Mongolia Growth Group Ltd., Q3 2023 MD&A

Third Quarter 2023

MONGOLIA GROWTH GROUP LTD

TO THE SHAREHOLDERS OF MGG

The third quarter of 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 were 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 5 remaining property assets for $10,692,643. Of that amount, $10,279,408 has now been sent to Canada. The remainder has been used to pay commissions, various associated taxes, and generous severance to our employees. We expect that as we wind down our operations, there will be an additional small disbursement of proceeds to Canada before year-end when we expect that our operations in Mongolia will be finalized.

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

- Our Subscription Business Products.
- 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 identify an opportunity that is sufficiently attractive. 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.

During the next quarter, our plan is to continue the wind-up of our Mongolian operations, utilize the revenues from KEDM to offset the operating costs of MGG, continue to be diligent in reducing corporate expenses, now that MGG no longer has associated costs from Mongolia, manage our public securities and digital portfolio, and seek out a potential transaction so that this business can continue forward.

Investment Properties:

During the quarter we reported $181,127 (2022- $199,481) of leasing revenue and $2,908 (2022 - $2,361) of other revenue (primarily 3rd party), offset by $878,991 (2022- $166,610) of expenses in Mongolia.

Subscription Business Products:

KEDM, our subscription business, which tracks various Event-Driven strategies, continued to produce income for our company. During the third quarter, we recognized $727,496 (Q3 2022 – $857,492) of revenue while taking in $898,597 (Q3 2022 – $1,155,650) of gross subscription receipts. 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. Additionally, the company is considering acquiring other subscription products that would be complementary to KEDM.

Corporate Division:

Our public securities portfolio produced a $7,511,239 unrealized gain (Q3 2022 – $2,869,227 unrealized loss) and a $449,077 realized gain (Q3 2022 – $1,561,860 realized gain). I would like to caution you strongly that returns like we have recently experienced, are highly unlikely to be repeated in future quarters. At quarter end, our portfolio was concentrated in investments in oil futures and futures options, energy services companies, uranium equities, and a Florida land owner. 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

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.

During the quarter, the company repurchased 138,500 shares under its Normal Course Issuer Bid. At quarter end, our share count was 27,065,199, or 22% fewer than during our peak share count in 2016. To date, the company has repurchased a total of 8,551,900 shares.

Sincerely,

Harris Kupperman
CEO

MONGOLIA GROWTH GROUP LTD

Management Discussion & Analysis
September 30, 2023

The management of Mongolia Growth Group Ltd. ("MGG" or "the Corporation") presents the Corporation's management discussion and analysis for the nine months ended September 30, 2023 (the "MD&A"), compared with the nine months ended September 30, 2022. As of January 1, 2011, the Corporation adopted International Financial Reporting Standards ("IFRS"). This MD&A provides an overall discussion, followed by analysis 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 November 22, 2023, and incorporates all relevant information and considerations to that date.

The following discussion and analysis should be read in conjunction with the consolidated financial statements of the Corporation for the nine months ended September 30, 2023, and September 30, 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 third quarter saw 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 are 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 third quarter, the Company sold four properties with a value of $4,523,013 for cash proceeds of $4,980,011 and the elimination of a $258,493 liability, resulting in net gain of $715,492 (Q3 2022 –$146,545 loss). In addition, the Company sold its Mongolian headquarters for proceeds of $404,869 resulting in a net loss of $784,589. At the end of the quarter, the Company still owned one remaining investment property which was re-classified as “Available for sale” for presentation purposes. This property was sold on October 2, 2023, and most of the proceeds were transferred to Canada.

During the quarter, the Corporation recognized revenue of $727,496 (Q3 2022- $857,492) from its subscription data products business named KEDM. The Corporation continues to see a 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 quarter, the Corporation’s investment portfolio experienced $449,077 of realized gains and $7,511,239 of unrealized gains. As of the end of September, the Corporation has in excess of $48 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 in order to finance a future acquisition.

Mongolian Property Business

During the boom years at the beginning of 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 is 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 the third quarter, the Corporation continued to have occupancy levels that were in excess of current market conditions, and it credits its leasing and property management teams with this success. Additionally, bad debt expenses remained below expectations. Unfortunately, as the Mongolian property business was never able to reach scale, the Corporation made the difficult decision to dispose of the business.

Portfolio

Investment Properties

Investment Properties include properties held to earn rental revenue, for capital appreciation, and/or for redevelopment. Investment Properties are initially valued at fair value, which is the purchase price plus any directly attributable expenditure. Investment Properties are subsequently valued at fair value, which reflects market conditions at the date of the statement of financial position.

The following table represents properties classified as Investment Properties, as of September 30, 2023:

	30-September-2023		31-December-2022	
	# of Properties	$CDN	# of Properties	$CDN
Office	-	-	2	931,736
Retail	-	-	1	5,508,385
Land and Redevelopment	-	-	2	3,646,835
Total	**-**	**-**	**5**	**10,086,956**

Properties Held for sale

During the quarter, the Company determined that its last investment property met the criteria for "assets held for sale" and as such, reclassified its Tulguldur property from investment property to assets held for sale.

The following table represents properties classified as properties held for sale, as of September 30, 2023:

	30-September-2023		31-December-2022	
	# of Properties	$CDN	# of Properties	$CDN
Office	-	-	-	-
Retail	1	5,364,223	-	-
Land and Redevelopment	-	-	-	-
Total	**1**	5,364,223	-	-

Property and Equipment

Properties are classified as Property and Equipment if the Corporation occupies more than 10% of the property. Properties classified as Property and Equipment are measured at cost less accumulated depreciation, less any accumulated impairment losses. All repairs and maintenance costs to these properties are charged to the Consolidated Statement of Operations during the period in which they occur unless eligible for capitalization. The Corporation's Mongolian headquarters, purchased in October 2011, as well as the mixed-use property in Puerto Rico, fall within this category. During the quarter, the Company disposed of its Mongolian headquarters.

The following table represents properties classified as Property and Equipment, as of September 30, 2023:

	30-September-2023		31-December-2022	
	# of Properties	$CDN	# of Properties	$CDN
Office	1	1,385,190	2	2,616,417
Retail	-	-	-	-
Land and Redevelopment	-	-	-	-
Total	**1**	**1,385,190**	**2**	**2,616,417**

Subscription Products

The Corporation has built a financial data product known as KEDM, which helps investors to monitor various Event-Driven opportunities. The Corporation initiated a paywall on July 1, 2021, in order to monetize this service. During the quarter, the Corporation recognized $727,496 of subscription revenue. At the end of the quarter, the Corporation has $1,410,155 of unearned revenue related to subscription fees that have been collected and not earned. As of September 30, 2023, the Corporation had received $8,021,127 of total billings before fees.

The Corporation intends to continue 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. Additionally, 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 September 30, 2023, the Corporation held positions in multiple different publicly traded companies with the values of marketable securities owned of $45,628,467, securities sold short of $23,564 and $10,575,969 due to broker.

During the quarter, the Corporation recognized realized gains of $449,077 (Q3 2022- gain of $1,561,860) from sales of public securities and experienced unrealized gains of $7,511,239 (Q3 2022 – loss of $2,869,227).

At the end of the quarter, the portfolio's holdings with a weighting in excess of 10% of the brokerage account's equity were:

Top Holdings (Long and Short)		
Holdings	Shares	%
Sprott Uranium Trust (U-U – Canada)	416,940	24.2%
Valaris PLC (VAL – USA)	76,230	19.5%
Crude Oil Futures Calls	-	13.8%
St Joe Company (JOE – USA)	70,906	13.1%
Yellow Cake PLC	450,650	10.5%

The Corporation's public securities as of September 30, 2023, are broken out in the following sectors:

Long Portfolio	
Industry Sector	%
Uranium	41.4%
Energy Services	31.4%
Crude Oil Futures Calls	13.8%
Land	13.1%
Media and Communications	5.7%
Other long equities	9.0%

Short Portfolio	
Industry Sector	%
Short Crude Oil Futures Calls	-0.03%
Short puts	-0.03%

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 of 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 value these securities at zero.

As of September 30, 2023, the public securities portfolio had a net equity value of approximately $40,000,000 when compared to a net equity value of approximately $31,900,000 at September 30, 2022. During the third quarter, the Corporation withdrew $200,000 from the public securities portfolio to fund working capital needs and the Corporation's NCIB (Q3 2023-$nil). Subsequent to the quarter, the Company added $7,090,317 to the portfolio and as of October 31, 2023, the public securities portfolio had a net equity value of approximately $45,400,000.

Due from and due to brokers

The Company has margin facilities with its prime brokers. As at September 30, 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 September 30, 2023, the Company had net margin borrowings of $10,158,383 (Q3 2022 – net margin borrowings of $4,459,092). 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.

Q3 2023

	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	33,380	(32,902)	478
Due to brokers	-	(10,575,969)	(10,575,969)

Q4 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 2022, the Corporation opened a digital currency account at Kraken Custody and purchased Monero (XMR) cryptocurrency. The Corporation did not purchase any Monero coins during the third quarter (Q3 2022-nil). At the end of the quarter, the Corporation held 2,020 Monero coins worth $399,387. During the quarter, the Company's digital assets experienced an unrealized loss of $58,450 and a currency gain of $9,006.

Section 2 - Results of Operations

Selected Quarterly Financial Information (CAD)

	Quarter ended 30-September-2023 ($)	Quarter ended 30-September-2022 ($)	Quarter ended 30-September-2021 ($)
Revenue and other income	747,610	857,492	708,530
Income			
Net income (loss) from continuing operations attributable to equity holders of the Corporation	6,170,767	(254,358)	3,859,343
Net income (loss) from discontinued operations attributable to equity holders of the Corporation	1,708,921	(89,728)	-
Total Comprehensive gain (loss) attributable to equity holders of the Corporation	5,480,952	(407,871)	4,246,350
Basic earnings per share ("EPS") (in CAD)			
Net income (loss)	0.29	(0.01)	0.13
Net income (loss) from discontinued operations	0.06	-	-
Net income (loss from continuing operations	0.23	(0.01)	0.13
Diluted EPS (in CAD)			
Net Income/ (loss)	0.29	(0.01)	0.13
Balance Sheet			
Total assets	65,780,580	58,523,283	41,322,146
Total liabilities	16,271,360	15,786,884	2,679,227
Total equity	49,509,220	42,736,399	38,642,919
Shares outstanding at quarter end	27,065,199	27,759,299	28,415,999
Book value per share	1.83	1.54	1.36

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

Continuing Operations

Continuing Operations Rental Revenue

During the quarter, the Company’s continuing operations earned rental revenues of $20,114 (Q3 2022 - $nil) and $72,112 over the first nine months of the year (2022 - $nil) as the Company leased out a significant 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 quarter ending September 30, 2023, revenues from subscriptions were $727,496 compared to $857,492 in Q3 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 2022 consolidated financial statements.

As of September 30, 2023, the Company has unearned revenue of $1,410,155 (September 30, 2022 - $2,023,366).

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. Additionally, PPR provides MGG with expense reports periodically to show the KEDM-related expenses that were incurred. 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 quarter, the Corporation had an unrealized public securities investment gain of $7,511,239 compared to an unrealized public securities investment loss of $2,869,227 during the third quarter of 2022.

Realized public securities investment gain/loss

During the quarter, the Corporation had realized investment gain of $449,077 compared to a realized investment gain of $1,561,860 in Q3 2022.

Realized foreign currency gain/loss

During the quarter, the Corporation had a realized foreign currency gain of $128,006 compared to a realized foreign currency gain of $346,335 in Q3 2022.

Share Repurchase

During the quarter, the Corporation repurchased 138,500 common shares under its Normal Course Issuer Bid (NCIB) at an average price of $1.20 (Q3 2022-4,500 shares at $1.54 average). As at September 30, 2023, the Corporation held 84,500 shares in Treasury to be cancelled during the fourth quarter of 2023 (Q3 2022- 4,500).

Corporate and Subscription Product Expenses

Corporate expenses include senior management and board of directors' compensation, listing fees, professional fees, technology, travel, investment research expenses, KEDM.COM development costs, and administrative costs.

For the quarter ending September 30, 2023, general and administrative expenses have increased from $665,043 in Q3 2022 to $856,354 in 2023. This increase was primarily driven by an increase in production expenses and revenue sharing at KEDM.

Unrealized digital assets investment gain/loss

During the quarter, the Corporation had an unrealized digital assets investment loss of $58,450 and a currency gain of $9,006 (2022 – $62,683 investment gain and a $17,994 currency gain).

Currency

The Mongolian Tögrög has fluctuated significantly over the past ten years. The currency depreciated 1.8% during the during the first nine months of the year from 2,542 at December 31, 2022, to 2,573 at September 30, 2023. The fluctuation in the currency is reflected in the Corporation's financial statements, most notably in the investment property portfolio. Note 11 in the financial statements discloses the foreign exchange adjustment, which flows through the investment property classification during each period. As at September 30, 2023, the Corporation recognized an unrealized foreign exchange adjustment loss of $121,978 (Q3 2022 - loss of $982,129) on its investment property portfolio.

Net Income from Continuing Operations

For the quarter ended September 30, 2023, the Corporation had a net income from continuing operations of $6,170,767 (Q3 2022 -net loss of $254,358). The bulk of this gain came from unrealized gains on marketable securities of $7,511,239. 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.

Rental Revenue from Discontinued Operations

Rental revenues from Mongolian subsidiaries decreased from $199,481 in 2022 to $181,127 in 2023. Management has decided to focus on the core operations of the Corporation, leading to the disposition of the 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 quarter ending September 30, 2023, revenues from other sources increased slightly to $2,908 compared to $2,361 for the third quarter of 2022.

Gain/Loss on disposal of Investment Properties from Discontinued Operations

During the quarter, the Corporation sold four properties with value of $4,523,012 for cash proceeds of $4,980,011 and the elimination of a $258,493 liability resulting in net gain of $724,240 (Q3 2022 –$146,545 loss).

Gain/Loss on disposal of PPE from Discontinued Operations

During the quarter, the Corporation sold its Mongolian headquarters with value of $1,189,458 for cash proceeds of $404,869 resulting in net loss of $784,589 (Q3 2022 –$ Nil).

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 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 quarter ended September 30, 2023, the Corporation recorded a valuation loss of $77,742 (Q3 2022 – $nil).

Expenses from Discontinued Operations

Property Operating Expenses from discontinued operations consist of repairs and maintenance, bad debts, utilities, salaries, as well as land and property taxes. For the quarter ending September 30, 2023, property operating expenses were increased to $934,960 compared to $166,610 during the same period in 2022. Expenses from the Corporation’s former property subsidiary increased significantly during the quarter due to severance payments to its Mongolian employees and other costs related to the sale of the investment property portfolio.

Gain on Disposal from Discontinued Operations

On September 13th, 2023, the Company disposed of its interest in its Biggie Industries LLC subsidiary as a result of the sale of one of its investment property assets. The Company held 100% of the shares of Biggie Industries LLC where the primary assets and liabilities were related to the underlying investment property. In connection with the sale, the Company received cash consideration of $4,279,735.

On September 18th, 2023, the Company disposed of its interest in its Zulu LLC subsidiary as a result of the sale of the sale of one of its investment property assets and its Mongolian headquarters. The Company held 100% of the shares of Zulu LLC where the primary assets and liabilities were related to the investment property and Mongolian headquarters. In connection with the sale, the Company received cash consideration of $674,782.

On September 21st, 2023, the Company disposed of its interest in three investment properties held within its Big Sky Capital LLC subsidiary. In connection with the sale, the Company received cash considerations of $374,125.

On May 25, 2023, the Company sold a small office space for proceeds of $56,237 and a net loss of $8,748. This sale has been included in the disposal numbers presented in this note.

The Company recorded a gain of $2,995,338 on disposal of subsidiaries and investment properties noted above primarily related to the recycling of foreign exchange transaction as shown in note 5 of the financial statements.

Net Income from Discontinued Operations

For the quarter ended September 30, 2023, the net income from discontinued operations was $1,708,921 (Q3 2022 - net loss of $89,728). This gain came from loss of $333,492 on the disposal of before recycling of FX and the reclassification of accumulated other comprehensive income of $ 2,736,845 on the disposal of subsidiaries.

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 nine month period ended September 30, 2023 and 2022.

Cash Flow Continuing Operations

	30-September-2023 $	30-September-2022 $
Net change in cash related to:		
Operating	4,475,050	(3,315,943)
Investing	2,252,209	3,335,740
Financing	(628,375)	(38,507)
Effects of exchange rates on cash	462,098	(78,211)
Net change in cash during the period	**6,560,982**	**(96,921)**

Overall, the Corporation had cash inflows of $6,560,982 from continuing operations during the first nine months of 2023 primarily due to significant cash inflows from operating and investing activities. The changes in components of cash flows for the period ended September 30, 2023, compared to the period ended September 30, 2022, were the result of the following factors:

- **Operating** – Operating cash inflows increased during Q3 2023 compared to cash outflows during Q3 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 138,500 shares during the quarter while the Company repurchased 4,500 shares during Q3 2022.

Cash Flow from Discontinuing Operations

	30-September-2023 $	30-September-2022 $
Net change in cash related to:		
Operating	(1,371,410)	112,982
Investing	5,384,880	919,620
Net change in cash during the period	**4,013,470**	**1,032,602**

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 September 30, 2023, the Corporation had $12,625,697 (Q3 2022 - $3,331,992) 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 September 30, 2023, the Corporation had $64,206,889 (Q4 2022 - $51,617,254) in current Assets of which $12,625,697 were held in cash and cash equivalents (Q4 2022 - $2,051,245) and $45,628,467 were held in marketable securities (Q4 2022 - $49,237,506), $399,387 were held in digital assets (Q4 2022 - $284,253), $188,637 were held in other assets (Q4 2022 - $44,250), and $5,364,223 were in assets held for sale (Q4 2022-nil). The decrease in marketable securities is due to an increase in margin during the period. Investment properties are classified as non-current assets and are carried at Fair Market Value. During the quarter, Investment properties decreased to $nil (Q4 2022 - $10,086,956) due to the disposal of four investment properties and transfer of its last remaining property to assets held for sale.

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 $1,538,707 as at September 30, 2023 due to disposal of its Mongolian headquarters.

Total Liabilities

As of September 30, 2023, the Corporation had current liabilities of $14,395,873 (Q4 2022 – $15,461,570) consisting primarily of marketable securities sold short of $23,564, amounts due to broker of $10,575,969, payables of $2,222,772, liabilities held for sale of $37,889, unearned revenue of $1,410,155 and income taxes payable of $65,524.

As of September 30, 2023, the only non-current liability on the balance sheet was a deferred income tax amount of $1,875,487 (Q4 2022 - $2,972,522). The decrease in deferred income taxes during the period is due to the realization of some unrealized gains and the sale of investment properties.

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

Total Equity

During the quarter, the Company's equity value increased to $49,509,220 at September 30, 2023 from $46,123,532 at December 31, 2022.

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

Outstanding	30-September-2023	31-December-2022
Common shares	27,065,199*	27,710,499*
Options to buy common shares	-	-

* As at September 30, 2023, the Corporation held 84,500 common shares in Treasury to be cancelled during the fourth quarter of 2023(Q3 2022-4,500).

* As at November 22, 2023 the Corporation had 26,980,699 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	30-September-2023 $	30-September-2022 $
Salaries and other short-term benefits to officers	353,319	394,572
Salaries to other related parties	60,569	-
KEDM production expense and revenue share paid to an entity controlled by the Chairman	985,389*	-
Director fees	45,000	45,000
Total	**1,444,277**	**439,572**

As at September 30, 2023, amounts due to related parties totaled approximately $123,534 (Q3 2022 - $439,572), comprised of fees owed to management and directors, were included in trade payables and accrued liabilities. Salaries to other related parties includes the salary of an employee that is related to a director.

*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 provides 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 September 30, 2023 the Corporation had no off-balance sheet items.

Events Subsequent to Quarter End

Subsequent to the end of the quarter, the Corporation sold its Tulguldur property for $5,364,223 and a gain of $nil.

Section 5 - Quarterly Information

Quarterly Results

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

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	1,655,885	1,055,595	1,132,242	1,127,733	912,789	1,046,757	839,606	638,904
Net income (loss)	7,879,688	(8,158)	(1,260,924)	4,219,923	(344,086)	(2,218,219)	6,280,804	1,817,849
Income (loss) per common share	0.29	0.00	(0.05)	0.15	(0.01)	(0.08)	0.23	0.07
Total Assets	65,780,580	50,341,034	55,499,653	64,557,624	58,523,283	62,823,647	67,714,593	55,026,865
Weighted Average Shares (No.)	27,320,541	27,387,703	27,469,402	27,761,956	27,771,511	27,777,752	27,778,499	29,309,116
Ending Shares (No.)	27,065,199	27,307,799	27,307,799	27,710,499	27,759,299	27,759,299	27,778,499	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 in accordance with 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 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 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 nine-month period ending September 30, 2023, the Corporation recorded a fair value impairment loss of $77,742 (Q3 2022 – $nil).

Operating Environment of the Corporation

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

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.

As at September 30, 2023, Management has made the judgment that one of the Company's assets with a value of $5,364,223 (2022 – nil) meets the criteria to be classified as held for sale.

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, American or Mongolian banks.

The Corporation is exposed to credit risk as an owner of real estate in which tenants may become unable to pay contracted rents. The Corporation mitigates this risk by carrying out due diligence on significant tenants. The Corporation’s properties are diversified across residential and commercial classes. Historically, bad debts have not been a substantial expense for the Corporation. Recently, the Corporation has experienced an increase in late rental payments. The Corporation believes that it will collect all of this debt, but there is no certainty that this will occur.

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 September 30, 2023.

As at September 30, 2023, the Corporation had working capital of $49,811,016 (Q3 2022 - $32,308,411) comprised of cash and cash equivalents, other assets, net of trade and accrued liabilities, income taxes payable and short-term bank loan. 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.

Property Title Risk

Mongolian law has strong protections for property assets; however, implementation of Mongolian law is often arbitrary, with high degrees of corruption and incompetence. Additionally, laws frequently change, which can invalidate a property title. To date, the Corporation has only had one of its property assets confiscated by the Government of Mongolia; however, Management believes that there is a possibility that it will have additional assets confiscated by the Government of Mongolia or stolen by private individuals during future periods. The Corporation is currently not aware of any individual asset that is in imminent danger of being confiscated or stolen.

Catastrophe risk

The Company has obtained insurance on buildings and all permanent fixtures totaling approximately $5,616,000 effective May 7th, 2023 ($8,400,00 - May 7th, 2022). The Company obtained insurance on its Puerto Rican property with a value of $1,385,190 at September 30, 2023, effective April 1, 2023. As the property is located adjacent to the ocean, it is at risk of significant hurricane damage or other natural disasters which could result in a significant impairment to its value some of which may not be covered by insurance.

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 comingle 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 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 air drop 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. Air drops 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 air drop, 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.

Currency Risk
The Corporation owned properties located in Mongolia and collected rental revenue in Mongolian Tögrög and is therefore subject to foreign currency fluctuations that may impact its financial position and results. Changes in the Mongolian Tögrög, U.S. dollar and Canadian dollar foreign currency exchange rates impact the fair value of securities denominated in Mongolian Tögrög and in U.S. dollars. The Corporation's rental revenues are received in Mongolian Tögrög while approximately half of the Corporation's expenses are incurred in U.S. and Canadian Dollars. Therefore, a depreciation in the Mongolian Tögrög against the US and Canadian Dollar will reduce net income. The exchange rate continues to be volatile and there is an expectation that volatility may continue for the foreseeable future.

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. Management believes that there are material currency risks associated with certain Financial Instruments of the Corporation as they are held in Mongolian Tögrög. For further discussion of financial instrument risks, see the Insurance and Financial Risk Management note (Note 17 on December 31, 2022 Financial Statements).

Unless the context otherwise requires, references to the "Corporation" include the Corporation and its subsidiaries and affiliates collectively.

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 Corporate is determined to be a PFIC.

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 with respect to 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 which 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 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 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 their 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.

Significant Accounting Policies

The Company has applied the same accounting policies in these condensed interim consolidated financial statements as those applied in the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2022.

Additional Information

Additional information relating to Mongolia Growth Group Ltd., including its Interim Financial Statements, are available on SEDAR at www.sedar.com.