



Mongolia Growth Group Ltd., Q3 2024 MD&A

Third Quarter 2024

MONGOLIA GROWTH GROUP LTD

TO THE SHAREHOLDERS OF MGG

The third quarter of 2024 was quite uneventful. KEDM has reached a stabilized level of revenue and continues to see net attrition to the revenue rate as churn exceeds new customer growth. Meanwhile, our marketable securities showed a net loss for the quarter, mainly driven by a decrease in value in a number of core securities.

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

Subscription Business Products:

KEDM, our subscription business, which tracks various Event-Driven strategies, continued to produce income for our company. During the third quarter, we recognized \$634,104 (Q3 2023- \$727,496) of revenue while taking in \$720,973 (Q3 2023- \$898,597) of gross subscription receipts representing a 19.8% 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. That said, we've taken steps to reduce our costs in this division, in order to better align revenues with expenditures, and maintain a positive margin.

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

Corporate Division:

Our public securities portfolio produced a \$552,035 unrealized loss and a \$11,931 realized loss during the quarter. I would like to caution you strongly that returns, as we have recently experienced, are highly unlikely to be repeated in future quarters. At quarter-end, our portfolio was concentrated in investments in energy services companies, uranium equities, a capital markets company, and a Florida landowner. 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 acquire stakes in.

Conclusion

We believe our shares to be undervalued and during the quarter, MGG repurchased 159,200 shares under its Normal Course Issuer Bid. At quarter end, our share count was 25,939,299, or 27% fewer than during our peak share count in 2016. To date, the company has repurchased a total of 9,760,600 shares.

Sincerely,



Harris Kupperman
CEO

MONGOLIA GROWTH GROUP LTD

Management Discussion & Analysis September 30, 2024

The management of Mongolia Growth Group Ltd. (“MGG” or “the Corporation”) presents the Corporation’s management discussion and analysis for the nine months ended September 30, 2024 (the “MD&A”), compared with the nine months ended September 30, 2023. As of January 1, 2011, the Corporation adopted International Financial Reporting Standards (“IFRS”). This MD&A provides an overall discussion, followed by an 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 November 18, 2024 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 nine months ended September 30, 2024, and September 30, 2023, 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 third 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 three core focuses of operation: Investment Properties (*discontinued*), 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 has made the difficult decision to dispose of its Mongolian operations, now classified as discontinued operations. The Company has been 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 2021.

During the quarter, the Corporation recognized revenue of \$634,104 (Q3 2023- \$727,496) 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 seeks out a business to build or acquire, the Corporation has invested its excess capital in publicly traded securities. During the quarter, the Corporation's investment portfolio experienced \$11,931 of realized losses and \$552,035 of unrealized losses. As of the end of September, the Corporation has in excess of \$47.3 million of cash and net marketable securities with negligible debt (when excluding margin borrowings). 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 in order to finance a future acquisition.

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 \$634,104 of subscription revenue. At the end of the quarter, the Corporation had \$1,218,589 of unearned revenue related to subscription fees that have been collected and not earned. As of September 30, 2024, the Corporation had received \$10,551,902 of total billings before fees.

The Corporation intends to continue to invest to improve the scope and quality of the data within KEDM. 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 in order to increase revenues. 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 September 30, 2024, the Corporation held positions in multiple different publicly traded companies with the values of marketable securities owned of \$43,203,738, \$3,641 due from broker, securities sold short of \$23,669, and \$13,907 due to broker.

During the quarter, the Corporation recognized realized losses of \$11,931 (Q3 2023- gains of \$449,077) from sales of public securities and experienced unrealized losses of \$552,035 (Q3 2023 – gain of \$7,511,239).

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

Top Holdings (Long and Short)		
Holdings	Shares	%
Sprott Uranium Trust (U-U – Canada)	416,940	23.7%
A-Mark Precious Metals Inc	150,000	19.4%
Valaris PLC (VAL – USA)	90,000	14.7%
St Joe Company (JOE – USA)	70,906	12.1%
Yellowcake PLC	545,650	12.0%

The Corporation's public securities as of September 30, 2024, are broken out in the following sectors:

Long Portfolio	
Industry Sector	%
Uranium	35.6%
Energy Services	21.0%
Capital Markets	19.4%
Land	12.1%
Media and Communications	4.1%
Other long equities	1.0%

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. Management of the Corporation would like to strongly caution investors that 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 September 30, 2024, the public securities portfolio had a net equity value of approximately \$46,200,000 when compared to a net equity value of approximately \$47,000,000 at December 31, 2023. During the third quarter, the Corporation didn't withdraw any funds from the public securities portfolio to pay income taxes and fund the Corporation's NCIB. As of October 31, 2024, the public securities portfolio had a net equity value of approximately \$44,700,000.

Due from and due to brokers

The Company has margin facilities with its prime brokers. As at September 30, 2024, and 2023, 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 September 30, 2024, the Company had net margin borrowings of \$37,575 (Q3 2023 – net margin borrowings of \$10,158,383). 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.

Q3 2024

	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	3,734	(93)	3,641
Due to brokers	-	(13,907)	(13,907)

Q4 2023

	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	22,172	(22,021)	151
Due to brokers	-	(5,536,537)	(5,536,537)

Digital Assets

In 2022, the Corporation opened a digital currency account at Kraken Custody and purchased Monero (XMR) cryptocurrency. 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 nine month period, 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.

Section 2 - Results of Operations

Selected Quarterly Financial Information (CAD)

	Quarter ended 30-September-2024 (\$)	Quarter ended 30-September-2023 (\$)	Quarter ended 30-September-2022 (\$)
Revenue and other income	658,299	747,610	857,492
Income			
Net income (loss) from continued operations attributable to equity holders of the Corporation	(761,153)	6,170,767	(254,358)
Net income (loss) from discontinued operations attributable to equity holders of the Corporation	-	1,708,921	(89,728)
Total Comprehensive gain (loss) attributable to equity holders of the Corporation	(692,669)	5,480,952	(407,871)
Basic earnings per share ("EPS") (in CAD)			
Net income/ (loss)	(0.03)	0.29	(0.01)
Net income (loss) from discontinued operations	-	0.06	-
Net income (loss) from continuing operations	(0.03)	0.23	(0.01)
Diluted EPS (in CAD)			
Net Income/ (loss)	(0.03)	0.29	(0.01)
Balance Sheet			
Total assets	49,135,746	65,780,580	58,523,283
Total liabilities	2,080,421	16,271,360	15,786,884
Total equity	47,055,325	49,509,220	42,736,399
Shares outstanding at quarter end	25,939,299	27,065,199	27,759,299
Book value per share	1.81	1.83	1.54

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

Net Income

For the quarter ended September 30, 2024, the Corporation had a net loss of \$761,153 (Q3 2023 income of \$7,879,688). 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.

Continuing Operations Rental Revenue

During the quarter, the Company's continuing operations earned rental revenues of \$24,195 (Q3 2023 - \$20,114) as the Company leased out a portion of its headquarters in Puerto Rico.

Continuing Operations Revenue from Subscriptions

Revenue from subscriptions consists of fees earned through our data analytics subscriptions. For the quarter ending September 30, 2024, revenues from subscriptions were \$634,104 compared to \$727,496 in the third quarter of 2023.

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 2023 consolidated financial statements.

As of September 30, 2024, the Company has unearned revenue of \$1,218,589 (September 30, 2023 - \$1,410,155).

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 pays 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. 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 \$552,035 compared to an unrealized public securities investment gain of \$7,511,239 during the third quarter of 2023.

Realized public securities investment gain/loss

During the quarter, the Corporation had a realized investment loss of \$11,931 compared to a realized investment gain of \$449,077 in Q3 2023.

Realized foreign currency gain/loss

During the quarter, the Corporation had a realized foreign currency loss of \$49,558 compared to a realized foreign currency gain of \$128,006 in Q3 2023.

Share Repurchase

During the quarter, the Corporation repurchased 159,200 common shares under its Normal Course Issuer Bid (NCIB) at an average price of \$1.40 (Q3 2023-138,500 shares at \$1.20 average). As at September 30, 2024, the Corporation held 87,100 shares in Treasury to be cancelled during the fourth quarter of 2024 (Q3 2023- 84,500).

Corporate and Subscription Expenses

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

For the quarter ending September 30, 2024, Corporate and subscription salary expenses have increased slightly to \$83,082 from \$61,243 in Q3 2023.

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 September 30, 2024, general and administrative expenses increased slightly to \$857,100 from \$856,354 in Q3 2023.

Net Income from Continuing Operations

For the quarter ended September 30, 2024, the Corporation had a net loss of \$761,153 (Q3 2023 - Net income of \$6,170,767). The bulk of this loss came from unrealized losses on marketable securities of \$552,035. 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 in the foreseeable future.

Discontinued Operations – Q3 2023 (for comparative purposes)

Net Income from Discontinued Operations

During the third quarter of 2023, rental revenues from Mongolian subsidiaries totaled \$181,127 while the Company also had revenues from other sources of \$2,908. During the quarter, the Company had expenses from discontinued operations of \$956,703 consisting of salaries, repairs and maintenance, bad debts, utilities, salaries, depreciation, as well as land and property taxes. This led to a net income from discontinued operations of \$1,708,921 in Q3 2023.

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 nine-month period ended September 30, 2024 and 2023.

	September 30-2024	30-September-2023
	\$	\$
Net change in cash related to:		
Operating	(7,726,637)	4,475,050
Investing	3,727,239	2,252,209
Financing	(1,535,886)	(628,375)
Net change in cash during the period excluding FX	(5,535,284)	6,098,884

Overall, the Corporation had cash outflows of \$5,535,284 from continuing operations excluding FX during the first nine months of 2024 primarily due to significant cash outflows from Operating activities. The changes in components of cash flows for the period ended September 30, 2024, compared to the period ended September 30, 2023, were the result of the following factors:

- **Operating** – Operating cash outflows increased during the third quarter of 2024 compared to the same period during the previous year due to a decrease in non-cash working capital balances compared to the prior year.
- **Investing** – Investing cash inflows occurred from a net sale of marketable securities and digital assets during the period compared to a smaller net sale of marketable during the same period last year.
- **Financing** – Financing cash outflows occurred during the period as the Company repurchased 1,023,500 shares during the first nine months while the Company repurchased 495,200 shares during the first nine months of 2023.

Cash Flow from Discontinuing Operations

	September 30,2024	September 30,2023
	\$	\$
Net change in cash related to:		
Operating	-	(1,371,410)
Investing	-	5,384,880
Net change in cash during the period excluding FX	-	4,013,470

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 September 30, 2024, the Corporation had \$4,173,638 (Q4 2023 - \$9,735,224) in cash and cash equivalents. Management considers its marketable securities holdings to be liquid and can be sold should the Corporation need to increase its cash position.

Total Assets

As of September 30, 2024, the Corporation had \$47,451,155 (Q4 2023 - \$56,682,081) in current assets of which \$4,173,638 were held in cash and cash equivalents (Q4 2023 - \$9,735,224) and \$43,203,738 were held in marketable securities (Q4 2023 - \$46,439,938), \$nil was held in digital assets (Q4 2023 - \$438,872), and \$70,138 were held in other assets (Q4 2023 - \$67,896). The decrease in marketable securities is due to decreases in the value of the marketable securities portfolio.

As of September 30, 2024, the Corporation had \$1,684,591 (Q4 2023 - \$1,512,980) in non-current assets consisting of a building classified as Property and Equipment, which is measured at its cost base. The increase during the year is due to \$203,018 in additions to the building offset by depreciation.

As of September 30, 2024, the Corporation had \$49,135,746 in total assets, down from \$58,195,061 at December 31, 2023.

Total Liabilities

As of September 30, 2024, the Corporation had current liabilities of \$1,603,906 (Q4 2023 - \$8,534,419) consisting primarily of amounts due to broker of \$13,907 (Q4 2023- \$5,536,537), payables of \$347,741 (Q4 2023- \$415,386), income tax liability of \$nil (Q4 2023- \$1,430,333) and unearned revenue of \$1,218,589 (Q4 2023- \$1,126,439).

As of September 30, 2024, the Corporation had non-current liabilities of \$476,515 on the balance sheet (Q4 2023- \$500,522). The decrease in deferred income taxes was due to a decrease in value of the US public securities portfolio during the period.

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 \$47,055,325 at September 30, 2024, from \$49,160,120 at December 31, 2023.

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

Outstanding	30-September-2024	31-December-2023
Common shares	25,939,299*	26,980,699*
Options to buy common shares	-	-

* As at September 30, 2024, the Corporation held 87,100 common shares in Treasury to be cancelled during the fourth quarter of 2024 (Q3 2023-84,500).

* As at November 18, 2024, the Corporation had 25,771,999 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-September-2024	30-September-2023
	\$	\$
Salaries and other short-term benefits to officers	276,507	353,319
Salaries to other related parties	54,712	60,569
KEDM production expense and revenue share paid to an entity controlled by the Chairman	895,144*	985,389*
Director fees	45,000	45,000
Total	1,271,363	1,444,277

As at September 30, 2024, amounts due to related parties totaled approximately \$162,774 (Q3 2023 - \$123,534), 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 pays 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.

Off-Balance Sheet Items

As of September 30, 2024, the Corporation had no off-balance sheet items.

Events Subsequent to Quarter End

None.

Section 4 - Quarterly Information

Quarterly Results

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

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	658,299	698,271	719,698	16,487	1,655,885	1,055,595	1,132,242	1,127,733
Net income (loss)	(761,153)	(2,613,900)	2,766,838	(19,790,455)	7,879,688	(8,158)	(1,260,924)	4,219,923
Income (loss) per common share	(0.03)	(0.10)	0.10	(0.72)	0.29	0.00	(0.05)	0.15
Total Assets	49,135,746	50,543,910	55,012,448	58,195,061	65,780,580	50,341,034	55,499,653	64,557,624
Weighted Average Shares (No.)	26,216,093	26,326,765	26,561,712	27,243,468	27,320,541	27,387,703	27,469,402	27,761,956
Ending Shares (No.)	25,939,299	26,094,399	26,094,399	26,980,699	27,065,199	27,307,799	27,307,799	27,710,499

*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 September 30, 2024.

As at September 30, 2024, the Corporation had a working capital of \$45,847,249 (Q3 2023 - \$49,811,016) comprised of cash and cash equivalents, other assets, net of trade and accrued liabilities, unearned revenue, amounts due to broker and marketable securities sold short. 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 obtained insurance on its Puerto Rican property with a value of approximately \$1,500,000 at September 30, 2024, effective April 1, 2024. 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, 2023 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.

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.

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, it may dilute Management's focus on current operations. There can be no certainty that the Corporation can raise adequate funding to finance an acquisition of a business, or that diversification of the Corporation's business is in the best interest of the Corporation. Capital spent on researching businesses 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 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, 2023.

Additional Information

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