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MONGOLIA GROWTH GROUP LTD.

MANAGEMENT DISCUSSION & ANALYSIS

Second Quarter 2015

Contents

To The Shareholders of MGG;

The second quarter of 2015 has seen us demonstrate continued progress in terms of reducing costs and improving efficiencies.

On the cost side, the second quarter of 2015 showed a $413,752 (38%) reduction in costs before depreciation, equity compensation and non-capitalized costs related to Tuguldur Stage 2, when compared to the second quarter of 2014, despite a sizable increase in costs related to operating Tuguldur Center Stage 1. This significant reduction in spending is the result of the initiatives undertaken since I returned as CEO. Despite eliminating more than a third of the Corporation's overall operating costs, efficiencies continue to improve as most of this spending was rather unnecessary.

Adjusted Funds From Operations (AFFO) showed a loss of CDN $206,685 which is a 62% improvement from negative CDN $550,462 during the second quarter of 2014. Once again, this dramatic improvement was the result of the cost reduction initiatives undertaken since I returned as CEO.

Offsetting these dramatic improvements in our overall operations, our revenues in Mongolian Togrog terms have continued to slide throughout 2015. This has been caused by a weak economy, increased tenant turnover and heightened bad debt expense as tenants are unable to sustain their businesses due to the economy. In addition, Tuguldur has seen a fall-off in occupancy as we work to reposition the tenant mix.

During the second half of 2015, our primary goal is to maintain our more frugal cost structure while undertaking initiatives to increase our revenues. These initiatives can be broken down into two main categories;

- Increasing revenues by reducing vacancy and improving the utilization of certain properties that are underutilized today while continuing with our plan to improve our tenant mix at Tuguldur
- Rolling out a variety of 3rd party, fee based services

We believe that the combination of these initiatives will serve to stabilize our revenues and ultimately begin to increase them.

Now that we have successfully restored our operations and reduced our cost structure, we can focus our attention on growing the business—despite a difficult economy.

With the recently announced agreement to move forward with Phase 2 of the massive Oyu Tolgoi copper mine, we believe that the leasing market will begin to bottom during the second half of 2015 and then grow from there, hopefully returning to prior rates of vigor.

On a final note, in recognition of the continuing progress that we have made, I and four other insiders purchased shares of MGG during the second quarter of 2015. We believe that MGG is uniquely positioned to take advantage of the recovery in the Mongolian economy and we're voting with our own money.

Sincerely,

Harris Kupperman

Chairman & CEO

MONGOLIA GROWTH GROUP LTD.

Management Discussion & Analysis
June 30, 2015

The management of Mongolia Growth Group Ltd. ("MGG" or "the Corporation") presents the Corporation's management discussion and analysis for the three months ended June 30, 2015 (the "MD&A"), compared with the three months ended June 30, 2014. As of January 1, 2011, the Corporation adopted International Financial Reporting Standards ("IFRS"). This MD&A provides an overall discussion, followed by analyses of the performance of the Corporation's major reportable segments. The reporting and presentation currency in the Consolidated Financial Statements and in this discussion and analysis is the Canadian dollar, unless otherwise noted.

This MD&A is dated August 24, 2015 and incorporates all relevant information and considerations to that date.

The following discussion and analysis should be read in conjunction with the Consolidated Condensed Financial Statements of the Corporation for the three months ended June 30, 2015 and June 30, 2014 together with all of the notes, risk factors and information contained therein, available on SEDAR at www.sedar.com.

Non-IFRS Financial Measures

This MD&A makes reference to adjusted earnings before interest, taxes, unrealized fair value adjustments, share based payments depreciation and amortization ("**Adjusted EBITDA**"). The Corporation uses Adjusted EBITDA as a measure of the performance of its operating subsidiaries as it excludes depreciation and interest charges, which are a function of the Corporation's specific capital structure, and also excludes entity specific tax expense. These amounts are not performance measures as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS. The Corporation refers to "funds used in operations", "operating losses" and "re-valuation of investment properties" within this analysis. "Funds used in operations" is computed by calculating the cash flow from operations before changes to non-cash working capital from operations. "Operating Profits" is computed by calculating the profit before tax and any fair value adjustments. The Corporation also refers to Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") . "FFO " is not defined under IFRS. The Corporation calculates FFO in accordance with the Real Property Association of Canada ("REALpac ") White Paper on Funds from Operations issued April 2014. FFO is defined by the Corporation as net income (loss) and comprehensive income (loss) calculated in accordance with IFRS, excluding: (i) Unrealized change in fair value of investment properties (ii) depreciation and amortization of investment properties; (iii) gains (or losses) from sales of investment properties and equipment; (iv) tax on gains or losses of sale on investment properties (v) deferred income tax (expense) recovery; (vi) impairment/losses on all real estate assets (vii) Gains or losses on PPE properties (viii) share based payments. "AFFO " is not defined under IFRS and may not be comparable to AFFO used by other issuers. The Corporation has defined AFFO as FFO subject to certain adjustments, including: development expenses not capitalized, large one time expenses and other adjustments as determined by Management.

Forward Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "believe", or similar expressions. These statements represent management's best projections but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the "Risks and Uncertainties" as discussed herein. Actual performance and financial results will differ from any projections of future performance or results expressed or implied by such forward looking statements and the difference may be material.

Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. From time to time, the Corporation's management may make estimates and have opinions that form the basis for the forward-looking statements. The Corporation assumes no obligation to update such statements if circumstances, management's estimates, or opinions change.

Forward looking statements are included within the Outlook, CEO Message to Shareholders and Executive Strategy sections of this MD&A.

Section 1 – Overview

Financial and Operational Overview

During the half of the year, the Corporation's focus was on reducing costs and improving operations while simultaneously reacting to the weakening Mongolian economy. During the course of the quarter, FFO and AFFO losses declined, despite sizable expenses related to terminating contracts and re-working outstanding liabilities.

The Corporation's rental revenue increased by 6.9% over the same quarter last year, which was the result of increased occupancy rates along with the appreciation of the Mongolian Tögrög versus the Canadian dollar. The Corporation's occupancy rates continue to remain high with retail being almost fully occupied during the majority of the quarter, before a number of vacancies at quarter end. The Corporation's office space experienced higher vacancy rates at the beginning of the quarter due to a number of sizable tenants downsizing, but this space was mostly leased out by quarter end. Tuguldur has seen lower occupancy as the Corporation focused on re-working the tenancy mix.

During the quarter, the Corporation did not record an unrealized fair value adjustment on its investment properties (Q2 2014 gain- $6,112,423).

The Corporation continues to dispose of non-core and underperforming assets to streamline its portfolio. It is anticipated that proceeds from sales will be used to fund the Corporation's Tuguldur Stage 2 development program and for working capital needs. As of June 30, 2015, the Corporation had seven investment properties with a fair value of $1,005,929 classified as available for sale.

The Mongolian Tögrög depreciated 0.3% versus the Canadian Dollar during the quarter.

Economic Overview

During recent years, the Mongolian real estate sector has benefitted from significant local economic growth. The majority of this recent growth is attributable to the mining and construction booms taking place in Mongolia, mainly resulting from the opening of the Oyu Tolgoi and Tavan Tolgoi deposits located in the Gobi desert. The associated infrastructure requirements for these projects have also served to strengthen the local economy. In addition, an increase in other industries, particularly tourism and agriculture have helped to grow the economy. The positive impact of improving consumer and business confidence has led to a substantial increase in the gross production of the local economy.

During 2014, the Mongolian economy witnessed a decrease in its growth rate, with this decline accelerating in the second half of the year. This slow-down has been caused by reduced prices for commodities, political uncertainty, the arrest of certain foreign executives, a decrease in bank lending, along with significant doubt over the timing of the continuation of the Oyu Tolgoi underground development. These factors have led to a substantial decline in foreign direct investment (FDI), which has reduced the growth rate of the economy.

The Mongolian economy continues to grow, though at a much slower rate than recent years, according to data from The National Statistics Office of Mongolia (“NSO”) with estimates of year over year Q2 2015 growth of 4.3%.

The Mongolian Tögrög has fluctuated significantly over the past four years. In 2013, the average exchange rate between the Tögrög and the Canadian Dollar was approximately 1,360 MNT/CAD for the year, whereas during 2014, the Tögrög reached a low of over 1,728 Tögrög per Canadian Dollar and averaged 1,637 per Canadian Dollar. During the first 6 months of 2015, the Tögrög fluctuated between low of 1,505 and high of 1,631 but had generally strengthened averaging at around 1,575 per Canadian Dollar compared to 1,637 of 2014. Management would like to note that in general, most commercial property transactions in Ulaanbaatar are negotiated in US Dollars and recent declines in the Tögrög to US Dollar exchange rate have not had a noticeable impact on the prices of property assets, in US Dollar terms.

Management believes that the current economic slow-down is the result of policies that have discouraged Foreign Direct Investment (“FDI”). When the government takes the appropriate steps to stimulate FDI, it is expected that the economy can return to prior rates of economic growth. MGG remains a believer in the long-term growth potential of Mongolia.

Property Overview

The general property market continues to be influenced by the overall Mongolian economy. With the recent decline in the Mongolian economy, there has been a noticeable increase in vacancy rates, particularly in office and residential space. In the downtown core, this has led to a decline in pricing for both rental rates and sales for those two asset classes. High street retail has seen less of an increase in supply, and demand for space remains strong for well-located retail space, though tenants are considerably more price sensitive than in prior years.

Outside of the downtown of Ulaanbaatar, a noticeable increase in building activity has saturated certain markets and led to a more substantial decline in prices. In addition, there has been a recent increase in office and residential construction activity that will likely lead to future saturation in those markets. Management cautions shareholders that property prices have historically been, and continue to be volatile.

Management expects continued high demand for well-located retail space, with a lower demand level for office space. MGG continues to have low vacancy rates in all asset classes.

Section 2 - Executing the Strategy

Core Business

During the past four years, Management and employees have worked hard to build up the infrastructure needed to manage MGG's institutional property platform. This platform is unique in Mongolia and is one of the only platforms capable of managing assets through the full cycle of ownership from acquisition and development, through disposition and includes dedicated departments that manage maintenance, leasing, marketing and tenant management. Management believes that it has a strong team in place to lead the Corporation into its next phase of growth.

MGG's real estate subsidiary plans on further expansion via the investment of additional capital into income producing and redevelopment properties in Ulaanbaatar. The Corporation's plan is contingent on procuring further funds for investment and on finding suitable investment targets which meet MGG's stringent investment criteria. In addition, due to MGG's unique platform, the Corporation is exploring the addition of third party leasing and property management to its focus, in order to leverage its existing resources. Management believes that it has the excess capacity to handle these functions.

Since inception, MGG has acquired a number of redevelopment properties. To date the Corporation has also remodeled, rebuilt and completed additions on properties. During 2014, the Corporation spent substantial resources on redeveloping its Tuguldur retail center property. It is Management's intent to begin *de novo* property developments on the Corporation's other owned sites and MGG's intention is to remain a substantial owner of the properties post-completion. However, due to the current economic climate in Mongolia and the difficulty in accessing additional growth capital, there can be no certainty on when this will happen.

Portfolio

Mongolia Growth Group's properties are located in the Downtown and the Central Business District of Ulaanbaatar.

Within the financial statements, MGG classifies properties in each of the following categories; Investment Properties, Property and Equipment, and Other Assets/Prepaid Deposits. Fluctuations in the values of the Corporation's property portfolio during the year can be attributed to changes in valuations, properties purchased and sold, and the change in value of the Functional Currency (Mongolian Tögrög) versus the Canadian dollar.

Investment Properties

Investment Properties include properties held to earn rental revenue, for capital appreciation, and/or for redevelopment. Investment Properties are initially valued at fair value, which is the purchase price plus any directly attributable expenditure eligible for capitalization. Investment Properties are subsequently valued at fair value, which reflects market conditions at the date of the statement of financial position.

The following table represents properties classified as Investment Properties, as of June 30, 2015:

		2015			2014	
	# of Properties	Value at 30-Jun-15 $CDN	Meters	# of Properties	Value at 31-Dec-14 $CDN	Meters
Residential	2	370,497	-	2	357,160	-
Office	3	5,227,375	2,650	3	5,039,196	2,650
Retail	31	28,987,981	8,965	34	27,645,411	9,497
Land and Redevelopment	4	15,992,025	7,086	4	15,416,750	7,086
Total	**40**	**50,577,878**	**18,701**	**43**	**48,458,517**	**19,233**

Property and Equipment

Properties are classified as Property and Equipment if the Corporation occupies more than 10% of the property. Properties classified as Property and Equipment are measured at cost less accumulated depreciation, less any accumulated impairment losses. All repairs and maintenance costs to these properties are charged to the consolidated statement of operations during the period in which they occur unless eligible for capitalization.

The following table represents properties classified as Property and Equipment, as of June 30, 2015:

		30-June-2015			31-Dec-2014	
	# of Properties	Value at 30-Jun-15 $CDN	Meters	# of Properties	Value at 31-Dec-14 $CDN	Meters
Residential	1	92,521	-	2	139,536	-
Office	1	2,689,369	1,300	1	2,627,014	1,300
Retail	-	-	-	-	-	-
Land and Redevelopment	-	-	-	-	-	-
Total	**2**	**2,781,890**	**1,300**	**3**	**2,766,550**	**1,300**

Other Assets/ Prepaid Deposits

Investment property purchases where the Corporation has paid either the full or partial purchase proceeds to the seller, but the Corporation has not yet received the official land or building title from the Mongolian property office, are recorded at the lower of cost or fair market value as Prepaid Deposits on Investment Properties and classified within other assets. During the quarter, the Corporation received the title for a retail property which had been outstanding for over two years. As such, there is currently only one asset remaining within this category which is a component of one of the Corporation's redevelopment assets.

The following table represents properties classified as Prepaid Deposits on Investment Properties, as of June 30, 2015:

		30-June-2015			31-December-2014	
	# of Properties	Value at 30 June 2015 $CDN	Meters	# of Properties	Value at 31 Dec 2014 $CDN	Meters
Residential	-	-	-	-	-	-
Office	-	-	-	-	-	-
Retail	-	-	-	1	729,497	379
Land and Redevelopment	1	71,983	28	1	69,392	28
Total	**1**	**71,983**	**28**	**2**	**798,889**	**407**

* These land assets are part of the land packages outlined in the Investment Properties section and are not standalone land packages.

Occupancy Rates

A summary of MGG's property portfolio occupancy rates is set forth in the following table:

	30 –June- 2015 Occupancy Rate*	31 –Dec- 2014 Occupancy Rate*	30 –June- 2014 Occupancy Rate*
Residential	NA	100%	96.3%
Office	94.7%	98.2%	95.2%
Retail	87.4%	91.2%	94.0%
Weighted Average**	**90.5%**	**94.2%**	**94.7%**

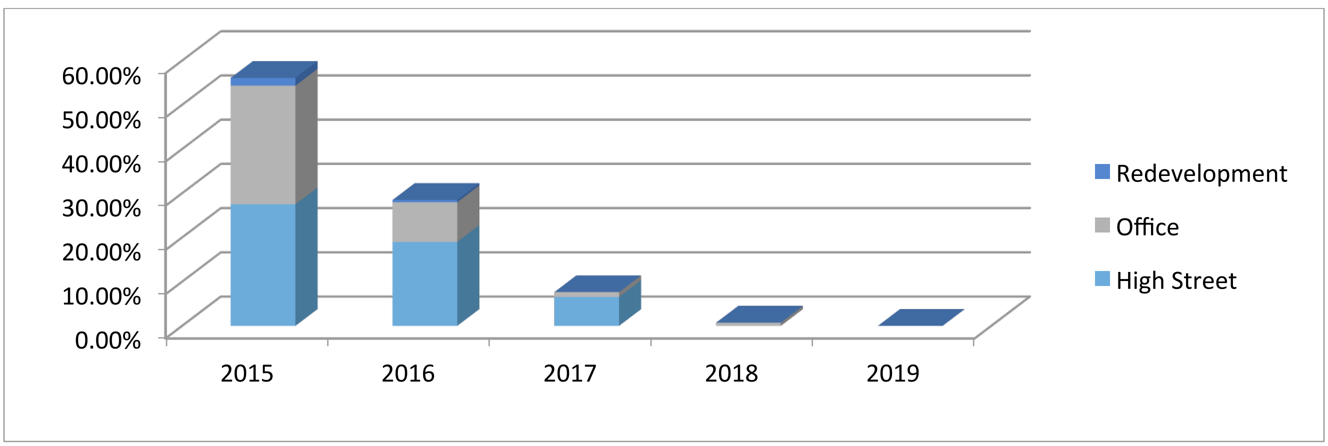
* Occupancy rates are calculated on a per meter basis;
** Weighted Average is calculated based on total meters available for lease

Leasing Schedule

In order to reduce the Corporation's exposure to currency fluctuations and inflation, the Corporation targets shorter lease durations with most tenants. Management's experience is that this practice is in line with the local industry standards with the expectation that when MGG leases expire, existing tenants are offered the first right to re-lease the space at the prevailing market rates.

During the second quarter of 2015, there were approximately 575 meters of leases, representing about 13,200,000 MNT in monthly rental revenue that had expired. The Corporation actively monitors lease renewals and anticipates that many of these leases will be renewed with existing tenants at rates that are near current market rates.

A summary of the Corporation's lease expirations by asset class is presented in the chart below:



The weighted average remaining lease term decreased significantly to 12.2 months at June 30th, 2015, from 17.2 months at December 31, 2014, and 19.0 months at June 30th, 2014 calculated as a percentage of monthly revenues. The Corporation has been signing shorter term leases to position itself for when the market rebounds. It has also been rolling over leases on a quarterly and monthly basis for properties it is planning to dispose of.

Section 3 - Results of Operations

Selected Quarterly Financial Information (CAD)

	Quarter ended 30-June- 2015 ($)	Quarter ended 30-June - 2014 ($)	Quarter ended 30-June - 2013 (Restated)* ($)
Revenue and other income	501,936	542,837	494,231
Income			
Income/ (loss) from continuing operations attributable to equity holders of the Corporation	(1,352,996)	4,547,664	(1,073,942)
Net Income/ (loss) attributable to equity holders of the Corporation	(1,352,996)	4,547,664	(1,223,474)
Comprehensive income/ (loss) attributable to equity holders of the Corporation	(1,518,920)	2,383,702	(935,577)
Basic earnings per share ("EPS") (in CAD)			
Earnings/ (loss) from continuing operations	(0.04)	0.13	(0.03)
Earnings/ (loss) from discontinued operations	-	-	(0.01)
Net income/ (loss)	(0.04)	0.13	(0.03)
Diluted EPS (in CAD)			
Earnings/ (loss) from continuing operations	(0.04)	0.13	(0.03)
Earnings/ (loss) from discontinued operations	-	-	(0.01)
Net Income/ (loss)	(0.04)	0.13	(0.03)
Balance Sheet			
Total Assets	54,790,433	54,965,199	52,443,237
Total liabilities	1,981,963	6,306,483	4,514,353
Total Equity	52,808,470	48,658,716	47,928,884
Shares Outstanding at quarter end	35,512,829	34,748,745	34,303,352
Book Value per share	1.49	1.40	1.40

*Excludes operations of Mandal Insurance previously included in Continuing Operations. Mandal Insurance was disposed of on December 20, 2013.

Rental Revenue from Investment Properties

For the second quarter of 2015, revenue from Investment Properties reached $493,678 versus $461,652 in the second quarter of 2014. The increase during the quarter was primarily attributable to the addition of the Tuguldur Center and the appreciation of the Tögrög versus the Canadian Dollar during the last twelve months.

Gain/Loss on disposal of Investment Properties

The Corporation did not dispose of any properties during the quarter. During the second quarter of 2014, the Corporation disposed of 8 properties for a net gain of $59,218.

Fair Value Adjustment on Investment Properties

The estimate of fair value of investment properties is a critical accounting estimate to the Corporation. An external appraiser estimates the fair value of the majority of the Investment Properties annually, the remainder are appraised internally by Management. The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value of investment properties represents an estimate of the price that would be made in an arm's length transaction between knowledgeable, willing parties. The Corporation operates in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk given the lack of reliable and comparable market information. For the quarter ended June 30, 2015, the fair value adjustment to investment properties was an unrealized gain of $nil, (2014 Q2, $6,112,423).

Currency

The Mongolian Tögrög has depreciated 6.8%, 5.1%, 11.5% and 5.3% in 2011, 2012, 2013 and 2014 respectively versus the Canadian Dollar, however, the currency appreciated by 3.8% during the first quarter of 2015 and relatively flat (-0.3%) during the second quarter. The fluctuation in the currency is reflected in the Corporation's financial statements, most notably in the investment property portfolio as it is the largest item on the balance sheet. During 2014, the Corporation recognized a significant foreign exchange adjustment loss of $1,375,377 to its investment property portfolio due to the 11.5% depreciation of the local currency during the year. The Corporation recognized a currency loss of $165,924 during the quarter, however has recognized a $1,918,343 currency gain year to date.

Operating Profit/ (Loss) from Continuing Operations

MGG generated an Adjusted EBITDA loss of $319,029 during Q2 2015 compared to a loss of $545,631 during Q2 2014. This reflects overall cost reduction in the quarter compared to the same quarter last year. The following reconciles net income before income tax to Adjusted EBITDA from operations.

	Q2 2015 $	Q2 2014 $
Net Income / (loss) before Income taxes	(1,341,417)	5,033,379
Add Depreciation and Amortization	38,066	27,956
Subtract Interest and Investment Income	6,881	22,563
EBITDA	**(1,310,232)**	**5,038,772**
Subtract Fair Value Adjustment	-	6,112,423
Add Share Based Payments	991,036	528,020
Total Adjusted EBITDA	**(319,196)**	**-545,631**

Funds From Operations ("FFO")

While FFO does not have a standardized meaning prescribed by IFRS, it is a non-IFRS financial measure of operating performance widely used by the real estate industry. The Real Property Association of Canada (REALpac) recommends that FFO be determined by reconciling FFO from net income.

For the three months ended June 30, 2015, negative FFO decreased by $159,077 (30.2%) compared to the same quarter of 2014. The improvement is primary due to a reduction in expenses due to cost cutting measures initiated since the beginning of the year.

Adjusted Funds From Operations ("AFFO")

Since FFO does not consider capital expenditures and other one time expenses. AFFO is presented herein as an alternative measure of determining available cash flow. AFFO is not defined by IFRS but the Corporation follows recommendations by REALpac. Negative AFFO for the three months ended June 30, 2015 was $206,685 compared to negative AFFO of $525,961 for the three months ended June 30, 2014 of an improvement of 60.7%.

It should be noted that FFO and AFFO include certain one-time costs related to the Corporation's cost cutting plan that were not sufficiently large enough to be broken out.

Funds From Operations

The analysis below shows a reconciliation of the Corporation's net income to FFO and AFFO for the three months ended June 30, 2015 and June 30, 2014.

	Quarter ended 30-June- 2015 ($)	Quarter ended 30-June- 2014 ($)
Net Income for the period	(1,352,996)	4,547,664
Add (deduct) items not affecting case		
Unrealized Change in fair value of investment properties	-	(6,112,423)
Depreciation and amortization of Investment properties	18,483	14,072
Gains/losses from sales of investment properties	-	(59,218)
Tax on gains or losses of sales on investment property	-	24,501
Deferred Taxes	(23,407)	531,423
Impairment/losses on all real estate assets	-	-
Gains or losses on PPE properties	-	-
Share Based Payments	991,036	528,020
FFO	**(366,884)**	**(525,961)**
Add (deduct)		
Development costs not capitalized	160,199	-
Significant one time expenses	-	-
AFFO	**(206,685)**	**(525,961)**
Per Unit – basic		
FFO	(0.01)	(0.02)
AFFO	(0.01)	(0.02)
Per Unit – diluted		
FFO	(0.01)	(0.02)
AFFO	(0.01)	(0.02)

Net Income

For the quarter ended June 30, 2015, the Corporation incurred a net loss of ($1,352,996) compared to a net gain of $4,547,664 for the quarter ended June 30, 2014. The majority of the loss is due to the significant share based payment of $991,036 incurred during the quarter due to a large number of options issued which vested immediately. Furthermore, last year’s financial statements include a large unrealized gain on investment property. No such gain was recognized in the quarter ended June 30, 2015.

Management cautions investors that the Corporation is primarily focused on increasing shareholder value on a per share basis. This means that operationally, management is more concerned with long-term asset appreciation at the expense of short-term cash flow.

Section 4 - Financial Condition

Cash Flow

Mongolia Growth Group's primary source of capital is cash generated from operating, financing and investing activities. Management expects to meet all of the Corporation's obligations through current cash and cash equivalents along with cash flows from operations along with asset disposals.

The following table provides an overview of the Corporation's cash flows from operating, financing and investing activities for the quarter ended June 30, 2015, and June 30, 2014.

Net change in cash related to:	Q2 2015 ($)	Q2 2014 ($)
Operating	(1,163,823)	(985,564)
Investing	334,040	(3,711,980)
Financing	-	4,000,061
Effects of exchange rates on cash	44,281	(347,459)
Net change in cash during the period	**(785,502)**	**(1,044,942)**

Overall, net cash outflows during the second quarter of 2015 were lower than the previous year's second quarter, primarily due to small inflows in investing activities during the quarter versus a large outflow in the same quarter of 2014. The changes in components of cash flows for the quarter ended June 30, 2015 compared to the quarter ended June 30, 2014 were the result of the following factors:

- Operating – Operating cash outflows for the quarter increased mainly due net change in non-cash working capital.
- Investing – Investing cash inflows for the quarter increased due to disposal of investment properties versus large property purchases in Q2 2014.
- Financing – There was no financing activity during this quarter, whereas in the same quarter of the previous year, shares were issued for the exercise of stock options and debt was obtained from a Mongolian bank.

As at June 30, 2015, the Corporation had approximately $859,919 in cash and cash equivalents.

Total Assets

As of June 30, 2015, the Corporation had $1,246,199 in Current Assets of which approximately 69% were held in cash and cash equivalents (December 31, 2014 –$2,673,124 and 62%), the majority of the decrease is attributed to the settlement of trade payables and accrued liabilities which decreased from $1,925,655 to $738,408 since December 31, 2014.

The majority of the Corporation's assets are classified as Non-Current Assets, mainly Investment Properties. Investment Properties are carried at Fair Market Value and increased throughout first six months of the year by way of capital expenditures, and through the appreciation of the local currency during the period.

During the first six months of 2015, assets classified as Investment Properties increased to $50,577,878 from $48,458,517 as at December 31, 2014, primarily due to stronger local currency during the first quarter as well as the reclassification of a property from Other Assets to Investment Properties. Property and Equipment decreased slightly to $2,966,356 (December 31, 2014 - $2,974,950) primarily due to depreciation.

Total Financial Liabilities

As of June 30, 2015, the Corporation had current liabilities of $958,962 (December 31, 2014 – $2,077,001) consisting primarily of payables and accrued liabilities. A large amount of the liabilities outstanding at December 31, 2014, were settled during the quarter.

As of June 30, 2015, the Corporation had no long-term debt outstanding; as such the only non-current liability on the Balance Sheet is deferred income taxes. Deferred tax liabilities decreased slightly since December 31, 2014 to $1,023,001 in Q2 2015 (Q4 2014 - $1,099,141).

The Corporation considers all other current cash commitments to be immaterial and operational in nature.

Total Equity

The equity of the Corporation consists of one class of common shares.

Outstanding	30-June-15	31-Mar-15	31-Dec-14
Common shares	35,512,829	34,848,745	34,848,745
Options to buy common shares	3,358,000	2,448,000	2,448,000

Options Outstanding

At period-end, the Corporation had 2,298,750 options that were exercisable (March 31, 2015 – 1,705,000).

The Chart below shows the historical option grants and options outstanding as of June 30, 2015.

Option Price ($)	Granted	Forfeited	Cancelled	Exercised	Total Options Outstanding	Total Exercisable	Non exercisable
1.64	100,000	-	-	100,000	-	-	-
1.75	300,000	-	-	250,000	50,000	50,000	-
1.90	1,363,000	85,000	-	200,000	1,078,000	492,500	585,500
4.20	900,000	408,000	362,000	-	130,000	130,000	-
4.77	175,000	100,000	55,000	-	20,000	15,000	5,000
4.25	150,000	50,000	95,000	-	5,000	3,750	1,250
4.00	190,000	-	190,000	-	-	-	-
4.13	475,000	75,000	275,000	-	125,000	125,000	-
1.09	375,000	-	-	-	375,000	375,000	-
0.72	935,000	-	-	-	935,000	467,500	467,500
0.74	640,000	-	-	-	640,000	640,000	-
Total	**5,603,000**	**718,000**	**977,000**	**550,000**	**3,358,000**	**2,298,750**	**1,059,250**

Acquisitions and Dispositions

During the first six months of 2015, the Corporation did not purchase any properties, however the Corporation spent $479,912 on capital expenditures to further develop one of its redevelopment assets.

During this period, the Corporation disposed of four investment properties for consideration of $1,006,753. The gain on disposal recorded for these four properties was approximately $15,175.

Off-Balance Sheet Items

As of June 30, 2015 the Corporation had no off-balance sheet items.

Events Subsequent to Quarter End

On August 4, 2015, the Corporation announced that it had received Planning Approval For Next Phase of Tuguldur Center Development.

Subsequent to quarter end, the Corporation has closed the sale of three properties for approximately $305,000 for a total loss before taxes of approximately $35,000.

Section 5 - Quarterly Information

Quarterly Results

The following table is a summary of select quarterly information over the previous eight quarters:

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenue ($)	501,936	577,752	316,712	424,787	542,837	634,581	427,836*	421,599*
Net income (loss) ($)	(1,352,996)	(372,991)	117,251	(1,489,119)	5,033,379	812,202	1,449,697*	(1,127,918)*
Income (loss) per common share ($)	(0.04)	(0.01)	0.00	(0.04)	0.15	0.02	0.04*	(0.03)*
Total Assets ($)	54,790,433	55,548,676	54,106,591	55,523,885	54,965,199	49,253,675	47,291,018	52,443,237
Weighted Average Shares (No.)	35,114,612	34,848,745	34,652,992	34,587,024	34,495,983	34,330,685	34,256,557	34,246,026
Ending Shares (No.)	35,512,829	34,848,745	34,848,745	34,848,745	34,748,745	34,538,352	34,303,352	34,303,352

* These numbers have been restated to reflect the continuing operations of the Corporation.

Section 6 – Critical Estimates

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS required Management to make assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The critical estimates made in the preparation of the consolidated financial statements include the following:

Fair Value Adjustment on Investment Properties

The estimate of fair value of investment properties is the most critical accounting estimate to the Corporation. An external appraiser estimates the fair value of the majority of the Investment Properties annually, the remainder are appraised internally by Management. The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value of investment properties represents an estimate of the price that would be made in an arm's length transaction between knowledgeable, willing parties. The Corporation operates in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk given the lack of reliable and comparable market information. For the three month period ended June 30, 2015, the Corporation did not report a fair value adjustment compared to an unrealized fair value gain of $6,112,423 during the same period of 2014.

Accuracy of Share Based Compensation Expense

The estimate of the ultimate expense arising from share based compensation plans is another critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the share based compensation expense recorded by the Corporation. The ultimate expense is estimated by using a number of key assumptions such as the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the expected life of the options and future forfeiture rates. For the quarter ended June 30, 2015, the cost of the share based payments totaled $991,036 (Q2 - 2014 - $528,020)

Operating Environment of the Corporation

Mongolia displays many characteristics of an emerging market including relatively high inflation and interest rates. The tax and customs legislation in Mongolia is subject to varying interpretations and frequent changes. The future economic performance of Mongolia is tied to continuing demand from China and continuing high global prices for commodities as well as being dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government of Mongolia together with tax, legal, regulatory and political developments. Management is unable to predict all developments that could have an impact on the Mongolian economy and consequently what effect, if any, they could have on the future financial position of the Corporation.

Assets and Liabilities Held for Sale

The Corporation makes judgments in determining whether certain non-current assets or group of assets and liabilities meet the specified criteria under IFRS for classification as held for sale. At June 30, 2015, the Corporation identified seven investment properties, which meet the specified criteria and has accounted for them as assets held for sale.

Deferred Tax Assets

Deferred tax assets are recognized to the extent that it is probable that deductible temporary differences will reverse in the foreseeable future and there will be sufficient future taxable profits against which the deductible temporary differences can be utilized. The Corporation reviews the carrying amount of deferred tax assets at the end of each reporting period which is reduced to the extent that it is no longer probable that deferred tax assets recognized will be recovered, or increased to the extent that sufficient future taxable profit will be available to allow all or part of a previously unrecognized deferred tax asset to be recovered. Estimates of future taxable income are based on forecasted cash flows from operations, available tax planning opportunities and expected timing of reversals of taxable temporary differences.

Section 7 – Risk Management

Credit risk

The Corporation's exposure to credit risk is managed through risk management policies and procedures with emphasis on the quality of the investment portfolio. For the quarter, most of the Corporation's investments consisted of institutional deposits. The majority of the funds invested are held in reputable Canadian or Mongolian banks.

The Corporation is exposed to credit risk as an owner of real estate in which tenants may become unable to pay contracted rents. The Corporation mitigates this risk by carrying out due diligence on significant tenants. The Corporation's properties are diversified across residential and commercial classes. Historically, bad debts have not been a substantial expense for the Corporation.

Liquidity risk

The Corporation does not believe its current maturity profile lends itself to any material liquidity risk, taking into account the level of cash and cash equivalents, investments and marketable securities and long term debt as at June 30, 2015.

As at June 30, 2015, MGG had working capital of $287,237 (March 31, 2015- $848,081) comprised of cash and cash equivalents, investments and marketable securities, other assets, net of trade and accrued liabilities, income taxes payable and long term debt (current portion).

Currency risk

The Corporation owns properties located in Mongolia and collects rental revenue in Mongolian Tögrög, and is therefore subject to foreign currency fluctuations that may impact its financial position and results. Changes in the Mongolian Tögrög, U.S. dollar and Canadian dollar foreign currency exchange rates impact the fair value of securities denominated in Mongolian Tögrög and in U.S. dollars.

Economic Volatility and Uncertainty

Over the past few years, economic volatility and uncertainty around the world has contributed to dramatically restricted access to capital and reduced capital markets activity for more speculative businesses. The Corporation's management believes that the Corporation has sufficient resources to carry on its business and remain a going concern.

MGG holds the majority of its assets, investments and operations in the nation of Mongolia. Mongolia is presently experiencing drastic changes in its fast growing economy. Economic volatility and uncertainty in Mongolia could result in inflation, hyperinflation, economic stagnation, political extremism, and other similarly detrimental scenarios which could materially harm the Corporation.

Inflation remains at an elevated level compared to many mature economies though has dropped significantly from levels of 11-14.9% in 2014 to 9.8% in January 2015 and further to 9.2% in April 2015. As reported by the National Statistics Office, year over year inflation in June 2015 fell to 7.3%, its lowest level since 2011.

Depending on the requirements of MGG's businesses, additional funds may be required to be raised in the capital markets and there is no guarantee that sufficient funds raised will be available to complete a financing required to augment the Corporation's operations.

Risks and Uncertainties

The Corporation, as part of its operations, carries financial instruments consisting of cash and cash equivalents, investments and marketable securities, accounts receivable, and trade payables and accrued liabilities. It is Management's opinion that the Corporation is not exposed to significant credit, interest or currency risks arising from these financial instruments except as otherwise disclosed in the notes to the Consolidated Financial Statements.

Certain members of the Mongolian parliament had previously asked to re-negotiate the various agreements that exist between the government of Mongolia and Turquoise Hill. Recently, there has been an understanding between the two groups that should allow the underground mine to proceed. However, there can be no certainty if those changes to the agreement will be implemented and how it will impact the investment climate or future GDP growth of Mongolia.

Further information related to Mongolia Growth Group Ltd. and the risks and uncertainties of MGG are filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be reviewed at www.sedar.com. A comprehensive set of risk disclosures are included in the Corporation's most recently filed annual MD&A.

Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, investments and marketable securities, accounts receivable, trade and accrued payables and long term debt. The Corporation is subject to interest risk as it earns interest income from its cash deposits and pays interest on its long term debt. It is Management's opinion that the Corporation is not exposed to significant credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values. Management believes that there are material currency risks associated to certain Financial Instruments of the Corporation as they are held in Mongolian Tögrög. For further discussion of financial instrument risks, see the Insurance and Financial Risk Management note.

Internal Controls over Financial Reporting

Changes in securities laws no longer require the Chief Executive Officer and Chief Financial Officer of junior reporting issuers to certify that they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Instead, an optional form of certification has been made available to junior reporting issuers and has been used by the Corporation's certifying officers for the June 30, 2015 interim filings. The new certification reflects what the Corporation considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Corporation's operations. This certification requires the certifying officers to state that:

(i) they have reviewed the interim MD&A and consolidated financial statements;
(ii) they have determined that there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make a statement or its omission misleading in light of the circumstances under which it was made within the interim MD&A and consolidated financial statements;
(iii) based on their knowledge, the interim filings, together with the other financial information included in the interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the date and for the periods presented in the filings.

Recent Accounting Pronouncements

IFRS9, *Financial Instruments* ("IFRS9"), On July 24, 2014, the IASB issued IFRS 9, "*Financial Instruments*" ("IFRS 9") to replace International Accounting Standard 39, *"Financial Instruments: Recognition and Measurement*". IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period. The Corporation is currently evaluating the impact of adopting IFRS 9 on the Consolidated Financial Statements.
The Corporation is currently evaluating the impact of IFRS 9 on its condensed consolidated interim financial statements.

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), a new standard that specifies the steps and timing for entities to recognize revenue as well as requiring them to provide more informative, relevant disclosures, IFRS 15 supersedes IAS 11, Construction Contracts, and IAS 18, Revenue, as well as various IFRIC and SIC interpretations regarding revenue. Adoption of IFRS 15 is mandatory and will be effective for the Corporation's beginning on September 1, 2017, with earlier adoption permitted. The Corporation is assessing the impact of adopting this standard on its financial statements.

Additional Information

Additional information relating to Mongolia Growth Group Ltd., including its interim financial statements, is available on SEDAR at www.sedar.com.