



Mongolia Growth Group Ltd., Q4 2023 MD&A

Year ending December 31, 2023

MONGOLIA GROWTH GROUP LTD

TO THE SHAREHOLDERS OF MGG,

The year 2023 was rather bittersweet for everyone at MGG. On one hand, we finalized the sale of our Mongolian property assets, a goal that was necessitated by our subscale size. While foreshadowed for quite some time, I was still saddened to crystalize this transaction. Mongolia has been part of my life for over a decade, and I always believed that we could somehow turn things around if we simply waited long enough for Mongolia's economic fortunes to recover. Unfortunately, this recovery has never arrived, and it became apparent that the time had come to extract our remaining capital and engage it in more lucrative purposes, especially as our Mongolian operations have mostly operated at a loss for the past few years.

At the same time, MGG had built a wonderful team that could accomplish anything, even under almost impossible circumstances—our most valuable assets, that never showed up on our balance sheet. Unfortunately, no one should toil away at a company that is slowly shrinking, and moving on is also for their own good, though I will miss them dearly. I will forever remember the loyalty and resourcefulness of our core team, many of whom have been with us since 2011. We accomplished incredible things during our time together, and while that has not translated into financial rewards for you as shareholders, I don't think you realize how much we really accomplished. I also don't think you realize how difficult things frequently were in Mongolia, only to have one of our employees find a creative way to save the day. Putting it differently, things could have turned out much worse for us as shareholders and we're happy that we were able to ultimately extract value from our Mongolian assets.

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

Given the complicated nature of the accounting for discontinued operations, I'm going to break with normal practices and simply summarize that we sold our seven remaining property assets, including our Mongolian headquarters for cash consideration of approximately \$10,800,000. Four of these properties were sold via the sale of subsidiaries outlined in Note 5 of the financial statements. During the 4th quarter, we completed the wind-down of our operations, and expect that all Mongolia-related expenses are reflected in these year-end financial statements.

Subsequent to the complete disposal of our Mongolian operations, we have four core assets remaining at MGG:

- Our Subscription Products Business.
- Our office property in Rincon, Puerto Rico.
- Our cash, net marketable securities, and digital assets.
- Canadian Tax assets related to the disposal of our Mongolian subsidiaries.

I have on many occasions noted that there are tax and regulatory reasons why we cannot be a publicly traded business where the primary assets are marketable securities. Therefore, we MUST purchase over 25% of an operating business in the very near future. Unfortunately, we have not been able to identify any attractive opportunities and have started to lose confidence that we will be able to identify a sufficiently attractive opportunity. If we cannot find a suitable acquisition in the near future, we will likely choose to liquidate this Company, so as not to burden shareholders with the costs of a public company.

In the meantime, we hope that future gains from our existing marketable securities portfolio can utilize our tax assets, maximizing the after-tax return to shareholders.

Subscription Business Products:

KEDM, our subscription business, which tracks various Event-Driven strategies, continued to produce income for our company. During the year, we recognized \$3,213,395 (2022-\$3,174,031) of revenue while taking in \$2,792,680 (2022-\$3,685,715) of gross subscription receipts, representing a 24% decline in subscription receipts when compared to the previous year. As noted previously, we believe that KEDM has reached a more mature state and that churn will likely remain above our ability to add new subscribers. We've tried a variety of methods to grow the subscriber base, but a weaker equity

market, with reduced returns for investors, has led many subscribers to cancel their subscriptions. Meanwhile, we've struggled to replace these subscribers. That said, we believe that there is a core base of subscribers that will likely continue to renew their subscriptions as they value the data that we provide. As KEDM shrinks into this core base, we believe that overall churn will stabilize at a lower level that is offset by new subscriber additions and we expect that KEDM will remain a profitable business for us.

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

Corporate Division:

Our public securities portfolio produced a \$4,050,104 unrealized gain and a \$518,828 realized gain during the year. I would like to caution you strongly that returns, as we have recently experienced, are highly unlikely to be repeated in future quarters. At year-end, our portfolio was concentrated in investments in oil futures and futures options, energy services companies, uranium equities, and a Florida landowner. Additionally, we own a small position in a cryptocurrency named Monero, that we added moderately to during the first quarter of 2023. We view these investments as highly liquid, inflation-protected, alternatives to holding cash, and we intend to liquidate various investments should we find additional businesses to launch or acquire stakes in.

Conclusion

In summary, the fiscal year 2023 was bittersweet. While we remain optimistic about Mongolia's long-term future, it remains mired in an economic crisis. As a result, we decided to finally wind down operations and dispose of our remaining property assets. We waited for over a decade for a recovery in Mongolia's economy. One day that recovery will come, but unfortunately, as shareholders, we will not take part. Gen and I made many life-long friends in Mongolia and will cherish our memories of operating in such a remarkable country. We want to wish all our friends and former employees the best in all of their endeavors.

Our public equity investments continue to succeed beyond our wildest ambitions, and we are in the best financial position we have been in since we started this adventure. Gen and I very much want to continue this adventure. We have big plans and even bigger ambitions for this company, as noted by our continued and aggressive insider purchases over the years. Unfortunately, various regulatory and tax authorities have put a roadblock in our way and despite speaking with multiple consultants and spending a veritable treasure chest of money on this problem, we cannot find a way forward. We haven't given up hope yet, but are also realists, hence we are making you aware of the likely return of a substantial portion of this company's capital.

During the year, the company repurchased 600,200 shares under its Normal Course Issuer Bid. At year-end, our share count was 26,980,699, or 24% fewer than during our peak share count in 2016. To date, the company has repurchased a total of 9,438,200 shares.

Sincerely,



Harris Kupperman
CEO

MONGOLIA GROWTH GROUP LTD.

Management Discussion & Analysis **December 31, 2023**

The management of Mongolia Growth Group Ltd. (“MGG” or “the Corporation”) presents the Corporation’s management discussion and analysis for the year ended December 31, 2023 (the “MD&A”), compared with the year ended December 31, 2022. As of January 1, 2011, the Corporation adopted International Financial Reporting Standards (“IFRS”). This MD&A provides an overall discussion, followed by analyses of the performance of the Corporation’s major reportable segments. The reporting and presentation currency in the consolidated financial statements and in this discussion and analysis is the Canadian dollar, unless otherwise noted.

This MD&A is dated April 25, 2024, and incorporates all relevant information and considerations to that date.

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2023, and December 31, 2022, together with all of the notes, risk factors, and information contained therein, available on SEDAR at www.sedar.com.

Forward Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by words such as “anticipate”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “should”, “believe”, or similar expressions. These statements represent management’s best projections but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the “Risks and Uncertainties” as discussed herein. Actual performance and financial results will differ from any projections of future performance or results expressed or implied by such forward looking statements and the difference may be material.

Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. From time to time, the Corporation’s management may make estimates and have opinions that form the basis for the forward-looking statements. The Corporation assumes no obligation to update such statements if circumstances, management’s estimates, or opinions change.

Forward looking statements are included within the Outlook, and Executive Strategy sections of this MD&A.

Section 1 – Overview

Financial and Operational Overview

The fourth quarter saw a small decline in subscription revenue. Additionally, the Corporation recognized realized and unrealized gains from its investment portfolio.

The Corporation has three core focuses of operation: Investment Properties (*discontinued*), Subscription Products, and Corporate.

For several years now, Management has been of the opinion that its Mongolian property operations were not at a sufficient scale to be cash flow positive. As such, the Corporation has made the difficult decision to dispose of its Mongolian operations, now classified as discontinued operations. The Company has been looking at various investment opportunities outside of Mongolia, in order to diversify its business and has adopted a Merchant Bank model. Since 2017, the Corporation has spent substantial time evaluating a number of businesses for acquisition but has not decided to move forward on any acquisition. However, the Corporation has incubated and launched a Subscription Products business, which began to produce revenue during the third quarter of 2021.

During the year ended December 31, 2023, the Company directly sold three properties for net proceeds of \$471,131, resulting in a net loss of \$452,035 and sold four properties with a value of \$9,095,765 via the sale of subsidiaries (note 5). During the year ended December 31, 2022, the Company sold five properties for net proceeds of \$919,621 resulting in a net loss of \$146,544. Losses related to the sale of investment properties have been included in loss from discontinued operations (note 5 of the 2023 year-end financial statements) for the years presented.

During the year, the Corporation recognized revenue of \$3,213,395 (2022- \$3,174,031) from its subscription data products business named KEDM. The Corporation continues to see significant subscriber churn and an overall slowdown in new subscriptions to KEDM as a result of equity market weakness and reduced research budgets amongst investors. The corporation believes that this rate of churn may continue if equity markets remain difficult for investors.

While the Corporation seeks out a business to build or acquire, the Corporation has invested its excess capital in publicly traded securities. During the year, the Corporation's investment portfolio experienced \$518,828 of realized gains and \$4,050,104 of unrealized gains. As of the end of December, the Corporation has in excess of \$50.6 million of cash and net marketable securities with negligible debt (when excluding margin borrowings). The Corporation sees its public securities holdings as a source of capital to fund a future acquisition along with the working capital needs of the business. The Corporation may also be forced to take on additional borrowings or issue equity to finance a future acquisition.

Mongolian Property Business

During the boom years at the beginning of the last decade, Management and employees had worked hard to build up the infrastructure needed to manage MGG's institutional property platform. This platform was unique in Mongolia and was one of the only platforms capable of managing assets through the full cycle of ownership from acquisition through disposition and included dedicated departments that managed maintenance, leasing, marketing, and tenant management.

During 2023, the Corporation continued to have occupancy levels that were in excess of market conditions, and it credits its leasing and property management teams with this success. Unfortunately, as the Mongolian property business was never able to reach scale, the Corporation made the difficult decision to dispose of the business.

Subscription Products

The Corporation has built a financial data product known as KEDM, which helps investors monitor various Event-Driven opportunities. The Corporation initiated a paywall on July 1, 2021, in order to monetize this service. During the year, the Corporation recognized \$3,213,395 of subscription revenue. At the end of the year, the Corporation has \$1,126,439 of unearned revenue (2022 - \$1,547,154) related to subscription fees that have been collected and not earned. As of December 31, 2023, the Corporation had received \$8,458,277 of total billings before fees since the initiation of the paywall.

The Corporation intends to invest to improve the scope and quality of the data. Should KEDM continue to perform acceptably, the Corporation may look to launch or acquire additional subscription products. Furthermore, the Corporation is reviewing additional services that it can add to the core KEDM platform in order to increase revenues. For more information on KEDM, go to <http://www.KEDM.COM>.

Investments

The Corporation has invested a portion of its excess capital in marketable securities. As of December 31, 2023, the Corporation held positions in multiple different publicly traded companies with the values of marketable securities owned of \$46,439,938, securities sold short of \$5,724, and \$5,536,537 due to broker.

During the year, the Corporation recognized realized gains of \$518,828 (2022- gain of \$8,792,881) from sales of public securities and experienced unrealized gains of \$4,050,104 (2022 –gain of \$1,031,997).

At the end of the year, the portfolio’s holdings with a weighting in excess of 5% of the brokerage account’s equity were:

Top Holdings (Long and Short)		
Holdings	Shares	%
Sprott Uranium Trust (U-U – Canada)	416,940	25.1%
Valaris PLC (VAL – USA)	76,230	14.7%
Yellowcake PLC	545,650	12.1%
St Joe Company (JOE – USA)	70,906	12.0%
A-Mark Precious Metals, Inc.	100,000	8.5%
Crude Oil Futures Calls	-	7.7%
Tidewater Inc	30,000	6.1%
Other	-	12.6%

The Corporation’s public securities as of December 31, 2023, are broken out in the following sectors:

Long Portfolio	
Industry Sector	%
Uranium	44.3%
Energy Services	21.6%
Land	12.0%
Capital Markets	8.5%
Crude Oil Futures Calls	7.7%
Media and Communications	3.7%
Other long equities	1.1%

Short Portfolio	
Industry Sector	%
Short Crude Oil Futures Calls	-0.01%

The Corporation believes that public securities are a liquid alternative to holding cash while seeking out additional businesses to launch or acquire. The Corporation intends to sell its holdings to fund such future businesses. Management of the Corporation would like to strongly caution investors that there are tax and regulatory reasons that this portfolio should not be thought of as the future of the Corporation. Between July 2021 and March 31, 2023, the Corporation traded several securities in addition to holding several core positions. As a result, during this time, securities gains were treated as income and not capital gains under Canadian tax statutes. As of April 1, 2023, the Corporation has no longer been purchasing and selling securities outside of its core portfolio and intends to treat future gains as capital gains for tax purposes. The Corporation cautions investors that the public securities portfolio is likely to be more volatile than the overall market or a

money market account. Additionally, investing in public securities entails substantial risks, far beyond the risks of investing excess cash into a bank account. The Corporation does not expect the recent returns to be repeatable, sustainable, or indicative of future returns from the public securities portfolio.

During the first quarter of 2022, the Corporation purchased various Russian securities. As at March 31, 2022, the Company marked all of these securities to zero as sanctions prohibit the sale of Russian securities and the Company may never recover any value from these securities. The Corporation continues to hold these securities but has valued them at zero.

As of December 31, 2023, the public securities portfolio had a net equity value of approximately \$47,000,000 when compared to a net equity value of approximately \$36,700,000 at December 31, 2022. During the year, the Corporation transferred \$11,178,622 from the sale of its Mongolian portfolio to its public securities portfolio and withdrew \$900,000 from the portfolio to fund working capital needs and the Corporation's NCIB. As of March 31, 2024, the public securities portfolio had a net equity value of approximately \$48,600,000 after withdrawing \$500,000 to fund its NCIB.

Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2023, and 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 December 31, 2023, the Company had net margin borrowings of \$5,536,573 (2022 – \$7,329,685). 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.

	2023		
	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	22,172	(22,021)	151
Due to brokers	-	(5,536,537)	(5,536,537)

	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)

Digital Assets

In 2023, the Corporation opened a digital currency account at Kraken Custody and purchased Monero (XMR) cryptocurrency. The Corporation purchased 595 Monero coins during the year for \$134,332 (2022-505 coins purchased for \$94,910). At the end of the year, the Corporation held 2,020 Monero coins worth \$438,872. During the year, the Company's digital assets experienced an unrealized gain of \$29,313 and a currency loss of \$9,026.

Section 2 - Results of Operations

Selected Annual Financial Information (CAD)

	Year ended 31-December-2023 (\$)	Year ended 31-December-2022 (\$)	Year ended 31-December-2021 (\$)
Revenue and other income	3,317,294	3,174,031	944,411
Income			
Net income (loss) from continued operations attributable to equity holders of the Corporation	4,811,183	7,440,371	15,549,306
Net income (loss) from discontinued operations attributable to equity holders of the Corporation	(17,991,032)	498,051	(653,967)
Total Comprehensive income/ (loss) attributable to equity holders of the Corporation	3,810,636	6,403,237	15,491,985
Basic earnings per share ("EPS") (in CAD)			
Net income/ (loss)	(0.48)	0.29	0.53
Net income (loss) from discontinued operations	(0.66)	0.02	(0.02)
Net income (loss) from continuing operations	0.18	0.27	0.55
Diluted EPS (in CAD)			
Net Income/ (loss)	(0.48)	0.29	0.53
Balance Sheet			
Total assets	58,195,061	64,557,624	55,026,865
Total liabilities	9,034,941	18,434,092	14,849,578
Total equity	49,160,120	46,123,532	40,177,287
Shares outstanding at year end	26,980,699	27,710,499	27,778,499
Book value per share	1.82	1.66	1.45

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

Continuing Operations

Continuing Operations Rental Revenue

During the year, the Company's continuing operations earned rental revenues of \$103,899 (2022 - \$nil) as the Company leased out a portion of its headquarters in Puerto Rico.

Continuing Operations Revenue from Subscriptions

Revenue from subscriptions consists of fees earned through our data analytics subscriptions. For the year ending December 31, 2023, revenues from subscriptions were \$3,213,395 compared to \$3,174,031 in 2022.

Continuing Operations Unearned Revenue

Subscription revenue collected that has not been earned has been classified as unearned revenue and will be classified according to the Company's revenue policies described in note 3 of the 2023 consolidated financial statements.

As of December 31, 2023, the Company has unearned revenue of \$1,126,439 (December 31, 2022 - \$1,547,154).

Prior to January 1, 2023, MGG had engaged an arm's length company to compile and produce the KEDM report on an ongoing basis, while MGG acted as the distributor and marketer of the product. As a part of this engagement, MGG had agreed to pay certain direct and approved expenses related to producing KEDM in addition to 20% of quarterly earned revenues above a threshold.

Beginning on January 1, 2023, MGG has engaged Praetorian PR LLC (PPR), a Puerto Rican company owned by MGG's Chairman and CEO to produce KEDM. Under the terms of the agreement, MGG pays PPR a monthly fee of USD \$50,000 along with 20% of any quarterly revenue in excess of USD \$125,000. This transaction was necessitated by the need to consolidate all financial-related business activities conducted by the Corporation's Chairman and CEO under the review of his Chief Compliance Officer, following PPR's registration as a Registered Investment Advisor with the US Securities and Exchange Commission (SEC). MGG believes that the compensation paid to PPR will result in a negligible profit to PPR based upon a review of anticipated expenses going forward. Both parties reserve the right to adjust the terms of the agreement following a short notice period. For more information about KEDM, go to www.KEDM.com.

Expenses related to the unearned revenue have generally not yet been incurred and are not reflected in the Company's financial statements. MGG owns all intellectual property related to KEDM and PPR disclaims any ownership or rights to the intellectual property.

Unrealized public securities investment gain/loss

During the year, the Corporation had an unrealized public securities investment gain of \$4,050,104 compared to an unrealized public securities investment gain of \$1,031,997 in 2022.

Realized public securities investment gain/loss

During the year, the Corporation had realized investment gains of \$518,828 compared to a realized investment gain of \$8,792,881 in 2022.

Realized foreign currency gain/loss

During the year, the continuing operations of the Corporation had a realized foreign currency loss of \$17,683 compared to a realized foreign currency gain of \$203,495 in 2022.

Share Repurchase

During 2023, the Corporation repurchased 600,200 common shares under its Normal Course Issuer Bid (NCIB) at an average price of \$1.29 (2022-302,600, \$1.51 average). As at December 31, 2023, the Corporation held 105,000 shares in Treasury to be cancelled during the first quarter of 2024 (2022- 234,600).

Corporate and Subscription Salary Expenses

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

For the year ending December 31, 2023, general and administrative expenses have decreased from \$896,662 in 2022 to \$697,635 in 2023. This decrease was primarily driven by a reallocation of salaries to Subscription product business expenses.

Corporate and Subscription Other Expenses

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

For the year ending December 31, 2023, general and administrative expenses have increased from \$959,328 in 2022 to \$1,483,107 in 2023 for the Corporation's Corporate division primarily due costs associated with the disposal of the Mongolian operations and an increase in salaries. The general and administrative expenses for the Subscription business increased from \$1,063,037 to \$1,545,522. This increase was primarily driven by an increase in production expenses and revenue sharing at KEDM.

Unrealized Digital Assets Investment Gain/Loss

During the year, the Corporation had an unrealized digital assets investment gain of \$29,313 and a currency loss of \$9,026 (2022– \$98,700 investment loss and a \$21,153 currency gain).

Currency

The Mongolian Tögrög has fluctuated significantly since the Corporation's initial investment in the country. The currency depreciated from 1,250 MNT/CAD in February 2011 to 2,585MNT/CAD in December 2023. The fluctuation in the currency is reflected in the Corporation's financial statements, most notably in the investment property portfolio. Note 12 in the financial statements discloses the foreign exchange adjustment, which flows through the investment property classification during each period and ultimately through Other Comprehensive Income on the Income Statement. As at December 31, 2023, the Corporation realized a foreign currency loss of \$16,964,749 on the reclassification of accumulated other comprehensive income due to the disposition of the Mongolian operations.

Net Income from Continuing Operations

For the year ended December 31, 2023, the Corporation had a net gain from continuing operations of \$ 4,811,183 (Q4 2022 - \$7,440,371). Management cautions investors that the Corporation is primarily focused on increasing shareholder value on a per-share basis. This means that, operationally, Management is more concerned with long-term asset appreciation at the expense of short-term cash flow. Management expects this to be the case in the foreseeable future.

Discontinued Operations

Rental Revenue from Discontinued Operations

Rental revenues from Mongolian subsidiaries decreased from \$798,826 in 2022 to \$519,415 in 2023. Management has decided to focus on the core operations of the Corporation, leading to the disposition of the Mongolian property business.

Revenue from other Sources from Discontinued Operations

Revenue from other sources consists of late fees, fees earned for third-party leasing, and property management. For the year ending December 31, 2023, revenues from other sources decreased to \$23,500 compared to \$100,572 for 2022.

Gain/Loss on Disposal of Investment Properties from Discontinued Operations

During the year ended December 31, 2023, the Company directly sold three properties for net proceeds of \$471,131, resulting in a net loss of \$452,035 and sold four properties with a value of \$9,095,765 via the sale of subsidiaries (note 5). During the year ended December 31, 2022, the Company sold five properties for net proceeds of \$919,621 resulting in a net loss of \$146,544. Losses related to the sale of investment properties have been included in loss from discontinued operations (note 5) for the years presented.

Fair Value Adjustment on Investment Properties from Discontinued Operations

The estimate of fair value of investment properties is a critical accounting estimate to the Corporation. An external appraiser estimates the fair value of the majority of the Investment Properties annually, the remainder are appraised internally by Management. 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. The Corporation operated in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk given the lack of reliable and comparable market information. For the year ended December 31, 2023, the Corporation recorded a valuation loss of \$nil (2022 – \$622,186 gain).

Expenses from Discontinued Operations

Expenses from discontinued operations consist of salaries, repairs and maintenance, bad debts, utilities, salaries, as well as land and property taxes. For the year ending December 31, 2023, expenses from discontinued operations were increased to \$1,509,247 compared to \$1,088,147 during 2022. Expenses from the Corporation's former property subsidiary increased significantly during the year due to severance payments to its Mongolian employees and other costs related to the sale of the investment property portfolio.

Foreign Currency Loss from the Sale of Discontinued Operations

During December 2023, Mongolia (Barbados) Corp, disposed of its interests in both Big Sky Capital LLC and MGG Properties LLC. As a result of the sale, the Company realized a foreign currency loss of \$16,964,749 on the reclassification of accumulated other comprehensive income due to the disposition of the Mongolian operations.

Net Income from Discontinued Operations

For the year ended December 31, 2023, the net loss from discontinued operations was \$17,991,032 (2022 - net income of \$498,051). This loss came from a foreign currency loss of \$16,964,749 on the reclassification of accumulated other comprehensive income due to the disposition of the Mongolian operations.

Net Income

For the year ended December 31, 2023, the Corporation had a net loss of \$13,179,849 (2022 - \$7,938,422 net income). The bulk of this loss came from realized capital loss on the disposal of Mongolian subsidiaries. Management cautions investors that the Corporation is primarily focused on increasing shareholder value on a per-share basis. This means that, operationally, Management is more concerned with long-term asset appreciation at the expense of short-term cash flow. Management expects this to be the case for the foreseeable future.

Section 3 - Financial Condition

Cash Flow

Mongolia Growth Group's primary sources of capital are cash generated from equity issuance, investing, financing, and asset sales. Management expects to meet all of the Corporation's obligations through current cash and cash equivalents along with cash flows from asset sales.

The following table provides an overview of the Corporation's cash flows from operating, financing, and investing activities for the year ended December 31, 2023 and 2022.

Cash Flow Continuing Operations

	31-December-2023	31-December-2022
	\$	\$
Net change in cash related to:		
Operating	(2,893,966)	(1,436,299)
Investing	2,078,761	401,740
Financing	(814,048)	(456,992)
Net change in cash during the period excluding FX	(1,629,253)	(1,491,551)

Overall, the Corporation had cash outflows of \$1,629,253 from continuing operations excluding FX during the year of 2023 primarily due to significant cash outflows from operating activities, offset by inflows from investing activities. The changes in components of cash flows for the period ended December 31, 2023, compared to the period ended December 31, 2022, were the result of the following factors:

- **Operating** – Operating cash outflows increased during Q4 2023 compared to cash outflows during Q4 2022 due to an increase in non-cash working capital balances compared to the prior year.
- **Investing** – Investing cash inflows occurred primarily from a net sale of marketable securities.
- **Financing** – Financing cash outflows occurred as the Company repurchased 600,200 shares during the year while the Company repurchased 302,600 shares during 2022.

Cash Flow from Discontinuing Operations

	31-December-2023	31-December-2022
	\$	\$
Net change in cash related to:		
Operating	(1,388,755)	309,467
Investing	10,599,135	919,621
Net change in cash during the period excluding FX	9,210,380	1,229,088

To date, the Corporation has been able to meet all of its capital and other cash requirements from its internal sources of cash. As at December 31, 2023, the Corporation had \$9,735,224 (2022 - \$2,051,245) in cash and cash equivalents. Management considers its marketable securities holdings to be fairly liquid and can be sold should the Corporation need to increase its cash position.

Total Assets

As of December 31, 2023, the Corporation had \$56,682,081 (2022 - \$51,617,254) in Current Assets of which \$9,735,224 were held in cash and cash equivalents (2022 - \$2,051,245) and \$46,439,938 were held in marketable securities (Q4 2022 - \$49,237,506), \$438,872 were held in digital assets (Q4 2022-\$284,253), and \$67,896 were held in other assets (Q4 2022-\$44,250). The increase in marketable securities is due to an increase in leverage year over year. Investment Properties are classified as Non-Current Assets and are carried at Fair Market Value. During the year, Investment Properties decreased to \$nil (Q4 2022 -\$10,086,956) due to the disposal of the Mongolian business.

Property and Equipment, which primarily consists of properties that are measured at their cost base, decreased from \$2,804,232 as at December 31, 2022, to \$1,512,980 as at December 31, 2023 as the Company sold its Mongolian headquarters.

Total Liabilities

As of December 31, 2023, the Corporation had current liabilities of \$8,534,419 (2022- \$15,461,570) consisting primarily of marketable securities sold short of \$5,724 (2022-\$5,159,131), amounts due to broker of \$5,536,537 (2022-\$7,393,046), payables of \$415,386 (2022-\$659,402), unearned revenue of \$1,126,439 (Q4 2022-\$1,547,154) and income tax liability of \$1,430,333 (Q4 2022-\$642,837).

As of December 31, 2023, the Corporation had non-current liabilities of \$500,522 on the balance (Q4 2022-\$2,972,522). The decrease in deferred income taxes was due to the sale of the Mongolian properties.

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

Total Equity

During the year, the Company's equity value increased to \$49,160,120 as at December 31, 2023, from \$46,123,532 at December 31, 2022.

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

Outstanding	31-December- 2023	31-December-2022
Common shares	26,980,699*	27,710,499*
Options to buy common shares	-	-

* As at December 31, 2023, the Corporation held 105,000 common shares in Treasury to be cancelled during the first quarter of 2024 (2022- 234,600).

* As at April 25, 2024, the Corporation had 26,094,399 shares outstanding, no shares held in treasury, and no options outstanding.

Acquisitions and Dispositions

During the year ended December 31, 2023, the Company directly sold three properties for net proceeds of \$471,131, resulting in a net loss of \$452,035 and sold four properties with a value of \$9,095,765 via the sale of subsidiaries (note 5). During the year ended December 31, 2022, the Company sold five properties for net proceeds of \$919,621 resulting in a net loss of \$146,544. Losses related to the sale of investment properties have been included in loss from discontinued operations (note 5) for the years presented.

Related Party Transactions

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

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

Related Party Transactions	2023 \$	2022 \$
Salaries and other short-term benefits to officers	604,487	590,924
Salaries to other related parties	80,912	78,040
Director fees	60,000	60,000
KEDM production expense and revenue share paid to an entity controlled by the chairman*	1,298,072	-
Total	2,043,471	728,964

As at December 31, 2023, amounts due to related parties totaled approximately \$240,061 (Q4 2022 - \$16,446), comprised of fees owed to management and directors, were included in trade payables and accrued liabilities. Salaries to other related parties include the salary of an employee that is related to a director.

*Beginning on January 1, 2023, MGG engaged Praetorian PR LLC (PPR), a Puerto Rican company owned by MGG's Chairman and CEO to produce KEDM. Under the terms of the agreement, MGG pays PPR a monthly fee of USD \$50,000 along with 20% of any quarterly revenue in excess of USD \$125,000. This transaction was necessitated by the need to consolidate all financial-related business activities conducted by the Corporation's Chairman and CEO under the review of his Chief Compliance Officer, following PPR's registration as a Registered Investment Advisor with the US Securities and Exchange Commission (SEC). MGG believes that the compensation paid to PPR will result in a negligible profit to PPR based upon a review of anticipated expenses going forward. Both parties reserve the right to adjust the terms of the agreement following a short notice period. Additionally, PPR agrees to provide MGG with expense reports periodically to show the KEDM-related expenses that were incurred. For more information about KEDM, go to www.KEDM.com.

Off-Balance Sheet Items

As of December 31, 2023, the Corporation had no off-balance sheet items.

Events Subsequent to Year End

- Since January 1, 2024, the Company has repurchased 781,300 of its shares at an average price of \$1.51/share and cancelled 886,300 shares.
- As disclosed in the Corporation's March 26, 2024, press release, the Corporation announced that the TSX Venture Exchange (the "Exchange") had accepted a Notice of Intention to renew its normal course issuer bid to purchase outstanding common shares of the Corporation on the open market in accordance with the policies of the TSX.

Securities Sought

Up to 1,760,000 common shares, representing up to approximately 9.97% of the 17,648,649 common shares constituting the Issuer's current Public Float (as defined in the Policies of the Exchange).

Duration

The Issuer intends to commence purchasing its common shares under the Normal Course Issuer Bid three clear trading days following acceptance of the same by the TSX Venture Exchange (the "Exchange"). The Bid will commence on or about April 2, 2024, and the Bid will end no later than April 1, 2025.

Method of Acquisition

Purchases will be affected through the facilities of the Exchange. Purchase and payment for the common shares of the Issuer will be made by the Issuer in accordance with Exchange requirements.

Member and Broker

The Normal Course Issuer Bid will be conducted by Research Capital Corporation of 199 Bay Street, Suite 4500, Toronto ON M5L 1G2; Phone: (416) 860-7655.

Consideration Offered

Purchases of common shares under the Normal Course Issuer Bid will be conducted at applicable Market Prices in accordance with Exchange requirements. Completion of purchases under the bid will be subject to the Issuer having sufficient funds to acquire the common shares and continue to meet its working capital requirements throughout the course of the bid. The Issuer may in the normal course of its business operations, subject to market conditions, sell one or more of its investment properties to fund acquisitions throughout the course of the bid.

Reasons for the Normal Course Issuer Bid

The Issuer is undertaking the bid because, in the opinion of its board of directors, the market price of its common shares, from time to time, may not fully reflect the underlying value of its operations and future growth prospects. The Issuer believes that in such circumstances, the purchase of the common shares of the Issuer may represent an appropriate and desirable use of the Issuer's funds and further enhance market stability.

Persons Acting Jointly or in Concert with the Issuer

N/A

Previous Purchases

The Issuer has purchased 1,213,400 of its common shares at an average price of \$1.40 within the past 12 months.

Acceptance by Insiders, Affiliates and Associates

To the knowledge of the Issuer, no director, senior officer or other Insider of the Issuer or any associate or affiliate of the Issuer or any insider of the Issuer currently intends to sell common shares under the Normal Course Issuer Bid. However, such sales by persons through the facilities of the Exchange may occur if the personal circumstances of such persons change or any such person makes a decision to sell shares as market circumstances may warrant. The benefits to any such person whose shares are purchased under the bid would be the same as the benefits available to all other holders of the Issuer's common shares whose shares are purchased under the bid.

Benefits from the Normal Course Issuer Bid

N/A

Material Changes in the Affairs of the Issuer Company

The Issuer currently has no plans or proposals for any Material Change in the affairs of the Issuer or to make any Material Changes in its business, corporate structure (debt or equity), management or personnel, or any other change which might reasonably be expected to have a significant effect on the price or value of the securities.

Section 5 - Quarterly Information

Quarterly Results

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	16,487	1,655,885	1,055,595	1,132,242	1,127,733	912,789	1,046,757	839,606
Net income (loss)	(19,790,455)	7,879,688	(8,158)	(1,260,924)	4,219,923	(344,086)	(2,218,219)	6,280,804
Income (loss) per common share	(0.72)	0.29	0.00	(0.05)	0.15	(0.01)	(0.08)	0.23
Total Assets	58,195,061	65,780,580	50,341,034	55,499,653	64,557,624	58,523,283	62,823,647	67,714,593
Weighted Average Shares (No.)	27,243,468	27,320,541	27,387,703	27,469,402	27,761,956	27,771,511	27,777,752	27,778,499
Ending Shares (No.)	26,980,699	27,065,199	27,307,799	27,307,799	27,710,499	27,759,299	27,759,299	27,778,499

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

Section 6 – Critical Estimates

Critical Accounting Estimates

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

The critical estimates made in the preparation of the consolidated financial statements include the following:

Fair Value Adjustment on 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 annually, the remainder is appraised internally by Management. 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. The Corporation operates in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk given the lack of reliable and comparable market information. For the year ending December 31, 2023, the Corporation recorded a fair value adjustment of \$nil (Q4 2022 – \$622,186 gain).

Deferred Tax Assets

Deferred tax assets are recognized to the extent that it is probable that deductible temporary differences will reverse in the foreseeable future and there will be sufficient future taxable profits against which the deductible temporary differences can be utilized. The Corporation reviews the carrying amount of deferred tax assets at the end of each reporting period which is reduced to the extent that it is no longer probable that deferred tax assets recognized will be recovered or increased to the extent that sufficient future taxable profit will be available to allow all or part of a previously unrecognized deferred tax asset to be recovered. Estimates of future taxable income are based on forecasted cash flows from operations, available tax planning opportunities, and expected timing of reversals of taxable temporary differences.

Valuation of Marketable Securities

The Company recognizes marketable securities at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models with inputs derived from observable market data where possible but where observable data is not available, judgement is required to establish fair values.

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

Judgement is required in determining whether an asset meets the criteria for classification as assets held for sale and or as discontinued operations in the consolidated financial statements. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the probability of the sale being completed within an expected timeframe of one year, and the period of time any amounts have been classified within assets held for sale. Management reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. On completion of the sale, Management exercises judgement as to whether the sale qualifies as a discontinued operation.

Section 7 – Risk Management

Credit Risk

The Corporation's exposure to credit risk is managed through risk management policies and procedures with emphasis on the quality of the investment portfolio. For the year, most of the Corporation's credit risk consisted of institutional deposits. The majority of the funds invested are held in reputable Canadian and American.

Liquidity Risk

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Corporation's portfolio positions may be reduced. In addition, the Corporation may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Corporation's liquidity. During such times, the Corporation may be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolio. In addition, such circumstances may force the Corporation to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, the Corporation may be unable to sell such financial instruments or prevent losses relating to such financial instruments. Furthermore, if the Corporation incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Corporation's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Corporation's exposure to their credit risk.

The Corporation does not believe its current maturity profile lends itself to any material liquidity risk, taking into account the level of cash and cash equivalents, investments and marketable securities as at December 31, 2023.

As at December 31, 2023, the Corporation had working capital of \$48,147,662 (2022- \$36,155,684) comprised of cash and cash equivalents, marketable securities owned, due from broker, digital assets, other assets, net of trade and accrued liabilities, unearned revenue, due to broker, marketable securities sold short, CEBA loan and income taxes payable. Management considers the funds on hand to be sufficient to meet its ongoing obligations.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

Catastrophe risk

The Company obtained insurance on its Puerto Rican property with a value of \$1,385,665 at December 31, 2023. As the property is located on the ocean, it is at risk of significant hurricane damage or other natural disasters which could result in a significant impairment to its value.

Cryptocurrencies Risk

Cryptocurrencies are measured at fair value less cost to sell. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts. The profitability of the Corporation is related to the current and future market price of cryptocurrencies; in addition, the Corporation may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Investing in cryptocurrencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history; their fair values have historically been volatile, and the value of cryptocurrencies held by the Corporation could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Corporation's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware and could lead to theft of the Corporation's digital wallets and the loss of the Corporation's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Corporation.

The cryptocurrency exchanges on which the Corporation may trade on are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets. Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Corporation to recover money or cryptocurrencies being held on the exchange. Further, the Corporation may be unable to recover cryptocurrencies awaiting transmission into or out of the exchange, all of which could adversely affect an investment of the Corporation. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of cryptocurrencies, or may adversely affect the Corporation, its operations, and its investments.

Furthermore, crypto exchanges commingle their client's assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is a risk around the occurrence of transactions or the existence of period-end balances represented by exchanges.

Loss of access risk

The loss of access to the private keys associated with the Corporation's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possess both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed, or otherwise compromised and no backup is accessible the Corporation may be unable to access the cryptocurrency.

Irrevocability of transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Corporation may not be capable of seeking compensation.

Hard fork and airdrop risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Corporation, it is expected that the Corporation would hold an equivalent amount of the old and new cryptocurrency following the hard fork. Airdrops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency that they will be able to claim a certain amount of the new cryptocurrency for free. The Corporation may not be able to realize the economic benefit of a hard fork or airdrop, either immediately or ever, for various reasons. For instance, the Corporation may not have any systems in place to monitor or participate in hard forks or airdrops.

Economic Volatility and Uncertainty

Over the past few years, economic volatility and uncertainty around the world has contributed to dramatically restricted access to capital and reduced capital markets activity for more speculative businesses. Management believes that the Corporation has sufficient resources to carry on its business and remain a going concern.

Risks and Uncertainties

The Corporation, as part of its operations, carries financial instruments consisting of cash and cash equivalents, investments and marketable securities, accounts receivable, and trade payables, and accrued liabilities. It is Management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed in the notes to the Consolidated Financial Statements.

Further information related to Mongolia Growth Group Ltd. and the risks and uncertainties of MGG is filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be reviewed at www.sedar.com.

Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, investments and marketable securities, accounts receivable, and trade and accrued payables. The Corporation is subject to interest risk as it earns interest income from its cash deposits. It is Management's opinion that the Corporation is not exposed to significant credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Changes in Investment Strategies

The Corporation may alter its investment strategies and restrictions without prior approval by shareholders to adapt to changing circumstances.

Possible Negative Impact of Regulation

The regulatory environment is evolving and changes to it may adversely affect the Corporation. To the extent that regulators adopt practices of regulatory oversight that create additional compliance, transaction, disclosure or other costs for the Corporation, returns of the Corporation may be negatively affected. In addition, the regulatory or tax environment for securities, derivatives and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Corporation. The effect of any future regulatory or tax change on the Corporation is impossible to predict.

PFIC Risk

The Corporation has not undertaken an analysis to determine if it is a Passive Foreign Income Company (PFIC) under United States tax statutes, nor does it intend to. US shareholders are advised to consult with tax professionals to determine the risks and potential penalties that could be applicable if the Corporation is determined to be a PFIC at a later date.

Use of Derivatives

The Corporation may use derivative instruments. The use of derivatives in general presents additional risks to those applicable to trading only in the underlying assets. To the extent of the Corporation's investment in derivatives, it may take a credit risk concerning parties with whom it trades and may also bear the risk of settlement default. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Corporation from achieving the intended hedge effect or expose the Corporation to the risk of loss. In addition, derivative instruments may not be liquid at all times, so that in volatile markets the Corporation may not be able to close out a position without incurring a loss. No assurance can be given that short sales, hedging, leverage, and other techniques and strategies utilized by the Corporation to hedge its exposure will not result in material losses.

Custody Risk and Broker or Dealer Insolvency

The Corporation does not control the custodianship of all of its assets. The Corporation's assets will be held in one or more accounts maintained for the Corporation by its broker or brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical

effect of these laws and their application to the Corporation's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a broker or any sub-custodians, agents, or affiliates, it is impossible to generalize about the effect of their insolvency on the Corporation and its assets. Investors should assume that the insolvency of any of the brokers or such other service providers would result in the loss of all or a substantial portion of the Corporation's assets held by or through such brokers and/or the delay in the payment of withdrawal proceeds. The Corporation's cryptocurrency is currently being held at Kraken Custody. There is a risk that the custodian loses the Corporation's cryptocurrency. Refer to the cryptocurrency risk section for further cryptocurrency risks.

Investment and Trading Risks in General

All trades made by the Corporation risk the loss of capital. The Corporation may utilize trading techniques or instruments, which can, in certain circumstances, maximize the adverse impact to which a client's account may be subject. No guarantee or representation is made that the Corporation's investment program will be successful, and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Corporation's portfolio and performance.

General Economic and Market Conditions

The success of the Corporation's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Corporation's investments. Unexpected volatility or illiquidity could impair the Corporation's profitability or result in losses.

Issuer-Specific Changes

The value of an individual security or particular type of security can be more volatile than and can perform differently from the market as a whole.

Portfolio Turnover

The Corporation has not placed any limits on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Corporation, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

Liquidity of Underlying Investments

Some of the securities in which the Corporation may invest may be thinly traded. There are no restrictions on the investment of the Corporation in illiquid securities. It is possible that the Corporation may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Corporation is required to transact in such securities before its intended investment horizon, the performance of the Corporation could suffer.

Highly Volatile Markets

The prices of financial instruments in which the Corporation's assets may be invested can be highly volatile and may be influenced by, among other things, specific corporate developments, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Corporation is subject to the risk of the failure of any of the exchanges on which the Corporation's positions trade or of their clearinghouses.

Emerging Markets

The Corporation may invest in the securities of companies that operate in some emerging markets. Operating in emerging markets involves additional risks because companies in emerging markets may be less regulated and not subject to the same standards, reporting practices, and disclosure requirements that apply in more developed markets. In addition, some emerging markets and legal systems may not adequately protect investor rights.

Small- to Medium- Capitalization Companies

The Corporation may invest a portion of its assets in the securities of companies with small- to medium-sized market capitalizations. While the Corporation believes these investments often provide significant potential for appreciation, those securities may involve higher risks in some respects than do investments in securities of larger companies. For example, while smaller companies generally have the potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Corporation may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller Corporation securities.

Fixed Income Securities

The Corporation may occasionally invest in bonds or other fixed-income securities of issuers, including, without limitation, bonds, notes, and debentures issued by corporations. Fixed-income securities pay fixed, variable, or floating rates of interest. The value of fixed-income securities in which the Corporation invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability, or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed-income investments are not held to maturity, the Corporation may suffer a loss at the time of the sale of such securities.

Equity Securities

To the extent that the Corporation holds equity portfolio investments or short positions in equities, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Corporation, are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Corporation.

Options

Selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option; however, investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale of an uncovered option, there can be potential for an unlimited loss. To some extent, this risk may be hedged by the purchase or sale of the underlying security.

Shorting

Selling a security short ("shorting") involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. Should the security increase in value during the shorting period, losses will incur to the Corporation. There is in theory no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return. In cases like this, the Corporation, must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Corporation, may have to bid up the price of the security in order to cover the short position, resulting in losses to the Corporation.

Trading Costs

The Corporation may engage in a high rate of trading activity resulting in correspondingly high costs being borne by the Corporation.

Currency and Exchange Rate Risks

The Corporation's assets will be denominated in multiple currencies. The Corporation will report its results in Canadian dollars. The Corporation expects to report allocations of profit and loss for income tax purposes in Canadian dollars. Changes in currency exchange rates may affect the value of the Corporation's portfolio and the unrealized appreciation or depreciation of investments.

Leverage

The Corporation may use financial leverage by borrowing funds against the assets of the Corporation. Leverage increases both the possibilities for profit and the risk of loss for the Corporation. From time to time, the credit markets are subject to periods in which there is a severe contraction of both liquidity and available leverage. The combination of these two factors can result in leveraged strategies being required to sell positions typically at highly disadvantageous prices in order to meet margin requirements, contributing to a general decline in a wide range of different securities. Illiquidity can be particularly damaging to leveraged strategies because of the essentially discretionary ability of dealers to raise margin requirements, requiring leveraged strategy to attempt to sell positions to comply with such requirements at a time when there are effectively no buyers in the market at all or at any but highly distressed prices. These market conditions have in the past resulted in major losses. Such conditions, although unpredictable, can be expected to recur.

Future Acquisitions and Business Diversification

Management is currently evaluating future acquisitions of businesses and operating assets that are not related to investments within Mongolia. There can be no certainty that the Corporation will acquire any business. Additionally, if the Corporation acquires part or all of a business outside of Mongolia, it may dilute management's focus on current operations within Mongolia. Additionally, shareholders who desire a Mongolia-focused investment vehicle may sell shares of the Corporation if they do not desire investments outside of Mongolia. There can be no certainty that the Corporation can raise adequate funding to finance an acquisition of a business outside of Mongolia or that diversification of the Corporation's business is in the best interest of the Corporation. Capital spent on researching businesses outside of Mongolia will increase operating expenses and operating losses as long as such due diligence is ongoing.

Internal Controls over Financial Reporting

Changes in securities laws no longer require the Chief Executive Officer and Chief Financial Officer of junior reporting issuers to certify that they have designed internal control over financial reporting or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Instead, an optional form of certification has been made available to junior reporting issuers and has been used by the Corporation's certifying officers since December 31, 2013, annual filings. The new certification reflects what the Corporation considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Corporation's operations. This certification requires the certifying officers to state that: they have reviewed the interim MD&A and consolidated financial statements; they have determined that there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make a statement or its omission misleading in light of the circumstances under which it was made within the interim MD&A and consolidated financial statements; based on their knowledge, the interim filings, together with the other financial information included in the interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the date and for the periods presented in the filings.

Additional Information

Additional information relating to Mongolia Growth Group Ltd., including its interim financial statements, is available on SEDAR at www.sedar.com.