MONGOLIA
GROWTH GROUP

2021 Annual Report

Letter to Shareholders

Harris Kupperman
CEO and Chairman of the Board

Dear Shareholders,

By all accounts, 2021 was a transformative year for our company. We transitioned the business to that of a Merchant Bank, grew our cash and marketable securities balance dramatically and launched a business from scratch that has now taken in more than $2 million in subscription proceeds. More importantly, we have substantial momentum as we continue to pivot the business and seek out acquisition opportunities.

As of the end of December, our company has in excess of $28.6 million of cash and net marketable securities with negligible debt (when excluding margin borrowings and short futures call options related to fully hedged call spreads). Based on current subscriber trends at KEDM, and a reasonable expectation for renewal rates, we believe that our company will be cash flow positive going forward (excluding one-time expenses). This means we now have a stable base to build upon and reinvest, without having to worry about how to fund operating losses—which is quite different from the first decade of our company's existence. We now have the time to stop, think, and act intelligently to create value—on our terms. While the pathway to today has been difficult, we now have the capital resources to take this business in many exciting directions. The last decade has been painful and frustrating, I am hopeful that the coming decade will be exciting and prosperous.

Our Future Direction:

In conjunction with Genevieve and our Board, we have looked at various go-forward operating models. I primarily see myself as an allocator of capital and believe that transitioning our company into a Merchant Bank makes the most sense in terms of a future business model. Becoming a Merchant Bank will allow us the flexibility to incubate various businesses, while simultaneously funding growth businesses that we own majority or minority stakes in. While my background is in public securities, there are regulatory and tax reasons why we cannot be a publicly traded vehicle composed primarily of non-controlling minority interests in public securities. Our expectation is that the composition of our balance sheet will migrate towards both minority and controlling positions in various businesses—public and private, where we can influence the outcome of events.

I believe we have many advantages as a Merchant Bank, particularly as I frequently encounter businesses in need of both capital and capital markets perspective. There are many gaps to arbitrage between public and private valuations, lowering costs of capital for businesses along the way, and I am excited to put this theory to practice.

Finally, I believe that a permanent capital vehicle such as our company, where our board and management control approximately 30% of the voting shares, gives us a unique advantage in allocating capital, as we can take a long-term view of our investments. Hopefully, this long-term view will attract unique investment opportunities, those that Private Equity, with their frequent re-selling of equity positions, miss out on. KEDM is our first internally funded business venture. We hope to acquire and grow from here.

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

Investment Properties:

The fourth quarter of 2021 continued to be difficult for our Mongolian property operations due to recurring periods of COVID-19 lock-downs and the inability of many of our tenants to manage their businesses. As a property company, we are only as successful as our tenants and when our tenants' businesses cannot operate, we are unable to collect the rent we are contractually owed. During the year we reported $679,091 (2020 - $756,283) of leasing revenue and $190,850 (2020 - $68,170) of other revenue (primarily 3rd party), offset by $759,100 (2020 - $860,936) of expenses in Mongolia. Unfortunately, we have zero visibility into the future trajectory of the economic crisis in Mongolia. Until businesses are allowed to operate without interference, we are likely to continue to report depressing returns from our Mongolian operations.

During the year, we purchased a mixed-use property in Puerto Rico for approximately $820,000 that we are in the process of renovating. We intend to use this property primarily for internal purposes, though we believe we can rent portions of the property to earn rental income.

Subscription Business Products:

KEDM, our subscription business, which tracks various Event-Driven strategies, successfully transitioned into a revenue producing product on July 1st. During the year, we recognized $944,411 of revenue at a very healthy margin. Throughout the year, recognized revenue and subscriber count continued to increase each month sequentially and has continued to increase since year-end. As of the date of this letter, we have taken in over CDN $2 million in subscription proceeds. We intend to aggressively invest resources to improve KEDM and increase the overall value proposition for subscribers. Additionally, given the reception to KEDM amongst readers, we intend to increase our marketing spend to grow the subscriber base. We believe that these two initiatives will reduce the short-term profitability of the subscription business; however, we intend to moderate spending so that the business remains profitable.

Given the reception to date for KEDM, we believe that there are ancillary services that we can launch and monetize, providing further value to KEDM subscribers. It is likely that these services will be a cost center as they are conceived and grown before monetization. To learn more about KEDM, go to www.KEDM.COM. Additionally, the company is considering acquiring other financial publications that would be complimentary to KEDM.

Corporate Division:

During the year, our corporate expenses increased primarily due to an increase in legal, corporate structuring and tax planning expenses. We expect this heightened level of expenses to continue into 2022. When we didn't expect our company to reach profitability, we didn't think much about the efficiency of our corporate and tax structure. Now that we have taxable income, we are reviewing our structure for optimization. Additionally, we anticipate that corporate expenses will increase in future quarters as we add staff to help grow our business—particularly related to business development activities and the marketing of KEDM.

Our public securities portfolio produced a $7,946,088 unrealized gain (2020 - $4,265,403 unrealized gain) and a $10,306,006 realized gain (2020 - $3,288,803 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. Our portfolio is currently concentrated in investments in energy, uranium, and the housing sector. Additionally, we initiated a small position in a cryptocurrency named Monero. We view these investments as highly liquid alternatives to holding cash and we intend to liquidate various investments should we find additional businesses to launch or acquire stakes in.

Conclusion

2021 was transformative for our company. We have now incubated and launched KEDM with great success and expect it to become a rapidly growing revenue stream that we can build upon. Our public securities investments are paying off and we are now in a position to pivot the business model to a Merchant Bank model. We intend to scale up our staffing, target unique opportunities and continue to profitably diversify our company.

While we remain optimistic about Mongolia's long-term future, it remains mired in economic crisis. As a result, we remain focused on selling non-core property assets (particularly in office and re-development) so that we can diversify the company, while keeping our core portfolio and management team, so that we can pivot back to Mongolia when the economy returns to attractive growth rates.

Finally, I remain of the opinion that our shares are undervalued. During the year, the company used its increased liquidity to accelerate the rate of share purchases and re-purchased 3,311,500 shares under our Normal Course Issuer Bid (NCIB) at an average price of $0.65/share. At year end, our share count was 27,778,499 or 22% less than during our peak share-count in 2016. To date, the company has repurchased a total of 7,754,100 shares.

While we didn't always have much in the way of liquidity, we never stopped believing in ourselves and remained aggressive with our NCIB. We knew that eventually we'd find our footing.

We're excited for the future.

Sincerely,

Harris Kupperman

CEO and Chairman of the Board

MONGOLIA GROWTH GROUP LTD.

Management Discussion & Analysis
December 31, 2021

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, 2021 (the “MD&A”), compared with the year ended December 31, 2020. 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 21, 2022, 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, 2021 and December 31, 2020 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 Corporation has three core focuses of operation: Investment Properties, Subscription Products, and Corporate.

Management believes that its current property operations are not at a sufficient scale to be cash flow positive. As such, the Corporation is 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 this year.

The year saw an increase in overall corporate revenue primarily related to the Corporation recognizing subscription products revenue, offset by a slight decline in leasing revenue, primarily due to Covid-19 disruptions in Mongolia and asset sales in Mongolia. Additionally, the Corporation recognized realized and unrealized gains from its investment portfolio.

The Corporation's rental revenue was down when compared to 2020. While the Corporation managed to maintain a high occupancy rate, with 100% office and 84.2% retail occupancy rates, it had to offer significant discounts to tenants affected by closures due to Covid-19 heavily affecting revenue.

During the year, the Company sold eight properties for net proceeds of $2,125,367 at a net loss of $37,641. (2020- $106,762 gain). During the year, the Corporation purchased a mixed-use property in Puerto Rico for $821,591 which has been classified as PPE and is currently under renovation which will entail additional capital expenditures. It is anticipated that the Corporation will continue to dispose of non-core Mongolian properties in future quarters in order to fund future working capital needs, along with funding the start-up costs or capital cost of the acquisition of a business outside of Mongolia.

During the year, the Corporation began to recognize revenue ($944,411) from its newly launched subscription data product named KEDM. It is anticipated that KEDM related revenue will increase in future years as the number of subscribers increases and the Corporation adds additional services to the core KEDM platform. The increases in revenue will be somewhat offset by the expectation of additional costs in relation to KEDM.

While the Corporation seeks out a business to build or acquire, the Corporation has invested its excess capital in publicly traded securities. During 2021, the Corporation's investment portfolio experienced $10,306,006 of realized gains and $7,946,088 of unrealized gains. As of the end of December, the Corporation has in excess of $28.6 million of cash and net marketable securities with negligible debt (when excluding margin borrowings and short futures call options related to fully hedged call spreads). The Corporation believes that over time, it will continue to dispose of property assets to fund potential future investments outside Mongolia. 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 Economic Overview

Starting in 2012, the Mongolian government initiated a program to restrict and inhibit foreign investment. Additionally, various government officials made statements designed to intimidate foreign investors, followed by arbitrary arrests of foreign employees and confiscations of foreign investments. These actions led to a dramatic slow-down in foreign direct investment (FDI) and an exodus of foreign investors. The economy would have entered a crisis sooner if not for expansionary fiscal policy and monetary stimulus from the Central Bank of Mongolia. However, by 2014, even this stimulus was insufficient to avert the economic crisis which is currently ongoing.

Despite official statistics that tended to show moderate economic growth, the Corporation is of the opinion that the economy had been in contraction from 2014 until mid-2018, though the rate of contraction had varied based on economic policy. During the second half of 2018, the Corporation noticed the first green shoots in many years.

Beginning in February of 2020, the Government of Mongolia undertook extraordinary actions to limit the spread of Covid-19. These actions included closing borders, closing schools, reducing gatherings and drastic limitations on business operations including the Corporation's operations. It is anticipated that these actions will continue to impact Mongolia's economic recovery. Since the initiation of these actions, the Corporation has experienced a material reduction in rental revenues received. At this time, there is no way to know the ultimate impact of these extra-ordinary actions upon the economy or the Corporation. Additionally, there is a question as to the duration of these efforts and if this will be a continued endeavor. Until the economy fully re-opens, the Corporation anticipates continued declines in rental revenues against a fixed cost structure in Mongolia and at the corporate level.

To date, the Corporation has experienced a low level of bad debt expense; however, it has had to issue a significant number of discounts to tenants affected by the economic crisis. Additionally, many tenants have struggled to operate their businesses and the Corporation anticipates that some tenants may exit leases prematurely over the next few quarters, leading to an increase in vacancy and renovation expenses. The Corporation remains focused on filling leases as rapidly as possible but cautions shareholders that future rental rates may decline substantially from currently contracted rates. Additionally, certain tenants may require rent discounts in order to stabilize their businesses. The Corporation intends to review each tenants' circumstances when determining the appropriate course of action.

Additionally, travel restrictions have made it difficult for members of senior management to travel to Mongolia during the last few years and the overall operation of the business may suffer until global travel returns to normal. To date, the Corporation believes that its Mongolian staff have performed well during the crisis.

Management believes that the current economic crisis is the result of policies that have discouraged Foreign Direct Investment ("FDI") along with Covid-19. When the government takes the appropriate steps to stimulate FDI, it is expected that the economy can return to sustainable economic growth. Management remains a believer in the long-term growth potential of Mongolia.

Mongolia's economy is likely to be impacted by the Russian invasion of Ukraine as Russia is a substantial trading partner of Mongolia. Recent actions to restrict Russian access to SWIFT may have negative impacts upon Mongolia's ability to trade with Russia, which may negatively impact the Mongolian economy. To date, Mongolia has taken a neutral view regarding the Russian invasion. There is no way to know if Mongolia's stance will shift over time.

Mongolian Property Overview

During the boom years at the beginning of this decade, multiple sizable property developments were initiated. Despite an economic crisis that began in 2014, many of these developments were ultimately completed, while new projects have continually been initiated despite weak demand for these properties. There also remains a sizable shadow inventory of partially completed projects that may re-commence development at any time.

Before the economy was impacted by Covid-19, well-placed office and retail space in the city center was beginning to get absorbed and rental rates were starting to increase, for the first time in many years. Management continues to monitor and evaluate the ultimate impact of Covid-19 on property prices and the Mongolian economy.

Management cautions investors that it is focused on continuing to dispose of non-core property assets, when possible, in order to recycle capital.

Mongolian Property Business

During the past decade, Management and employees have worked hard to build up the infrastructure needed to manage MGG's institutional property platform. This platform is 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 includes dedicated departments that manage maintenance, leasing, marketing, and tenant management. Management believes it has a strong team in place to manage the business on an ongoing basis.

Due to MGG's unique platform, the Corporation also offers third-party leasing and property management to its focus, in order to leverage its existing resources through its website at www.MGGproperties.com.

The Corporation has continued to have occupancy levels that are in excess of current market conditions, and it credits its leasing and property management teams with this success. Additionally, bad debt expense has remained below expectations. However, the Corporation has had to issue significant discounts to tenants most affected by the current pandemic. The Corporation is unsure as to when or if these discounts can be rolled back.

Portfolio

Mongolia Growth Group's Mongolian properties are located in the Downtown and the Central Business District of Ulaanbaatar. During the year, the Company purchased an office building in Rincon, Puerto Rico. Within the financial statements, MGG classifies properties in each of the following categories: Investment Properties, Property and Equipment, and Other Assets/ Prepaid Deposits. Fluctuations in the values of the Corporation's property portfolio during the year can be attributed to changes in valuations, properties purchased and sold, and the change in value of the functional currency (Mongolian Tögrög) versus the Canadian dollar.

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 December 31, 2021:

	2021		2020	
	# of Properties	Value at 31-December-2021 $CDN	# of Properties	Value at 31-December-2020 $CDN
Office	2	925,127	2	896,266
Retail	6	7,119,588	14	9,415,983
Land and Redevelopment	2	3,841,192	2	4,229,987
Total	**10**	**11,885,907**	**18**	**14,542,236**

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 newly purchased, mixed-use property in Puerto Rico, fall within this category. The Corporation anticipates continuing capitalized expenditures for the renovation of the newly purchased property in Puerto Rico.

The following table represents properties classified as Property and Equipment, as of December 31, 2021:

		2021		2020
	# of Properties	Value at 31-December-2021 $CDN	# of Properties	Value at 31-December-2020 $CDN
Office	2	2,201,317	1	1,265,587
Retail	-	-	-	-
Land and Redevelopment	-	-	-	-
Total	**2**	**2,201,317**	**1**	**1,265,587**

Occupancy Rates

A summary of MGG's property portfolio occupancy rates is set forth in the following table:

	31 –December- 2021	31 –December- 2020	31 –December- 2019
	Occupancy Rate*	Occupancy Rate*	Occupancy Rate*
Office	100.0%	96.6%	96.9%
Retail	84,2%	100.0%	100.0%
Weighted Average**	**91.0%**	**97.0%**	**98.8%**

* Occupancy rates are calculated on a per meter basis and only include properties in the rental pool. It does not include those currently listed for sale.
** Weighted Average is calculated based on total meters available for lease.

Demand for retail space has remained strong, despite a challenging economy. Occupancy levels for the Corporation's office space continue to be strong even while vacancy levels throughout the city have remained high as additional supply has entered the market.

Leasing Schedule

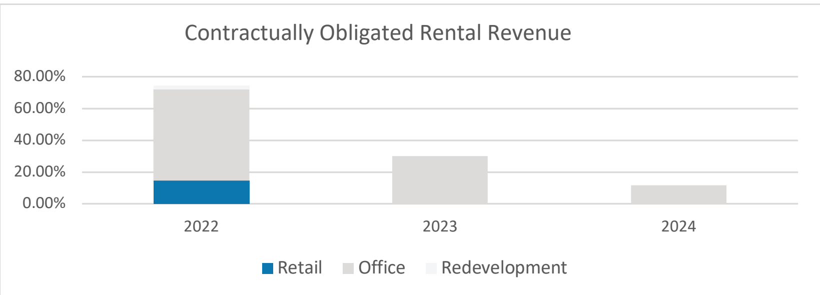
In order to reduce the Corporation's exposure to currency fluctuations and inflation, the Corporation targets shorter lease durations with most tenants. Management's experience is that this practice is in line with local industry standards, with the expectation that once leases expire, existing tenants are offered the first right to re-lease the space at then prevailing market rates.

A summary of the Corporation's lease signings by asset class is presented in the chart below (while these are contracted rates, it is anticipated that many tenants will pay reduced cash rates until the economic crisis concludes):

Most Recent Lease Signings

Lease Type	Lease Renewal Date	SqM	Old Price Per Meter (Mongolian Tögrög)	New Price Per Meter (Mongolian Tögrög)	Percent Increase (decrease)
Office Lease	Nov-21	183	30,000	35,000	16.67%
Office Lease	Nov-21	44	35,000	35,000	0.00%
Office Lease	Nov-21	33	30,000	40,000	33.33%
Retail Lease	Nov-21	72	27,777	27,777	0.00%
Office Lease	Dec-21	24	35,000	35,000	0.00%
Office Lease	Dec-21	44	35,000	45,000	28.57%
Office Lease	Dec-21	36	40,000	45,000	12.50%
Office Lease	Dec-21	49	35,000	35,000	0.00%
Retail Lease	Dec-21	201	35,486	35,486	0.00%

The weighted average remaining lease length, calculated as a percentage of monthly revenues, increased slightly during the year to 10.6 months in December 2021 compared to 9.2 months in December 2020. The increase is primarily attributed to the Corporation signing a three-year lease with a local university for one of its office buildings.



Due to the impacts of Covid-19, Management is unable to determine current market rates as many tenants in Mongolia are operating under some form of discount or rental holiday. It is Management's belief that the majority of the Corporation's existing leases are at rates that are in-line with prevailing market rates that existed before Covid-19. Future changes in lease rates are dependent on economic conditions.

Subscription Products

For the past year, the Corporation has been building 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 year, the Corporation recognized $944,411 of subscription revenue. At year end, the Corporation has $1,035,471 of unearned revenue related to subscription fees that have been collected and not earned. As of December 31, 2021, the Corporation had received $1,979,882 of total billings.

The Corporation intends to increase the marketing of KEDM along with investing 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. The total KEDM subscriber base has continued to grow at an attractive rate since the end of the year. For more information on KEDM, go to http://www.KEDM.COM.

Investments

The Corporation has invested a portion of its excess capital in marketable securities. As of December 31, 2021, the Corporation held positions in multiple different publicly traded companies with the values of marketable securities owned of $37,802,853, securities sold short of $2,652,329 and $9,173,869 due to broker.

During the year, the Corporation realized gains of $10,306,006 (2020- gain of $3,288,803) from sales of public securities and experienced unrealized gains of $7,946,088 (2020 –gain of $4,265,403).

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

Top Holdings		
Holdings	Shares	%
Crude Oil Futures Calls	-	25.0%
Sprott Uranium Trust (U-U – Canada)	362,354	18.0%
St Joe Company (JOE – USA)	70,379	16.5%
Valaris PLC (VAL – USA)	76,230	12.4%
Lee Enterprises (LEE – USA)	76,279	11.9%
Crude Oil Futures	-	11.0%

The Corporation's public securities as of December 31, 2021, are broken out in the following sectors:

Long Portfolio	
Industry Sector	Percentage
Crude Oil Futures and Calls	36.0%
Uranium	25.2%
Energy Services	17.9%
Media and Communications	17.6%
Land	16.5%
Housing	7.5%
Financials	7.2%
Technology	4.7%
Natural Gas	4.4%
Thermal Coal	3.9%
Other long equities	1.1%

Short Portfolio	
Industry Sector	Percentage
Short Crude Oil Futures Calls	-9.3%
Other Short options	-0.2%

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. There are tax and regulatory reasons that this portfolio should not be thought of as the future of the Corporation. 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.

Subsequent to December 31, 2021, the Corporation purchased various Russian securities. As at March 31, 2022, the Company marked all of these securities to zero. As of March 31, 2022, the public securities portfolio had a net equity value of approximately $36,000,000 when compared to a net equity value of about $27,800,000 at December 31, 2021. During the first quarter, the Corporation withdrew approximately $800,000 from the public securities portfolio to fund working capital needs.

Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2021 and 2020, 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, 2021, the Company had net margin borrowings of $9,173,869 (2020 – net cash on deposit of $1,373). 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.

			2021
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	6,872	(4,552)	2,320
Due to brokers	-	(9,173,869)	(9,173,869)

			2020
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	1,415	(42)	1,373
Due to brokers	-	-	-

Digital Assets

During the year, the Corporation opened a digital currency account at Kraken Custody and purchased Monero (XMR) cryptocurrency. The Corporation purchased 920 Monero coins during the year for $314,419. At the end of the year, the coins were worth $266,890 as it experiences an unrealized loss of $42,606 and a currency loss of $4,923.

Section 2 – Results of Operations

Selected Annual Financial Information (CAD)

	Year ended 31-December-2021 ($)	Year ended 31-December-2020 ($)	Year ended 31-December-2019 ($)
Revenue and other income	1,776,711	931,215	1,140,830
Income			
Net income (loss) attributable to equity holders of the Corporation	15,549,306	3,727,544	(3,250,446)
Total Comprehensive income/ (loss) attributable to equity holders of the Corporation	15,491,985	2,516,287	(4,257,182)
Basic earnings per share ("EPS") (in CAD)			
Net income/ (loss)	0.53	0.12	(0.10)
Diluted EPS (in CAD)			
Net Income/ (loss)	0.53	0.12	(0.10)
Balance Sheet			
Total assets	55,026,865	27,970,421	26,077,221
Total liabilities	14,849,578	1,123,994	1,407,393
Total equity	40,177,287	26,846,427	24,669,828
Shares outstanding at year end	27,778,499	31,281,499	32,767,499
Book value per share	1.47	0.86	0.75

Rental Revenue from Investment Properties

Rental revenue from Investment Properties decreased from $756,283 in 2020 to $679,091 in 2021. This is primarily due to discounts given to tenants due to Covid-19 restrictions, fewer investment properties along with the depreciation of the Mongolian Togrog.

Unearned Revenue

The Company has developed a data analytics service, named KEDM, that tracks various Event-Driven strategies. The Company initiated a paywall on July 1, 2021, to start monetizing this service. Revenue 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 2021 consolidated financial statements.

As of December 31, 2021, the Company has unearned revenue of $1,035,471 (December 31, 2020 - $nil).

MGG has engaged an arm's length company to compile and produce the KEDM report on an ongoing basis, while MGG will act as the distributor and marketer of the product. As a part of this engagement, MGG has agreed to pay certain direct and approved expenses related to producing KEDM in addition to 20% of quarterly earned revenues above a threshold. 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 the arm's length company disclaims any ownership or rights to the intellectual property. The agreement can be discontinued by either party following a reasonable transition period and MGG can engage a substitute party to continue the production of KEDM. For more information about KEDM, go to www.KEDM.com.

Revenue from Other Sources

Revenue from other sources consists of late fees, fees earned for third-party leasing, and property management. For the year ending December 31, 2021, revenues from other sources increased to $190,850 compared to $68,170 for the year ending December 31, 2020, as there was an increase in brokerage transactions during the year.

Revenue from Subscriptions

Revenue from subscriptions consists of fees earned through our data analytics subscriptions. For the year ending December 31, 2021, revenues from subscriptions were $944,411 compared to $nil in 2020 as KEDM had not yet been launched.

Gain/loss on disposal of Investment Properties

During the year, the Corporation sold eight properties with a value of $2,163,008 for a net loss of $37,641 (2020 – three properties for cash consideration of $690,134 and a net gain of $106,762).

Fair Value Adjustment on Investment Properties

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 year ended December 31, 2021, the Corporation recorded a valuation loss of $441,870 (2020 – $2,700,069 loss). Management continues to evaluate the impacts of Covid-19 on property prices.

Income Taxes

The Corporation has subsidiaries in Mongolia that are subject to income taxes and, accordingly, has provided for current and deferred income taxes with respect to those subsidiaries.

Differences between IFRS and statutory taxation regulations in Mongolia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The deferred tax liability on the balance sheet increased by $531,408 during the year (Q4 2020 - $103,051 decrease) due to gains in our investment portfolio.

The Corporation's marketable securities portfolio has generated large gains in 2020 and 2021. It is expected that the Corporation will use up all of its Non-capital losses available and to pay taxes in Canada on some of these gains. The Corporation has estimated the deferred liability to be approximately $1,010,244.

Unrealized public securities investment gain/loss

During the year, the Corporation had an unrealized public securities investment gain of $7,946,088 compared to an unrealized public securities investment gain of $4,265,403 during 2020.

Realized public securities investment gain/loss

During the year, the Corporation had realized investment gains of $10,306,006 compared to a realized investment gain of $3,288,803 in 2020.

Realized foreign currency gain/loss

During the year, the Corporation had a realized foreign currency loss of $313,464 compared to a realized foreign currency loss of $14,727 in 2020.

Share Repurchase

During 2021, the Corporation repurchased 3,311,500 common shares under its Normal Course Issuer Bid (NCIB) at an average price of $0.65 (2020-1,642,500, $0.21 average). As at December 31, 2021, the Corporation did not hold any shares in Treasury to be cancelled during the first quarter of 2022 (2020- 191,500).

Property Operating Expenses

Property Operating Expenses consist of repairs and maintenance, bad debts, utilities, salaries, as well as land and property taxes. For the year ending December 31, 2021, property operating expenses were $760,783 compared to $860,936 during the same period in 2020 due to a smaller number of investment properties.

Corporate 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 year ending December 31, 2021, general and administration expenses have increased from $910,968 in 2020 to $2,021,493 in 2021. This increase was primarily driven by an increase in various legal, corporate structuring, and tax planning expenses as it evaluates the current corporate structure for optimization along with increased management compensation and expenses related to the production of KEDM. The Corporation anticipates that these expenses will remain elevated during the next few quarters before returning to a more normalized level. Additionally, the Corporation is looking to hire additional employees at the corporate level in order to assist in marketing KEDM, building up the Merchant Bank and seeking out additional investment opportunities.

Management considers the majority of the legal expenses to be non-recurring but cautions investors that such expenses are likely to remain at an elevated level for the next few quarters.

Unrealized digital assets investment gain/loss

During the year, the Corporation had an unrealized digital assets investment loss of $42,606 and a currency loss of $4,923 (2020 – $nil).

Currency

The Mongolian Tögrög has fluctuated significantly over the past ten years; however, it was relatively unchanged in 2021 increasing from 2235 at the end of December 2020 to 2237 at the end of December 2021. 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 December 31, 2021, the Corporation recognized a foreign exchange adjustment loss of $51,451 (2020 - loss of $1,151,720) due to the timing of the sales of investment property portfolio.

Net Income

For the year ended December 31, 2021, the Corporation had a net income of $15,549,306 compared to a net income of $3,727,544 for the year ended December 31, 2020. This increase versus the same period last year is primarily due to the substantial unrealized and realized gains on marketable securities of $7,946,088 and $10,306,006 respectively as well as the subscription revenue of $944,411 earned during the period. Management cautions investors that the Corporation is primarily focused on increasing shareholder value on a per-share basis. This means that, operationally, Management is more concerned with long-term asset appreciation at the expense of short-term cash flow. Management expects this to be the case for the foreseeable future.

Section 3 - Financial Condition

Cash Flow

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

The following table provides an overview of the Corporation's cash flows from operating, financing and investing activities for the year ended December 31, 2021, and 2020.

		For the year ending
	31-December-2021 $	31-December-2020 $
Net change in cash related to:		
Operating	8,986,056	(940,137)
Investing	(5,767,722)	1,769,219
Financing	(2,141,125)	(299,688)
Effects of exchange rates on cash	(42,669)	95,122
Net change in cash during the period	**1,034,540**	**624,516**

Overall, the Corporation had cash inflows of $1,034,540 during 2021 primarily due to significant cash inflows from operating activities. The changes in components of cash flows for the year ended December 31, 2021, compared to the year ended December 31, 2020, were the result of the following factors:

- **Operating**– The Corporation experienced significant operating cash inflows due to a significant net change in non-cash working capital as the Company had a large amount due to broker at year end. In contrast, at the end of 2020, the Company had a large amount on deposit at the broker.
- **Investing**– The Corporation experienced significant outflows from investing activities for the year ended 2021 primarily due to significant net purchase of marketable securities and acquisition of digital assets, offset slightly by inflows from the disposal of investment properties. In contrast, the Corporation had inflows from the sale of marketable securities and proceeds on the sale of investment properties in 2020.
- **Financing**– The Corporation experienced large cash outflows from Financing activities during 2021 due to share repurchases. In contrast, in 2020, the Corporation had negligible outflows from Financing activities due to a much smaller share repurchases.

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, 2021, the Corporation had $2,396,311 (2020 - $1,361,771) in cash and cash equivalents. Management considers its marketable securities holdings to be fairly liquid and can be sold should the Corporation need to increase its cash position.

Total Assets

As of December 31, 2021, the Corporation had $40,809,029 (2020 - $12,134,944) in Current Assets of which $2,396,311 were held in cash and cash equivalents (2020 - $1,361,771) and $37,802,853 were held in marketable securities (Q4 2020 -$10,612,071), $311,437 were held in unrealized gain on futures contract (Q4 2020-nil), $266,890 were held in digital assets (Q4 2020-nil), and $29,218 were held in other assets (Q4 2020-$159,729). The increase in marketable securities is due to gains in marketable securities during the period. Investment Properties are classified as Non-Current Assets and are carried at Fair Market Value. During the year, Investment Properties decreased to $11,885,907 (Q4 2020 -$14,542,236) due to a decrease in the total number of properties held as well as an unrealized fair value impairment.

Property and Equipment, which primarily consists of properties that are measured at their cost base, increased significantly from $1,293,241 as at December 31, 2020, to $2,220,207 as at December 31, 2021 as the Company purchased a mixed use property in Puerto Rico during the year that has been classified as Property and Equipment.

Total Liabilities

As of December 31, 2021, the Corporation had current liabilities of $13,839,334 (2020 - $605,158) consisting primarily of marketable securities sold short of $2,652,329, amounts due to broker of $9,173,869, payables of $913,391, and unearned revenue of $1,035,471 (Q4 2020-nil).

At the end of December 31, 2021, the CEBA loan was reclassified from long term to short term.

As of December 31, 2021, the non-current liabilities on the balance sheet were deferred income taxes of $1,010,244 (Q4 2020-$478,836).

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

Total Equity

During the year, the Company's equity value increased to $40,177,287 at December 31, 2021 from $26,846,427 at December 31, 2020.

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

Outstanding	31-December- 2021	31-December-20
Common shares	27,778,499*	31,281,499*
Options to buy common shares	-	-

* As at December 31, 2021, the Corporation held no common shares in Treasury to be cancelled during the first quarter of 2022 (2020-191,500).
* As at April 21, 2022 the Corporation had 27,778,499 shares outstanding, no shares held in treasury and no options outstanding.

Acquisitions and Dispositions

During the year, the Company sold eight properties with a value of $2,125,367 at a net loss of $37,641 (2020- $690,134 and a net gain of $106,762). The Company purchased a mixed use property in Puerto Rico during the year for $821,591 that has been classified as Property and Equipment (2020-no properties purchased).

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	2021 $	2020 $
Salaries and other short-term benefits to officers	661,332	479,281
Director fees	60,000	40,000
Total	**721,332**	**519,281**

During 2021, the Company agreed to reimburse a Company owned by an officer of the Company, $233,933 for professional fees incurred from shared services.

As at December 31, 2021, amounts due to related parties totaled approximately $140,000 (2020 - $45,000) comprised of fees owed to management were included in trade payables and accrued liabilities.

Off-Balance Sheet Items

As of December 31, 2021, the Corporation had no off-balance sheet items.

COVID-19

Beginning in February of 2020, the Government of Mongolia undertook extraordinary actions in order to limit the spread of COVID-19. These actions included closing borders, closing schools, reducing gatherings and drastic limitations on business operations. It is anticipated that these actions will lead to a severe economic crisis. Since the initiation of these actions, the Company has experienced a material reduction in rental revenues received. It is also reasonable to expect there could be a material negative impact on the fair values of investment properties; however, at this time the potential effect cannot be quantified. At this time, there is no way to know the ultimate impact of these extraordinary actions upon the economy or the Company.

Events Subsequent to Year End

- The Company sold two properties for total proceeds of approximately $381,000 and a net gain of $nil.
- On February 24, 2022, Russia invaded Ukraine. Mongolia's economy is likely to be impacted by the Russian invasion of Ukraine as Russia is a substantial trading partner of Mongolia. Recent actions to restrict Russian access to SWIFT may have negative impacts upon Mongolia's ability to trade with Russia, which may negatively impact the Mongolian economy. To date, Mongolia has taken a neutral view regarding the Russian invasion. There is no way to know if Mongolia's stance will shift over time.
- Subsequent to year end, the Company cancelled its brokerage license in Mongolia to apply for a license through a different subsidiary for structuring purpose. The Company's new license has not yet been approved.

- As disclosed in the Corporation's March 21, 2022 press release, the Corporation announced that the TSX Venture Exchange (the "Exchange") had accepted a Notice of Intention to renew its normal course issuer bid to purchase outstanding common shares of the Corporation on the open market in accordance with the policies of the TSX.

Securities Sought

Up to 1,935,000 common shares, representing up to approximately 7.0% of the 27,778,499 Common Shares of the Issuer currently issued and outstanding, or approximately 9.9% of the 19,362,249 common shares constituting the Issuer's current Public Float (as defined in the Policies of the Exchange).

Duration

The Issuer intends to commence purchasing its common shares under the Normal Course Issuer Bid three clear trading days following acceptance of the same by the TSX Venture Exchange (the "Exchange"). The Bid will commence on or about March 24, 2022, and the Bid will end no later than March 23, 2023.

Method of Acquisition

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

Member and Broker

The Normal Course Issuer Bid will be conducted by M Partners Inc. of 70 York Street, Suite 1560, Toronto ON M5J 1S9; Thomas Matthews: Phone: (416) 603-7381.

Consideration Offered

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

Reasons for the Normal Course Issuer Bid

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

Persons Acting Jointly or in Concert with the Issuer

N/A

Valuation

After making reasonable enquiry, the Issuer is not aware of any appraisal or valuation of the Issuer's securities that has been prepared within the preceding two years.

In connection with the preparation of its audited financial statements for the financial year ending December 31, 2019, the Issuer engaged CBRE Limited, an arm's length property valuator, to prepare the following independent valuation report (the "Valuation") in respect of the Issuer's Mongolian real estate investment assets:

• Report entitled "Valuation Review Report", dated March 16, 2021, which ascribed a value of 26,074,622,667 MNT (Mongolian Togrogs) to the Issuer's material real estate investment assets as at December 31, 2020;

The Valuations were prepared for internal accounting purposes and the Issuer does not have permission to share the Valuations externally.

Previous Purchases

The Issuer has purchased 2,250,000 of its common shares at an average price of $0.76 within the past 12 months.

Acceptance by Insiders, Affiliates and Associates

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

Benefits from the Normal Course Issuer Bid

N/A

Material Changes in the Affairs of the Issuer Company

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

Section 4 - Quarterly Information

Quarterly Results

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

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	638,904	708,530	179,416	249,861	182,989	324,695	198,393	225,138
Net income (loss)	1,817,849	3,859,343	3,756,952	6,115,162	5,257,076	1,048,297	(1,279,482)	(1,298,347)
Income (loss) per common share	0.07	0.13	0.13	0.20	0.17	0.03	(0.04)	(0.04)
Total Assets	55,026,865	41,322,146	38,950,727	33,756,541	27,970,421	23,992,584	23,427,206	25,832,058
Weighted Average Shares (No.)	29,309,116	29,667,449	30,220,380	30,756,617	32,102,372	32,312,665	32,455,903	32,665,532
Ending Shares (No.)	27,778,499	28,415,999	28,849,499	30,028,499	31,281,499	31,856,999	31,132,499	32,398,499

Revenue

During the fourth quarter, the Corporation earned total revenues of $638,904 (Q4 2020 -$182,989) most of which was generated through subscription revenue $522,901 (Q4 2020 - $nil). During the fourth quarter, the Company earned $199,176 in rental revenue (Q4 2020 - $170,183), $20,517 in other revenue (Q4 2020 - $15,419) and a loss on disposal of Investment property of $103,692 (Q4 2020 - $2,613 loss).

During the quarter, the Corporation also incurred an unrealized loss on fair value adjustment on investment properties and impairment of PP&E of $388,240 (Q4 2020 - $647,298).

Lastly, during the quarter, the Corporation had unrealized gains of $3,046,452 and realized gains of $371,600 in its marketable securities portfolio (Q4-2020 – unrealized: $5,012,686, realized gain: $1,293,328)

Expenses

Quarterly expenses totaled $1,142,053 (Q4 2020 - $672,723). This increase was due to expenses related to the Company's subscription business, legal expenses and year-end bonuses.

Net Income

During the quarter, the Corporation experienced a gain of $1,817,849 in comparison to a gain of $5,257,076 in the same quarter of the previous year. This difference is mainly attributed to significant gains in the marketable securities portfolio during the year as well as income earned from the Corporation's new subscription business.

Section 5 – 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 of investment properties

The estimate of fair value of investment properties is the most critical accounting estimate to the Company. An external appraiser estimates the fair value of the majority of Investment Properties annually, the remainder is appraised internally by Management. The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value of investment properties represents an estimate of the price that would be made in an arm's length transaction between knowledgeable, willing parties. The Corporation operates in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk given the lack of reliable and comparable market information. For the year ending December 31, 2021, the Corporation recorded a fair value impairment loss of $441,870 (Q4 2020 – $2,700,069 loss).

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.

Recently, the Corporation has experienced difficulty converting Mongolian Tögrög to U.S. Dollars at large Mongolian banks. There can be no certainty regarding the ability to convert or wire money from Mongolia in the future.

In recent years, Mongolia signed an agreement with the IMF. There is no certainty regarding the demands that the IMF may make upon Mongolia for austerity or the impacts that this may have on the economy of Mongolia.

During October 2019, Mongolia was added to the FATF "grey-list" for countries with weak anti-money laundering laws and prevention practices. Though Mongolia was recently removed from the "grey-list," the Corporation is unsure of how this will impact its ability to convert currency or transfer funds internationally. Additionally, the Corporation is unsure of what other impacts this may have upon its business.

Due to the economic crisis, businesses are increasingly paying for transactions using various forms of barter such as used equipment, apartments, vehicles, future services and livestock. To date, the Corporation has only agreed to receive barter items in extreme circumstances and has a strong preference to avoid using barter in transactions. As the economic crisis has worsened, barter transactions have become a more substantial percentage of overall economic transactions. As a result, the Corporation may be forced to receive barter items at a higher frequency. These barter items are often difficult to value and monetize and may cause other difficulties for the Corporation that are impossible to predict.

On February 24, 2022, Russia invaded Ukraine. Mongolia's economy is likely to be impacted by the Russian invasion of Ukraine as Russia is a substantial trading partner of Mongolia. Recent actions to restrict Russian access to SWIFT may have negative impacts upon Mongolia's ability to trade with Russia, which may negatively impact the Mongolian economy. To date, Mongolia has taken a neutral view regarding the Russian invasion. There is no way to know if Mongolia's stance will shift over time.

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 December 31, 2021 and 2020, Management has made the judgment that none of the Corporation's assets meet the criteria to be classified as held for sale. While this is due to a number of factors, a primary reason is that due to the conditions of the Mongolian economy and the lack of liquidity in the market, management was unable to conclude that the sale of any significant size asset could be considered highly probable.

Judgement is required in determining whether the Company's Investment property and land use rights titles are at risk. As at December 31, 2021 and 2020, Management has made the judgment that Investment Properties whereby the land title has recently expired but is expected to be renewed in the near future should continue to be classified as Investment Properties. Properties whereby Management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by Management.

Section 6 – 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 December 31, 2020.

As at December 31, 2021, the Corporation had working capital of $26,969,695 (2020- $11,529,786) 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, the Corporation 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 $8,300,000 effective May 8th, 2021 ($11,700,000 - May 7th, 2020). To date the Company has not been able to obtain insurance on its Puerto Rican property with value of $930,825 at December 31, 2021. As the property is located on the ocean, it is at risk of significant hurricane damage or other natural disasters which could result in a significant impairment to its value.

Cryptocurrencies Risk

Cryptocurrencies are measured at fair value less cost to sell. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges 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 owns properties located in Mongolia and collects 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. All of the Corporation's 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.

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.

MGG holds a large portion its assets, investments, and operations in the nation of Mongolia. Mongolia is presently experiencing drastic changes in its economy. Economic volatility and uncertainty in Mongolia could result in inflation, hyperinflation, economic stagnation, political extremism, and other similarly detrimental scenarios which could materially harm the Corporation.

Preliminary growth estimates according to the National Statistics Office for 2021 was an increase of 1.4% year-over-year, while inflation estimates were 13.4% according to Mongol Bank. Management cautions investors that official economic numbers often deviate materially from actual underlying economic conditions. Additionally, the Corporation is not able to accurately predict the ultimate impact of COVID-19 on the economy of Mongolia.

Depending on the requirements of MGG's businesses, additional funds may be required to be raised in the capital markets and there is no guarantee that sufficient funds raised will be available to complete a financing required to augment the Corporation's operations.

The Corporation is currently suffering the effects of Covid-19 on both its property portfolio and investment portfolio. There can be no certainty as to the ultimate impact caused by Covid-19 or the government's response to it in Mongolia and globally.

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 to 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, 2021 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.

Property Specific Risk

The Corporation currently has a standing agreement with the owner of a 42 sq. meter apartment in Mongolia which has been included in one of the Corporation's properties classified as land and development. The agreement entitles the owner of the apartment to 84 sq. meters of space on the first floor of a new building to be built on this land. In this agreement, the Corporation had an obligation to complete the construction of a new building by the end of 2017 and the agreement was not extended. A liability of $263,667 (2020 - $223,693) is currently included in the Corporation's balance sheet to reflect this liability. In addition, the Corporation has recognized a $995,949 (2020 - $1,108,907 unrealized fair value loss on this property in excess of the fair value adjustment calculated using the valuation approaches described. This adjustment is Management's estimate of the market's perception of the risk related to this agreement. While the Corporation has received legal advice that it is not at a substantial risk of losing the property in question, interpretations of Mongolian law can be varied and arbitrary. The Corporation cautions investors that should it lose this property, it would result in a material reduction in the Corporation's overall assets and fair value (3.3 million dollars current carrying value). In addition, there is the potential that the 84 sq. meter liability could inhibit the sale or development of this asset in future periods. The Corporation was not able to obtain any insurance on its Puerto Rican property. There is a risk that the property could be significantly or completely impaired in the event of a hurricane, earthquake or any other natural disaster.

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 at a later date.

Use of Derivatives

The Corporation may use derivative instruments. The use of derivatives in general presents additional risks to those applicable to trading only in the underlying assets. To the extent of the Corporation's investment in derivatives it may take a credit risk 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 credit worthiness, 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.

Additional Information

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

Mongolia Growth Group Ltd.
Consolidated Financial Statements

December 31, 2021
(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mongolia Growth Group Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Mongolia Growth Group Ltd. (the "Company"), which are comprised of the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Nathan.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 21, 2022

Mongolia Growth Group Ltd.

Consolidated Statements of Financial Position

As at December 31

(Expressed in Canadian dollars)

	2021 $	2020 $
Assets		
Current assets		
Cash (note 5)	2,396,311	1,361,771
Marketable securities owned (note 7)	37,802,853	10,612,071
Unrealized gain on futures contract (note 7)	311,437	-
Due from broker (note 6)	2,320	1,373
Digital assets (note 9)	266,890	-
Other assets (note 10)	29,218	159,729
	40,809,029	12,134,944
Non-current assets		
Investment properties (note 11)	11,885,907	14,542,236
Other assets-long term receivable (note 10)	111,722	-
Property and equipment (note 12)	2,220,207	1,293,241
	14,217,836	15,835,477
Total assets	**55,026,865**	**27,970,421**
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (note 13)	913,391	564,542
Unearned revenue (note 8)	1,035,471	-
Due to broker (note 6)	9,173,869	-
Marketable securities sold short (note 7)	2,652,329	39,223
Short Term CEBA Loan (note 6)	60,000	-
Income taxes payable	4,274	1,393
	13,839,334	**605,158**
Non-current liabilities		
Long Term CEBA Loan (note 6)	-	40,000
Deferred income tax liability (note 14)	1,010,244	478,836
Total liabilities	**14,849,578**	**1,123,994**
Equity		
Share capital (note 15)	51,004,122	53,165,247
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(15,501,963)	(15,444,642)
Deficit	(2,174,848)	(17,724,154)
Total equity	**40,177,287**	**26,846,427**
Total equity and liabilities	**55,026,865**	**27,970,421**

Commitment and contingencies (note 19)

Subsequent events (note 25)

Approved by the Board of Directors

"James Dwyer" Director "Harris Kupperman" Director

The accompanying notes are an integral part of these consolidated financial statements.

Mongolia Growth Group Ltd.

Consolidated Statements of Operations

For the year ended December 31

(Expressed in Canadian dollars)

	2021 $	2020 $
Revenue		
Rental income	679,091	756,283
Subscription revenue (note 8)	944,411	-
Other revenue	190,850	68,170
Gain (loss) on disposal of investment property (note 11)	(37,641)	106,762
Total revenue	**1,776,711**	**931,215**
Expenses		
Salaries and wages	887,864	599,199
Other expenses (note 22)	2,209,606	1,440,400
Depreciation (note 12)	72,108	68,795
Total operating expenses	**(3,169,578)**	**(2,108,394)**
Unrealized loss on fair value adjustment on Investment properties (note 11)	(441,870)	(2,700,069)
Reversal of impairment (impairment) of property and equipment (note 12)	53,630	(36,426)
Unrealized gain on short term investments	7,946,088	4,265,403
Realized gain on short term investments	10,306,006	3,288,803
Unrealized loss on digital assets (note 9)	(42,606)	-
Foreign currency loss	(313,464)	(14,727)
Reclassification of accumulated other comprehensive income on disposal of subsidiary (note 24)	(33,006)	-
Total other income	**17,474,778**	**4,802,984**
Net income before income taxes	**16,081,911**	**3,625,805**
Income tax (expense) recovery (note 14)	(532,605)	101,739
Net income for the year	**15,549,306**	**3,727,544**
Net income per share (note 15)		
Basic		
From net income for the year	0.53	0.12
Diluted		
From net income for the year	0.53	0.12

The accompanying notes are an integral part of these consolidated financial statements.

Mongolia Growth Group Ltd.

Consolidated Statements of Comprehensive Income (Loss)

For the year ended December 31

(Expressed in Canadian dollars)

	2021 $	2020 $
Net income for the year	**15,549,306**	**3,727,544**
Other comprehensive loss		
Items that may be subsequently reclassified to income or loss		
Unrealized losses on translation of financial statement operations with Mongolian Tögrög functional currency to Canadian dollar reporting currency	(90,327)	(1,211,257)
Items subsequently reclassified to income or loss		
Reclassification of accumulated other comprehensive income on disposal of subsidiary (note 24)	33,006	-
Total comprehensive income	**15,491,985**	**2,516,287**

The accompanying notes are an integral part of these consolidated financial statements.

Mongolia Growth Group Ltd.

Consolidated Statements of Changes in Equity

For the year ended December 31

(Expressed in Canadian dollars)

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance at January 1, 2020	53,504,935	6,849,976	(14,233,385)	(21,451,698)	24,669,828
Net loss for the year	-	-	-	3,727,544	3,727,544
Reclassification (note 24)	-	-	-	-	-
Other comprehensive loss	-	-	(1,211,257)	-	(1,211,257)
	53,504,935	6,849,976	(15,444,642)	(17,724,154)	27,186,115
Share repurchase	(339,688)	-	-	-	(339,688)
Balance at December 31, 2020	**53,165,247**	**6,849,976**	**(15,444,642)**	**(17,724,154)**	**26,846,427**

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance at January 1, 2021	53,165,247	6,849,976	(15,444,642)	(17,724,154)	26,846,427
Net income for the year	-	-	-	15,549,306	15,549,306
Reclassification (note 24)	-	-	33,006	-	33,006
Other comprehensive loss	-	-	(90,327)	-	(90,327)
	53,165,247	6,849,976	(15,501,963)	(2,174,848)	42,338,412
Share repurchase	(2,161,125)	-	-	-	(2,161,125)
Balance at December 31, 2021	**51,004,122**	**6,849,976**	**(15,501,963)**	**(2,174,848)**	**40,177,287**

The accompanying notes are an integral part of these consolidated financial statements.

Mongolia Growth Group Ltd.

Consolidated Statements of Cash Flow

As at December 31, 2021

(Expressed in Canadian dollars)

	2021 $	2020 $
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	15,549,306	3,727,544
Items not affecting cash		
Depreciation (note 12)	72,108	68,795
Deferred taxes	531,408	(103,051)
Allowance for doubtful receivable (note 10)	55,862	-
Realized (gain) loss on disposal of investment properties (note 11)	37,641	(106,762)
Impairment (Reversal of Impairment) of property and equipment (note 12)	(53,630)	36,426
Unrealized (gain) on marketable securities	(7,946,088)	(4,265,403)
Realized (gain) on marketable securities	(10,306,006)	(3,288,803)
Unrealized loss and FX loss on digital assets (note 9)	42,606	-
Foreign Exchange	4,923	-
Unrealized loss on fair value adjustment on investment properties (note 11)	441,870	2,700,069
Reclassification of accumulated other comprehensive income on disposal of subsidiary (note 24)	33,006	-
	(1,536,994)	**(1,231,185)**
Net change in non-cash working capital balances (note 20)	10,523,050	291,048
	8,986,056	**(940,137)**
Financing activities		
Share repurchase (note 15)	(2,161,125)	(339,688)
CEBA loan (note 6)	20,000	40,000
	(2,141,125)	**(299,688)**
Investing activities		
Net (purchase) sale of marketable securities	(6,636,823)	1,186,552
Acquisition of property and equipment (note 12)	(941,847)	(705)
Net proceeds on sale of investment properties (note 11)	2,125,367	583,372
Acquisition of digital assets (note 9)	(314,419)	-
	(5,767,722)	**1,769,219**
	1,077,209	**529,394**
Effect of exchange rates on cash	(42,669)	95,122
Increase in cash	1,034,540	624,516
Cash – Beginning of year	1,361,771	737,255
Cash – End of year	**2,396,311**	**1,361,771**

*Supplementary cash flow information (note 20)

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in Canadian dollars)

1 Corporate information

Mongolia Growth Group Ltd. ("MGG" or the "Company") was incorporated in Alberta on December 17, 2007, and is a Merchant bank with real estate investments in Ulaanbaatar, Mongolia, a subscription product business and a public securities portfolio that will be sold to invest in unique opportunities to profitably diversify our Company.

The Company's common shares were previously listed on the Canadian Securities Exchange (CSE). On January 9, 2013, the Company filed an application for the de-listing of the common shares from the CSE and filed an application for the listing of common shares on the TSX Venture Exchange (TSXV). The Company is now listed on the TSXV, having the symbol YAK.

MGG has three wholly-owned subsidiaries at December 31, 2021; Mongolia (Barbados) Corp., MGG US Inc., and Lemontree PR LLC. Mongolia (Barbados) Corp. owns the wholly-owned subsidiaries MGG Properties LLC and Big Sky Capital LLC. Big Sky Capital LLC owns the wholly-owned subsidiaries, Carrollton LLC, Biggie Industries LLC, Zulu LLC, Crescent City LLC and Oceanus LLC (together "the investment property operations"). The investment property operations are conducted in Big Sky Capital LLC and its subsidiaries. No active business operations occur in Oceanus LLC at this time. MGG's marketable securities are currently held in brokerage accounts owned by Mongolia (Barbados) Corp and MGG US Inc.

At December 31, 2021 and 2020, the principal subsidiaries of the Company, their geographic locations, and the ownership interest held by the Company, were as follows:

		Ownership		
Name	**Principal Activity**	**December 31, 2021**	**December 31, 2020**	**Location**
Mongolia (Barbados) Corp.	Holding Company and Brokerage Account	100%	100%	Barbados
Lemontree PR LLC	Real estate operations	100%	nil	Puerto Rico
MGG US Inc.	Investments	100%	nil	United States
MGG Properties LLC	Holding Company and Real estate operations	100%	100%	Mongolia
Big Sky Capital LLC	Holding Company and Real estate operations	100%	100%	Mongolia
Carrollton LLC	Real estate operations	100%	100%	Mongolia
Biggie Industries LLC	Real estate operations	100%	100%	Mongolia
Zulu LLC	Real estate operations	100%	100%	Mongolia
Crescent City	Real estate operations	100%	100%	Mongolia
Oceanus LLC	Real estate operations	100%	100%	Mongolia

The Company is registered in Alberta, Canada, with its Head Office at its registered and records address at Centennial Place, East Tower, 1900, 520 – 3rd Avenue S.W. Calgary, Alberta, Canada T2P 0R3. The Company's Canadian headquarters are located at 100 King Street West, Suite 5600, Toronto, Ontario, M5X 1C9, Canada. The Company's Mongolian investment property operations are based out of its office located at the MGG Properties Building on Seoul St. in Ulaanbaatar, Mongolia.

At December 31, 2021, the Company is organized into three segments based on the business operations:

- Big Sky Capital LLC and its subsidiaries own investment properties which are located in Ulaanbaatar, Mongolia and are held for the purpose of generating rental revenue, capital appreciation, and/or redevelopment; and
- The MGG Corporate office is located in Toronto, Canada.
- The Subscription Products office is located in Toronto, Canada.

(Expressed in Canadian dollars)

2 Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The significant accounting policies used in the preparation of these consolidated financial statements are summarized in note 3.

These consolidated financial statements have been prepared on a going concern basis, meaning that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

The consolidated financial statements, including the notes to the consolidated financial statements, are presented in Canadian dollars ($) which is the presentation currency and the functional currency of the parent Company. The functional currency of the Mongolian subsidiaries is the Mongolian National Tögrög (MNT). The functional currency of the Company's operating subsidiary in Barbados in the Canadian Dollar. The functional currency of the Company's operating subsidiaries in the United States is the US Dollar.

These consolidated financial statements were approved by the Board of Directors of the Company for issue on April 21, 2022.

3 Significant accounting policies

a. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of investment properties, marketable securities, options on futures, calls, puts and digital assets at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Basis of consolidation

These consolidated financial statements include the accounts of MGG and its wholly-owned subsidiaries. Subsidiaries are entities controlled by MGG. Control exists when MGG is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting year as MGG, using consistent accounting policies. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Upon the disposal of a subsidiary, amounts previously recognized in other comprehensive income in respect of that entity, are reclassified to profit and loss.

c. Financial instruments

Classification and measurement

The classification of financial assets is based on the Company's business models and the financial asset's contractual cash flow characteristics. Business models are reassessed periodically, and contractual cash flow characteristics are assessed to determine whether they are "Solely payments of principal and interest" (SPPI).

(Expressed in Canadian dollars)

c. Financial instruments (continued)

Financial assets, including hybrid contracts, are classified as either amortized cost, fair value through other comprehensive income (FVOCI), or the residual classification of fair value through profit and loss (FVTPL).

Financial assets with cash flows that are SPPI and are held within a business model where the objective is to hold the financial assets in order to collect contractual cash flows ("Hold to collect" business model) are measured at amortized cost.

Financial assets with cash flows that are SPPI and are held within a business model where the dual objective is to hold the financial assets in order to collect contractual cash flows and selling financial assets ("Hold to collect and sell" business model) are measured at FVOCI.

Financial assets with cash flows that are SPPI but are not held within the "Hold to collect" or "Hold to collect and sell" business models are measured at FVTPL.

Financial assets with cash flows that do not meet the SPPI conditions are measured at FVTPL.

Marketable securities held for trading are classified as FVTPL. For all other marketable securities that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or if the Company elects to measure them at fair value through profit or loss.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are recognized on the trade date, the date on which the Company commits to purchase or sell the investment.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

i) Financial assets and financial liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition it is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions.

(Expressed in Canadian dollars)

c. Financial instruments (continued)

From time to time, the Company enters into derivative financial instruments for speculative purposes. These instruments are marked to market, and the corresponding gains and losses for the year are recognized in the consolidated statement of operations. The carrying value of these instruments is fair value, which approximates the amount that would be received or paid if the derivative were to be transferred to a market participant at the consolidated statement of financial position date. The fair value is included in marketable securities if in an asset position or marketable securities sold short if in a liability position.

As at December 31, 2021, the Company had a net fair market value of approximately $2,652,329 of derivative financial liabilities that will expire if out of the money at expiration (Note 7).

ii) Financial assets managed as fair value through profit or loss

Financial assets managed as fair value through profit or loss are financial instruments that are not classified as held for trading but form part of a portfolio that is managed and whose performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's marketable securities owned, unrealized gain on futures contract, and marketable securities sold short are all classified as held for trading and carried at FVTPL.

Recognition, derecognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of operations. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are presented in the consolidated statement of operations in realized and unrealized gain on short-term investments.

<u>Financial assets at amortized cost</u>

Classification

Financial assets at amortized cost are non-derivative financial assets with cash flows that are "solely from the payment of principal and interest" (SPPI) and that are managed under a "held to collect" business model.

The Company's financial assets at amortized cost consist of cash, due from brokers, as well as accounts receivable and long term receivable, which are included in other assets.

Recognition and measurement

At initial recognition, the Company measures its financial assets at its fair value plus transactions costs incurred. The amortized cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

(Expressed in Canadian dollars)

c. Financial instruments (continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Financial liabilities at amortized cost

Classification

The Company's financial liabilities at amortized cost are non-derivative liabilities that comprise trade payables and accrued liabilities, due to broker, and short-term and long term CEBA loan.

Recognition and measurement

Trade payables and accrued liabilities are initially recognized at fair value. Subsequently, they are measured at amortized cost using the effective interest method. Due to brokers and CEBA loans are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Impairment

Substantially all of the Company's financial assets at amortized cost are short-term assets and from sources with low credit risk. The Company monitors its financial assets measured at amortized cost and counterparty risk.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities recorded at fair value in the consolidated statement of financial position are measured and classified in a hierarchy consisting of three levels for disclosure purposes. The three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

- The Company defines active markets based on the frequency of valuation and any restrictions or illiquidity on disposition of investments. The size of the bid/ask spread is used as an indicator of market activity for fixed maturity securities. Fair value is based on market price data for identical assets obtained from the investment custodian, investment managers or dealer markets. The Company does not adjust the quoted price for such instruments.

Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 2 inputs include observable market information, including quoted prices for assets in markets that are considered less active. Fair value is based on or derived from market

(Expressed in Canadian dollars)

c. Financial instruments (continued)

price data for same or similar instruments obtained from the investment custodian, investment managers or dealer markets.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities

- Level 3 assets and liabilities would include financial instruments whose values are determined using internal pricing models, discounted cash flow methodologies, or similar techniques that are not based on observable market data, as well as assets or liabilities for which the determination of estimated fair value requires significant management judgement or estimation.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

The levels of the fair value inputs used in determining estimated fair value of the Company's financial assets at fair value through profit or loss as at December 31, 2021 and 2020, is shown below.

		Estimated fair values		
	December 31, 2021	Level 1	Level 2	Level 3
Marketable securities	$37,802,853	$37,802,853	-	-
Unrealized gain on futures contract	$311,437	$311,437	-	-
Marketable securities sold short	($2,652,329)	($2,652,329)	-	-
	$35,461,960	**$35,461,960**	-	-

		Estimated fair values		
	December 31, 2020	Level 1	Level 2	Level 3
Marketable securities	$10,612,071	$10,612,071	-	-
Marketable Securities sold short	($39,223)	($39,223)	-	-
	$10,572,848	**$10,572,848**	-	-

At December 31, 2021 and 2020 there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as level 2 and 3 in the fair value hierarchy above.

d. Investment properties

Investment properties include properties held to earn rental revenue, for capital appreciation, and/or for redevelopment. Investment properties are initially measured at fair which is most often the purchase price plus any directly attributable expenditures. Investment properties are subsequently measured at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair

(Expressed in Canadian dollars)

d. Investment properties (continued)

value of investment properties are recognized in the consolidated statement of operations in the year they arise. A key characteristic of an investment property is that it generates cash flows largely independently of the other assets held by an entity.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of operations during the financial period in which they occur.

Substantially all of the Company's income generating properties and properties under development are investment properties.

Properties under development are measured at cost.

Certain land leases held under an operating lease are classified as investment properties when the definition of an investment property is met. At inception these leases are recognized at the lower of the fair value of the property and the present value of the minimum lease payments.

Some properties may be partially occupied by the Company, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Company can be sold separately, the Company accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income, capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Company considers the owner-occupied portion as insignificant when the property is more than 90% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Company uses the size of the property measured in square metres.

The fair value of investment properties was based on the nature, location and condition of the specific asset. The fair value is calculated at December 31 on the majority of investment properties by an independent, professional, qualified appraisal firm, whose appraisers hold recognized relevant, professional qualifications and who have recent experience in the locations and categories of the investment properties valued. The remaining investment properties' fair value was calculated by Management and was performed by qualified individuals with recent experience in the locations and categories of the investment properties valued.

e. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are categorized as held for sale at the point in time when the asset or disposal group is available for immediate sale. Management has committed to a plan to sell and is actively locating a buyer at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one year period. Investment properties measured under the fair value model and held for sale continue to be measured by the guidelines of IAS 40 – Investment Property. All other assets held for sale are stated at the lower of carrying amounts and fair value less selling costs. An asset that is subsequently reclassified as held and in use, with the exception of investment property measured under the fair value model, is measured at the lower of its recoverable amount and the carrying value that would have been recognized had the asset never been classified as held for sale.

(Expressed in Canadian dollars)

f. Revenue recognition

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

i) Rental revenue

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

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

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

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

ii) Investment income

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

iii) Subscription Revenue

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

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

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

iv) Unearned revenue

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

(Expressed in Canadian dollars)

g. Digital Assets

The Company's digital assets are primarily traded in active markets and are purchased with the intent to re-sell in the near future, generating a profit from the fluctuations in prices or margins. As a result digital assets are measured at fair value less cost to sell, with changes in fair value recognized in profit or loss.

h. Cash

Cash includes cash held at banks or on hand and demand deposits.

i. Property and equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. All repairs and maintenance costs are charged to the consolidated statement of operations during the period in which they occur.

Depreciation is recognized in the consolidated statement of operations and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	Straight-line over 40 years
Furniture and fixtures	Straight-line over 5 to 10 years
Equipment	Straight-line over 1 to 5 years

Impairment reviews are performed when there are indicators that the net recoverable amount of an asset may be less than the carrying value. The net recoverable amount is determined as the higher of an asset's fair value less cost to dispose and value in use. Impairment is recognized in the consolidated statement of operations, when there is objective evidence that a loss event has occurred which has impaired future cash flows of an asset. In the event that the value of previously impaired assets recovers, the previously recognized impairment loss is recovered in the consolidated statement of operations at that time.

An item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations in the period the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(Expressed in Canadian dollars)

j. Income taxes

Income taxes are comprised of both current and deferred taxes. Current tax and deferred tax are recognized in the statement of operations except to the extent that it relates to items recognized in Other Comprehensive Income ("OCI") or directly in equity. In this case, the tax is recognized in OCI or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income and are measured at the amount expected to be recovered from or paid to the taxation authorities for the current and prior periods.

Deferred income tax assets and liabilities are recorded for the expected future income tax consequences of events that have been included in the consolidated financial statements or income tax returns. Deferred income taxes are provided for using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases for assets and liabilities and for certain carry-forward items, such as losses and tax credits not utilized from prior years. However, if the deferred income tax arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income, it is not accounted for.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where, in the opinion of Management, it is probable that future taxable profit will be available against which the deferred tax asset can be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates, on the date the changes in tax laws and rates have been enacted or substantively enacted.

k. Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange in effect on the dates they occur. Gains and losses arising as a result of foreign currency transactions are recognized in the current year consolidated statement of operations. At reporting dates, monetary items are translated at the closing rate of exchange in effect at the consolidated statement of financial position date.

Translation of foreign operations

For the purpose of the consolidated financial statements, the results and financial position of the Company's operations are expressed in Canadian dollars, which is the functional currency of the parent, and the presentation currency of the consolidated financial statements.

The Company translates the assets, liabilities, income and expenses of its subsidiaries which have a functional currency other than the Canadian dollar, to Canadian dollars on the following basis:

- Assets and liabilities are translated at the closing rate of exchange in effect at the consolidated statement of financial position date.

(Expressed in Canadian dollars)

k. Foreign exchange transactions (continued)

- Income and expense items are translated using the average rate for the month in which they occur, which is considered to be a reasonable approximation of actual rates.
- Equity items are translated at their historical rates.
- The translation adjustment from the use of different rates is included as a separate component of equity, in accumulated other comprehensive income (loss).

l. Comprehensive income

Comprehensive income consists of net income (loss) and OCI. OCI includes changes in unrealized gains (losses) on the translation of subsidiaries with a functional currency other than the Canadian dollar.

m. Share capital and deferred share issuance costs

Ordinary shares issued by the Company are classified as equity. Costs directly identifiable with the raising of capital will be charged against the related share issue, net of any tax effect.

Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share issuance or charged to operations if the shares are not issued.

n. Earnings (loss) per share

For both continuing and discontinued operations, the Company presents basic and diluted earnings (loss) per share (EPS) data for its common shares. Basic EPS is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the results of operations attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options.

o. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operations, has been identified as the Chief Executive Officer. The Company is now managed as three operating segments based on how information is produced internally for the purpose of making operating decisions. The segments are defined as investment property operations, subscription products and corporate.

p. Leases

IFRS 16, Leases ("IFRS 16") sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor.

From a lessee point of view, the Company has entered into Mongolian government land leases on some of its investment properties. The Company, as a lessee, has determined, based on an

(Expressed in Canadian dollars)

p. Leases (continued)

evaluation of the terms and conditions of the arrangements, that these land leases meet the definition of an investment property and has classified them as such; therefore, the fair value model is applied to those assets, and gains and losses on changes in fair value are recorded in profit or loss. The payments on these leases are nominal, and are therefore exempt from recognition as low-value leases.

The Company has also entered into commercial and residential property leases on its investment properties. The Company as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains the significant risks and rewards of ownership of these properties and therefore accounts for these agreements as operating leases.

For other leases of low-value assets or short-term leases that end within 12 months of the commencement date and which have no renewal or purchase option, the Company has elected to apply the recognition exemptions specified in IFRS 16, allowing the Company to continue to expense the lease payments in the period in which they are incurred. The total of such expenses was $5,092 for the 2021 fiscal year (2020 - $9,109).

q. Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense of any provision is recognized in the consolidated statement of operations net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

r. Due from and to brokers

Amounts due from and to brokers represent negative cash balances or margin accounts, and pending trades on the purchase or sale of securities. Where terms in the prime brokerage agreements permit the prime broker to settle margin balances with cash accounts or collateral, the due from brokers cash balances are offset against the due to brokers margin balances at each prime broker.

(Expressed in Canadian dollars)

s. Marketable Securities

The Company presents results from trading marketable securities on both a realized and unrealized basis separately in profit and loss. A realized gain or loss is recorded upon transfer of ownership of a marketable security, calculated as proceeds (net of broker fees) less its cost which is measured on a first-in-first-out ("FIFO") basis. Unrealized gains and losses are the fair value adjustments to positions still held at reporting dates.

t. Futures Contracts

The Company may invest in financial futures contracts ("futures contracts") for the purpose of hedging its existing portfolio securities or for speculative reasons.

Upon entering into a futures contract, the Company is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This payment is known as "initial margin." Subsequent payments, known as "variation margin," are calculated each day, depending on the daily fluctuations in the fair value/market value of the underlying assets. An unrealised gain or loss equal to the variation margin is recognised on a daily basis and carried on the balance sheet. When the contract expires or is closed the gain (loss) is realised and is presented in the Statement of Operations as a realised gain (loss) on short term investments. Futures contracts are valued daily at their last quoted sale price on the exchange they are traded. A "sale" of a futures contract means a contractual obligation to deliver the securities or foreign currency called for by the contract at a fixed price at a specified time in the future. A "purchase" of a futures contract means a contractual obligation to acquire the securities, commodities or foreign currency at a fixed price at a specified time in the future.

u. Current Accounting Policy Changes

There were no accounting policy changes which impacted the Company in the December 31, 2021 fiscal year, however notes 3g, 3r and 3t above were adopted this year.

v. Future Accounting Policy Changes

IAS 1, Presentation of Financial Statements ("IAS 1") The IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' in January 2020, affecting the presentation of liabilities in the statement of financial position. The narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments must be applied retrospectively in accordance with the normal requirements of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The amendments are effective for annual periods beginning on or after January 1, 2023 (in accordance with 'Classification of Liabilities as Current or Non-Current – Deferral of Effective Date (Amendment to IAS 1) issued by the IASB in July 2020), with earlier application permitted. The amendments have not been early adopted by the Company. The Company is currently assessing any potential impact of this amendment.

(Expressed in Canadian dollars)

w. Comparative Figures

Certain comparative figures have been reclassified to conform with the basis of presentation applied for the year ended December 31, 2021. Specifically, we have reclassified $2,320 to due from brokers from cash and marketable securities respectively, all within current assets.

4 Significant accounting estimates and judgements

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

The effect of a change in an accounting estimate is recognized prospectively by including it in net income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.Significant estimates made in the preparation of these consolidated financial statements include the following areas:

- Fair value of investment properties – The estimate of fair value of investment properties is the most critical accounting estimate to the Company. An external appraiser estimates the fair value of the majority of investment properties by dollar value annually.

  The remaining balance of investment properties was valued internally. The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value of investment properties represents an estimate of the price that would be made in an arm's length transaction between knowledgeable, willing parties. This fair value assumes that the Company is in possession of the property's land and property titles where applicable. Management judges that the Company has the appropriate titles for each of the properties classified as Investment Properties. Properties whereby Management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by Management.

- The Company operates in the emerging real estate market of Mongolia, which given its current economic, political and industry conditions, gives rise to an increased inherent risk given the lack of reliable and comparable market information. The significant estimates underlying the fair value determination are disclosed in note 11. Changes in assumptions about these factors could materially affect the carrying value of investment properties. In addition, the significant global uncertainty resulting from the novel coronavirus ("COVID-19") pandemic has reduced the availability of reliable market metrics to inform opinions, and therefore a higher degree of judgment must be applied. Consequently, fair values are subject to significant change.

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

(Expressed in Canadian dollars)

4 Significant accounting estimates and judgements (continued)

- Operating environment of the Company - Mongolia displays many characteristics of an emerging market including relatively high inflation and interest rates. The tax and customs legislation in Mongolia is subject to varying interpretations and frequent changes.

- The future economic performance of Mongolia is tied to the continuing demand from China and global prices for commodities as well as being dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government of Mongolia together with tax, legal, regulatory and political developments. Management is unable to predict all developments that could have an impact on the Mongolian economy and consequently what effect, if any, they could have on the future financial position of the Company.

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

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

As at December 31, 2021 and 2020, Management has made the judgment that none of the Company's assets meet the criteria to be classified as held for sale. While this is due to a number of factors, a primary reason is that due to the conditions of the Mongolian economy and the lack of liquidity in the market, management was unable to conclude that the sale of any significant size asset could be considered highly probable.

- Judgement is required in determining whether the Company's Investment property and land use rights titles are at risk. As at December 31, 2020, Management made the judgment that Investment Properties whereby the land title has recently expired but is expected to be renewed in the near future should continue to be classified as Investment Properties. Properties whereby Management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by Management. As of December 31, 2021, all land titles of the Company's Investment Properties were current.

(Expressed in Canadian dollars)

5 Cash

Cash at banks earns interest at floating rates based on daily bank deposit rates. The component of cash accounts currently consists only of cash amounts held in banks or on hand.

The following table discloses the geographical location of cash:

	2021	**2020**
	$	**$**
Barbados	1,560,652	1,006,689
Canada	274,900	218,694
United States	313,036	-
Mongolia	247,723	136,388
Total cash	**2,396,311**	**1,361,771**

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

The credit quality of cash balances may be summarized based on Standard and Poor's ratings or equivalents of Moody's and/or Fitch ratings. The credit quality at December 31 was as follows:

	2021	**2020**
	$	**$**
Cash on hand	2,272	1,916
A or A+ rated	460,755	199,491
B- or B+ rated	368,234	134,471
BBB+ rated	1,559,329*	1,005,228
Unrated	5,721	20,665
Total cash	**2,396,311**	**1,361,771**

*Cash is held in a brokerage account, at which the Company also has a margin balance due and payable at December 31, 2021 (Note 6).

The unrated balance relates to one private bank in Barbados (2020 – one) one brokerage company in Canada (2020 – one) and a cryptocurrency platform. The BBB+ rating relates to a brokerage company in the United States.

6 Credit facilities and due from and due to brokers

a) Credit facilities

During the year ended December 31, 2020, the Company qualified for a government-guaranteed line of credit (Canada Emergency Business Account "CEBA") of $40,000 which was interest-free until December 31, 2020. On January 1, 2021, the line of credit converted to a 2-year, 0% interest term loan to be repaid by December 31, 2022 at which time a 25% balance forgiveness ($10,000) will apply if the loan is repaid by such date. On January 1, 2021 the Company qualified for an additional $20,000 2-year, 0% interest term loan to be repaid by December 31, 2022. The Company has the option to exercise a 3-year term extension on the loans by December 31, 2022, if the loans are not repaid by then, at which time, the remaining unpaid balance of the loans will bear interest at 5% interest per annum during the extension period and must be paid in full by December 31, 2025. Funds can be used to pay non-deferrable operating expenses including payroll.

(Expressed in Canadian dollars)

6 Credit facilities and due from and due to brokers (continued)

Short and long term debt

	2021 $	2020 $
Current	60,000	-
Non-current	-	40,000
	60,000	**40,000**

a) Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2021 and 2020, 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, 2021, the Company had net margin borrowings of $7,614,540 (2020 – net cash on deposit of $1,006,568). The fair value of the collateral-listed equity securities is calculated daily and compared to the Company's margin limits. The prime brokers can at any time demand full or partial repayment of the margin balances and any interest thereon or demand the delivery of additional assets as collateral.

Due from and due to brokers balances are presented on a net basis by broker in the consolidated statement of financial position. Under the prime broker agreements, the broker may upon events of default offset, net and/or regroup any amounts owed by the Company to the broker by amounts owed to the Company by the broker. The following tables set out the offsetting of the Company's various accounts with prime brokers.

Due from and due to brokers

			2021
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	6,872	(4,552)	**2,320**
Due to brokers	-	(9,173,869)	**(9,173,869)**

			2020
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amounts $
Due from brokers	1,415	(42)	**1,373**
Due to brokers	-	-	**-**

(Expressed in Canadian dollars)

7 Equity investments and other holdings, securities sold short, derivatives and futures

Equity Investments and other holdings

	December 31, 2021 $	December 31, 2020 $
Assets		
Equity securities	30,778,337	10,612,071
Options on futures	7,006,506	-
Calls	7,952	-
Puts	10,058	-
	37,802,853	**10,612,071**

Securities sold short and derivative liabilities

	December 31, 2021 $	December 31, 2020 $
Liabilities		
Options on futures	2,598,477	-
Calls	47,835	-
Puts	6,017	39,223
	2,652,329	**39,223**

Futures

	December 31, 2021 $	December 31, 2020 $
Cost Basis	$2,768,220	-
Unrealized gains on futures contract	$311,437	-
Fair Market Value	**$3,079,657**	-

A "purchase" of a futures contract means a contractual obligation to acquire the securities, commodities or foreign currency at a fixed price at a specified time in the future and is not included on the balance sheet. An unrealised gain or loss equal to the change in value of the contract is recognised on a daily basis and carried on the balance sheet.

(Expressed in Canadian dollars)

8 Subscription Revenue

The Company's revenue from contracts with customers is comprised of investment data analytics subscriptions.

The Company has been working on building a data analytics service, named KEDM, during the last twelve months, that tracks various event-driven strategies. The Company initiated a paywall on July 1, 2021 to start monetizing this service. Revenue earned during the period is classified as subscription revenue on the income statement. Revenue collected that has not yet been earned, have been classified as unearned revenue and will be classified according to the Company's revenue policies described in note 3.

Contract Liabilities:

As of December 31, 2021, the Company has unearned revenue of $1,035,471 to be fully recognized during fiscal 2022 in accordance with contract terms (December 31, 2020 - $nil).

MGG has engaged an arm's length company to compile and produce the KEDM report on an ongoing basis, while MGG will act as the distributor and marketer of the product. As a part of this engagement, MGG has agreed to pay certain direct and approved expenses related to producing KEDM in addition to 20% of quarterly earned revenues above a threshold of $125,000 USD. Most of the expenses related to the unearned revenue have not yet been incurred and are not reflected in the Company's financial statements. MGG owns all intellectual property related to KEDM and the arm's length company disclaims any ownership or rights to the intellectual property. The agreement can be discontinued by either party following a reasonable transition period and MGG can engage a substitute party to continue the production of KEDM.

9 Digital assets

	December 31, 2021 $	December 31, 2020 $
Balance - beginning of year	-	-
Net purchases	314,419	-
Unrealized loss	(42,606)	-
Foreign currency loss	(4,923)	-
Balance - end of year	**266,890**	-

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

10 Other assets

	December 31, 2021 $	December 31, 2020 $
Accounts receivable	29,888	134,869
Long term receivable	111,722	-
Allowance for doubtful debt	(55,862)	-
Prepaid expenses	55,192	24,860
	140,940	**159,729**

(Expressed in Canadian dollars)

10 Other assets (continued)

As of December 31, 2021, the Company reclassified the $111,722 receivable from a property sold in 2019 from short term to long term. The Company has filed court proceedings against the debtor and has made an allowance for 50% of the amount.

11 Investment properties

	2021 $	2020 $
Balance - beginning of year	14,542,236	18,831,985
Acquisitions	-	145,412
Disposals	(2,163,008)	(583,372)
Fair value adjustment	(441,870)	(2,700,069)
Foreign exchange adjustments	(51,451)	(1,151,720)
Balance – end of year	**11,885,907**	**14,542,236**

During the year ended December 31, 2021, the Company sold eight properties for net proceeds of $2,125,367 resulting in a net loss of $37,641. During the year ended December 31, 2020, the Company sold three properties for total proceeds of $690,134 resulting in a net gain of $106,762 and acquired a property for $145,412 through the sale of a property during the prior year. During the year, the Company recognized an unrealized fair value impairment of $441,870 (2020 - $2,700,069 loss) on its property portfolio.

Investment properties by major category are as follows:

	2021 $	2020 $
Office	925,127	896,266
Retail	7,119,588	9,415,983
Land and redevelopment sites	3,841,192	4,229,987
	11,885,907	**14,542,236**

Investment properties with an aggregate fair value of $10,187,412 (2020 - $9,245,117) in addition to the two Property and Equipment properties of $2,201,317 were valued by external independent valuation professionals who are deemed to be qualified appraisers who hold a recognized, relevant, professional qualification and who has recent experience in the locations and categories of the investment properties valued. The remaining balance of investment properties were valued internally.

The Company determined the fair value of investment properties using the income approach and the sales comparison approach, which are generally accepted appraisal methodologies.

Under the income approach, the methodology used was the direct capitalization approach which is based on rental income and yields. Rental incomes were based on current rent and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future rent in light of current conditions adjusted for non-recoverable property costs. Yields were determined using data from real estate agencies, market reports and property location among other things in determining the appropriate assumptions. Under this

(Expressed in Canadian dollars)

11 Investment properties (continued)

method, year one income is stabilized and capped at a rate deemed appropriate for each investment property.

The sales comparison approach analyzes all available information of sales of comparable properties that have recently taken place or have recently been marketed and adjusts the price to reflect differences in the property valued and sold.

The entire portfolio of investment properties has been valued using the income approach, the sales comparison approach or a combination thereof.

Due to the COVID-19 pandemic and its ongoing impact on the economy, and specifically its unknown future impact on the real estate market, there is heightened uncertainty surrounding the valuation of the investment properties. Consequently, there is a need to apply a higher degree of judgment as it pertains to the forward-looking assumptions that underlie the Company's valuation methodologies. In addition, less weight can be ascribed to previous market evidence, for comparative purposes, to inform opinions of value. Given this impact on the availability of reliable market metrics, fair values at December 31, 2021 may be subject to material change.

The Company currently has a standing agreement with the owner of a 42 sq. meter apartment which has been included in one of the Company's properties classified as land and redevelopment. The agreement entitles the owner of the apartment to 84 sq. meters of space on the first floor of a new building to be built on this land. In this agreement, the Company had an obligation to complete the construction of a new building by the end of fiscal 2017 and the agreement was not extended. A liability of $263,667 (2020 - $223,693) is currently included in the Company's trade payables and accrued liabilities (note 13) to reflect this liability. In addition, the Company has recognized an unrealized fair value impairment of $995,949 included in investment properties (2020 -$1,108,907) in excess of the fair value adjustment calculated using the valuation approaches described. This adjustment is Management's estimate of the markets perception of the risk related to this agreement, and is included within the unrealized gain (loss) on fair value adjustment on Investment properties within profit and loss. Refer to Note 17 for additional information.

Under the fair value hierarchy, the fair value of the Company's investment properties is considered a level three, as defined in note 3.

The key valuation assumptions for commercial investment properties are as follows:

	2021		
	Maximum	**Minimum**	**Weighted-average**
Capitalization rate	13.1%	9.0%	11.8%

	2020		
	Maximum	**Minimum**	**Weighted-average**
Capitalization rate	11.0%	8.9%	9.7%

(Expressed in Canadian dollars)

11 Investment properties (continued)

The following sensitivity table outlines the impact of a 0.25% change in the weighted average capitalization rate on investment properties at 2021:

	Change to fair value if capitalization rate increased 0.25%	Change to fair value if capitalization rate decreases 0.25%
Investment property	(25,790)	26,898

Additional valuation assumptions include the rental revenue per square meter, grade quality of the property, and comparable market data.

Investment properties of $73,321 (2020 - $3,455,674) have no rental revenue associated with them at December 31, 2021.

Investment properties include land use rights held under operating leases with an aggregate fair value of $3,841,192 (2020 – $4,229,987) at December 31, 2021.

Certain investment properties held by the Company are leased out (the Company is the lessor) under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2021 $	2020 $
Less than 1 year	608,538	769,266
Between 1 and 5 years	265,126	158,875
Beyond 5 years	-	-
	873,664	**928,141**

Direct operating expenses arising from investment properties that generated rental income during the year was $757,564 (2020 – $855,822). Direct operating expenses arising from investment properties that did not generate rental income during the year was $1,536 (2020 - $5,114).

The Company's operating leases, in which the Company is the lessor, are structured such that the weighted average length of the leases as at December 31, 2021 was 10.6 months (9.2 months as at December 2020), calculated as a percentage of monthly revenues.

(Expressed in Canadian dollars)

12 Property and equipment

				2021
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Cost				
At January 1	72,194	126,541	1,733,299	1,932,034
Additions	-	-	941,847	941,847
Disposals	(10,641)	(3,843)	-	(14,484)
Reversal of impairment	-	-	53,630	53,630
Foreign exchange adjustment	(1,560)	7,100	(2,578)	2,962
At December 31	59,993	129,798	2,726,198	2,915,989

				2021
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Accumulated depreciation				
At January 1	54,401	116,680	467,712	638,793
Depreciation	5,170	9,569	57,369	72,108
Disposals	(10,641)	(3,843)	-	(14,484)
Foreign exchange adjustment	(211)	(224)	(200)	(635)
At December 31	48,719	122,182	524,881	695,782
Net book value at December 31	11,274	7,616	2,201,317	2,220,207

During the year ended December 31, 2021 the Company recognized a reversal of impairment on its corporate office building of $53,630 (2020 – impairment of $36,426) which was implied by the same valuation methodology described in note 11. During the year ended December 31, 2021, the Company purchased an office building in Puerto Rico at a cost of $821,591 and made improvements totaling $120,256. This property will serve as a Corporate office in Puerto Rico and the remainder will be rented out to affiliated and non affiliated parties.

(Expressed in Canadian dollars)

12 Property and equipment (continued)

	2020			
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Cost				
December 31	70,944	128,444	1,800,646	2,000,034
Additions	-	705	-	705
Disposals	-	(2,858)	-	(2,858)
Reversal of impairment	-	-	(36,426)	(36,426)
Foreign exchange adjustment	1,250	250	(30,921)	(29,421)
At December 31	72,194	126,541	1,733,299	1,932,034

	2020			
	Furniture and fixtures $	**Equipment $**	**Buildings $**	**Total $**
Accumulated depreciation				
At January 1	45,047	107,759	411,578	564,384
Depreciation	6,901	11,525	50,369	68,795
Disposals	-	(2,858)	-	(2,858)
Foreign exchange adjustment	2,453	254	5,765	8,472
At December 31	54,401	116,680	467,712	638,793
Net book value at December 31	17,793	9,861	1,265,587	1,293,241

13 Trade payables and accrued liabilities

	2021 $	**2020 $**
Trade and accrued payables	574,681	252,412
Property commitment (note 10)	263,667	223,693
Security deposits	75,043	88,437
	913,391	**564,542**

The carrying amounts above reasonably approximate the fair value at the consolidated statement of financial position date. All trade and other payables are current.

(Expressed in Canadian dollars)

14 Income taxes

a) Effective tax rate

The income tax expense reflects an effective tax rate that differs from the combined tax rate for Canadian federal and provincial corporate taxes for the following:

	2021 $	2020 $
Net income (loss) before income taxes	16,081,911	3,625,805
Combined statutory tax rate	26.5%	26.5%
Tax payable (recoverable) based on statutory tax rate	4,262,000	961,000
Effect of:		
Permanent differences	1,676,000	690,000
Change in statutory, foreign tax, foreign exchange rates and other	(2,446,395)	(1,157,739)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(436,000)	48,000
Change in unrecognised deductible tax differences	(2,523,000)	(643,000)
Total income tax expense (recovery)	**532,605**	**(101,739)**
Provision for (recovery of) income taxes		
Current	1,197	1,312
Deferred	531,408	(103,051)
	532,605	(101,739)

(Expressed in Canadian dollars)

14 Income taxes (continued)

b) Deferred income taxes

Differences between IFRS and statutory taxation regulations in Mongolia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The Company did not recognize a deferred tax asset in these Consolidated Financial Statements as there is uncertainty with regard to the recoverability of the asset for both the Canadian and Mongolian entities.

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2021	**2020**
	$	**$**
Deferred Tax Assets (liabilities)		
Property and equipment	52,000	51,000
Investment properties	(434,244)	(478,836)
Marketable security	(1,637,000)	-
Allowable capital losses	-	98,000
Non-capital losses available for future period	1,028,000	2,393,000
	(991,244)	2,063,164
Unrecognized deferred tax assets	(19,000)	(2,542,000)
Net deferred tax liability	**(1,010,244)**	**(478,836)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	**2021**	**Expiry Date Range**	**2020**	**Expiry Date Range**
Property and equipment	11,000	No expiry date	194,000	No expiry date
Allowable capital losses	-	No expiry date	371,000	No expiry date
Non-capital losses available for future period	58,000	No expiry date	9,028,000	2030 to 2039

Tax attributes are subject to review, and potential adjustment by tax authorities.

(Expressed in Canadian dollars)

15 Share capital and contributed surplus

Common shares

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

The issued and outstanding common shares are as follows:

	Number of shares	Amount $
Balance, December 31, 2019	32,767,499	53,504,935
Shares re-purchased	-	(339,688)
Treasury stock cancelled	(1,486,000)	-
Balance, December 31, 2020	**31,281,499**	**53,165,247**
Shares re-purchased	-	(2,161,125)
Treasury stock cancelled	(3,503,000)	-
Balance, December 31, 2021	**27,778,499**	**51,004,122**

As at December 31, 2021, the Company held nil (2020 -191,500) shares in treasury.

Options

A summary of the Company's options as at December 31 and changes during the years then ended follows:

	December 31, 2021	Weighted average exercise price $	December 31, 2020	Weighted average exercise price $
Balance, beginning of the year	-	-	1,420,000	0.73
Options expired	-	-	(1,420,000)	(0.73)
Options cancelled	-	-	-	-
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Balance, end of the year	-	-	-	-
Exercisable	-	-	-	-
Weighted remaining average life (years)	-	-	-	-

There were no options outstanding as of December 31, 2021 and the Company's option plan has since lapsed.

(Expressed in Canadian dollars)

15 Share capital and contributed surplus (continued)

Earnings per share

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

	2021	**2020**
Weighted average number of shares - basic	29,309,116	32,102,372
Effect of dilutive stock options	-	-
Weighted average number of shares - diluted	**29,309,116**	**32,102,372**

Basic earnings (loss) per share are derived by dividing net income (loss) for the year by the weighted average number of common shares outstanding for the period.

16 Management of capital structure

The Company's objective when managing capital is to ensure the Company is capitalized in a manner which provides a strong financial position for its shareholders.

The Company's capital structure includes equity and working capital. In managing its capital structure, the Company considers future investment and acquisition opportunities, potential credit available and potential issuances of new equity. The Company's objective is to maintain a flexible capital structure that will allow it to execute its stated business. There was no change in the Company's strategy or objective in managing capital since the prior year. There are no externally imposed capital requirements at year end. Upon acquiring investment properties and operating businesses, the Company will strive to balance its proportion of debt and equity within its capital structure in accordance with the needs of the continuing business. The Company may, from time to time, issue shares and adjust its spending to manage current and projected proportions as deemed appropriate.

	2021 **$**	**2020** **$**
Current assets	40,809,029	12,134,944
Current liabilities	(13,839,334)	(605,158)
Working capital	**26,969,695**	**11,529,786**

The method used by the Company to monitor its capital is based on an assessment of the Company's working capital position relative to its projected obligations.

(Expressed in Canadian dollars)

17 Financial risk management

The Board of Directors ensures that management has put appropriate risk management processes in place. Through the Audit Committee, the Board oversees such risk management procedures and controls. Management provides updates to the Audit Committee on a quarterly basis with respect to risk management.

Catastrophe risk

The Company has obtained insurance on buildings and all permanent fixtures totalling approximately $8,300,000 effective May 8th 2021 ($11,700,000 - May 7th 2020). To date the Company has not been able to obtain insurance on its Puerto Rican property with a value of $930,825 at December 31, 2021.

Credit risk

Credit risk is the risk of an unexpected financial loss to the Company if a third party fails to fulfill its performance obligations under the terms of a financial instrument. The Company's credit risk arises principally from the Company's cash and receivables as well as its marketable securities portfolio.

The Company's maximum exposure to credit risk comprises the carrying values of cash, accounts receivable and marketable securities was $40,653,861 at December 31, 2021 (December 31, 2020 - $12,134,944).

The Company's exposure to credit risk is managed through risk management policies and procedures with emphasis on the quality of the investment portfolio. The majority of the funds invested are held in reputable Barbadian, American, Canadian or Mongolian banks (note 5).

The Company is exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. The Company mitigates this risk by carrying out appropriate credit checks and related due diligence on the significant tenants. The Company's properties are diversified across commercial classes.

Liquidity risk

Liquidity risk is the risk of having insufficient cash resources to meet financial obligations without raising funds at unfavourable rates or selling assets on a forced basis. Liquidity risk arises from the general business activities and in the course of managing the assets and liabilities. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. The liquidity requirements of the Company's business are met primarily by funds generated from operations, liquid investments and income and other returns received on investments. Cash provided from these sources is used primarily for investment property operating expenses.

As at December 31, 2021, the Company does not believe the current maturity profile of the Company lends itself to any material liquidity risk, taking into account the level of cash and marketable securities as at December 31, 2021. All financial assets and liabilities have contractual or expected maturities within 12 months, except for the CEBA loan which has repayment terms described in Note 6. Due to the short term nature of the Company's financial instruments, there is no material impact due to discounting or the time value of money to disclose.

(Expressed in Canadian dollars)

17 Financial risk management (continued)

Equity price risk

Equity price risk is the risk that the fair value of equity investments and other holdings and equities sold short and derivatives will vary as a result of changes in the market prices of the holdings. The majority of the Company's equity investments and other holdings and all of the equities sold short and derivatives are based on quoted market prices as at the consolidated statement of financial position date. Changes in the market price of quoted securities and derivatives may be related to a change in the financial outlook of the investee entities or due to the market in general. Where non-monetary financial instruments – for example, equity securities – are traded in currencies other than the Canadian dollar, the price, initially expressed in a foreign currency and then converted into Canadian dollars, will also fluctuate because of changes in foreign exchange rates.

Securities sold short represent obligations of the Company to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. This creates the risk that the Company's ultimate obligation to satisfy the delivery requirements will exceed the amount of the proceeds initially received or the liability recorded in the consolidated financial statements. In addition, the Company has entered into derivative financial instruments which have a notional value greater than their fair value which is recorded in the consolidated financial statements. This information is disclosed in note 7 to these consolidated financial statements.

This creates a risk that the Company could settle these instruments at a value greater or less than the amount that they have been recorded in the consolidated financial statements. The Company's equity investments and other holdings have a downside risk limited to their carrying value, while the risk of equities sold short and derivatives is open-ended. The Company is subject to commercial margin requirements which act as a barrier to the open-ended risks of the equities sold short and derivatives. The Company closely monitors both its equity investments and other holdings and its equities sold short and derivatives.

Currency risk

Currency risk is the risk that the value of monetary financial assets and financial liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates. The Company is exposed to currency risk due to potential variations in currencies other than the Canadian dollar.

As at December 31, 2021, the Company had material exposure to the Mongolian Tögrög, the US Dollar and the Russian Ruble. The approximate impact of a 10% fluctuation of the foreign currency against the Canadian dollar are as follows:

	Impact of 10% fluctuation in foreign currency	
	2021	**2020**
	$	$
Mongolian Tögrög	1,304,329	1,509,967
US Dollar	2,777,545	1,113,075
Russian Ruble	182,754	365

(Expressed in Canadian dollars)

17 Financial risk management (continued)

Other price risk

Other price risk market fluctuation risk is where fluctuations in the value of equity securities affect the level and timing of recognition of gains and losses on securities held, and cause changes in realized and unrealized gains and losses. The Company's marketable securities are exposed to other price risk. The approximate impact of a fluctuation of 10% in the price of the marketable securities would impact the value of the marketable securities by $3,780,285 (2020 - $1,057,422).

Economic risk

Mongolian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by tax authorities.

Mongolian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged by tax authorities. As a result, significant additional taxes,

penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Mongolian tax legislation does not provide definitive guidance in certain areas, specifically in areas such as Value added tax (VAT), corporate income tax, personal income tax and other areas. From time to time, the Company adopts interpretations of such uncertain areas that reduce the overall tax rate of the Company. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained.

Management performs regular re-assessments of tax risk and its position may change in the future as a result of the change in conditions that cannot be anticipated with sufficient certainty at present.

18 Related party transactions

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

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

	2021	**2020**
	$	**$**
Salaries and other short-term employee benefits	661,332	479,281
Director fees	60,000	40,000
	721,332	**519,281**

(Expressed in Canadian dollars)

18 Related party transactions (continued)

During 2021, the Company agreed to reimburse a Company owned by an officer of the Company, $233,933 for professional fees incurred from shared services.

As at December 31, 2021, amounts due to related parties totaled approximately $140,000 (2020 - $45,000) comprised of fees owed to management were included in trade payables and accrued liabilities.

19 Commitments and contingencies

From time to time and in the normal course of business, claims against the Company may be received. On the basis of management's assessments and professional legal advice, management is of the opinion that no material losses will be incurred and no provision or disclosure has been made in these consolidated financial statements.

The Company has an obligation to provide an 84 meter apartment to an owner of an apartment that has been included in one of the Companhy's properties classified as land and redevelopment. See note 11 for more information.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

20 Supplementary cash flow information

	2021 $	2020 $
Changes in non-working capital arising from		
Unearned Revenue	1,035,470	-
Other assets	(37,073)	1,064,637
Net due to / (from) broker	9,172,922	(586,325)
Trade payables and accrued liabilities	348,849	(178,941)
Income tax payable	2,882	(8,323)
Changes in non-cash working capital from operating activities	**10,523,050**	**291,048**

Income tax paid during the year was $2,416 (2020 - $32,914). Interest paid during the year was $74 (2020 - $21).

21 Segment information

The Company's operations are conducted in three reportable segments; Investment Property Operations, Corporate, and Subscription Products. The Company reports information about its operating segments based on the way management organizes and reports the segments within the organization for making operating decisions and evaluating performance.

Investment Property Operations consist of commercial and residential investment property in Mongolia held for the purposes of rental revenue, capital appreciation or redevelopment. These properties are managed by Big Sky Capital LLC and its subsidiaries.

(Expressed in Canadian dollars)

21 Segment information (continued)

The Company evaluates performance based on net income (loss) before income taxes.

				2021
	Investment Property	**Corporate**	**Subscription Products**	**Total**
	$	**$**	**$**	**$**
Rental income	679,091	-	-	679,091
Subscription revenue	-	-	944,411	944,411
Property operating expenses	(759,100)	(1,683)	-	(760,783)
Unrealized loss on investment properties	(441,870)	-	-	(441,870)
Reversal of impairment of PPE	53,630	-	-	53,630
Unrealized mark to market gain	-	7,946,088	-	7,946,088
Unrealized loss on digital assets	-	(42,606)	-	(42,606)
Other expenses	(246,036)	(1,810,566)	(210,927)	(2,267,529)
Subscription processing fees	-	-	(69,157)	(69,157)
Depreciation	(61,086)	(11,022)	-	(72,108)
Loss on disposal of investment property	(37,641)	-	-	(37,641)
Other revenue	190,850	-	-	190,850
Realized gain on marketable securities	-	10,306,006	-	10,306,006
Reclassification of accumulated other comprehensive income on disposal of subsidiary	(33,006)	-	-	(33,006)
Foreign Currency gain (loss)	1,201	(314,666)	-	(313,465)
Net income (loss) before income taxes	**(653,967)**	**16,071,551**	**664,327**	**16,081,911**

			2020
	Investment Property	**Corporate**	**Total**
	$	**$**	**$**
Rental income	756,283	-	756,283
Property operating expenses	(860,936)	-	(860,936)
Unrealized loss on investment properties	(2,700,069)	-	(2,700,069)
Impairment of PPE	(36,426)	-	(36,426)
Unrealized mark to market gain	-	4,265,403	4,265,403
Other expenses	(267,695)	(910,968)	(1,178,663)
Depreciation	(68,795)	-	(68,795)
Gain on disposal of investment property	106,762	-	106,762
Other revenue	68,170	-	68,170
Realized gain on marketable securities	-	3,288,803	3,288,803
Foreign currency gain (loss)	6,724	(21,451)	(14,727)
Net income (loss) before income taxes	**(2,995,982)**	**6,621,787**	**3,625,805**

(Expressed in Canadian dollars)

21 Segment information (continued)

Balance as of December 31, 2021	Investment Property $	Subscription products $	Corporate $	Total $
Total assets	13,530,741	-	41,496,124	55,026,865
Property and equipment	1,278,360	-	941,847	2,220,207
Investment properties	11,885,907	-	-	11,885,907
Expenditures				
Property and equipment	-	-	941,847	941,847
Investment properties	-	-	-	-
Total liabilities	**913,319**	**1,035,471**	**12,900,788**	**14,849,578**

Balance as of December 31, 2020	Investment Property $	Corporate $	Total $
Total assets	16,126,640	11,843,781	27,970,421
Property and equipment	1,293,241	-	1,293,241
Investment properties	14,542,236	-	14,542,236
Expenditures			
Property and equipment	705	-	705
Investment properties	145,412	-	145,412
Total liabilities	**922,514**	**201,480**	**1,123,994**

	Trade payables and accrued liabilities		Revenue		Property and equipment		Investment property	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Canada	544,422	201,479	944,411	-	-	-	-	-
USA	162,195	-	-	-	941,847	-	-	-
Mongolia	206,774	363,063	832,300	931,215	1,278,360	1,293,241	11,885,907	14,564,844
	913,391	**564,542**	**1,776,711**	**931,215**	**2,220,207**	**1,293,241**	**11,885,907**	**14,564,844**

(Expressed in Canadian dollars)

22 Other expenses

	2021 $	2020 $
Investor relations	22,480	22,537
Investment research expense	52,942	49,772
Repairs and maintenance	48,987	25,122
Office	98,651	69,448
Professional fees	1,176,824	771,864
Travel	30,999	18,835
Advertising	12,552	10,609
Land and property tax	94,507	77,262
Insurance	49,775	70,858
Utilities	53,807	127,173
Other	287,998	196,920
Subscription processing fees	69,157	-
Subscription product expenses	210,927	-
	2,209,606	**1,440,400**

23 COVID-19

Beginning in February of 2020, the Government of Mongolia undertook extra-ordinary actions in order to limit the spread of COVID-19 or other COVID-19 related impacts. These actions included closing borders, closing schools, reducing gatherings and drastic limitations on business operations. As long-term investors in Mongolia, the Corporation welcomes these actions that keep the people of Mongolia safe from COVID-19; however it is anticipated that these actions will lead to a severe economic crisis. Since the initiation of these actions, the Company has experienced a material reduction in rental revenues received. It is reasonable to expect there could be a material negative impact on the fair values of investment properties and/or marketable securities, however at this time the potential effect cannot be quantified. At this time, there is no way to know the ultimate impact of these extra-ordinary actions upon the economy or the Company.

24 Disposal of Subsidiary

On October 1st, 2021, the Company disposed of its interest in its Orpheus LLC subsidiary as a result of the sale of one of its land packages. The Company held 100% of the shares of Orpheus LLC where the only assets and liabilities were related to the property. In connection with the sale, the Company received cash considerations of $375,244 for assets with a fair market value of $478,936, resulting in a loss of $103,692 classified as loss on disposal of investment property in profit and loss. Orpheus LLC had $33,006 other comprehensive income and it was reclassified to profit and loss.

25 Subsequent events

- The Company has sold two properties for total proceeds of approximately $381,000 and a net gain of $nil.

Board of Directors

Harris Kupperman
CEO and Chairman of Mongolia Growth Group Ltd

Mr. Kupperman is a co-founder of Mongolia Growth Group and has been the Executive Chairman of the Corporation since March 2014. Mr. Kupperman was the President and CEO of the Corporation from February 2011 to March 2014 and returned as CEO in December 2014. Mr. Kupperman publishes AdventuresInCapitalism.com; a site dedicated to uncovering unique opportunities around the world. He is currently the President of Praetorian Capital Fund, a small cap, event-driven hedge fund based in Miami Beach. He graduated from Tulane University College with a history degree. Mr. Kupperman served as a Director at Aeroquest International Limited (TSX:AQL) from 2010-2011.

Nick Cousyn
Independent Director

Mr. Cousyn is a Capital Markets' professional with over 20 years of alternatives and traditional industry experience. Mr. Cousyn was a licensed securities professional in the U.S. with a background in equities, fixed income, derivatives and distressed debt. While based in the US, some of the firms he worked for included Deutsche Bank, Banque Populaire, Wells Fargo and First Horizon National Bank. During his 9 year tenure in Mongolia, Mr. Cousyn served as Chief Communications Officer for Petro Matad and Chief Operating Officer for BDSec (MO:BDS), Mongolia's largest broker and investment bank. He is currently employed by Praetorian Capital Management, where he is a Partner and the fund's Client Representative. Mr. Cousyn holds a BA in Economics from the University of California at Riverside.

Jim Dwyer
Independent Director

Mr. Dwyer is a Partner and Board Member at Mongolian Business Database in Ulaanbaatar. Jim was a New York-based investment banker specializing in mergers and acquisitions for 30 years and completed over 100 M&A transactions. In addition, he founded and managed M&A departments for two major investment banking firms: Shearson Loeb Rhoades and UBS-North America. Mr. Dwyer first visited Mongolia in 2001 to represent the Government of Mongolia as lead investment banker for the privatization of its largest bank, Trade & Development Bank. Thereafter, he served as lead investment banker for the privatization of the largest Government-owned retail bank, Khan Bank. He co-founded the Business Council of Mongolia (BCM) and served as Executive Director from its formation in 2007 to 2016. He is also an independent director of other Mongolian-based entities including Golomt Bank, Mandal Insurance and Mongolian Mutual Finance Group. Mr. Dwyer received a BBA from the University of Notre Dame and an MBA from Columbia Graduate School of Business (Columbia University).

Brad Farquhar
Independent Director

Mr. Farquhar is Chief Financial Officer of SSC Security Services Corp. (TSXV: SECU; OTCQX: SECUF), a national provider of physical and cyber security services to Canadian industrial, commercial and government clients. He previously co-founded Input Capital Corp., the world's first agriculture streaming company, as well as Assiniboia Capital Corp., which built Canada's largest farmland fund before selling it to the Canada Pension Plan Investment Board in 2014. Mr. Farquhar is a trained financial planner who spent over 10 years as a senior advisor to senior political leaders in Saskatchewan and Canada prior to going into business. He received a MPA in Electoral Governance from Griffith University in Australia, studied political science at Carleton University, and completed a BA at Providence College. Mr. Farquhar is a Director of SSC Security Services Corp., Luxxfolio Holdings Inc. (CSE: LUXX), Radicle Group Inc., and on the advisory board of AgFunder.com.

Robert Scott
Independent Director

Mr. Scott, CPA, CA, CFA brings more than 20 years of professional experience in accounting, corporate finance, and merchant and commercial banking. Mr. Scott earned his CFA in 2001, his CA designation in 1998 and has a B.Sc. from the University of British Columbia. He is a Founder and President of Corex Management Inc., a private company providing accounting, administration, and corporate compliance services to privately held and publicly traded companies, and has served on the management teams and boards of numerous Canadian publicly traded companies with a strong track record of cost effectively running operations. Mr. Scott has also listed several companies on the TSX Venture Exchange gaining extensive IPO, RTO, regulatory and reporting experience, and currently holds senior management and board positions with a number of issuers on the TSX Venture Exchange & the Canadian Securities Exchange.

Officers

Harris Kupperman
CEO and Chairman of the Board

Genevieve Walkden, *MBA, CFP, CAIA*
CFO and Corporate Secretary

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Vancouver, BC

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