

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Financial
Statements

(Unaudited)

For the three and six months ended

June 30, 2016 and 2015

(expressed in Canadian dollars)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(expressed in Canadian dollars)

	June 30, 2016 \$	December 31, 2015 \$
Assets		
Current assets		
Cash and cash equivalents	1,412,758	1,035,272
Other assets	323,579	327,999
	<u>1,736,337</u>	<u>1,363,271</u>
Non-current assets		
Investment properties (note 5)	37,301,106	46,473,749
Property and equipment (note 6)	2,442,797	2,978,150
	<u>41,480,240</u>	<u>50,815,170</u>
Total assets	41,480,240	50,815,170
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	491,030	704,426
Income taxes payable	171,925	146,290
	<u>662,955</u>	<u>850,716</u>
Non-current liabilities		
Deferred income tax liability	777,570	990,109
	<u>1,440,525</u>	<u>1,840,825</u>
Total liabilities	1,440,525	1,840,825
Equity (note 7)		
Share capital	54,304,514	54,369,332
Contributed surplus	6,896,041	6,738,875
Accumulated other comprehensive loss	(3,869,262)	(1,135,265)
Deficit	(17,291,578)	(10,998,597)
	<u>40,039,715</u>	<u>48,974,345</u>
Total equity	40,039,715	48,974,345
Total equity and liabilities	41,480,240	50,815,170

Approved by the Board of Directors

“Robert Scott” Director “Harris Kupperman” Director

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statement of Operations

(Unaudited)

For the three and six month period ended June 30 2016 and 2015

(expressed in Canadian dollars)

	For the three months ended June 30		For the six months ended June 30	
	2016 \$	2015 \$	2016 \$	2015 \$
Revenue				
Rental income	457,804	493,678	948,246	1,031,927
Gain (Loss) on disposal of investment property	(150,901)	-	(161,253)	15,175
Other revenue	31,300	8,258	41,370	32,586
Total revenue	338,203	501,936	828,363	1,079,688
Expenses				
Salaries and wages	209,118	258,922	471,044	535,430
Other expenses (note 12)	314,672	402,010	656,702	925,284
Development expense	-	160,199	-	160,199
Share based payment	5,253	991,036	157,166	1,160,297
Depreciation	49,255	38,066	66,848	69,016
Total expenses	578,298	1,850,233	1,351,760	2,850,226
Net investment income	3,394	6,881	7,297	12,025
Unrealized loss on fair value adjustment on				
Investment properties (note 5)	(5,616,104)	-	(5,616,104)	-
Property and equipment (note 6)	(291,127)	-	(291,127)	-
Other assets	(9,129)	-	(9,129)	-
	(5,916,360)		(5,916,360)	
Finance expense	-	-	-	-
Net loss before income taxes	(6,153,061)	(1,341,417)	(6,432,460)	(1,758,513)
Recovery of (provision for) income taxes	135,452	(11,579)	139,479	32,527
Net loss for the period	(6,017,609)	(1,352,996)	(6,292,981)	(1,725,986)
Net loss per share				
Basic				
From net loss for the period	(0.17)	(0.04)	(0.18)	(0.05)
Diluted				
From net loss for the period	(0.17)	(0.04)	(0.17)	(0.05)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statement of Comprehensive Income (Loss)

(Unaudited)

For the three and six month period ended June 30 2016 and 2015

(expressed in Canadian dollars)

	For the three months ended June 30		For the six months ended June 30	
	2016 \$	2015 \$	2016 \$	2015 \$
Net loss for the period	(6,017,609)	(1,352,996)	(6,292,981)	(1,725,986)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to income or loss				
Unrealized gain (loss) on translation of financial statement operations with Mongolian MNT functional currency to Canadian dollar reporting currency	1,520,754	(165,924)	(2,733,997)	1,918,343
Total comprehensive income (loss)	<u>(4,496,855)</u>	<u>(1,518,920)</u>	<u>(9,026,978)</u>	<u>192,357</u>

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statement of Changes in Equity

(Unaudited)

For the six month period ended June 30 2016 and 2015

(expressed in Canadian dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	\$	\$	\$	\$	\$
Balance at January 1, 2015	53,789,459	5,815,656	(7,607,039)	(1,067,627)	50,930,449
Net loss for the period	-	-	-	(1,725,986)	(1,725,986)
Other comprehensive income	-	-	1,918,343	-	1,918,343
	53,789,459	5,815,656	(5,688,696)	(2,793,613)	51,122,806
Share capital issued	579,873	(54,506)	-	-	525,367
Share based payment	-	1,160,297	-	-	1,160,297
Balance at June 30, 2015	54,369,332	6,921,447	(5,688,696)	(2,793,613)	52,808,470

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
	\$	\$	\$	\$	\$
Balance at January 1, 2016	54,369,332	6,738,875	(1,135,265)	(10,998,597)	48,974,345
Net loss for the period	-	-	-	(6,292,981)	(6,292,981)
Other comprehensive income	-	-	(2,733,997)	-	(2,733,997)
Share capital issued	-	-	-	-	-
Share repurchase	(64,818)	-	-	-	(64,818)
Share based payment	-	157,166	-	-	157,166
Balance at June 30, 2016	54,304,514	6,896,041	(3,869,262)	(17,291,578)	40,039,715

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

Mongolia Growth Group Ltd.

Interim Consolidated Statement of Cash Flows

(Unaudited)

For the six month period ended June 30 2016 and 2015

(expressed in Canadian dollars)

	June 30, 2016 \$	June 30, 2015 \$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	(6,292,981)	(1,725,986)
Items not affecting cash		
Depreciation of property and equipment	66,848	69,016
Share based payment	157,166	1,160,297
Deferred taxes	(159,131)	(116,415)
Bad debt write off	3,253	-
Realized loss (gain) on disposal of investment properties (note 5)	161,253	(15,175)
Realized loss (gain) on disposal of property and equipment (note 6)	5,273	(17,174)
Unrealized loss on fair value adjustment on property and equipment (note 6)	291,127	-
Unrealized loss on other assets	9,129	-
Unrealized loss on fair value adjustment on investment properties (note 5)	5,616,104	-
	(141,959)	(645,437)
Net change in non-cash working capital balances (note 10)	(58,234)	(518,386)
	(200,193)	(1,163,823)
Financing activities		
Proceeds from share issuance	-	-
Proceeds from long term debt, net of finance costs	-	-
Share repurchase	(64,818)	-
	(64,818)	-
Investing activities		
Net disposal of property and equipment (note 6)	8,827	67,218
Net disposal of investment properties (note 5)	685,137	266,822
	693,964	334,040
Effect of exchange rates on cash	(51,467)	44,281
Increase in cash and cash equivalents	377,486	(785,502)
Cash and cash equivalents - Beginning of period	1,035,272	1,645,421
Cash and cash equivalents - End of period	1,412,758	859,919

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

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

1 Corporate information

The accompanying unaudited condensed interim consolidated financial statements are of Mongolia Growth Group Ltd. (the Company). The Company is registered in Alberta, Canada, with its Head Office at its registered address at 1400, 700-2nd Street W, Calgary, Alberta, Canada. The Company is domiciled out of the Company's corporate office and principal place of business which is located at 100 King Street West, Suite 5600, Toronto, Ontario, M5X 1C9, Canada. The Company's Mongolian investment property operations are based out of its office located at the MGG Properties Building, at the corner of Chinggis Avenue and Seoul Street in Ulaanbaatar, Mongolia.

At June 30, 2016, the Company is organized into two business units based on the business operations:

- Big Sky Capital LLC and its subsidiaries own investment properties which are located in Ulaanbaatar, Mongolia and are held for the purpose of generating rental revenue, capital appreciation, and/or redevelopment; and
- The MGG Corporate office is located in Toronto, Canada and administers the financial resources, investment portfolio, corporate reporting and legal functions of the Company.

2 Basis of presentation

These unaudited condensed interim consolidated financial statements for the period ending June 30, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, revenue, and expenses during the applicable reporting periods. Critical accounting estimates and judgments are described in Note 4.

The interim condensed consolidated financial statements are prepared under the historical-cost convention, except certain financial instruments and investment properties are measured at their fair value.

The consolidated financial statements' values, including the notes to the consolidated financial statements, are presented in Canadian dollars (\$) which is the Company's presentation currency and the functional currency of the parent company. The functional currency of the Company's operating subsidiaries is the Mongolian National Tögrög (MNT).

The Company's property division experiences some seasonality with higher turnovers of rental contracts in the spring, summer and fall months. Due to the harsh winters experienced in Mongolia, tenants typically do not move or change location at this time as much as they would in the other seasons.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

These condensed interim consolidated financial statements were approved for issue by the Board of Directors of the Company on August 15, 2016.

3 Significant accounting policies

The significant accounting policies are unchanged from those set out in the Company's 2015 annual consolidated financial statements. These policies have been applied to all periods presented in these interim consolidated financial statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances.

4 Significant accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make 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 net income (loss) 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.

Significant estimates made in the preparation of these condensed interim consolidated financial statements include the following areas:

- Fair value of investment properties - The estimate of fair value of investment properties is the most critical accounting estimate to the Company. An external appraiser estimates the fair value of the majority of investment properties annually. 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 Company operates in the emerging real estate market of Mongolia, which given its current economic, political and industry conditions, gives rise to an increased inherent risk given the lack of reliable and comparable market information. The significant estimates underlying the fair value determination are disclosed in note 7 of the annual financial statements for the year ended December 31, 2015. Changes in assumptions about these factors could materially affect the carrying value of investment properties.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

- 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 Company. 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 option and future forfeiture rates. Further information on key assumptions including sensitivity analysis is included in note 11 of the annual financial statements for the year ended December 31, 2015.
- Operating environment of the Company - 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 the 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 Company.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

5 Investment properties

	June 30, 2016 \$	December 31, 2015 \$
Balance - beginning of period	46,473,749	48,458,517
Capital expenditures	14,638	832,245
Transfer from prepaid deposits	-	750,869
Disposals	(1,010,813)	(1,785,637)
Unrealized fair value adjustment	(5,616,104)	(7,926,701)
Foreign exchange adjustments	(2,560,364)	6,144,456
Balance - end of period	<u>37,301,106</u>	<u>46,473,749</u>

During the first half of 2016, three investment property were sold for cash considerations of \$849,560 resulting in a net loss of \$161,253 on the transaction. In comparison, during the half of 2015, four investment properties were sold for cash consideration of \$1,007,445 resulting in net gains of \$15,175 on these transactions.

During the six month period ended June 30 2016, management applied its judgment to calculate the fair value of investment properties using the income approach and the sales comparable approach, which are generally accepted appraisal methodologies. As a result, the company's property portfolio incurred a total impairment of \$5,916,360. The majority of this impairment (\$5,616,104) took place on properties classified as Investment Properties, a \$291,127 impairment was taken on properties classified as PP&E, and a \$9,129 impairment on properties classified as other assets.

During the period, the company had capital expenditures of \$69,860, however these expenditures were offset by the cancelation of an unfinished contract of \$55,222, resulting in net capital expenditures of \$14,638 during the period.

As of June 30, 2016, included in investment properties are six (Dec 2015 – four) investment properties actively being marketed for sale that are to be disposed without redevelopment with a fair value of \$2,871,243 (December 31, 2015 - \$2,970,114).

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

6 Property and equipment

					2015
	Furniture and fixtures \$	Equipment \$	Vehicles \$	Buildings \$	Total \$
December 31					
Cost	108,439	240,759	30,248	3,072,284	3,451,730
Accumulated depreciation	(28,915)	(123,304)	(14,382)	(306,979)	(473,580)
Net book value	79,524	117,455	15,866	2,765,305	2,978,150
2016					
	Furniture and fixtures \$	Equipment \$	Vehicles \$	Buildings \$	Total \$
Cost					
At January 1	108,439	240,759	30,248	3,072,284	3,451,730
Additions	-	287	-	-	287
Disposal	-	(494)	(26,309)	-	(26,803)
Transfers	-	-	-	-	-
Impairment	-	-	-	(291,127)	(291,127)
Foreign exchange adjustment	(7,616)	(12,466)	(3,939)	(165,772)	(189,793)
At June 30	100,823	228,086	-	2,615,385	2,944,294
2016					
	Furniture and fixtures \$	Equipment \$	Vehicles \$	Buildings \$	Total \$
Accumulated depreciation					
At January 1	28,915	123,304	14,382	306,979	473,580
Depreciation	4,983	25,042	1,074	35,749	66,848
Disposal	-	(21)	(12,394)	-	(12,415)
Foreign exchange adjustment	(2,215)	(7,600)	(3,062)	(13,639)	(26,516)
At June 30	31,683	140,725	-	329,089	501,497
Net book value at June 30	69,140	87,361	-	2,286,296	2,442,797

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

7 Equity

Common shares issued

The common shares issued during the period were completed through the settlement of debt and the vesting of Restricted Stock Awards ("RSA"). The shares issued and proceeds raised were as follows:

	Description	Number of shares issued	Amount \$
June 27, 2016	RSAs vested	19,770	46,064
		19,770	46,064

Common shares purchased

During the six month period, 160,500 shares were purchased at an average price of \$0.404 per share.

Common shares cancelled

During the six month period, 135,000 shares were cancelled and 25,500 were held in treasury at June 30, 2016.

Stock options

A summary of the Company's options as at June 30, 2016 and December 31, 2015 and changes during the periods then ended follows:

	June 30, 2016	Weighted average exercise price \$	December 31, 2015	Weighted average exercise price \$
Balance, beginning of period	3,288,000	1.45	2,448,000	2.61
Options cancelled	-	-	(615,000)	3.98
Options granted	350,000	0.38	1,575,000	0.73
Options forfeited	255,000	4.17	(120,000)	1.56
Options exercised	-	-	-	-
Balance, end of the period	3,383,000	1.13	3,288,000	1.45
Exercisable	3,383,000	1.13	2,510,500	1.53
Weighted remaining average life (years)	-	3.23	-	3.51

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

Restricted Stock Awards

A summary of the Company's RSAs as at June 30, 2016 and December 31, 2015 and changes during the periods then ended follows:

	June 30, 2016	December 31, 2015
Balance, beginning of period	23,393	46,786
RSAs cancelled	-	-
RSAs granted	-	-
RSAs forfeited	(3,623)	-
RSAs vested	(19,770)	(23,393)
	<hr/>	<hr/>
Balance, end of the period	0	23,393

During the first six months of the year, no new RSAs were granted, 3,623 were forfeited and 19,770 vested.

Weighted Average Number of Shares

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

	June 30, 2016 \$	December 31, 2015 \$
Weighted average number of shares – basic	35,477,680	35,315,357
Effect of dilutive stock options	350,000	-
	<hr/>	<hr/>
Weighted average number of shares – diluted	35,827,680	35,315,357

Basic earnings (loss) per share are derived by dividing net income (loss) for the period by the weighted average number of common shares outstanding for the period. The effect of potentially dilutive securities is excluded if they are anti-dilutive.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

8 Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Key management personnel of the Company include all directors and executive management. The summary of compensation for key management personnel is as follows:

	June 30, 2016	June 30, 2015
	\$	\$
Salaries and other short-term employee benefits	96,837	51,291
Share-based payments	64,372	379,120
	<hr/>	<hr/>
	161,209	430,411

9 Contingent Liabilities

From time to time and in the normal course of business, claims against the Company may be received. On the basis of management's assessments and professional legal advice, management is of the opinion that no material losses will be incurred and no provision or disclosure has been made in these condensed interim consolidated financial statements.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

10 Supplementary cash flow information

	June 30, 2016 \$	June 30, 2015 \$
Changes in non-working capital arising from		
Other assets	(4,344)	(76,120)
Trade payables and accrued liabilities	(87,841)	(510,908)
Income taxes payable	33,951	68,642
	<hr/>	<hr/>
Changes in non-cash working capital from operating activities	(58,234)	(518,386)

Income taxes paid during the quarter was nil (June 30, 2015 \$16,761).

11 Segment information

The Company's Operations are conducted in two reportable segments as Investment Property Operations and Corporate Operations. The Company reports information about its operating segments based on the way management organizes and reports the segments within the organization for making operating decisions and evaluating performance.

Investment Property operations consist of commercial and residential investment property in Mongolia held for the purposes of rental revenue, capital appreciation or both. These properties are managed by Big Sky Capital LLC and its subsidiaries.

Corporate administers financial resources and the corporate investment portfolio and is comprised of investment income, corporate costs and other activities not specific to other reportable segments and is shown separately.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

The Company evaluates performance based on net income (loss) before income taxes.

	Six months ended June 30, 2016		
	Investment property \$	Corporate \$	Total \$
Rental income	948,246	-	948,246
Property operating expenses	(736,144)	-	(736,144)
Non capitalized development expense	-	-	-
Unrealized loss on fair value adjustment on all investment properties	(5,916,360)	-	(5,916,360)
Share based payment	(59,063)	(98,103)	(157,166)
Other expenses	(155,616)	(235,986)	(391,602)
Depreciation	(64,263)	(2,585)	(66,848)
Net investment income	7,295	2	7,297
Loss on disposal of all investment properties	(161,253)	-	(161,253)
Other revenue	41,370	-	41,370
Net income (loss) before income taxes	(6,095,788)	(336,672)	(6,432,460)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

	Three months ended June 30, 2016		
	Investment property \$	Corporate \$	Total \$
Rental income	457,804	-	457,804
Property operating expenses	(335,632)	-	(335,632)
Non capitalized development expense	-	-	-
Unrealized loss on fair value adjustment on all investment properties	(5,916,360)	-	(5,916,360)
Share based payment	(5,253)	-	(5,253)
Other expenses	(77,954)	(110,204)	(188,158)
Depreciation	(47,962)	(1,293)	(49,255)
Net investment income	3,395	(1)	3,394
Loss on disposal of Investment properties	(150,901)	-	(150,901)
Other revenue	31,300	-	31,300
Net income (loss) before income taxes	(6,041,563)	(111,498)	(6,153,061)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

	Six months ended June 30, 2015		
	Investment property \$	Corporate \$	Total \$
Rental income	1,031,927	-	1,031,927
Property operating expenses	(853,969)	-	(853,969)
Non capitalized development expense	(160,199)	-	(160,199)
Unrealized gain (loss) on fair value adjustment on investment properties	-	-	-
Share based payment	(429,696)	(730,601)	(1,160,297)
Other expenses	(102,384)	(504,361)	(606,745)
Depreciation	(66,381)	(2,635)	(69,016)
Net investment income	11,980	45	12,025
Gain on disposal of investment properties	15,175	-	15,175
Other revenue	32,586	-	32,586
Net income (loss) before income taxes	(520,961)	(1,237,552)	(1,758,513)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

	Three months ended June 30, 2015		
	Investment property \$	Corporate \$	Total \$
Rental income	493,678	-	493,678
Property operating expenses	(445,546)	-	(445,546)
Non capitalized development expense	(160,199)	-	(160,199)
Unrealized gain (loss) on fair value adjustment on investment properties	-	-	-
Share based payment	(321,117)	(669,919)	(991,036)
Other expenses	41,102	(256,489)	(215,387)
Depreciation	(35,431)	(2,635)	(38,066)
Net investment income	6,903	(22)	6,881
Other revenue	8,258	-	8,258
Net income (loss) before income taxes	(412,352)	(929,065)	(1,341,417)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

	June 30, 2016						
			Investment property \$			Corporate \$	Consolidated \$
Total assets			41,263,974			216,266	41,480,240
Property and equipment			2,439,011			3,786	2,442,797
Investment properties			37,301,106			-	37,301,106
Period Expenditures							
Property and equipment			287			-	287
Investment properties			14,638			-	14,638
	June 30, 2015						
			Investment property \$			Corporate \$	Consolidated \$
Total assets			54,614,059			176,374	54,790,433
Property and equipment			2,957,325			9,031	2,966,356
Investment properties			50,577,878			-	50,577,878
Period Expenditures							
Property and equipment			2,997			-	2,997
Investment properties			479,912			-	479,912
	Revenue		Property and equipment		Investment property		
	June 30, 2016 \$	June 30, 2015 \$	June 30, 2016 \$	June 30, 2015 \$	June 30, 2016 \$	June 30, 2015 \$	
Canada	-	-	3,786	9,032	-	-	
Mongolia	828,363	1,079,688	2,439,011	2,957,324	37,301,106	50,577,878	
	828,363	1,079,7688	2,442,797	2,966,356	37,301,106	50,577,878	

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

12 Other expenses

	For the three months ended		For the six months ended	
	June 30		June 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Investor Relations	7,152	28,652	21,138	84,664
Repairs and Maintenance	20,111	24,014	46,583	33,011
Office Expense	20,527	22,622	33,964	45,281
Professional fees	117,000	158,805	253,292	365,069
Travel	13,717	36,036	21,672	50,013
Advertising	5,865	2,436	8,547	9,721
Land and property tax	51,967	41,913	99,066	106,607
Insurance	14,894	15,557	32,301	81,397
Utility expense	37,299	40,091	86,656	90,434
Other expenses	26,140	31,884	53,483	59,087
	<u>314,672</u>	<u>402,010</u>	<u>656,702</u>	<u>925,284</u>