

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the nine months ended

September 30, 2021 and 2020

(Expressed in Canadian dollars)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

As at September 30, 2021

(expressed in Canadian dollars)

	September 30, 2021 \$	December 31, 2020 \$
Assets		
Current assets		
Cash (note 5)	835,420	1,361,771
Marketable securities owned (note 7)	25,067,240	10,613,444
Digital assets (note 8)	294,004	-
Other assets (note 9)	265,909	159,729
	<u>26,462,573</u>	<u>12,134,944</u>
Non-current assets		
Investment properties (note 10)	13,616,080	14,542,236
Property and equipment (note 11)	1,243,493	1,293,241
	<u>14,859,573</u>	<u>15,835,477</u>
Total assets	<u>41,322,146</u>	<u>27,970,421</u>
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	568,364	564,542
Unearned revenue (note 6)	1,247,029	-
Marketable securities sold short (note 7)	351,888	39,223
Income taxes payable	-	1,393
	<u>2,167,281</u>	<u>605,158</u>
Non-current liabilities		
Long Term CEBA Loan (note 13)	60,000	40,000
Deferred income tax liability	451,946	478,836
	<u>511,946</u>	<u>518,836</u>
Total liabilities	<u>2,679,227</u>	<u>1,123,994</u>
Equity		
Share capital (note 12)	51,300,911	53,165,247
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(15,515,272)	(15,444,642)
Deficit	(3,992,696)	(17,724,154)
	<u>38,642,919</u>	<u>26,846,427</u>
Total equity	<u>38,642,919</u>	<u>26,846,427</u>
Total equity and liabilities	<u>41,322,146</u>	<u>27,970,421</u>
Commitment and contingencies (note 16)		

Approved by the Board of Directors

"Harris Kupperman" Director

"Robert Scott" 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 nine month period ended September 30

(expressed in Canadian dollars)

	For the three months ended September 30		For the nine months ended September 30	
	2021 \$	2020 \$	2021 \$	2020 \$
Revenue				
Rental income	190,912	192,485	479,915	586,100
Subscription revenue	421,510	-	421,510	-
Other revenue	30,057	22,835	170,333	52,751
Gain on disposal of investment property (note 10)	66,051	109,375	66,051	109,375
Total revenue	708,530	324,695	1,137,809	748,226
Expenses				
Salaries and wages	179,547	117,731	540,670	410,157
Other expenses (note 19)	691,457	299,873	1,440,133	973,352
Depreciation (note 11)	15,691	16,949	46,721	52,162
Total operating expenses	(886,695)	(434,553)	(2,027,524)	(1,435,671)
Interest income	22	-	86	77
Unrealized loss on fair value adjustment on Investment properties	-	-	-	(2,031,102)
Impairment of property and equipment	-	-	-	(58,094)
Unrealized gain (loss) on marketable securities (note 7)	3,561,291	140,573	4,899,636	(747,283)
Realized gain on marketable securities (note 7)	496,341	1,082,568	9,934,406	1,995,475
Unrealized loss on digital assets (note 8)	(15,954)	-	(15,954)	-
Foreign currency gain (loss)	18,082	(32,916)	(195,936)	346
Finance costs	(20)	(12)	(21)	(21)
Total other income (loss)	4,059,762	1,190,213	14,622,217	(840,602)
Net income (loss) before income taxes	3,881,597	1,080,355	13,732,502	(1,528,047)
Income taxes	(22,254)	(32,058)	(1,045)	(1,485)
Net income (loss) for the period	3,859,343	1,048,297	13,731,457	(1,529,532)
Net income (loss) per share (note 12)				
Basic				
From net income (loss) for the period	0.13	0.03	0.46	(0.05)
Diluted				
From net income (loss) for the period	0.13	0.03	0.46	(0.05)

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 nine month period ended September 30

(expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net income (loss) for the period	3,859,343	1,048,297	13,731,457	(1,529,532)
Other comprehensive income (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>387,007</u>	<u>(491,730)</u>	<u>(70,630)</u>	<u>(234,969)</u>
Total comprehensive income (loss)	<u>4,246,350</u>	<u>556,567</u>	<u>13,660,827</u>	<u>(1,764,501)</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 nine month period ended September 30

(expressed in Canadian dollars)

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at January 1, 2020	53,504,935	6,849,976	(14,233,385)	(21,451,698)	24,669,828
Net loss for the period	-	-	-	(1,529,532)	(1,529,532)
Other comprehensive income	-	-	(234,969)	-	(234,969)
	<u>53,504,935</u>	<u>6,849,976</u>	<u>(14,468,354)</u>	<u>(22,981,230)</u>	<u>22,905,327</u>
Share repurchase	(231,342)	-	-	-	(231,342)
Balance at September 30, 2020	<u>53,273,593</u>	<u>6,849,976</u>	<u>(14,468,354)</u>	<u>(22,981,230)</u>	<u>22,673,985</u>

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at January 1, 2021	53,165,247	6,849,976	(15,444,642)	(17,724,153)	26,846,428
Net gain for the period	-	-	-	13,731,457	13,731,457
Other comprehensive income	-	-	(70,630)	-	(70,630)
	<u>53,165,247</u>	<u>6,849,976</u>	<u>(15,515,272)</u>	<u>(3,992,696)</u>	<u>40,507,255</u>
Share repurchase	(1,864,336)	-	-	-	(1,864,336)
Balance at September 30, 2021	<u>51,300,911</u>	<u>6,849,976</u>	<u>(15,515,272)</u>	<u>(3,992,696)</u>	<u>38,642,919</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 nine month period ended September 30

(expressed in Canadian dollars)

	September 30, 2021 \$	September 30, 2020 \$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	13,731,457	(1,529,532)
Unearned revenue	1,247,029	-
Items not affecting cash		
Depreciation (note 11)	46,721	52,162
Deferred taxes	(26,889)	(60,697)
Unrealized loss on fair value adjustment on investment properties	-	2,031,102
Realized gain on disposal of investment property	(66,051)	(109,375)
Impairment of property and equipment	-	58,094
Unrealized (gain) loss on marketable securities (note 7)	(4,899,636)	747,283
Unrealized loss on digital assets (note 8)	15,954	-
Realized gain on marketable securities (note 7)	(9,934,406)	(1,995,475)
	114,179	(806,438)
Net change in non-cash working capital balances (note 17)	(101,310)	756,847
	12,869	(49,591)
Financing activities		
Share repurchase (note 12)	(1,864,335)	(231,342)
Increase in margin borrowing for marketable securities	3,454,880	461,932
Long term CEBA loan (note 13)	20,000	-
	1,610,545	230,590
Investing activities		
Net purchase of marketable securities (note 7)	(2,985,108)	(866,900)
Net proceeds on sale of investment properties	1,684,072	583,373
Acquisition of digital assets	(314,419)	-
Acquisition of investment properties (note 10)	(821,591)	-
Acquisition of property and equipment (note 11)	-	(705)
	(2,437,046)	(284,232)
Effect of exchange rates on cash	287,281	169,072
Increase (decrease) in cash	(526,351)	65,839
Cash - Beginning of period	1,361,771	737,255
Cash - End of period	835,420	803,094

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 nine month period ended September 30

(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 real estate investment and development Company operating through the ownership of commercial investment property assets in Ulaanbaatar, Mongolia.

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 two wholly-owned subsidiaries at September 30, 2021, Mongolia (Barbados) Corp., 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, Orpheus 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 a brokerage account owned by Mongolia (Barbados) Corp.

At September 30, 2021 and December 31, 2020, 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
		September 30, 2021	December 31, 2020	
Mongolia (Barbados) Corp.	Holding Company and Brokerage Account	100%	100%	Barbados
Lemontree PR LLC	Real estate operations	100%	nil	Puerto Rico
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
Orpheus 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 September 30, 2021, 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 nine month period ended September 30

(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 2020. The significant accounting policies used in the preparation of these consolidated financial statements are summarized in note 4.

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

These consolidated financial statements were approved by the Board of Directors of the Company for issue on November 12, 2021.

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, 2020. During the second quarter, the Company has amended its existing revenue recognition policy to include revenue from a new service line.

Revenue recognition

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

i) Rental revenue

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

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

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

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

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

3 Significant Accounting Policies (continued)

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset. Tenant incentives and discounts are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease.

ii) Investment income

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

iii) Subscription revenue

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

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

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

iv) Unearned revenue

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

Digital Assets

The Company's digital assets are primarily traded in active markets and are purchased with the intent to re-sell in the near future, generating a profit from the fluctuations in prices or margins. As a result, the Company has determined that its holding of cryptocurrencies should be accounted for under IAS 2, Inventories, and it meets the definition of a commodity broker-trader. Under IAS 2, digital assets are measured at fair value less cost to sell, with changes in fair value recognized in profit or loss. In accordance with IAS 2, commodity broker-traders are those who buy or sell commodities for others or on their own account. The inventories held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margins. As these inventories are measured at fair value less costs to sell, they are excluded from only the measurement requirements of IAS 2. Details on the Company's digital assets are disclosed in note 8.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

3 Significant Accounting Policies (continued)

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, 2020.

These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ending December 31, 2020.

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 10. Changes in assumptions about these factors could materially affect the carrying value of investment properties.
- 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 nine month period ended September 30

(expressed in Canadian dollars)

4 Significant accounting estimates and judgements (continued)

- Valuation of cryptocurrencies and investments - The Company's cryptocurrencies are traded in active markets and are valued based upon quoted prices at period end as of 24:00 UTC (less any costs to sell) but some of the Company's investments are not actively traded and are valued based upon quoted prices for similar assets or based upon unobservable inputs. These valuations require the Company to make significant estimates and assumptions. Realized gains and losses from the sale and disposition of cryptocurrencies and investments, whether by conversion to cash or other cryptocurrencies, are recorded as net realized gain (loss) on cryptocurrencies and net realized gain (loss) on investments, respectively. Unrealized gains and losses on cryptocurrencies and investments due to the change in fair market value are recorded as net unrealized gain (loss) on cryptocurrencies and net unrealized gain (loss) on investments, respectively (expressed in Canadian dollars).
- 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 September 30, 2021, Management has made the judgment that none of the Company's assets meet the criteria to be classified as held for sale (December 31, 2020 – none).
- Judgement is required in determining whether the Company's Investment property and land use rights titles are at risk. As at September 30, 2021 and December 31, 2020, 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.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

4 Significant accounting estimates and judgements (continued)

- The Company has determined to classify its holding of cryptocurrencies as current assets, based on its assessment that they are considered to be commodities, and the availability of liquid markets to which the Company may sell such assets to generate a profit from price fluctuations.

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:

	September 30, 2021	December 31, 2020
	\$	\$
Barbados	1,423	1,006,689
Canada	615,449	218,694
Mongolia	218,548	136,388
	835,420	1,361,771

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

6 Subscription Revenues

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, during the last twelve months, 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 have not yet been earned, have been classified as unearned revenue and will be classified according to the Company's revenue policies described in note 3.

Contract Liabilities:

As of September 30, 2021, the Company has unearned revenue of \$1,247,029 (December 31, 2020 - \$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.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

7 Marketable Securities

The following table shows the continuity of the Company's brokerage account.

	Cash	Marketable securities Long	Marketable securities Short	Interest Accruals	Total
December 31, 2020	1,005,228	10,613,444	(39,223)	1,374	11,580,823
Unrealized gain	-	4,899,636	-	-	4,899,636
Realized gain	-	9,934,406	-	-	9,934,406
FX loss	-	(223,141)	-	-	(223,141)
Interest Accrual	-	-	-	(559)	(559)
Net cash transferred out	(1,475,000)	-	-	-	(1,475,000)
Net Purchases (sales)	(2,985,108)	3,297,775	(312,665)	(2)	-
September 30, 2021	(3,454,880)	28,522,120	(351,888)	813	24,716,165

	Cash	Marketable securities Long	Marketable securities Short	Interest Accruals	Total
December 31, 2019	(586,325)	4,275,629	(23,340)	-	3,665,964
Unrealized gain	-	4,265,403	-	-	4,265,403
Realized gain	-	3,288,803	-	-	3,288,803
FX loss	-	(45,722)	-	-	(45,722)
Interest Accrual	-	-	-	1,374	1,373
Net cash transferred in	405,000	-	-	-	405,000
Net Purchases (sales)	1,186,553	(1,170,669)	(15,883)	-	-
December 31, 2020	1,005,228	10,613,444	(39,223)	1,374	11,580,822

Cash balances in the Company's brokerage account are classified within cash on the statement of financial position (Note 5). A negative cash balance represents borrowing on margin, which is presented net against marketable securities because the Company has the legal right and intention to close out margin balances on a net basis with the related marketable securities.

8 Digital assets

	September 30, 2021 \$	December 31, 2020 \$
Balance - beginning of period	-	-
Net purchases	314,419	-
Unrealized loss	(15,954)	-
Foreign currency loss	(4,461)	-
Balance - end of period	294,004	-

During the quarter, the Company opened a digital currency account at Kraken Custody and purchased Monero (XMR) cryptocurrency.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

9 Other assets

	September 30, 2021	December 31, 2020
	\$	\$
Accounts receivable	200,769	134,869
Prepaid expenses	65,140	24,860
	265,909	159,729

Accounts receivable includes undeposited funds of \$75,528 from the payment processor of the Company's subscription product service.

10 Investment properties

	September 30, 2021	December 31, 2020
	\$	\$
Balance - beginning of period	14,542,236	18,831,985
Additions	821,591	145,412
Disposals	(1,684,072)	(583,372)
Fair value adjustment	-	(2,700,069)
Foreign exchange adjustments	(63,675)	(1,151,720)
	13,616,080	14,542,236

During the nine-month period ended September 30, 2021, the Company sold six properties with a value of \$1,684,072 for a net gain of \$66,051. During the period, the Company purchased an investment property in Puerto Rico at a cost of \$821,591. During the nine-month period ended September 30, 2020, the Company sold three properties with a value of \$583,372 at a net gain of \$ 109,375 and purchased a property for \$145,412.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

11 Property and equipment

	2020			
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
December 31				
Cost	72,194	126,541	1,733,299	1,932,034
Accumulated depreciation	54,401	116,680	467,712	638,793
Net book value	17,793	9,861	1,265,587	1,293,241
2021				
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Cost				
At January 1	72,194	126,541	1,733,299	1,932,034
Additions	-	-	-	-
Disposals	(10,641)	(3,070)	-	(13,711)
Impairment	-	-	-	-
Foreign exchange adjustment	201	619	(2,534)	(1,714)
At September 30	61,754	124,090	1,730,765	1,916,609
2021				
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Accumulated depreciation				
At January 1	54,401	116,680	467,712	638,793
Depreciation	4,281	7,835	34,605	46,721
Disposals	(10,641)	(3,070)	-	(13,711)
Foreign exchange adjustment	313	-	1,000	1,313
At September 30	48,354	121,445	503,317	673,116
Net book value at September 30	13,400	2,645	1,227,448	1,243,493

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

12 Share capital and contributed surplus

Common shares

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

The issued and outstanding common shares are as follows:

	Number of shares	Amount \$
Balance, December 31, 2020	31,281,499	53,165,247
Shares re-purchased	-	(1,864,336)
Treasury stock cancelled	(2,865,500)	-
Balance September 30, 2021	28,415,999	51,300,911

As at September 30, 2021, the Company held 398,600 (Q3 2020-278,500) shares in Treasury.

Earnings per share

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

	September 30, 2021 \$	December 31, 2020 \$
Weighted average number of shares – basic	29,667,449	32,102,372
Effect of dilutive stock options	-	-
Weighted average number of shares – diluted	29,667,449	32,102,372

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. The effect of potentially dilutive securities is excluded if they are anti-dilutive.

There have been no significant capital transactions from the reporting date to the date of this filing which have had a material impact on earnings per share.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

13 Short term and long term debt

	September 30, 2021	December 31, 2020
	\$	\$
Current	-	-
Non-current	60,000	40,000
	60,000	40,000

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 loan is 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 include payroll.

14 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.

	September 30, 2021	December 31, 2020
	\$	\$
Current assets	26,462,573	12,134,944
Current liabilities	(2,167,281)	(605,158)
Working capital	24,295,292	11,529,786

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 nine month period ended September 30

(expressed in Canadian dollars)

15 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:

	Nine months ending September 30, 2021	Nine months ending September 30, 2020
	\$	\$
Salaries and other short-term employee benefits	407,422	342,473
Director fees	45,000	30,000
	452,422	372,473

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.

16 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 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.

17 Supplementary cash flow information

	Nine months ending September 30, 2021	Nine months ending September 30, 2020
	\$	\$
Changes in non-working capital arising from		
Other assets	(106,122)	1,071,754
Trade payables and accrued liabilities	4,908	(284,813)
Income tax payable	(96)	(30,094)
Changes in non-cash working capital from operating activities	(101,310)	756,847

Income taxes paid during the quarter were \$1,016 (Q3-2020 \$688). Interest paid during the quarter was \$nil (Q3-2020 \$nil).

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

18 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 September 30, 2021			
	Investment property	Corporate	Subscription Products	Total
	\$	\$	\$	\$
Rental income	190,912	-	-	190,912
Subscription revenue	-	-	421,510	421,510
Property operating expenses	(194,618)	(1,147)	-	(195,765)
Unrealized gain on marketable securities	-	3,561,291	-	3,561,291
Realized gain on marketable securities	-	496,342	-	496,342
Unrealized loss on digital assets	-	(15,954)	-	(15,954)
Other expenses	(30,770)	(517,609)	(116,106)	(664,485)
Subscription processing fees	-	-	(10,754)	(10,754)
Depreciation	(15,691)	-	-	(15,691)
Net investment income	-	22	-	22
Gain/loss on disposal of Investment property	66,051	-	-	66,051
Other revenue	30,058	-	-	30,058
Foreign currency gain (loss)	(858)	18,940	-	18,082
Finance cost	-	(22)	-	(22)
Net income (loss) before income taxes	45,084	3,541,863	294,650	3,881,597

	Nine months ended September 30, 2021			
	Investment property	Corporate	Subscription Products	Total
	\$	\$	\$	\$
Rental income	479,915	-	-	479,915
Subscription revenue	-	-	421,510	421,510
Property operating expenses	(537,677)	(1,147)	-	(538,824)
Unrealized gain on marketable securities	-	4,899,636	-	4,899,636
Realized gain on marketable securities	-	9,934,406	-	9,934,406
Unrealized loss on digital assets	-	(15,954)	-	(15,954)
Other expenses	(91,136)	(1,176,509)	(116,106)	(1,383,751)
Subscription processing fees	-	-	(58,229)	(58,229)
Depreciation	(46,721)	-	-	(46,721)
Net investment income	-	86	-	86
Gain/loss on disposal of Investment property	66,051	-	-	66,051
Other revenue	170,333	-	-	170,333
Foreign currency gain	(1,085)	(194,851)	-	(195,936)
Finance cost	-	(20)	-	(20)
Net loss before income taxes	39,680	13,445,647	247,175	13,732,502

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

18 Segment information (continued)

	Three months ended September 30, 2020		
	Investment property \$	Corporate \$	Total \$
Rental income	192,485	-	192,485
Property operating expenses	(179,439)	-	(179,439)
Unrealized gain on marketable securities	-	140,573	140,573
Realized gain on marketable securities	-	1,082,568	1,082,568
Other expenses	(30,899)	(207,266)	(238,165)
Depreciation	(16,949)	-	(16,949)
Gain on disposal of investment property	109,375	-	109,375
Other revenue	22,835	-	22,835
Foreign currency gain (loss)	(17,784)	(15,132)	(32,916)
Finance cost	-	(12)	(12)
Net income (loss) before income taxes	79,624	1,000,731	1,080,355

	Nine months ended September 30, 2020		
	Investment property \$	Corporate \$	Total \$
Rental income	586,100	-	586,100
Property operating expenses	(607,481)	-	(607,481)
Unrealized loss on fair value adjustment on Investment properties	(2,031,102)	-	(2,031,102)
Impairment	(58,094)	-	(58,094)
Unrealized loss on marketable securities	-	(747,283)	(747,283)
Realized gain on marketable securities	-	1,995,475	1,995,475
Other expenses	(115,652)	(660,376)	(776,028)
Depreciation	(52,162)	-	(52,162)
Net investment income	13	64	77
Gain on disposal of investment property	109,375	-	109,375
Other revenue	52,751	-	52,751
Foreign currency gain	3,212	(2,866)	346
Finance cost	-	(21)	(21)
Net income (loss) before income taxes	(2,113,040)	584,993	(1,528,047)

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

18 Segment information (continued)

	Balance as of September 30, 2021		
	Investment Property	Corporate	Total
	\$	\$	\$
Total assets	14,436,925	26,885,221	41,322,146
Property and equipment	1,243,493	-	1,243,493
Investment properties	12,794,489	821,591	13,616,080
Expenditures			
Property and equipment	-	-	-
Investment properties	-	821,591	821,591

	Balance as of September 30, 2020		
	Investment Property	Corporate	Total
	\$	\$	\$
Total assets	17,945,832	6,046,752	23,992,584
Property and equipment	1,305,658	-	1,305,658
Investment properties	16,110,127	-	16,110,127
Expenditures			
Property and equipment	705	-	705
Investment properties	145,412	-	145,412

	Revenue		Property and equipment		Investment property	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$	\$	\$
Canada	421,510	-	-	-	821,591	-
Mongolia	716,299	748,226	1,243,493	1,305,658	12,794,489	16,110,127
	1,137,809	748,226	1,243,493	1,305,658	13,616,080	16,110,127

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

19 Other expenses

	For the three months ended September 30	
	2021	2020
	\$	\$
Investor relations	6,675	6,675
Investment research	9,911	10,377
Repairs and maintenance	36,124	8,668
Office	25,337	13,291
Professional fees	377,318	173,892
Travel	8,187	2,134
Advertising	4,471	2,617
Land and property tax	23,572	18,676
Insurance	13,779	17,696
Utilities	13,764	27,936
Subscription processing fees	10,754	-
Subscription product expenses	116,106	-
Other	45,459	17,911

691,457 **299,873**

	For the nine months ended September 30	
	2021	2020
	\$	\$
Investor relations	20,025	20,025
Investment research	41,878	32,255
Repairs and maintenance	43,848	17,096
Office	55,502	39,868
Professional fees	806,677	555,728
Travel	14,840	16,491
Advertising	8,068	8,066
Land and property tax	66,180	59,312
Insurance	41,244	54,552
Utilities	39,085	99,792
Subscription processing fees	58,229	-
Subscription product expenses	116,106	-
Other	128,451	70,167

1,440,133 **973,352**

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine month period ended September 30

(expressed in Canadian dollars)

20 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.

21 Subsequent events

Subsequent to quarter end, the Company sold 2 properties in Mongolia with a book value of approximately \$375,000 for a loss of approximately \$120,000

Subsequent to quarter end, the Company has repurchased 238,900 shares under its Normal Course Issuer Bid (NCIB) at an average price of \$1.24 for a net cost of \$296,790.

Subsequent to quarter end, the Company set up a US Corporation named "MGG US Inc" as a wholly owned subsidiary.