MONGOLIA GROWTH GROUP

2022 Annual Report

Dear Shareholders,

The fourth quarter of 2022 continued upon our prior successes in terms of stabilizing our business and preparing this company for the next steps in this adventure that you've all joined us for. Key to this is that we've continued to have positive operating income, before changes in property valuations and our public securities portfolio. Following a period of heightened legal, tax, and consulting expenditures, we anticipate that our overall spending levels will decline, which should aid in this profitability. Most importantly, we have continued to maintain and grow a very healthy and increasingly liquid capital base from which to reinvest for the future.

Based on current subscriber trends at KEDM, we believe that our company will show positive operating income going forward (excluding one-time expenses).

We now segregate our business lines into three categories (Investment Properties, Subscription Business Products, and Corporate Division, which includes our investment portfolio).

Investment Properties:

It continued to be a difficult year for our Mongolian property operations. During the year we reported $798,826 (2021- $679,091) of leasing revenue and $100,572 (2021 - $190,850) of other revenue (primarily 3rd party), offset by $757,220 (2021- $759,100) of expenses in Mongolia. Unfortunately, we have zero visibility into the future trajectory of the economic crisis in Mongolia.

Subscription Business Products:

During the year, KEDM, our subscription data business, which tracks various Event-Driven strategies, recognized $3,174,031 of revenue while taking in $3,685,713 of gross subscription receipts, representing a 236% revenue growth when compared to the previous year which began earning revenue in July 2021. As noted in the prior quarter, we have now begun to experience an increase in overall subscriber churn. This level of elevated churn has continued into 2023. We believe this churn is tied to a volatile investing environment where overall research budgets have been reduced amongst our subscribers. Additionally, we have seen a decline in new subscribers—somewhat offset by the increase in pricing that we initiated during the prior year. However, we believe that we erred in raising subscription pricing to a level that turned out to be unaffordable to some subscribers. Our goal is to continue to offer the maximum value to subscribers, while regularly reviewing our pricing methodology in order to maximize the revenue of a business that has elevated fixed costs.

Despite these challenges, recognized revenue continued to increase during the year and has continued to increase into the fourth quarter, though the overall subscriber count has stayed relatively constant. As of the date of this letter, we have taken in over $6 million in gross subscription proceeds.

Having spoken with many financial publishing insiders, we believe that KEDM has now reached a more mature state and current revenue levels are unlikely to increase at a rapid pace from here, as new subscribers are likely to be offset by churn from existing subscribers. Despite this fact, we intend to continue to focus on new marketing approaches to grow the subscriber count.

Given the success to date of KEDM, we believe that there are ancillary services that we can launch and monetize, providing further value to KEDM subscribers. These services will likely be a cost center as they are conceived and grown before eventual monetization. To learn more about KEDM, go to www.KEDM.COM. Additionally, the company is considering acquiring other subscription products that would be complementary to KEDM.

Corporate Division:

Our public securities portfolio produced a $1,031,997 unrealized gain and a $8,792,881 realized gain during the year. I would like to caution you strongly that returns, as we have recently experienced, are highly unlikely to be repeated in future quarters and are likely to be rather volatile given our elevated exposure to oil futures call spreads, which have appreciated substantially since we acquired them. Our portfolio is currently concentrated in investments in oil futures and futures options (including fully offsetting futures call option spreads), an oil ETF, energy services companies, uranium, and the housing sector. We view these investments as highly liquid, inflation-protected, alternatives to holding cash and we intend to liquidate various investments should we find additional businesses to launch or in which to acquire stakes.

Business Update

For multiple years, I have mentioned that there are tax and regulatory reasons why our public securities portfolio cannot continue to increase. As a public company, we are required to have a substantial portion of our assets invested in operating businesses that we hold in excess of 25% over which we exert some degree of control. Unfortunately, we have been unable to find any such operating business that interests us, and this causes something of a dilemma as we cannot continue on the current path. As a result, we have invested substantial time and expense looking for viable structures (hence the elevated spend on legal) and continue to explore various options. However, we have struggled to find an alternative and we are now of the view that we may not find an acceptable path forward.

When Gen and I originally decided to diversify this business, we envisioned a company that would allow us to pivot between public and private investments, bridging the frequent gaps in valuation between them. We saw an enterprise that could incubate businesses and grow them so that they could one day be set free on public markets. We saw a world full of opportunity, but at the time, we lacked the capital to implement these dreams. Fast forward to today, and we are flush with capital and the opportunity set appears to have disappeared.

Unfortunately, the world has arrived in a place that we did not expect. With Private Equity aggressively bidding for private operating businesses, we simply cannot find anything in the private space that is attractive for our investment capital. Why would an intelligent owner ever sell 25% or more of a company to you for less than it was worth? Meanwhile, that scenario happens daily on the global stock exchanges, with the caveat that it is difficult to purchase 25% or more of a business. However, we frequently purchase a few percent for a stunningly good price.

Now, as the world looks to enter a recession, the gap between public and private valuations has become even more extreme as global equities have sold off dramatically, while Private Equity funds continue to raise record amounts of new capital to deploy. We do not know when or if this gap will swing back in the other direction, but we refuse to purchase a private business at a premium valuation to a comparable public business—particularly as a public markets business affords us instant liquidity, allowing us the optionality to redeploy capital into any future opportunity that presents itself.

We had hoped that this gap in valuation would swing back in the other direction eventually. Instead, it has become even more extreme. Unfortunately, we have something of a ticking clock on our business as we have to eventually own more private business assets or large stakes (25% or more) in public companies. Unfortunately, during 2023, hard decisions must be made. I refuse to make a bad investment decision simply to check a regulatory or tax box. As a result, if we cannot find anything intelligent to do, we'll be forced by legal and tax statutes to begin returning capital to shareholders.

Unfortunately, we are subscale as a public company. Gen and I fought hard to get to this point where we have the heft to execute on our business plan. If we are forced to return capital, we'll never be in a position to execute on this business plan, should an opportunity eventually come up. At the same time, it seems silly to burden our current equity holdings with the operating costs of a public company, spread amongst a much smaller capital base, as shareholders would be far better off investing in similar securities in their own personal accounts. As a result, if we start the process of returning capital, we'll likely end up returning a majority of the excess capital at the same time. I want to make it clear that we are not going to be forced sellers of any securities. If we do take the route of returning capital to shareholders, we'll only do so after individual investments have matured.

As we get closer to the moment where we have to deal with this issue, I wanted to more fully detail our current dilemma and thinking so that I can have more fulsome conversations with shareholders and seek out a possible solution to our conundrum. Our path here is not set in stone and we are hopeful that we can either find a solution or find an investment that interests us. However, it would be unfair to you if we sprung a large capital return on you, when you expected us to be growing this business instead. It would be even worse if we made a bad investment out of necessity to extend our timeline.

We had a dream of building a unique sort of business, but it may prove to be impossible due to regulatory limitations.

KEDM Restructuring

For over a decade, this company, my personal life, and my business life have been oddly intertwined. I have always known that related party transactions should be avoided at all costs, but over the years, there have been a variety of related party transactions, which MGG entered into. In all circumstances, I have done my best to ensure that MGG always came out ahead, often at my own expense. I even faithfully served as Chairman and CEO for zero compensation during the majority of MGG's lifetime. I bring this up, as once again we have entered into a related party transaction and this one is large.

As of November 2022, an entity that I control and am president of, has become a Registered Investment Advisor (RIA) in the USA. Unfortunately, this has multiple complications for KEDM, as RIAs are highly regulated entities and all of my finance facing business interactions must be contained within the RIA and the RIA's compliance process. As a business, MGG came to something of a fork in the road where we had three very unpleasant choices in front of us, characterized in terms of the worst option first; we could disband KEDM and return everyone's subscriptions (which would lead to a multi-million dollar outflow from the company along with forgoing millions in future revenue), we could let KEDM continue without my involvement (which would likely entail a rapid acceleration in subscriber churn and a dramatic decline in revenue), or we could have my RIA produce KEDM for MGG to distribute. After spending far too much capital and an inordinate amount of our time seeking out a fourth option that did not involve a very substantial related party transaction, we have decided that the least bad option is for my RIA to produce KEDM.

As a reminder, MGG previously had engaged an arms-length third party to produce KEDM. That party had its expenses reimbursed along with earning a 20% revenue share on all quarterly revenue in excess of USD $125,000 each quarter. My RIA has now employed many of these same individuals and will shoulder the costs of producing KEDM along with passing through the revenue share to these employees. Unfortunately, due to the costs of coexisting within a highly regulated RIA, the costs of producing KEDM will increase somewhat. This is caused by added expenses for compliance, legal and IT—costs that I've mostly shouldered over the past few years, often not realizing that I was paying these expenses. In the agreement that was approved by the Board of MGG, my RIA will receive USD $50,000 a month along with 20% of all revenue in excess of USD $125,000 each quarter. The contract was structured to ensure that my RIA earns a very modest profit, as the overall costs of producing KEDM within this new regulatory environment are unclear. Over time, my plan is to adjust this contract so that my RIA earns a negligible profit on this contract, and nothing more, as necessitated by tax statutes. Offsetting these expenses, my RIA entered into a rental agreement at a rate of USD $5,000 a month as of January 1, 2023 for use of part of the Puerto Rican office building owned by MGG. MGG believes that this is a market rate of revenue.

I want to assure you that we've tried to make this square peg fit into a round hole for the better part of a year now, and we've hit a level of exhaustion with the topic that only those of us who have been working on this, can truly appreciate. Unfortunately, this is the only path forward that can preserve the value of KEDM for shareholders.

Once again, I wanted to be as forward as possible with you as related party transactions, particularly large ones, should be avoided. Unfortunately, some simply cannot be avoided.

Conclusion

In summary, the fiscal year 2022 continued upon the past few years of progress. We have now incubated and launched KEDM with great success. KEDM has passed through the first renewal period and has proven that subscribers find dramatic value in it. Our public equity investments have succeeded beyond our wildest ambitions, and we are in the best financial position we have been in since we started this adventure. Gen and I very much want to continue this adventure. We have big plans and even bigger ambitions for this company, as noted by our continued and aggressive insider purchases over the years. Unfortunately, various regulatory and tax authorities have put a roadblock in our way and despite speaking with multiple consultants and spending a veritable treasure chest of money on this problem, we cannot find a way forward. We haven't given up hope yet, but are also realists, hence we are making you aware of the likely return of a substantial portion of this company's capital.

During the quarter, the company repurchased 302,600 shares under its Normal Course Issuer Bid. At quarter end, our share count was 27,710,499 or 23% fewer than during our peak share-count in 2016. To date, the company has repurchased a total of 8,224,800 shares.

Sincerely,

Harris Kupperman

CEO and Chairman of the Board

MONGOLIA GROWTH GROUP LTD.

Management Discussion & Analysis
December 31, 2022

The management of Mongolia Growth Group Ltd. ("MGG" or "the Corporation") presents the Corporation's management discussion and analysis for the year ended December 31, 2022 (the "MD&A"), compared with the year ended December 31, 2021. As of January 1, 2011, the Corporation adopted International Financial Reporting Standards ("IFRS"). This MD&A provides an overall discussion, followed by analyses of the performance of the Corporation's major reportable segments. The reporting and presentation currency in the consolidated financial statements and in this discussion and analysis is the Canadian dollar, unless otherwise noted.

This MD&A is dated April 19, 2023, and incorporates all relevant information and considerations to that date.

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2022 and December 31, 2021 together with all of the notes, risk factors and information contained therein, available on SEDAR at www.sedar.com.

Forward Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "believe", or similar expressions. These statements represent management's best projections but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the "Risks and Uncertainties" as discussed herein. Actual performance and financial results will differ from any projections of future performance or results expressed or implied by such forward looking statements and the difference may be material.

Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. From time to time, the Corporation's management may make estimates and have opinions that form the basis for the forward-looking statements. The Corporation assumes no obligation to update such statements if circumstances, management's estimates, or opinions change.

Forward looking statements are included within the Outlook and Executive Strategy sections of this MD&A.

Section 1 – Overview

Financial and Operational Overview

The Corporation has three core focuses of operation: Investment Properties, Subscription Products, and Corporate.

Management believes that its current property operations are not at a sufficient scale to be cash flow positive. As such, the Corporation is looking at various investment opportunities outside of Mongolia, in order to diversify its business and has adopted a Merchant Bank model. Since 2017, the Corporation has spent substantial time evaluating a number of businesses for acquisition but has not decided to move forward on any acquisition. However, the Corporation has incubated and launched a Subscription Products business, which began to produce revenue during the third quarter of this year.

The year saw an increase in overall revenue primarily related to the Corporation recognizing subscription products revenue and an increase in leasing revenue. Additionally, the Corporation recognized realized and unrealized gains from its investment portfolio.

The Corporation's rental revenue was up when compared to 2021. The Corporation managed to maintain a high occupancy rate, with 100% office and 100% retail occupancy rates, and no longer had to offer significant discounts to tenants affected by closures due to Covid-19 as it did in years prior.

During the year, the Company sold five properties for cash proceeds of $919,621 at a net loss of $146,544. (2021- $37,641 loss). During 2021, the Corporation purchased a mixed-use property in Puerto Rico for $821,591 which has been classified as PPE, and completed renovations and furnishings of $711,813 during the year. It is anticipated that the Corporation will continue to dispose of non-core Mongolian properties in future quarters to fund future working capital needs, along with funding the start-up costs or capital cost of the acquisition of a business outside of Mongolia.

During the year, the Corporation recognized revenue of $3,174,031 (2021- $944,411) from its subscription data product named KEDM. It is anticipated that KEDM-related revenue will increase in future years as the number of subscribers increases and the Corporation adds additional services to the core KEDM platform. The increases in revenue will be somewhat offset by the expectation of additional costs in relation to KEDM.

While the Corporation seeks out a business to build or acquire, the Corporation has invested its excess capital in publicly traded securities. During 2022, the Corporation's investment portfolio experienced $8,792,881 of realized gains and $1,031,997 of unrealized gains. As of the end of December, the Corporation has in excess of $38.7 million of cash and net marketable securities with negligible debt (when excluding margin borrowings and short futures call options related to fully hedged call spreads). The Corporation believes that over time, it will continue to dispose of property assets to fund potential future investments outside Mongolia. The Corporation sees its public securities holdings as a source of capital to fund a future acquisition along with the working capital needs of the business. The Corporation may also be forced to take on additional borrowings or issue equity to finance a future acquisition.

Mongolian Economic Overview

Starting in 2012, the Mongolian government initiated a program to restrict and inhibit foreign investment. Additionally, various government officials made statements designed to intimidate foreign investors, followed by arbitrary arrests of foreign employees and confiscations of foreign investments. These actions led to a dramatic slowdown in foreign direct investment (FDI) and an exodus of foreign investors. The economy would have entered a crisis sooner if not for expansionary fiscal policy and monetary stimulus from the Central Bank of Mongolia. However, by 2014, even this stimulus was insufficient to avert the economic crisis which is currently ongoing.

Despite official statistics that tended to show moderate economic growth, the Corporation is of the opinion that the economy had been in contraction from 2014 until mid-2018, though the rate of contraction had varied based on economic policy. During the second half of 2018, the Corporation noticed the first green shoots in many years.

Beginning in February 2020, the Government of Mongolia undertook extraordinary actions to limit the spread of Covid-19. These actions included closing borders, closing schools, reducing gatherings, and drastic limitations on business operations including the Corporation's operations. During 2022, the government relaxed Covid-19 restrictions and overall operations have recovered somewhat. It is anticipated that prior actions related to Covid-19 will continue to impact Mongolia's economic recovery. To date, the Corporation has experienced a low level of bad debt expense; however, it had to issue a significant number of discounts to tenants affected by the economic crisis.

Management believes that the current economic crisis is the result of policies that have discouraged Foreign Direct Investment ("FDI") along with Covid-19. When the government takes the appropriate steps to stimulate FDI, it is expected that the economy can return to sustainable economic growth. Management remains a believer in the long-term growth potential of Mongolia.

Mongolia's economy is likely to be impacted by the Russian invasion of Ukraine as Russia is a substantial trading partner of Mongolia. Recent actions to restrict Russian access to SWIFT may have negative impacts upon Mongolia's ability to trade with Russia, which may negatively impact the Mongolian economy. To date, Mongolia has taken a neutral view regarding the Russian invasion. There is no way to know if Mongolia's stance will shift over time.

Mongolian Property Overview

During the boom years at the beginning of this decade, multiple sizable property developments were initiated. Despite an economic crisis that began in 2014, many of these developments were ultimately completed, while new projects have continually been initiated despite weak demand for these properties. There also remains a sizable shadow inventory of partially completed projects that may re-commence development at any time.

Before the economy was impacted by Covid-19, well-placed office and retail space in the city center was beginning to get absorbed and rental rates were starting to increase, for the first time in many years. Management continues to monitor and evaluate the ultimate impact of Covid-19 on property prices and the Mongolian economy.

Management cautions investors that it is focused on continuing to dispose of non-core property assets, when possible, to recycle capital.

Mongolian Property Business

During the past decade, Management and employees have worked hard to build up the infrastructure needed to manage MGG's institutional property platform. This platform is unique in Mongolia and is one of the only platforms capable of managing assets through the full cycle of ownership from acquisition through disposition and includes dedicated departments that manage maintenance, leasing, marketing, and tenant management. Management believes it has a strong team in place to manage the business on an ongoing basis.

The Corporation has continued to have occupancy levels that are in excess of current market conditions, and it credits its leasing and property management teams with this success. Additionally, bad debt expense has remained below expectations. However, the Corporation issued significant discounts to tenants during the pandemic.

Portfolio

Mongolia Growth Group's Mongolian properties are located in the Downtown and the Central Business District of Ulaanbaatar. During 2021, the Company purchased an office building in Rincon, Puerto Rico. Within the financial statements, MGG classifies properties in each of the following categories: Investment Properties, Property and Equipment, and Other Assets/Prepaid Deposits. Fluctuations in the values of the Corporation's property portfolio during the year can be attributed to changes in valuations, properties purchased and sold, and the change in value of the functional currency (Mongolian Tögrög) versus the Canadian dollar.

Investment Properties

Investment Properties include properties held to earn rental revenue, for capital appreciation, and/or for redevelopment. Investment Properties are initially valued at fair value, which is the purchase price plus any directly attributable expenditure. Investment Properties are subsequently valued at fair value, which reflects market conditions at the date of the statement of financial position.

The following table represents properties classified as Investment Properties, as of December 31, 2022:

		2022		2021
	# of Properties	Value at 31-December-2022 $CDN	# of Properties	Value at 31-December-2021 $CDN
Office	2	931,736	2	925,127
Retail	1	5,508,385	6	7,119,588
Land and Redevelopment	2	3,646,835	2	3,841,192
Total	**5**	**10,086,956**	**10**	**11,885,907**

Property and Equipment

Properties are classified as Property and Equipment if the Corporation occupies more than 10% of the property. Properties classified as Property and Equipment are measured at cost less accumulated depreciation, less any accumulated impairment losses. All repairs and maintenance costs to these properties are charged to the Consolidated Statement of Operations during the period in which they occur unless eligible for capitalization. The Corporation's Mongolian headquarters, purchased in October 2011, as well as the newly purchased, mixed-use property in Puerto Rico, fall within this category. The Corporation anticipates continuing capitalized expenditures for the renovation of the newly purchased property in Puerto Rico.

The following table represents properties classified as Property and Equipment, as of December 31, 2022:

		2022		2021
	# of Properties	Value at 31-December-2022 $CDN	# of Properties	Value at 31-December-2021 $CDN
Office	2	2,616,417	2	2,201,317
Retail	-	-	-	-
Land and Redevelopment	-	-	-	-
Total	**2**	**2,616,417**	**2**	**2,201,317**

Occupancy Rates

A summary of MGG's property portfolio occupancy rates is set forth in the following table:

	31 –December- 2022	31 –December- 2021	31 –December- 2020
	Occupancy Rate*	Occupancy Rate*	Occupancy Rate*
Office	100.0%	100.0%	96.6%
Retail	100.0%	84.2%	100.0%
Weighted Average**	**100.0%**	**91.0%**	**97.0%**

* Occupancy rates are calculated on a per-meter basis and only include properties in the rental pool. It does not include those currently listed for sale.

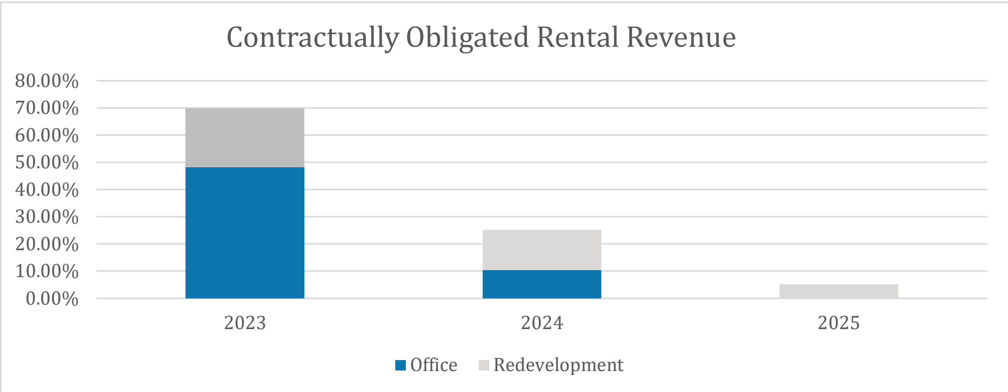
** Weighted Average is calculated based on total meters available for lease.

Demand for retail space has remained strong, despite a challenging economy. Occupancy levels for the Corporation's office space continue to be strong even while vacancy levels throughout the city have remained high as additional supply has entered the market.

Leasing Schedule

In order to reduce the Corporation's exposure to currency fluctuations and inflation, the Corporation targets shorter lease durations with most tenants. Management's experience is that this practice is in line with local industry standards, with the expectation that once leases expire, existing tenants are offered the first right to re-lease the space at the prevailing market rates.

A summary of the Corporation's lease signings by asset class is presented in the chart below:



The weighted average remaining lease length, calculated as a percentage of monthly revenues, increased during the year to 12.6 months in December 2022 compared to 10.6 months in December 2021.

It is Management's belief that the majority of the Corporation's existing leases are at rates that are in line with prevailing market rates that existed before Covid-19. Future changes in lease rates are dependent on economic conditions.

Subscription Products

The Corporation has built a financial data product known as KEDM, which helps investors to monitor various Event-Driven opportunities. The Corporation initiated a paywall on July 1, 2021, in order to monetize this service. During the year, the Corporation recognized $3,174,031 of subscription revenue. At year-end, the Corporation has $1,547,154 of unearned revenue (2021 - $1,035,471) related to subscription fees that have been collected and not earned. As of December 31, 2022, the Corporation has received $5,665,595 of total billings.

The Corporation intends to increase the marketing of KEDM along with investing to improve the scope and quality of the data. Should KEDM continue to perform acceptably, the Corporation may look to launch or acquire additional subscription products. Additionally, the Corporation is reviewing additional services that it can add to the core KEDM platform to increase revenues. The total KEDM subscriber base has continued to grow at an attractive rate since the end of the year. For more information on KEDM, go to http://www.KEDM.COM.

Investments

The Corporation has invested a portion of its excess capital in marketable securities. As of December 31, 2022, the Corporation held positions in multiple different publicly traded companies with the values of marketable securities owned of $49,237,506, securities sold short of $5,159,131 and $7,393,046 due to broker.

During the year, the Corporation realized gains of $8,792,881 (2021- gain of $10,306,006) from sales of public securities and experienced unrealized gains of $1,031,997 (2021 –gain of $7,946,088).

At the end of the year, the portfolio's holdings with a weighting in excess of 10% of the brokerage account's equity were:

Top Holdings		
Holdings	Shares	%
Crude Oil Futures Calls	-	39.2%
Valaris PLC (VAL – USA)	76,230	19.0%
Sprott Uranium Trust (U-U – Canada)	365,500	15.8%
BNO Energy ETF	127,440	13.3%
St Joe Company (JOE – USA)	73,346	10.5%
Lee Enterprises (LEE – USA)	76,279	5.2%

The Corporation's public securities as of December 31, 2022, are broken out in the following sectors:

Long Portfolio	
Industry Sector	Percentage
Crude Oil Futures and Calls	39.0%
Energy Services	36.3%
Uranium	18.8%
Brent Oil ETF	13.3%
Land	10.5%
Media and communications	8.9%
Technology	2.9%
Building products	2.9%
Other long equities	1.3%

Short Portfolio	
Industry Sector	Percentage
Short Crude Oil Futures Calls	-`14.0%
Other Short options	-0.1%

The Corporation believes that public securities are a liquid alternative to holding cash while seeking out additional businesses to launch or acquire. The Corporation intends to sell its holdings to fund such future businesses. There are tax and regulatory reasons that this portfolio should not be thought of as the future of the Corporation. The Corporation cautions investors that the public securities portfolio is likely to be more volatile than the overall market or a money market account. Additionally, investing in public securities entails substantial risks, far beyond the risks of investing excess cash into a bank account. The Corporation does not expect the recent returns to be repeatable, sustainable or indicative of future returns from the public securities portfolio.

During the first quarter of 2022, the Corporation purchased various Russian securities. As at March 31, 2022, the Company marked all of these securities to zero as sanctions prohibit the sale of Russian securities and the Company may never recover any value from these securities. The Corporation continues to value these securities at zero.

As of December 31, 2022, the public securities portfolio had a net equity value of approximately $36,700,000 when compared to a net equity value of about $27,800,000 at December 31, 2021. During the year, the Corporation withdrew $1,300,000 from the public securities portfolio to fund working capital needs and the Corporation's NCIB. As of March 31, 2023, the public securities portfolio had a net equity value of approximately $33,200,000.

Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2022 and 2021, the Company's amounts due to brokers have no specific repayment terms, and they are governed by the margin terms set forth in the prime brokerage agreements. As at December 31, 2022, the Company had net margin borrowings of $7,329,685 (2021 – $7,614,540). The fair value of the collateral-listed equity securities is calculated daily and compared to the Company's margin limits. The prime brokers can at any time demand full or partial repayment of the margin balances and any interest thereon or demand the delivery of additional assets as collateral.

			2022
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	14,203	(14,203)	-
Due to brokers	-	(7,393,046)	(7,393,046)

			2021
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	6,872	(4,552)	2,320
Due to brokers	-	(9,173,869)	(9,173,869)

Digital Assets

During the year, the Corporation opened a digital currency account at Kraken Custody and purchased Monero (XMR) cryptocurrency. The Corporation purchased 505 Monero coins during the year for $94,910. At the end of the year, the coins were worth $284,253 as it experiences an unrealized loss of $98,700 and a currency gain of $21,153. The Corporation currently owns 1,425 Monero.

Section 2 – Results of Operations

Selected Annual Financial Information (CAD)

	Year ended 31-December-2022 ($)	Year ended 31-December-2021 ($)	Year ended 31-December-2020 ($)
Revenue and other income	3,926,885	1,776,711	931,215
Income			
Net income (loss) attributable to equity holders of the Corporation	7,938,422	15,549,306	3,727,544
Total Comprehensive income/ (loss) attributable to equity holders of the Corporation	6,403,237	15,491,985	2,516,287
Basic earnings per share ("EPS") (in CAD)			
Net income/ (loss)	0.29	0.53	0.12
Diluted EPS (in CAD)			
Net Income/ (loss)	0.29	0.53	0.12
Balance Sheet			
Total assets	64,557,624	55,026,865	27,970,421
Total liabilities	18,434,092	14,849,578	1,123,994
Total equity	46,123,532	40,177,287	26,846,427
Shares outstanding at year-end	27,710,499	27,778,499	31,281,499
Book value per share	1.66	1.47	0.86

Rental Revenue from Investment Properties

Rental revenue from Investment Properties increased from $679,091 in 2021 to $798,826 in 2022 as the Company no longer had to offer significant discounts to tenants affected by closures due to Covid-19 as it did in years prior.

Unearned Revenue

The Company has developed a data analytics service, named KEDM, that tracks various Event-Driven strategies. The Company initiated a paywall on July 1, 2021, to start monetizing this service. Revenue collected that has not been earned has been classified as unearned revenue and will be classified according to the Company's revenue policies described in note 3 of the 2022 consolidated financial statements.

As of December 31, 2022, the Company has unearned revenue of $1,547,154 (December 31, 2021 - $1,035,471).

Prior to January 1, 2023, MGG had engaged an arm's length company to compile and produce the KEDM report on an ongoing basis, while MGG acted as the distributor and marketer of the product. As a part of this engagement, MGG had agreed to pay certain direct and approved expenses related to producing KEDM in addition to 20% of quarterly earned revenues above a threshold. Expenses related to the unearned revenue have generally not yet been incurred and are not reflected in the Company's financial statements. MGG owns all intellectual property related to KEDM and the arm's length company disclaims any ownership or rights to the intellectual property.

Beginning on January 1, 2023, MGG has engaged Praetorian PR LLC (PPR), a Puerto Rican company owned by MGG's Chairman and CEO to produce KEDM. Under the terms of the agreement, MGG will pay PPR a monthly fee of USD $50,000 along with 20% of any quarterly revenue in excess of USD $125,000. This transaction was necessitated by the need to consolidate all financial-related business activities conducted by the Corporation's Chairman and CEO under the review of his Chief Compliance Officer, following PPR's registration as a Registered Investment Advisor with the US Securities and Exchange Commission (SEC). MGG believes that the compensation paid to PPR will result in a negligible profit to PPR based upon a review of anticipated expenses going forward. Both parties reserve the right to adjust the terms of the agreement following a short-notice period. Additionally, PPR agrees to provide MGG with expense reports periodically to show the KEDM-related expenses that were incurred. For more information about KEDM, go to www.KEDM.com.

Revenue from Other Sources

Revenue from other sources consists of late fees, fees earned for third-party leasing, and property management. For the year ending December 31, 2022, revenues from other sources decreased to $100,572 compared to $190,850 for the year ending December 31, 2021, as there was a significant decrease in brokerage transactions during the year.

Revenue from Subscriptions

Revenue from subscriptions consists of fees earned through our data analytics subscriptions. For the year ending December 31, 2022, revenues from subscriptions were $3,174,031 compared to $944,411 in 2021 as KEDM earned revenues for the full year and continued to gain traction.

Gain/loss on disposal of Investment Properties

During the year, the Corporation sold five properties with a value of $1,066,165 for a net loss of $146,544 (2021 – eight properties for cash consideration of $2,163,008 and a net gain of $37,641).

Fair Value Adjustment on Investment Properties

The estimate of fair value of investment properties is a critical accounting estimate to the Corporation. An external appraiser estimates the fair value of the majority of the Investment Properties annually, the remainder are appraised internally by Management. 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 Corporation operates in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk given the lack of reliable and comparable market information. For the year ended December 31, 2022, the Corporation recorded a valuation gain of $622,186 (2021 – $441,870 loss). Management continues to evaluate the impacts of Covid-19 on property prices.

Income Taxes

The Corporation has subsidiaries in Mongolia that are subject to income taxes and, accordingly, has provided for current and deferred income taxes with respect to those subsidiaries.

Differences between IFRS and statutory taxation regulations in Mongolia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The deferred tax liability on the balance sheet increased by $1,962,278 during the year (Q4 2021- $531,408 increase) due to unrealized gains in our investment portfolio.

The Corporation's marketable securities portfolio has generated large gains during 2021 and 2022. It is expected that the Corporation will use up all of its Non-capital losses available and be required to pay taxes in Canada on some of these gains. The Corporation has estimated the deferred liability to be approximately $2,972,522.

Unrealized public securities investment gain/loss

During the year, the Corporation had an unrealized public securities investment gain of $1,031,997 compared to an unrealized public securities investment gain of $7,946,088 during 2021.

Realized public securities investment gain/loss

During the year, the Corporation had realized investment gains of $8,792,881 compared to a realized investment gain of $10,306,006 in 2021.

Realized foreign currency gain/loss

During the year, the Corporation had a realized foreign currency gain of $255,315 compared to a realized foreign currency loss of $313,464 in 2021.

Share Repurchase

During 2022, the Corporation repurchased 302,600 common shares under its Normal Course Issuer Bid (NCIB) at an average price of $1.51 (2021-3,311,500, $0.65 average). As at December 31, 2022, the Corporation held 234,600 shares in Treasury to be cancelled during the first quarter of 2023 (2021- Nil).

Property Operating Expenses

Property Operating Expenses consist of repairs and maintenance, bad debts, utilities, salaries, as well as land and property taxes. For the year ending December 31, 2022, property operating expenses were $770,855 compared to $760,783 during the same period in 2021.

Corporate Expenses

Corporate expenses include senior management and board of directors' compensation, listing fees, professional fees, technology, travel, investment research expenses, KEDM.COM development costs, and administrative costs.

For the year ending December 31, 2022, general and administrative expenses have increased from $2,021,493 in 2021 to $2,769,687 in 2022. This increase was primarily driven by an increase in production expenses and revenue sharing at KEDM.

Unrealized digital assets investment gain/loss

During the year, the Corporation had an unrealized digital assets investment loss of $98,700 and a currency gain of $21,153 (2021– $42,606 investment loss and a $4,923 currency loss).

Currency

The Mongolian Tögrög has fluctuated significantly over the past ten years; however, it was relatively unchanged in 2021 increasing from 2235 at the end of December 2020 to 2237 at the end of December 2021. During 2022, the Togrog depreciated 16% to 2,542. The fluctuation in the currency is reflected in the Corporation's financial statements, most notably in the investment property portfolio. Note 11 in the financial statements discloses the foreign exchange adjustment, which flows through the investment property classification during each period. As at December 31, 2022, the Corporation recognized an unrealized foreign exchange adjustment loss of $1,354,972 (2021 - loss of $51,451) on its investment property portfolio.

Net Income

For the year ended December 31, 2022, the Corporation had a net income of $7,938,422 (2021 - $15,549,306). The bulk of this income came unrealized and realized gains on marketable securities of $1,031,997 and $8,792,881 as well as the subscription revenue of $3,174,031 earned during the period. Management cautions investors that the Corporation is primarily focused on increasing shareholder value on a per-share basis. This means that, operationally, Management is more concerned with long-term asset appreciation at the expense of short-term cash flow. Management expects this to be the case for the foreseeable future.

Section 3 - Financial Condition

Cash Flow

Mongolia Growth Group's primary sources of capital are cash generated from equity issuance, investing, financing, and asset sales. Management expects to meet all of the Corporation's obligations through current cash and cash equivalents along with cash flows from asset sales.

The following table provides an overview of the Corporation's cash flows from operating, financing, and investing activities for the year ended December 31, 2022, and 2021.

		For the year ending
	31-December-2022 $	31-December-2021 $
Net change in cash related to:		
Operating	(1,126,832)	8,986,056
Investing	1,321,361	(5,767,722)
Financing	(456,992)	(2,141,125)
Effects of exchange rates on cash	(82,603)	(42,669)
Net change in cash during the period	**(345,066)**	**1,034,540**

Overall, the Corporation had cash outflows of $345,066 during 2022 primarily due to significant cash outflows from operating activities offset by Significant inflows from Investing activities. The changes in components of cash flows for the year ended December 31, 2022, compared to the year ended December 31, 2021, were the result of the following factors:

- **Operating**– The Corporation experienced operating cash outflows due to a significant net change in non-cash working capital as the Company had a large amount on deposit at the broker at year-end. In contrast, at the end of 2021, the Company had a large amount due to broker.
- **Investing**– The Corporation experienced significant inflows from investing activities for the year ended 2022 primarily due to significant net sale of marketable securities and investment properties, offset slightly by the acquisition of PPE. In contrast, the Corporation had outflows from the purchase of marketable securities and the acquisition of office property, offset by proceeds on the sale of investment properties in 2021.
- **Financing**– The Corporation experienced smaller cash outflows from Financing activities during 2022 due to smaller share repurchases than in 2021.

To date, the Corporation has been able to meet all of its capital and other cash requirements from its internal sources of cash. As at December 31, 2022, the Corporation had $2,051,245 (2021 - $2,396,311) in cash and cash equivalents. Management considers its marketable securities holdings to be fairly liquid and can be sold should the Corporation need to increase its cash position.

Total Assets

As of December 31, 2022, the Corporation had $51,617,254 (2021 - $40,809,029) in Current Assets of which $2,051,245 were held in cash and cash equivalents (2021 - $2,396,311) and $49,237,506 were held in marketable securities (Q4 2021 -$37,802,853), none were held in unrealized gain on futures contract (Q4 2020-$311,437), $284,253 were held in digital assets (Q4 2021-$266,890), and $44,250 were held in other assets (Q4 2021-$29,218). The increase in marketable securities is due to gains in marketable securities during the period. Investment Properties are classified as Non-Current Assets and are carried at Fair Market Value. During the year, Investment Properties decreased to $10,086,956 (Q4 2021 -$11,885,907) due to a decrease in the total number of properties held and a foreign exchange adjustment loss offset by an unrealized fair value gain.

Property and Equipment, which primarily consists of properties that are measured at their cost base, increased from $2,220,207 as at December 31, 2021, to $2,804,232 as at December 31, 2022 as the Company made improvements on its office in Puerto Rico during the year.

Total Liabilities

As of December 31, 2022, the Corporation had current liabilities of $15,461,570 (2021- $13,839,334) consisting primarily of marketable securities sold short of $5,159,131, amounts due to broker of $7,393,046, payables of $659,402, unearned revenue of $1,547,154 (Q4 2021-$1,035,471) and income tax liability of $642,837 (Q4 2021-$4,274).

As of December 31, 2022, the non-current liabilities on the balance sheet were deferred income taxes of $2,972,522 (Q4 2021-$1,010,244).

Management considers all other current cash commitments to be immaterial and operational in nature.

Total Equity

During the year, the Company's equity value increased to $46,123,532 as at December 31, 2022, from $40,177,287 at December 31, 2021.

The equity of the Corporation consists of one class of common shares.

Outstanding	31-December- 2022	31-December-2021
Common shares	27,710,499*	27,778,499*
Options to buy common shares	-	-

* As at December 31, 2022, the Corporation held 234,600 common shares in Treasury to be cancelled during the first quarter of 2023 (2021 Nil).
* As at April 19, 2023 the Corporation had 27,307,799 shares outstanding, no shares held in treasury and no options outstanding.

Acquisitions and Dispositions

During the year, the Company sold five properties with a value of $1,066,165 at a net loss of $146,544 (2021- $2,163,008 and a net loss of $37,641). The Company purchased no properties in 2022 (2021-one property purchased).

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 Corporation include all directors, executive management, and persons related to directors and executive management. The summary of compensation for key management personnel is as follows:

Related Party Transactions	2022 $	2021 $
Salaries and other short-term benefits to officers	590,924	597,668
Salaries to other related parties	78,040	63,664
Director fees	60,000	60,000
Total	**728,964**	**721,332**

As at December 31, 2022, amounts due to related parties totaled approximately $16,446 (2021 - $140,000) comprised of fees owed to management were included in trade payables and accrued liabilities. Salaries to other related parties includes the salary of an employee that is related to a director.

Off-Balance Sheet Items

As of December 31, 2022, the Corporation had no off-balance sheet items.

COVID-19

Beginning in February of 2020, the Government of Mongolia undertook extraordinary actions in order to limit the spread of COVID-19. These actions included closing borders, closing schools, reducing gatherings and drastic limitations on business operations. It is anticipated that these actions will lead to a severe economic crisis. Since the initiation of these actions, the Company has experienced a material reduction in rental revenues received. It is also reasonable to expect there could be a material negative impact on the fair values of investment properties; however, at this time the potential effect cannot be quantified. At this time, there is no way to know the ultimate impact of these extraordinary actions upon the economy or the Company.

Events Subsequent to Year End

- Beginning on January 1, 2023, MGG has engaged Praetorian PR LLC (PPR), a Puerto Rican company owned by MGG's Chairman and CEO to produce KEDM. Under the terms of the agreement, MGG will pay PPR a monthly fee of USD $50,000 along with 20% of any quarterly revenue in excess of USD $125,000. This transaction was necessitated by the need to consolidate all financial-related business activities conducted by the Corporation's Chairman and CEO under the review of his Chief Compliance Officer, following PPR's registration as a Registered Investment Advisor with the US Securities and Exchange Commission (SEC). MGG believes that the compensation paid to PPR will result in a negligible profit to PPR based upon a review of anticipated expenses going forward. Both parties reserve the right to adjust the terms of the agreement following a short-notice period. Additionally, PPR agrees to provide MGG with expense reports periodically to show the KEDM-related expenses that were incurred.
- Since January 1, 2023, the Company has repurchased 168,100 of its shares at an average price of $1.46/share and cancelled 402,700 shares.

- As disclosed in the Corporation's March 23, 2023 press release, the Corporation announced that the TSX Venture Exchange (the "Exchange") had accepted a Notice of Intention to renew its normal course issuer bid to purchase outstanding common shares of the Corporation on the open market in accordance with the policies of the TSX.

Securities Sought

Up to 1,900,000 common shares, representing up to approximately 6.9% of the 27,475,899 Common Shares of the Issuer currently issued and outstanding, or approximately 9.9% of the 19,030,149 common shares constituting the Issuer's current Public Float (as defined in the Policies of the Exchange).

Duration

The Issuer intends to commence purchasing its common shares under the Normal Course Issuer Bid three clear trading days following acceptance of the same by the TSX Venture Exchange (the "Exchange"). The Bid will commence on or about March 27, 2023, and the Bid will end no later than March 26, 2024.

Method of Acquisition

Purchases will be affected through the facilities of the Exchange. Purchase and payment for the common shares of the Issuer will be made by the Issuer in accordance with Exchange requirements.

Member and Broker

The Normal Course Issuer Bid will be conducted by M Partners Inc. of 70 York Street, Suite 1560, Toronto ON M5J 1S9; Thomas Matthews: Phone: (416) 603-7381.

Consideration Offered

Purchases of common shares under the Normal Course Issuer Bid will be conducted at applicable Market Prices in accordance with Exchange requirements. Completion of purchases under the bid will be subject to the Issuer having sufficient funds to acquire the common shares and continue to meet its working capital requirements throughout the course of the bid. The Issuer may in the normal course of its business operations, subject to market conditions, sell one or more of its investment properties to fund acquisitions throughout the course of the bid.

Reasons for the Normal Course Issuer Bid

The Issuer is undertaking the bid because, in the opinion of its board of directors, the market price of its common shares, from time to time, may not fully reflect the underlying value of its operations and future growth prospects. The Issuer believes that in such circumstances, the purchase of the common shares of the Issuer may represent an appropriate and desirable use of the Issuer's funds and further enhance market stability.

Persons Acting Jointly or in Concert with the Issuer

N/A

Valuation

After making reasonable enquiry, the Issuer is not aware of any appraisal or valuation of the Issuer's securities that has been prepared within the preceding two years.

In connection with the preparation of its audited financial statements for the financial year ending December 31, 2021, the Issuer engaged Makedifference LLC, an arm's length property valuator, to prepare the following independent valuation report (the "Valuation") in respect of the Issuer's Mongolian real estate investment assets:

- Report entitled "Valuation Review Report", dated February 1 2022, which ascribed a value of 27,867,614,522 MNT (Mongolian Togrogs) to the Issuer's material real estate investment assets as at December 31, 2021;

The Valuations were prepared for internal accounting purposes and the Issuer does not have permission to share the Valuations externally.

Previous Purchases

The Issuer has purchased 470,700 of its common shares at an average price of $1.49 within the past 12 months.

Acceptance by Insiders, Affiliates and Associates

To the knowledge of the Issuer, no director, senior officer or other Insider of the Issuer or any associate or affiliate of the Issuer or any insider of the Issuer currently intends to sell common shares under the Normal Course Issuer Bid. However, such sales by persons through the facilities of the Exchange may occur if the personal circumstances of such persons change or any such person makes a decision to sell shares as market circumstances may warrant. The benefits to any such person whose shares are purchased under the bid would be the same as the benefits available to all other holders of the Issuer's common shares whose shares are purchased under the bid.

Benefits from the Normal Course Issuer Bid

N/A

Material Changes in the Affairs of the Issuer Company

The Issuer currently has no plans or proposals for any Material Change in the affairs of the Issuer or to make any Material Changes in its business, corporate structure (debt or equity), management or personnel, or any other change which might reasonably be expected to have a significant effect on the price or value of the securities.

Section 4 - Quarterly Information

Quarterly Results

The following table is a summary of select quarterly information over the previous eight quarters:

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	1,127,733	912,789	1,046,757	839,606	638,904	708,530	179,416	249,861
Net income (loss)	4,219,923	(344,086)	(2,218,219)	6,280,804	1,817,849	3,859,343	3,756,952	6,115,162
Income (loss) per common share	0.15	(0.01)	(0.08)	0.23	0.07	0.13	0.13	0.20
Total Assets	64,557,624	58,523,283	62,823,647	67,714,593	55,026,865	41,332,146	38,950,727	33,756,541
Weighted Average Shares (No.)	27,761,956	27,771,511	27,777,752	27,778,499	29,309,116	29,667,449	30,220,380	30,756,617
Ending Shares (No.)	27,710,499	27,759,299	27,759,299	27,778,499	27,778,499	28,415,999	28,849,499	30,028,499

Revenue

During the fourth quarter, the Corporation earned total revenues of $1,127,733 (Q4 2021 -$638,904) most of which was generated through subscription revenue of $921,061 (Q4 2021 - $522,901). During the fourth quarter, the Company earned $194,258 in rental revenue (Q4 2021 - $199,176), $12,414 in other revenue (Q4 2021 - $20,517) and no gain or loss on disposal of Investment property (Q4 2021 - $103,692 loss).

During the quarter, the Corporation also incurred an $622,186 unrealized gain on fair value adjustment on investment properties and impairment of PP&E of $127,538 (Q4 2021 - $388,240).

Lastly, during the quarter, the Corporation had unrealized gains of $4,126,946 and realized gains of $490,720 in its marketable securities portfolio (Q4-2021– unrealized gain: $3,046,452, realized gain: $371,600)

Expenses

Quarterly expenses totaled $1,288,733 (Q4 2021 - $1,142,053). This increase was primarily due to expenses related to the Company's subscription business.

Net Income

During the quarter, the Corporation experienced a gain of $4,219,923 in comparison to a gain of $1,817,849 in the same quarter of the previous year. This difference is mainly attributed to significant gains in the marketable securities portfolio during the quarter as well as unrealized gains on fair value adjustment of investment properties.

Section 5 – Critical Estimates

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS required Management to make assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments 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 critical estimates made in the preparation of the consolidated financial statements include the following:

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 remainder is appraised internally by Management. 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 Corporation operates in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk given the lack of reliable and comparable market information. For the year ending December 31, 2022, the Corporation recorded a fair value adjustment gain of $622,186 (Q4 2021 – $441,870 loss).

Operating Environment of the Corporation

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 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 Corporation.

Recently, the Corporation has experienced difficulty converting Mongolian Tögrög to U.S. Dollars at large Mongolian banks. There can be no certainty regarding the ability to convert or wire money from Mongolia in the future.

In recent years, Mongolia signed an agreement with the IMF. There is no certainty regarding the demands that the IMF may make upon Mongolia for austerity or the impacts that this may have on the economy of Mongolia.

During October 2019, Mongolia was added to the FATF "grey-list" for countries with weak anti-money laundering laws and prevention practices. Though Mongolia was recently removed from the "grey-list," the Corporation is unsure of how this will impact its ability to convert currency or transfer funds internationally. Additionally, the Corporation is unsure of what other impacts this may have upon its business.

Due to the economic crisis, businesses are increasingly paying for transactions using various forms of barter such as used equipment, apartments, vehicles, future services and livestock. To date, the Corporation has only agreed to receive barter items in extreme circumstances and has a strong preference to avoid using barter in transactions. As the economic crisis has worsened, barter transactions have become a more substantial percentage of overall economic transactions. As a result, the Corporation may be forced to receive barter items at a higher frequency. These barter items are often difficult to value and monetize and may cause other difficulties for the Corporation that are impossible to predict.

On February 24, 2022, Russia invaded Ukraine. Mongolia's economy is likely to be impacted by the Russian invasion of Ukraine as Russia is a substantial trading partner of Mongolia. Recent actions to restrict Russian access to SWIFT may have negative impacts upon Mongolia's ability to trade with Russia, which may negatively impact the Mongolian economy. To date, Mongolia has taken a neutral view regarding the Russian invasion. There is no way to know if Mongolia's stance will shift over time.

Deferred Tax Assets

Deferred tax assets are recognized to the extent that it is probable that deductible temporary differences will reverse in the foreseeable future and there will be sufficient future taxable profits against which the deductible temporary differences can be utilized. The Corporation reviews the carrying amount of deferred tax assets at the end of each reporting period which is reduced to the extent that it is no longer probable that deferred tax assets recognized will be recovered or increased to the extent that sufficient future taxable profit will be available to allow all or part of a previously unrecognized deferred tax asset to be recovered. Estimates of future taxable income are based on forecasted cash flows from operations, available tax planning opportunities and expected timing of reversals of taxable temporary differences.

Valuation of Marketable Securities

The Company recognizes marketable securities 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, judgement is required to establish fair values.

Significant judgments made in the preparation of these consolidated financial statements include the following areas:

Judgement is required in determining whether an asset meets the criteria for classification as assets held for sale and or as discontinued operations in the consolidated financial statements. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the probability of the sale being completed within an expected timeframe of one year and the period of time any amounts have been classified within assets held for sale. Management reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. On completion of the sale, Management exercises judgement as to whether the sale qualifies as a discontinued operation.

As at December 31, 2022 and 2021, Management has made the judgment that none of the Corporation's assets meet the criteria to be classified as held for sale. While this is due to a number of factors, a primary reason is that due to the conditions of the Mongolian economy and the lack of liquidity in the market, management was unable to conclude that the sale of any significant-size asset could be considered highly probable.

Judgement is required in determining whether the Company's Investment property and land use rights titles are at risk. As at December 31, 2022, and 2021, Management has made the judgment that Investment Properties whereby the land title has recently expired but is expected to be renewed in the near future should continue to be classified as Investment Properties. Properties whereby Management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by Management.

Section 6 – Risk Management

Credit Risk

The Corporation's exposure to credit risk is managed through risk management policies and procedures with emphasis on the quality of the investment portfolio. For the year, most of the Corporation's credit risk consisted of institutional deposits. The majority of the funds invested are held in reputable Canadian, American or Mongolian banks.

The Corporation is exposed to credit risk as an owner of real estate in which tenants may become unable to pay contracted rents. The Corporation mitigates this risk by carrying out due diligence on significant tenants. The Corporation's properties are diversified across residential and commercial classes. Historically, bad debts have not been a substantial expense for the Corporation. Recently, the Corporation has experienced an increase in late rental payments. The Corporation believes that it will collect all of this debt, but there is no certainty that this will occur.

Liquidity Risk

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Corporation's portfolio positions may be reduced. In addition, the Corporation may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Corporation's liquidity. During such times, the Corporation may be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolio. In addition, such circumstances may force the Corporation to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, the Corporation may be unable to sell such financial instruments or prevent losses relating to such financial instruments. Furthermore, if the Corporation incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Corporation's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Corporation's exposure to their credit risk.

The Corporation does not believe its current maturity profile lends itself to any material liquidity risk, taking into account the level of cash and cash equivalents, investments and marketable securities as at December 31, 2022.

As at December 31, 2022, the Corporation had working capital of $36,155,684 (2021- $26,969,695) comprised of cash and cash equivalents, other assets, net of trade and accrued liabilities, income taxes payable, and short-term bank loan. Management considers the funds on hand to be sufficient to meet its ongoing obligations.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

Property Title Risk

Mongolian law has strong protections for property assets; however, implementation of Mongolian law is often arbitrary, with high degrees of corruption and incompetence. Additionally, laws frequently change, which can invalidate a property title. To date, the Corporation has only had one of its property assets confiscated by the Government of Mongolia; however, the Corporation believes that there is a possibility that it will have additional assets confiscated by the Government of Mongolia or stolen by private individuals during future periods. The Corporation is currently not aware of any individual asset that is in imminent danger of being confiscated or stolen.

Catastrophe risk

The Company has obtained insurance on buildings and all permanent fixtures totaling approximately $6,600,000 effective May 8th, 2022 ($8,300,000- May 7th, 2021). To date, the Company has not been able to obtain insurance on its Puerto Rican property with a value of $1,203,975 at December 31, 2022. As the property is located on the ocean, it is at risk of significant hurricane damage or other natural disasters which could result in a significant impairment to its value.

Cryptocurrencies Risk

Cryptocurrencies are measured at fair value less cost to sell. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts. The profitability of the Corporation is related to the current and future market price of cryptocurrencies; in addition, the Corporation may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Investing in cryptocurrencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history; their fair values have historically been volatile, and the value of cryptocurrencies held by the Corporation could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Corporation's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware and could lead to theft of the Corporation's digital wallets and the loss of the Corporation's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Corporation.

The cryptocurrency exchanges on which the Corporation may trade on are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets. Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Corporation to recover money or cryptocurrencies being held on the exchange. Further, the Corporation may be unable to recover cryptocurrencies awaiting transmission into or out of the exchange, all of which could adversely affect an investment of the Corporation. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of cryptocurrencies, or may adversely affect the Corporation, its operations, and its investments.

Furthermore, crypto-exchanges comingle their client's assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is a risk around the occurrence of transactions or existence of period end balances represented by exchanges.

Loss of access risk

The loss of access to the private keys associated with the Corporation's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possess both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed, or otherwise compromised and no backup is accessible the Corporation may be unable to access the cryptocurrency.

Irrevocability of transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Corporation may not be capable of seeking compensation.

Hard fork and air drop risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Corporation, it is expected that the Corporation would hold an equivalent amount of the old and new cryptocurrency following the hard fork. Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency that they will be able to claim a certain amount of the new cryptocurrency for free. The Corporation may not be able to realize the economic benefit of a hard fork or air drop, either immediately or ever, for various reasons. For instance, the Corporation may not have any systems in place to monitor or participate in hard forks or airdrops.

Currency Risk

The Corporation owns properties located in Mongolia and collects rental revenue in Mongolian Tögrög, and is therefore subject to foreign currency fluctuations that may impact its financial position and results. Changes in the Mongolian Tögrög, U.S. dollar, and Canadian dollar foreign currency exchange rates impact the fair value of securities denominated in Mongolian Tögrög and in U.S. dollars. All of the Corporation's revenues are received in Mongolian Tögrög while approximately half of the Corporation's expenses are incurred in U.S. and Canadian Dollars. Therefore, a depreciation in the Mongolian Tögrög against the US and Canadian Dollar will reduce net income. The exchange rate continues to be volatile and there is an expectation that volatility may continue for the foreseeable future.

Economic Volatility and Uncertainty

Over the past few years, economic volatility and uncertainty around the world has contributed to dramatically restricted access to capital and reduced capital markets activity for more speculative businesses. Management believes that the Corporation has sufficient resources to carry on its business and remain a going concern.

MGG holds a large portion its assets, investments, and operations in the nation of Mongolia. Mongolia is presently experiencing drastic changes in its economy. Economic volatility and uncertainty in Mongolia could result in inflation, hyperinflation, economic stagnation, political extremism, and other similarly detrimental scenarios which could materially harm the Corporation.

Preliminary growth estimates according to the National Statistics Office for 2022 was an increase of 4.8% year-over-year, while inflation estimates were 13.2% according to Mongol Bank. Management cautions investors that official economic numbers often deviate materially from actual underlying economic conditions.

Depending on the requirements of MGG's businesses, additional funds may be required to be raised in the capital markets and there is no guarantee that sufficient funds raised will be available to complete a financing required to augment the Corporation's operations.

Risks and Uncertainties

The Corporation, as part of its operations, carries financial instruments consisting of cash and cash equivalents, investments and marketable securities, accounts receivable, and trade payables and accrued liabilities. It is Management's opinion that the Corporation is not exposed to significant credit, interest or currency risks arising from these financial instruments except as otherwise disclosed in the notes to the Consolidated Financial Statements.

Further information related to Mongolia Growth Group Ltd. and the risks and uncertainties of MGG is filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be reviewed at www.sedar.com.

Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, investments and marketable securities, short-term loans, dividend and interest accruals, accounts receivable and trade and accrued payables. The Corporation is subject to interest risk as it earns interest income from its cash deposits. It is Management's opinion that the Corporation is not exposed to significant credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values. Management believes that there are material currency risks associated to certain Financial Instruments of the Corporation as they are held in Mongolian Tögrög. For further discussion of financial instrument risks, see the Insurance and Financial Risk Management note (Note 17 on December 31, 2022 Financial Statements).

Unless the context otherwise requires, references to the "Corporation" include the Corporation and its subsidiaries and affiliates collectively.

Changes in Investment Strategies

The Corporation may alter its investment strategies and restrictions without prior approval by shareholders to adapt to changing circumstances.

Possible Negative Impact of Regulation

The regulatory environment is evolving and changes to it may adversely affect the Corporation. To the extent that regulators adopt practices of regulatory oversight that create additional compliance, transaction, disclosure or other costs for the Corporation, returns of the Corporation may be negatively affected. In addition, the regulatory or tax environment for securities, derivatives and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Corporation. The effect of any future regulatory or tax change on the Corporation is impossible to predict.

Property Specific Risk

The Corporation currently has a standing agreement with the owner of a 42 sq. meter apartment in Mongolia which has been included in one of the Corporation's properties classified as land and development. The agreement entitles the owner of the apartment to 84 sq. meters of space on the first floor of a new building to be built on this land. In this agreement, the Corporation had an obligation to complete the construction of a new building by the end of 2017 and the agreement was not extended. A liability of $261,648 (2021- $263,667) is currently included in the Corporation's balance sheet to reflect this liability. In addition, the Corporation has recognized an $887,732 (2021 - $995,949 unrealized fair value loss on this property in excess of the fair value adjustment calculated using the valuation approaches described. This adjustment is Management's estimate of the market's perception of the risk related to this agreement. While the Corporation has received legal advice that it is not at a substantial risk of losing the property in question, interpretations of Mongolian law can be varied and arbitrary. The Corporation cautions investors that should it lose this property, it would result in a material reduction in the Corporation's overall assets and fair value (3.3 million dollars current carrying value). In addition, there is the potential that the 84 sq. meter liability could inhibit the sale or development of this asset in future periods. The Corporation was not able to obtain any insurance on its Puerto Rican property. There is a risk that the property could be significantly or completely impaired in the event of a hurricane, earthquake or any other natural disaster.

PFIC Risk

The Corporation has not undertaken an analysis to determine if it is a Passive Foreign Income Company (PFIC) under United States tax statutes, nor does it intend to. US shareholders are advised to consult with tax professionals to determine the risks and potential penalties that could be applicable if the Corporate is determined to be a PFIC at a later date.

Use of Derivatives

The Corporation may use derivative instruments. The use of derivatives in general presents additional risks to those applicable to trading only in the underlying assets. To the extent of the Corporation's investment in derivatives it may take a credit risk with respect to parties with whom it trades and may also bear the risk of settlement default. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Corporation from achieving the intended hedge effect or expose the Corporation to the risk of loss. In addition, derivative instruments may not be liquid at all times, so that in volatile markets the Corporation may not be able to close out a position without incurring a loss. No assurance can be given that short sales, hedging, leverage and other techniques and strategies utilized by the Corporation to hedge its exposure will not result in material losses.

Custody Risk and Broker or Dealer Insolvency

The Corporation does not control the custodianship of all of its assets. The Corporation's assets will be held in one or more accounts maintained for the Corporation by its broker or brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Corporation's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a broker or any sub-custodians, agents or affiliates, it is impossible to generalize about the effect of their insolvency on the Corporation and its assets. Investors should assume that the insolvency of any of the brokers or such other service providers would result in the loss of all or a substantial portion of the Corporation's assets held by or through such brokers and/or the delay in the payment of withdrawal proceeds. The Corporation's cryptocurrency is currently being held at Kraken Custody. There is a risk that the custodian loses the Corporation's cryptocurrency. Refer to the cryptocurrency risk section for further cryptocurrency risks.

Investment and Trading Risks in General

All trades made by the Corporation risk the loss of capital. The Corporation may utilize trading techniques or instruments, which can, in certain circumstances, maximize the adverse impact to which a client's account may be subject. No guarantee or representation is made that the Corporation's investment program will be successful, and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Corporation's portfolio and performance.

General Economic and Market Conditions

The success of the Corporation's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Corporation's investments. Unexpected volatility or illiquidity could impair the Corporation's profitability or result in losses.

Issuer–Specific Changes

The value of an individual security or particular type of security can be more volatile than and can perform differently from the market as a whole.

Portfolio Turnover

The Corporation has not placed any limits on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Corporation, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

Liquidity of Underlying Investments

Some of the securities in which the Corporation may invest may be thinly traded. There are no restrictions on the investment of the Corporation in illiquid securities. It is possible that the Corporation may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Corporation is required to transact in such securities before its intended investment horizon, the performance of the Corporation could suffer.

Highly Volatile Markets

The prices of financial instruments in which the Corporation's assets may be invested can be highly volatile and may be influenced by, among other things, specific corporate developments, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Corporation is subject to the risk of the failure of any of the exchanges on which the Corporation's positions trade or of their clearinghouses.

Emerging Markets

The Corporation may invest in the securities of companies which operate in some emerging markets. Operating in emerging markets involves additional risks because companies in emerging markets may be less regulated and not subject to the same standards, reporting practices and disclosure requirements that apply in more developed markets. In addition, some emerging markets and legal systems may not adequately protect investor rights.

Small- to Medium- Capitalization Companies

The Corporation may invest a portion of its assets in the securities of companies with small- to medium-sized market capitalizations. While the Corporation believes these investments often provide significant potential for appreciation, those securities may involve higher risks in some respects than do investments in securities of larger companies. For example, while smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Corporation may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller Corporation securities.

Fixed Income Securities

The Corporation may occasionally invest in bonds or other fixed income securities of issuers, including, without limitation, bonds, notes and debentures issued by corporations. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Corporation invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed income investments are not held to maturity, the Corporation may suffer a loss at the time of sale of such securities.

Equity Securities

To the extent that the Corporation holds equity portfolio investments, or short positions in equities, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Corporation, are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Corporation.

Options

Selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option; however, investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale of an uncovered option there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

Shorting

Selling a security short ("shorting") involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. Should the security increase in value during the shorting period, losses will incur to the Corporation. There is in theory no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return. In cases like this, the Corporation, must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Corporation, may have to bid up the price of the security in order to cover the short position, resulting in losses to the Corporation.

Trading Costs

The Corporation may engage in a high rate of trading activity resulting in correspondingly high costs being borne by the Corporation.

Currency and Exchange Rate Risks

The Corporation's assets will be denominated in multiple currencies. The Corporation will report their results in Canadian dollars. The Corporation expects to report allocations of profit and loss for income tax purposes in Canadian dollars. Changes in currency exchange rates may affect the value of the Corporation's portfolio and the unrealized appreciation or depreciation of investments.

Leverage

The Corporation may use financial leverage by borrowing funds against the assets of the Corporation. Leverage increases both the possibilities for profit and the risk of loss for the Corporation. From time to time, the credit markets are subject to periods in which there is a severe contraction of both liquidity and available leverage. The combination of these two factors can result in leveraged strategies being required to sell positions typically at highly disadvantageous prices in order to meet margin requirements, contributing to a general decline in a wide range of different securities. Illiquidity can be particularly damaging to leveraged strategies because of the essentially discretionary ability of dealers to raise margin requirements, requiring leveraged strategy to attempt to sell positions to comply with such requirements at a time when there are effectively no buyers in the market at all or at any but highly distressed prices. These market conditions have in the past resulted in major losses. Such conditions, although unpredictable, can be expected to recur.

Future Acquisitions and Business Diversification

Management is currently evaluating future acquisitions of businesses and operating assets that are not related to investments within Mongolia. There can be no certainty that the Corporation will acquire any business. Additionally, if the Corporation acquires part or all of a business outside of Mongolia, it may dilute management's focus on current operations within Mongolia. Additionally, shareholders who desire a Mongolia focused investment vehicle may sell shares of the Corporation if they do not desire investments outside of Mongolia. There can be no certainty that the Corporation can raise adequate funding to finance an acquisition of a business outside of Mongolia or that diversification of the Corporation's business is in the best interest of the Corporation. Capital spent on researching businesses outside of Mongolia will increase operating expenses and operating losses as long as such due diligence is ongoing.

Internal Controls over Financial Reporting

Changes in securities laws no longer require the Chief Executive Officer and Chief Financial Officer of junior reporting issuers to certify that they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Instead, an optional form of certification has been made available to junior reporting issuers and has been used by the Corporation's certifying officers since December 31, 2013 annual filings. The new certification reflects what the Corporation considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Corporation's operations. This certification requires the certifying officers to state that: they have reviewed the interim MD&A and consolidated financial statements; they have determined that there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make a statement or its omission misleading in light of the circumstances under which it was made within the interim MD&A and consolidated financial statements; based on their knowledge, the interim filings, together with the other financial information included in the interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the date and for the periods presented in the filings.

Additional Information

Additional information relating to Mongolia Growth Group Ltd., including its interim financial statements, is available on SEDAR at www.sedar.com.

Mongolia Growth Group Ltd.
Consolidated Financial Statements

December 31, 2022
(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mongolia Growth Group Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Mongolia Growth Group Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of operations and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties

As described in Note 11 to the consolidated financial statements, the carrying amount of the Company's investment properties was $10,086,956 as of December 31, 2022. As more fully described in Notes 3 and 4 to the consolidated financial statements, investment properties are measured at fair value at each reporting period. Management uses valuation techniques, including the income approach, the sales comparison approach or a combination thereof, to determine the fair value of investment properties. There are significant unobservable inputs used in estimating the value of investment properties and significant judgements are made related to uncertainty of operating in an emerging market.

The principal considerations for our determination that the fair value of investment properties is a key audit matter are due to the estimation uncertainty underlying the valuations and the significant value of the investment properties at year-end. This determination required the use of appropriate valuation techniques which included significant unobservable inputs. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the fair value of the investment properties.

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Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating the competency, capabilities and objectivity of the third-party valuator used by management.
- Reviewing the valuations reports and substantively testing a sample of the assumptions within to independent sources of information.
- Utilizing our internal valuations department to conclude on the appropriateness of the methodology used in the valuations reports.
- Utilizing our internal valuations department to test the accuracy of the calculations in applying the methodology used in the valuations reports.
- Assessing management estimates underlying the valuation for evidence of bias or error.
- Reviewing title documents for properties and assessing the status of properties.
- Checking and evaluating the financial statement disclosures in relation to the fair value of investment properties.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Daniel Nathan.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 19, 2023

Mongolia Growth Group Ltd.

Consolidated Statements of Financial Position

As at December 31

(Expressed in Canadian dollars)

	2022 $	2021 $
Assets		
Current assets		
Cash and cash equivalents (note 5)	2,051,245	2,396,311
Marketable securities owned (note 7)	49,237,506	37,802,853
Futures contract (note 7)	-	311,437
Due from broker (note 6)	-	2,320
Digital assets (note 9)	284,253	266,890
Other assets (note 10)	44,250	29,218
	51,617,254	40,809,029
Non-current assets		
Investment properties (note 11)	10,086,956	11,885,907
Other assets-long term receivable (note 10)	49,182	111,722
Property and equipment (note 12)	2,804,232	2,220,207
	12,940,370	14,217,836
Total assets	**64,557,624**	**55,026,865**
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (note 13)	659,402	913,391
Unearned revenue (note 8)	1,547,154	1,035,471
Due to broker (note 6)	7,393,046	9,173,869
Marketable securities sold short (note 7)	5,159,131	2,652,329
Short Term CEBA Loan (note 6)	60,000	60,000
Income taxes payable	642,837	4,274
	15,461,570	**13,839,334**
Non-current liabilities		
Deferred income tax liability (note 14)	2,972,522	1,010,244
Total liabilities	**18,434,092**	**14,849,578**
Equity		
Share capital (note 15)	50,547,130	51,004,122
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(17,037,148)	(15,501,963)
Retained earnings (deficit)	5,763,574	(2,174,848)
Total equity	**46,123,532**	**40,177,287**
Total equity and liabilities	**64,557,624**	**55,026,865**

Commitment and contingencies (note 19)

Subsequent events (note 25)

Approved by the Board of Directors

"Harris Kupperman" Director *"Nick Cousyn"* Director

Mongolia Growth Group Ltd.

Consolidated Statements of Operations

For the years ended December 31

(Expressed in Canadian dollars)

	2022 $	2021 $
Revenue		
Rental income	798,826	679,091
Subscription revenue (note 8)	3,174,031	944,411
Other revenue	100,572	190,850
Loss on disposal of investment property (note 11)	(146,544)	(37,641)
Total revenue	**3,926,885**	**1,776,711**
Expenses		
Salaries and wages	1,251,661	887,864
Other expenses (note 22)	2,681,891	2,209,606
Depreciation (note 12)	103,662	72,108
Total operating expenses	**(4,037,214)**	**(3,169,578)**
Interest income	6,813	-
Unrealized gain (loss) on fair value adjustment on Investment properties (note 11)	622,186	(441,870)
Reversal of impairment of property and equipment (note 12)	127,538	53,630
Unrealized gain on short term investments	1,031,997	7,946,088
Realized gain on short term investments	8,792,881	10,306,006
Unrealized loss on digital assets (note 9)	(98,700)	(42,606)
Foreign currency gain (loss)	255,315	(313,464)
Reclassification of accumulated other comprehensive income on disposal of subsidiary (note 24)	-	(33,006)
	10,738,030	**17,474,778**
Net income before income taxes	**10,627,701**	**16,081,911**
Income tax expense (note 14)	(2,689,279)	(532,605)
Net income for the year	**7,938,422**	**15,549,306**
Net income per share (note 15)		
Basic		
From net income for the year	0.29	0.53
Diluted		
From net income for the year	0.29	0.53

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

Mongolia Growth Group Ltd.

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31

(Expressed in Canadian dollars)

	2022 $	2021 $
Net income for the year	**7,938,422**	**15,549,306**
Other comprehensive loss		
Items that may be subsequently reclassified to income or loss		
Unrealized losses on translation of financial statement operations with Mongolian Tögrög functional currency to Canadian dollar reporting currency	(1,535,185)	(90,327)
Items subsequently reclassified to income or loss		
Reclassification of accumulated other comprehensive income on disposal of subsidiary (note 24)	-	33,006
Total comprehensive income	**6,403,237**	**15,491,985**

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

Mongolia Growth Group Ltd.

Consolidated Statements of Changes in Equity

For the years ended December 31

(Expressed in Canadian dollars)

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Retained earnings (deficit) $	Total $
Balance at January 1, 2021	53,165,247	6,849,976	(15,444,642)	(17,724,154)	26,846,427
Net income for the year	-	-	-	15,549,306	15,549,306
Reclassification (note 24)	-	-	33,006	-	33,006
Other comprehensive loss	-	-	(90,327)	-	(90,327)
	53,165,247	6,849,976	(15,501,963)	(2,174,848)	42,338,412
Share repurchase	(2,161,125)	-	-	-	(2,161,125)
Balance at December 31, 2021	**51,004,122**	**6,849,976**	**(15,501,963)**	**(2,174,848)**	**40,177,287**

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Retained earnings (deficit) $	Total $
Balance at January 1, 2022	51,004,122	6,849,976	(15,501,963)	(2,174,848)	40,177,287
Net income for the year	-	-	-	7,938,422	7,938,422
Other comprehensive loss	-	-	(1,535,185)	-	(1,535,185)
	51,004,122	6,849,976	(17,037,148)	5,763,574	46,580,524
Share repurchase	(456,992)	-	-	-	(456,992)
Balance at December 31, 2022	**50,547,130**	**6,849,976**	**(17,037,148)**	**5,763,574**	**46,123,532**

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

Mongolia Growth Group Ltd.

Consolidated Statements of Cash Flow

For the years ended December 31

(Expressed in Canadian dollars)

	2022 $	2021 $
Cash and cash equivalents provided by (used in)		
Operating activities		
Net income for the year	7,938,422	15,549,306
Items not affecting cash		
Depreciation (note 12)	103,662	72,108
Deferred taxes	1,962,278	531,408
Allowance for doubtful receivable (note 10)	-	55,862
Realized loss on disposal of investment properties (note 11)	146,544	37,641
Reversal of impairment of property and equipment (note 12)	(127,538)	(53,630)
Unrealized gain on marketable securities	(1,031,997)	(7,946,088)
Realized gain on marketable securities	(8,792,881)	(10,306,006)
Unrealized loss on digital assets (note 9)	98,700	42,606
Unrealized (gain) loss on fair value adjustment on investment properties (note 11)	(622,186)	441,870
Reclassification of accumulated other comprehensive income on disposal of subsidiary (note 24)	-	33,006
	(324,996)	**(1,541,917)**
Net change in non-cash working capital balances (note 20)*	(801,836)	10,523,050
	(1,126,832)	**8,981,133**
Financing activities		
Share repurchase (note 15)	(456,992)	(2,161,125)
CEBA loan (note 6)	-	20,000
	(456,992)	**(2,141,125)**
Investing activities		
Net (purchase) sale of marketable securities	1,208,463	(6,636,823)
Acquisition of property and equipment (note 12)	(711,813)	(941,847)
Net proceeds on sale of investment properties (note 11)	919,621	2,125,367
Acquisition of digital assets (note 9)	(94,910)	(314,419)
	1,321,361	**(5,767,722)**
	(262,463)	**1,072,286**
Effect of exchange rates on cash and cash equivalents	(82,603)	(37,746)
Increase (decrease) in cash and cash equivalents	(345,066)	1,034,540
Cash and cash equivalents– Beginning of year	2,396,311	1,361,771
Cash and cash equivalents – End of year	**2,051,245**	**2,396,311**

*Supplementary cash flow information (note 20)

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

(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 Merchant bank with real estate investments in Ulaanbaatar, Mongolia, a subscription product business and a public securities portfolio.

The Company trades on the TSX Venture Exchange, having the symbol YAK.

MGG has three wholly-owned subsidiaries at December 31, 2022; Mongolia (Barbados) Corp., MGG US Inc., and Lemontree PR LLC. 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, Zulu LLC, Crescent City 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 Oceanus LLC at this time. MGG's marketable securities are currently held in brokerage accounts owned by Mongolia (Barbados) Corp and MGG US Inc.

At December 31, 2022 and 2021, the principal subsidiaries of the Company, their geographic locations, and the ownership interest held by the Company, were as follows:

Name	Principal Activity	Ownership December 31, 2022	Ownership December 31, 2021	Location
Mongolia (Barbados) Corp.	Holding Company and Brokerage Account	100%	100%	Barbados
Lemontree PR LLC	Real estate operations	100%	100%	Puerto Rico
MGG US Inc.	Investments	100%	100%	United States
MGG Properties LLC	Holding Company and Real estate operations	100%	100%	Mongolia
Big Sky Capital LLC	Holding Company and Real estate operations	100%	100%	Mongolia
Carrollton LLC	Real estate operations	100%	100%	Mongolia
Biggie Industries LLC	Real estate operations	100%	100%	Mongolia
Zulu LLC	Real estate operations	100%	100%	Mongolia
Crescent City	Real estate operations	100%	100%	Mongolia
Oceanus LLC	Real estate operations	100%	100%	Mongolia

The Company is registered in Alberta, Canada, with its Head Office at its registered and records 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 December 31, 2022, the Company is organized into three segments 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.
- The Subscription Products office is located in Toronto, Canada.

(Expressed in Canadian dollars)

2 Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC), as issued by the International Accounting Standards Board (IASB). The significant accounting policies used in the preparation of these consolidated financial statements are summarized in note 3.

These consolidated financial statements have been prepared on a going concern basis, meaning that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company estimates it has sufficient working capital to continue operations for the upcoming 12 months.

The consolidated financial statements, including the notes to the consolidated financial statements, are presented in Canadian dollars ($) which is the presentation currency and the functional currency of the parent Company. The functional currency of the Mongolian subsidiaries is the Mongolian National Tögrög (MNT). The functional currency of the Company's operating subsidiary in Barbados in the Canadian Dollar. The functional currency of the Company's operating subsidiaries in the United States is the US Dollar.

These consolidated financial statements were approved by the Board of Directors of the Company for issue on April 19, 2023.

3 Significant accounting policies

a. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of investment properties, marketable securities, options on futures, calls, puts and digital assets at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Basis of consolidation

These consolidated financial statements include the accounts of MGG and its wholly-owned subsidiaries. Subsidiaries are entities controlled by MGG. Control exists when MGG is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting year as MGG, using consistent accounting policies. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Upon the disposal of a subsidiary, amounts previously recognized in other comprehensive income in respect of that entity, are reclassified to profit or loss.

(Expressed in Canadian dollars)

4 Significant accounting policies (conttinued)

c. Financial instruments

Classification and measurement

The classification of financial assets is based on the Company's business models and the financial asset's contractual cash flow characteristics. Business models are reassessed periodically, and contractual cash flow characteristics are assessed to determine whether they are "Solely payments of principal and interest" (SPPI).

Financial assets, including hybrid contracts, are classified as either amortized cost, fair value through other comprehensive income (FVOCI), or the residual classification of fair value through profit and loss (FVTPL).

Financial assets with cash flows that are SPPI and are held within a business model where the objective is to hold the financial assets in order to collect contractual cash flows ("Hold to collect" business model) are measured at amortized cost.

Financial assets with cash flows that are SPPI and are held within a business model where the dual objective is to hold the financial assets in order to collect contractual cash flows and selling financial assets ("Hold to collect and sell" business model) are measured at FVOCI.

Financial assets with cash flows that are SPPI but are not held within the "Hold to collect" or "Hold to collect and sell" business models are measured at FVTPL.

Financial assets with cash flows that do not meet the SPPI conditions are measured at FVTPL.

Marketable securities held for trading are classified as FVTPL. For all other marketable securities that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or if the Company elects to measure them at fair value through profit or loss.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are recognized on the trade date, the date on which the Company commits to purchase or sell the investment.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(Expressed in Canadian dollars)

3 Significant accounting policies (continued)

c. Financial instruments (continued)

i) Financial assets and financial liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition it is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions.

From time to time, the Company enters into derivative financial instruments for speculative purposes. These instruments are marked to market, and the corresponding gains and losses for the year are recognized in the consolidated statement of operations. The carrying value of these instruments is fair value, which approximates the amount that would be received or paid if the derivative were to be transferred to a market participant at the consolidated statement of financial position date. The fair value is included in marketable securities if in an asset position or marketable securities sold short if in a liability position.

As at December 31, 2022, the Company had a net fair market value of approximately $5,159,131 of derivative financial liabilities that will expire with no value if out of the money at expiration (Note 7).

ii) Financial assets managed as fair value through profit or loss

Financial assets managed as fair value through profit or loss are financial instruments that are not classified as held for trading but form part of a portfolio that is managed and whose performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's marketable securities owned, unrealized gain on futures contract, and marketable securities sold short are all classified as held for trading and carried at FVTPL.

Recognition, derecognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of operations. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are presented in the consolidated statement of operations in realized and unrealized gain on short-term investments.

<u>Financial assets at amortized cost</u>

Classification

Financial assets at amortized cost are non-derivative financial assets with cash flows that are "solely from the payment of principal and interest" (SPPI) and that are managed under a "held to collect" business model.

The Company's financial assets at amortized cost consist of cash, due from brokers, as well as accounts receivable and long term receivable, which are included in other assets.

(Expressed in Canadian dollars)

3 Significant accounting policies (continued)

c. Financial instruments (continued)

Recognition and measurement

At initial recognition, the Company measures its financial assets at its fair value plus transactions costs incurred. The amortized cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.
<u>Financial liabilities at amortized cost</u>

Classification

The Company's financial liabilities at amortized cost are non-derivative liabilities that comprise trade payables and accrued liabilities, due to broker, and short-term and long term CEBA loan.

Recognition and measurement

Trade payables and accrued liabilities are initially recognized at fair value. Subsequently, they are measured at amortized cost using the effective interest method. Due to brokers and CEBA loans are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Impairment

Substantially all of the Company's financial assets at amortized cost are short-term assets and from sources with low credit risk. The Company monitors its financial assets measured at amortized cost and counterparty risk.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities recorded at fair value in the consolidated statement of financial position are measured and classified in a hierarchy consisting of three levels for disclosure purposes. The three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

- The Company defines active markets based on the frequency of valuation and any restrictions or illiquidity on disposition of investments. The size of the bid/ask spread is used as an indicator of market activity for fixed maturity securities. Fair value is based on market price data for identical assets obtained from the investment custodian, investment managers or dealer markets. The Company does not adjust the quoted price for such instruments.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

c. Financial instruments (continued)

Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 2 inputs include observable market information, including quoted prices for assets in markets that are considered less active. Fair value is based on or derived from market price data for same or similar instruments obtained from the investment custodian, investment managers or dealer markets.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities

- Level 3 assets and liabilities would include financial instruments whose values are determined using internal pricing models, discounted cash flow methodologies, or similar techniques that are not based on observable market data, as well as assets or liabilities for which the determination of estimated fair value requires significant management judgement or estimation.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

The levels of the fair value inputs used in determining estimated fair value of the Company's financial assets at fair value through profit or loss as at December 31, 2022 and 2021, is shown below.

				Estimated fair values
	December 31, 2022	Level 1	Level 2	Level 3
Marketable securities	$49,237,506	$49,237,506	-	-
Unrealized gain on futures contract	-	-	-	-
Marketable securities sold short	($5,159,131)	($5,159,131)	-	-
	$44,078,375	**$44,078,375**	-	-

				Estimated fair values
	December 31, 2021	Level 1	Level 2	Level 3
Marketable securities	$37,802,853	$37,802,853	-	-
Unrealized gain on futures contract	$311,437	$311,437	-	-
Marketable Securities sold short	($2,652,329)	($2,652,329)	-	-
	$35,461,960	**$35,461,960**	-	-

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

c. Financial instruments (continued)

At December 31, 2022 and 2021 there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as level 2 and 3 in the fair value hierarchy above.

d. Investment properties

Investment properties include properties held to earn rental revenue, for capital appreciation, and/or for redevelopment. Investment properties are initially measured at fair value which is most often the purchase price plus any directly attributable expenditures. Investment properties are subsequently measured at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair value of investment properties are recognized in the consolidated statement of operations in the year they arise. A key characteristic of an investment property is that it generates cash flows largely independently of the other assets held by an entity.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of operations during the financial period in which they occur.

Substantially all of the Company's income generating properties and properties under development are investment properties.

Properties under development are measured at cost.

Certain land leases held under an operating lease are classified as investment properties when the definition of an investment property is met. At inception these leases are recognized at the lower of the fair value of the property and the present value of the minimum lease payments.

Some properties may be partially occupied by the Company, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Company can be sold separately, the Company accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income, capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Company considers the owner-occupied portion as insignificant when the property is more than 90% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Company uses the size of the property measured in square metres.

The fair value of investment properties was based on the nature, location and condition of the specific asset. The fair value is calculated at December 31 on the majority of investment properties by an independent, professional, qualified appraisal firm, whose appraisers hold recognized relevant, professional qualifications and who have recent experience in the locations and categories of the investment properties valued. The remaining investment properties' fair value was calculated by management and was performed by qualified individuals with recent experience in the locations and categories of the investment properties valued.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

e. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are categorized as held for sale at the point in time when the asset or disposal group is available for immediate sale. Management has committed to a plan to sell and is actively locating a buyer at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one year period. Investment properties measured under the fair value model and held for sale continue to be measured by the guidelines of IAS 40 – Investment Property. All other assets held for sale are stated at the lower of carrying amounts and fair value less selling costs. An asset that is subsequently reclassified as held and in use, with the exception of investment property measured under the fair value model, is measured at the lower of its recoverable amount and the carrying value that would have been recognized had the asset never been classified as held for sale.

f. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The Company's specific revenue recognition criteria are as follows:

i) Rental revenue

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

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

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

Amounts payable by tenants to terminate their lease prior to their contractual expiry date (lease cancellation fees) are included in rental revenue at the time of cancellation.

ii) Interest income

Interest income is recorded as it accrues using the effective interest method.

iii) Subscription Revenue

Subscription revenue consists of subscriptions to its an investment data analytics service. The subscription service provides customers the right to access its weekly data publications. The Company's subscription service represents a series of distinct publications produced each week and are made available to the customer continuously throughout the contractual period. However, the extent to which the customer uses the services may vary at the customer's discretion.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

f. Revenue recognition (continued)

A performance obligation is a commitment in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment. The Company's data analytics service is considered to have a single performance obligation where the customer simultaneously receives and consumes the benefit, and as such revenue is recognized ratably over the term of the contractual agreement.

For the Company's data subscription product, the Company generally receives payment for the full subscription contract up front.

iv) Unearned revenue

Payments received in advance of services being rendered are recorded as unearned revenue and recognized ratably over the requisite service period.

g. Digital Assets

The Company's digital assets are primarily traded in active markets and are purchased with the intent to re-sell in the near future, generating a profit from the fluctuations in prices or margins. As a result digital assets are measured at fair value less cost to sell, with changes in fair value recognized in the consolidated statements of operations.

h. Cash

Cash includes cash held at banks or on hand and demand deposits.

i. Property and equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. All repairs and maintenance costs are charged to the consolidated statement of operations during the period in which they occur.

Depreciation is recognized in the consolidated statement of operations and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	Straight-line over 40 years
Furniture and fixtures	Straight-line over 5 to 10 years
Equipment	Straight-line over 1 to 5 years

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

i. Property and equipment (continued)

Impairment reviews are performed when there are indicators that the net recoverable amount of an asset may be less than the carrying value. The net recoverable amount is determined as the higher of an asset's fair value less cost to dispose and value in use. Impairment is recognized in the consolidated statement of operations, when there is objective evidence that a loss event has occurred which has impaired future cash flows of an asset. In the event that the value of previously impaired assets recovers, the previously recognized impairment loss is recovered in the consolidated statement of operations at that time.

An item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations in the period the asset is derecognized.

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

j. Income taxes

Income taxes are comprised of both current and deferred taxes. Current tax and deferred tax are recognized in the statement of operations except to the extent that it relates to items recognized in Other Comprehensive Income ("OCI") or directly in equity. In this case, the tax is recognized in OCI or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income and are measured at the amount expected to be recovered from or paid to the taxation authorities for the current and prior periods.

Deferred income tax assets and liabilities are recorded for the expected future income tax consequences of events that have been included in the consolidated financial statements or income tax returns. Deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases for assets and liabilities and for certain carry-forward items, such as losses and tax credits not utilized from prior years. However, if the deferred income tax arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income, it is not accounted for.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where, in the opinion of management, it is probable that future taxable profit will be available against which the deferred tax asset can be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates, on the date the changes in tax laws and rates have been enacted or substantively enacted.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

k. Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange in effect on the dates they occur. Gains and losses arising as a result of foreign currency transactions are recognized in the consolidated statement of operations. At reporting dates, monetary items are translated at the closing rate of exchange in effect at the consolidated statement of financial position date.

Translation of foreign operations

For the purpose of the consolidated financial statements, the results and financial position of the Company's operations are expressed in Canadian dollars, which is the functional currency of the parent, and the presentation currency of the consolidated financial statements.

The Company translates the assets, liabilities, income and expenses of its subsidiaries which have a functional currency other than the Canadian dollar, to Canadian dollars on the following basis:

- Assets and liabilities are translated at the closing rate of exchange in effect at the consolidated statement of financial position date.
- Income and expense items are translated using the average rate for the month in which they occur, which is considered to be a reasonable approximation of actual rates.
- Equity items are translated at their historical rates.
- The translation adjustment from the use of different rates is included as a separate component of equity, in accumulated other comprehensive income (loss).

k. Comprehensive income

Comprehensive income consists of net income (loss) and OCI. OCI includes changes in unrealized gains (losses) on the translation of subsidiaries with a functional currency other than the Canadian dollar.

l. Share capital and deferred share issuance costs

Ordinary shares issued by the Company are classified as equity. Costs directly identifiable with the raising of capital will be charged against the related share issue, net of any tax effect.

Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share issuance or charged to operations if the shares are not issued.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

m. Earnings (loss) per share

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

n. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operations, has been identified as the Chief Executive Officer. The Company is now managed as three operating segments based on how information is produced internally for the purpose of making operating decisions. The segments are defined as investment property operations, subscription products and corporate.

o. Leases

IFRS 16, Leases (“IFRS 16”) sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor.

From a lessee point of view, the Company has entered into Mongolian government land leases on some of its investment properties. The Company, as a lessee, has determined, based on an evaluation of the terms and conditions of the arrangements, that these land leases meet the definition of an investment property and has classified them as such; therefore, the fair value model is applied to those assets, and gains and losses on changes in fair value are recorded in the consolidated statements of operations. The payments on these leases are nominal, and are therefore exempt from recognition as low-value leases.

The Company has also entered into commercial and residential property leases on its investment properties. The Company as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains the significant risks and rewards of ownership of these properties and therefore accounts for these agreements as operating leases.

For other leases of low-value assets or short-term leases that end within 12 months of the commencement date and which have no renewal or purchase option, the Company has elected to apply the recognition exemptions specified in IFRS 16, allowing the Company to continue to expense the lease payments in the period in which they are incurred. The total of such expenses was $4,620 for the 2022 fiscal year (2021 - $5,092).

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

p. Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense of any provision is recognized in the consolidated statement of operations net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

q. Due from and to brokers

Amounts due from and to brokers represent negative cash balances or margin accounts, and pending trades on the purchase or sale of securities. Where terms in the prime brokerage agreements permit the prime broker to settle margin balances with cash accounts or collateral, the due from brokers cash balances are offset against the due to brokers margin balances at each prime broker.

r. Marketable Securities

The Company presents results from trading marketable securities on both a realized and unrealized basis separately in the consolidatd statements of operations. A realized gain or loss is recorded upon transfer of ownership of a marketable security, calculated as proceeds (net of broker fees) less its cost which is measured on a first-in-first-out (“FIFO”) basis. Unrealized gains and losses are the fair value adjustments to positions still held at reporting dates.

s. Futures Contracts

The Company may invest in financial futures contracts (“futures contracts”) for the purpose of hedging its existing portfolio securities or for speculative reasons.

Upon entering into a futures contract, the Company is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This payment is known as “initial margin.” Subsequent payments, known as “variation margin,” are calculated each day, depending on the daily fluctuations in the fair value/market value of the underlying assets. An unrealised gain or loss equal to the variation margin is recognised on a daily basis and carried on the consolidated statements of financial position. When the contract expires or is closed the gain (loss) is realised and is presented in the Statement of Operations as a realised gain (loss) on short term investments. Futures contracts are valued daily at their last quoted sale price on the exchange they are traded. A “sale” of a futures contract means a contractual obligation to deliver the securities or foreign currency called for by the contract at a fixed price at a specified time in the future. A “purchase” of a futures contract means a contractual obligation to acquire the securities, commodities or foreign currency at a fixed price at a specified time in the future.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

t. Current Accounting Policy Changes

There were no accounting policy changes which impacted the Company in the December 31, 2022 fiscal year.

u. Future Accounting Policy Changes

IAS 1, Presentation of Financial Statements ("IAS 1") The IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' in January 2020, affecting the presentation of liabilities in the statement of financial position. In October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' affecting the required disclosures for non-current liabilities with covenants. The narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments must be applied retrospectively in accordance with the normal requirements of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The amendments have not been early adopted by the Company. The Company is currently assessing any potential impact of these amendments.

v. Comparative Figures

Certain comparative figures have been reclassified to conform with the basis of presentation applied for the year ended December 31, 2022.

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 the consolidated statements of operations 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 consolidated financial statements include the following areas:

- Fair value of investment properties – An external appraiser estimates the fair value of the majority of investment properties by dollar value annually.

(Expressed in Canadian dollars)

4 Significant accounting estimates and judgements (continued)

The remaining balance of investment properties was valued internally. 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. This fair value assumes that the Company is in possession of the property's land and property titles where applicable. Management judges that the Company has the appropriate titles for each of the properties classified as Investment Properties. Properties whereby management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by management.

- 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 11. Changes in assumptions about these factors could materially affect the carrying value of investment properties. In addition, the significant global uncertainty resulting from the novel coronavirus ("COVID-19") pandemic has reduced the availability of reliable market metrics to inform opinions, and therefore a higher degree of judgment must be applied. Consequently, fair values are subject to significant change.

- Valuation of marketable securities – The Company recognizes marketable securities 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, judgement is required to establish fair values.

- 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 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.

Significant judgements made in the preparation of these consolidated financial statements include the following:

- Judgement is required in determining whether an asset meets the criteria for classification as assets held for sale and or as discontinued operations in the consolidated financial statements. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the probability of the sale being completed within an expected time frame of one year and the period of time any amounts have been classified within assets held for sale.

  The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. On completion of the sale, management exercises judgement as to whether the sale qualifies as a discontinued operation.

(Expressed in Canadian dollars)

4 Significant accounting estimates and judgements (continued)

As at December 31, 2022 and 2021, management has made the judgment that none of the Company's assets meet the criteria to be classified as held for sale. While this is due to a number of factors, a primary reason is that due to the conditions of the Mongolian economy and the lack of liquidity in the market, management was unable to conclude that the sale of any significant size asset could be considered highly probable.

- Judgement is required in determining whether the Company's Investment property and land use rights titles are at risk. As at December 31, 2020, management made the judgment that Investment Properties whereby the land title has recently expired but is expected to be renewed in the near future should continue to be classified as Investment Properties. Properties whereby management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by management. As of December 31, 2022, all land titles of the Company's Investment Properties were current.

5 Cash and cash equivalents

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

The following table discloses the geographical location of cash:

	2022 $	2021 $
Barbados	64,643	1,560,652
Canada	1,579,747	274,900
United States	213,209	313,036
Mongolia	193,646	247,723
Total cash	**2,051,245**	**2,396,311**

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

The following table discloses the beakdown of cash and cash equivalents:

	2022 $	2021 $
Cash	707,419	2,396,311
Cash equivalents*	1,343,826	-
Total cash and cash equivalents	**2,051,245**	**2,396,311**

*Cash equivalents are held in a GIC at a Canadian bank.

(Expressed in Canadian dollars)

5 Cash and cash equivalents (continued)

The credit quality of cash balances may be summarized based on Standard and Poor's ratings or equivalents of Moody's and/or Fitch ratings. The credit quality at December 31 was as follows:

	2022 $	2021 $
Cash on hand	1,750	2,272
A or A+ rated	1,620,438	460,755
B- or B+ rated	269,152	368,234
BBB+ rated	63,361*	1,559,329
Unrated	96,544	5,721
Total cash	**2,051,245**	**2,396,311**

*Cash is held in a brokerage account, at which the Company also has a margin balance due and payable at December 31, 2022 (Note 6).

The unrated balance relates to one private bank in Barbados (2021 – one), one brokerage company in Canada (2021 – one) and a cryptocurrency platform. The BBB+ rating relates to a brokerage company in the United States.

6 Credit facilities and due from and due to brokers

a) Credit facilities

During the year ended December 31, 2020, the Company qualified for a government-guaranteed line of credit (Canada Emergency Business Account "CEBA") of $40,000 which was interest-free until December 31, 2020. On January 1, 2021, the line of credit converted to a 2-year, 0% interest term loan to be repaid by December 31, 2022 at which time a 25% balance forgiveness ($10,000) will apply if the loan is repaid by such date. On January 1, 2021 the Company qualified for an additional $20,000 2-year, 0% interest term loan to be repaid by December 31, 2022. The Company has the option to exercise a 3-year term extension on the loans by December 31, 2022, if the loans are not repaid by then, at which time, the remaining unpaid balance of the loans will bear interest at 5% interest per annum during the extension period and must be paid in full by December 31, 2025. In October 2022, the Government announced that the deadline for the partial loan forgiveness and interest-free period has been extended to December 31, 2023.

Short and long term debt

	2022 $	2021 $
Current	60,000	60,000
	60,000	**60,000**

(Expressed in Canadian dollars)

6 Credit facilities and due from and due to brokers (continued)

a) Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2022 and 2021, the Company's amounts due to brokers have no specific repayment terms, and they are governed by the margin terms set forth in the prime brokerage agreements. As at December 31, 2022, the Company had net margin borrowings of $7,329,685 (2021 – net margin borrowings of $7,614,540). The fair value of the collateral-listed equity securities is calculated daily and compared to the Company's margin limits. The prime brokers can at any time demand full or partial repayment of the margin balances and any interest thereon or demand the delivery of additional assets as collateral.

Due from and due to brokers balances are presented on a net basis by broker in the consolidated statement of financial position. Under the prime broker agreements, the broker may upon events of default offset, net and/or regroup any amounts owed by the Company to the broker by amounts owed to the Company by the broker. The following tables set out the offsetting of the Company's various accounts with prime brokers.

Due from and due to brokers

			2022
	Gross amounts due from brokers $	**Gross amounts due to brokers $**	**Net amounts $**
Due from brokers	14,203	(14,203)	**-**
Due to brokers	-	(7,393,046)	**(7,393,046)**

			2021
	Gross amounts due from brokers $	**Gross amounts due to brokers $**	**Net amounts $**
Due from brokers	6,872	(4,552)	**2,320**
Due to brokers	-	(9,173,869)	**(9,173,869)**

(Expressed in Canadian dollars)

7 Equity investments and other holdings, securities sold short, derivatives and futures

Equity Investments and other holdings

	December 31, 2022 $	December 31, 2021 $
Assets		
Equity securities	34,826,329	30,778,337
Options on futures	14,411,177	7,006,506
Calls	-	7,952
Puts	-	10,058
	49,237,506	**37,802,853**

Securities sold short and derivative liabilities

	December 31, 2022 $	December 31, 2021 $
Liabilities		
Options on futures	5,127,327	2,598,477
Calls	-	47,835
Puts	31,804	6,017
	5,159,131	**2,652,329**

Futures

	December 31, 2022 $	December 31, 2021 $
Cost Basis	-	2,768,220
Unrealized gains on futures contract	-	311,437
Fair Market Value	**-**	**3,079,657**

A "purchase" of a futures contract means a contractual obligation to acquire the securities, commodities or foreign currency at a fixed price at a specified time in the future and is not included on the consolidated statements of financial position. An unrealised gain or loss equal to the change in value of the contract is recognised on a daily basis and carried on the consolidated statements of financial position as futures contracts.

(Expressed in Canadian dollars)

8 Subscription Revenue

The Company's revenue from contracts with customers is comprised of investment data analytics subscriptions.

The Company has built a data analytics service, named KEDM, that tracks various event-driven strategies. The Company initiated a paywall on July 1, 2021 to start monetizing this service. Revenue earned during the period is classified as subscription revenue on the consolidated statements of operations. Revenue collected that has not yet been earned, have been classified as unearned revenue and will be classified according to the Company's revenue policies described in note 3.

Contract Liabilities:

As of December 31, 2022, the Company has unearned revenue of $1,547,154 to be fully recognized by the end of July 2024, in accordance with contract terms (December 31, 2021 - $1,035,471).

	December 31, 2022 $	**December 31, 2021 $**
Opening balance	1,035,471	-
Additions	3,685,713	1,979,882
Revenue earned	(3,174,031)	(944,411)
Closing balance	**1,547,154**	**1,035,471**

MGG has engaged an arm's length company to compile and produce the KEDM report on an ongoing basis, while MGG will act as the distributor and marketer of the product. As a part of this engagement, MGG has agreed to pay certain direct and approved expenses related to producing KEDM in addition to 20% of quarterly earned revenues above a threshold of $125,000 USD. The Company paid $476,236 in revenue share during 2022 (December 31, 2021 - $111,541), classified as subscription product expenses in note 22. Most of the expenses related to the unearned revenue have not yet been incurred and are not reflected in the Company's financial statements. MGG owns all intellectual property related to KEDM and the arm's length company disclaims any ownership or rights to the intellectual property. The agreement can be discontinued by either party following a reasonable transition period and MGG can engage a substitute party to continue the production of KEDM. Beginning on January 1, 2023, MGG has engaged Praetorian PR LLC (PPR), a Puerto Rican company owned by the MGG's Chairman and CEO to produce KEDM. Refer to note 25 for further details on the arrangement.

9 Digital assets

	December 31, 2022 $	**December 31, 2021 $**
Balance - beginning of year	266,890	-
Net purchases	94,910	314,419
Unrealized loss	(98,700)	(42,606)
Foreign currency gain (loss)	21,153	(4,923)
Balance - end of year	**284,253**	**266,890**

The Company has a digital currency account at Kraken Custody which holds Monero (XMR) cryptocurrency.

(Expressed in Canadian dollars)

10 Other assets

Short term other assets

	December 31, 2022 $	December 31, 2021 $
Accounts receivable	15,172	29,888
Prepaid expenses	29,078	55,192
Allowance	-	(55,862)
	44,250	**29,218**

Long term other assets

	December 31, 2022 $	December 31, 2021 $
Long term receivable	98,364	111,722
Allowance for doubtful debt	(49,182)	-
	49,182	**111,722**

The Company currently has a receivable of $98,364 from a property sold in 2019. The Company has filed court proceedings against the debtor and has made an allowance for 50% of the amount. This allowance was classified as short term in 2021 and long term in 2022.

11 Investment properties

	2022 $	2021 $
Balance - beginning of year	11,885,907	14,542,236
Disposals	(1,066,165)	(2,163,008)
Fair value adjustment	622,186	(441,870)
Foreign exchange adjustments	(1,354,972)	(51,451)
Balance – end of year	**10,086,956**	**11,885,907**

During the year ended December 31, 2022, the Company sold five properties with a value of $1,066,165 for cash proceeds of $919,621 resulting in a net loss of $146,544. During the year ended December 31, 2021, the Company sold eight properties for net proceeds of $2,125,367 resulting in a net loss of $37,641.

Investment properties by major category are as follows:

	2022 $	2021 $
Office	931,736	925,127
Retail	5,508,385	7,119,588
Land and redevelopment sites	3,646,835	3,841,192
	10,086,956	**11,885,907**

(Expressed in Canadian dollars)

11 Investment properties (continued)

Investment properties with an aggregate fair value of $10,020,823 (2021 - $10,187,412) in addition to one property classified as PPE with a value of of $1,203,975, were valued by external independent valuation professionals who are deemed to be qualified appraisers who hold a recognized, relevant, professional qualification and who have recent experience in the locations and categories of the investment properties valued. The remaining balance of investment properties were valued internally.

The Company determined the fair value of investment properties using the income approach and the sales comparison approach, which are generally accepted appraisal methodologies.

Under the income approach, the methodology used was the direct capitalization approach which is based on rental income and yields. Rental incomes were based on current rent and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future rent in light of current conditions adjusted for non-recoverable property costs. Yields were determined using data from real estate agencies, market reports and property location among other things in determining the appropriate assumptions. Under this method, year one income is stabilized and capped at a rate deemed appropriate for each investment property.

The sales comparison approach analyzes all available information of sales of comparable properties that have recently taken place or have recently been marketed and adjusts the price to reflect differences in the property valued and sold.

The entire portfolio of investment properties has been valued using the income approach, the sales comparison approach or a combination thereof.

Due to the COVID-19 pandemic and its ongoing impact on the economy, and specifically its unknown future impact on the real estate market, there is heightened uncertainty surrounding the valuation of the investment properties. Consequently, there is a need to apply a higher degree of judgment as it pertains to the forward-looking assumptions that underlie the Company's valuation methodologies. In addition, less weight can be ascribed to previous market evidence, for comparative purposes, to inform opinions of value. Given this impact on the availability of reliable market metrics, fair values at December 31, 2022 may be subject to material change.

The Company currently has a standing agreement with the owner of a 42 sq. meter apartment which has been included in one of the Company's properties classified as land and redevelopment. The agreement entitles the owner of the apartment to 84 sq. meters of space on the first floor of a new building to be built on this land. In this agreement, the Company had an obligation to complete the construction of a new building by the end of fiscal 2017 and the agreement was not extended. A liability of $261,648 (2021 - $263,667) is currently included in the Company's trade payables and accrued liabilities (note 13) to reflect this liability. In addition, the Company has recognized an unrealized fair value impairment of $887,732 included in investment properties (2021 -$995,949) in excess of the fair value adjustment calculated using the valuation approaches described. This adjustment is management's estimate of the markets perception of the risk related to this agreement, and is included within the unrealized gain (loss) on fair value adjustment on Investment properties within profit and loss.

(Expressed in Canadian dollars)

11 Investment properties (continued)

Under the fair value hierarchy, the fair value of the Company's investment properties is considered a level three, as defined in note 3.

The key valuation assumptions for commercial investment properties are as follows:

			2022
	Maximum	**Minimum**	**Weighted- average**
Capitalization rate	13.1%	12.6%	13.0%

			2021
	Maximum	**Minimum**	**Weighted- average**
Capitalization rate	13.1%	9.0%	11.8%

The following sensitivity table outlines the impact of a 0.25% change in the weighted average capitalization rate on investment properties at 2022:

	Change to fair value if capitalization rate increased 0.25%	**Change to fair value if capitalization rate decreases 0.25%**
Investment property	(16,984)	17,651

Additional valuation assumptions include the rental revenue per square meter, grade quality of the property, and comparable market data.

Investment properties of $66,188 (2021 - $73,321) have no rental revenue associated with them at December 31, 2022.

Investment properties include land use rights held under operating leases with an aggregate fair value of $3,646,835 (2021 – $3,841,192) at December 31, 2022.

Certain investment properties held by the Company are leased out (the Company is the lessor) under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2022 **$**	**2021** **$**
Less than 1 year	468,191	608,538
Between 1 and 5 years	226,289	265,126
Beyond 5 years	-	-
	694,480	**873,664**

(Expressed in Canadian dollars)

11 Investment properties (continued)

Direct operating expenses arising from investment properties that generated rental income during the year was $769,501 (2021 – $757,564). Direct operating expenses arising from investment properties that did not generate rental income during the year was $1,352 (2021 - $1,536).

The Company's operating leases, in which the Company is the lessor, are structured such that the weighted average length of the leases as at December 31, 2022 was 12.6 months (10.6 months as at December 2021), calculated as a percentage of monthly revenues.

12 Property and equipment

				2022
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Cost				
At January 1	59,993	129,798	2,726,198	2,915,989
Additions	150,331	49,827	511,655	711,813
Disposals	(674)	(17,465)	-	(18,139)
Reversal of impairment	-	-	127,538	127,538
Foreign exchange adjustment	(1,580)	(1,053)	(190,330)	(192,963)
At December 31	208,070	161,107	3,175,061	3,544,238

				2022
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Accumulated depreciation				
At January 1	48,719	122,182	524,881	695,782
Depreciation	17,574	12,325	73,763	103,662
Disposals	(674)	(17,465)	-	(18,139)
Foreign exchange adjustment	(399)	(900)	(40,000)	(41,299)
At December 31	65,220	116,142	558,644	740,006
Net book value at December 31	142,850	44,965	2,616,417	2,804,232

(Expressed in Canadian dollars)

12 Property and equipment (continued)

During the year ended December 31, 2022 the Company recognized a reversal of impairment on its corporate office building of $127,538 (2021 – reversal of impairment of $53,630) which was implied by the same valuation methodology described in note 11. During the year ended December 31, 2022, the Company completed renovations totaling $511,655 to its office building in Puerto Rico (2021 – nil). This property will serve as an office in Puerto Rico and the remainder will be rented out to affiliated and non affiliated parties.

				2021
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Cost				
January 1	72,194	126,541	1,733,299	1,932,034
Additions	-	-	941,847	941,847
Disposals	(10,641)	(3,843)	-	(14,484)
Reversal of impairment	-	-	53,630	53,630
Foreign exchange adjustment	(1,560)	7,100	(2,578)	2,962
At December 31	59,993	129,798	2,726,198	2,915,989

				2021
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Accumulated depreciation				
At January 1	54,401	116,680	467,712	638,793
Depreciation	5,170	9,569	57,369	72,108
Disposals	(10,641)	(3,843)	-	(14,484)
Foreign exchange adjustment	(211)	(224)	(200)	(635)
At December 31	48,719	122,182	524,881	695,782
Net book value at December 31	11,274	7,616	2,201,317	2,220,207

(Expressed in Canadian dollars)

13 Trade payables and accrued liabilities

	2022 $	2021 $
Trade and accrued payables	339,191	574,681
Property commitment	261,648	263,667
Security deposits	58,563	75,043
	659,402	**913,391**

The carrying amounts above reasonably approximate the fair value at the consolidated statement of financial position date. All trade and other payables are current.

14 Income taxes

a) Effective tax rate

The income tax expense reflects an effective tax rate that differs from the combined tax rate for Canadian federal and provincial corporate taxes for the following:

	2022 $	2021 $
Net income (loss) before income taxes	10,627,701	16,081,911
Combined statutory tax rate	26.5%	26.5%
Expected income tax (recovery)	2,816,000	4,262,000
Effect of:		
Permanent differences	1,152,000	1,676,000
Change in statutory, foreign tax, foreign exchange rates and other	(1,043,721)	(2,446,395)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(288,000)	(436,000)
Change in unrecognised deductible tax differences	53,000	(2,523,000)
Total income tax expense	**2,689,279**	**532,605**
Provision for income taxes		
Current	727,001	1,197
Deferred	1,962,278	531,408
	2,689,279	532,605

(Expressed in Canadian dollars)

14 Income taxes (continued)

b) Deferred income taxes

Differences between IFRS and statutory taxation regulations in Mongolia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The Company did not recognize a deferred tax asset in these consolidated financial statements as there is uncertainty with regard to the recoverability of the asset for both the Canadian and Mongolian entities.

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2022 $	2021 $
Deferred Tax Assets (liabilities)		
Property and equipment	67,000	52,000
Investment properties	(354,000)	(434,244)
Marketable security	(2,695,522)	(1,637,000)
Digital assets	33,000	-
Non-capital losses available for future period	49,000	1,028,000
	(2,900,522)	(991,244)
Unrecognized deferred tax assets	(72,000)	(19,000)
Net deferred tax liability	**(2,972,522)**	**(1,010,244)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	**2022**	**Expiry Date Range**	**2021**	**Expiry Date Range**
Property and equipment	62,000	No expiry date	11,000	No expiry date
Non-capital losses available for future period	131,000	2031 to 2032	58,000	No expiry date

Tax attributes are subject to review, and potential adjustment by tax authorities.

(Expressed in Canadian dollars)

15 Share capital and contributed surplus

Common shares

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

The issued and outstanding common shares are as follows:

	Number of shares	Amount $
Balance, December 31, 2020	31,281,499	53,165,247
Shares re-purchased	-	(2,161,125)
Treasury stock cancelled	(3,503,000)	-
Balance, December 31, 2021	**27,778,499**	**51,004,122**
Shares re-purchased	-	(456,992)
Treasury stock cancelled	(68,000)	-
Balance, December 31, 2022	**27,710,499**	**50,547,130**

As at December 31, 2022, the Company held 234,600 (2021-nil) shares in treasury.

Options

There were no options outstanding as of December 31, 2022 and the Company's option plan lapsed in 2021.

Restricted Stock Awards (RSA)

During the year, the Company renewed its Restricted Stock Award plan ("the RSA Plan") whereby it can grant RSAs to directors, officers, employees, and technical consultants of the Company. The maximum number of RSAs that may be reserved for issuance under the RSA Plan is limited to 300,000 common shares. The Restricted Period in respect to the Restricted Shares shall end once the Restricted Shares shall become vested. To date, no RSAs have been granted.

Earnings per share

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

	2022	2021
Weighted average number of shares - basic	27,761,956	29,309,116
Effect of dilutive stock options	-	-
Weighted average number of shares - diluted	**27,761,956**	**29,309,116**

Basic earnings (loss) per share are derived by dividing net income (loss) for the year by the weighted average number of common shares outstanding for the period.

(Expressed in Canadian dollars)

16 Management of capital structure

The Company's objective when managing capital is to ensure the Company is capitalized in a manner which provides a strong financial position for its shareholders.

The Company's capital structure includes the components of equity. In managing its capital structure, the Company considers future investment and acquisition opportunities, potential credit available and potential issuances of new equity. The Company's objective is to maintain a flexible capital structure that will allow it to execute its stated business. There was no change in the Company's strategy or objective in managing capital since the prior year. There are no externally imposed capital requirements at year end. Upon acquiring investment properties and operating businesses, the Company will strive to balance its proportion of debt and equity within its capital structure in accordance with the needs of the continuing business. The Company may, from time to time, issue shares and adjust its spending to manage current and projected proportions as deemed appropriate.

	2022 **$**	**2021** **$**
Current assets	51,617,254	40,809,029
Current liabilities	(15,461,570)	(13,839,334)
Working capital	**36,155,684**	**26,969,695**

The method used by the Company to monitor its capital is based on an assessment of the Company's working capital position relative to its projected obligations.

17 Financial risk management

The Board of Directors ensures that management has put appropriate risk management processes in place. Through the Audit Committee, the Board oversees such risk management procedures and controls. Management provides updates to the Audit Committee on a quarterly basis with respect to risk management.

Catastrophe risk

The Company has obtained insurance on buildings and all permanent fixtures totalling approximately $6,600,000 effective May 8th 2022 ($8,300,000 - May 8th 2021). To date the Company has not been able to obtain insurance on its Puerto Rican property with a value of $1,412,442 at December 31, 2022.

Credit risk

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

(Expressed in Canadian dollars)

17 Financial risk management (continued)

The Company's maximum exposure to credit risk comprises the carrying values of cash, accounts receivable and marketable securities was $51,378,065 at December 31, 2022.

The Company's exposure to credit risk is managed through risk management policies and procedures with emphasis on the quality of the investment portfolio. The majority of the funds invested are held in reputable Barbadian, American, Canadian or Mongolian banks (note 5).

The Company is exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. The Company mitigates this risk by carrying out appropriate credit checks and related due diligence on the significant tenants. The Company's properties are diversified across commercial classes.

Liquidity risk

Liquidity risk is the risk of having insufficient cash resources to meet financial obligations without raising funds at unfavourable rates or selling assets on a forced basis. Liquidity risk arises from the general business activities and in the course of managing the assets and liabilities. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. The liquidity requirements of the Company's business are met primarily by funds generated from operations, liquid investments and income and other returns received on investments. Cash provided from these sources is used primarily for investment property operating expenses.

As at December 31, 2022, the Company does not believe the current maturity profile of the Company lends itself to any material liquidity risk, taking into account the level of cash and marketable securities as at December 31, 2022. All financial assets and liabilities have contractual or expected maturities within 12 months, except for the CEBA loan which has repayment terms described in Note 6. Due to the short term nature of the Company's financial instruments, there is no material impact due to discounting or the time value of money to disclose.

Equity price risk

Equity price risk is the risk that the fair value of equity investments and other holdings and equities sold short and derivatives will vary as a result of changes in the market prices of the holdings. All of the Company's equity investments and other holdings and all of the equities sold short and derivatives are based on quoted market prices as at the consolidated statement of financial position date. Changes in the market price of quoted securities and derivatives may be related to a change in the financial outlook of the investee entities or due to the market in general. Where non-monetary financial instruments – for example, equity securities – are traded in currencies other than the Canadian dollar, the price, initially expressed in a foreign currency and then converted into Canadian dollars, will also fluctuate because of changes in foreign exchange rates.

Securities sold short represent obligations of the Company to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. This creates the risk that the Company's ultimate obligation to satisfy the delivery requirements will exceed the amount of the proceeds initially received or the liability recorded in the consolidated financial statements. In addition, the Company has entered into derivative financial instruments which have a notional value greater than their fair value which is recorded in the consolidated financial statements. This information is disclosed in note 7 to these consolidated financial statements.

(Expressed in Canadian dollars)

17 Financial risk management (continued)

This creates a risk that the Company could settle these instruments at a value greater or less than the amount that they have been recorded in the consolidated financial statements. The Company's equity investments and other holdings have a downside risk limited to their carrying value, while the risk of equities sold short and derivatives is open-ended. The Company is subject to commercial margin requirements which act as a barrier to the open-ended risks of the equities sold short and derivatives. The Company closely monitors both its equity investments and other holdings and its equities sold short and derivatives.

Currency risk

Currency risk is the risk that the value of monetary financial assets and financial liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates. The Company is exposed to currency risk due to potential variations in currencies other than the Canadian dollar.

As at December 31, 2022, the Company had material exposure to foreign currencies. The approximate impact of a 10% fluctuation of the foreign currency against the Canadian dollar are as follows:

	Impact of 10% fluctuation in foreign currency	
	2022	**2021**
	$	$
Mongolian Tögrög	1,080,510	1,304,329
US Dollar	447,292	2,777,545
Russian Ruble	-	182,754

Other price risk

Other price risk market fluctuation risk is where fluctuations in the value of equity securities affect the level and timing of recognition of gains and losses on securities held, and cause changes in realized and unrealized gains and losses. The Company's marketable securities are exposed to other price risk. The approximate impact of a fluctuation of 10% in the price of the marketable securities would impact the value of the marketable securities by $4,923,751 (2021 - $3,780,285).

Economic risk

Mongolian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by tax authorities.

Mongolian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged by tax authorities. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

(Expressed in Canadian dollars)

17 Financial risk management (continued)

Mongolian tax legislation does not provide definitive guidance in certain areas, specifically in areas such as Value added tax (VAT), corporate income tax, personal income tax and other areas. From time to time, the Company adopts interpretations of such uncertain areas that reduce the overall tax rate of the Company. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained.

Management performs regular re-assessments of tax risk and its position may change in the future as a result of the change in conditions that cannot be anticipated with sufficient certainty at present.

18 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, and persons directly related to directors and executive management. The summary of compensation for key management personnel is as follows:

	2022 **$**	**2021** **$**
Salaries and other short-term employee benefits	590,924	597,668
Salaries to other related parties	78,040	63,664
Director fees	60,000	60,000
	728,964	**721,332**

As at December 31, 2022, amounts due to related parties totaled approximately $16,446 (2021 - $140,000) comprised of fees owed to management were included in trade payables and accrued liabilities. During 2022, the Company agreed to reimburse a Company owned by an officer of the Company, $6,814 for professional fees incurred from shared services (2021- $233,933). Salaries to other related parties include the salary of an employee that is related to a director.

19 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 consolidated financial statements.

The Company has an obligation to provide an 84 meter apartment to an owner of an apartment that has been included in one of the Companhy's properties classified as land and redevelopment. See note 11 for more information.

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.

(Expressed in Canadian dollars)

20 Supplementary cash flow information

	2022 $	2021 $
Changes in non-working capital arising from		
Unearned Revenue	511,683	1,035,470
Other assets	35,581	(37,073)
Net due to / (from) broker	(1,778,503)	9,172,922
Trade payables and accrued liabilities	(209,160)	348,849
Income tax payable	638,563	2,882
Changes in non-cash working capital from operating activities	**(801,836)**	**10,523,050**

Income tax paid during the year was $84,164 (2021 - $2,416). Interest paid during the year was $22 (2021 - $74).

21 Segment information

The Company's operations are conducted in three reportable segments; Investment Property Operations, Corporate, and Subscription Products. 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.

				2022
	Investment Property $	Corporate $	Subscription Products $	Total $
Rental income	798,826	-	-	798,826
Subscription revenue	-	-	3,174,031	3,174,031
Property operating expenses	(757,220)	(13,635)	-	(770,855)
Unrealized gain on investment properties	622,186	-	-	622,186
Reversal of impairment of PPE	127,538	-	-	127,538
Unrealized mark to market gain	-	1,031,997	-	1,031,997
Unrealized loss on digital assets	-	(98,700)	-	(98,700)
Other expenses	(257,305)	(1,842,357)	(927,330)	(3,026,992)
Subscription processing fees	-	-	(135,707)	(135,707)
Depreciation	(73,623)	(30,039)	-	(103,662)
Loss on disposal of investment property	(146,544)	-	-	(146,544)
Interest income	-	6,813	-	6,813
Other revenue	100,572	-		100,572
Realized gain on marketable securities	-	8,792,881	-	8,792,881
Foreign currency gain (loss)	51,820	203,497	-	255,317
Net income before income taxes	**466,250**	**8,050,457**	**2,110,994**	**10,627,701**

(Expressed in Canadian dollars)

21 Segment information (continued)

				2021
	Investment Property $	**Corporate $**	**Subscription Products $**	**Total $**
Rental income	679,091	-	-	679,091
Subscription revenue	-	-	944,411	944,411
Property operating expenses	(759,100)	(1,683)	-	(760,783)
Unrealized loss on investment properties	(441,870)	-	-	(441,870)
Reversal of impairment of PPE	53,630	-	-	53,630
Unrealized mark to market gain	-	7,946,088	-	7,946,088
Unrealized loss on digital assets	-	(42,606)	-	(42,606)
Other expenses	(246,036)	(1,810,566)	(210,927)	(2,267,529)
Subscription processing fees	-	-	(69,157)	(69,157)
Depreciation	(61,086)	(11,022)	-	(72,108)
Loss on disposal of investment property	(37,641)	-	-	(37,641)
Other revenue	190,850	-	-	190,850
Realized gain on marketable securities	-	10,306,006	-	10,306,006
Reclassification of accumulated other comprehensive income on disposal of subsidiary	(33,006)	-	-	(33,006)
Foreign currency gain (loss)	1,201	(314,666)	-	(313,465)
Net income (loss) before income taxes	**(653,967)**	**16,071,551**	**664,327**	**16,081,911**

(Expressed in Canadian dollars)

21 Segment information (continued)

Balance as of December 31, 2022	Investment Property $	Subscription products $	Corporate $	Total $
Total assets	11,687,152	-	52,870,472	64,557,624
Property and equipment	1,350,730	-	1,453,502	2,804,232
Investment properties	10,086,956	-	-	10,086,956
Expenditures				
Property and equipment	-	-	711,813	711,813
Investment properties	-	-	-	-
Total liabilities	**355,394**	**1,547,154**	**16,531,544**	**18,434,092**

Balance as of December 31, 2021	Investment Property $	Subscription products $	Corporate $	Total $
Total assets	13,530,741	-	41,496,124	55,026,865
Property and equipment	1,278,360	-	941,847	2,220,207
Investment properties	11,885,907	-	-	11,885,907
Expenditures				
Property and equipment	-	-	941,847	941,847
Investment properties	-	-	-	-
Total liabilities	**913,319**	**1,035,471**	**12,900,788**	**14,849,578**

	Trade payables and accrued liabilities		**Revenue**		**Property and equipment**		**Investment property**	
	2022 $	**2021 $**	**2022 $**	**2021 $**	**2022 $**	**2021 $**	**2022 $**	**2021 $**
Canada	291,552	544,422	3,160,487	944,411	-	-	-	-
USA	12,456	162,195	13,544	-	1,453,502	941,847	-	-
Mongolia	355,394	206,774	752,854	832,300	1,350,730	1,278,360	10,086,956	11,885,907
	659,402	**913,391**	**3,926,885**	**1,776,711**	**2,804,232**	**2,220,207**	**10,086,956**	**11,885,907**

(Expressed in Canadian dollars)

22 Other expenses

	2022 $	2021 $
Investor relations	30,981	22,480
Investment research expense	86,745	52,942
Repairs and maintenance	49,850	48,987
Office	168,002	98,651
Professional fees	743,198	1,176,824
Travel	123,680	30,999
Advertising	33,703	12,552
Land and property tax	51,510	94,507
Insurance	36,259	49,775
Utilities	121,968	53,807
Subscription processing fees	135,707	69,157
Subscription product expenses	927,330	210,927
Other	172,958	287,998
	2,681,891	**2,209,606**

23 COVID-19

Beginning in February of 2020, the Government of Mongolia undertook extra-ordinary actions in order to limit the spread of COVID-19 or other COVID-19 related impacts. These actions included closing borders, closing schools, reducing gatherings and drastic limitations on business operations. As long-term investors in Mongolia, the Corporation welcomes these actions that keep the people of Mongolia safe from COVID-19. Since the initiation of these actions, the Company has experienced a material reduction in rental revenues received. It is reasonable to expect there could be a material negative impact on the fair values of investment properties and/or marketable securities, however at this time the potential effect cannot be quantified. At this time, there is no way to know the ultimate impact of these extra-ordinary actions upon the economy or the Company.

24 Disposal of Subsidiary

On October 1, 2021, the Company disposed of its interest in its Orpheus LLC subsidiary as a result of the sale of one of its land packages. The Company held 100% of the shares of Orpheus LLC where the only assets and liabilities were related to the property. In connection with the sale, the Company received cash considerations of $375,244 for assets with a fair market value of $478,936, resulting in a loss of $103,692 classified as loss on disposal of investment property in the consolidated statements of operations. Orpheus LLC had $33,006 other in comprehensive income and it was reclassified to net income for the year.

(Expressed in Canadian dollars)

25 Subsequent events

Beginning on January 1, 2023, MGG has engaged Praetorian PR LLC (PPR), a Puerto Rican company owned by the MGG's Chairman and CEO to produce KEDM. Under the terms of the agreement, MGG will pay PPR a monthly fee of USD $50,000 along with 20% of any quarterly revenue in excess of USD $125,000.

Since January 1, 2023, the Company has repurchased 168,100 of its shares at an average price of $1.46/share and cancelled 402,700 shares.

Board of Directors

Harris Kupperman
CEO and Chairman of Mongolia Growth Group Ltd

Mr. Kupperman is a co-founder of Mongolia Growth Group and has been the Executive Chairman of the Corporation since March 2014. Mr. Kupperman was the President and CEO of the Corporation from February 2011 to March 2014 and returned as CEO in December 2014. Mr. Kupperman also publishes Kuppy's Korner, a blog dedicated to uncovering unique opportunities around the world. He is currently the President and Chief Investment Office of Praetorian PR LLC, the Rincon, PR-based Registered Investment Advisor to the hedge fund, Praetorian Capital Fund LLC. He graduated from Tulane University College with a history degree. Mr. Kupperman served as a Director at Aeroquest International Limited (TSX:AQL) from 2010- 2011.

Nick Cousyn
Independent Director

Mr. Cousyn is a Capital Markets' professional with over 20 years of alternatives and traditional industry experience. Mr. Cousyn was a licensed securities professional in the U.S. with a background in equities, fixed income, derivatives and distressed debt. While based in the US, some of the firms he worked for included Deutsche Bank, Banque Populaire, Wells Fargo and First Horizon National Bank. During his 9 year tenure in Mongolia, Mr. Cousyn served as Chief Communications Officer for Petro Matad and Chief Operating Officer for BDSec (MO:BDS), Mongolia's largest broker and investment bank. He is currently employed by Praetorian PR LLC, the Investment Advisor to the hedge fund Praetorian Capital Fund LLC, where he is head of Client Relations. Mr. Cousyn holds a BA in Economics from the University of California at Riverside.

Jim Dwyer
Independent Director

Mr. Dwyer is a Partner and Board Member of Mongolian Business Database in Ulaanbaatar. Jim was a New York-based investment banker specializing in mergers and acquisitions for 30 years and completed over 100 M&A transactions. In addition, he founded and managed M&A departments for two major investment banking firms: Shearson Loeb Rhoades and UBS-North America. Mr. Dwyer first visited Mongolia in 2001 to represent the Government of Mongolia as lead investment banker for the privatization of its largest bank, Trade & Development Bank. Thereafter, he served as lead investment banker for the privatization of the largest Government-owned retail bank, Khan Bank. He co-founded the Business Council of Mongolia (BCM) and served as Executive Director from its formation in 2007 to 2016. He is also an independent director of other Mongolian-based entities including Golomt Bank, Mandal Insurance and Sendly NBIF. Mr. Dwyer received a BBA from the University of Notre Dame and an MBA from Columbia Graduate School of Business (Columbia University).

Brad Farquhar
Independent Director

Mr. Farquhar is Executive Vice-President and Chief Financial Officer of SSC Security Services Corp. (TSXV: SECU). He previously co-founded Input Capital Corp., the world's first agriculture streaming company, and Assiniboia Capital Corp., which built Canada's largest farmland fund before selling it to the Canada Pension Plan Investment Board in 2014. Mr. Farquhar is a trained financial planner who spent over 10 years as a senior advisor to senior political leaders in Saskatchewan and Canada prior to going into business. He received a MPA in Electoral Governance from Griffith University in Australia, studied political science at Carleton University, and completed a BA at Providence College. He has also been Executive in Residence in Agribusiness at the University of Regina. Mr. Farquhar is a Director of SSC Security Services Corp., Cypress Hills Partners Inc., SIM International, Prairie College, and on the advisory board of AgFunder.com. Previously, he was a Director of Luxxfolio Holdings Inc. (CSE: LUXX), Radicle Group Inc. (sold to Bank of Montreal), and the Legacy Group of Companies.

Robert Scott
Independent Director

Mr. Scott, CPA, CA, CFA brings more than 25 years of professional experience in accounting, corporate finance, and merchant and commercial banking. Mr. Scott earned his CFA in 2001, his CA designation in 1998 and has a B.Sc. from the University of British Columbia. He is a Founder and President of Corex Management Inc., a private company providing accounting, administration, and corporate compliance services to privately held and publicly traded companies, and has served on the management teams and boards of numerous Canadian publicly traded companies with a strong track record of cost effectively running operations. Mr. Scott has also listed several companies on the TSX Venture Exchange gaining extensive IPO, RTO, regulatory and reporting experience, and currently holds senior management and board positions with a number of issuers on the TSX Venture Exchange.

Officers

Harris Kupperman
CEO and Chairman of the Board

Genevieve Walkden, *MBA, CFP, CAIA*
CFO and Corporate Secretary

Auditors

Davidson & Company LLP
Vancouver, BC

Legal

Borden Ladner Gervais LLP
Calgary, AB

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