COURT FILE NUMBER	1401-06625
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MONGOLIA MINERALS CORPORATION
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Osler, Hoskin & Harcourt LLP** Suite 2500, 450 – 1st Street SW Calgary, Alberta T2P 5H1 Solicitors: A. Robert Anderson, Q.C. / Michael Bokhaut Phone: (403) 260-7004 / 7023 Facsimile: (403) 260-7024 Email: randerson@osler.com / mbokhaut@osler.com File Number: 1144003

Clerk's Stamp
CLERK OF THE COURT
FILED
JUL 11 2014
CALGARY, ALBERTA

AFFIDAVIT OF WILLIAM J. FOSTER
Sworn on July 11, 2014

I, William J. Foster of the City of Calgary in the Province of Alberta, **SWEAR AND SAY THAT**:

1. I am the President and Chief Executive Officer of Mongolia Minerals Corporation ("**MMC**" or the "**Company**"), a Canadian-owned coal exploration and development company with mining interests in Mongolia.

2. I have served as MMC's President and CEO since August 2010 and as such have personal knowledge of the matters herein deposed to, except where stated to be based on information and belief, in which case I believe the same to be true.

RELIEF REQUESTED

3. This Affidavit is made in support of an application (the "**Application**") by MMC for an Order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"):

   (a) Granting a brief one month extension of the stay of proceedings (the "**Stay**") set out in the initial order granted by the Honourable Justice S.J. LoVecchio on June 16, 2014, as amended and restated on June 18, 2014, until and including August 15, 2014;

   (b) Sealing on the Court file Confidential Exhibit "A" to this my affidavit (the "**Confidential Exhibit**").

BACKGROUND AND BUSINESS OPERATIONS

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

5. On June 16, 2014, Justice LoVecchio granted an order (as amended on June 18, 2014) (the "**Initial Order**") granting the Company protection from its creditors under the CCAA (the "**CCAA Proceedings**"). Ernst & Young (the "**Monitor**") has been appointed as the Company's monitor during the currency of the CCAA process. The Initial Order set the Stay Period until and including July 16, 2014.

6. The Company intends to enter into a sales and investment solicitation process (the "**SISP**") that will give current shareholders the opportunity to further invest in the Company, or failing that, to thoroughly canvass the market to refinance the Company or sell MMC's core asset.

MMC'S MARKETING EFFORTS

7. In order to fund the SISP, the Company has been actively marketing its non-core assets and seeking additional sources of funding. The greatest opportunity for MMC at this time is the sale of the mining license of MMC's Dalan property in Mongolia's southeastern

Dornogovi province (the "**Dalan Project**"). Details of the Dalan Project are further described in the Affidavit of William J. Foster sworn June 13, 2014. The Dalan Project has been shown to contain 33.4 million tonnes (Mt) of in-situ coal resources and 28 Mt of thermal coal. The mining license for the Dalan Project has already been obtained and the development time for the Dalan Project has been estimated at 1 – 2 years to complete, after which production of the coal found at the Dalan Project could commence.

8. MMC's marketing of the Dalan Project has generated significant interest from several prospective purchasers and MMC has received offers for the Dalan Project. MMC has been negotiating with these prospective purchasers in an effort to obtain the highest purchase price, balanced against the need to conclude a transaction quickly.

9. In addition to marketing the Dalan Project, MMC has been marketing licenses to explore and mine for copper at a property owned by the Company in Mongolia and is in negotiations with a prospective purchaser for the sale of this asset. MMC is also negotiating with other prospects for equity investment or the sale of assets in conjunction with interim (debtor-in-possession) financing.

10. All of the Company's efforts to market the Dalan Project have been impeded by the slow pace of the Mongolian and Chinese business culture and the annual 5 day Mongolian holiday of Naadam, which generally extends from July 14, 2014 to July 18, 2014. This increases the amount of time necessary to conclude negotiations for the sale of the Dalan Project or the Company's other assets. Despite these challenges, I expect that the Company will be in a position to execute a purchase agreement with one (or more) of these prospective purchasers in the imminent future.

DETAILS OF MMC'S ONGOING NEGOTIATIONS

11. A brief summary of the Company's efforts to raise funds through the sale of its assets are described below:

(a) The Company has been in negotiations with a Mongolian company ("**Prospect A**") that has expressed an interest in the Dalan Project. Offers and counter-offers have been exchanged. Prospect A intends on drilling a test hole at the Dalan Project during the week of July 14, 2014, before proceeding with purchasing the asset.

(b) The Company has also been in negotiations with two Chinese companies ("**Prospect B**" and "**Prospect C**") who are interested in the Dalan Project. The Company and Prospect B have agreed upon a purchase price and Prospect B is awaiting certain financing approvals from the Chinese Government. Prospect C undertook a site visit of the Dalan Project on July 9, 2014, and negotiations with Prospect C are ongoing.

(c) The Company has been in negotiations with a prospective purchaser ("**Prospect D**") that has expressed an interest in purchasing both the Dalan Project and MMC's core asset, the Khotgor Project. Negotiations with Prospect D are ongoing.

(d) The Company has been in negotiations with a prospective purchaser ("**Prospect E**") for the sale of a license for the exploration of copper on one of MMC's Mongolian properties. Prospect E intends on obtaining test samples prior to making an offer and such testing will occur after the Naadam holiday.

(e) The Company has been in negotiations with a prospective purchaser ("**Prospect F**") located in Mongolia that has expressed an interest in purchasing the Company outright and providing interim (debtor-in-possession) financing. The Company has sent representatives to Mongolia to negotiate with Prospect F.

12. Some particulars of the negotiations described above are contained in the Confidential Exhibit. The information contained in the Confidential Exhibit is of a commercially sensitive nature and includes confidential details of the current and ongoing negotiations referenced above. The release of this information would significantly prejudice such negotiations, impair the Company's efforts to restructure and put all current and future prospective purchasers in an unfair bargaining position in relation to the Company.

MMC'S PLAN DURING THE STAY PERIOD

13. The Company anticipates it will receive a sufficient amount from the sale of the Dalan Project or from equity investment or interim financing to fund the SISP. The Company anticipates applying to this Honourable Court prior to the end of the requested Stay period (being August 15, 2014) to seek approval of the sale of the Dalan Project, equity investment or interim financing. Upon receipt of the proceeds of the sale of the Dalan Project, equity investment or interim financing, the Company will be in a position to fund the SISP and anticipates applying to this Honourable Court at that time for an additional extension of the Stay and for approval of the SISP, equity investment or interim financing.

14. Relevant details of the Company's financial position, including an updated cash flow statement, are included in the Monitor's First Report. The Monitor has advised that without the sale of the Dalan Project, it anticipates the Company will have sufficient funds to continue operating until August 15, 2014.

BENEFITS OF THE EXTENSION OF THE STAY

15. The Company is seeking a brief extension of the Stay to enable it to conclude negotiations with prospects for the sale of the Dalan Project and the Company's other assets, or equity investment or interim financing. Conclusion of a transaction with one of these prospects will provide the Company with the necessary funds to proceed with the SISP.

16. The Company has been acting in good faith and with due diligence in these proceedings and it is my belief that it is reasonable and in the best interests of the Company and all of its stakeholders to continue these proceedings.

NO PREJUDICE

17. I am not aware of and do not believe that there will be any prejudice to the secured creditors or any other stakeholders by the granting of this very brief Stay extension until and including August 15, 2014.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 11th day of July, 2014.	))))))	
Commissioner for Oaths in and for the Province of Alberta		William J. Foster

MICHAEL BOKHAUT
Barrister & Solicitor

CONFIDENTIAL EXHIBIT "A"