

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Financial
Statements
(Unaudited)
For the three and nine months ended
September 30, 2017 and 2016
(Expressed in Canadian dollars)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

As at September 30, 2017

(expressed in Canadian dollars)

	September 30, 2017 \$	December 31, 2016 \$
Assets		
Current assets		
Cash (note 5)	706,147	1,881,487
Marketable securities (note 8)	2,226,546	1,184,825
Other assets	141,258	137,753
	<u>3,073,951</u>	<u>3,204,065</u>
Non-current assets		
Investment properties (note 6)	24,668,681	29,501,350
Property and equipment (note 7)	1,634,579	1,805,861
	<u>26,303,260</u>	<u>31,307,211</u>
Total assets	<u>29,377,211</u>	<u>34,511,276</u>
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	562,383	1,192,397
Income taxes payable	6,301	162,104
	<u>568,684</u>	<u>1,354,501</u>
Non-current liabilities		
Deferred income tax liability	525,531	624,335
	<u>525,531</u>	<u>624,335</u>
Total liabilities	<u>1,094,215</u>	<u>1,978,836</u>
Equity		
Share capital (note 9)	53,804,947	54,130,373
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(13,334,221)	(11,786,528)
Deficit	(19,037,706)	(16,661,381)
	<u>28,282,996</u>	<u>32,532,440</u>
Total equity	<u>28,282,996</u>	<u>32,532,440</u>
Total equity and liabilities	<u>29,377,211</u>	<u>34,511,276</u>

Commitment and contingencies (note 11)

Approved by the Board of Directors

Harris Kupperman Director Robert Scott 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 nine month period ended September 30, 2017 and 2016

(expressed in Canadian dollars)

	For the three months ended September 30		For the nine months ended September 30	
	2017 \$	2016 \$	2017 \$	2016 \$
Revenue				
Rental income	353,413	429,241	1,118,065	1,377,487
Loss on disposal of investment property	-	-	(51,446)	(161,253)
Other revenue	16,941	4,061	43,165	45,431
Total revenue	370,354	433,302	1,109,784	1,261,665
Expenses				
Salaries and wages	130,784	221,604	678,282	692,648
Other expenses (note 14)	247,752	233,206	691,145	889,908
Share based payment (note 9)	-	-	-	157,166
Depreciation (note 7)	19,774	30,239	62,287	97,087
Total expenses	398,310	485,049	1,431,714	1,836,809
Net investment income	5,303	2,881	7,779	10,178
Unrealized loss on fair value adjustment on Investment Properties (note 6)	-	-	(1,810,714)	(5,616,104)
Impairment of Property and Equipment	-	-	-	(291,127)
Impairment of Other Assets	-	-	-	(9,129)
Unrealized gain (loss) on short term investments (note 8)	346,465	516,617	(296,830)	516,617
Realized gain on short term investments (note 8)	32,834	-	54,900	-
Foreign currency gain (loss)	4,119	-	(74,148)	-
	<u>383,418</u>	<u>516,617</u>	<u>(2,126,792)</u>	<u>(5,399,743)</u>
Net income (loss) before income taxes	360,765	467,751	(2,440,943)	(5,964,709)
Income taxes	41,121	(33,692)	64,618	105,787
Net income (loss) for the period	401,886	434,059	(2,376,325)	(5,858,922)
Net loss per share				
Basic				
From net loss for the period	0.01	0.01	(0.07)	(0.17)
Diluted				
From net loss for the period	0.01	0.01	(0.07)	(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 nine month period ended September 30, 2017 and 2016

(expressed in Canadian dollars)

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Net loss for the period	401,886	434,059	(2,376,325)	(5,858,922)
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>(2,395,477)</u>	<u>(4,878,185)</u>	<u>(1,547,693)</u>	<u>(7,612,182)</u>
Total comprehensive loss	<u>(1,993,591)</u>	<u>(4,444,126)</u>	<u>(3,924,018)</u>	<u>(13,471,104)</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 nine month period ended September 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	-	-	-	(5,858,922)	(5,858,922)
Other comprehensive loss	-	-	(7,612,182)	-	(7,612,182)
	<u>54,369,332</u>	<u>6,738,875</u>	<u>(8,747,447)</u>	<u>(16,857,519)</u>	<u>35,503,241</u>
Share capital issued	46,064	(46,064)	-	-	-
Share repurchase	(64,818)	-	-	-	(64,818)
Share based payment	-	157,166	-	-	157,166
Treasury stock	(96,681)	-	-	-	(96,681)
Balance at September 30, 2016	<u>54,253,897</u>	<u>6,849,977</u>	<u>(8,747,447)</u>	<u>(16,857,519)</u>	<u>35,498,908</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	-	-	-	(2,376,325)	(2,376,325)
Other comprehensive income	-	-	(1,547,693)	-	(1,547,693)
	<u>54,130,373</u>	<u>6,849,976</u>	<u>(13,334,221)</u>	<u>(19,037,706)</u>	<u>28,608,422</u>
Treasury stock	(175,714)	-	-	-	(175,714)
Share repurchase	(149,712)	-	-	-	(149,712)
Balance at September 30, 2017	<u>53,804,947</u>	<u>6,849,976</u>	<u>(13,334,221)</u>	<u>(19,037,706)</u>	<u>28,282,996</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 nine month period ended September 30, 2017 and 2016

(expressed in Canadian dollars)

	September 30, 2017 \$	September 30, 2016 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(2,376,325)	(5,858,922)
Items not affecting cash		
Depreciation of property and equipment (note 7)	62,287	97,087
Share based payment (note 10)	-	157,166
Deferred taxes	(98,804)	(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	(54,900)	-
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 (gain) on short term investments (note 8)	296,830	(516,617)
	<u>(307,789)</u>	<u>(194,278)</u>
Net change in non-cash working capital balances (note 12)	<u>(780,687)</u>	<u>(3,099)</u>
	(1,088,476)	(197,377)
Financing activities		
Share repurchase	<u>(325,426)</u>	<u>(161,499)</u>
	(325,426)	(161,499)
Investing activities		
Acquisition of marketable securities - Net (note 8)	(1,305,490)	(283,144)
Acquisition of property and equipment – Net (note 7)	(616)	(16,005)
Disposal of investment properties - Net (note 6)	1,361,583	649,645
	<u>55,477</u>	<u>350,496</u>
Effect of exchange rates on cash	<u>183,085</u>	<u>(105,070)</u>
Increase (decrease) in cash	(1,175,340)	(113,450)
Cash - Beginning of period	<u>1,881,487</u>	<u>1,035,272</u>
Cash - End of period	<u>706,147</u>	<u>921,822</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)

September 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 September 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, 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 September 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. The significant accounting policies used in the preparation of these consolidated financial statements are summarized in note three. The consolidated

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2017

(expressed in Canadian dollars)

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 November 3, 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.
- 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

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September 30, 2017

(expressed in Canadian dollars)

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:

	September 30, 2017	December 31, 2016
	\$	\$
Barbados	235,274	45,275
Canada	154,667	1,408,483
Mongolia	316,206	427,729
	<u>706,147</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)

September 30, 2017

(expressed in Canadian dollars)

6 Investment properties

	September 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	(1,608,926)	(10,148,384)
	<hr/>	<hr/>
Balance - end of period	24,668,681	29,501,350

During the nine month period ended September 30, 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 nine month period ended September 30, 2016, three investment properties were sold for cash consideration of \$849,560 resulting in a net loss of \$161,253 on the transaction. During the quarter, the Company received a deposit of \$126,803 on a property with a book value of \$ 865,667 for an estimated sale price of \$1,152,168.

As of September 30, 2017, included in investment properties are five (December 2016 – five) investment properties actively being marketed for sale that are to be disposed without redevelopment with a fair value of \$3,583,723 (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)

September 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	-	1,383	-	1,383
Disposals	(1,805)	(30,729)	-	(32,534)
Foreign exchange adjustment	(2,964)	(11,987)	(123,599)	(138,550)
At September 30	74,188	143,748	1,870,698	2,088,634
	2017			
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Accumulated depreciation				
At January 1	26,204	127,984	298,286	452,474
Depreciation	5,641	14,267	42,379	62,287
Disposals	(1,038)	(30,729)	-	(31,767)
Foreign exchange adjustment	(493)	(8,749)	(19,697)	(28,939)
At September 30	30,314	102,773	320,968	454,055
Net book value at September 30	43,874	40,975	1,549,730	1,634,579

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2017

(expressed in Canadian dollars)

8 Marketable Securities

	September 30, 2017	December 31, 2016
	\$	\$
Common shares of public companies:		
Fair value - beginning of the year	1,184,825	-
Purchases	1,305,490	453,698
Foreign exchange gain (loss)	(21,839)	86
Unrealized gain (loss)	(296,830)	731,041
Realized gain	54,900	-
Fair value - end of the period	2,226,546	1,184,825

9 Equity

Common shares purchased

During the nine month period, the Company bought back 953,000 shares under its Normal Course Issuer Bid (NCIB) at an average price of \$0.34 per share (nine month period 2016 -441,000 shares were purchased at an average price of \$0.37 per share).

Common shares cancelled

During the nine month period, 512,500 shares were cancelled and 527,000 were held in treasury at September 30, 2017 (nine month period 2016 – 160,500 cancelled and 280,500 held in treasury).

Stock options

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

	September 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)	-	2.02	-	2.74

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2017

(expressed in Canadian dollars)

Restricted Stock Awards

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

	September 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 nine 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:

	September 30, 2017	December 31, 2016
	\$	\$
Weighted average number of shares – basic	34,486,152	35,297,108
Effect of dilutive stock options	-	-
	<hr/>	<hr/>
Weighted average number of shares – diluted	34,486,152	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.

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Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 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:

	September 30, 2017 \$	September 30, 2016 \$
Salaries and other short-term employee benefits	150,349	141,018
Share-based payments	-	64,372
	<u>150,349</u>	<u>205,390</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

	September 30, 2017 \$	September 30, 2016 \$
Changes in non-working capital arising from		
Other assets	(11,989)	(20,223)
Trade payables and accrued liabilities	(611,387)	(391,287)
Income taxes payable	(157,311)	42,507
Changes in non-cash working capital from operating activities	<u>(780,687)</u>	<u>(369,003)</u>

Income taxes paid during the quarter were \$7,259 (September 30, 2016-\$21,678).

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 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.

	Nine months ended September 30, 2017		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	1,118,065	-	1,118,065
Property operating expenses	(758,748)	(106,575)	(865,323)
Unrealized fair value loss of investment property	(1,810,714)	-	(1,810,714)
Unrealized mark to market loss on marketable securities	-	(296,830)	(296,830)
Other expenses	(113,445)	(390,659)	(504,104)
Depreciation	(62,287)	-	(62,287)
Net investment income	7,422	357	7,779
Loss on disposal of investment property	(51,446)	-	(51,446)
Other revenue	43,165	-	43,165
Realized gain on marketable securities	-	54,900	54,900
Foreign currency loss	(59,888)	(14,260)	(74,148)
Net loss before income taxes	(1,687,876)	(753,067)	(2,440,943)

	Three months ended September 30, 2017		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	353,413	-	353,413
Property operating expenses	(200,483)	-	(200,483)
Unrealized fair value loss of investment property	-	-	-
Unrealized mark to market loss on marketable securities	-	346,465	346,465
Other expenses	(43,224)	(134,829)	(178,053)
Depreciation	(19,774)	-	(19,774)
Net investment income	5,290	13	5,303
Loss on disposal of investment property	-	-	-

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September 30, 2017

(expressed in Canadian dollars)

Other revenue	16,941	-	16,941
Realized gain on marketable securities	-	32,834	32,834
Foreign currency loss	6,387	(2,268)	4,119
Net loss before income taxes	118,550	242,215	360,765

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September 30, 2017

(expressed in Canadian dollars)

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

	Nine months ended September 30, 2016		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	1,377,487	-	1,377,487
Property operating expenses	(1,058,873)	-	(1,058,873)
Share based payment	(59,063)	(98,103)	(157,166)
Unrealized fair value loss of investment property	(5,916,360)	-	(5,916,360)
Unrealized mark to market loss on marketable securities	-	516,617	516,617
Other expenses	(192,818)	(330,865)	(523,683)
Depreciation	(93,395)	(3,692)	(97,087)
Net investment income	10,144	34	10,178
Loss on disposal of Investment property	(161,253)	-	(161,253)
Other revenue	45,431	-	45,431
Realized gain on marketable securities	-	-	-
Foreign currency gain (loss)	-	-	-
Net loss before income taxes	(6,048,700)	83,991	(5,964,709)

	Three months ended September 30, 2016		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	429,241	-	429,241
Property operating expenses	(322,729)	-	(322,729)
Share based payment	-	-	-
Unrealized fair value loss of investment property	-	-	-
Unrealized mark to market loss on marketable securities	-	516,617	516,617
Other expenses	(37,203)	(94,878)	(132,081)
Depreciation	(29,131)	(1,108)	(30,239)
Net investment income	2,849	32	2,881
Loss on disposal of Investment property	-	-	-
Other revenue	4,061	-	4,061
Realized gain on marketable securities	-	-	-
Foreign currency gain (loss)	-	-	-
Net loss before income taxes	47,088	420,663	467,751

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2017

(expressed in Canadian dollars)

	September 30, 2017		
	Investment property	Corporate	Consolidated
	\$	\$	\$
Total assets	26,751,726	2,625,485	29,377,211
Property and equipment	1,634,579	-	1,634,579
Investment properties	24,668,681	-	24,668,681
Period Expenditures			
Property and equipment	1,383	-	1,383
Investment properties	537,353	-	537,353

	September 30, 2016		
	Investment property	Corporate	Consolidated
	\$	\$	\$
Total assets	35,454,203	1,312,983	36,767,186
Property and equipment	2,131,812	2,679	2,134,491
Investment properties	32,651,592	-	32,651,592
Period Expenditures			
Property and equipment	25,120	-	25,120
Investment properties	22,617	-	22,617

	Revenue		Property and equipment		Investment property	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	\$	\$	\$	\$	\$	\$
Canada	-	-	-	2,679	-	-
Mongolia	1,109,784	1,261,665	1,634,579	2,131,812	24,668,681	32,651,592
	1,109,784	1,261,665	1,634,579	2,134,491	24,668,681	32,651,592

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2017

(expressed in Canadian dollars)

14 Other expenses

	For the three months ended September 30	
	2017 \$	2016 \$
Investor Relations	13,382	3,113
Repairs and Maintenance	13,242	25,770
Office	11,509	13,685
Professional fees	84,855	80,052
Travel	26,750	17,553
Advertising	1,001	4,829
Land and property tax	31,474	31,888
Insurance	11,783	13,153
Utilities	27,281	29,262
Other	26,475	13,901
	247,752	233,206

	For the nine months ended September 30	
	2017 \$	2016 \$
Investor Relations	28,402	24,251
Repairs and Maintenance	28,935	72,353
Office	43,033	47,649
Professional fees	222,874	333,344
Travel	54,560	39,225
Advertising	7,100	13,376
Land and property tax	107,334	130,954
Insurance	33,322	45,454
Utilities	103,017	115,918
Other	62,568	67,384
	691,145	889,908