

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Financial
Statements

(Unaudited)

For the three and six months ended

June 30, 2017 and 2016

(Expressed in Canadian dollars)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

As at June 30, 2017

(expressed in Canadian dollars)

	June 30, 2017 \$	December 31, 2016 \$
Assets		
Current assets		
Cash (note 5)	1,217,871	1,881,487
Marketable securities (note 8)	1,317,998	1,184,825
Other assets	176,518	137,753
	<u>2,712,387</u>	<u>3,204,065</u>
Non-current assets		
Investment properties (note 6)	26,882,962	29,501,350
Property and equipment (note 7)	1,802,060	1,805,861
	<u>28,685,022</u>	<u>31,307,211</u>
Total assets	<u>31,397,409</u>	<u>34,511,276</u>
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	347,929	1,192,397
Income taxes payable	24,476	162,104
	<u>372,405</u>	<u>1,354,501</u>
Non-current liabilities		
Deferred income tax liability	572,703	624,335
	<u>572,703</u>	<u>624,335</u>
Total liabilities	<u>945,108</u>	<u>1,978,836</u>
Equity		
Share capital (note 9)	53,980,660	54,130,373
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(10,938,743)	(11,786,528)
Deficit	(19,439,592)	(16,661,381)
	<u>30,452,301</u>	<u>32,532,440</u>
Total equity	<u>30,452,301</u>	<u>32,532,440</u>
Total equity and liabilities	<u>31,397,409</u>	<u>34,511,276</u>

Commitment and contingencies (note 11)

Approved by the Board of Directors

“Robert Scott”

Director

“Harris Kupperman”

Director

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Operations

(Unaudited)

For the three and six month period ended June 30, 2017 and 2016

(expressed in Canadian dollars)

	For the three months ended June 30		For the six months ended June 30	
	2017 \$	2016 \$	2017 \$	2016 \$
Revenue				
Rental income	380,072	457,804	764,652	948,246
Loss on disposal of investment property	(51,446)	(150,901)	(51,446)	(161,253)
Other revenue	9,726	31,300	26,224	41,370
Total revenue	338,352	338,203	739,430	828,363
Expenses				
Salaries and wages	184,151	209,118	547,497	471,044
Other expenses (note 14)	241,634	314,672	443,393	656,702
Share based payment (note 9)	-	5,253	-	157,166
Depreciation (note 7)	35,938	49,255	42,514	66,848
Total expenses	461,723	578,298	1,033,404	1,351,760
Net investment income	2,127	3,394	2,476	7,297
Unrealized loss on fair value adjustment on Investment Properties (note 6)	(1,810,714)	(5,616,104)	(1,810,714)	(5,616,104)
Impairment of Property and Equipment	-	(291,127)	-	(291,127)
Impairment of Other Assets	-	(9,129)	-	(9,129)
Unrealized loss on short term investments (note 8)	(175,775)	-	(643,295)	-
Realized gain on short term investments (note 8)	22,066	-	22,066	-
Foreign currency loss	(69,793)	-	(78,267)	-
	(2,034,216)	(5,916,360)	(2,510,210)	(5,916,360)
Net loss before income taxes	(2,155,460)	(6,153,061)	(2,801,708)	(6,432,460)
Income taxes	20,435	135,452	23,497	139,479
Net income (loss) for the period	(2,135,025)	(6,017,609)	(2,778,211)	(6,292,981)
Net loss per share				
Basic				
From net loss for the period	(0.06)	(0.17)	(0.08)	(0.18)
Diluted				
From net loss for the period	(0.06)	(0.17)	(0.08)	(0.17)

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited)

For the three and six month period ended June 30, 2017 and 2016

(expressed in Canadian dollars)

	For the three months ended June 30		For the six months ended June 30	
	2017 \$	2016 \$	2017 \$	2016 \$
Net loss for the period	(2,135,025)	(6,017,609)	(2,778,211)	(6,292,981)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to income or loss				
Unrealized gains (losses) on translation of financial statement operations with Mongolian Tögrög functional currency to Canadian dollar reporting currency	<u>535,895</u>	<u>1,520,754</u>	<u>847,785</u>	<u>(2,733,997)</u>
Total comprehensive loss	<u>(1,599,130)</u>	<u>(4,496,855)</u>	<u>(1,930,426)</u>	<u>(9,026,978)</u>

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statement of Changes in Equity

(Unaudited)

For the six month period ended June 30, 2017 and 2016

(expressed in Canadian dollars)

	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 loss	-	-	(2,733,997)	-	(2,733,997)
	<u>54,369,332</u>	<u>6,738,875</u>	<u>(3,869,262)</u>	<u>(17,291,578)</u>	<u>39,947,367</u>
Share repurchase	(64,818)	-	-	-	(64,818)
Share based payment	-	157,166	-	-	157,166
Balance at June 30, 2016	<u>54,304,514</u>	<u>6,896,041</u>	<u>(3,869,262)</u>	<u>(17,291,578)</u>	<u>40,039,715</u>

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at January 1, 2017	54,130,373	6,849,976	(11,786,528)	(16,661,381)	32,532,440
Net loss for the period	-	-	-	(2,778,211)	(2,778,211)
Other comprehensive income	-	-	847,785	-	847,785
	<u>54,130,373</u>	<u>6,849,976</u>	<u>(10,938,743)</u>	<u>(19,439,592)</u>	<u>30,602,014</u>
Treasury Stock	(76,530)	-	-	-	(76,530)
Share repurchase	(73,183)	-	-	-	(73,183)
Balance at June 30, 2017	<u>53,980,660</u>	<u>6,849,976</u>	<u>(10,938,743)</u>	<u>(19,439,592)</u>	<u>30,452,301</u>

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

For the six month period ended June 30, 2017 and 2016

(expressed in Canadian dollars)

	June 30, 2017	June 30, 2016
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(2,778,211)	(6,292,981)
Items not affecting cash		
Depreciation of property and equipment (note 7)	42,514	66,848
Share based payment (note 10)	-	157,166
Deferred taxes	(51,632)	(159,131)
Bad debt write off	963	3,253
Realized loss on disposal of investment properties (note 6)	51,446	161,253
Realized loss on disposal of property and equipment (note 7)	-	5,273
Realized gain on short term investments	(22,066)	-
Unrealized loss on fair value adjustment on property and equipment	-	291,127
Unrealized loss on other assets	-	9,129
Unrealized loss on fair value adjustment of investment properties (note 6)	1,810,714	5,616,104
Unrealized loss on short term investments (note 8)	643,295	-
	<u>(302,977)</u>	<u>(141,959)</u>
Net change in non-cash working capital balances (note 12)	<u>(1,034,961)</u>	<u>(58,234)</u>
	(1,337,938)	(200,193)
Financing activities		
Share repurchase	<u>(149,713)</u>	<u>(64,818)</u>
	(149,713)	(64,818)
Investing activities		
Acquisition of marketable securities (note 8)	(766,038)	-
Disposal (acquisition) of property and equipment – Net (note 7)	(286)	8,827
Disposal acquisition of investment properties - Net (note 6)	1,361,583	685,137
	<u>595,259</u>	<u>693,964</u>
Effect of exchange rates on cash	<u>228,776</u>	<u>(51,467)</u>
Increase (decrease) in cash	(663,616)	377,486
Cash - Beginning of period	<u>1,881,487</u>	<u>1,035,272</u>
Cash - End of period	<u>1,217,871</u>	<u>1,412,758</u>

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

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

1 Corporate information

Mongolia Growth Group Ltd. (MGG or the Company) was incorporated in Alberta on December 17, 2007, and is a real estate investment and development company participating in the growth of the Mongolian economy through the ownership of commercial investment property assets in Ulaanbaatar, Mongolia.

The Company's common shares were previously listed on the Canadian National Stock Exchange (CNSX). On January 9, 2013, the Company filed an application for the de-listing of the common shares from the CNSX and filed an application for the listing of common shares on the TSX Venture Exchange (TSXV). The Company is now listed on the TSXV, having the symbol YAK.

MGG has one wholly-owned subsidiary at June 30, 2017, Mongolia Barbados Corp. Mongolia Barbados Corp. owns the wholly-owned subsidiaries MGG Properties LLC and Big Sky Capital LLC. Big Sky Capital LLC owns the wholly-owned subsidiaries, Carrollton LLC, Biggie Industries LLC, Orpheus LLC, Endymion LLC, Zulu LLC, Crescent City LLC, Main Street Acquisitions LLC (formerly known as Tchoupitoulas LLC), and Oceanus LLC (together "the investment property operations"). The investment property operations are conducted in Big Sky Capital LLC and its subsidiaries. No active business operations occur in Mongolia Barbados Corp., Oceanus LLC, and Main Street Acquisitions LLC at this time. MGG's publicly traded securities are currently held in a brokerage account owned by Mongolia Barbados Corp.

The Company is registered in Alberta, Canada, with its Head Office at its registered address at Centennial Place, East Tower, 1900, 520 - 3rd Avenue S.W. Calgary, Alberta, Canada T2P 0R3. The Company's Canadian headquarters are 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 on Seoul St. in Ulaanbaatar, Mongolia.

At June 30, 2017, 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 and corporate reporting and legal functions of the Company.

2 Basis of presentation

These condensed interim consolidated financial statements 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 ("IAS 34"). These condensed interim consolidated financial statements are compliant with IAS 34 and do not include all of the information required for full annual financial statements.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016, prepared in accordance with IFRS. The significant accounting policies used in the preparation of these consolidated financial statements are summarized in note 3.

The consolidated financial statements, 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).

These consolidated financial statements were approved by the Board of Directors of the Company for issue on August 8, 2017.

3 Significant accounting policies

The significant accounting policies are unchanged from those set out in the Company's 2016 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 8 of the annual financial statements for the year ended December 31, 2016. 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, 2017

(expressed in Canadian dollars)

- Valuation of marketable securities and investments - The Company recognizes marketable securities and investments at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models with inputs derived from observable market data where possible but where observable data is not available, judgment is required to establish fair values.
- There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.
- 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 12 of the annual financial statements for the year ended December 31, 2016.
- 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.

5 Cash

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

The following table discloses the geographical location of cash and cash equivalents:

	June 30, 2017	December 31, 2016
	\$	\$
Barbados	290,759	45,275
Canada	309,209	1,408,483
Mongolia	617,903	427,729
	<u>1,217,871</u>	<u>1,881,487</u>

Cash is not collateralized, the carrying amount of cash approximates fair value.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

6 Investment properties

	June 30, 2017	December 31, 2016
	\$	\$
Balance - beginning of period	29,501,350	46,473,749
Additions		
Acquisitions	537,353	-
Capital expenditures	-	22,617
Transfer from property and equipment	-	75,144
Disposals	(1,950,382)	(1,193,773)
Unrealized fair value adjustment	(1,810,714)	(5,728,003)
Foreign exchange adjustments	605,355	(10,148,384)
	<hr/>	<hr/>
Balance - end of period	26,882,962	29,501,350

During the first half of 2017, the Company acquired four properties in two separate transactions for a total cost of \$537,353. During this period, the Company sold seven investment properties of which three had been purchased during this same period for proceeds of \$1,898,936 resulting in a net loss of \$51,446 on the transactions. A deposit of \$673,585 had been received in November 2016 for the sale of one of these properties. During the six month period ended June 30, 2016, three investment properties were sold for cash consideration of \$849,560 resulting in a net loss of \$161,253 on the transaction.

As of June 30, 2017, included in investment properties are two (December 2016 – five) investment properties actively being marketed for sale that are to be disposed without redevelopment with a fair value of \$372,880 (December 31, 2016 – five classified as available for sale at a fair value of \$2,132,267).

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

7 Property and equipment

	2016			
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
December 31				
Cost	78,957	185,081	1,994,297	2,258,335
Accumulated depreciation	26,204	127,984	298,286	452,474
Net book value	52,753	57,097	1,696,011	1,805,861
2017				
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Cost				
At January 1	78,957	185,081	1,994,297	2,258,335
Additions	-	1,053	-	1,053
Disposals	(1,805)	(30,729)	-	(32,534)
Foreign exchange adjustment	2,039	1,686	44,665	48,390
At June 30	79,191	157,091	2,038,962	2,275,244
2017				
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Accumulated depreciation				
At January 1	26,204	127,984	298,286	452,474
Depreciation	3,844	10,029	28,641	42,514
Disposals	(1,038)	(30,729)	-	(31,767)
Foreign exchange adjustment	446	993	8,524	9,963
At June 30	29,456	108,277	335,451	473,184
Net book value at June 30	49,735	48,814	1,703,511	1,802,060

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

8 Marketable Securities

	June 30, 2017	December 31, 2016
	\$	\$
Common shares of public companies:		
Fair value - beginning of the year	1,184,825	-
Purchases	766,038	453,698
Foreign exchange gain (loss)	(11,636)	86
Unrealized gain (loss)	(643,295)	731,041
Realized gain	22,066	-
Fair value - end of the period	1,317,998	1,184,825

9 Equity

Common shares purchased

During the six month period, the Company bought back 426,000 shares under its Normal Course Issuer Bid (NCIB) at an average price of \$0.35 per share (Q1 & Q2 2016 -160,500 shares were purchased at an average price of \$0.404 per share).

Common shares cancelled

During the six month period, 300,000 shares were cancelled and 212,500 were held in treasury at June 30, 2017 (Q1 & Q2 2016 – 135,000 cancelled and 25,500 held in treasury).

Stock options

A summary of the Company's options as at June 30, 2017 and December 31, 2016 and changes during the periods then ended follows:

	June 30, 2017	Weighted average exercise price \$	December 31, 2016	Weighted average exercise price \$
Balance, beginning of period	3,358,000	1.11	3,288,000	1.45
Options expired	(35,000)	1.90	(280,000)	4.21
Options cancelled	-	-	-	-
Options granted	-	-	350,000	0.38
Options forfeited	(220,000)	0.74	-	-
Options exercised	-	-	-	-
Balance, end of the period	3,103,000	1.13	3,358,000	1.11
Exercisable	3,103,000	1.13	3,358,000	1.11
Weighted remaining average life (years)	-	2.57	-	2.74

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

Restricted Stock Awards

A summary of the Company's RSAs as at June 30, 2017 and December 31, 2016 and changes during the periods then ended follows:

	June 30, 2017	December 31, 2016
Balance, beginning of period	-	23,393
RSAs cancelled	-	-
RSAs granted	-	-
RSAs forfeited	-	(3,623)
RSAs vested	-	(19,770)
	<hr/>	<hr/>
Balance, end of the period	-	-

During the first six months of the year, no new RSAs were granted, none were forfeited and none vested.

Weighted Average Number of Shares

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

	June 30, 2017	December 31, 2016
	\$	\$
Weighted average number of shares – basic	34,571,610	35,297,108
Effect of dilutive stock options	350,000	-
	<hr/>	<hr/>
Weighted average number of shares – diluted	34,921,610	35,297,108

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, 2017

(expressed in Canadian dollars)

10 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, 2017	June 30, 2016
	\$	\$
Salaries and other short-term employee benefits	107,287	96,837
Share-based payments	-	64,372
	<u>107,287</u>	<u>161,209</u>

11 Commitments and contingencies

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.

12 Supplementary cash flow information

	June 30, 2017	June 30, 2016
	\$	\$
Changes in non-working capital arising from		
Other assets	(35,291)	(4,344)
Trade payables and accrued liabilities	(859,821)	(87,841)
Income taxes payable	(139,849)	33,951
	<u>(1,034,961)</u>	<u>(58,234)</u>

Income taxes paid during the quarter were \$7,568 (June 30, 2016-nil).

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

13 Segment information

The Company's Operations are conducted in two reportable segments as Investment Property Operations and Corporate. 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 redevelopment. These properties are managed by Big Sky Capital LLC and its subsidiaries.

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

	Six months ended June 30, 2017		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	764,652	-	764,652
Property operating expenses	(558,264)	(106,575)	(664,839)
Unrealized fair value loss	(1,810,714)	-	(1,810,714)
Unrealized mark to market loss	-	(643,295)	(643,295)
Other expenses	(70,221)	(255,829)	(326,050)
Depreciation	(42,514)	-	(42,514)
Net investment income	2,132	344	2,476
Loss on disposal of investment property	(51,446)	-	(51,446)
Other revenue	26,224	-	26,224
Realized gain on marketable securities	-	22,066	22,066
Foreign loss	(66,275)	(11,993)	(78,268)
Net loss before income taxes	(1,806,426)	(995,282)	(2,801,708)

	Three months ended June 30, 2017		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	380,072	-	380,072
Property operating expenses	(261,251)	-	(261,251)
Unrealized fair value loss	(1,810,714)	-	(1,810,714)
Unrealized mark to market loss	-	(175,775)	(175,775)
Other expenses	(33,050)	(131,485)	(164,536)
Depreciation	(35,938)	-	(35,938)
Net investment income	1,854	273	2,127
Loss on disposal of investment property	(51,446)	-	(51,446)
Other revenue	9,726	-	9,726
Foreign currency loss	(68,850)	(942)	(69,792)
Realized gain on marketable securities	-	22,066	22,066
Net loss before income taxes	(1,869,597)	(285,863)	(2,155,460)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(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)
Share based payment	(59,063)	(98,103)	(157,166)
Unrealized Fair value loss	(5,916,360)	-	(5,916,360)
Unrealized mark to market loss	-	-	-
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 Investment property	(161,253)	-	(161,253)
Other revenue	41,370	-	41,370
Realized gain on marketable securities	-	-	-
Foreign currency gain (loss)	-	-	-
Net loss before income taxes	(6,095,788)	(336,672)	(6,432,460)

	Three months ended June 30, 2016		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	457,804	-	457,804
Property operating expenses	(335,632)	-	(335,632)
Share based payment	(5,253)	-	(5,253)
Unrealized fair value loss	(5,916,360)	-	(5,916,360)
Unrealized mark to market loss	-	-	-
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 property	(150,901)	-	(150,901)
Other revenue	31,300	-	31,300
Foreign currency gain (loss)	-	-	-
Realized gain on marketable securities	-	-	-
Net loss before income taxes	(6,041,563)	(111,948)	(6,153,061)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

	June 30, 2017		
	Investment property \$	Corporate \$	Consolidated \$
Total assets	29,457,577	1,939,832	31,397,409
Property and equipment	1,802,060	-	1,802,060
Investment properties	26,882,962	-	26,882,962
Period Expenditures			
Property and equipment	1,053	-	1,053
Investment properties	537,353	-	537,353

	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

	Revenue		Property and equipment		Investment property	
	June 30, 2017 \$	June 30, 2016 \$	June 30, 2017 \$	June 30, 2016 \$	June 30, 2017 \$	June 30, 2016 \$
Canada	-	-	-	3,786	-	-
Mongolia	739,430	828,363	1,802,060	2,439,011	26,882,962	37,301,106
	739,430	828,363	1,802,060	2,442,797	26,882,962	37,301,106

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

(expressed in Canadian dollars)

14 Other expenses

	For the three months ended June 30	
	2017	2016
	\$	\$
Investor Relations	7,501	7,152
Repairs and Maintenance	9,108	20,111
Office	19,607	20,527
Professional fees	77,959	117,000
Travel	16,517	13,717
Advertising	4,202	5,865
Land and property tax	41,196	51,967
Insurance	10,560	14,894
Utilities	35,989	37,299
Other	18,995	26,140
	241,634	314,672

	For the six months ended June 30	
	2017	2016
	\$	\$
Investor Relations	15,019	21,138
Repairs and Maintenance	15,693	46,583
Office	31,523	33,964
Professional fees	138,019	253,292
Travel	27,810	21,672
Advertising	6,099	8,547
Land and property tax	75,860	99,066
Insurance	21,539	32,301
Utilities	75,736	86,656
Other	36,095	53,483
	443,393	656,702