital will be as disclosed in Schedule A.

2.2 Deliveries

Concurrently with the execution of this Agreement:

- (a) The Subscriber (or any person or entity directed by the Subscriber) delivers to the Corporation payment of an amount in USD equal to the Subscription Price.
- (b) The Corporation delivers to the Subscriber certificates registered in the name of the Subscriber and representing the Shares which will be held in escrow until completion of the Novametal Shares Redemption and the Bonus Validation.

ARTICLE 3  
CONDITIONS PRECEDENT

3.1 The obligations of the Parties, under this Agreement, are subject to the satisfaction of the following conditions precedent, in a form and substance satisfactory to both Parties:

- (a) the Corporation shall have delivered to the Subscriber a copy of a Directors' Resolution of the Corporation approving authorization and issuance of the Shares to the Subscriber pursuant to the terms of this Agreement;
- (b) the Novametal Shares Redemption shall have been completed on or before June 30, 2011;
- (c) the Corporation shall have adopted a remuneration plan pursuant to which the Subscriber may receive additional Shares at a price of USD0.50 per Share, having an aggregate value not exceeding USD 2,000,000 or 4,000,000 Shares if the Corporation or any of its subsidiaries received a JORC Resource Report issued by the Australian Joint Ore Reserves Committee (JORC) that is compliant with the most recent Australian Code for reporting of Exploration Resources and Ore Reserves and that provides that the proved recoverable copper reserves, the copper located in the tracts of land licensed under what is currently exploration license No. 8573XX exceed 25,250,000 pounds of copper;
- (d) the Corporation shall not have been in violation of its charter, any provision contained in any document to which the Corporation is a party (including this Agreement) or by which the Corporation is bound, or any applicable law, rule or regulation;
- (e) nothing shall have occurred which had or can reasonably be expected to have a material adverse effect on the business, assets, capitalization or financial condition of the Corporation or its ability to comply with its obligations under this Agreement;
- (f) the Corporation's representations and warranties set forth in this Agreement shall continue to be true and correct in all material respects.

ARTICLE 4  
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Corporation

The Corporation hereby represents and warrants to the Subscriber (and acknowledges that the Subscriber is relying upon these representations and warranties in connection with the purchase of the Shares) that:

- (a) Organization and Good Standing. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction

of incorporation and has full corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets.

- (b) Authority; Enforceability. The Corporation has full corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation by the Corporation of the transactions contemplated hereby have been duly and validly authorized by the board of directors of the Corporation, and no other corporate proceedings on the part of the Corporation are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject to: (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors; and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies.
- (c) No Violation; Consents. Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated hereby by the Corporation, will (i) violate or conflict with any provision of the charter or by-laws of the Corporation, (ii) result in any material breach of or default under any material agreement of the Corporation or (iii) to the knowledge of the Corporation, conflict with or violate any laws, regulations, judgments, orders or decrees applicable to the Corporation or by which the Corporation is bound.
- (d) Issuance of Shares. All necessary corporate actions have been taken by the Corporation to authorize the issuance of the Subscribed Shares.
- (e) No Broker. No broker, finder, agent or similar intermediary has acted for or on behalf of the Corporation in connection with this Agreement or the transactions contemplated herein, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's, or similar fee or other commission in connection therewith based on any Contract with the Corporation.

**4.2 Representations and Warranties of the Subscriber**

The Subscriber hereby represents and warrants to the Corporation (and acknowledges that the Corporation is relying upon these representations and warranties in connection with the issuance and sale of the Shares) that:

- (a) the Subscriber acknowledges that no prospectus has been filed by the Corporation with the Securities Regulatory Authorities in connection with the issuance of the Subscribed Shares, such issuance is exempted from the prospectus requirements of the Securities Act and that:
  - (i) the Subscriber is restricted from using most of the civil remedies available under the Securities Act;

- (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under the Securities Act;
- (iii) the Corporation is relieved from certain obligations that would otherwise apply under the Securities Act;
- (b) the Subscriber has duly completed the Private Issuer Certificate, attached as Schedule B;
- (c) the Subscriber is purchasing the Subscribed Shares for investment only and not with a view to resale or distribution of all or any of the Subscribed Shares and is not in the business of trading in securities;
- (d) the Subscriber acknowledges that:
  - (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Subscribed Shares;
  - (ii) there is no government or other insurance covering the Subscribed Shares;
  - (iii) there are risks associated with the purchase of the Subscribed Shares;
  - (iv) under applicable securities laws there are restrictions on the Subscriber's ability to resell the Subscribed Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Subscribed Shares; and
  - (v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person registered to sell securities under the Securities Act and, as a consequence of acquiring Shares pursuant to the exemption, certain protections, rights and remedies provided by the Securities Act, including statutory rights of rescission or damages, will not be available to the Subscriber.
- (e) if the Subscriber is resident outside of Canada, the Subscriber represents and warrants that the Subscriber:
  - (i) is knowledgeable of, or has been independently advised as to the applicable securities laws of the securities regulatory authorities (the "Authorities") having application in the jurisdiction in which the Subscriber is resident (the "International Jurisdiction") which would apply to the acquisition of the Subscribed Shares, if any;
  - (ii) is purchasing the Subscribed Shares pursuant to exemptions from the prospectus, registration and similar requirements under the applicable securities laws of the International Jurisdiction and requirements of the Authorities or, if such is not applicable, the Subscriber is permitted to

purchase the Subscribed Shares under the applicable securities laws of the International Jurisdiction without the need to rely on any exemption;

- (iii) confirms that the applicable securities laws of the Authorities in the International Jurisdiction do not require the Corporation to make any filings or seek any approvals of any nature whatsoever from any Authority of any kind whatsoever in the International Jurisdiction in connection with the issue and sale or resale of the Subscribed Shares;
- (iv) confirms that the purchase of the Subscribed Shares by the Subscriber does not trigger:
  - (A) an obligation to prepare and file a registration statement, prospectus or similar document, or any other report with respect to such purchase in the International Jurisdiction; or
  - (B) any disclosure or reporting obligations in the International Jurisdiction; and

the Subscriber will, if requested by the Corporation, comply with such other requirements as the Corporation may reasonably require;

- (f) the Subscriber acknowledges that the Subscribed Shares have not been registered under the U.S. Securities Act or the securities laws of any state of the United States, that the Subscribed Shares may not be offered or sold, directly or indirectly, in the United States or to a U.S. Person except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Corporation has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Shares.
- (g) the Subscriber represents and warrants that it will not offer, sell or otherwise transfer any of the Subscribed Shares in the United States or to a U.S. Person.
- (h) the Subscriber represents and warrants that no person has made to the Subscriber any written or oral representations:
  - (i) that any person will resell or repurchase any of the Subscribed Shares.
  - (ii) that any person will refund the purchase price of any of the Subscribed Shares.
  - (iii) as to the future price or value of any of the Subscribed Shares.
- (i) except for this Agreement, the Subscriber acknowledges that it has not received, will not receive, has not requested and does not need to receive, an offering memorandum or other disclosure document in relation to the issuance of the Subscribed Shares describing the business and affairs of the Corporation.

- (j) the Subscriber represents and warrants that it has the legal capacity and competence to enter into and execute and deliver this Agreement and to take all actions and perform all covenants and obligations required pursuant hereto, and it is validly subsisting under the laws of its jurisdiction of incorporation, amalgamation or continuance, has the necessary corporate capacity, approvals and authorities to enter into this Agreement.
- (k) the Subscriber represents and warrants that the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Subscriber or of any agreement, written or oral, to which the may be a party or by which it is or may be bound.
- (l) the Subscriber represents and warrants that this Agreement has been duly executed and delivered by the Subscriber and constitutes a legal, valid and binding obligation of the Subscriber, which is enforceable against the Subscriber except insofar as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor rights generally and by the effect of general principles of equity (regardless of whether enforcement is considered in proceedings in equity or at law).
- (m) the Subscriber acknowledges that the Subscriber has been advised to consult its own legal advisors with respect to tax matters and the applicable hold and restricted resale periods imposed in respect of the Subscribed Shares by applicable securities legislation and regulatory policies and other legal matters relating to this Agreement and confirms that no representations by the Corporation have been made respecting any such matters.
- (n) the Subscriber represents and warrants that it is:
  - (i) familiar with the aims and objectives of the Corporation and the proposed use of the proceeds received by the Corporation from the sale of the Subscribed Shares and is aware of the risk and other characteristics of the Subscribed Shares, including the risk that it may never be able to sell the Subscribed Shares.
  - (ii) aware that there is no assurance that the Corporation will raise sufficient funds to adequately capitalize the business or that the business will be profitable in the future, and that the investment is speculative.
  - (iii) aware that there is no market for any Subscribed Shares and that no market for such Subscribed Shares may ever exist.
- (o) the Subscriber also:
  - (i) acknowledges that the Subscribed Shares purchased hereunder are subject to resale restrictions imposed under applicable securities laws, the

constating documents of the Corporation and the rules of regulatory bodies having jurisdiction.

- (ii) acknowledges that it has been advised by the Corporation that it should consult its own legal adviser before disposing of all or any part of any Shares that may be issued to the Subscriber pursuant to this Agreement to avoid breach of relevant securities legislation.
- (iii) agrees not to resell the Subscribed Shares except with the written consent of the Corporation which may be withheld in its discretion.
- (p) if required by applicable securities legislation, policy or order or by any securities commission, stock exchange or other regulatory authority, the Subscriber represents and warrants that it will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Subscribed Shares and any other securities acquired in connection with this Agreement as may be required.
- (q) the Subscriber represents and warrants that it has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment or by virtue of consultation with or advice from a person who is not an insider of the Corporation, but who is a registered advisor or registered dealer, is able to evaluate the merits and risks of investment in the Subscribed Shares, and is able to bear the economic risk of loss of its investment.
- (r) the Subscriber's investment in the Shares is speculative and involves a significant degree of risk.
- (s) the Subscriber is able to bear the economic risks of an investment in the Shares, including, without limiting the generality of the foregoing, the risk of losing part or all of the Subscriber's investment, and the inability to sell, convert, exchange or transfer the Subscribed Shares.
- (t) the funds representing the aggregate subscription price for the Subscribed Shares which will be advanced by the Subscriber hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "Proceeds of Crime Act") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name, and other information relating to this Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the Proceeds of Crime Act. To the best of its knowledge: (a) none of the Subscription Proceeds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (b) the Subscriber shall promptly notify the Corporation if the

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Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith.

- (u) the Subscriber agrees that the Corporation may be required by law or otherwise to disclose to regulatory authorities the identity of the Subscriber.

#### 4.3 Survival of Representations and Warranties

The representations and warranties of the Corporation and the Subscriber herein contained shall survive the Closing contemplated hereby and shall continue in full force and effect for a period of three years.

### ARTICLE 5 UNDERTAKING

#### 5.1 Undertaking of the Corporation

The Corporation undertakes to pay, to the Subscriber, a cash bonus having a value of USD660,000 upon listing of the Shares on a recognized stock exchange through either a reverse take-over bid, initial public offering of the Shares or a similar transaction, such payment being subject to Canadian Securities Laws and regulations adopted by applicable stock exchange.

### ARTICLE 6 GENERAL PROVISIONS

#### 6.1 Notices

All notices and other communications hereunder shall be in writing and shall be deemed given (a) on the same day if delivered personally, (b) on the date of actual receipt or delivery as evidenced by written receipt, after being mailed by registered or certified mail (return receipt requested) or (c) on the same day if sent by facsimile, confirmation received, or confirmed electronic mail, to the Parties at the following addresses, facsimile numbers and electronic mail addresses:

- (a) if to the Subscriber:

**SMD Capital Ltd.**  
1603, 16/F, Island Place Tower  
510 King's Road, Quarry Bay  
Hong Kong  
Fax: 011 2882 1494  
E-mail: sumiyabazar@gmail.com

- (b) if to the Corporation:

**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

Any party hereto may from time to time by notice in writing served as set forth above designate a different address or a different or additional person or entity to which all such notices or communications thereafter are to be given.

**6.2 Further Assurances**

Each Party upon the request of the other Party, whether before or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as reasonably may be necessary or desirable to complete the transactions contemplated herein or required by applicable laws in connection with the purchase and sale of the Shares.

**6.3 Modifications, Amendments and Waivers**

This Agreement may not be amended or modified in any respect except by written instrument executed by each of the Parties. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

**6.4 Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of law principles therein.

**6.5 Binding Effect**

This Agreement and any instrument executed pursuant hereto shall be binding upon the Parties and their respective heirs, successors and permitted assigns.

**6.6 Counterparts**

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.

**6.7 Severability**

In the event that any provision or any part of any provision of this Agreement shall be void or unenforceable for any reason whatsoever, then such provision shall be stricken and of no force and effect and the remaining provisions of this Agreement shall continue in full force and effect.

**6.8 No Third Party Rights**

Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity other than the Parties and their respective heirs, successors and permitted assigns.

**6.9 Assignment**

This Agreement may not be assigned by either Party except with the prior written consent of the other Party.

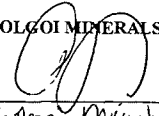
**6.10 Counterparts, Execution**

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.

*[Signatures page follows]*

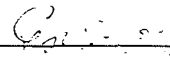
IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**UNDUR TOLGOI MINERALS INC.**

Per:   
Name: Armin Minksi  
Title: CEO

I have authority to bind the Corporation

**SMDD CAPITAL LTD.**

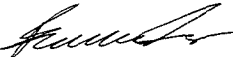
Per:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the Corporation

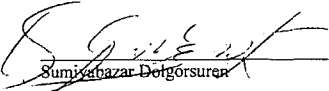
**INTERVENTION**

TO THESE PRESENTS have intervened Novametal and Mr. Sumiyabazar Dolgorsuren both declaring that they have taken cognizance of the Novametal Shares Redemption and the Bonus Validation (collectively referred to as the "Actions") and both undertake to take all the necessary measures to complete the Actions.

**NOVAMETAL RESOURCES LLC**

Per:   
Name: B. Battabaatar  
Title: CEO

I have authority to bind the Corporation

  
Sumiyabazar Dolgorsuren


**SCHEDULE A**  
**SHARE CAPITAL**  
**PURSUANT TO THE ISSUANCE OF THE SUBSCRIBED SHARES**

| <u>SHAREHOLDER</u>           | <u>NUMBER OF SHARES</u> |
|------------------------------|-------------------------|
| Firebird Mongolia Fund, Ltd. | 10,187,580              |
| SMDD Capital Ltd.            | 9,788,067               |
| <b>Total Shares:</b>         | <b>19,975,647</b>       |



IN WITNESS WHEREOF, the undersigned has executed this certificate as of the \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

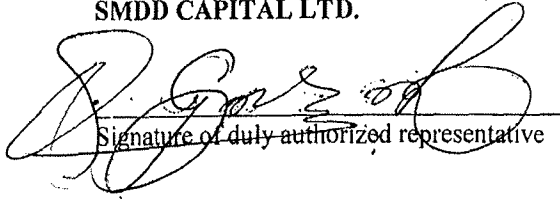
**SMDD CAPITAL LTD.**

  
\_\_\_\_\_  
Signature of duly authorized representative



IN WITNESS WHEREOF, the undersigned has executed this certificate as of the 16 day  
of May, 2011.

**SMDD CAPITAL LTD.**

  
Signature of duly authorized representative

**SCHEDULE B**

**PRIVATE ISSUER CERTIFICATE**

To: **UNDUR TOLGOI MINERALS INC.** (the "Issuer") of Suite 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3

The undersigned hereby represents and warrants that, as of May 16, 2011, it belongs to the class of purchasers corresponding to the box checked below

SUMIYABAZAR Dolgorsuren

(a)  a director or an officer of the Issuer  
NONE

(b)  an employee of the Issuer  
SUMIYABAZAR Dolgorsuren

(c)  a founder of the Issuer, actively involved in the business of the Issuer  
SUMIYABAZAR Dolgorsuren

(d)  a security holder (shares or otherwise) of the Issuer  
SUMIYABAZAR Dolgorsuren

(e)  a control person of the Issuer, i.e. who holds, alone or with others:

- more than 20% of voting shares or securities, or
- a sufficient number of any of the securities of the Issuer so as to affect materially the control of the Issuer.

(f)  the spouse of Mr.(Mrs.) SUMIYABAZAR D., holding the following office at the Issuer:

- director
- executive officer
- founder actively involved in the business of the Issuer
- control person of the Issuer (within the meaning of paragraph (e) above)

(g)  the father or mother

the grandfather or grandmother

the brother or sister

the son or daughter

of Mr.(Mrs.) SUMIYABAZAR D. or of Mr.(Mrs.) Mrs. MICHIDMAA Chivagumel

the spouse of Mr.(Mrs.) MR. SUMIYABAZAR D.

holding the following office at the Issuer:

- director
- executive officer
- founder actively involved in the business of the Issuer
- founder actively involved in the business of the Issuer

- (h)  a close personal friend (i.e. has personally known this person sufficiently well and for a sufficient period of time to be in a position to assess his/her capabilities and trustworthiness)  director
- a close business associate (i.e. an individual who has had sufficient prior dealings with this person to be in a position to assess his/her capabilities and trustworthiness)  executive officer
- } of Mr. (Mrs.) Mr. OTGONBAATAR Ts. holding the following office at the Issuer:  founder actively involved in the business of the Issuer
- control person of the Issuer (within the meaning of paragraph (e) above)

(i)  the spouse of \_\_\_\_\_, selling security holder  
*(this exemption does not apply to issuances – it can only be used for transfers.)*

- (j)  the father or mother  of \_\_\_\_\_, selling security holder
- the grandfather or grandmother  of \_\_\_\_\_, the spouse of \_\_\_\_\_, selling security holder
- the brother or sister
- the son or daughter
- (this exemption does not apply to issuances – it can only be used for s transfers.)*

(k)  an “accredited investor”, within the meaning of section 1.1 of *National Instrument 45-106 respecting prospectus and registration exemption*. Please fill out the Accredited Investor Exemption Declaration, section 2.3.

- (l)  a person (including a legal person, a partnership or an association) of which  a majority of the directors  (a)  (g)
- a majority of the beneficial owners of voting securities  (b)  (h)
- are persons contemplated by the following paragraphs:  (c)  (i)
- (d)  (j)
- (e)  (k)
- (f)

- (m)  a trust or estate in which  all of the beneficiaries  (a)  (g)
- a majority of the trustees or executors  (b)  (h)
- are persons contemplated by the following paragraphs:  (c)  (i)
- (d)  (j)
- (e)  (k)
- (f)

(n)  an individual that is not the public. Please explain:  
NONE

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The foregoing representation is true and accurate as of the date hereof and will be true and



[UTMI's letterhead]

PERSONAL AND CONFIDENTIAL

August 17, 2011

**SMDD CAPITAL LTD.**  
1603, 16/F, Island Place Tower  
510 King's Road, Quarry Bay  
Hong Kong

**Re: Grant of a bonus pursuant to the Subscription Agreement concluded between Undur Tolgoi Minerals Inc. ("UTMI") and SMDD Capital Ltd. ("SMDD") as of May 13, 2011 (the "Subscription Agreement")**

Dear Sumiyabazar,

As per section 3.1 c) of the Subscription Agreement, we hereby confirm that UTMI agrees to pay to SMDD a bonus payable in the form of 4,000,000 common shares of UTMI (the "**Bonus**") if the following conditions are met:

- UTMI, or any of its subsidiaries, receives a JORC Resource Report issued by the Australian Joint Ore Reserves Committee (JORC) that is compliant with the most recent Australian Code for reporting of Exploration Resources and Ore Reserves or any equivalent report prepared with the same rigor and acceptable by a recognized stock exchange (the "**Report**").
- The Report must confirm the presence of proved recoverable copper reserves in the tracts of land licensed under what is currently the mining exploration licence number 8573X issued by the Department of Geological Mining Cadastre of the Minerals Resources Authority of Mongolia (the "**Licence**") exceeding 25,250,000 pounds.
- The Report must be issued on the earlier of (i) nine years from the date of execution of the Subscription Agreement; (ii) the date of termination of the Licence; or (iii) the transfer of the Licence to an entity that is not a subsidiary of UTMI.

Sincerely,

**UNDUR TOLGOI MINERALS INC.**

By: 

James Passin