

August 2011 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

I'm sitting here in Ulaanbaatar watching as the Western World struggles at the precipice of collapse. No matter how gloomy the statistics appear, it is good to know that Mongolia remains a port in the storm. On August 10, the National Statistics Office of Mongolia (NSO) released GDP data for the first half of 2011. It indicates that at 2005 constant prices, the Mongolian economy expanded 14.3% and at current prices, the economy expanded at 29.1% year over year. Even more importantly, while many countries struggle with run-away deficits, during the first half of the year, Mongolia had a government surplus of 98.4 billion Togrog or nearly 2% of GDP.

Of course, I tend view government data with some skepticism and have learned to rely more highly on anecdotal data. This data would indicate that if anything, the government is underreporting the growth in the economy—especially as the unofficial economy remains such a large portion of the total economy here in Mongolia.

Forecasting the future is difficult, but I remain convinced that Mongolia will continue to do well going forward. Most global macro-economic viewpoints fall into two discreet camps—either worldwide growth will be renewed by further government stimulus, or global growth will collapse on government solvency issues. If there is economic growth, Mongolia will do well exporting copper, coal, iron ore and dozens of other commodities. If worldwide growth stalls, Mongolia will still do well as a sizable exporter of gold—which has recently spiked as investors seek out safety.

In summary, nothing going on outside of Mongolia would tempt me to adjust my thesis on Mongolia being one of the fastest growing economies in the world for the next decade. If anything, recent economic statistics from the NSO would make me think that Mongolia truly can be the port in the storm that the rest of the world faces.

Moving onto our operations here in Mongolia, August was a good month for us in terms of investment property acquisitions as we made a number of sizable real estate investments near month-end. Over the last few months, we have slowly been adjusting our focus away from single units and towards larger assets, particularly whole buildings. We see this as a logical progression as it takes just as much time to monitor smaller properties as larger ones—with our increased capital, we should be focused on the best use of our available time.

In our insurance business, though Mandal has not yet begun to actively market, we are impressed by the number of people who have contacted us directly looking for insurance products. They understand that a well funded insurer is the ideal counterparty and they are seeking us out—before we have even had a chance to start our marketing program and seek them out. We are hopeful that this process accelerates as Mandal opens its first of many retail locations.

In summary, while the world outside of Mongolia struggles, inside of Mongolia, business activity continues to accelerate.

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

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.

