

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months ended

March 31, 2022 and 2021

(Expressed in Canadian dollars)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

As at March 31, 2022

(expressed in Canadian dollars)

	March 31, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash (note 5)	4,911,306	2,396,311
Marketable securities owned (note 7)	48,142,885	37,802,853
Unrealized gain on futures contract (note 7)	934,375	311,437
Due from broker (note 6)	4,523	2,320
Digital assets (note 9)	378,751	266,890
Other assets (note 10)	18,713	29,218
	<u>54,390,553</u>	<u>40,809,029</u>
Non-current assets		
Investment properties (note 11)	10,925,875	11,885,907
Other assets-long term receivable (note 10)	106,127	111,722
Property and equipment (note 12)	2,292,038	2,220,207
	<u>13,324,040</u>	<u>14,217,836</u>
Total assets	<u>67,714,593</u>	<u>55,026,865</u>
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (note 13)	703,449	913,391
Unearned revenue (note 8)	833,259	1,035,471
Due to broker (note 6)	8,662,849	9,173,869
Marketable securities sold short (note 7)	7,960,880	2,652,329
Short Term CEBA loan (note 6)	60,000	60,000
Income taxes payable	-	4,274
	<u>18,220,437</u>	<u>13,839,334</u>
Non-current liabilities		
Deferred income tax liability	3,742,865	1,010,244
	<u>3,742,865</u>	<u>1,010,244</u>
Total liabilities	<u>21,963,302</u>	<u>14,849,578</u>
Equity		
Share capital (note 14)	51,004,122	51,004,122
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(16,208,763)	(15,501,963)
Retained earnings (deficit)	4,105,956	(2,174,848)
	<u>45,751,291</u>	<u>40,177,287</u>
Total equity	<u>45,751,291</u>	<u>40,177,287</u>
Total equity and liabilities	<u>67,714,593</u>	<u>55,026,865</u>
Commitment and contingencies (note 14)		

Approved by the Board of Directors

“Harris Kupperman”

Director

“James Dwyer”

Director

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statement of Operations

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	March 31	March 31
	2022	2021
	\$	\$
Revenue		
Rental income	204,071	144,421
Subscription revenue (note 8)	604,677	-
Other revenue	30,858	105,440
Total revenue	839,606	249,861
Expenses		
Salaries and wages	217,959	161,434
Other expenses (note 20)	539,597	355,273
Depreciation (note 12)	19,964	15,673
Total operating expenses	(777,520)	(532,380)
Unrealized gain on short term investments (note 7)	4,318,099	492,819
Realized gain on short term investments (note 7)	4,974,166	5,960,261
Unrealized gain on digital assets (note 9)	21,607	-
Foreign currency loss	(338,343)	(70,202)
Total other income	8,975,529	6,382,878
Net income before income taxes	9,037,615	6,100,359
Income taxes	(2,756,811)	14,803
Net income for the period	6,280,804	6,115,162
Net income per share		
Basic		
From net income for the period	0.23	0.20
Diluted		
From net income for the period	0.23	0.20

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	March 31, 2022	March 31, 2021 \$
Net income for the period	6,280,804	6,115,162
Other comprehensive loss		
Items that may be subsequently reclassified to income or loss		
Unrealized gains (losses) on translation of financial statement operations with Mongolian Tögrög functional currency to Canadian dollar reporting currency	<u>(706,800)</u>	<u>(198,213)</u>
Total comprehensive income	<u>5,574,004</u>	<u>5,916,949</u>

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
	\$	\$	\$	\$	\$
Balance at					
January 1, 2021	53,165,247	6,849,976	(15,444,642)	(17,724,154)	26,846,427
Net gain for the period	-	-	-	6,115,162	6,115,162
Other comprehensive income	-	-	(198,213)	-	(198,213)
	53,165,247	6,849,976	(15,642,855)	(11,608,992)	32,763,376
Share repurchase	(444,655)	-	-	-	(444,655)
Balance at					
March 31, 2021	52,720,592	6,849,976	(15,642,855)	(11,608,992)	32,318,721

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
	\$	\$	\$	\$	\$
Balance at					
January 1, 2022	51,004,122	6,849,976	(15,501,963)	(2,174,848)	40,177,287
Net gain for the period	-	-	-	6,280,804	6,280,804
Other comprehensive loss	-	-	(706,800)	-	(706,800)
	51,004,122	6,849,976	(16,208,763)	4,105,956	45,751,291
Share repurchase	-	-	-	-	-
Balance at					
March 31, 2022	51,004,122	6,849,976	(16,208,763)	4,105,956	45,751,291

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Cash Flow

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	March 31, 2022 \$	March 31, 2021 \$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	6,280,804	6,115,162
Items not affecting cash		
Depreciation (note 12)	19,964	15,673
Deferred taxes	2,732,619	(14,804)
Unrealized (gain) loss on marketable securities (note 7)	(4,318,099)	(492,819)
Realized (gain) on marketable securities (note 7)	(4,974,166)	(5,960,261)
Unrealized gain on digital assets (note 9)	(21,607)	-
Unrealized FX loss on digital assets (note 9)	4,656	-
	(275,829)	(337,049)
Net change in non-cash working capital balances (note 18)	(898,908)	(169,643)
	(1,174,737)	(506,692)
Financing activities		
Share repurchase (note 14)	-	(444,655)
CEBA loan (note 6)	-	20,000
	-	(424,655)
Investing activities		
Net sale of marketable securities	3,637,846	2,003,641
Acquisition of property and equipment (note 12)	(167,709)	-
Net proceeds on sale of investment properties (note 11)	376,215	363,586
Acquisition of digital assets (note 9)	(94,910)	-
	3,751,442	2,367,227
Effect of exchange rates on cash	(61,710)	190,467
Increase in cash	2,514,995	1,626,347
Cash - Beginning of period	2,396,311	1,361,771
Cash - End of period	4,911,306	2,988,118

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

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

1 Corporate Information

Mongolia Growth Group Ltd. (“MGG” or the “Company”) was incorporated in Alberta on December 17, 2007, and is a Merchant bank with real estate investments in Ulaanbaatar, Mongolia, a subscription product business and a public securities portfolio that will be sold to invest in unique opportunities to profitably diversify the Company.

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

MGG has three wholly-owned subsidiaries as of March 31, 2022; Mongolia (Barbados) Corp., MGG US Inc., and Lemontree PR LLC. Mongolia (Barbados) Corp. owns the wholly-owned subsidiaries MGG Properties LLC and Big Sky Capital LLC. Big Sky Capital LLC owns the wholly-owned subsidiaries, Carrollton LLC, Biggie Industries LLC, Zulu LLC, Crescent City LLC and Oceanus LLC (together “the investment property operations”). The investment property operations are conducted in Big Sky Capital LLC and its subsidiaries. No active business operations occur in Oceanus LLC at this time. MGG’s marketable securities are currently held in brokerage accounts owned by Mongolia (Barbados) Corp and MGG US Inc.

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

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

The Company is registered in Alberta, Canada, with its Head Office at its registered and records address at Centennial Place, East Tower, 1900, 520 - 3rd Avenue S.W. Calgary, Alberta, Canada T2P 0R3. The Company’s Canadian headquarters are located at 100 King Street West, Suite 5600, Toronto, Ontario, M5X 1C9, Canada. The Company’s Mongolian investment property operations are based out of its office located at the MGG Properties Building on Seoul St. in Ulaanbaatar, Mongolia.

At March 31, 2022, the Company is organized into three segments based on the business operations:

- Big Sky Capital LLC and its subsidiaries own investment properties which are located in Ulaanbaatar, Mongolia and are held for the purpose of generating rental revenue, capital appreciation, and/or redevelopment; and
- The MGG Corporate office is located in Toronto, Canada.
- The Subscription Products office is located in Toronto, Canada.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

2 Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”). These condensed interim consolidated financial statements are compliant with IAS 34 and do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ending December 2021. The significant accounting policies used in the preparation of these consolidated financial statements are summarized in note 3.

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

These consolidated financial statements were approved by the Board of Directors of the Company for issue on May 20, 2022.

3 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, 2021.

In preparing these condensed interim consolidated financial statements, the significant judgements made in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual consolidated financial statements as at and for the year ended December 31, 2021.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ending December 31, 2021.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

4 Significant accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires Management to make estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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

- Fair value of investment properties - The estimate of fair value of investment properties is the most critical accounting estimate to the Company. An external appraiser estimates the fair value of the majority of investment properties by dollar value annually.

The remaining balance of investment properties was valued internally. The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value of investment properties represents an estimate of the price that would be made in an arm's length transaction between knowledgeable, willing parties. This fair value assumes that the Company is in possession of the property's land and property titles where applicable. Management judges that the Company has the appropriate titles for each of the properties classified as Investment Properties. Properties whereby Management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by Management.

- The Company operates in the emerging real estate market of Mongolia, which given its current economic, political and industry conditions, gives rise to an increased inherent risk given the lack of reliable and comparable market information. The significant estimates underlying the fair value determination are disclosed in note 11. Changes in assumptions about these factors could materially affect the carrying value of investment properties. In addition, the significant global uncertainty resulting from the novel coronavirus ("COVID-19") pandemic has reduced the availability of reliable market metrics to inform opinions, and therefore a higher degree of judgment must be applied. Consequently, fair values are subject to significant change.
- Valuation of marketable securities - The Company recognizes marketable securities at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models with inputs derived from observable market data where possible but where observable data is not available, judgement is required to establish fair values.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

4 Significant accounting estimates and judgements (continued)

- Operating environment of the Company - Mongolia displays many characteristics of an emerging market including relatively high inflation and interest rates. The tax and customs legislation in Mongolia is subject to varying interpretations and frequent changes.
- The future economic performance of Mongolia is tied to the continuing demand from China and global prices for commodities as well as being dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government of Mongolia together with tax, legal, regulatory and political developments. Management is unable to predict all developments that could have an impact on the Mongolian economy and consequently what effect, if any, they could have on the future financial position of the Company.

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

- Judgement is required in determining whether an asset meets the criteria for classification as assets held for sale and or as discontinued operations in the consolidated financial statements. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the probability of the sale being completed within an expected time frame of one year and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. On completion of the sale, management exercises judgement as to whether the sale qualifies as a discontinued operation.
- As at March 31, 2022 and December 31, 2021, Management has made the judgment that none of the Company's assets meet the criteria to be classified as held for sale. While this is due to a number of factors, a primary reason is that due to the conditions of the Mongolian economy and the lack of liquidity in the market, management was unable to conclude that the sale of any significant size asset could be considered highly probable.
- Judgement is required in determining whether the Company's Investment property and land use rights titles are at risk. As at March 31, 2022 and December 31, 2021, Management has made the judgment that Investment Properties whereby the land title has recently expired but is expected to be renewed in the near future should continue to be classified as Investment Properties. Properties whereby Management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by Management. As of March 31, 2021, all land titles of the Company's Investment Properties were current.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

5 Cash

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

The following table discloses the geographical location of cash:

	March 31, 2022	December 31, 2021
	\$	\$
Barbados	3,599,465	1,560,652
Canada	986,371	274,900
United States	157,581	313,036
Mongolia	167,889	247,723
	4,911,306	2,396,311

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

6 Credit facilities and due from and due to brokers

a) Credit facilities

During the year ended December 31, 2020, the Company qualified for a government-guaranteed line of credit (Canada Emergency Business Account “CEBA”) of \$40,000 which was interest-free until December 31, 2020. On January 1, 2021, the line of credit converted to a 2-year, 0% interest term loan to be repaid by December 31, 2022 at which time a 25% balance forgiveness (\$10,000) will apply if the loan is repaid by such date. On January 1, 2021 the Company qualified for an additional \$20,000 2-year, 0% interest term loan to be repaid by December 31, 2022. The Company has the option to exercise a 3-year term extension on the loans by December 31, 2022, if the loans are not repaid by then, at which time, the remaining unpaid balance of the loans will bear interest at 5% interest per annum during the extension period and must be paid in full by December 31, 2025. Funds can be used to pay non-deferrable operating expenses including payroll.

Short term debt

	March 31, 2022	December 31, 2021
	\$	\$
Current	60,000	60,000
	60,000	60,000

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

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

Due from and due to brokers

The Company has margin facilities with its prime brokers. As at March 31, 2022, 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 March 31, 2022, the Company had net margin borrowings of \$4,130,302 (Q1 2021 – net cash on deposit of \$2,333,869). The fair value of the collateral-listed equity securities is calculated daily and compared to the Company's margin limits. The prime brokers can at any time demand full or partial repayment of the margin balances and any interest thereon or demand the delivery of additional assets as collateral.

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

Due from and due to brokers

	March 31, 2022		
	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	4,523	-	4,523
Due to brokers	-	(8,662,849)	(8,662,849)

	December 31, 2021		
	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	6,872	(4,552)	2,320
Due to brokers	-	(9,173,869)	(9,173,869)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

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

Equity Investments and other holdings

	March 31, 2022	December 31, 2021
	\$	\$
Assets		
Equity securities	30,760,017	30,778,337
Options on futures	17,382,868	7,006,506
Calls	-	7,952
Puts	-	10,058
	48,142,885	37,802,853

Securities sold short and derivative liabilities

	March 31, 2022	December 31, 2021
	\$	\$
Liabilities		
Options on futures	7,676,573	2,598,477
Calls	14,496	47,835
Puts	269,811	6,017
	7,960,880	2,652,329

Futures

	March 31 2022	December 31, 2021
	\$	\$
Cost Basis	2,768,220	2,768,220
Unrealized gains on futures contract	934,375	311,437
Fair Market Value	3,702,595	3,079,657

A “purchase” of a futures contract means a contractual obligation to acquire the securities, commodities or foreign currency at a fixed price at a specified time in the future and is not included on the balance sheet. An unrealized gain or loss equal to the change in value of the contract is recognised on a daily basis and carried on the balance sheet.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

8 Subscription Revenue

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

The Company has been working on building a data analytics service, named KEDM that tracks various event-driven strategies. The Company initiated a paywall on July 1, 2021 to start monetizing this service. Revenue earned during the period is classified as subscription revenue on the income statement. Revenue collected that has not yet been earned, have been classified as unearned revenue and will be classified according to the Company's revenue policies described in note 3 of the December 31, 2021 consolidated financial statements.

Contract Liabilities:

As of March 31, 2022, the Company has unearned revenue of \$833,259 to be fully recognized during fiscal 2022 and early 2023 in accordance with contract terms (March 31, 2021 - \$nil).

MGG has engaged an arm's length company to compile and produce the KEDM report on an ongoing basis, while MGG will act as the distributor and marketer of the product. As a part of this engagement, MGG has agreed to pay certain direct and approved expenses related to producing KEDM in addition to 20% of quarterly earned revenues above a threshold of \$125,000 USD. Most of the expenses related to the unearned revenue have not yet been incurred and are not reflected in the Company's financial statements. MGG owns all intellectual property related to KEDM and the arm's length company disclaims any ownership or rights to the intellectual property. The agreement can be discontinued by either party following a reasonable transition period and MGG can engage a substitute party to continue the production of KEDM.

9 Digital assets

	March 31, 2022	December 31, 2021
	\$	\$
Balance - beginning of year	266,890	-
Net purchases	94,910	314,419
Unrealized gain (loss)	21,607	(42,606)
Foreign currency loss	(4,656)	(4,923)
	<hr/>	<hr/>
Balance - end of year	378,751	266,890

The Company has a digital currency account at Kraken Custody where it owns Monero (XMR) cryptocurrency.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

10 Other assets

	March 31, 2022	December 31, 2021
	\$	\$
Accounts receivable	39,200	29,888
Long term receivable	106,127	111,722
Allowance for doubtful debt	(53,064)	(55,862)
Prepaid expenses	32,577	55,192
	124,840	140,940

As of December 31, 2021, the Company reclassified the \$106,127 receivable from a property sold in 2019 from short term to long term. The Company has filed court proceedings against the debtor and has made an allowance for 50% of the amount.

11 Investment properties

	March 31, 2022	December 31, 2021
	\$	\$
Balance - beginning of period	11,885,907	14,542,236
Acquisitions	-	-
Disposals	(376,215)	(2,163,008)
Fair value adjustment	-	(441,870)
Foreign exchange adjustments	(583,817)	(51,451)
	10,925,875	11,885,907

During the three-month period ended March 31, 2022, the Company sold two properties with a value of \$376,215 at a net gain of \$nil. During the three-month period ended March 31, 2021, the Company sold one property with a value of \$363,586 and net gain of \$nil.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

12 Property and equipment

	2021			
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
December 31				
Cost	59,993	129,798	2,726,198	2,915,989
Accumulated depreciation	48,719	122,182	524,881	695,782
Net book value	11,274	7,616	2,201,317	2,220,207
				2022
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Cost				
At January 1	59,993	129,798	2,726,198	2,915,989
Additions	4,708	109,010	53,991	167,709
Disposals	(674)	(1,875)	-	(2,549)
Impairment	-	-	-	-
Foreign exchange adjustment	(432)	(12,184)	(43,198)	(55,814)
At March 31	63,595	224,749	2,736,991	3,025,335
				2022
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Accumulated depreciation				
At January 1	48,719	122,182	524,881	695,782
Depreciation	855	1,419	17,690	19,964
Disposals	(674)	(1,875)	-	(2,549)
Foreign exchange adjustment	100	-	20,000	20,100
At March 31	49,000	121,726	562,571	733,297
Net book value at March 31	14,595	103,023	2,174,421	2,292,038

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

13 Trade payables and accrued liabilities

	2022	2021
	\$	\$
Trade and accrued payables	382,296	574,681
Property commitment	250,461	263,667
Security deposits	70,692	75,043
	703,449	913,391

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

14 Share capital and contributed surplus

Common shares

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

The issued and outstanding common shares are as follows:

	Number of shares	Amount \$
Balance, December 31, 2021	27,778,499	51,004,122
Shares re-purchased	-	-
Treasury stock cancelled	-	-
Balance March 31, 2022	27,778,499	51,004,122

As at March 31, 2022, the Company held nil (Q1 2021-nil) shares in Treasury.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

14 Share capital and contributed surplus (continued)

Earnings per share

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

	March 31, 2022	December 31, 2021
	\$	\$
Weighted average number of shares – basic	27,778,499	29,309,116
Effect of dilutive stock options	-	-
	<hr/>	<hr/>
Weighted average number of shares – diluted	27,778,499	29,309,116

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

15 Management of capital structure

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

The Company's capital structure includes equity and working capital. In managing its capital structure, the Company considers future investment and acquisition opportunities, potential credit available and potential issuances of new equity. The Company's objective is to maintain a flexible capital structure that will allow it to execute its stated business. Upon acquiring investment properties and operating businesses, the Company will strive to balance its proportion of debt and equity within its capital structure in accordance with the needs of the continuing business. The Company may, from time to time, issue shares and adjust its spending to manage current and projected proportions as deemed appropriate.

	March 31, 2022	December 31, 2021
	\$	\$
Current assets	54,390,553	40,809,029
Current liabilities	(18,220,437)	(13,839,334)
	<hr/>	<hr/>
Working capital	36,170,116	26,969,695

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

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

16 Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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

	Three months ending March 31, 2022	Three months ending March 31, 2021
	\$	\$
Salaries and other short-term employee benefits	129,843	135,572
Director fees	15,000	15,000
	144,843	150,572

Starting in 2019, certain entities affiliated with Harris Kupperman, the Corporation's Chairman and CEO, have agreed to split certain expenses related to the Corporation's investments in public securities. The Corporation expects that this will reduce MGG's investment related expenses on an ongoing basis.

17 Commitments and contingencies

From time to time and in the normal course of business, claims against the Company may be received. On the basis of management's assessments and professional legal advice, management is of the opinion that no material losses will be incurred and no provision or disclosure has been made in these consolidated financial statements.

The Company has an obligation to provide an 84 meter apartment to an owner of an apartment that has been included in one of the Company's properties classified as land and redevelopment. For more information, please refer to the December 31, 2021 consolidated financial statements.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

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For the three month period ended March 31

(expressed in Canadian dollars)

18 Supplementary cash flow information

	Three months ending March 31, 2022	Three months ending March 31, 2021
	\$	\$
Changes in non-working capital arising from		
Unearned revenue	(202,211)	-
Other assets	11,713	(165,465)
Net due to/(from) broker	(513,224)	-
Trade payables and accrued liabilities	(190,913)	(6,880)
Income tax payable	(4,274)	2,702
Changes in non-cash working capital from operating activities	(898,909)	(169,643)

Income tax paid during the quarter was \$4,274 (Q1-2021 \$1,393). Interest paid during the quarter was \$nil (Q1-2021 \$nil).

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

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For the three month period ended March 31

(expressed in Canadian dollars)

19 Segment information

The Company's operations are conducted in three reportable segments; Investment Property Operations, Corporate, and Subscription Products. The Company reports information about its operating segments based on the way management organizes and reports the segments within the organization for making operating decisions and evaluating performance.

Investment Property Operations consist of commercial and residential investment property in Mongolia held for the purposes of rental revenue, capital appreciation or redevelopment. These properties are managed by Big Sky Capital LLC and its subsidiaries.

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

	Three months ended March 31, 2022			
	Investment Property	Corporate	Subscription Products	Total
	\$	\$	\$	\$
Rental income	204,071	-	-	204,071
Subscription revenue	-	-	604,677	604,677
Property operating expenses	(178,277)	(4,609)	-	(182,886)
Unrealized mark to market gain	-	4,318,099	-	4,318,099
Unrealized gain on digital assets	-	21,607	-	21,607
Other expenses	(61,572)	(372,486)	(126,492)	(560,550)
Subscription processing fees	-	-	(14,120)	(14,120)
Depreciation	(13,740)	(6,224)	-	(19,964)
Other revenue	30,858	-	-	30,858
Realized gain on marketable securities	-	4,974,166	-	4,974,166
Foreign Currency loss	(43,022)	(295,321)	-	(338,343)
Net income (loss) before income taxes	(61,682)	8,635,232	464,065	9,037,615

	Three months ended March 31, 2021			
	Investment Property	Corporate	Subscription Products	Total
	\$	\$	\$	\$
Rental income	144,421	-	-	144,421
Property operating expenses	(209,579)	-	-	(209,579)
Unrealized mark to market gain	-	492,819	-	492,819
Unrealized loss on digital assets	-	-	-	-
Other expenses	(34,163)	(272,964)	-	(307,127)
Subscription processing fees	-	-	-	-
Depreciation	(15,673)	-	-	(15,673)
Other revenue	105,440	-	-	105,440
Realized gain on marketable securities	-	5,960,261	-	5,960,261
Foreign Currency gain (loss)	48	(70,251)	-	(70,203)
Net income (loss) before income taxes	(9,506)	6,109,865	-	6,100,359

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

19 Segment information (continued)

	Balance as of March 31, 2022			
	Investment Property	Subscription Products	Corporate	Total
	\$	\$	\$	\$
Total assets	12,462,372	-	55,252,221	67,714,593
Property and equipment	1,296,200	-	995,838	2,292,038
Investment properties	10,925,875	-	-	10,925,875
Expenditures				
Property and equipment	459	-	167,250	167,709
Investment properties	-	-	-	-
Total Liabilities	361,449	833,259	20,768,594	21,963,302

	Balance as of March 31, 2021		
	Investment Property	Corporate	Total
	\$	\$	\$
Total assets	15,703,771	18,052,770	33,756,541
Property and equipment	1,262,770	-	1,262,770
Investment properties	14,013,130	-	14,013,130
Expenditures			
Property and equipment	-	-	-
Investment properties	-	-	-
Total Liabilities	-	-	-

	Revenue		Property and equipment		Investment property	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	\$	\$	\$	\$	\$	\$
Canada	-	-	-	-	-	-
USA	604,677	-	995,838	-	-	-
Mongolia	234,929	249,861	1,296,200	1,262,770	10,925,875	14,013,130
	839,606	249,861	2,292,038	1,262,770	10,925,875	14,013,130

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

19 Other expenses

	For the three months ended March 31	
	2022	2021
	\$	\$
Investor relations	6,675	6,675
Investment research expense	7,569	16,937
Repairs and maintenance	6,805	2,510
Office	40,949	16,753
Professional fees	252,152	225,375
Travel	5,310	2,663
Advertising	10,790	1,705
Land and property tax	13,227	21,921
Insurance	8,906	13,748
Utilities	33,792	12,892
Other	12,810	34,094
Subscription processing fees	14,120	-
Subscription product expenses	126,492	-
	539,597	355,273

21 COVID-19

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