



September 2011 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

September saw another month of progress at Mongolia Growth Group (MGG). On September 7th, MGG issued 175,000 stock options to employees of the company and I'd like to speak a bit about options and how I see them.

To start with, some people may claim that options are not a true expense. I want to say that this is patently false—even if they do not lead to a cash outlay; they are clearly an expense, and a sizable one at that. As CEO and largest shareholder, I think of it as a true expense—dilution is painful—particularly because I paid cash for all of my shares. However, as long as we receive more value in return than the cost to shareholders, options are well worth the cost in terms of dilution.

As you are likely aware, the economy in Mongolia is booming unlike anything seen in modern history. Given the small population, this naturally leads to serious competition for truly talented individuals. Over time, stock options are one of the best ways to retain and incentivize key employees. At MGG, we have taken that a step further and broadened the distribution of our options to lower ranking employees as well. Currently, 33 Mongolians own roughly 4% of our company through stock options. We are unusually proud of the fact that many of our employees now act like true owners and look out for the overall benefit of our business—which is the whole purpose of stock options in the first place.

After issuing sizable grants of options recently, I want to clarify our going forward practice in terms of options. We think that all employees should have a stake in the future of our business—however; we do not like the practice where options grants are seen as a perpetual gesture—much like salary. We intend to issue options to new employees and then be sparse on option grants going forward. The exception is to reward truly impressive service—as someone's responsibilities grow, so should their stake in our business.

In other news, Mandal General, our insurance company, has begun to actively market in Mongolia. As part of this, Mandal recently opened its first of many branches on Peace Avenue, just to the west of the State Department Store. If you are in UB, you should come in and visit. For those who cannot make the journey, I think you will enjoy the following advertisement that is now playing on Mongolian television. The subtitles are added for those who still need some practice on their Mongolian.

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:

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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 forwardlooking 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.



