SOUTHGOBI RESOURCES LTD.

南戈壁資源有限公司*

(a company continued under the laws of British Columbia, Canada with limited liability)
(Stock Code: 1878)

OVERSEAS REGULATORY ANNOUNCEMENT

SouthGobi Resources Ltd. (TSX: SGQ, HK: 1878) has filed the attached subscription agreement in Vancouver, Canada on March 5, 2015 on SEDAR in Canada (www.sedar.com).

By order of the Board
SouthGobi Resources Ltd.

Mr. Gordon Lancaster
Interim Chair

Hong Kong, March 5, 2015

As of the date of this announcement, the executive Director is Mr. Ted Chan, the non-executive Directors are Mr. Bold Baatar, Mr. Kelly Sanders and Mr. Jeff Tygesen, and the independent non-executive Directors are Mr. Pierre Bruno Lebel, Mr. Andre Henry Deepwell, and Mr. William Gordon Lancaster.

** For identification purposes only*

SUBSCRIPTION AGREEMENT

THIS AGREEMENT is made as of the 24th day of February, 2015.

BETWEEN:

NOVEL SUNRISE INVESTMENTS LIMITED, a company existing under the laws of the British Virgin Islands (the "**Investor**")

- and -

SOUTHGOBI RESOURCES LTD., a corporation existing under the laws of British Columbia (the "**Company**")

WHEREAS the Investor has agreed to purchase the Purchased Securities from the Company, and the Company has agreed to issue and sell the Purchased Securities to the Investor, on the terms and conditions set out in this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Agreement (including the recitals hereto), unless the context otherwise requires, the following terms shall have the respective meanings given to them, as set out below, and grammatical variations of such terms shall have corresponding meanings:

"**50 Day VWAP**" means, as at any date, the volume weighted average price of a Common Share including trading on all stock exchanges on which the Company is listed during the 50 consecutive trading days (being any day on which at least one of such stock exchanges is open for trading) preceding such date, determined without regard to after-hour trading or any other trading outside of the regular trading session and expressed in Canadian dollars with non-Canadian currencies converted at the Bank of Canada noon rate for currency in question on the date of the trade, such price to be adjusted in an equitable manner to adjust for any subdivision, consolidation, reorganization or other change to the Common Shares and for any distribution of securities, cash or other property to holders of Common Shares other than ordinary course cash distributions occurring during such period.

"**Affiliate**" means, with respect to any Person, any other Person which directly or indirectly, controls, or is controlled by, or is under common control with, such Person.

"**Anti-Dilution Offer Notice**" has the meaning set forth in Section 4.6(b).

"**Anti-Dilution Securities**" has the meaning set forth in Section 4.6(b).

"**Applicable Law**" means any law (including common law and equity), any international or other treaty, any domestic or foreign constitution or any multinational, federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation, Order (including any securities laws or requirements of stock exchanges and any consent decree or administrative Order), or Authorization of a Governmental Body in any case applicable to any specified Person, property, transaction or event, or any such Person's property or assets.

"**Authorization**" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval, mining permit, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters.

"**Business Day**" means any day, other than (a) a Saturday, Sunday or statutory holiday in either Vancouver, British Columbia, or Hong Kong, or (b) a day on which banks are generally closed in either of those cities.

"**CIC**" means China Investment Corporation, including its wholly-owned subsidiaries Fullbloom Investment Corporation and Landbreeze II S.à r.l.

"**Closing**" has the meaning set forth in Section 2.2(b).

"**Closing Date**" means any date on which a Closing occurs.

"**Closing Time**" means 10:00 a.m. (Vancouver time) on the Closing Date or such other time mutually agreed to by the Investor and the Company.

"**Common Shares**" means the common shares which the Company is authorized to issue.

"**Convertible Securities**" means any securities issued by the Company that are convertible into or exercisable or exchangeable for Common Shares or other equity securities of the Company.

"**Debenture**" means the convertible debenture dated October 26, 2009 in the original principal amount of $500 million issued by the Company to CIC.

"**Dilutive Issuance**" has the meaning set forth in Section 4.6(a).

"**Dilutive Securities**" has the meaning set forth in Section 4.6(a).

"**Encumbrance**" means any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, consignment, lease, hypothecation, security interest, including a purchase money security interest, or other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation, title retention right, or any other encumbrance or prior claim of any nature or kind whatsoever.

"**Exempt Security Transaction**" has the meaning set forth in Section 4.6(f).

"**Financial Statements**" means the audited consolidated financial statements of the Company as at and for the year ended December 31, 2013, including the notes thereto, together with the auditor's report thereon, and the unaudited consolidated financial statements of the Company as at and for the nine months ended September 30, 2014, each of which form part of the Public Disclosure Documents.

"**Final Closing Date**" means the date on which the Closing of the final Tranche occurs.

"**First Closing Date**" means the Closing Date of the First Tranche, which shall be March 3, 2015, provided that, if the conditions set forth in Sections 6.2 and 6.3 with respect to the Closing of the First Tranche (other than the delivery of items to be delivered at such Closing and the satisfaction of those conditions that, by their terms, cannot be satisfied until such Closing) have not been satisfied or waived on or before such date, the First Closing Date shall be the first Business Day after the satisfaction or waiver of such conditions.

"**First Tranche**" has the meaning set forth in Section 2.2(a)(i).

"**First Tranche Outside Date**" means 15 Business Days after the date of this Agreement or such later date as agreed to by the Parties in writing.

"**Funding Deadline**" means the second Business Day after the satisfaction or waiver (other than pursuant to Section 6.4) of the Subsequent Tranche Conditions.

"**Governmental Body**" means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange.

"**Investor Nominees**" has the meaning set forth in Section 4.3(a).

"**Mandatory Convertible Units**" means the mandatory convertible units to be created and issued pursuant to the certificate attached as Schedule B hereto.

"**Material Adverse Effect**" means any change, event, occurrence, condition, circumstance, effect, fact or development that, either individually or in the aggregate, has, or could reasonably be expected to have, a material and adverse effect on: (a) the business, affairs, capitalization, assets, liabilities, results of operations, condition

(financial or otherwise) or prospects of the Company and its Subsidiaries, taken as a whole, (b) the development, construction or operation of the Projects; or (c) the ability of the Company to consummate the transactions contemplated by this Agreement.

"**Order**" means any order, directive, decree, judgment, ruling, award, injunction, direction or request of any Governmental Body or other decision-making authority of competent jurisdiction, including an arbitrator.

"**Participation Notice**" has the meaning set forth in Section 4.6(a).

"**PCMLA**" means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).

"**Person**" means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, Governmental Bodies or any other type of organization or entity, whether or not a legal entity.

"**Pre-emptive Right**" has the meaning set forth in Section 4.6(b).

"**Projects**" means the Company's Ovoot Tolgoi open pit coal mine, Soumber deposit, Zag Suuj deposit and Ovoot Tolgoi underground deposit, as such projects are described in the relevant technical reports, if any, for such projects as filed on SEDAR and in the other Public Disclosure Documents.

"**Public Disclosure Documents**" means, collectively, all of the documents which have been filed by or on behalf of the Company with the relevant Securities Regulators pursuant to the requirements of Securities Laws, including all documents publicly available on the Company's SEDAR profile.

"**Purchased Securities**" means the 10,131,113 Mandatory Convertible Units to be purchased by the Investor in the First Tranche and the 11,618,887 Common Shares (or Mandatory Convertible Units in lieu thereof pursuant to Section 6.4) to be purchased by the Investor in subsequent Tranches pursuant to this Agreement.

"**Securities Laws**" means all applicable securities laws and the respective regulations, rulings and orders made thereunder in each of the provinces of Canada and in Hong Kong, together with applicable published fee schedules, prescribed forms, policy statements, notices, orders, blanket rulings and other regulatory instruments of the Securities Regulators, and all rules and policies of the TSX, the SEHK and any other stock exchange on which securities of the Company are traded.

"**Securities Regulators**" means, collectively, the securities regulators or other securities regulatory authorities in each of the provinces of Canada and in any other jurisdictions whose Securities Laws are applicable to the Company, including the TSX, the SEHK and the Securities and Futures Commission of Hong Kong.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

"**SEHK**" means The Stock Exchange of Hong Kong Stock Limited or any successor thereto.

"**SPA Closing"** means the closing of the purchase of 48,705,155 Common Shares by the Investor pursuant to the TRQ-Novel SPA.

"**Subscription Proceeds**" means $7,513,981.54, being the aggregate purchase price for the Purchased Securities.

"**Subsequent Tranche Conditions**" has the meaning set forth in Section 6.3(b).

"**Subsidiary**" means with respect to any Person, any other Person which is controlled directly or indirectly by that Person.

"**Tranche**" has the meaning set forth in Section 2.2(a).

"**TRQ-Novel SPA"** means the sale and purchase agreement dated February 24, 2015 between the Investor and Turquoise Hill Resources Limited.

"**TSX**" means the Toronto Stock Exchange or any successor thereto.

"**Ultimate Outside Date**" means April 10, 2015 or such later date as agreed to by the Parties in writing.

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specifically provided or unless the context otherwise requires:

(a) the terms "Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;

(b) references to a "clause", "Section", "Article" or "Schedule" followed by a number or letter refer to the specified clause, Section, Article or Schedule of this Agreement;

(c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(d) words importing the singular shall include the plural and vice versa, and words importing gender shall include all genders;

(e) the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation";

(f) the terms "party" and "the parties" refer to a party or the parties to this Agreement, and references to a party in this Agreement mean such party or its successors or permitted assigns;

(g) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement;

(h) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to;

(i) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, the date on which such payment shall be made, action shall be taken or period shall expire shall be the next following Business Day; and

(j) notwithstanding the actual percentage of Common Shares beneficially owned directly or indirectly by the Investor and its Affiliates:

(i) during the period commencing on the Closing of the First Tranche and ending on the earlier of the SPA Closing and the termination of this Agreement in accordance with Article 7, the Investor shall be entitled to exercise its participation rights under Section 4.6; and

(ii) during the period commencing on any Dilutive Issuance and ending on the earlier of (i) the expiry of the Investor's Pre-Emptive Right in respect of such Dilutive Issuance; and (ii) the issuance to the Investor of the Anti-Dilution Securities that it elects to purchase pursuant to the exercise of its Pre-Emptive Right in respect of such Dilutive Issuance, the Investor shall be entitled to exercise its nomination rights under Section 4.3(a)(ii) and its participation rights under Section 4.6 to the extent that the Investor was entitled to exercise such rights immediately prior to such Dilutive Issuance.

1.3 Control

The term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

1.4 Currency

All references in this Agreement to currency or to "$", unless otherwise expressly indicated, shall be to U.S. dollars.

1.5 Time of Essence

Time shall be of the essence of this Agreement.

1.6 Knowledge

For the purposes of this Agreement, with respect to any matter, the knowledge of a Party shall mean the actual knowledge of any of the directors and officers of such Party and all information which ought to have been known by any of them after conducting a reasonable inquiry into the matters in question, whether or not any such inquiry was actually made.

ARTICLE 2
SUBSCRIPTION FOR PURCHASED SECURITIES

2.1 Subscription for Purchased Securities

Subject to the terms and conditions of this Agreement, the Investor hereby subscribes for and agrees to purchase the Purchased Securities from the Company, and the Company hereby accepts such subscription and agrees to issue the Purchased Securities from treasury and sell the Purchased Securities to the Investor, at a price of $0.3454704 per Purchased Security for an aggregate subscription price equal to the Subscription Proceeds.

2.2 Placing Period

(a) Subject to Sections 6.2 and 6.3, the Investor shall purchase the Purchased Securities no later than the Funding Deadline in a series of tranches to be agreed between the Company and the Investor (each such purchase, a "**Tranche**"), provided that:

(i) on the First Closing Date, the Investor shall purchase 10,131,113 Mandatory Convertible Units for an aggregate purchase price of $3,500,000 (the "**First Tranche**"); and

(ii) if the Investor has not purchased all of the Purchased Securities by the Funding Deadline, the Investor shall purchase the balance of the Purchased Securities on the Funding Deadline.

(b) At each closing of a Tranche (each such closing, a "**Closing**"), the Investor shall pay, or cause to be paid, to the Company, by wire transfer in immediately available funds to the account specified by the Company, an amount equal to the product of $0.3454704 and the number of Purchased Securities being purchased at such Closing, in full satisfaction for the aggregate subscription price for such Purchased Securities, and the Company shall deliver to the Investor (or its

nominee) a share certificate representing such Purchased Securities against payment of such amount.

2.3 Use of Subscription Proceeds

The Company shall use the Subscription Proceeds for general corporate purposes.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company

The Company, acknowledging that the Investor is entering into this Agreement in reliance thereon, hereby represents and warrants to the Investor as of the date hereof and as of each Closing Date as follows:

(a) Organization and Powers. Each of the Company and its Subsidiaries: (i) has been duly incorporated and is validly existing under the laws of its jurisdiction of incorporation; (ii) has all requisite corporate power and authority to own and lease its property and assets and to carry on its business; (iii) has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder; and (iv) is duly qualified, licensed or registered to do business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it make such qualification, licensing or registration necessary, except where the failure to be so qualified, licensed or registered does not have a Material Adverse Effect. No proceeding has been instituted or, to the Company's knowledge, threatened in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification, licensing or registration. Each of the Company and its Subsidiaries is up-to-date in all its corporate filings and is in good standing under Applicable Laws.

(b) Authorization; No Conflict. The execution and delivery by the Company of this Agreement, and the performance by it of its obligations hereunder, have been duly authorized by all necessary corporate or other action on its part and do not and will not: (i) contravene any provision of its constating documents or any resolution of its shareholders or directors (or any committee thereof); (ii) violate any Applicable Law; (iii) conflict with, result in a breach of, or constitute a default or an event creating rights of acceleration, termination, modification or cancellation or a loss of rights under (with or without the giving notice or lapse of time or both), any contract, agreement, license, concession, indenture, mortgage, debenture, note or other instrument to which the Company or any of its Subsidiaries is a party, subject or otherwise bound (including any of its property or assets); or (iv) result in, or require, the creation or imposition of any Encumbrance on any property or assets of the Company or any of its Subsidiaries, except in case of clauses (iii) and (iv) above as would not have a Material Adverse Effect.

(c) Execution; Binding Obligation. This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except to the extent enforcement may be affected by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Applicable Laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction.

(d) Consents. Neither the Company nor any of its Subsidiaries is required to give any notice to, make any filing with or obtain any Authorization or Order of any Person in connection with the execution or delivery of or performance of its obligations under this Agreement other than (i) the TSX's approval of the transactions contemplated herein, and the filings required to be made in connection therewith, under the rules of the TSX, (ii) the filing by the Company of a Form 45-106F6 - *Report of Exempt Distribution* with the British Columbia Securities Commission within 10 days following each Closing Date; and (iii) an application for the listing of and permission to deal in the Common Shares comprised in or underlying the Purchased Securities and all filings required to be made in connection therewith under the rules of the SEHK.

(e) Solvency. Neither the Company nor any of its Subsidiaries is insolvent within the meaning of Applicable Law.

(f) Authorized and Issued Capital. The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares, of which 218,753,970 Common Shares (and no preferred shares) have been validly issued and are outstanding as of the date hereof. All of the issued and outstanding Common Shares are fully paid and non-assessable and have been duly authorized and issued, in compliance with Applicable Laws and not in violation of or subject to any pre-emptive or similar right that entitles any Person to acquire from the Company any Common Shares or other securities of the Company or any of its Subsidiaries. The rights, privileges, restrictions and conditions attached to the Common Shares are as set out in the notice of articles and articles of the Company most recently filed on SEDAR.

(g) Acquisition and Repurchase Rights. No Person has any option, warrant, right (pre-emptive, contractual or otherwise) or other security or conversion privilege issued or granted by the Company or its Subsidiaries or any of their Affiliates that is exercisable or convertible into, or exchangeable for, or otherwise carries the right of the holder to purchase or otherwise acquire (whether or not subject to conditions) Common Shares or other securities of the Company, including pursuant to one or more exercises, conversions and/or exchanges or other securities or rights (pre-emptive, contractual or otherwise), other than (i) options outstanding as of the date hereof to purchase an aggregate of 3,038,945 Common Shares and (ii) the issuance of 37,784,970 Common Shares to CIC pursuant to the conversion of the Debenture, the payment of interest in accordance with the terms of the Debenture and as compensation pursuant to the cooperation agreement

dated November 19, 2009 between CIC, the Company and Southgobi Sands LLC. No Person has any right to require the Company to purchase, redeem or otherwise acquire any of its issued and outstanding Common Shares or any other securities of the Company. No shareholder or other Person has any pre-emptive right or right of first refusal in respect of the allotment and issuance of any unissued Common Shares or other securities of the Company other than CIC pursuant to the securityholders' agreement dated November 19, 2009 between the Company and CIC.

(h) Voting and Registration Rights. The Company is not a party or subject to any agreement or understanding, and to the knowledge of the Company there is no agreement between any securityholders of the Company, that affects or relates to the voting or giving of written consents with respect to, any of the Company's securities. The Company has not granted any registration rights or similar rights with respect to its securities to any Person, other than pursuant to the registration rights agreement dated November 19, 2009 between the Company and CIC, and the registration rights agreement to be entered into between the Company and the Investor in connection with this Agreement.

(i) Transfer Agent. CST Trust Company, at its offices in Vancouver, British Columbia, and Toronto, Ontario, is the duly appointed registrar and transfer agent of the Company with respect to the Common Shares. The registrar and transfer agent for the Common Shares in Hong Kong is Computershare Hong Kong Investor Services Limited.

(j) Listing of Common Shares. The Common Shares are listed and posted for trading on the TSX and SEHK and no order ceasing or suspending trading in any securities of the Company or prohibiting the sale or issuance of the Purchased Securities or the trading of any of the Company's issued securities has been issued and no (formal or informal) proceedings for such purpose are pending or, to the knowledge of the Company, have been threatened. The Company has not taken any action which would reasonably be expected to result in the delisting or suspension of the Common Shares on or from the TSX or the SEHK, other than the Company's application to the TSX to rely on the "financial hardship exemption" under TSX rules in connection the transactions contemplated by this Agreement, and the Company is currently in compliance in all material respects with the rules and regulations of the TSX and SEHK.

(k) Issuance of Purchased Securities. The Company has the full power and authority to issue the Purchased Securities. The issuance of the Purchased Securities has been duly authorized and, when issued and delivered against payment of the consideration set forth herein, the Purchased Securities will be validly issued as fully paid and non-assessable shares of the Company. At each Closing, the Investor will be the legal owner of the Purchased Securities purchased at such Closing and will have good title thereto free and clear of all Encumbrances, other than as may be imposed as a result of the application of any Applicable Laws or

as are imposed as a result of any actions taken by, or transactions entered into by, the Investor.

(l) Regulatory and Other Compliance.

(i) The Company is a "reporting issuer" (or the equivalent) in each of the provinces of Canada and is not included on a list of defaulting reporting issuers maintained by the Securities Regulators. The Company has not taken any action to cease to be a reporting issuer in any jurisdiction in which it is a reporting issuer, and has not received any notification from a Securities Regulator seeking to revoke the Company's reporting issuer status.

(ii) All filings and fees required to be made and paid by the Company pursuant to Securities Laws have been made and paid when due.

(iii) Since December 31, 2013, as of their respective filing dates, each of the Public Disclosure Documents complied with the requirements of applicable Securities Laws in all material respects and none of the Public Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. There is no material change as of the date hereof relating to the Company which has occurred and with respect to which the requisite material change report has not been filed with the Securities Regulators and made publicly available on SEDAR. The Company has not filed any confidential material change report or other confidential report with any Securities Regulator or other Governmental Body which at the date hereof remains confidential.

(iv) To the knowledge of the Company none of its directors or officers are currently, or have been in the past, subject to any order or ruling of any securities regulatory authority or stock exchange that currently prohibits, or has prohibited, such individual from acting as a director or officer of a public company or any company listed on a stock exchange.

(v) The Company and each of its Subsidiaries is carrying on its business in material compliance with all Applicable Laws, provided that the findings set forth in the decision of the Mongolian court described in the Company's news release of February 18, 2015 shall not in and of themselves constitute a breach of Applicable Laws for purposes of this clause.

(vi) None of the Company, the Subsidiaries, nor, to the knowledge of the Company, any director, officer, agent, employee or other Person acting on behalf of the Company or any Subsidiary has, in the course of its actions for, or on behalf of, the Company or any Subsidiary (i) used, or authorized

the use of, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made, or authorized the making of, any direct or indirect unlawful payments to any Canadian or foreign government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Canadian *Corruption of Foreign Public Officials Act* or any similar Applicable Laws that the Company or any of its Subsidiaries is subject to; or (iv) made, or authorized the making of, any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful kickback or other unlawful payment to any foreign or domestic government official or employee.

(vii) No proceedings have been taken, instituted or are pending for the dissolution or liquidation of the Company or any of its Subsidiaries or under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or other similar Applicable Laws in respect of the Company or any of its Subsidiaries.

(m) Financial Statements.

(i) The Financial Statements have been prepared in accordance with International Financial Reporting Standards applied on a consistent basis throughout and complied, as of their date of filing, with the applicable published rules and regulations of the TSX and Securities Laws, and the Financial Statements present fairly, in all material respects, the financial condition and performance of the Company and its Subsidiaries, on a consolidated basis, as at the dates specified therein and for the periods then ended. The Company does not intend to correct or restate, nor, to the knowledge of the Company, is there any basis for any correction or restatement of, any aspect of the Financial Statements.

(ii) There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company or any of its Subsidiaries with unconsolidated entities or other Persons.

(iii) PricewaterhouseCoopers LLP has been the auditor of the Company since 2010 and is "independent" as required under Securities Laws. There has never been a "reportable event" (within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators) with the current or any prior auditor of the Company.

(iv) The Company is in compliance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators.

(v) Neither the Company nor any Subsidiary has any liabilities, direct or indirect, contingent or otherwise, not disclosed in the Public Disclosure Documents which materially adversely affects the Company or such Subsidiary or would reasonably be expected to have a Material Adverse Effect.

(n) Technical Disclosure. The Company is in compliance, in all material respects, with the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators. The most recent estimated measured, indicated and inferred mineral resources and proven and probable mineral reserves and technical report disclosed in the Public Disclosure Documents for the Projects have been prepared and disclosed in accordance with accepted mining industry practices. The Company has no knowledge that the mineral resources or mineral reserves (or any other material aspect of any technical reports) as disclosed in the Public Disclosure Documents are inaccurate in any material respect. At the date hereof, there are no outstanding unresolved comments of any Securities Regulator or the TSX in respect of the technical disclosure made in the Public Disclosure Documents. Except as disclosed in the Company's management's discussion and analysis in respect of the Company's financial statements as at and for the three and nine month period ended September 30, 2014 (as filed on SEDAR), to the knowledge of the Company, there has been no material reduction in the aggregate amount of estimated mineral resources and reserves for the Projects from the amounts last disclosed publicly by the Company in the Public Disclosure Documents.

(o) Absence of Change. Except as disclosed in the Public Disclosure Documents as of the date hereof, since December 31, 2013, there has been no any change, event, occurrence, condition, circumstance, effect, fact or development which, individually or in the aggregate, has had, or could reasonably be expected to have a Material Adverse Effect.

(p) No Finders. The Company is not a party to any contract with any Person that would give rise to a valid claim against the Company or the Investor for a brokerage commission, finder's fee or like payment in connection with the transactions contemplated by this Agreement.

3.2 Representations and Warranties of the Investor

The Investor, acknowledging that the Company is entering into this Agreement in reliance thereon, hereby represents and warrants to the Company as of the date hereof and as of each Closing Date as follows:

(a) Organization and Powers. The Investor: (i) has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation; and (ii) has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

(b) Authorization; No Conflict. The execution and delivery by the Investor of this Agreement, and the performance by it of its obligations hereunder, have been duly authorized by all necessary corporate or other action on its part and do not and will not: (i) contravene any provision of its constating documents or any resolution of its shareholders or directors (or any committee thereof); or (ii) violate any Applicable Law.

(c) Execution; Binding Obligation. This Agreement has been duly executed and delivered by the Investor, and constitutes a legal, valid and binding agreement of the Investor, enforceable against the Investor in accordance with its terms, except to the extent enforcement may be affected by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Applicable Laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction.

(d) Consents. The Investor is not required to give any notice to, make any filing with or obtain any Authorization or Order of any Person in connection with the execution or delivery of or performance of its obligations under this Agreement, other than (i) filings to be made under Securities Laws relating to the Investor's beneficial ownership of securities of the Company and (ii) the filing of personal information forms with the TSX (and any other documentation requested by the TSX) in respect of the Investor in connection with the transactions contemplated by the TRQ-Novel SPA.

(e) Money Laundering. The funds representing the Subscription Proceeds which will be advanced by the Investor to the Company hereunder will not represent proceeds of crime for the purposes of PCMLA and the Investor acknowledges that the Company may in the future be required by law to disclose the Investor's name and other information relating to this Agreement, on a confidential basis, pursuant to the PCMLA. To the Investor's knowledge, none of the funds representing the Subscription Proceeds to be provided by the Investor: (i) have been or will be derived from or related to any activity that is deemed criminal under Applicable Laws of Canada, the United States or any other jurisdiction; or (ii) are being tendered on behalf of a Person or entity who has not been identified to the Investor; and the Investor shall promptly notify the Company if it discovers that any of such representations ceases to be true, and will provide the Company with appropriate information in connection therewith.

(f) Securities Laws.

(i) The Investor is purchasing the Purchased Securities as principal and is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators. The Investor was not created, and is not being used, solely to purchase and hold securities in reliance on an exemption from prospectus requirements under Securities Laws. The Investor is purchasing the Purchased Securities for investment purposes only and not

with a view to resale or distribution of any of the Purchased Securities, and not in a transaction or series of transactions involving a purchase and sale or a repurchase and resale in the course of or incidental to a distribution.

(ii) The Investor is incorporated in the British Virgin Islands and the subscription for the Purchased Securities by the Investor hereunder does not contravene any applicable securities laws of the British Virgin Islands and does not give rise to any obligation of the Company to prepare and file a prospectus, registration statement or similar document or to register the Purchased Securities or to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind whatsoever in the British Virgin Islands, and will not cause the Company to become subject to or require the Company to comply with any disclosure or reporting requirements under any such applicable laws.

(iii) The Investor is not a "U.S. Person" (as such term is defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended) and, at the time of the offer and sale of the Purchased Securities to the Investor, the Investor was outside of the United States.

(g) Voting. The Investor is not a party or subject to any agreement or understanding that affects or relates to the voting or giving of written consents with respect to, any of the Company's securities, other than pursuant to the TRQ-Novel SPA.

(h) Investor Nominees. To the knowledge of the Investor, Mr. Ted Chen is not currently, nor has been in the past, subject to any order or ruling of any securities regulatory authority or stock exchange that currently prohibits, or has prohibited, such individual from acting as a director or officer of a public company or any company listed on a stock exchange.

(i) No Finders. The Investor is not a party to any contract with any Person that would give rise to a valid claim against the Company for a brokerage commission, finder's fee or like payment in connection with the transactions contemplated by this Agreement.

3.3 Acknowledgements of the Investor

(a) The Company is relying on an exemption from the requirement to provide the Investor with a prospectus under Securities Laws and, as a consequence of acquiring the Purchased Securities pursuant to such exemption, certain protections, rights and remedies provided by Securities Laws, including statutory rights of rescission or damages, will not be available to the Investor, and the Investor may not receive information that would otherwise be required to be provided to it under Securities Laws.

(b) The Investor has not been provided with an offering memorandum or sales literature (as such terms are defined in any Securities Laws) or any similar

document in connection with its subscription for the Purchased Securities, and the decision to execute this Agreement and to purchase the Purchased Securities has not been based upon any verbal or written representations as to fact or otherwise made by or on behalf of the Company, other than such written representations as are expressly contained in this Agreement.

(c) The Purchased Securities are being offered for sale on a "private placement" basis and the Purchased Securities will be subject to statutory resale restrictions under Securities Laws, and the Investor covenants that it will not resell the Purchased Securities except in compliance with such Securities Laws and the Investor acknowledges that it is solely responsible (and the Company is not in any way responsible) for such compliance. The Investor acknowledges that the certificates representing the Purchased Securities will bear the following legends with respect to such resale restrictions:

> "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE WHICH IS FOUR MONTHS AND ONE DAY AFTER THE CLOSING DATE WILL BE INSERTED]."
>
> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE ("TSX"); HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF TSX SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON TSX."

(d) The Purchased Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any applicable state securities laws.

(e) The Investor acknowledges and consents to: (i) the fact that the Company is collecting Personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or laws in effect from time to time); (ii) the Company retaining such Personal information for as long as permitted or required by Applicable Law or business practices; (iii) the fact that the Company may be required by Securities Laws, the rules and policies of any stock exchange or the rules of the Investment Industry Regulatory Organization of Canada to provide regulatory authorities with any Personal information provided by the Investor in or in connection with this Agreement; and (iv) the collection, use and disclosure of the Investor's Personal information by the TSX.

3.4 Survival of Representations and Warranties

The representations and warranties of a party in this Agreement and in all certificates and documents delivered pursuant to or as contemplated by this Agreement shall survive indefinitely and will not be mitigated, diminished or affected by any investigation or inquiry made by or on behalf of the party entitled to rely on such representation and warranty.

ARTICLE 4
COVENANTS

4.1 Mutual Covenants Regarding Closing

Each of the parties shall take all such actions as are within its power to control, and use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure the satisfaction of each of the conditions set forth in Sections 6.2 and 6.3. Each party shall promptly notify the other of (a) the satisfaction of any condition which is within its control or which it is responsible to obtain, and (b) in respect of each Closing, the satisfaction or waiver of the conditions for its benefit (other than those conditions that, by their terms, cannot be satisfied until such Closing).

4.2 Operation of the Business

(a) During the period from the date of this Agreement to the Final Closing Date, except (i) as expressly contemplated by this Agreement or (ii) as the Investor shall otherwise consent in writing, the Company shall, and shall cause its Subsidiaries to, conduct their respective businesses in the ordinary course of business consistent with past practices and with good mining and business practice.

(b) Without limiting the generality of Section 4.2(a), during the period from the date of this Agreement to the Final Closing Date, except (i) as expressly contemplated by this Agreement or (ii) as the Investor shall otherwise consent in writing, the Company shall, and shall cause its Subsidiaries to:

(i) maintain its corporate existence; keep proper books of account and records; and except where the failure to do so would not, either individually or in the aggregate, have a Material Adverse Effect, maintain its corporate status, qualifications and licenses in all jurisdictions where it carries on business;

(ii) maintain its property and assets (including the mining and surface rights relating to the Projects) in good standing and in compliance, in all material respects, with Applicable Law; and

(iii) not abandon all or any portion of any mining rights comprising part of the Projects or any other interest in the Projects.

(c) Without limiting the generality of Section 4.2(a), during the period from the date of this Agreement to the Final Closing Date, except (i) as expressly contemplated

by this Agreement or (ii) as the Investor shall otherwise consent in writing, the Company shall not, and shall not permit its Subsidiaries to:

(i) transfer, sell or otherwise dispose of any material property or assets;

(ii) purchase or otherwise acquire any material property or assets;

(iii) enter into any new contracts, agreements or other binding arrangements regarding its business outside the ordinary course of business consistent with past practices;

(iv) approve or implement any change of senior management at any corporate level, other than as provided for herein;

(v) declare or pay any dividends or otherwise make any distribution to shareholders (or equivalent);

(vi) issue or authorize the issuance of any securities of the Company or any Subsidiary (other than to the Company or another Subsidiary), other than pursuant to obligations existing on the date hereof under option grants or pursuant to the election of conversion rights by CIC under the Debenture;

(vii) incur additional indebtedness other than indebtedness arising in the operation of the business in the ordinary course;

(viii) until the Mandatory Convertible Units have converted into Common Shares, amend its constating documents or take any other action which would require an adjustment to the conversion factor of the Mandatory Convertible Units; or

(ix) agree to take any of the foregoing actions that are prohibited.

(d) Unless action is required to be taken by the directors of the Company in compliance with their fiduciary duties under Applicable Law, the Company shall not, and shall not permit its Subsidiaries to:

(i) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver or other custodian for it or for a substantial part of its property, or make a general assignment for the benefit of creditors or commence any process to make a proposal to its creditors including for readjustment of its debt, or apply for or obtain any stay of actions or enforcement against its creditors in each case under any applicable bankruptcy, insolvency, insolvency moratorium, reorganization or other law, process or procedure affecting creditors' rights in respect of an insolvent person;

(ii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver or other custodian for it or for a substantial part of its property; or

(iii) permit or suffer to exist the commencement of any bankruptcy, creditors' bankruptcy or protection, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or otherwise, or any dissolution, winding up or liquidation proceeding, in respect of it.

If the directors of the Company anticipate taking any such action in compliance with their fiduciary duties, the Company shall give the Investor as much notice as possible (and in any event at least five Business Days) of same, with a view to giving the Investor (in its sole discretion) an opportunity to arrange funding for the Company or take such other steps such that such action is no longer required.

(e) The Company shall promptly advise the Investor orally and, if then requested, in writing of any change, event, occurrence, condition, circumstance, effect, fact or development which, individually or in the aggregate, has had, will have or could reasonably be expected to have a Material Adverse Effect, or any inaccuracy in any representation or warranty or any breach of covenant of the Company contained in this Agreement.

(f) The Company shall fulfill all necessary requirements and take all necessary action required to be taken by the Company to permit the creation, issuance and delivery by the Company of the Purchased Securities to the Investor pursuant to an exemption from the prospectus requirements (or equivalent requirements) of applicable Securities Laws.

(g) Forthwith after the first Closing, the Company shall take all required action to satisfy the conditions set out in the conditional acceptance of the TSX and SEHK for the listing of the Purchased Securities, and in any event within the time period prescribed by the TSX and SEHK, respectively, to satisfy such conditions.

4.3 Board of Directors Nominees

(a) The Investor shall be entitled (but not obliged) to nominate individuals who meet the qualification criteria set out in Section 4.3(d) (the "**Investor Nominees**") for appointment or election, from time to time, to the board of directors of the Company as follows:

(i) upon Closing of the First Tranche and until the earlier of the SPA Closing and the termination of this Agreement in accordance with Article 7, the Investor shall be entitled (but not obliged) to nominate one Investor Nominee; and

(ii) upon the SPA Closing:

(A) for as long as the Investor and its Affiliates together beneficially own directly or indirectly 20% or more of the outstanding Common Shares, the Investor shall be entitled (but not obliged) to nominate up to three Investor Nominees;

(B) for as long as the Investor and its Affiliates together beneficially own directly or indirectly 10% or more of the outstanding Common Shares, the Investor shall be entitled (but not obliged) to nominate up to two Investor Nominees; and

(C) for as long as the Investor and its Affiliates together beneficially own directly or indirectly 5% or more of the outstanding Common Shares, the Investor shall be entitled (but not obliged) to nominate one Investor Nominee.

The Investor may give notice to the Company at any time and from time to time identifying the individuals the Investor intends to nominate as its Investor Nominees, accompanied by evidence satisfactory to the Company, acting reasonably, that such individual meets the requirements of Section 4.3(d).

(b) Concurrently with the Closing of the First Tranche, the current vacancy on the Company's board of directors shall be filled by the appointment of Mr. Ted Chen as a director of the Company as an Investor Nominee, and the Company hereby confirms that its board of directors has concluded that Mr. Chen meets the qualification criteria set out in Section 4.3(d). Upon the SPA Closing, in accordance with the Company's constating documents, the size of the board of the Company shall be increased by two directors to a total of nine directors, with the resulting vacancies filled by the appointment of two individuals mutually acceptable to the board and the Investor, each acting reasonably, as the remaining two Investor Nominees.

(c) The Company shall, within 21 days following receipt of the Investor's notice identifying one or more of the individuals it intends to nominate as its Investor Nominee(s), cause such individual(s) to be appointed to the Company's board of directors as additional director(s) in accordance with Applicable Law and the Company's constating documents, provided that if such notice is received by the Company after the date upon which the Company delivers a management proxy circular to its shareholders in respect of a meeting of its shareholders at which directors are to be elected but prior to the date upon which the election of directors at such meeting takes place, the Company shall cause the individual nominated by the Investor as its Investor Nominee to be appointed to the Company's board of directors within 30 days following the date of such meeting. Unless and until the Investor gives notice to the Company, as provided above, nominating a new individual to replace any incumbent Investor Nominee on the Company's board of directors, the Company shall continue to include the incumbent Investor Nominees among the Company's management nominees for election to the board of directors at each meeting of the shareholders of the Company at which directors are to be elected. If, at any time, the Investor ceases to be entitled to nominate one or more Investor Nominees, the Investor shall, if and when requested by the Company to do so, promptly procure the resignation of such incumbent Investor Nominees. In addition, if required to do so by any

Securities Regulator, the Investor shall promptly procure the resignation of any incumbent Investor Nominee.

(d) Each Investor Nominee shall be an individual who:

(i) to the knowledge of the Investor, is not currently, nor has been in the past, subject to any order or ruling of any securities regulatory authority or stock exchange that currently prohibits, or has prohibited, such individual from acting as a director or officer of a public company or any company listed on a stock exchange;

(ii) is recommended for nomination by the corporate governance committee of the Company's board of directors (or other appropriate nominating committee), which recommendation shall not be unreasonably withheld (it being understood that it would not be unreasonable for such committee to withhold its recommendation in respect of any individual who is not appropriate to act as a director of a company listed on both the TSX and SEHK); and

(iii) satisfies all applicable legal and regulatory requirements for directors of the Company, including requirements of any stock exchange on which the Company's securities are listed and applicable securities regulatory authorities, provided that such individual need not be a Canadian resident.

(e) The Company shall compensate the Investor Nominees on a basis no less favourable than the basis upon which it compensates its incumbent non-management directors.

(f) The Investor Nominees shall be entitled to the benefit of any directors' liability insurance to which the directors of Company are entitled.

4.4 <u>Management Changes</u>

(a) Concurrently with the Closing of the First Tranche, Mr. Ted Chen shall be appointed as an officer of the Company with the title of "Executive Director".

(b) Upon the SPA Closing, individuals mutually acceptable to the board of directors of the Company and the Investor, each acting reasonably, shall be appointed as executive officers of SGQ, which may include current executive officers of the Company. Such individuals shall (i) satisfy all applicable legal and regulatory requirements for executive officers of the Company, including requirements of the any stock exchange on which the Company's securities are listed and applicable securities regulatory authorities, and (ii) be appropriate to act as an executive officer of a company listed on both the TSX and SEHK.

4.5 Funding Plan

Following the SPA Closing, and provided that this Agreement has not been terminated in accordance with Article 7, the Investor shall use its commercially reasonable efforts to assist the Company in carrying out the funding plan agreed upon by the Investor and the Company (as such funding plan may be amended from time to time with the consent of the Company and the Investor). For greater certainty, the Investor and its Affiliates shall have no obligation to themselves provide any funding to the Company or expend funds or incur liabilities to obtain or otherwise in connection with such funding other than in respect of its obligation to subscribe for the Purchased Securities in accordance with the terms of this Agreement.

4.6 Participation Rights of the Investor

(a) For as long as the Investor and its Affiliates together beneficially own directly or indirectly 10% or more of the outstanding Common Shares, if the Company intends to issue (a "**Dilutive Issuance**") any Common Shares, other equity securities of the Company or Convertible Securities (other than an issue of securities pursuant to an Exempt Security Transaction) ("**Dilutive Securities**"), the Company shall, to the extent practicable, provide the Investor with a notice of such Dilutive Issuance (the "**Participation Notice**") at least five Business Days prior to the earlier of (a) the public announcement of such Dilutive Issuance; and (b) the date upon which the Dilutive Securities are issued. The Investor acknowledges that it may not be practicable in the context of a bought deal transaction for the Company to provide the Participation Notice within the prescribed timeframe. The Participation Notice shall describe the number, price, payment terms and material terms of all Dilutive Securities to be issued. The Company shall use commercially reasonable efforts to allow the Investor to participate in the Dilutive Issuance, on the same terms available to any other third party acquirers of the Dilutive Securities, such that following the Dilutive Issuance the Investor would continue to own the same percentage of issued and outstanding Common Shares (assuming the conversion of the Mandatory Convertible Units, the issuance of all of the Purchased Securities and the conversion of any Dilutive Securities that are Convertible Securities) beneficially owned immediately before the Dilutive Issuance. If (x) it is not practicable for the Company to provide the Participation Notice to the Investor within the prescribed timeframe and such Participation Notice is not provided to the Investor within the prescribed timeframe; or (y) the Company and the Investor are otherwise unable to reach an agreement with respect to the Investor's participation in the Dilutive Issuance within five Business Days of the date upon which the Participation Notice is delivered, the Pre-Emptive Rights described in the remainder of this Section 4.5 shall apply.

(b) For as long as the Investor and its Affiliates together beneficially own directly or indirectly 10% or more of the outstanding Common Shares, if the Company intends to complete a Dilutive Issuance, the Company shall offer, by notice (an "**Anti-Dilution Offer Notice**"), to the Investor, and the Investor shall have the right (the "**Pre-emptive Right**"), exercisable in accordance with the terms of this

Section 4.5, to subscribe for and purchase from the Company up to that number of additional Common Shares, other equity securities of the Company or Convertible Securities, as the case may be (the "**Anti-Dilution Securities**"), that would result in the Investor maintaining, after the issuance of the Anti-Dilution Securities and the Dilutive Securities a percentage equity ownership in Company that is the same as the percentage equity ownership in the Company that the Investor held immediately before the issuance of the Anti-Dilution Securities and the Dilutive Securities, calculated as if the Mandatory Convertible Units had been converted and the Purchased Securities had been fully issued immediately before the issuance of the Anti-Dilution Securities and the Dilutive Securities.

In connection with any issuance of Dilutive Securities or Anti-Dilution Securities that consist of Convertible Securities, for the purposes of calculating the number Anti-Dilution Securities to which the Investor would be entitled in connection with an exercise of the Pre-Emptive Right, all of the Dilutive Securities and Anti-Dilution Securities so offered in connection with the Dilutive Issuance and any exercise of the Pre-Emptive Right in respect of such Dilutive Issuance will be deemed to have been converted into Common Shares or other equity securities of the Company, as applicable.

(c) The Company shall deliver an Anti-Dilution Offer Notice to the Investor as of the date of the public announcement, if any, of the Company's intention to issue Dilutive Securities or the date upon which such Dilutive Securities are issued, whichever is earlier. The Anti-Dilution Offer Notice shall describe the number, price and payment terms of all Dilutive Securities issued or to be issued and the number of Anti-Dilution Securities offered to the Investor. Upon its receipt of an Anti-Dilution Offer Notice, the Investor shall have the right, for a period of 10 Business Days, to elect to purchase some or all of the Anti-Dilution Securities offered to it pursuant to the Anti-Dilution Offer Notice. The terms of the Anti-Dilution Securities offered to the Investor shall be no less favourable than the terms available to the third party acquirers of the Dilutive Securities described in the Anti-Dilution Offer Notice.

(d) If the consideration paid, or to be paid, by the Persons to whom the Company issues Dilutive Securities is:

(i) cash, the price at which the Anti-Dilution Securities will be offered to the Investor shall be an amount in cash equal to the price for which each such Dilutive Security was, or is to be, issued; or

(ii) other than cash, the price at which the Anti-Dilution Securities will be offered to the Investor shall be an amount in cash equal to the 50 Day VWAP as of the date of the public announcement of the issue of the Dilutive Securities, or the date upon which the Dilutive Securities are issued, whichever is earlier (with adjustments to account for the conversion rate or exchange rate of any Convertible Securities) (provided that if the Anti-Dilution Securities are not Common Shares or convertible

into or exercisable for Common Shares, the price at which they are offered to the Investor shall be the fair market value thereof as agreed by the Parties, acting reasonably).

(e) The Investor may accept the Company's offer as to the full number of Anti-Dilution Securities offered to it or any lesser number, by notice given within 10 Business Days of receipt of the Anti-Dilution Offer Notice, in which event the Company shall, within 10 Business Days thereafter, sell and the Investor shall buy, upon the terms specified in the Anti-Dilution Offer Notice, the number of Anti-Dilution Securities agreed to be purchased by the Investor.

(f) The Pre-emptive Rights shall not apply to any issue of Common Shares, other equity securities of the Company or Convertible Securities pursuant to any of the following transactions (each, an "**Exempt Security Transaction**"):

(i) the award or exercise of any bona fide equity incentive securities or equity compensation securities in favour of directors, officers, employees or service providers of the Company or any of its Affiliates pursuant to any bona fide equity incentive plan adopted by Company and approved by the Company's shareholders from time to time, provided that such securities are issued at the then applicable market price, which shall be no less than the current market price of the date of grant as defined under the stock exchange rules applicable to such grant; and

(ii) any issue of Common Shares, other equity securities of the Company or Convertible Securities made to all holders of Common Shares on a pro rata basis.

(g) The Company shall not issue, or agree to issue, any Dilutive Securities if:

(i) the Investor would be entitled to exercise the Pre-Emptive Right in connection with such issuance of Dilutive Securities; and

(ii) the issuance of any Anti-Dilution Securities to the Investor would require shareholder approval, were the Investor to exercise the Pre-Emptive Right in connection with such issuance of Dilutive Securities,

unless:

(iii) any agreement entered into by the Company in respect of the issuance of such Dilutive Security includes as a condition that the required shareholder approval for the issuance of such Anti-Dilution Securities to the Investor shall have been obtained prior to the issuance of such Dilutive Securities (which condition may not be waived); and

(iv) the required shareholder approval for the issuance of such Anti-Dilution Securities to the Investor has been obtained prior to issuing such Dilutive Securities.

4.7 Registration Rights

Upon the SPA Closing, the Company and the Investor shall enter into the registration rights agreement attached hereto as Schedule A.

ARTICLE 5
INDEMNIFICATION

5.1 Indemnity by the Company

The Company agrees to indemnify and hold harmless the Investor and its directors (or equivalent), officers, employees and agents from all losses and damages (including related costs and expenses) suffered or incurred by the Investor arising out of, relating to or in connection with:

(a) any inaccuracy in any representation or warranty made by the Company in this Agreement or in any certificate delivered pursuant to this Agreement; and

(b) any breach of any covenant of the Company in this Agreement;

in each case, excluding any losses or damages suffered or incurred by the Investor as a result of the breach of the terms of this Agreement by, or gross negligence or willful misconduct of, the Investor. The Investor hereby accepts the above indemnities in favour of its directors (or equivalent), officers, employees and agents as agent and trustee for each such Persons which is not a party, and the Company agrees that the Investor may enforce such indemnities in favour and for the benefit of such Persons.

5.2 Indemnity by the Investor

The Investor agrees to indemnify and hold harmless the Company and its directors (or equivalent), officers, employees and agents from and against any and all losses and damages (including related costs and expenses) suffered or incurred by the Company arising out of, relating to or in connection with:

(a) any inaccuracy in any representation or warranty made by the Investor in this Agreement or in any certificate delivered pursuant to this Agreement; and

(b) any breach of any covenant of the Investor in this Agreement;

in each case, excluding any losses or damages suffered or incurred by the Company as a result of the breach of the terms of this Agreement by, or gross negligence or willful misconduct of, the Company. The Company hereby accepts the above indemnities in favour of its directors (or equivalent), officers, employees and agents as agent and trustee for each such Persons which is not a party, and the Investor agrees that the Company may enforce such indemnities in favour and for the benefit of such Persons.

ARTICLE 6
CLOSING

6.1 Closing

(a) Each Closing will take place at the offices of legal counsel to the Company, or such other location or in such other manner as the Company and the Investor may agree, at the applicable Closing Time.

(b) At each Closing, the Investor shall deliver, or cause to be delivered, to the Company:

(i) payment of the applicable portion of the Subscription Proceeds in accordance with Section 2.2(b); and

(ii) a certificate from a senior officer of the Investor certifying that:

(A) the Investor has complied in all material respects with the covenants and agreements contained in this Agreement to be performed or caused to be performed by it at or prior to such Closing; and

(B) all of the representations and warranties made by the Investor in this Agreement are true and correct in all material respects on the Closing Date as if made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, and in such case, shall be true and correct in all material respects on and as of such earlier date).

(c) At each Closing, the Company shall deliver, or cause to be delivered, to the Investor:

(i) in respect of the Closing of the First Tranche only:

(A) a certificate of good standing (or equivalent) with respect to the Company and each of the Subsidiaries issued as at the First Closing Date;

(B) evidence satisfactory to the Investor that the Company is a "reporting issuer" (or the equivalent) in each of the provinces of Canada and is not included on a list of defaulting reporting issuers maintained by the Securities Regulators;

(C) a certificate from a duly authorized officer of the Company certifying (i) the notice of articles and articles of the Company, (ii) the incumbency of signing officers of the Company, and (iii) the corporate resolutions of the Company approving the execution and

delivery of, and performance of the Company's obligations under, this Agreement;

(D) evidence satisfactory to the Investor of the conditional acceptance by the TSX and SEHK for the listing of the Common Shares comprising or underlying the Purchased Securities on the TSX and SEHK; and

(E) a certificate from the Transfer Agent certifying (i) its appointment as transfer agent and registrar of the Common Shares and (ii) the issued and outstanding Common Shares of the Company as at the close of business on the day prior to the First Closing Date;

(ii) a certificate from the Chief Executive Officer and Chief Financial Officer of the Company certifying that:

(A) the Company has complied in all material respects with the covenants and agreements contained in this Agreement to be performed or caused to be performed by it at or prior to such Closing;

(B) all of the representations and warranties made by the Company in this Agreement are true and correct in all material respects on the Closing Date as if made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, and in such case, shall be true and correct in all material respects on and as of such earlier date);

(C) to the knowledge of such officers, each of the conditions set forth in Sections 6.3(g), 6.3(h) and 6.3(i) are satisfied; and

(D) since the date of this Agreement, there has been no change, event, occurrence, condition, circumstance, effect, fact or development which, individually or in the aggregate, has had, will have or could reasonably be expected to have a Material Adverse Effect;

(iii) a Mandatory Convertible Unit certificate or a share certificate, as applicable, duly executed by the Company representing the Purchased Securities registered in the name of the Investor or an Affiliate thereof, as designated by the Investor (or as the Investor may otherwise direct, if being issued to be held with an investment dealer), and duly issued by the Company and registered in the unit or share register of the Company in the name of the Investor, such Affiliate or other nominee; and

(iv) such other documentation as the Investor may reasonably request in form and substance satisfactory to each of the Company and the Investor, acting reasonably.

6.2 Conditions to Closing in Favour of the Company

The obligations of the Company to consummate each Closing shall be subject to the satisfaction at or prior to the applicable Closing Time of each of the following conditions, which are for the exclusive benefit of, and may be waived in writing by, the Company:

(a) in respect of the Closing of the First Tranche only, all approvals, consents and authorizations necessary for the consummation of the transactions contemplated by this Agreement shall have been obtained, including the conditional acceptance of the TSX and SEHK (which shall be subject only to customary conditions and, for greater certainty, which shall not be conditional on approval of the Company's shareholders);

(b) all representations and warranties of the Investor contained in this Agreement shall be true and correct in all material respects on the date hereof and shall be true and correct in all material respects on the relevant Closing Date as if made on and as of such Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, and in such case, shall be true and correct in all material respects on and as of such earlier date);

(c) the Investor shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to such Closing;

(d) the Investor shall have made, or caused to be made, all of the deliveries set out in Section 6.1(b);

(e) no preliminary or permanent injunction or other Order issued by a Governmental Body, and no statute, rule, regulation or executive order promulgated or enacted by a Governmental Body, which restrains, enjoins, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement shall be in effect;

(f) no action or proceeding, at law or in equity, shall be pending or threatened by any Governmental Body or Securities Regulator to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement;

(g) no Order having the effect of suspending the issuance or ceasing the trading of any of the Purchased Securities issued or made by any Governmental Body, Securities Regulator or stock exchange shall be in effect (which shall not include the delisting review conducted by the TSX in connection with the "financial hardship exemption" application made in connection with the transactions contemplated by this Agreement); and

(h) the issue and sale of the Purchased Securities being exempt from the prospectus requirements of Securities Laws.

6.3 Conditions to Closing in Favour of the Investor

The obligations of the Investor to consummate each Closing shall be subject to the satisfaction at or prior to the applicable Closing Time of each of the following conditions, which are for the exclusive benefit of, and may be waived in writing by, the Investor:

(a) in respect of the Closing of the First Tranche only:

(i) all approvals, consents and authorizations necessary for the consummation of the transactions contemplated by this Agreement shall have been obtained, including the conditional acceptance of the TSX and SEHK (which shall be subject only to customary conditions and, for greater certainty, which shall not be conditional on approval of the Company's shareholders);

(ii) the appointment of Mr. Ted Chen to the Company's board of directors as contemplated by Section 4.3(b); and

(iii) the appointment of Mr. Ted Chen as Executive Director of the Company as contemplated by Section 4.4(a).

(b) subject to Section 6.4, in respect of the Closing of the Tranche subsequent to the First Tranche only:

(i) the Closing of the First Tranche shall have occurred;

(ii) the SPA Closing shall have occurred;

(iii) the Mandatory Convertible Units shall have converted into Common Shares in accordance with their terms;

(iv) two additional Investor Nominees shall have been appointed to the Company's board of directors as contemplated by Section 4.3(b);

(v) the executive officers of the Company shall have been appointed as contemplated by Section 4.4(b); and

(vi) the Company shall have executed and delivered to the Investor the registration rights agreement as contemplated by Section 4.7

(collectively, the "**Subsequent Tranche Conditions**");

(c) all representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects on the date hereof and shall be true and correct in all material respects on the relevant Closing Date as if made on and as of such Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, and in such case, shall be true and correct in all material respects on and as of such earlier date);

(d) the Company shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to such Closing;

(e) there shall have been no change, event, occurrence, condition, circumstance, effect, fact or development which, individually or in the aggregate, has had, will have or could reasonably be expected to have a Material Adverse Effect;

(f) the Company shall have made, or caused to be made, all of the deliveries set out in Section 6.1(c);

(g) no preliminary or permanent injunction or other Order issued by a Governmental Body, and no statute, rule, regulation or executive order promulgated or enacted by a Governmental Body, which restrains, enjoins, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement shall be in effect;

(h) no action or proceeding, at law or in equity, shall be pending or threatened by any Governmental Body or Securities Regulator to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement; and

(i) no Order having the effect of suspending the issuance or ceasing the trading of any of the Purchased Securities issued or made by any Governmental Body, Securities Regulator or stock exchange shall be in effect (which shall not include the delisting review conducted by the TSX in connection with the "financial hardship exemption" application made in connection with the transactions contemplated by this Agreement).

6.4 Deferral of Subsequent Tranche Conditions

The Investor may, in its sole discretion, elect to fund one or more additional Tranches in addition to the First Tranche prior to the satisfaction of the Subsequent Tranche Conditions (but subject to satisfaction or waiver of any other applicable conditions precedent), in which case the application of the Subsequent Tranche Conditions shall be deferred to the subsequent Tranche. The Company shall, upon the Investor's request, issue Mandatory Convertible Units in lieu of Common Shares pursuant to any such additional Tranches preceding the satisfaction or waiver of the Subsequent Tranche Conditions.

6.5 Waiver of Condition

The Company, in the case of a condition set out in Section 6.2, and the Investor, in the case of a condition set out in Section 6.3, will have the exclusive right to waive before the Closing Time the performance of or compliance with such condition in whole or in part and on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance of or non-compliance with any other condition in whole or in part. Any such waiver will not constitute a waiver of any other conditions in favour of the waiving party. Such waiving party will retain the right to complete the transactions contemplated hereby and sue the other party in respect of any breach of the other party's covenants or obligations or any inaccuracy or

misrepresentation in a representation or warranty of the other party which gave rise to the non-performance of or non-compliance with the condition so waived.

ARTICLE 7
TERMINATION

7.1 Termination Rights

(a) This Agreement may be terminated at any time prior to the Closing of the final Tranche by the Investor, upon notice from the Investor to the Company, if:

(i) there has been a breach of any representation, warranty or covenant on the part of the Company contained in this Agreement such that any condition specified in Section 6.3 would be incapable of being satisfied at the next Closing and such breach is not waived by the Investor or cured by the Company by the earlier of five Business Days after notice thereof from the Investor and the First Tranche Outside Date (or, after Closing of the First Tranche, the Ultimate Outside Date);

(ii) the TRQ-Novel SPA has been terminated; or

(iii) there has been any change, event, occurrence, condition, circumstance, effect, fact or development which, individually or in the aggregate, has had, will have or could reasonably be expected to have a Material Adverse Effect.

(b) This Agreement may be terminated at any time prior to the Closing of the Final Tranche by the Company, upon notice from the Company to the Investor, if there has been a breach of any representation, warranty or covenant on the part of the Investor contained in this Agreement such that any condition specified in Section 6.2 would be incapable of being satisfied at the next Closing and such breach is not waived by the Company or cured by the Investor by the earlier of five Business Days after notice thereof from the Company and the First Tranche Outside Date (or, after Closing of the First Tranche, the Ultimate Outside Date).

(c) This Agreement may be terminated by either the Investor or the Company, upon notice from the party seeking to terminate this Agreement to the other party, if:

(i) the Closing of the First Tranche has not occurred by the First Tranche Outside Date; or

(ii) the Closing of the final Tranche has not occurred by the Ultimate Outside Date,

provided that, in either case, a party may not terminate this Agreement under this Section 7.1(c) if its failure to fulfill any of its obligations or its breach of any of its representations and covenants has been the cause of, or resulted in, the failure of Closing to occur by such date.

7.2 Effect of Termination

If this Agreement is terminated pursuant to Section 7.1, all obligations of the parties under or pursuant to this Agreement will terminate without further liability of any party to the other, except that Sections 4.3, 4.4 and 4.5 (provided that all of the Purchased Securities have been purchased hereunder) and Article 5 (and Article 1 and Article 8 to the extent applicable to each of the foregoing) shall survive any such termination. Notwithstanding the foregoing, termination of this Agreement pursuant to Section 7.1 shall not relieve any party from liability for any breach of this Agreement occurring before its termination.

ARTICLE 8
GENERAL PROVISIONS

8.1 Notices

(a) Unless otherwise specifically provided in this Agreement, any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered by hand to an officer or other responsible employee of the addressee or transmitted by facsimile transmission or other electronic communication, addressed to:

(i) in the case of the Investor:

Novel Sunrise Investments Limited
P.O.Box 957, Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands

- and -

Novel Sunrise Investments Limited
Room 2404
24/F World-Wide House
19 Des Voeux Road
Central, Hong Kong

Attention: Guogang Chen, Chairman
Facsimile: (8610) 82564994
Email: ted@novelsunrise.com or tedchen@126.com

(ii) in the case of the Company:

SouthGobi Resources Ltd.
354 – 200 Granville Street
Vancouver, BC
V6C 1S4

Attention:	Bertrand Troiano, Chief Financial Officer
Facsimile:	604-688-7168 and 852-2156-1439
Email:	Bertrand.trioano@southgobi.com

or at such other address, facsimile number or email address as such party from time to time directs in writing to the other party.

(b) Any notice or other communication given in accordance with this Section 8.1, if delivered by hand as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery is received before 4:00 p.m. at the place of delivery; otherwise, it shall be deemed to be validly and effectively given on the Business Day next following the date of delivery. Any notice of communication which is transmitted by facsimile transmission or electronic mail as aforesaid, shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was received before 4:00 p.m. at the place of receipt; otherwise it shall be deemed to have been validly and effectively given on the next Business Day following such date of transmission.

8.2 Public Releases

The Company agrees that it shall obtain prior approval of the Investor as to the content and form of any press release or other public disclosure (including the filing on SEDAR of any material change report or copy of this Agreement) referring to the Investor or relating to the entering into of this Agreement, such approval not to be unreasonably withheld. Notwithstanding the foregoing, if at any time the Company is required by Applicable Law to make a press release or other public disclosure (including the filing on SEDAR of any material change report or copy of this Agreement), it may do so, notwithstanding the failure of the other party to approve the text of such press release or other public disclosure, provided that such party has made reasonable efforts in the particular circumstances to allow the other party a reasonable opportunity to comment on such press release or other public disclosure (including with respect to redactions to be made to this Agreement).

8.3 Governing Law

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

8.4 Submission to Jurisdiction

Each of the parties irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia over any action or proceeding arising out of or relating to this Agreement, (ii) waives any objection that it might otherwise be entitled to assert to the jurisdiction of such courts and (iii) agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding.

8.5 Further Assurances

Each party shall execute all such further instruments and documents and shall take all such further actions as may be necessary to effect the transactions contemplated herein, in each case at the cost and expense of the party requesting such further instrument, document or action, unless expressly indicated otherwise.

8.6 Severability

If any provision of this Agreement is determined to be invalid, illegal or unenforceable, this Agreement shall be interpreted as if such provision had not been a part hereof so that the invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remainder of this Agreement which shall be construed as if this Agreement had been executed without such provision. Upon such determination that any term or other provision is invalid, illegal or unenforceable, 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 this Agreement are fulfilled to the extent possible.

8.7 Entire Agreement

This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, among the parties (including any and all letters of intent, term sheets or similar documents).

8.8 Amendments

This Agreement may not be changed, amended or modified in any manner, except pursuant to an instrument in writing signed on behalf of each of the parties.

8.9 Waivers

The failure by any party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision unless such waiver is acknowledged in writing, nor shall such failure affect the validity of this Agreement or any part thereof or the right of a party to enforce each and every provision. No waiver of a breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

8.10 Assignment

No party may assign any of its rights or benefits under this Agreement, or delegate any of its duties or obligations, except with the prior written consent of the other parties. Notwithstanding the foregoing, the Investor may assign and transfer all of its rights, benefits, duties and obligations under this Agreement in their entirety, without the consent of the Company, to an Affiliate of the Investor, provided that such assignment will not result in a violation of Applicable Laws, including Securities Laws.

8.11 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the parties and their respective permitted assigns and successors or executors or administrators.

8.12 Third Party Beneficiaries

Except as expressly provided otherwise herein, this Agreement is intended for the benefit of the parties and their respective successors and permitted assigns and is not for the benefit of, nor may any provision in this Agreement be enforced by, any other person.

8.13 Fees and Expenses

Each party will pay for its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated herein, including the fees and expenses of legal counsel, financial advisors, accountants, consultants and other professional advisors.

8.14 Counterparts

This Agreement may be executed in one or more counterparts and by the parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or electronic format shall be effective as delivery of a manually executed counterpart of this Agreement.

[Remainder of page left intentionally blank.]

IN WITNESS WHEREOF this Agreement has been executed by the parties.

NOVEL SUNRISE INVESTMENTS LIMITED

By: _____

Name:
Title:

SOUTHGOBI RESOURCES LTD.

By: _____

Name:
Title:

IN WITNESS WHEREOF this Agreement has been executed by the parties.

NOVEL SUNRISE INVESTMENTS LIMITED

By: _____

Name:
Title:

SOUTHGOBI RESOURCES LTD.

By: _____

Name: Pierre Lebel
Title:

Schedule A
to the Subscription Agreement dated February 24, 2015
between SouthGobi Resources Ltd. and Novel Sunrise Limited

FORM OF REGISTRATION RIGHTS AGREEMENT

See attached.

REGISTRATION RIGHTS AGREEMENT

THIS AGREEMENT made as of the ■ day of February, 2015

BETWEEN:

NOVEL SUNRISE INVESTMENTS LIMITED, a company existing under the laws of the British Virgin Islands (the "**Holder**")

AND:

SOUTHGOBI RESOURCES LTD., a company existing under the laws of British Columbia (the "**Corporation**")

WHEREAS:

A. terms denoted with initial capital letters and used in these recitals without definition have the meanings assigned to them herein;

B. the parties desire to enter into this Agreement to provide for the right of the Holder to require the Corporation to prepare and file a preliminary prospectus and a final prospectus with the Commissions (as hereinafter defined), covering the Designated Qualifiable Securities (as hereinafter defined) to permit the sale thereof in such manner as the Holder may designate on the terms and conditions of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

ARTICLE 1

INTERPRETATION

Definitions

1.1 In this Agreement, 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**" means, with respect to any Person, any other Person which directly or indirectly, controls, or is controlled by, or is under common control with, such Person. For the purposes of the foregoing, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

"**Anti-Dilution Securities**" has the meaning assigned to it in the Subscription Agreement;

"**Business Day**" means any day,

(i) which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under Applicable Law in British Columbia, Canada, or Beijing, and

(ii) on which the principal commercial banks are generally open for business in the City of Vancouver or the City of Beijing;

"**Commissions**" means the securities commissions or other securities regulatory authorities in each of the provinces of Canada;

"**Common Shares**" means common shares without par value in the capital of the Corporation;

"**Demand Qualifiable Securities**" shall have the meaning set out in subsection 2.1;

"**Demand Qualification**" shall have the meaning set out in subsection 2.1;

"**Designated Qualifiable Securities**" shall have the meaning set out in subsection 2.4;

"**Dilutive Issuance**" has the meaning assigned to it in the Subscription Agreement;

"**Distribution Period**" has the meaning ascribed thereto in subsection 3.1(b);

"**Expiry Date**" has the meaning ascribed thereto in subsection 6.6;

"**Holder**" means Novel Sunrise Investments Limited and/or one or more assignees thereof pursuant to Section 6.5;

"**misrepresentation**" means (i) an untrue statement of material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made;

"**Party**" means a party to this Agreement;

"**Person**" means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, Governmental Authority, and a natural person including in such person's capacity as trustee, heir, beneficiary, executor, administrator or other legal representative;

"**Piggy Back Qualifiable Securities**" shall have the meaning set out in subsection 2.4;

"**Piggy Back Qualification**" shall have the meaning set out in subsection 2.4;

"**Pre-Emptive Right**" has the meaning assigned to it in the Subscription Agreement;

"**Qualifiable Securities**" means any Common Shares held by the Holder or its Affiliates from time to time, on or after the date of this Agreement, if such Common Shares are subject to restrictions upon resale under Securities Laws;

"**Qualification**" means the qualification of securities under the Securities Laws so as to permit the distribution of such securities to the public in any or all of the provinces of Canada, subject to the limitations contained herein;

"**Qualification Expenses**" means all expenses in connection with any Qualification pursuant to this Agreement including, without limitation, the following:

(a) all fees or commissions payable to an underwriter, investment banker, manager or agent and reasonable and documented out-of-pocket fees, disbursements and expenses payable to counsel of the Holder in connection with the distribution of the Qualifiable Securities;

(b) all fees, disbursements and expenses of counsel and auditors to the Corporation;

(c) all expenses in connection with the preparation, translation, printing and filing of any preliminary prospectus, prospectus, or any other offering document and any amendments and supplements thereto and the mailing and delivering of copies thereof to any underwriters and dealers;

(d) all filing fees of any Commission;

(e) all transfer agents', depositaries' and registrars' fees and the fees of any other agent appointed by the Corporation;

(f) all expenses relating to the preparation of certificates;

(g) all fees and expenses of any securities exchange on which the Common Shares are then listed; and

(h) all expenses of the Corporation relating to "road shows" and marketing activities and all travel and lodging expenses of the Corporation in connection with such "road shows" and marketing activities;

"**Qualification Period**" means the period beginning on the execution of this Agreement and ending on the Expiry Date;

"**Secondary Qualification**" shall have the meaning set out in subsection 2.4;

"**Securities Laws**" means the applicable securities legislation of each of the provinces of Canada and all published rules, regulations, instruments, policy statements, orders, rulings, communiques and interpretation notes issued thereunder or in relation thereto, as the same may hereafter be amended or replaced;

"**Subscription Agreement**" means the agreement dated as of February 24, 2015 between the Holder and the Corporation pursuant to which Holder agreed to subscribe for and purchase, and the Corporation agreed to issue and sell, 21,750,000 Common Shares.

Interpretation

1.2 For the purposes of this Agreement, except as otherwise expressly provided:

(a) The division of this Agreement into Articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to "section" or "subsection" followed by a number and/or a letter refer to the specified section of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar

expressions refer to this Agreement and not to any particular Article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

(b) All accounting terms not expressly defined herein shall be construed in accordance with Canadian generally accepted accounting principles, except where the context otherwise requires.

(c) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(d) Except as otherwise expressly provided in this Agreement, any references to a statute or regulation shall be construed as a reference to such statute or regulation in effect on the date of this Agreement as it may be amended, re-enacted or superseded from time to time.

(e) In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

(f) the singular of any term includes the plural, and vice versa, and the use of any term is generally applicable to any gender and, where applicable, a body corporate, firm or other entity, and the word "or" is not exclusive and the word "including" is not limiting whether or not non-limiting language (such as "**without limitation**" or "**but not limited to**" or words of similar import) is used with reference thereto;

(g) all references to "approval", "authorization" or "consent" in this Agreement mean written approval, authorization or consent; and

(h) notwithstanding the actual percentage of Common Shares beneficially owned directly or indirectly by the Holder and its Affiliates, during the period commencing on any Dilutive Issuance and ending on the earlier of (i) the expiry of the Holder's Pre-Emptive Right in respect of such Dilutive Issuance; and (ii) the issuance to the Holder of the Anti-Dilution Securities that it elects to purchase pursuant to the exercise of its Pre-Emptive Right in respect of such Dilutive Issuance, the Holder and its Affiliates shall be deemed to own directly or indirectly at least 10% of the outstanding Common Shares.

ARTICLE 2

REGISTRATION RIGHTS

Demand Qualification

2.1 Subject to the provisions hereof, at any time and from time to time during the Qualification Period, the Holder may request that the Corporation effect a Qualification of all or part of the Qualifiable Securities (such Qualification being hereinafter referred to as a "**Demand Qualification**"). Such a request shall be in writing and shall specify the number and the description of Qualifiable Securities to be sold (the "**Demand Qualifiable Securities**"), the intended method of disposition and the jurisdictions (which may only include one or more provinces of Canada) in which the Holder requests that the Demand Qualification be effected. The Corporation shall not be obligated to file a prospectus in connection with a Demand

Qualification during the period ending six months after the date of the receipt issued by the Commissions (or any of them) for any other final prospectus filed by the Corporation. Notwithstanding anything else herein, the Corporation shall not be obliged to effect more than two (2) Demand Qualifications in any 12 month period. In addition, subject to Section 2.4, the Corporation shall not be obligated to effect more than ten (10) Demand Qualifications in total under this Agreement. For the purposes of this subsection, a Demand Qualification will not be considered as having been effected until a receipt has been issued for the final prospectus by the Commissions pursuant to which the Demand Qualifiable Securities are to be sold.

2.2 In the event that the Corporation and/or any other securityholder of the Corporation proposes to offer and sell its securities as part of any Demand Qualification initiated by the Holder under this Agreement, and if the managing underwriter or underwriters advise the Corporation that the aggregate amount of securities requested to be included in such offering is sufficiently large to have a material adverse effect on the distribution or sales price of the Demand Qualifiable Securities in such offering, then the Corporation shall include in such Demand Qualification, to the extent of the amount that the managing underwriter or underwriters believe may be sold without causing such material adverse effect, first, the Qualifiable Securities of the Holder requested to be included in the offering, and second, securities offered by the Corporation for its own account and/or by any other securityholder of the Corporation (in such proportions as determined by the Corporation in its sole discretion).

2.3 The obligation of the Corporation pursuant to subsection 2.1 to comply with the request of the Holder for a Demand Qualification is subject to each of the following: (i) the Corporation shall be entitled to postpone the filing of such prospectus otherwise required to be prepared and filed by it pursuant hereto (or withdraw any prospectus that has been filed by it pursuant hereto), for a reasonable period of time (not to exceed 90 days) if, at the time it receives the Demand Qualification request or before the Demand Qualification has been effected, the board of directors of the Corporation, in its good faith judgment, determines that the Demand Qualification should not be effected or continued because it would materially interfere with any material financing, acquisition, corporate reorganization or merger or other transaction involving the Corporation or require the Corporation to disclose any material nonpublic information which would reasonably be likely to be detrimental to the Corporation and gives prompt notice of such determination to the Holder; and (ii) the Corporation shall not be required to effect a Demand Qualification unless the Demand Qualifiable Securities have an aggregate market price of at least CDN$5 million. Market price for the purposes of the foregoing shall be the 50 Day VWAP on the Business Day immediately preceding the delivery to the Corporation of the request for the Demand Qualification.

Piggyback Qualification

2.4 If during the Qualification Period the Corporation proposes to file a prospectus in Canada in order to permit the Qualification of its Common Shares pursuant to an underwritten offering for its own account or for the account of any holder of Common Shares, in a form and manner that, with appropriate changes, would permit the Qualification of Qualifiable Securities under such prospectus, the Corporation shall give reasonably prompt notice of its intention to do so to the Holder and shall use all reasonable efforts to include in the proposed distribution such number of Qualifiable Securities (the "**Piggy Back Qualifiable Securities**", and together with the Demand Qualifiable Securities, the "**Designated Qualifiable Securities**") as the Holder shall request (such Qualification hereinafter referred to as a "Piggy Back Qualification", and together with a Demand Qualification, a "**Secondary Qualification**") within ten days after the giving of such notice, upon the same terms (including the method of distribution) as such distribution; provided

that (i) the foregoing shall not apply in the case of a "bought deal", (ii) the Corporation shall not be required to include all such Piggy Back Qualifiable Securities in any such distribution by the Corporation if the Corporation is advised in good faith and in writing by its managing underwriter or underwriters that the inclusion of any such Piggy Back Qualifiable Securities may, in their opinion, have a material adverse effect on the distribution or sales price of the securities being offered by the Corporation, in which case the number of Piggy Back Qualifiable Securities and the number of Common Shares of any other shareholder exercising such rights shall be reduced as necessary on a pro-rata basis, and (iii) the Corporation may at any time prior to the issuance of a receipt for such final prospectus pursuant to which the securities are to be sold, at its sole discretion and without the consent of the Holder, withdraw such prospectus and abandon the proposed distribution in which the Holder has requested to participate; provided, that the Corporation will pay, to the extent not prohibited by the Securities Laws, the Qualification Expenses in connection with such withdrawn prospectus. The failure of the Holder to respond within the periods referred to in the immediately preceding sentence shall be deemed to be a waiver of the Holder's rights under this Section 2.4 with respect to such Piggy Back Qualification. The Holder may also waive its rights under this Section 2.4 by giving written notice to the Corporation. No Qualification of Qualifiable Securities under this subsection 2.4 shall relieve the Corporation of its obligations to effect Demand Qualifications pursuant to subsection 2.1 hereof. The Holder shall be entitled to unlimited Piggy Back Qualifications.

Selection of Underwriters

2.5 Upon requesting a Demand Qualification, the Holder shall, with the approval of the Corporation (not to be unreasonably withheld), select the investment banker(s) and manager(s) to effect the distribution in connection with such Demand Qualification, it being acknowledged by the Holder that the participation of a registrant shall be required in connection with each Secondary Qualification hereunder and it being further acknowledged that the investment banker(s) and/or manager(s) selected by the Holder must be of nationally recognized standing in Canada.

Qualification Expenses

2.6 Except as expressly provided below, the Corporation will pay all Qualification Expenses; provided, that the Holder shall be solely responsible for the underwriting commissions and fees payable in respect of the sale of the Designated Qualifiable Securities by netting from the proceeds of the sale of such Designated Qualifiable Securities any such underwriting commissions or fees before payment of the net proceeds to the selling shareholder(s). The Corporation shall not be obligated to reimburse the Holder for the fees and expenses of more than one Canadian law firm in connection with any Secondary Qualification and the fees of any other counsel or any other advisors to the Holder shall be the sole responsibility of the Holder.

ARTICLE 3

REGISTRATION PROCEDURES

Procedures

3.1 Upon receipt of a request from the Holder pursuant to Article 2, the Corporation will, subject to this Agreement, effect the Secondary Qualification as requested. In particular, the Corporation will, in each case as applicable:

(a) as expeditiously as reasonably possible, effect a Secondary Qualification in one or more Canadian jurisdictions, prepare and file (in any event within 60 days after the request for Secondary Qualification has been delivered to the Corporation) in the English language and, if required, French language, a preliminary prospectus under and in compliance with the Securities Laws of each Canadian jurisdiction in which the Secondary Qualification is to be effected and such other related documents as may be reasonably necessary to be filed in connection with any such preliminary prospectus and shall, as soon as possible after any comments of the Commissions have been satisfied with respect thereto, prepare and file under and in compliance with the Securities Laws a final prospectus in the English language and, if required, French language, and obtain receipts therefor and use its commercially reasonable efforts to cause a receipt to be issued for such prospectus as soon as possible and shall take all other steps and proceedings that may be reasonably necessary in order to permit the Qualification of the Designated Qualifiable Securities for distribution by registrants who comply with the relevant provisions of the Securities Laws (provided that, before filing all such documents referred to in this subsection 3.1(a), the Corporation will furnish the counsel to the Holder copies thereof and otherwise comply with Article 4 hereof);

(b) use commercially reasonable efforts to prepare and file with the applicable Commissions in the Canadian jurisdictions in which the Secondary Qualification is to be effected such amendments and supplements to such preliminary prospectus and final prospectus as may be reasonably necessary to comply with the provisions of the applicable Securities Laws with respect to the Qualification of Designated Qualifiable Securities, and take such steps as are reasonably necessary to maintain the effectiveness of such prospectus until the time at which the distribution of the Designated Qualifiable Securities is completed (but such requirement will only extend for a maximum period of 45 days from the date of the effectiveness of the prospectus (the "**Distribution Period**"));

(c) furnish to the Holder and the underwriter or underwriters of any such distribution and such other persons as the Holder may reasonably specify:

(i) an opinion of counsel to the Corporation addressed to the Holder and the underwriter or underwriters of such distribution and dated the closing date of the distribution, in form and substance as is customarily given by issuer's counsel to the underwriters in an underwritten public offering;

(ii) if a prospectus is filed in Quebec, opinions of Quebec counsel to the Corporation and the auditors of the Corporation addressed to the Holder and the underwriter or underwriters of such distribution relating to the translation of the preliminary prospectus and the prospectus, such opinions being dated the dates of the preliminary prospectus, prospectus and closing; and

(iii) such corporate certificates as are customarily furnished in securities offerings in Canada covering substantially the same matters as are customarily covered in such documents in the relevant jurisdictions and such other matters as the Holder may reasonably request;

(d) as expeditiously as possible following actual knowledge by the Corporation thereof, notify the Holder of the happening of any event during the Distribution Period as a result of which the preliminary prospectus or final prospectus would include a

misrepresentation (insofar as such misrepresentation relates to or was made by the Corporation);

(e) otherwise use its commercially reasonable efforts to comply with all applicable published policies, rules and regulations of the applicable Commissions and any stock exchange on which the Common Shares are then listed;

(f) provide a transfer agent and registrar for such Common Shares no later than the closing date of the offering;

(g) use its commercially reasonable efforts to cause all such Designated Qualifiable Securities to be listed on each securities exchange on which the Common Shares are then listed;

(h) enter into an underwriting agreement with the underwriter or underwriters for such distribution, such agreement to contain such representations and warranties by the Corporation and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions of securities in Canada and indemnification agreements substantially consistent with Article 5 and such other documents on such terms and conditions as are customary in secondary offerings of securities in Canada and take all such other actions as permitted by law as the Holder or the underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the distribution of the Designated Qualifiable Securities; and

(i) in the event of the issuance of any order or ruling suspending the effectiveness of a prospectus receipt or any order suspending or preventing the use of any prospectus or suspending the Qualification of any of the Designated Qualifiable Securities by such prospectus in any province of Canada, the Corporation will, as expeditiously as possible after actual knowledge by the Corporation thereof, notify the Holder of such event and use its commercially reasonable efforts promptly to obtain the withdrawal of such order or ruling.

Obligations of the Holder

3.2 In connection with any Secondary Qualification, the Holder shall:

(a) provide, in writing, such information with respect to the Holder including the number of securities of the Corporation held by the Holder as may be required by the Corporation to comply with the applicable Securities Laws in each province of Canada in which the Secondary Qualification is to be effected;

(b) if required under applicable Securities Laws, execute any certificate forming part of a preliminary prospectus, final prospectus or similar document to be filed with the applicable Commissions;

(c) immediately notify the Corporation of the happening of any event during the Distribution Period, as a result of which the preliminary prospectus or final prospectus would include a misrepresentation insofar as such misrepresentation relates to the Holder or relates to information provided by the Holder to the Corporation in writing for inclusion in the preliminary prospectus or final prospectus;

(d) comply with all applicable published policies, rules and regulations of the applicable Commissions and any stock exchange on which the Common Shares are then listed and to otherwise comply with applicable Securities Laws; and

(e) not effect or permit to be effected sales of Designated Qualifiable Securities or deliver or permit to be delivered any prospectus in respect of such sale after notification by the Corporation of any order or ruling suspending the effectiveness of the prospectus or after notification by the Corporation under subsection 3.1(d), until the Corporation advises the Holder that such suspension has been lifted or that it has filed an amendment to such prospectus and has provided copies of such amendment to the Holder. The Holder shall, if so directed by the Corporation, deliver to the Corporation (at the Corporation's expense) all copies, other than permanent file copies, then in the Holder's possession of such prospectus covering the Designated Qualifiable Securities that was in effect at the time of receipt of such notice.

ARTICLE 4

DUE DILIGENCE

Preparation; Reasonable Investigation

4.1 In connection with the preparation and filing of any preliminary prospectus or final prospectus as herein contemplated, the Corporation will give the Holder and the underwriter or underwriters of such distribution and their respective counsel, auditors and other representatives, the opportunity to participate in the preparation of such documents and each amendment thereof or supplement thereto, and shall insert therein such material furnished to the Corporation in writing, which in the reasonable judgment of the Holder and its counsel should be included, and will, subject to the prior execution and delivery to the Corporation of reasonable confidentiality agreements, give each of them such reasonable and customary access to the Corporation's books and records and such reasonable and customary opportunity to discuss the business of the Corporation with its officers and auditors as shall be necessary in the reasonable opinion of the Holder and the underwriter or underwriters and their respective counsel, and to conduct all reasonable and customary due diligence which the Holder and the underwriter or underwriters and their respective counsel may reasonably require in order to conduct a reasonable investigation for purposes of establishing, to the extent permitted by law, a due diligence defence as contemplated by the Securities Laws and in order to enable such underwriters to execute any certificate required to be executed by them for inclusion in each such document.

ARTICLE 5

INDEMNIFICATION

Indemnification

5.1 The Corporation agrees to indemnify, to the extent permitted by law, the Holder and each Person who participates as an underwriter in the offering or sale of the Designated Qualifiable Securities, their respective directors, officers, employees and agents and each Person who controls such underwriter (within the meaning of any applicable Securities Laws) against all losses (excluding loss of profits), claims, damages, liabilities and expenses arising out of or based upon: (i) any information or statement contained in the preliminary prospectus, final prospectus, or any amendment thereto which at the time and in light of the circumstances under which it was made

contains a misrepresentation; (ii) any order made or inquiry, investigation or proceedings commenced or threatened by any applicable Commission, court or other competent authority based upon any misrepresentation in the preliminary prospectus, the final prospectus, or any amendment thereto or based upon any failure to comply with applicable Securities Laws (other than any failure to comply with applicable Securities Laws by the Holder or the underwriter or underwriters); and (iii) non-compliance by the Corporation with any of the Securities Laws in connection with a Secondary Qualification and the distribution effected thereunder, except in the case of any of the foregoing insofar as (A) any information or statement referred to in clause (i) or (ii) of this subsection 5.1 has been furnished to the Corporation by the Holder or the underwriter or underwriters expressly for use therein pursuant to subsection 3.2(a); (B) caused by the Holder or any underwriter's failure to deliver to a purchaser of Designated Qualifiable Securities, a copy of the prospectus or any amendments or supplements thereto or to otherwise comply with applicable Securities Laws; or (C) any amounts paid in settlement of any claim have been paid if such settlement is effected without the prior written consent of the Corporation, which consent shall not be unreasonably withheld or delayed.

5.2 The Holder agrees to indemnify, to the extent permitted by law, the Corporation and each Person who participates as an underwriter in the offering or sale of the Designated Qualifiable Securities, their respective directors, officers, employees and agents and each Person who controls such underwriter (within the meaning of any applicable Securities Laws) against all losses (excluding loss of profits), claims, damages, liabilities and expenses arising out of or based upon: (i) any information or statement contained in the preliminary prospectus, final prospectus, or any amendment thereto which has been furnished to the Corporation by the Holder expressly for use therein pursuant to subsection 3.2(a) which at the time and in light of the circumstances under which it was made contains a misrepresentation; (ii) any order made or inquiry, investigation or proceedings commenced or threatened by any applicable Commission, court or other competent authority based upon (A) any misrepresentation in the preliminary prospectus, the final prospectus, or any amendment thereto based upon any information or statement which has been furnished to the Corporation by the Holder expressly for use therein pursuant to subsection 3.2(a); or (B) any failure to comply with applicable Securities Laws by the Holder; and (iii) the Holder's failure to deliver to a purchaser of Designated Qualifiable Securities, a copy of the prospectus or any amendments or supplements thereto or to otherwise comply with applicable Securities Laws, except in the case of any of the foregoing insofar as (A) caused by the Corporation or any underwriter's failure to deliver to a purchaser of Designated Qualifiable Securities a copy of the prospectus or any amendments or supplements thereto or to otherwise comply with applicable Securities Laws; or (B) any amounts paid in settlement of any claim have been paid if such settlement is effected without the prior written consent of the Holder, which consent shall not be unreasonably withheld or delayed.

5.3 Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel satisfactory to the indemnified party, acting reasonably. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. No

indemnifying party may settle any claims without the express written consent of an indemnified party (such consent not to be unreasonably withheld where such consent does not contain any admission of liability).

5.4 The indemnification provided for under this Agreement will survive the expiry of this Agreement and will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive any transfer of securities pursuant thereto. In the event the indemnification is unavailable in whole or in part for any reason under this Article 5, the Corporation and the Holder shall contribute to the aggregate of all losses, claims, damages, liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the Corporation and the Holder in connection with the event giving rise to liability.

5.5 The Corporation hereby acknowledges and agrees that, with respect to this Article 5, the Holder is contracting on its own behalf and as agent for the other indemnified persons referred to in Section 5.1. In this regard, the Holder will act as trustee for such indemnified persons of the covenants of the Corporation under this Article 5 with respect to such indemnified persons and accepts these trusts and will hold and enforce those covenants on behalf of such indemnified persons.

5.6 The Holder hereby acknowledges and agrees that, with respect to this Article 5, the Corporation is contracting on its own behalf and as agent for the other indemnified persons referred to in Section 5.2. In this regard, the Corporation will act as trustee for such indemnified persons of the covenants of the Holder under this Article 5 with respect to such indemnified persons and accepts these trusts and will hold and enforce those covenants on behalf of such indemnified persons.

ARTICLE 6

GENERAL

Sales Through Hong Kong Stock Exchange

6.1 At any time the Common Shares are listed for trading on the Hong Kong Stock Exchange, the Corporation will cooperate to facilitate any disposition of Common Shares by Holder thereon.

No Inconsistent Agreements

6.2 The Corporation represents and warrants to the Holder that it has not entered into, and covenants with the Holder that it will not enter into, any agreement granting registration rights in respect of any equity securities of the Corporation which is inconsistent with or violates the rights granted to the Holder pursuant to this Agreement.

Remedies

6.3 Any Person having rights under any provision of this Agreement will be entitled to enforce such rights specifically to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or other security) for specific

performance and for other injunctive relief in order to enforce or prevent violation of the provisions of this Agreement.

Amendments

6.4 This Agreement shall not be amended or varied in its terms by oral agreement or by representations or otherwise without the prior written consent of each of the Corporation and the Holder.

Assignment

6.5 This Agreement and the rights and obligations of the parties hereto shall bind and enure to the benefit of each of the parties hereto and their successors and permitted assigns. Neither party shall have the right to transfer or assign any of its rights or obligations under this Agreement. Notwithstanding the foregoing, the Holder may assign its rights hereunder without the consent of the Corporation to any Affiliate of the Holder, provided the Holder also assigns its interest in the Common Shares to such assignee, and that any such assignee shall, prior to any such assignment, agree to be bound by all of the covenants of the Holder contained herein and comply with the provisions of this Agreement, and shall deliver to the Corporation a duly executed undertaking to such effect in form and substances satisfactory to the Corporation, acting reasonably.

Term

6.6 This Agreement shall expire upon the earlier of:

(a) the date that is three months after the Holder and its Affiliates collectively cease to be the beneficial holders of more than ten percent (10%) of the outstanding Common Shares; and

(b) the 10th anniversary of the date of this Agreement, (the "**Expiry Date**")

provided that in all cases the obligations of the parties under Article 5 hereof shall survive the expiry of this Agreement.

Severability

6.7 If one or more provisions of this Agreement are held to be unenforceable under applicable law, portions of such provisions or such provisions in their entirety, to the extent necessary, shall be severed from this Agreement, and the balance of this Agreement shall be enforceable in accordance with its terms.

Delays or Omissions

6.8 No delay or omission to exercise any rights, power or remedy accruing to any party to this Agreement upon the breach or default of the other party shall impair any such rights, power or remedy of such non-breaching party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of the party of any provisions or conditions of this Agreement, must be made in writing

and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to the parties, shall be cumulative and not alternative.

Governing Law

6.9 This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard for any conflict of laws or choice of laws principles that would permit or require the application of the laws of any other jurisdiction.

Submission to Jurisdiction

6.10 Each of the parties irrevocably and unconditionally (i) submits to the nonexclusive jurisdiction of the courts of the Province of British Columbia over any action or proceeding arising out of or relating to this Agreement, (ii) waives any objection that it might otherwise be entitled to assert to the jurisdiction of such courts and (iii) agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding.

Notices

6.11 Any notice, direction or other communication given pursuant to this Agreement (each a "**Notice**") must be in writing, sent by personal delivery, courier, facsimile or email and addressed:

if to the Holder:

Novel Sunrise Investments Limited
P.O.Box 957, Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands

- and -

Novel Sunrise Investments Limited
Room 2404
24/F World-Wide House
19 Des Voeux Road
Central, Hong Kong

Attention: Guogang Chen, Chairman
Facsimile: (8610) 82564994
Email: ted@novelsunrise.com or tedchen@126.com

if to the Corporation:

SouthGobi Resources Ltd.
354 – 200 Granville Street
Vancouver, BC
V6C 1S4

Attention: Bertrand Troiano, Chief Financial Officer
Facsimile: 604-688-7168 and 852-2156-1439
Email: Bertrand.trioano@southgobi.com

Any Notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery, if delivered before 5:00 p.m. on a Business Day in the place of delivery, or the next Business Day in the place of delivery, if not delivered on a Business Day or if sent after 5:00 p.m., and if sent by telecopier or other electronic communication with confirmation of transmission, shall be deemed to have been validly and effectively been given and received on the Business Day in the place of delivery next following the day it was transmitted. Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section 6.11.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

By the Corporation

SOUTHGOBI RESOURCES LTD.

By: _____

Name:
Title:

By the Holder

NOVEL SUNRISE INVESTMENTS LIMITED

By: _____

Name:
Title:

Schedule B
to the Subscription Agreement dated February 24, 2015
between SouthGobi Resources Ltd. and Novel Sunrise Limited

FORM OF MANDATORY CONVERTIBLE UNITS CERTIFICATE

See attached.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]

MANDATORY CONVERTIBLE UNITS

OF

SOUTHGOBI RESOURCES LTD.

THIS CERTIFIES that, in consideration for an aggregate purchase price of USD 3,500,000 (the "**First Tranche Proceeds**") paid by the holder to the Company pursuant to the terms of a subscription agreement between the Company and the holder dated as of February 24, 2015 (the "**Subscription Agreement**"), Novel Sunrise Investments Limited (the "**holder**") is the registered holder of _____ mandatory convertible units (the "**Mandatory Convertible Units**") of SouthGobi Resources Ltd. (the "**Company**"), which units, subject to the terms and conditions set forth in this Mandatory Convertible Unit certificate, are automatically convertible into Common Shares on a one-for-one basis (the "**Conversion Factor**") upon the earlier of (a) the SPA Closing and (b) the termination of the TRQ-Novel SPA (the "**Time of Conversion**").

1. Interpretation

1.1 Defined Terms. Capitalized terms used but not defined in this Mandatory Convertible Unit certificate, including the preamble, shall have the meanings ascribed to such terms in the Subscription Agreement.

1.2 References. References to "this Mandatory Convertible Unit certificate", "Mandatory Convertible Unit", "herein", "hereby", "hereof", "hereto", "hereunder" and similar expressions mean or refer to this Mandatory Convertible Unit certificate and not to any particular part, clause, subclause or other portion hereof.

1.3 Headings. The headings of the parts of this Mandatory Convertible Unit certificate have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Mandatory Convertible Unit certificate.

1.4 Gender. Whenever used in this Mandatory Convertible Unit, words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

1.5 Day not a Business Day. In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

2. Automatic Conversion of Mandatory Convertible Units

2.1 Automatic Conversion. Subject to part 3 hereof, the Mandatory Convertible Units shall automatically convert into Common Shares at the Time of Conversion.

2.2 Conversion Procedure. The Common Shares issuable upon conversion of the Mandatory Convertible Units in accordance with the terms hereof shall be and be deemed to be issued to the holder, and the holder shall be deemed to be the holder of record of such Common Shares, immediately upon such conversion.

2.3 Entitlement to Certificate. Following conversion of the Mandatory Convertible Units in accordance with the terms hereof, the holder shall surrender this Mandatory Convertible Unit certificate to the Company at its head office at 354 - 200 Granville Street, Vancouver, British Columbia, Canada, V6C 1S4. Upon surrender, the Company shall, subject to the provisions of this Mandatory Convertible Unit certificate, cause a share certificate duly executed by the Company representing such Common Shares to be delivered or mailed to the person or persons at the address or addresses specified by notice in writing by the holder to the Company.

3. Event of Insolvency; Legal Restrictions

3.1 Conversion in the event of Insolvency. If at any time prior to the Time of Conversion any of the following events occurs:

(a) the Company is wound up, dissolved or liquidated (or any proceeding is commenced to wind-up, dissolve or liquidate the Company) under any law or otherwise, voluntarily or involuntarily, or otherwise has its existence terminated;

(b) the Company becomes subject to the provisions of the *Winding-Up and Restructuring Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), or makes a general assignment for the benefit of its creditors, acknowledges its insolvency or is declared or becomes bankrupt or insolvent, or otherwise fails in its business (items (a) and (b), each an "**Event of Insolvency**"); or

(c) the directors or shareholders of the Company pass any resolution in furtherance of an Event of Insolvency,

the Mandatory Convertible Units shall be deemed to have automatically converted into Common Shares immediately prior to such event such that the holder shall be entitled to participate in the Insolvency Event as a holder of such Common Shares.

3.2 Legal Restrictions. If the conversion of the Mandatory Convertible Units into Common Shares cannot occur in the manner contemplated herein under any applicable law or regulation, or as a result of any decision, ruling or order of any regulatory body, court or arbitrator (including requiring the holder to make an

offer to purchase Common Shares of other shareholders of the Company or take any other additional action not contemplated herein), the Mandatory Convertible Units will automatically be cancelled and the First Tranche Proceeds shall immediately become repayable by the Company to the holder.

4. Covenants, Representation and Warranties

4.1 Representations. The Company hereby represents and warrants that:

(a) it is authorized to create and issue the Mandatory Convertible Units and this Mandatory Convertible Units certificate is a valid and enforceable obligation of the Company, enforceable in accordance with the provisions hereof;

(b) the Common Shares issuable hereunder have been listed on the TSX and SEHK, subject only to customary deliveries to be made by the Corporation thereto; and

(c) such Common Shares, upon issuance, will be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof.

4.2 Covenants. The Company hereby covenants and agrees that:

(a) it will, at all times prior to the Time of Conversion, keep available and reserve out of its authorized Common Shares, solely for the purpose of issue upon the conversion of the Mandatory Convertible Units, such number of Common Shares as are issuable upon the conversion of the Mandatory Convertible Units and that all Common Shares which shall be so issuable will upon issuance be duly authorized and issued as fully paid and non-assessable;

(b) it will take all such actions as may be necessary to ensure that all such Common Shares may be so issued without violation of any applicable requirements of the TSX, the SEHK and any other exchange upon which the Common Shares of the Company may be listed; and

(c) it will at its expense expeditiously use its best efforts to make the deliveries referred to in part 4.1(b) hereof.

5. Adjustment Events

5.1 Mandatory Conversion Subject to Adjustment. The Conversion Factor in effect from time to time under this Mandatory Convertible Unit certificate shall be subject to equitable adjustment in a manner agreed by the Company and the holder, each acting reasonably and in good faith, in case of the occurrence of any of the following events prior to the Time of Conversion:

(a) the Company effects a subdivision, re-division or change of its outstanding Common Shares into a greater number of Common Shares;

(b) the Company reduces, combines or consolidates its outstanding Common Shares into a lesser number of Common Shares;

(c) the Company issues Common Shares, securities exchangeable for, or convertible into, Common Shares (including pursuant to a rights offering), or other securities, evidences of indebtedness, property or assets to all or substantially all of the holders of Common Shares by way of stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Mandatory Convertible Units or any outstanding options); or

(d) the Company effects a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares (including pursuant to a consolidation, amalgamation or merger of the Company into another body corporate); or

(e) the Company transfers its undertaking or assets as an entirety or substantially as an entirety to another corporation or entity.

6. Miscellaneous

6.1 Further Assurances. The Company hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed and assurance as the holder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Mandatory Convertible Unit certificate

6.2 Replacement of Mandatory Convertible Unit Certificate. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction and mutilation of this Mandatory Convertible Unit certificate and, if requested by the Company, upon delivery of a bond of indemnity satisfactory to the Company (or, in the case of mutilation, upon surrender of this Mandatory Convertible Unit certificate), the Company will issue to the holder a replacement certificate (containing the same terms and conditions as this Mandatory Convertible Unit certificate).

6.3 Not a Shareholder. Nothing in this Mandatory Convertible Unit certificate or in the holding of the Mandatory Convertible Units evidenced hereby shall be construed as conferring upon the holder any right or interest whatsoever as a shareholder of the Company. For greater certainty, the holder shall not be entitled to vote at any meeting of shareholders of the Company.

6.4 Governing Law. The laws of the Province of British Columbia and the laws of Canada applicable therein shall govern this Mandatory Convertible Unit Certificate.

6.5 Signing of Certificate. This Mandatory Convertible Unit certificate shall be signed by any one of the directors and officers of the Company, and the signature of any such director or officer may be mechanically reproduced in facsimile or otherwise, and shall be binding on the Company as if they had been manually signed by such director or officer.

6.6 Successors. This Mandatory Convertible Unit certificate shall enure to the benefit of and shall be binding upon the holder and the Company and their respective successors.

6.7 Binding Effect. This Mandatory Convertible Unit certificate and all of its provisions shall enure to the benefit of the holder, and their respective heirs, executors, administrators, successors, legal representatives and assigns and shall be binding upon the Company and its successors and permitted assigns. The expression the "holder" as used herein shall include the holder's assigns whether immediate or derivative.

6.8 Notice. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given be given in accordance with the notice provisions of the Subscription Agreement.

6.9 Time of Essence. Time shall be of the essence hereof.

6.10 Transferability of Mandatory Convertible Units. The Mandatory Convertible Units represented by this Mandatory Convertible Unit certificate are non-transferable, provided that the Mandatory Convertible Units may be transferred in connection with an assignment permitted under the terms of Subscription Agreement.

6.11 Legends. Any certificate representing Common Shares issued upon the conversion of the Mandatory Convertible Units will bear such legend or legends as may be required pursuant to applicable securities laws including without limitation the following:

(a) "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE **[NTD – insert date that is 4 months and 1 day after date of issue]**"; and

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE ("TSX"); HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF TSX SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON TSX."

14. Facsimile Signature. This Mandatory Convertible Unit certificate may be executed by facsimile, which facsimile copy shall be deemed to be an original document.

IN WITNESS WHEREOF the Company has caused this Mandatory Convertible Unit certificate to be signed by its duly authorized officers as of this ____ day of _____, 2015.

SOUTHGOBI RESOURCES LTD.

_____

By:

Authorized Signatory