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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	**SUPPLEMENT TO THE THIRD REPORT OF THE MONITOR** **SEPTEMBER 5, 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	

TABLE OF CONTENTS TO THE THIRD REPORT

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 supplemental report (the "Supplemental Report") to the third report of the Monitor dated September 4, 2014 (the "Third Report") is to provide clarification to certain items reported in the Third Report.

4. This Supplemental Report is intended to be read in conjunction with the Third Report.

5. Capitalized terms not defined in this Supplemental Report are as defined in the Initial Order or in the Third Report.

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

BACKGROUND

7. 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.

8. 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.

9. 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

10. In preparing this Supplemental 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.

SUPPLEMENTAL POINTS OF CLARIFICATION

11. In Paragraph 20 of the Third Report, the Monitor reported that the Company had a closing cash balance of $116,418. Of this balance, approximately $107,000 is held in trust by the Company's legal counsel to be used for employee costs, and director's and officer's insurance premiums.

12. In Paragraphs 26 and 27, the Third Report refers to the Company's intended use of the First Payment. These paragraphs should refer to the payments being made from the full purchase price, not solely from the First Payment.

13. Paragraph 28 states "The Monitor believes that if the First Payment is made it will provide adequate financial resources for the Company to operate through the Forecast Period". This statement remains correct; however, it should be caveated with the fact that a portion of professional fees related to these CCAA proceedings will remain beneficiaries of the Administration Charge through the majority of the Forecast Period until the full purchase price of the Proposed Sale Transaction is paid.

14. The Monitor's recommendations from the Third Report remain unchanged. The Monitor has no additional recommendations.

Dated at Calgary, this 5th day of September, 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	Nick JB Purich, CA
Senior Vice-President	Senior Staff