COURT FILE NUMBER	1401 - 06625	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANTS	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9 AND IN THE MATTER OF MONGOLIA MINERALS CORPORATION	
DOCUMENT	**SIXTH REPORT OF THE MONITOR** **DECEMBER 18, 2014**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u> ERNST & YOUNG INC. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Nick Purich Telephone: 403-206-5067 / 403-206-5170 Fax: 403-206-5075 Email: neil.narfason@ca.ey.com nick.jb.purich@ca.ey.com <u>COUNSEL</u> Borden Ladner Gervais LLP Centennial Place, East Tower 1900, 520 - 3rd Avenue SW Calgary, Alberta T2P 0R3 Attention: Josef G. A. Krüger, Q.C. Phone: 403-232-9563 Fax: 403-266-1395 Email: jkruger@blg.com	

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INTRODUCTION

1. On June 16, 2014, Mongolia Minerals Corporation ("MMC" or the "Company") sought and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order").

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of MMC (the "Monitor").

3. The purpose of this sixth report (the "Sixth Report") of the Monitor is to provide this Honourable Court with the Monitor's comments in respect of the following:

    a) the Company's restructuring progress since the fourth report (the "Fourth Report") of the Monitor dated November 21, 2014;

    b) the budget to actual cash flow results for the period for November 20, 2014 to December 17, 2014 (the "Reporting Period");

    c) the cash flow projections (the "Cash Flow Projection") from December 18, 2014 to January 21, 2015 (the "Forecast Period");

    d) the Monitor's comments regarding the Company's request for an extension of the stay period; and

    e) the Monitor's recommendations.

4. Capitalized terms not defined in this Sixth Report are as defined in the Initial Order.

5. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

6. MMC is an exploration and development stage company. Its most significant assets are the exploration and mining licenses (the "Licenses") granted to certain of its indirect subsidiaries by the Mineral Resources Authority of Mongolia.

7. MMC generates no cash flow from operations and previously relied upon debt and equity financing to continue to develop its Licenses. The Company experienced setbacks in obtaining the necessary financing to develop its Licenses which resulted in the Company seeking protection from its creditors under the CCAA.

8. Additional background information on MMC and these CCAA proceedings is available on the Monitor's website at www.ey.com/ca/mongoliaminerals.

TERMS OF REFERENCE

9. In preparing this Sixth Report, the Monitor has relied upon unaudited financial information, company records and discussions with the management of the Company. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the information. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

RESTRUCTURING PROGRESS

10. In the Fifth Report, the Monitor advised that the Company was progressing towards closing the sale of one of its non-core assets, the Dalan Project, which is described further in the Affidavit of William J. Foster sworn September 4, 2014 (referred to herein as the "Dalan Sale").

11. Since the Fifth Report, the Company has been working diligently to close the Dalan Sale. The Company's efforts to close the Dalan Sale are described further in the Affidavit of William J. Foster sworn December 17, 2014 (the "Foster Affidavit").

12. The Monitor understands that the Company has made the following progress towards closing the Dalan Sale:

    a) a refundable deposit of US$250,000 from the purchaser has been advanced to the purchaser's Canadian counsel in trust; and

    b) after considerable negotiations on a variety of issues agreed to a final purchase price of US$984,144, after adjustments which is to be paid on the third business day following the Mineral Resource Authority of Mongolia approving the transfer of the Dalan license to the purchaser.

13. The Company had anticipated closing the Dalan Sale during the Reporting Period; however, there have been delays in that process which are more fully described in the Foster Affidavit. The Company anticipates closing the Dalan Sale during the Forecast Period.

COMPARISON OF CASH FLOW PROJECTION TO ACTUAL RESULTS

14. The cash flow projection previously provided to this Honourable Court in the Fifth Report indicated that the Company had available cash of approximately $28,000. Given the limited financial resources available, the Company has incurred minimal expenditures during the Reporting Period. As such, a comparison of the actual cash flows to the cash flow projection for the Reporting Period has not been prepared.

CASH FLOW PROJECTION FOR THE FORECAST PERIOD

15. The Company, with the assistance of the Monitor, has prepared a Cash Flow Projection for the Forecast Period. The Company has prepared the Cash Flow Projection based on the most current information available. The following is a summary of the Cash Flow Projection.

Mongolia Minerals Corporation
Cash Flow Projection
$CAD, unaudited

	December 18, 2014 - January 21, 2015
Cash receipts	
Non-core asset sale	1,131,766
Total cash receipts	1,131,766
Cash disbursements	
Payment of accounts payable incurred post-CCAA filing	25,000
Convertible debenture intereest	-
Personnel costs	300,000
Administrative costs	25,000
CCAA professional fees	450,000
Operating and maintenance capital expenditures	50,000
Total cash disbursements	850,000
Opening cash balance	-
Net cash flows	281,766
Closing cash balance	281,766

16. The Company has endeavored to minimize its operating and administrative costs while working to close the Dalan Sale. The Company anticipates receiving the balance of the purchase price from the Dalan Sale of US$984,144 during the forecast period. For the purposes of the Cash Flow Projection, this amount has been converted to Canadian dollars at a rate of USD/CAD = 1.15.

17. The Monitor notes that the Company had previously incurred but not paid the following:

a) Administrative costs including deferred payroll for the Company's employees in Mongolia which is described in Appendices A;

b) Professional fees of approximately $400,000 comprised of approximately $45,000 for the Monitor and its counsel, and approximately $355,000 for the Company's counsel which remain beneficiaries of the Administration Charge;

c) Compensation for Mr. William Foster for his services since the granting of the Initial Order. Mr. Foster's outstanding compensation totals $175,000 at the date of this Report; and

d) Compensation for certain of the Company's employees that have been paid 1/8th of their normal compensation while closing the Dalan Sale which totals approximately $70,000.

18. Following the receipt of the remaining proceeds of the Dalan Sale, the Monitor is advises that the Company intends to repay all amounts outstanding under the Administration Charge, the amounts owed to Mr. Foster, and any administrative costs which have been incurred but not paid. The Monitor supports the payment of the amounts outlined above from the net proceeds of the Dalan Sale.

19. The Monitor believes that the net proceeds of the Dalan Sale will provide the Company with sufficient cash to settle all liabilities incurred since the Initial Order and allow the Company to develop and bring before this Honourable Court a sales and investment solicitation process ("SISP").

20. The Monitor notes that if, for any reason, the Dalan Sale is not completed successfully during the Forecast Period, the Company will not have adequate resources to settle the above noted liabilities.

21. The Monitor has reviewed the assumptions supporting the Cash Flow Projection and believes the assumptions to be reasonable.

THE COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

22. Pursuant to the Initial Order, as amended, the Stay Period expires on December 19, 2014. MMC is seeking an extension of the Stay Period up to and including January 21, 2015 (the "Stay Extension").

23. The Stay Extension is necessary to allow MMC to close the Dalan Sale and to develop and finalize, subject to the approval of this Honourable Court, a SISP.

24. In the Monitor's view, MMC is acting in good faith and with due diligence.

RECOMMENDATION

25. The Monitor recommends that this Honourable Court approve the Stay Extension.

*****

Dated at Calgary, this 18th day of December, 2014.

ERNST & YOUNG INC.
in its capacity as Monitor of Mongolia Minerals Corporation and not in its personal or corporate capacity

Neil Narfason, CA, CIRP, CBV
Senior Vice-President

Nick JB Purich, CA
Manager

Appendix A

Mongolia Minerals Corporation
Cash Flow Projection
$CAD, unaudited

	December 18, 2014 - January 21, 2015	Notes
Cash receipts		
Non-core asset sale	1,131,766	1
Total cash receipts	1,131,766	
Cash disbursements		
Payment of accounts payable incurred post-CCAA filing	25,000	2
Convertible debenture intereest	-	3
Personnel costs	300,000	4
Administrative costs	25,000	5
CCAA professional fees	450,000	6
Operating and maintenance capital expenditures	50,000	7
Total cash disbursements	850,000	
Opening cash balance	-	8
Net cash flows	281,766	
Closing cash balance	281,766	

Notes to the Cash Flow Projection

1. The Company anticipates receiving the balance of the purchase price from the Dalan Sale of US$984,144 during the forecast period. For the purposes of the Cash Flow Projection, this amount has been converted to Canadian dollars at a rate of USD/CAD = 1.15.

2. Upon receipt of the remaining proceeds of the Dalan Sale, the Company will settle all outstanding accounts payable incurred during the CCAA proceedings which total approximately $25,000 and relate primarily to maintenance capital expenditures.

3. The Company will not make any payments on its secured debentures.

4. The Company anticipates incurring approximately $300,000 in personnel costs and related payroll taxes. This amount is comprised of:
   a. $175,000 to be paid to Mr. Foster in accordance with his consulting agreement for amounts incurred from June to December, 2014;
   b. $25,000 to be paid to Mr. Forster in January in accordance with his consulting agreement;
   c. Approximately $70,000 to be paid to the Company's employees in respect of amounts previously deferred; and
   d. Approximately $30,000 in payroll costs for January.

5. The Company has endeavoured to minimize administrative expenditures and anticipates incurring approximately $25,000 during the Forecast Period.

6. The Company anticipates incurring approximately $50,000 in professional fees during the Forecast Period and also anticipates paying all amounts outstanding under the administration charge which total approximately $400,000.

7. Operating and maintenance capital has been reduced to the minimum necessary to preserve the value of the Company's assets.

8. Due to the very limited cash held by the Company in advance of the Dalan Sale closing, the opening cash balance has been assumed to be nil.