

August 2012 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

During August of 2012, MGG continued to experience growth in operations, including a new monthly high in revenues at our property division. MGG did not purchase any property assets during the month, but continued to dispose of “held for sale” assets, which is something of a first for our company in that the portfolio actually shrank slightly. We are still actively involved in researching a number of sizable property assets that we are looking to purchase, but there can be no certainty that we will be able to agree on acceptable terms for a transaction.

On 29th of August, we filed our second quarter financial results. Excluding stock option expense, our company reported a combined loss of \$104,583 compared to a loss of \$254,292 during the first quarter, which is a substantial improvement. We had expected to report a slight profit for the quarter, but changes in the Mongolian Togrog/Canadian Dollar exchange rate, one-time expenses in Canada, sizable marketing expenses at Mandal, our insurance company, and pre-development expenses in Mongolia that could not be capitalized, led to the small loss that you see.

Division Pre-Tax Profit (Loss) Before Stock Option Expense

Property \$98,288

Insurance \$217,001

Corporate \$(419,872)

Certain highlights from the quarter include;

Property Results

- Acquired \$5,288,756 of investment property
- Rental revenues increased to \$383,920 (excluding intercompany revenues of \$62,914 from Mandal), a 0.2% increase over the first quarter of 2012
- Quarter end vacancies remained relatively constant at 4.47% vs. 4.03% of rentable properties in the first quarter

Insurance Results

- Net premiums earned of \$118,682, a 65% increase over first quarter 2012
- Incurred total insurance claims of \$15,096

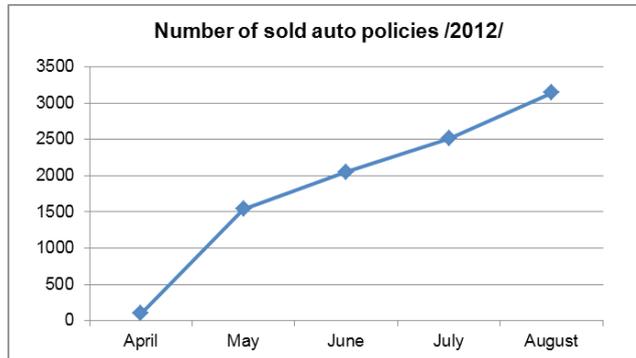
Corporate Information

- Has grown to 73 total employees (65 Mongolian and 8 foreign)

For more information on our second quarter results, please see our interim financial statements and Management Discussion & Analysis as filed on SEDAR.COM.

It has been a few months since I spoke about Mandal, our insurance operation; however our management team has continued to rapidly grow the business. A particular highlight of that growth is the recent signing of airplane hull insurance covering a number of aircrafts owned by EZnis, Mongolia’s largest domestic airline. This sizable corporate contract comes on the heels of Mandal executing the first banker’s bonding in Mongolia, for Khan Bank, the largest bank in Mongolia by branch network. Given the size of these contracts, the risks associated with them were 100% re-insured by highly rated European re-insurers. Mandal is actively working on a number of additional sizable contracts with the largest corporations in Mongolia. I think it is a true testament to the credibility of our organization that some of the largest companies in Mongolia are trusting us with insuring their most prized assets.

On the retail side, we have also continued to make rapid progress, with total auto policies now at 3,146. Since Mandal received regulatory approval to underwrite mandatory automobile liability insurance policies, our policies in force have grown rapidly as shown by the chart below. We believe that this growth will pick up as the police begin to enforce mandatory automobile liability insurance on October 1st.



Sincerely,

Harris Kupperman
Chairman & CEO
Mongolia Growth Group Ltd.

For further details on the foregoing document, please refer to the Corporation's filing on SEDAR.

For more information on Mongolia Growth Group Ltd., please see our website:
www.MongoliaGrowthGroup.com

Or contact:

Genevieve Walkden
Gwalkden@mongoliagrowthgroup.com

Forward-looking Information Cautionary Statement

Except for statements of historic fact, this news release contains certain forward-looking information within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management relying on their experience at the date the statements are made, and are subject to a variety of risks, uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CNSX, changes in the business environment that might impact the intended use of proceeds and changes in the intention of the parties to subscribe to the private placement. There are uncertainties inherent in forward-looking information, including factors beyond MGG’s control. MGG undertakes no obligation to update forward-looking information if circumstances or management’s estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in MGG’s filings with Canadian securities regulators, which filings are available at www.sedar.com. The CNSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release

