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. / Taylor Schappert Phone: 403.260.7004 / 7039 Facsimile: 403.260.7024 Email: randerson@osler.com / taschappert@osler.com File Number: 1144003

Clerk's Stamp

CLERK OF THE COURT
FILED
DEC 17 2014
CALGARY, ALBERTA

AFFIDAVIT OF WILLIAM J. FOSTER
Sworn on December 17, 2014

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

1. I am the former Director 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 from August 2010 to July 2014.

3. I have served as a consultant to MMC since June 2014.

4. I have personal knowledge of the matters herein deposed to, except where stated to be based on information and belief, in which case I believe same to be true.

RELIEF REQUESTED

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

   (a) Abridging the time for service of this Application and supporting materials, if necessary, and declaring that service of same to be good and sufficient;

   (b) Granting an extension of the stay of proceedings (the "**Stay**") set out in the initial order granted on June 16, 2014, as amended and restated on June 18, 2014 (the "**Initial Order**"), until and including January 21, 2015; and

   (c) Declaring that upon the closing of the Dalan Sale Agreement, as defined below, MMC shall pay:

      (i) the professional fees and disbursements of its Canadian and Mongolian counsel, the Monitor and the Monitor's counsel, and Mr. Dominic Yen (an advisor to MMC), incurred by MMC to that date; and

      (ii) the total amount of monthly fees owing to me under the terms of the (post-CCAA filing) consulting agreement between myself and MMC, dated June 28, 2014 (the "**Consulting Agreement**").

BACKGROUND AND BUSINESS OPERATIONS

6. 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 ("**MRAM**").

7. Ernst & Young (the "**Monitor**") has been appointed as the Company's monitor during the currency of the CCAA process.

8. On June 16, 2014, Justice LoVecchio granted the Initial Order providing the Company protection from its creditors under the CCAA (the "**CCAA Proceedings**").

9. Pursuant to the Initial Order, the Stay was to expire on July 16, 2014. During subsequent applications to the court the Stay has since been extended to December 19, 2014.

THE DALAN SALE AGREEMENT

10. On September 4, 2014, MCGT LLC ("**MCGT**"), a subsidiary of MMC, executed a purchase and sale agreement with a purchaser (the "**Purchaser**") for the Dalan Assets, as defined below (the "**Dalan Sale Agreement**"). Pursuant to the Dalan Sale Agreement, MCGT agreed to sell and transfer to the Purchaser the minerals mining license (the "**Dalan License**") and all documents, data and other information related to the Dalan License ("**Dalan License Area Data**") which covers territory located in the Dalanjargalan Soum, Dornogobi Province of Mongolia (collectively, the "**Dalan Assets**").

11. Among other things, the Dalan Sale Agreement stipulates that:

    (a) The purchase price for the Dalan Assets shall be paid in two installments with the majority of the proceeds being paid in the second installment;

    (b) The purchase price is subject to Mongolian license transfer taxes (the "**Transfer Taxes**");

    (c) The Transfer Taxes are paid on behalf of MMC by the Purchaser and the second tranche of the purchase price payable to MMC is reduced by the amount of such tax payment. The Transfer Taxes were paid in order to complete the sale transaction by the Purchaser on or about September 10, 2014; and

    (d) The closing of the Dalan Sale Agreement requires that the transfer of the Dalan License to the Purchaser receive the approval of MRAM.

12. The Dalan Sale Agreement was approved by this Honourable Court by way of an order granted on September 5, 2014 (the "**September Order**"). Further details of the Dalan Sale Agreement, including the name of the Purchaser and a summary of its key terms are found in the Confidential Exhibit to the Affidavit of William J. Foster, sworn on September 4, 2014.

13. The first installment of the purchase price for the Dalan Assets was received on or about September 10, 2014. The second installment of the purchase price will be paid to MMC on the third business day following the day on which the transfer of the Dalan License to the Purchaser is recognized by MRAM.

DELAYS IN CLOSING THE DALAN SALE AGREEMENT

14. On November 10, 2014, MMC submitted an application to MRAM for the transfer of the Dalan License to the Purchaser.

15. MRAM has not yet issued an approval of the Dalan License transfer. Due to the nature of the Mongolian government, and given that MMC has previously experienced significant delays when dealing with Mongolian government authorities on other matters, I do not believe that the approval process will be completed until late December 2014.

16. I have been informed by Brett Collins, a representative of MMC in Mongolia, that MRAM has expressed its intention to approve the Dalan License transfer. It is my belief that MMC will receive approval from MRAM by the end of December 2014.

17. I am of the belief that MMC will be in a position to close the Dalan Sale Agreement before the expiry of the Stay period requested.

18. I believe that an extension until January 21, 2015 will provide MMC with sufficient time to close the Dalan Sale Agreement and to start preparation of a Sales and Solicitation Process to finance or sell MMC's remaining assets.

19. 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 brief Stay extension until January 21, 2015.

THE REMAINING ASSETS

20. The Purchaser has expressed strong interest in purchasing MMC's remaining assets and has documentation to support its intention to purchase the remaining assets.

21. Also, I have been informed by Mr. Dominic Yen, an advisor to MMC with expertise in Asian markets, that there is another potential purchaser interested in purchasing MMC's remaining assets and a term sheet will be sent to MMC to that effect.

THE CONSULTING AGREEMENT

22. Pursuant to the terms of the Consulting Agreement, I have been providing MMC with consulting services during the CCAA process since June 2014. The Consulting

Agreement stipulates that MMC pay me a monthly consulting fee of $25,000 (the "**Regular Fees**").

23. As of the date of this Affidavit I have not received any payment for my consulting services as contemplated by the Consulting Agreement.

24. I am informed by MMC's counsel that upon closing of the Dalan Sale Agreement, MMC should receive approximately US$984,144 as payment by the Purchaser of the second installment of the purchase price.

25. Since I had extensive contact and discussions with the Purchaser and negotiated the Dalan Sale Agreement for MMC, I believe that it is just and equitable that sufficient of the proceeds from the sale of the Dalan Assets be used to pay the Regular Fees owing to me by MMC as of the date of the closing of the Dalan Sale Agreement.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 17th day of December, 2014.	)))))	
Commissioner for Oaths in and for the Province of Alberta	)	William J. Foster

Steven Ngo
Student-at-Law