Mongolia Growth Group Ltd., Q2 2025 MD&A

Second Quarter 2025

MONGOLIA GROWTH GROUP LTD

TO THE SHAREHOLDERS OF MGG

The second quarter of 2025 was relatively uneventful. KEDM maintained a stabilized level of revenue, though we continued to see net attrition as churn exceeded new customer growth. Our marketable securities portfolio gave back a portion of the unrealized gains from prior periods, as weakness in certain holdings offset earlier advances. We also sold a number of positions during the quarter—some of which rebounded sharply following America's "Liberation Day" in April—resulting in an opportunity cost compared to holding them longer.

Subscription Business Products:

KEDM, our subscription business, which tracks various Event-Driven strategies, continued to produce income for our company. During the second quarter, we recognized $529,610 (Q2 2024 - $673,271) of revenue while taking in $720,259 (Q2 2024 - $987,921) of gross subscription receipts, representing a 27% decrease in subscription receipts when compared to the previous year. As noted previously, we believe that KEDM has reached a more mature state and that churn will likely remain above our ability to add new subscribers. We've tried a variety of methods to grow the subscriber base, but a weaker equity market has led many subscribers to cancel their subscriptions. Meanwhile, we've struggled to replace these subscribers. That said, we believe that there is a core base of subscribers that will likely continue to renew their subscriptions as they value the data that we provide. As KEDM shrinks into this core base, we believe that overall churn will stabilize at a lower level that is offset by new subscriber additions, and we expect that KEDM will remain a profitable business for us.

As a reminder, since January 1st of 2023, my Registered Investment Advisor, Praetorian PR LLC, is contracted with MGG to produce KEDM. To learn more about KEDM, go to www.KEDM.COM.

Corporate Division:

Our public securities portfolio produced a $4,672,358 unrealized loss and a $804,338 realized loss. At quarter-end, we held approximately 92.7% of our assets in cash, with our only significant investment being in a capital markets company representing roughly 4.7% of our portfolio.

In early August, we issued a press release announcing that, following a strategic review, the Board of Directors had approved a plan to return substantially all of the Company's net assets to shareholders. The total amount to be returned will depend on the outcome of final asset sales, severances, tax reserves, regulatory clearances, and related expenses, and may be completed in one or more steps. As part of this process, we are actively seeking buyers for our Puerto Rican real estate, the KEDM business, and, if feasible, our Russian securities.

Conclusion

With the restructuring process now underway, our priority is to efficiently return capital to our shareholders while maximizing value from the sale of our remaining assets. We remain committed to acting in the best interest of shareholders throughout this process and believe that our strong cash position and disciplined approach will allow us to execute this plan effectively. For additional background on this decision and our next steps, I encourage you to read my full farewell letter available on our website at www.mongoliagrowthgroup.com.

Sincerely,

Harris Kupperman
CEO

MONGOLIA GROWTH GROUP LTD

Management Discussion & Analysis
June 30, 2025

The management of Mongolia Growth Group Ltd. ("MGG" or "the Corporation") presents the Corporation's management discussion and analysis for the six months ended June 30, 2025 (the "MD&A"), compared with the six months ended June 30, 2024. As of January 1, 2011, the Corporation adopted International Financial Reporting Standards ("IFRS"). This MD&A provides an overall discussion, followed by analysis 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 August 21, 2025, and incorporates all relevant information and considerations to that date.

The following discussion and analysis should be read in conjunction with the consolidated financial statements of the Corporation for the six months ended June 30, 2025, and June 30, 2024, 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 second quarter saw a decrease in overall revenue, primarily related to the decrease in subscription products revenue. Additionally, the Corporation recognized realized and unrealized losses from its investment portfolio.

The Corporation has two core focuses of operation: Subscription Products, and Corporate.

For several years now, Management has been of the opinion that its Mongolian property operations were not at a sufficient scale to be cash flow positive. As such, the Corporation made the difficult decision to dispose of its Mongolian operations in 2023. The Company had been looking at various investment opportunities outside of Mongolia, in order to diversify its business and had 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. The Corporation incubated and launched a Subscription Products business, which began to produce revenue during the third quarter of 2021.

During the quarter, the Corporation recognized revenue of $529,610 (Q2 2024- $673,271) from its subscription data products business named KEDM. The Corporation continues to see significant subscriber churn and an overall slowdown in new subscriptions to KEDM as a result of equity market weakness and reduced research budgets amongst investors. The corporation believes that this rate of churn may continue if equity markets remain difficult for investors.

While the Corporation sought out a business to build or acquire, the Corporation invested its excess capital in publicly traded securities. During the quarter, the Corporation's investment portfolio experienced $804,338 of realized losses and $4,672,358 of unrealized losses. As of the end of June, the Corporation has in excess of $32 million of cash and net marketable securities with negligible debt (when excluding margin borrowings).

Subscription Products

The Corporation has built a financial data product known as KEDM, which helps investors monitor various Event-Driven opportunities. The Corporation initiated a paywall on July 1, 2021, in order to monetize this service. During the quarter, the Corporation recognized $529,610 of subscription revenue. At the end of the quarter, the Corporation had $825,400 of unearned revenue related to subscription fees that have been collected and not earned. As of June 30, 2025, the Corporation had received $11,859,730 of total billings before fees.

Investments

The Corporation has invested a portion of its excess capital in marketable securities. As of June 30, 2025, the Corporation held positions in multiple different publicly traded companies with the values of marketable securities owned of $2,378,977, securities sold short of $nil, $71,708 due from broker, and $69,107 due to broker.

During the quarter, the Corporation recognized realized losses of $804,338 (Q2 2024- gain of $833,403) from sales of public securities and experienced unrealized losses of $4,672,358 (Q2 2024 – losses of $2,932,271, giving back a portion of the unrealized gains recorded in prior periods. Following Liberation Day in April, the Company liquidated a large part of its portfolio to adopt a more conservative positioning, which resulted in missing part of the subsequent rebound in equity markets. As of June 30th, 2025, the Company had 93% of its marketable securities portfolio in cash.

At the end of the quarter, there were no portfolio holdings with a weighting in excess of 10% of the brokerage account.

The Corporation's public securities as of June 30, 2025, are broken out in the following sectors:

Industry Sector	Portfolio %
Capital Markets	4.7%
Metals and Mining	1.6%
Media and Communications	1.0%
Calls	0.0%
Cash	92.7%

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 June 30, 2025, the public securities portfolio had a net equity value of approximately $32,400,000 when compared to a net equity value of approximately $39,500,000 at December 31, 2024. During the second quarter, the Corporation withdrew approximately $500,000 from the public securities portfolio to fund working capital needs and the Corporation's NCIB. As of July 31, 2025, the public securities portfolio had a net equity value of approximately $32,700,000.

Due from and due to brokers

The Company has margin facilities with its prime brokers. As at June 30, 2025, and 2024, 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 June 30, 2025, the Company had net margin borrowings of $69,107 (Q2 2024 – net margin borrowings of $395,292). 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.

Q2 2025

	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	71,908	(200)	71,708
Due to brokers	-	(69,107)	(69,107)

Q4 2024

	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	17,264	(14,018)	3,246
Due to brokers	-	(5,341,296)	(5,341,296)

Section 2 - Results of Operations

Selected Quarterly Financial Information (CAD)

	Quarter ended 30-June-2025 ($)	Quarter ended 30-June-2024 ($)	Quarter ended 30-June-2023 ($)
Revenue and other income	550,364	698,271	869,263
Income			
Net (loss) from continued operations attributable to equity holders of the Corporation	(6,042,979)	(2,613,900)	(56,919)
Net income (loss) from discontinued operations attributable to equity holders of the Corporation	-	-	48,761
Total Comprehensive gain (loss) attributable to equity holders of the Corporation	(6,210,785)	(2,661,095)	18,604
Basic earnings per share ("EPS") (in CAD)			
Net income/ (loss)	(0.24)	(0.10)	(0.05)
Net income (loss) from discontinued operations	-	-	-
Net income (loss) from continuing operations	(0.24)	(0.10)	(0.05)
Diluted EPS (in CAD)			
Net Income/ (loss)	(0.24)	(0.10)	(0.05)
Balance Sheet			
Total assets	35,046,593	50,543,910	50,341,034
Total liabilities	1,161,779	2,573,308	6,146,050
Total equity	33,884,814	47,970,602	44,194,984
Shares outstanding at quarter end	25,498,699	26,094,399	27,307,799
Book value per share	1.33	1.84	1.62

*Excludes operations of Investment Properties previously included in Continuing Operations.

Net Income

For the quarter ended June 30, 2025, the Corporation had a net loss of $6,042,979 (Q2 2024 loss of $2,613,900).

Rental Revenue

During the quarter, the Company earned rental revenues of $20,754 (Q2 2024 - $25,000) as the Company leased out a portion of its headquarters in Puerto Rico. The decrease is due to losing its residential tenant earlier in the year.

Revenue from Subscriptions

Revenue from subscriptions consists of fees earned through our data analytics subscriptions. For the quarter ending June 30, 2025, revenues from subscriptions were $529,610 compared to $673,271 in the second quarter of 2024.

Unearned Revenue

Subscription 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 2024 consolidated financial statements.

As of June 30, 2025, the Company has unearned revenue of $825,400 (June 30, 2024 - $1,131,720).

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.

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 paid PPR a monthly fee of USD $50,000 along with 20% of any quarterly revenue in excess of USD $125,000. On April 1, 2025, the monthly fee was reduced to USD $40,000 as USD $10,000 of monthly expenses were transferred to MGG. 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. For more information about KEDM, go to www.KEDM.com.

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 PPR disclaims any ownership or rights to the intellectual property.

Unrealized public securities investment gain/loss

During the quarter, the Corporation had an unrealized public securities investment loss of $4,672,358 compared to an unrealized public securities investment loss of $2,932,271 during the second quarter of 2024.

Realized public securities investment gain/loss

During the quarter, the Corporation had a realized investment loss of $804,338 compared to a realized investment gain of $833,403 in Q2 2024.

Realized foreign currency gain/loss

During the quarter, the Corporation had a realized foreign currency loss of $401,355 compared to a realized foreign currency loss of $20,668 in Q2 2024.

Share Repurchase

During the quarter, the Corporation repurchased 125,700 common shares under its Normal Course Issuer Bid (NCIB) at an average price of $1.08 (Q2 2024-83,000 shares at $1.50 average). As at June 30, 2025, the Corporation held 40,000 shares in Treasury to be cancelled during the third quarter of 2025 (Q2 2024- 83,000).

Corporate and Subscription Expenses

Corporate and subscription salary expenses include senior management and employee salaries.

For the quarter ending June 30, 2025, Corporate and subscription salary expenses have decreased to $64,316 from $231,422 in Q2 2024. This decrease was primarily driven by a reduction in employee count.

Corporate and Subscription Other Expenses

Corporate and subscription other expenses include listing fees, professional fees, technology, travel, investment research expenses, KEDM.COM development costs, and administrative costs.

For the quarter ending June 30, 2025, general and administrative expenses have decreased to $633,979 from $700,895 in Q2 2024. This decrease was primarily driven by a decrease in expenses correlated to lower KEDM revenues.

Digital assets investment gain/loss

During the quarter, the Corporation did not have any realized or unrealized gains or losses from Digital Assets. The Corporation sold the remainder of its Monero coins (1,360 Monero coins) during the second quarter of 2024 for proceeds of $250,304, resulting in a gain of $23,736 during the quarter. During the six month period in 2024, the Corporation sold 2,020 Monero coins for total proceeds of $381,771, resulting in a loss of $72,254 offset by a $15,153 currency gain during the period. The Corporation does not currently own any cryptocurrency assets.

Net Loss from Continuing Operations

For the quarter ended June 30, 2025, the Corporation had a net loss of $6,042,979 (Q2 2024 - net loss of $2,613,900).

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 six-month period ended June 30, 2025, and 2024.

	30-June-2025 $	30-June-2024 $
Net change in cash related to:		
Operating	(6,914,600)	(7,714,271)
Investing	24,402,977	4,392,355
Financing	(276,104)	(1,313,278)
Net change in cash during the period, excluding FX	**17,212,273**	**(4,635,194)**

Overall, the Corporation had cash inflows of $17,212,273 excluding FX during the first six months of 2025, primarily due to significant cash inflows from Investing activities whereby the Corporation sold a large portion of its investment portfolio. The changes in components of cash flows for the period ended June 30, 2025, compared to the period ended June 30, 2024, were the result of the following factors:

- **Operating** – Operating cash outflows decreased during Q2 2025 compared to cash outflows during Q2 2024 due to a decrease in non-cash working capital balances and a decrease in deferred taxes compared to the prior year.
- **Investing** – Investing cash inflows occurred from significant sale of marketable securities during the quarter.
- **Financing** – Financing cash outflows occurred during the quarter as the Company repurchased 125,700 shares during the first six months while the Company repurchased 864,300 shares during Q2 2024.

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 June 30, 2025, the Corporation had $30,401,714 (Q4 2024 - $13,286,090) in cash and cash equivalents.

Total Assets

As of June 30, 2025, the Corporation had $33,386,003 (Q4 2024 - $45,553,800) in Current assets of which $30,401,714 were held in cash and cash equivalents (Q4 2024 - $13,286,090) and $2,378,977 were held in marketable securities (Q4 2024 - $32,205,889), $71,708 due from Broker (Q4 2024 - $3,246) and $533,604 were held in other assets (Q4 2024 - $58,575).

Property and Equipment, which primarily consists of properties that are measured at their cost base, decreased from $1,776,992 as at December 31, 2024, to $1,660,590 as at June 30, 2025, due to depreciation.

Total Liabilities

As of June 30, 2025, the Corporation had current liabilities of $1,127,191 (Q4 2024 – $6,789,598) consisting primarily of amounts due to broker of $69,107 (Q4 2024- $5,341,296), payables of $232,684 (Q4 2024- $497,687), an income tax liability of $34,588 (Q4 2024- $173,000) and unearned revenue of $825,400 (Q4 2024- $950,615).

As of June 30, 2025, the Corporation had non-current liabilities of $34,588 on the balance sheet (Q4 2024-$173,000). The decrease in deferred income taxes was a result of giving back some of the unrealized gains in our US investment portfolio.

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

Total Equity

During the quarter, the Company's equity value decreased to $33,884,814 at June 30, 2025, from $40,368,194 at December 31, 2024.

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

Outstanding	30-June-2025	31-December-2024
Common shares	25,498,699*	25,771,999*
Options to buy common shares	-	-

* As at June 30, 2025, the Corporation held 40,000 common shares in Treasury to be cancelled during the third quarter of 2025 (Q2 2024-83,000).

* As at August 21, 2025, the Corporation had 25,458,699 shares outstanding, no shares held in treasury, and no options outstanding.

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	30-June-2025 $	30-June-2024 $
Salaries and other short-term benefits to officers	263,440	183,862
Salaries to other related parties	-	54,712
KEDM production expense and revenue share paid to an entity controlled by the Chairman	522,898*	602,807*
Director fees	30,000	30,000
Total	**816,338**	**871,381**

As at June 30, 2025, amounts due to related parties totaled approximately $85,639 (Q2 2024 - $168,535), comprised of fees owed to management and directors, were included in trade payables and accrued liabilities. Salaries to other related parties include the salary of an employee that is related to a director.

*Beginning on January 1, 2023, MGG 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 paid PPR a monthly fee of USD $50,000 along with 20% of any quarterly revenue in excess of USD $125,000. On April 1, 2025, the monthly fee was reduced to USD $40,000 as USD $10,000 of monthly expenses were transferred to MGG. 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.

Off-Balance Sheet Items

As of June 30, 2025, the Corporation had no off-balance sheet items.

Events Subsequent to Quarter End

On August 5, 2025, the Company announced that, following a strategic review, the Board of Directors has determined to pursue a plan to return substantially all of the Company’s net assets to shareholders. The total amount to be returned will depend on final asset sales, severances, tax reserves, regulatory clearances, and related expenses, and may be completed in one or more steps. The Company is actively seeking buyers for its Puerto Rican real estate, KEDM business, and, if feasible, its Russian securities. Additional details regarding risks, uncertainties, and other considerations related to this plan are included in the “Risks and Uncertainties” section of the accompanying MD&A.

Section 4 - Quarterly Information

Quarterly Results

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

	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenue	550,364	591,207	626,902	658,299	698,271	719,698	16,487	1,655,885
Net income (loss)	(6,042,979)	4,973	(6,782,901)	(761,153)	(2,613,900)	2,766,838	(19,790,455)	7,879,688
Income (loss) per common share	(0.24)	0.00	(0.25)	(0.03)	(0.10)	0.10	(0.72)	0.29
Total Assets	35,046,593	42,635,989	47,330,792	49,135,746	50,543,910	55,012,448	58,195,061	65,780,580
Weighted Average Shares (No.)	25,604,455	25,667,237	26,112,087	26,216,093	26,326,765	26,561,712	27,243,468	27,320,541
Ending Shares (No.)	25,498,699	25,584,399	25,771,999	25,939,299	26,094,399	26,094,399	26,980,699	27,065,199

***The chart above reflects both the continuing and discontinued operations of the Corporation**

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:

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.

Section 6 – Risk Management

Credit Risk

The Corporation's exposure to credit risk is managed through risk management policies and procedures with an 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 or American banks.

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 June 30, 2025.

As at June 30, 2025, the Corporation had working capital of $32,258,812(Q2 2024 - $47,005,479), comprised of cash and cash equivalents, other assets, net of trade and accrued liabilities, income taxes payable and short-term bank loans. 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.

Catastrophe risk

The Company renewed the insurance policy on its Puerto Rican property for a value of $1,276,000 U.S. Dollars at June 30, 2025, effective May 17, 2025. As the property is located adjacent to the ocean, it is at risk of significant hurricane damage or other natural disasters, which could result in a significant impairment to its value some of which may not be covered by insurance.

Currency Risk

The Corporation owns a property located in Puerto Rico and has two U.S. subsidiaries and is therefore subject to foreign currency fluctuations that may impact its financial position and results. Changes in the U.S. dollar and Canadian dollar foreign currency exchange rates impact the fair value of securities denominated in U.S. dollars. The Corporation's rental and Subscription revenues are received in U.S. Dollars; half of the Corporation's expenses are incurred in U.S. and Canadian Dollars. Therefore, a depreciation of the U.S. Dollar against the Canadian Dollar will reduce net income.

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, 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, 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. For further discussion of financial instrument risks, see the Insurance and Financial Risk Management note (Note 18 on December 31, 2024 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.

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 Corporation is determined to be a PFIC.

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.

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 creditworthiness, 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 its 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.

Potential for Discontinuation of Operations and Listing

Following the announcement of the Company's strategic plan to return substantially all net assets to shareholders, there can be no certainty that the Company will continue to exist as a going concern or maintain its listing on the TSX Venture Exchange. The continuation of the Company's operations and listing status will depend on the outcome of asset sales, the return of capital process, regulatory approvals, and other factors outside of the Company's control.

Going Concern

Following the announcement of the Company's strategic plan to return substantially all net assets to shareholders, there is significant uncertainty regarding the Company's ability to continue as a going concern. The completion of the return of capital process will depend on the outcome of asset sales, the satisfaction of regulatory, shareholder, and third-party approvals, and other factors beyond the Company's control. There can be no assurance that the Company will continue to exist after the return of capital process is complete. The accompanying financial statements do not include any adjustments that might result if the Company is unable to continue as a going concern.

Execution of Strategic Plan

The Company's ability to return capital to shareholders as contemplated is dependent upon successfully completing the sale of its remaining assets on acceptable terms. The timing and amount of any distributions will depend on the outcome of these sales, the settlement of severance and other obligations, tax liabilities, regulatory clearances, and other contingencies. Delays in asset sales or the inability to obtain necessary approvals could materially affect the proceeds available for distribution and the timing of such distributions.

Regulatory and Listing Status

There can be no assurance that the Company will maintain its listing on the TSX Venture Exchange throughout or after the execution of its strategic plan. The TSX Venture Exchange may suspend or delist the Company's shares if it no longer meets listing requirements, including those related to active business operations and asset levels. Delisting could significantly reduce the liquidity and market value of the Company's shares.

Related-Party Transactions

The Company's Chairman and Chief Executive Officer has expressed interest in purchasing the Company's Puerto Rican property. Any related-party transaction will be subject to review by independent directors and may require minority shareholder approval under TSXV Policy 5.9 and Multilateral Instrument 61-101, unless an exemption is available. There is no assurance that such approvals will be obtained or that the transaction will be completed.

Tax and Distribution Uncertainty

The net proceeds available for distribution to shareholders will be affected by the final determination of tax liabilities, the establishment of reserves for contingencies, and other expenses associated with the winding-down process. The actual amount received by shareholders may be materially less than the Company's current cash and asset values, and the timing of distributions may vary from current expectations.

Business Transition and Personnel

The Company's decision to wind down operations and return capital to shareholders may lead to the departure of key personnel prior to completion of the strategic plan. The loss of experienced staff could impair the Company's ability to execute the plan efficiently, potentially delaying asset sales and the return of capital to shareholders.

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 the 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.

Significant Accounting Policies

The Company has applied the same accounting policies in these condensed interim consolidated financial statements as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024.

Additional Information

Additional information relating to Mongolia Growth Group Ltd., including its Interim Financial Statements, are available on SEDAR at www.sedar.com.