

March 2012 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

Based on preliminary estimates, for the month of March, MGG was cash flow positive in aggregate as a company. When we look at our company, we really are looking at three distinct reporting entities. We have property, which has been cash flow positive for quite some time. We have insurance which has been roughly break-even for the last few months, mainly due to judicious cost controls. Finally, we have corporate which has been a user of cash since inception.

The unfortunate fact is that running a public company is expensive, even though Jordan and I take no salary and the rest of our senior executives work for substantially below market rates. The biggest expenses have been the costs of our audit, followed by legal, compliance and travel. Fortunately, we do not see substantial increases in these categories going forward. If anything, we are hoping that a number of these expenses will stabilize or be reduced going forward. Therefore, the real question has always been when would our cash flow from property increase to the point where it was above our expenses to run the company. It would appear that it happened for the first time in March of this year.

Though I have gone over this in past letters, it bears repeating that there are two substantial issues to consider when looking at our property portfolio. To start with, some of the property that we have acquired has been acquired with a view of redevelopment potential. These properties have negligible yields and in some cases, the revenues do not even support the costs of owning the properties. This naturally reduces our cash flow substantially. The other key issue is that we honor all existing leases when we acquire a property. This means that many of our properties have legacy leases that were struck at rates that are materially below current market prices. Over the next year, we will see the majority of these below-market leases reset to levels that are more in line with current market rates. Since our property management costs are rather fixed, this should substantially increase our property cash flow going forward.

When looking at Mandal, our insurance company, our expectation has always been that it would lose money during its first year of operation due to startup expenses and a heavy marketing budget. It seems that on the expense side, Mandal has been very diligent and these losses have been quite subdued. Of course, with insurance, it is underwriting profitability that determines true profits. Fortunately, to date, we have not suffered any substantial claims that we are aware of.

The net result of all of this is that we are now cash flow positive. Our expectation is that excluding one-time expenses, this should be a continuing trend for us and that we should see our cash flow improve materially over the course of the year as our lease contracts re-price. I am very determined to see MGG be cash flow positive as I want to ensure that we are never dependent on the capital markets to fund ourselves. However, near term cash flow isn't the primary purpose of this company. Instead, I have wanted to focus on acquiring top quality assets and businesses that will appreciate as the Mongolian economy grows. In many cases, we have sacrificed near term cash flow to instead acquire these premium assets. We have also been determined to build the team needed to manage a much larger company than MGG currently is. This has meant that we have spent heavily in the past year compared to our needs at the time. However, I feel strongly that this will serve us well in the future as we continue to grow.

Switching subjects, we have heard from a number of shareholders who wish to visit Mongolia this summer and see our operations. Mongolia is a beautiful country undergoing massive change. We want to make sure that as many shareholders as possible can experience the country. At the same time, last year, we were somewhat overwhelmed by the number of visitors who came to see us. Therefore, this year, we are setting up 4 investor trips (May 12-15, June 9-12, July 14-17, August 11-14). We feel that organized visits will give us a better ability to showcase our company and ensure that everyone appreciates Mongolia the same way that we do. If you wish to visit, please email Genevieve Walkden at Gwalkden@MongoliaGrowthGroup.com to reserve a spot on one of these investor trips.

On a final note, we have recently put substantial effort into completely redoing our corporate website. It now has a good deal more information on Mongolia, links to independent reports on aspects of the country, along with more detail on our property portfolio. If you wish to look at it, please go to <http://www.mongoliagrowthgroup.com>



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 contact:

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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

