

May 2012 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

May saw us continue our property acquisitions. These were primarily centered on completing a number of redevelopment packages. That said, we are currently doing due diligence on a number of more sizable transactions, however there isn't much certainty yet on any of them being consummated.

Over the past few weeks, I have received a number of questions about our recently announced sale of Mandal shares to UMC. The first thing to really understand is that we are in a country, Mongolia, with a very short history of extensive insurance underwriting. There are actuarial tables, but they are not precise, especially when covering low probability events. Insurance is all about taking on unknown risks. Companies can be successful for years, and then lose a fortune on one bad policy. Allowing our partners to invest their capital in Mandal will hopefully help to reduce those risks as they will be even more attuned to the possible risks in the policies that they write.

The other thing to consider is that as our company grows, it seems almost inevitable that property will continue to become a larger percentage of the company's assets. This is a natural result of the much larger size of the property market when compared to the insurance market in Mongolia. While insurance is a very attractive industry to be in, we see property as a sector that we can deploy substantially more capital into and do it at very high returns on capital. As Jordan and I focus more of our energies on property, it seems only fair for our partners at UMC to have a bigger stake in the business that they're more focused on.

On a final note, in March of this year, we launched our first sizable capital project where we added a fifth floor to an existing office building. The genesis of this fifth floor was that we needed to replace a roof, but as we looked at the numbers, we realized that for only a little more than twice the cost of a new roof, we could also add an additional floor (and then put a new roof above it). Clearly, the decision was an obvious one for us. Based on current rental rates, we are anticipating a payback on our construction cost of somewhere between two and three years. This is substantially preferable to a negligible payback on a new roof.

Our policy has always been to use top-quality materials and techniques when we do renovations. We have also implemented this policy in more sizable capital expenditures as well. We used light-weight, durable materials and all work was done to Western Standards by a well-respected Mongolian construction firm. In addition, we followed all rules and regulations as approved by the Ulaanbaatar City inspector's office in regards to engineering. Attached is a link to a video of the construction process from start to finish. I hope you enjoy the progress as much as we enjoyed adding a fifth floor.

MGG 5th Floor Construction Video

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

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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 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

