



# Mongolia Growth Group Ltd., Q4 2025 MD&A

Year ending December 31, 2025

MONGOLIA GROWTH GROUP LTD

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### **Management Discussion & Analysis** **December 31, 2025**

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, 2025 (the “MD&A”), compared with the year ended December 31, 2024. 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 8, 2026, 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, 2025, and December 31, 2024, together with all of the notes, risk factors, and information contained therein, available on SEDAR at [www.sedar.com](http://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.

## Section 1 – Overview

### Financial and Operational Overview

During 2025, the Corporation completed the disposal of all three of its remaining operating activities — the KEDM subscription business (October 31, 2025), the Puerto Rico office property (December 3, 2025), and its marketable securities portfolio (Q3 2025). As at December 31, 2025, the Corporation holds only cash and minor other assets, with no active revenue-generating operation.

Following the disposals completed during 2025, the Corporation's remaining operations consist solely of its Corporate segment.

For several years, Management was of the opinion that its Mongolian property operations were not at a sufficient scale to be cash flow positive. As such, the Corporation made the difficult decision to dispose of its Mongolian operations in 2023. The Company looked at various investment opportunities outside of Mongolia, to diversify its business and adopted a Merchant Bank model. Since 2017, the Corporation spent substantial time evaluating a number of businesses for acquisition, but did not decide to move forward on any acquisition. However, the Corporation incubated and launched a Subscription Products business (KEDM), which began producing revenue during the third quarter of 2021 and was subsequently sold on October 31, 2025, as described below.

During the year, the Corporation recognized revenue of \$1,684,322 (2024- \$2,603,175) from its subscription data products business named KEDM (now discontinued). The Corporation saw 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 believed that this rate of churn could continue if equity markets remain difficult for investors and as a result, made the difficult decision to sell the business. The Corporation completed the sale of the business on October 31, 2025 for consideration of the assumption of all obligations related to the deferred revenues associated with the KEDM business up to and including October 31, 2025, totaling \$841,809.

During the year, the Corporation's investment portfolio experienced \$1,869,499 of realized losses and \$3,275,777 of unrealized losses. As of the end of December, the Corporation held in excess of \$34.9 million of cash with approximately \$690,000 in outstanding payables and liabilities. During the third quarter, the Corporation closed all public securities positions and the proceeds were returned to the Corporation's Canadian bank account during the fourth quarter.

### Subscription Products

KEDM was a financial data product that helped investors monitor event-driven opportunities, operated directly by the Corporation since 2021. The Corporation monetized the service through a subscription paywall, initiated on July 1, 2021. During the year ended December 31, 2025, the Corporation recognized \$1,684,322 of subscription revenue prior to the sale of the business on October 31, 2025. Over the life of the business, the Corporation received \$12,470,592 in total billings. At the date of disposal, the Corporation had no remaining unearned revenue (December 31, 2024 — \$950,615).

### Investments

The Corporation invested a portion of its excess capital in marketable securities. During the year, the Corporation recognized realized losses of \$1,869,499 (Q4 2024- gains of \$5,732,592) from sales of public securities and experienced unrealized losses of \$3,275,777 (Q4 2024 – losses of \$12,199,797).

The Company liquidated all its marketable securities during the third quarter of 2025. At the end of the year, the Corporation did not own any public securities other than the Russian securities currently written down to zero.

During the first quarter of 2022, the Corporation purchased various Russian securities. As at March 31, 2022, the Company wrote down all of these securities to nil as sanctions prohibit the sale of Russian securities and the Corporation may never recover any value from these holdings. The Corporation continues to carry these securities at \$nil in its consolidated financial statements, regardless of the values shown in its Interactive Brokers brokerage account, which reflect pre-impairment gross

carrying values transferred to a segregated account following sanctions-related trading restrictions and do not represent realizable value.

The Corporation continues to be in conversations with prospective buyers for the Russian securities. If the Corporation does not receive an attractive enough offer, Management may decide to leave them in the Corporation for shareholders rather than sell at an inadequate price.

As at December 31, 2025, the Company held Russian equity securities with an observable value of \$2,861,876 based on the Moscow Exchange (MOEX) market prices, as well as Russian Ruble cash balances of \$71,106. These assets were transferred by Interactive Brokers to a segregated account following sanctions-related trading restrictions. In addition, the Company held 75,689 shares of the RSX ETF, which has been suspended from trading. All Russian-related holdings are considered impaired and illiquid and have been written down to \$nil in the Company's consolidated financial statements as at December 31, 2025 and 2024. As of April 8, 2026, the Company continues to hold such assets at a carrying value of \$nil.

### Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2025, and 2024, 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, 2025, the Company had net margin borrowings of \$nil (2024 – \$5,341,296). 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.

**2025**

	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	-	-	-
Due to brokers	-	-	-

**2024**

	Gross amounts due from brokers \$	Gross amounts due to brokers \$	Net amounts \$
Due from brokers	17,264	(14,018)	3,246
Due to brokers	-	(5,341,296)	(5,341,296)

## Section 2 - Results of Operations

### Selected Annual Financial Information (CAD)

	Year ended 31-December-2025 (\$)	Year ended 31-December-2024 (\$)	Year ended 31-December-2023 (\$)
<b>Revenue and other income</b>	76,879	99,995	103,899
<b>Income</b>			
Net income (loss) from continued operations attributable to equity holders of the Corporation	(6,927,275)	(8,715,070)	3,143,310
Net income (loss) from discontinued operations attributable to equity holders of the Corporation	1,500,551	1,323,954	(16,323,159)
Total Comprehensive income/ (loss) attributable to equity holders of the Corporation	(5,741,458)	(7,065,667)	3,810,636
<b>Basic earnings per share ("EPS") (in CAD)</b>			
Net income/ (loss)	(0.21)	(0.28)	(0.48)
Net income (loss) from discontinued operations	0.06	0.05	(0.60)
Net income (loss) from continuing operations	(0.27)	(0.33)	0.12
<b>Diluted EPS (in CAD)</b>			
Net Income/ (loss)	(0.21)	(0.28)	(0.48)
<b>Balance Sheet</b>			
Total assets	35,040,950	47,330,792	58,195,061
Total liabilities	690,318	6,962,598	9,034,941
Total equity	34,350,632	40,368,194	49,160,120
Shares outstanding at year end	25,458,699	25,771,999	26,980,699
Book value per share	1.35	1.57	1.82

\*Excludes operations of Subscription Products previously included in Continuing Operations.

## Continuing Operations

### Continuing Operations Rental Revenue

During the year, the Company's continuing operations earned rental revenues of \$76,879 (2024 - \$99,995) as the Company leased out a portion of its headquarters in Puerto Rico. The Company disposed of the property on December 3, 2025 and is no longer earning rental income.

### Unrealized public securities investment loss

During the year, the Corporation had an unrealized public securities investment loss of \$3,275,777 compared to an unrealized public securities investment loss of \$12,199,797 in 2024.

### Realized public securities investment gain/loss

During the year, the Corporation had realized investment losses of \$1,869,499 compared to a realized investment gain of \$5,732,592 in 2024.

### Realized foreign currency loss

During the year, the continuing operations of the Corporation had a realized foreign currency loss of \$17,748 compared to a realized foreign currency loss of \$16,864 in 2024.

### Share Repurchase

During 2025, the Corporation repurchased 241,400 common shares under its Normal Course Issuer Bid (NCIB) at an average price of \$1.14 (2024-1,175,600, \$1.47 average). As at December 31, 2025, the Corporation held no shares in Treasury to be cancelled during the first quarter of 2026 (2024- 71,900).

### Corporate Salary Expenses

Corporate salary expenses include senior management and employee salaries.

For the year ending December 31, 2025, corporate salary expenses have decreased from \$577,767 in 2024 to \$335,165 in 2025. This decrease was primarily driven by a reduction in employee count during the year.

### Corporate Other Expenses

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

For the year ending December 31, 2025, general and administrative expenses have increased from \$1,656,698 in 2024 to \$1,988,589 in 2025 for the Corporation's Corporate division primarily due to severance payments.

### Net Income from Continuing Operations

For the year ended December 31, 2025, the Corporation had a net loss from continuing operations of \$6,927,275 (Q4 2024 - \$8,715,070). The bulk of this loss came from unrealized and realized losses on marketable securities.

## Discontinued Operations

### Revenue from Subscriptions

Revenue from subscriptions consists of fees earned through our data analytics subscriptions. For the year ending December 31, 2025, revenues from subscriptions were \$1,684,322 compared to \$2,603,175 in 2024.

### 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 2025 consolidated financial statements.

As of December 31, 2025, the Company no longer had any unearned revenues (December 31, 2024 - \$950,615).

### Gain on Disposal of KEDM

On October 31, 2025, the Company completed the sale of its KEDM subscription business (the "KEDM Transaction") to an arm's length third party. The KEDM business was operated directly by the Company and was not held through a subsidiary. The consideration received consisted of the buyer's assumption of all deferred revenue obligations associated with the KEDM business up to and including October 31, 2025, totaling \$841,809.

As the KEDM business had a carrying value of nil on the Company's consolidated statement of financial position at the date of disposal, the full value of the consideration has been recognized as a gain on disposal in the consolidated Statement of Operations of Discontinued Operations for the year ended December 31, 2025. No cash proceeds were received in connection with the KEDM Transaction.

### Expenses from Discontinued Operation

Expenses from Discontinued Operations include subscription processing fees, salaries and wages and other expenses.

Subscription processing fees decreased from \$90,176 in 2024 to \$59,898 in 2025 due to a shorter operating period as well as the churn in subscription revenues.

Salaries related to the subscription business were \$150,473 in 2025 up from nil in 2024.

Other expenses decreased from \$1,189,045 to \$815,209, reflecting lower monthly production fees and profit sharing paid to Praetorian PR LLC over the shorter operating period prior to the sale.

For the year ending December 31, 2025, the general and administrative expenses for the Subscription business decreased from \$1,279,221 to \$1,025,580. This decrease was primarily driven by a decrease in production expenses and revenue sharing at KEDM.

### Net Income from Discontinued Operations

For the year ended December 31, 2025, the net income from discontinued operations was \$1,500,551 (2024 - \$1,323,954).

### Net Income

For the year ended December 31, 2025, the Corporation had a net loss of \$5,426,724 (2024 - \$7,391,116 net loss). The bulk of this loss came from unrealized and realized losses on short term investments.

## 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, 2025 and 2024.

### Cash Flow Continuing Operations

	31-December-2025	31-December-2024
	\$	\$
Net change in cash related to:		
Operating	(7,349,263)	(3,976,615)
Investing	29,084,456	7,939,873
Financing	(276,104)	(1,726,259)
<b>Net change in cash during the period excluding FX</b>	<b>21,459,089</b>	<b>2,236,999</b>

Overall, the Corporation generated net cash inflows of \$21,459,089 from continuing operations during 2025, driven primarily by investing activities.:

- **Operating** – Continuing operations used cash of \$7,349,263 (2024 — \$3,976,615), primarily reflecting operating and administrative expenses and working capital movements, partially offset by interest income. The increase from the prior year reflects the absence of the deferred tax recovery and broker margin movements that benefited 2024.
- **Investing** - Investing activities generated \$29,084,456 (2024 — \$7,939,873), driven primarily by the net proceeds from the liquidation of the Corporation's marketable securities portfolio during Q3 2025 (\$27,060,613), and the proceeds from the sale of the Puerto Rico office property in December 2025 (\$2,023,843).
- **Financing** – Financing activities used cash of \$276,104 (2024 — \$1,726,259), representing share repurchases under the Corporation's Normal Course Issuer Bid.

### Cash Flow from Discontinuing Operations

	31-December-2025	31-December-2024
	\$	\$
Net change in cash related to:		
Operating	549,936	1,148,130
Investing	-	-
<b>Net change in cash during the period excluding FX</b>	<b>549,936</b>	<b>1,148,130</b>

For the year ended December 31, 2025, the Corporation's discontinued operations generated cash of \$549,936 (2024 – \$1,148,130). The decrease reflects the wind-down of the KEDM subscription business, which was sold on October 31, 2025.

During the year, KEDM earned \$1,684,322 in revenue offset by \$1,025,580 in operating expenses, including production fees and revenue sharing paid to Praetorian PR LLC, subscription processing fees, and employee costs. The Corporation sold the KEDM business on October 31, 2025 for deferred revenues of CAD \$841,809. The disposal of KEDM was a non-cash transaction.

There were no investing or financing cash flows from discontinued operations.

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, 2025, the Corporation had \$34,966,943 (2024 - \$13,286,090) in cash and cash equivalents.

## Total Assets

As of December 31, 2025, the Corporation had \$35,040,950 (2024 - \$45,553,800) in Current Assets of which \$34,966,943 were held in cash and cash equivalents (2024 - \$13,286,090) and none were held in marketable securities (Q4 2024 - \$32,205,889), and \$74,007 were held in other assets (Q4 2024-\$58,575).

Property and Equipment, which primarily consists of properties that are measured at their cost base, decreased from \$1,776,992 as at December 31, 2024, to \$nil as at December 31, 2025, as the Company disposed of its Lemontree property.

## Total Liabilities

As of December 31, 2025, the Corporation had current liabilities of \$690,318 (2024- \$6,789,598) consisting primarily of payables of \$660,771 (2024-\$497,687), and income tax liability of \$29,547 (Q4 2024-\$nil).

As of December 31, 2025, the Corporation had no non-current liabilities on the balance sheet (Q4 2024-\$173,000). The decrease in deferred taxes is a result of selling the marketable securities in the portfolio.

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

## Total Equity

During the year, the Company's equity value decreased to \$34,350,632 as at December 31, 2025, from \$40,368,194 at December 31, 2024.

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

Outstanding	31-December- 2025	31-December-2024
Common shares	25,458,699*	25,771,999*
Options to buy common shares	-	-

\* As at December 31, 2025, the Corporation held no common shares in Treasury to be cancelled during the first quarter of 2026 (2024- 71,900).

\* As at April 8, 2026, the Corporation had 25,458,699 shares outstanding, no shares held in treasury, and no options outstanding.

## Related Party Transactions

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

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

Related Party Transactions	2025 \$	2024 \$
Salaries and other short-term benefits to officers	1,145,872	653,054
Salaries to other related parties	-	54,712
Director fees	73,000	60,000
<b>Total</b>	<b>1,218,872</b>	<b>767,766</b>

\*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. Further details on the fee arrangement can be found in note 9 of the December 31, 2025 Financial Statements. The agreement was terminated with the sale of KEDM on October 31, 2025.

\*\*Lemontree LLC, an entity owned by Harris Kupperman, the Chairman and Chief Executive Officer of the Company, has purchased the Company's office property for USD\$1.45 million (CAD\$2,023,843). The transaction was approved by shareholders during the annual and special meeting of shareholders of the Company on October 7, 2025. The sale of its office property in Rincon, Puerto Rico closed on December 3, 2025. The net book value of the disposed assets at the time of sale was CAD\$1,697,387 resulting in a gain on disposal of CAD \$313,018, which has been recognized in the consolidated statement of operations for the year ended December 31, 2025.

As at December 31, 2025, amounts due to related parties totaled approximately \$573,626 (2024 - \$357,561) 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.

### Off-Balance Sheet Items

As of December 31, 2025 the Corporation had no off-balance sheet items.

### Events Subsequent to Year End

On February 26, 2026, the Company announced a plan of arrangement (the "Arrangement") under the Business Corporations Act (Alberta), pursuant to which shareholders will receive \$1.28 in cash per common share through the issuance and immediate redemption of redeemable preferred shares. The Arrangement is subject to approval by two-thirds of votes cast at a special meeting of shareholders expected to be held in May 2026, as well as approval of the Court of King's Bench of Alberta and the NEX Board of the TSX Venture Exchange. Upon completion of the Arrangement, the Company expects to retain approximately \$1 million in cash to fund ongoing operations and intends to remain listed on the NEX while exploring new business opportunities.

## Section 4 - Quarterly Information

### Quarterly Results

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

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue	150,973	468,657	550,364	591,207	626,902	658,299	698,271	719,698
Net income (loss)	689,298	(78,016)	(6,042,979)	4,973	(6,782,901)	(761,153)	(2,613,900)	2,766,838
Income (loss) per common share	(0.03)	0.00	(0.24)	0.00	(0.25)	(0.03)	(0.10)	0.10
Total Assets	35,040,950	37,530,849	35,046,593	42,635,989	47,330,792	49,135,746	50,543,910	55,012,448
Weighted Average Shares (No.)	25,531,106	25,555,596	25,604,455	25,667,237	26,112,087	26,216,093	26,326,765	26,561,712
Ending Shares (No.)	25,458,699	25,458,699	25,498,699	25,584,399	25,771,999	25,939,299	26,094,399	26,094,399

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

## Section 5 – Critical Estimates

### Critical Accounting Estimates

The preparation of financial statements 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:

### Deferred Tax Assets

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

### Valuation of Marketable Securities

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

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

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

## Section 6 – Risk Management

### Credit Risk

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

### Liquidity 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 as at December 31, 2025.

As at December 31, 2025, the Corporation had a working capital of \$34,350,632 (2024- \$38,764,202) comprised of cash and cash equivalents, and other assets, net of trade and accrued liabilities, and income taxes payable. Management considers the funds on hand to be sufficient to meet its ongoing obligations.

### 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](http://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.

### **Custody Risk and Broker or Dealer Insolvency**

The Corporation does not control the custodianship of all of its assets. The Corporation's assets will be held in one or more accounts maintained for the Corporation by its broker or brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Corporation's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a broker or any sub-custodians, agents, or affiliates, it is impossible to generalize about the effect of their insolvency on the Corporation and its assets. Investors should assume that the insolvency of any of the brokers or such other service providers would result in the loss of all or a substantial portion of the Corporation's assets held by or through such brokers and/or the delay in the payment of withdrawal proceeds.

### **Investment and Trading Risks in General**

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

### **General Economic and Market Conditions**

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

### **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](http://www.sedar.com).