MONGOLIA GROWTH GROUP LTD.

Unaudited Condensed Interim Consolidated Financial Statements

Third Quarter
ended September 30, 2011
Expressed in Canadian Dollars

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

Mongolia Growth Group Ltd.
Unaudited Condensed Interim Consolidated Statement of Financial Position

Expressed in Canadian Dollars

September 30, 2011

	September 30, 2011	December 31, 2010	January 1, 2010
Assets			
Current Assets			
Cash and cash equivalents (Note 5)	**$ 13,810,700**	$ 138,201	$ 382,776
Marketable securities (Note 6)	**5,098,971**	-	-
Trade and other receivables	**172,750**	16,741	6,905
Prepaid expenses	**426,614**	1,905	-
Total Current Assets	**19,509,035**	156,847	389,681
Non-Current Assets			
Deferred financing costs	**-**	-	15,410
Property, Plant and Equipment (Note 7)	**16,930,509**	-	-
Total Non-current Assets	**16,930,509**	-	15,410
	$ 36,439,544	$ 156,847	$ 405,091
Liabilities and Shareholders' Equity			
Current Liabilities			
Trade and other payables	**$ 280,383**	$ 9,677	$ 10,075
Shareholders' Equity			
Share capital (Note 8)	**36,663,431**	438,547	438,547
Contributed surplus	**758,463**	47,872	47,872
Accumulated other comprehensive income	**521,896**	-	-
Deficit	**(1,784,629)**	(339,249)	(91,403)
Total Shareholder's Equity	**36,159,161**	147,170	395,016
	$ 36,439,544	$ 156,847	$ 405,091

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Mongolia Growth Group Ltd.
Unaudited Condensed Interim Consolidated Statement of Net Loss, Comprehensive Loss

Expressed in Canadian Dollars

For the three and nine month period ended September 30, 2011

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	**2011**	2010
Revenue				
Rental income	**$ 186,134**	-	**$ 228,397**	$ -
Interest and other income	**56,275**	439	**175,759**	929
	242,409	439	**404,156**	929
Expenses				
Depreciation	**106,467**	-	**141,585**	-
General and administrative	**140,285**	257,527	**164,511**	269,565
Operating expense	**56,630**	2,646	**96,272**	8,021
Professional fees	**40,074**	-	**255,317**	-
Rent	**16,699**	-	**24,543**	-
Salaries and wages	**269,021**	-	**345,514**	-
Share based payment	**391,143**	-	**710,591**	-
Supplies and materials	**7,753**	-	**53,392**	-
Utilities	**12,137**	-	**15,636**	-
Travel expense	**22,348**	-	**42,175**	-
	1,062,557	260,173	**1,849,536**	277,586
Net loss for the period	**(820,148)**	(259,734)	**(1,445,380)**	(276,657)
Other comprehensive income				
Foreign exchange gain	**1,197,360**	-	**1,141,196**	-
Loss on marketable securities	**- 844,165**	-	**- 619,300**	-
Total comprehensive gain for the period	**353,195**	**-**	**521,896**	**-**
Net loss per share				
Basic	**$ (0.03)**	$ (0.07)	**$ (0.07)**	$ (0.08)
Diluted	**$ (0.03)**	$ (0.07)	**$ (0.07)**	$ (0.08)

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Mongolia Growth Group Ltd.
Unaudited Condensed Interim Consolidated Statement of Changes in Equity

Expressed in Canadian Dollars
For the nine month period ended September 30, 2011

	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance at January 1, 2010	$ 438,547	$ 47,872	$ -	$ (91,403)	$ 395,016
Loss for the period	-	-	-	(276,657)	(276,657)
Balance at September 30, 2010	$ 438,547	$ 47,872	$ -	$ (368,060)	$ 118,359
Balance at January 1, 2011	$ 438,547	$ 47,872	$ -	$ (339,249)	$ 147,170
Loss for the period	-	-	-	(1,445,380)	(1,445,380)
Share based payment	-	710,591	-	-	710,591
Share capital issued	36,530,708	-	-	-	36,530,708
Share issue costs	(305,824)	-	-	-	(305,824)
Other comprehensive income	-	-	521,896	-	521,896
Balance at September 30, 2011	$ 36,663,431	$ 758,463	$ 521,896	$ (1,784,629)	$ 36,159,161

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Mongolia Growth Group Ltd.
Unaudited Condensed Interim Consolidated Statement of Cash Flows
Expressed in Canadian Dollars
For the three and nine month period ended September 30, 2011

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Cash provided by (used in):				
Operating activities				
Net loss for the period	**$ (820,148)**	$ (259,734)	**$ (1,445,380)**	$ (276,657)
Adjustment to reconcile loss to net cash used in operating activities:				
Depreciation	**106,467**	-	**141,585**	-
Interest income	**36,295**	-	**(79,877)**	-
Share based payment	**391,143**	-	**710,591**	-
Foreign exchange gain	**1,197,360**	-	**1,141,196**	-
Changes in non-cash working capital (Note 11)	**153,022**	180,375	**(310,012)**	167,479
	1,064,139	(79,359)	**158,103**	(109,178)
Cash flows from financing activities				
Proceeds from share issuance	**-**	-	**36,530,708**	-
Cost of issue of shares	**(4,790)**	-	**(305,824)**	-
Deferred financing charges	**-**	95,794	**-**	15,410
Changes in non-cash working capital (Note 11)	**-**	(18,000)	**-**	-
	(4,790)	77,794	**36,224,884**	15,410
Cash flows from investing activities				
Purchase of short term marketable securities	**(5,531,768)**	-	**(12,410,667)**	-
Disposition of short term marketable securities	**2,868,319**	-	**6,772,273**	-
Acquisition of property, plant and equipment	**(7,197,085)**	-	**(17,072,094)**	-
	(9,860,534)	-	**(22,710,488)**	-
Increase (decrease) in cash and cash equivalents during the period	**(8,801,185)**	(1,565)	**13,672,499**	(93,768)
Cash and cash equivalents, beginning of period	**22,611,885**	290,573	**138,201**	382,776
Cash and cash equivalents, end of period	**$ 13,810,700**	$ 289,008	**$ 13,810,700**	289,008

The accompanying notes form an integral part of these condensed interim consolidated financial statement

1. Corporate Information

Mongolia Growth Group Ltd. ("MGG" or "the Company") was incorporated in Alberta on December 17, 2007, and is an early stage real estate and financial conglomerate, focusing its operations in the emerging economy of Mongolia. On February 2, 2011, present management of the Company purchased 320,500 common shares of the Corporation formerly known as Summus Capital Corp. ("Summus"), from the founding management. The Company also filed articles of amendment renaming the Corporation "Mongolia Growth Group Ltd.," cancelled all stock options and consolidated the common shares of the Corporation at a ratio of 1:2; as well as filed an application for the de-listing of the common shares from the NEX board of the TSXV and filed an application for the listing of common shares on the CNSX. The Company is listed on the Canadian National Stock Exchange (CNSX), having the symbol YAK.

The Company is registered in Alberta, Canada, with its registered address at 1400, 700-2nd Street W, Calgary, Alberta, Canada. The Company's corporate office and principal place of business is 706 – 34 Cumberland St. N., Thunder Bay, Ontario, P7A 4L3, Canada. The Company also has a business office for Mongolian operations at the corner of Chinggis Ave. and Seoul St. in Ulaanbaatar, Mongolia.

Nature of Operations

These financial statements have been prepared using Generally Accepted Accounting Principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

The company is raising capital to continue its acquisition of property and investments in Mongolia. The company is subject to the risks and challenges experienced by other companies in the start-up phase. These risks include, but are not limited to losses in early years, dependence on key individuals, and the ability to secure adequate financing. The company's investments and operations are also concentrated in Mongolia which adds certain risks of that emerging economy. These risks could result in some uncertainty with respect to the company's ability to continue as a going concern until operations are fully established and profitable.

Although the company is subject to the risk faced by many started up companies, as at September 30, 2011, the Company had working capital of $19,228,652 (2010 - $147,170) and shareholders' equity of $36,159,161 (2010 - $147,170). The company may raise additional capital within the next year.

Should the Company not be able to achieve profitable operations from its investments, obtain necessary financing, the carrying value of the Company's assets could be subject to material adjustment and, in addition, other adjustments may be necessary to these financial statements should such adverse events impair the company's ability to continue as a going concern as contemplated under GAAP.

2. Basis of presentation

a) Statement of compliance

Pursuant to the decision made by the Canadian Accounting Standards Board (“AcSB”), the Company has adopted International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as its basis of financial reporting commencing with the interim financial statements for the nine months ended September 30, 2011. The Company’s date of transition to IFRS is January 1, 2010.

The IASB requires that an entity adopting IFRS make an explicit and unreserved statement of compliance with IFRS in its first annual financial statements under IFRS. The consolidated financial statements of the Company for the year-ending December 31, 2011 will be prepared in accordance with IFRS and the Company will make this statement at that time.

These condensed interim consolidated financial statements for the nine month period ended September 30, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Company’s first IFRS annual reporting period, IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s 2010 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 12.

The management of Mongolia Growth Group Ltd. prepare the unaudited condensed interim consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 21, 2011. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR. The shareholders approve the annual consolidated financial statements at the annual general meeting; the date of which has not yet been announced.

b) Basis of measurement

The consolidated condensed financial statements have been prepared on the historic cost basis except for financial instruments classified as a financial asset or liability at fair value through profit or loss.

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which represents the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Summary of significant accounting policies

a) Basis of Consolidation

(i) *Subsidiaries*
Subsidiaries are entities controlled by MGG. Control exists when MGG has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. The Company has subsidiaries in Barbados and Mongolia.

(ii) *Transactions eliminated on consolidation*
Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency translation

Foreign currency transactions are translated into the respective functional currencies of MGG entities using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of operations.

Non-monetary items are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of self-sustaining foreign operations are translated at period end exchange rates, and revenues and expenses are translated at monthly average exchange rates. Differences arising from these foreign currency translations are recorded in shareholders' equity as accumulated other comprehensive income until they are realized by a reduction in the investment.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

c) Cash and cash equivalents

Cash and cash equivalents include cash at bank and highly liquid investments with an original term to maturity of three months or less at the date of purchase that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash and cash equivalents are classified as loans and receivables.

d) Property, Plant and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

Depreciation

Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Investment Property	Straight line over 15 – 40 Years
Furniture and Fixtures	Straight line over 5 Years
Office Equipment	Straight line over 5 Years
Vehicles	Straight line over 5 Years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Investment Property

Investment property is held to earn rentals or for capital appreciation or both. A key characteristic of an investment property is that it generates cash flows largely independently of the other assets held by an entity. Substantially all of the Company's income properties and properties under development are investment properties.

Property held under an operating lease is not classified as investment property. Instead, these leases are accounted for in accordance with Leases ("IAS 17"). However, certain land leases held under an operating lease are classified as investment property when the definition of an investment property is met. At inception these leases are recognized at the lower of the fair value of the property and the present value of the minimum lease payments and an equivalent is recognized as a lease liability.

(i) Income properties

Income property is initially measured at cost. Subsequent to initial recognition, income properties are recorded at fair value and related gains or losses arising from changes in fair value are recognized in earnings in the period of change. The determination of fair value is based upon, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs and investment property operations.

Impairment

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ("CGU") (see definition below) is the greater of its value in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates, or has the potential to generate, cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized through operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e) Financial Instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specific date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Fair Value through profit or loss

This category is comprised of cash and certain investments in equity and debt instruments. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Available-for-sale investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

Fair Value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm’s length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities
- Level 2 fair value measurement are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized:

(i) Rentals
The Company has not transferred substantially all of the benefits and risks of ownership of its investment properties and, therefore, the Company accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries.

The Company reports minimum rental revenue on a straight-line basis, whereby the total amount of cash to be received under a lease is recognized into earnings in equal periodic amounts over the term of the lease.

Contingent rents are recognized as revenue in the period in which they are earned.

Amounts payable by tenants to terminate their lease prior to their contractual expiry date (“lease cancellation fees”) are included in rental revenue.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset. Tenant incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease.

(ii) Interest Income
Revenue is recognized as interest accrues using the effective interest method.

f) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred taxation is provided on all qualifying temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company`s common shares are classified as equity instruments.

Incremental costs directly attributed to the issue of new shares are shown in equity as a reduction, net of tax, from the proceeds.

Loss per share

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the results of operations attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options.

h) Stock based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing method. Where the stock options are granted to employees the grant date fair value is expensed over the vesting period or service period, whichever is shorter.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are measured at the fair value of the properties, goods or services received.

Agent options granted as compensation for the issuance of shares are charged to share issue costs. Any consideration received upon the exercise of stock options is credited to common shares. In the event that vested stock options expire without being exercised, previously recorded compensation costs associated with such options are not reversed.

i) Share issue and deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related share issue, net of any tax effect. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share issuance or charged to operations if the shares are not issued.

j) New standards and pronouncements

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will or may have an effect on the Company`s future results and financial positions:

- IFRS 9 Financial Instruments
  IFRS 9 Financial Instruments is part of the IASB`s wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity`s business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investments.

- *IFRS 10 Consolidated Financial Statements*

  Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The Company is in the process of evaluating the impact of the new standard on the Company's consolidated financial statements.

- *IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities*

  Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 11 provides a new definition of joint arrangement focusing on the rights and obligations of the arrangement, rather than its legal form. The IFRS classifies joint arrangements into two types, joint operations and joint ventures.
  Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows.

  Early adoption of IFRS 12 is only permitted if IFRS 10, IFRS 11, IFRS 12 and the consequential amendments to IAS 17 and IAS 18 are adopted at the same time, with the exception of early adopting only the disclosure provisions for IFRS 12 without the other new standards.

  At the present time, these standards are not expected to have a significant impact on the Company.

  IFRS 13 – Fair Value Measurement

  Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 13 provides a definition of fair value, a single framework for measuring fair value and disclosure requirements about fair value measurements.

4. Significant accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements 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 effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The more significant areas requiring the use of management estimates and assumptions relates to determining the provision for income taxes.

5. Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates. The component of cash and cash equivalent account currently consists only of cash amounts held in banks.

6. Marketable securities

The Company holds a 186 day non-redeemable GIC with the Royal Bank of Canada in the amount of $40,000, earning interest at 1.1% per annum as well as other investments. Other marketable securities are held in short term investment which are callable on demand and earn interest at between 6 and 12%.

Expressed in Canadian Dollars

7. Property, Plant and Equipment

	Investment Property	Furniture and fixtures	Equipment	Vehicles	Total
Cost					
Balance at December 31, 2010	$ -	$ -	$ -	$ -	$ -
Additions	16,733,215	96,712	130,277	111,890	17,072,094
Disposals	-	-	-	-	-
Balance at September 30, 2011	**$ 16,733,215**	**$ 96,712**	**$ 130,277**	**$ 111,890**	**$17,072,094**

	Investment Property	Furniture and fixtures	Equipment	Vehicles	Total
Depreciation and impairment losses					
Balance at December 31, 2010	$ -	$ -	$ -	$ -	$ -
Depreciation for the period	126,369	4,043	2,335	8,838	141,585
Impairment loss	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at September 30, 2011	**$ 126,369**	**$ 4,043**	**$ 2,335**	**$ 8,838**	**$ 141,585**
Carrying amounts					
At December 31, 2010	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
At September 30, 2011	**$ 16,606,846**	**$ 92,669**	**$127,942**	**$ 103,052**	**$16,930,509**

The impairment assessment of the Company's Property, Plant and Equipment resulted in no provisions for impairment.

Expressed in Canadian Dollars

8. Share Capital and Contributed Surplus

a) Authorized

The Company is authorized to issue unlimited common and preferred shares.

b) Common shares

The issued and outstanding common shares are as follows:

	Number of Shares		Amount
Balance, December 17, 2007	-	$	-
Issued for cash	1,050,000		105,000
Balance, December 31, 2007	1,050,000		105,000
Issued for cash	2,464,300		487,860
Share issue costs	-		(154,313)
Balance, December 31, 2008 and December 31, 2009	3,514,300		438,547
Cancellation of shares	(550,000)		-
Balance, December 31, 2010	2,964,300	$	438,547
Consolidation of common shares (1:2)	(1,482,150)		-
Issued for cash	28,815,018		36,530,708
Share issue costs	-		(305,824)
Balance, September 30, 2011	30,297,168	$	36,663,431

c) Stock options

	Number of Options		Weighted average exercise price
Balance, December 31, 2007	-	$	-
Granted	351,428		0.20
Balance, December 31, 2008 and December 31, 2009	351,428		0.20
Cancelled	(54,998)		(0.20)
Balance, December 31, 2010	296,430		0.20
Cancelled	(296,430)		0.20
Granted	1,675,000		3.17
September 30, 2011	1,675,000		3.17

The Company has established a stock option plan (``the Plan``) to encourage ownership of its shares by key management personnel (directors and executive management), employees and consultants, and to provide compensation for certain services. The Plan provides for the issuance of stock options in aggregate number of up to 10% of the Company`s issued and outstanding shares, calculated from time to time. At September 30, 2011, the Company had 1,364,716 (December 31, 2010 – NIL) common shares available for the granting of future options. The Company does not have any cash-settled transactions.

Expressed in Canadian Dollars

Pursuant to the Company`s stock option plan, 351,428 stock options were granted to directors and officers on October 9, 2008. These options allow the holder to acquire common shares at a price of $0.20 per share for each option exercised. The options are fully vested and are exercisable at any time prior to their expiry on October 9, 2013. Concurrent with the cancellation of common shares of the Company, the Company also cancelled 54,998 of the stock options issued to its directors and officers. Subsequent to the period end, all outstanding options issued to Summus founders were cancelled.

On March 9, 2011, 600,000 options were granted to consultants of the Company. These options allow the holder to acquire common shares at a price of $1.64 per share for each option exercised. The options vest and become exercisable on March 9, 2014 and 500,000 are exercisable up until their expiry on March 9, 2021 and 100,000 expire earlier. At period-end, the Company had nil (December 31, 2010 – 296,460) options that were exercisable.

On April 25, 2011, 900,000 options were granted to employees and consultants of the Company. These options allow the holder to acquire common shares at a price of $4.20 per share for each option exercised. 825,000 of these options vest in quarterly tranches each year over four years and expire on April 25, 2016. 75,000 of these options shall vest and become exercisable on April 25, 2014. At period-end, the Company had nil options that were exercisable.

On September 7, 2011, 175,000 options were granted to employees of the Company. These options allow the holder to acquire common shares at a price of $4.77 per share for each option exercised. 80,000 of these options vest in quarterly tranches each year over four years and expire on September 7, 2016. 85,000 of these options shall vest and become exercisable on September 7, 2014. At period-end, the Company had nil options that were exercisable.

The following table summarizes the shares used in calculating earnings per share:

	2011	**2010**
Weighted average number of shares - basic	21,814,422	3,514,300
Effect of dilutive stock options	-	-
Weighted average number of shares - diluted	21,814,422	3,514,300

For the period ended September 30, 2011, 1,675,000 options and NIL warrants (September 30, 2010 – NIL options and NIL warrants) were excluded from the diluted weighted average number of common shares calculation as the effect of these options and warrants would have been anti-dilutive.

There have been no significant capital transactions from the reporting date to the date of this filing which have had a material impact on earnings per share.

Expressed in Canadian Dollars

9. Management of Capital Structure

The Company actively manages its capital structure with the objective of maximizing shareholder returns by minimizing the cost of capital. In order to achieve this objective, the Company must maintain a strong capital base.

The Company`s capital structure includes shareholders` equity and working capital. In managing its capital structure, the Company considers future investment and acquisition opportunities, potential credit available and potential issuances of new equity. The Company`s objective is to maintain a flexible capital structure that will allow it to execute its stated business. Upon acquiring investment properties and operating businesses, the Company will strive to balance its proportion of debt and equity within its capital structure in accordance with the needs of the continuing business. The Company may, from time to time, issue shares and adjust its spending to manage current and projected proportions as deemed appropriate.

The method used by the Company to monitor capital is based on assessment of the Company`s working capital position relative to its projected obligations. At September 30, 2011, the Company`s working capital was $19,228,652 and the Company held no debt.

		2011		2010
Current assets	$	19,509,035	$	353,240
Current liabilities		280,383		15,940
Working capital	$	19,228,652	$	337,300

10. Financial instruments and risk management

The Company, as part of its operations, carries financial instruments consisting of cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities.

Fair value

Marketable securities are recorded at fair value. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of an unexpected financial loss to the Company if a third party fails to fulfill its performance obligations under the terms of a financial instrument. The Company's credit risk arises principally from the Company's cash and cash equivalents, marketable securities and accounts receivables.

The company's maximum exposure to credit risk is $19,082,421 (December 31, 2010 - $154,942; January 1, 2010 - $389,681).

The Company limits credit risk by entering into transactions with high credit-quality counterparties and monitoring the financial condition of counterparties. The Company evaluated its counterparty credit risk as at September 30, 2011, and is satisfied that the fair value of these financial assets approximates their book values.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has a planning, budgeting and forecasting process to help determine the funds required to support the Company`s normal operating requirements on an ongoing basis and its expansionary plans. The Company ensures there is sufficient cash to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

At September 30, 2011 the Company held cash and cash equivalents of $13,810,700. The Company believes that the cash and cash equivalents at September 30, 2011, are sufficient to fund its currently planned operations in Mongolia. The Company may issue shares from time to time to fund additional acquisitions and operations.

As at September 30, 2011 the company had no long term liabilities or commitments. All contractually obligated cash flows are payable within the next fiscal year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At September 30, 2011, the Company had cash and cash equivalent balances earning interest at variable rates. GIC's included in marketable securities earns interest at fixed short term rates. The Company's other financial instruments are non-interest bearing. As such the Company is not exposed to any significant interest rate risk. The estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations.

Expressed in Canadian Dollars

Currency risk

Currency exchange rates are subject to fluctuation. While the Company`s functional currency is the Canadian dollar, it does have cash and cash equivalents in Unites States dollars as well as Mongolian Togrog. The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts and trade accounts receivable to offset foreign currency payables where possible. Management relies on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk.

11. Supplementary cash flow information

		2011		2010
Changes in non-working capital arising from:				
Trade and other receivables	$	(156,009)	$	(3,840)
Prepaid expense		(424,709)		(3,875)
Trade and other payables and accrued liabilities		270,706		175,194
Total changes in non-cash working capital		(310,012)		167,479
Amounts provided from financing activities		-		
Changes in non-cash working capital from operating activities	$	(310,012)	$	167,479

12. Transition to IFRS

For all periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with predecessor Canadian generally accepted accounting principles ("pre-transition CDN GAAP"). As stated in Note 2, the unaudited interim financial statements, for the nine months ended September 30, 2011, is the first unaudited interim financial statement the Company has prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied as follows:

- In preparing the unaudited interim financial statement for the nine months ended September 30, 2011;
- The comparative information for the nine months ended September 30, 2010;
- The balance sheet as at December 31, 2010; and
- The preparation of an opening IFRS balance sheet on the Transition Date, January 1, 2010.

In preparing the opening IFRS balance sheet, comparative information for the nine months ended September 30, 2010 and the financial statements for the year ended December 31, 2010, the Company has reviewed amounts reported previously in financial statements prepared in accordance with CDN GAAP to ensure that they were consistent under IFRS. The Company did not identify any material errors in its application of pre-transition Canadian GAAP.

Specifically, there were no differences between the Company's equity as reported under pre-transition CDN GAAP and IFRS at January 1, 2010, September 30, 2010 and December 31, 2010. Furthermore, there were no differences between the Company's comprehensive income under pre-transition CDN GAAP and IFRS at September 30, 2010 and no changes to items presented in the statement of cash flows.

IFRS 1 Elections and Exemptions

The Company has elected under IFRS 1 not to adopt retroactive application of IFRS 2 – share based payments to options issued prior to the date of transition.

13. Subsequent Events

Subsequent to the period end, the following events occurred:

a) The Company has purchased approximately $6.8 million in additional leasable real estate in Ulaanbaatar.