

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months ended

March 31, 2023 and 2022

(Expressed in Canadian dollars)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

As at March 31, 2023

(expressed in Canadian dollars)

	March 31, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 5)	5,512,329	2,051,245
Marketable securities owned (note 7)	36,774,190	49,237,506
Due from broker (note 6)	2,280	-
Digital assets (note 9)	431,126	284,253
Other assets (note 10)	105,361	44,250
	<u>42,825,286</u>	<u>51,617,254</u>
Non-current assets		
Investment properties (note 11)	9,876,111	10,086,956
Other assets-long term receivable (note 10)	48,154	49,182
Property and equipment (note 12)	2,750,102	2,804,232
	<u>12,674,367</u>	<u>12,940,370</u>
Total assets	<u>55,499,653</u>	<u>64,557,624</u>
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (note 13)	649,447	659,402
Unearned revenue (note 8)	974,469	1,547,154
Due to broker (note 6)	5,468,978	7,393,046
Marketable securities sold short (note 7)	1,862,978	5,159,131
Short Term CEBA loan (note 6)	60,000	60,000
Income taxes payable	1,744,325	642,837
	<u>10,760,197</u>	<u>15,461,570</u>
Non-current liabilities		
Deferred income tax liability	347,112	2,972,522
Total liabilities	<u>11,107,309</u>	<u>18,434,092</u>
Equity		
Share capital (note 14)	50,301,439	50,547,130
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(17,261,724)	(17,037,148)
Retained earnings (deficit)	4,502,653	5,763,574
Total equity	<u>44,392,344</u>	<u>46,123,532</u>
Total equity and liabilities	<u>55,499,653</u>	<u>64,557,624</u>

Commitment and contingencies (note 14)

Approved by the Board of Directors

“Harris Kupperman”

Director

“Nick Cousyn”

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
	2023	2022
	\$	\$
Revenue		
Rental income	212,566	204,071
Subscription revenue (note 8)	915,952	604,677
Other revenue	3,724	30,858
Total revenue	1,132,242	839,606
Expenses		
Salaries and wages	275,133	217,959
Other expenses (note 20)	740,762	539,597
Depreciation (note 12)	30,594	19,964
Total operating expenses	(1,046,489)	(777,520)
Interest income	10,866	-
Unrealized gain (loss) on short term investments (note 7)	(3,138,334)	4,318,099
Realized gain on short term investments (note 7)	219,845	4,974,166
Unrealized gain on digital assets (note 9)	10,205	21,607
Foreign currency gain (loss)	40,574	(338,343)
Total other income (loss)	(2,856,844)	8,975,529
Net income (loss) before income taxes	(2,771,091)	9,037,615
Income tax recovery (expense)	1,510,167	(2,756,811)
Net income (loss) for the period	(1,260,924)	6,280,804
Net income (loss) per share		
Basic		
From net income for the period	(0.05)	0.23
Diluted		
From net income for the period	(0.05)	0.23

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, 2023	March 31, 2022 \$
Net income (loss) for the period	(1,260,924)	6,280,804
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>(224,415)</u>	<u>(706,800)</u>
Total comprehensive income	<u>(1,485,339)</u>	<u>5,574,004</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, 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)
	<u>51,004,122</u>	<u>6,849,976</u>	<u>(16,208,763)</u>	<u>4,105,956</u>	<u>45,751,291</u>
Share repurchase	-	-	-	-	-
Balance at					
March 31, 2022	<u>51,004,122</u>	<u>6,849,976</u>	<u>(16,208,763)</u>	<u>4,105,956</u>	<u>45,751,291</u>

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at					
January 1, 2023	50,547,130	6,849,976	(17,037,309)	5,763,577	46,123,374
Net gain for the period	-	-	-	(1,260,924)	(1,260,924)
Other comprehensive loss	-	-	(224,415)	-	(224,415)
	<u>50,547,130</u>	<u>6,849,976</u>	<u>(17,261,724)</u>	<u>4,502,653</u>	<u>44,638,035</u>
Share repurchase	(245,691)	-	-	-	(245,691)
Balance at					
March 31, 2023	<u>50,301,439</u>	<u>6,849,976</u>	<u>(17,261,724)</u>	<u>4,502,653</u>	<u>44,392,344</u>

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, 2023	March 31, 2022
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	(1,260,924)	6,280,804
Items not affecting cash		
Depreciation (note 12)	30,594	19,964
Deferred taxes	(2,625,411)	2,732,619
Unrealized (gain) loss on marketable securities (note 7)	3,138,334	(4,318,099)
Realized gain on marketable securities (note 7)	(219,845)	(4,974,166)
Unrealized gain on digital assets (note 9)	(10,205)	(21,607)
	(947,457)	(280,485)
Net change in non-cash working capital balances (note 18)	(1,425,368)	(898,908)
	(2,372,825)	(1,179,393)
Financing activities		
Share repurchase (note 14)	(245,691)	-
	(245,691)	-
Investing activities		
Net sale of marketable securities	6,248,674	3,637,846
Acquisition of property and equipment (note 12)	-	(167,709)
Net proceeds on sale of investment properties (note 11)	-	376,215
Acquisition of digital assets (note 9)	(134,332)	(94,910)
	6,114,342	3,751,442
	3,495,826	2,572,049
Effect of exchange rates on cash and cash equivalents	(34,742)	(57,054)
Increase in cash	3,461,084	2,514,995
Cash and cash equivalents - Beginning of period	2,051,245	2,396,311
Cash and cash equivalents - End of period	5,512,329	4,911,306

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.

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

MGG has three wholly-owned subsidiaries as of March 31, 2023; 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, 2023 and December 31, 2022, 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, 2023	December 31, 2022	
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, 2023, 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) and International Financial Reporting Interpretations Committee (IFRIC), 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 23, 2023.

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, 2022.

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, 2022.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ending December 31, 2022.

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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, 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, 2023, 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 accounts currently consists only of cash amounts held in banks or on hand.

The following table discloses the geographical location of cash:

	March 31, 2023	December 31, 2022
	\$	\$
Barbados	19,333	64,643
Canada	1,457,801	1,579,747
United States	3,853,337	213,209
Mongolia	181,858	193,646
	5,512,329	2,051,245

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

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

	March 31, 2023	December 31, 2022
	\$	\$
Cash	4,623,714	707,419
Cash equivalents*	888,615	1,343,826
Total cash and cash equivalents	5,512,329	2,051,245

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

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. In October 2022, the Government announced that the deadline for the partial loan forgiveness and interest-free period has been extended to December 31, 2023.

Short term debt

	March 31, 2023	December 31, 2022
	\$	\$
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, 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 March 31, 2023, the Company had net margin borrowings of \$5,450,924 (Q1 2022 –\$4,130,302). 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, 2023		
	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	24,058	(21,778)	2,280
Due to brokers	-	(5,468,978)	(5,468,978)

	December 31, 2022		
	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	14,203	(14,203)	-
Due to brokers	-	(7,393,046)	(7,393,046)

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, 2023	December 31, 2022
	\$	\$
Assets		
Equity securities	28,232,037	34,826,329
Options on futures	8,542,153	14,411,177
Calls	-	-
Puts	-	-
	36,774,190	49,237,506

Securities sold short and derivative liabilities

	March 31, 2023	December 31, 2022
	\$	\$
Liabilities		
Options on futures	1,862,978	5,127,327
Calls	-	-
Puts	-	31,804
	1,862,978	5,159,131

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

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 consolidated 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, 2022 consolidated financial statements.

Contract Liabilities:

As of March 31, 2023, the Company has unearned revenue of \$974,469 to be fully recognized by the end of July 2024, in accordance with contract terms (March 31, 2022 - \$833,259).

	March 31, 2023	December 31, 2022
	\$	\$
Opening balance	1,547,154	1,035,471
Additions	343,267	3,685,714
Revenue earned	(915,952)	(3,174,031)
Closing balance	974,469	1,547,154

When the Company first launched its subscription business, the Company 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 paid the direct and approved expenses related to producing KEDM in addition to 20% of quarterly earned revenues above a threshold of \$125,000 USD. Beginning on January 1, 2023, MGG has engaged Praetorian PR LLC (PPR), a Puerto Rican company owned by the MGG's Chairman and CEO to produce KEDM. Going forward, under the terms of the agreement, MGG will pay PPR a monthly fee of USD \$50,000 along with 20% of any quarterly revenue in excess of USD \$125,000. The Company paid \$146,789 in revenue share during the first quarter of 2023 (Q1 2022 - \$86,902), classified as subscription product expenses in note 19. 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 PPR 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 asset

	March 31, 2023	December 31, 2022
	\$	\$
Balance - beginning of year	284,253	266,890
Net purchases	134,332	94,910
Unrealized gain (loss)	10,205	(98,700)
Foreign currency gain	2,336	21,153
Balance - end of year	431,126	284,253

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

Short term other assets

	March 31, 2023	December 31, 2022
	\$	\$
Accounts receivable	37,964	15,172
Prepaid expenses	67,397	29,078
	<u>105,361</u>	<u>44,250</u>

Long term other assets

	March 31, 2023	December 31, 2022
	\$	\$
Long term receivable	96,308	98,364
Allowance for doubtful debt	(48,154)	(49,182)
	<u>48,154</u>	<u>49,182</u>

The Company currently has a receivable of \$96,308 from a property sold in 2019. The Company has filed court proceedings against the debtor and has made an allowance for half of the amount.

11 Investment properties

	March 31, 2023	December 31, 2022
	\$	\$
Balance - beginning of period	10,086,956	11,885,907
Acquisitions	-	-
Disposals	-	(1,066,165)
Fair value adjustment	-	622,186
Foreign exchange adjustments	(210,845)	(1,354,972)
	<u>9,876,111</u>	<u>10,086,956</u>

During the three-month period ended March 31, 2023, the Company did not sell any properties. During the three-month period ended March 31, 2022, the Company sold two properties with a value of \$376,215 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

	2022			
	Furniture and fixtures	Equipment	Buildings	Total
	\$	\$	\$	\$
December 31				
Cost	208,070	161,107	3,175,061	3,544,238
Accumulated depreciation	65,220	116,142	558,644	740,006
Net book value	142,850	44,965	2,616,417	2,804,232
	2023			
	Furniture and fixtures	Equipment	Buildings	Total
	\$	\$	\$	\$
Cost				
At January 1	208,070	161,107	3,175,061	3,544,238
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Foreign exchange adjustment	300	1,046	(20,140)	(18,794)
At March 31	208,370	162,153	3,154,921	3,525,444
	2023			
	Furniture and fixtures	Equipment	Buildings	Total
	\$	\$	\$	\$
Accumulated depreciation				
At January 1	65,220	116,142	558,644	740,006
Depreciation	8,261	3,217	19,116	30,594
Disposals	-	-	-	-
Foreign exchange adjustment	442	(700)	5,000	4,742
At March 31	73,923	118,659	582,760	775,342
Net book value at March 31	134,447	43,494	2,572,161	2,750,102

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

	2023	2022
	\$	\$
Trade and accrued payables	330,764	339,191
Property commitment	256,179	261,648
Security deposits	62,504	58,563
	649,447	659,402

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, 2022	27,710,499	50,547,130
Shares re-purchased	-	(245,691)
Treasury stock cancelled	(402,700)	-
Balance March 31, 2023	27,307,799	50,301,439

As at March 31, 2023, the Company held nil (Q1 2022-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, 2023	December 31, 2022
	\$	\$
Weighted average number of shares – basic	27,469,402	27,761,956
Effect of dilutive stock options	-	-
	<hr/>	<hr/>
Weighted average number of shares – diluted	27,469,402	27,761,956

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, 2023	December 31, 2022
	\$	\$
Current assets	42,825,286	51,617,254
Current liabilities	(10,760,197)	(15,461,570)
	<hr/>	<hr/>
Working capital	32,065,089	36,155,684

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, 2023 \$	Three months ending March 31, 2022 \$
Salaries and other short-term employee benefits	118,283	110,842
Salaries to other related parties	20,277	19,001
KEDM production expense and revenue share paid to an entity controlled by the Chairman	349,174*	-
Director fees	15,000	15,000
	502,734	144,843

*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 will pay PPR a monthly fee of USD \$50,000 along with 20% of any quarterly revenue in excess of USD \$125,000. This transaction was necessitated by the need to consolidate all financial-related business activities conducted by the Corporation's Chairman and CEO under the review of his Chief Compliance Officer, following PPR's registration as a Registered Investment Advisor with the US Securities and Exchange Commission (SEC). MGG believes that the compensation paid to PPR will result in a negligible profit to PPR based upon a review of anticipated expenses. 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.

As at March 31, 2023, amounts due to related parties totaled approximately \$161,789 (Q1 2022 - \$30,750) comprised of fees owed to management and directors, were included in trade payables and accrued liabilities. Salaries to other related parties includes the salary of an employee that is related to a director.

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

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

18 Supplementary cash flow information

	Three months ending March 31, 2023	Three months ending March 31, 2022
	\$	\$
Changes in non-working capital arising from		
Unearned revenue	(572,685)	(202,211)
Other assets	(69,008)	11,713
Net due to/(from) broker	(1,926,348)	(513,224)
Trade payables and accrued liabilities	41,185	(190,913)
Income tax payable	(1,101,488)	(4,273)
Changes in non-cash working capital from operating activities	(1,425,368)	(898,908)

Income tax paid during the quarter was \$6,108 (Q1-2022 \$4,273).

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

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, 2023			
	Investment Property	Corporate	Subscription Products	Total
	\$	\$	\$	\$
Rental income	212,566	-	-	212,566
Subscription revenue	-	-	915,952	915,952
Property operating expenses	(159,376)	(18,862)	-	(178,238)
Unrealized mark to market loss	-	(3,138,334)	-	(3,138,334)
Unrealized gain on digital assets	-	10,205	-	10,205
Other expenses	(89,370)	(347,992)	(387,450)	(824,812)
Interest income	-	10,866	-	10,866
Subscription processing fees	-	-	(12,845)	(12,845)
Depreciation	(21,510)	(9,084)	-	(30,594)
Other revenue	3,624	100	-	3,724
Realized gain on marketable securities	-	219,845	-	219,845
Foreign currency gain (loss)	(7,672)	48,246	-	40,574
Net income (loss) before income taxes	(61,738)	(3,225,010)	515,657	(2,771,091)

	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

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, 2023			
	Investment Property	Subscription Products	Corporate	Total
	\$	\$	\$	\$
Total assets	11,417,783	-	44,081,870	55,499,653
Property and equipment	1,296,200	-	1,453,502	2,750,102
Investment properties	9,876,111	-	-	9,876,111
Expenditures				
Property and equipment	-	-	-	-
Total Liabilities	740,447	974,469	9,392,393	11,107,309

	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
Total Liabilities	361,449	833,259	20,768,594	21,963,302

	Revenue		Property and equipment		Investment property	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	\$	\$	\$	\$	\$	\$
Canada	916,052	604,677	-	-	-	-
USA	-		1,453,502	995,838	-	-
Mongolia	216,190	234,929	1,296,600	1,296,200	9,876,111	10,925,875
	1,132,242	839,606	2,750,102	2,292,038	9,876,111	10,925,875

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

20 Other expenses

	For the three months ended March 31	
	2023	2022
	\$	\$
Investor relations	8,250	6,675
Investment research expense	8,815	7,569
Repairs and maintenance	8,787	6,805
Office	53,835	40,949
Professional fees	136,162	252,152
Travel	3,408	5,310
Advertising	1,450	10,790
Land and property tax	24,798	13,227
Insurance	9,314	8,906
Utilities	38,679	33,792
Subscription processing fees	12,845	14,120
Subscription product expenses	387,450	126,492
Other	46,969	12,810
	740,762	539,597