

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months ended

March 31, 2020 and 2019

(Expressed in Canadian dollars)

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

As at March 31, 2020

(expressed in Canadian dollars)

	March 31, 2020 \$	December 31, 2019 \$
Assets		
Current assets		
Cash (note 5)	1,222,111	737,255
Marketable securities owned (note 6)	2,991,046	3,689,304
Other assets (note 7)	240,640	1,383,027
	<u>4,453,797</u>	<u>5,809,586</u>
Non-current assets		
Investment properties (note 8)	19,859,842	18,831,985
Property and equipment (note 9)	1,518,419	1,435,650
	<u>21,378,261</u>	<u>20,267,635</u>
	<u>25,832,058</u>	<u>26,077,221</u>
Total assets		
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	529,636	767,732
Marketable securities sold short (note 6)	14,381	23,340
Income taxes payable	4,633	34,434
	<u>548,650</u>	<u>825,506</u>
Non-current liabilities		
Deferred income tax liability	616,783	581,887
	<u>616,783</u>	<u>581,887</u>
Total liabilities	<u>1,165,433</u>	<u>1,407,393</u>
Equity		
Share capital (note 10)	53,432,529	53,504,935
Contributed surplus	6,849,976	6,849,976
Accumulated other comprehensive loss	(12,865,835)	(14,233,385)
Deficit	(22,750,045)	(21,451,698)
	<u>24,666,625</u>	<u>24,669,828</u>
Total equity	<u>24,666,625</u>	<u>24,669,828</u>
Total equity and liabilities	<u>25,832,058</u>	<u>26,077,221</u>
Commitment and contingencies (note 13)		
Approved by the Board of Directors		

“Harris Kupperman”

Director

“Jim Dwyer”

Director

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statement of Operations

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	March 31, 2020	March 31, 2019
	\$	\$
Revenue		
Rental income	212,209	340,329
Other revenue	12,929	20,535
	<hr/>	<hr/>
Total revenue	225,138	360,864
	<hr/>	<hr/>
Expenses		
Salaries and wages	142,577	158,154
Other expenses (note 16)	339,796	313,764
Depreciation (note 9)	17,434	17,790
	<hr/>	<hr/>
Total operating expenses	(499,807)	(489,708)
	<hr/>	<hr/>
Interest income	8	2,210
Unrealized gain (loss) on short term investments (note 6)	(907,972)	360,790
Realized gain (loss) on short term investments (note 6)	(130,538)	1,676
Foreign currency gain	20,315	57,572
Finance costs	(9)	(21,583)
	<hr/>	<hr/>
Total other income (loss)	(1,018,196)	400,665
	<hr/>	<hr/>
Net income (loss) before income taxes	(1,292,865)	271,821
	<hr/>	<hr/>
Income taxes	(5,482)	(7,787)
	<hr/>	<hr/>
Net income (loss) for the period	(1,298,347)	264,034
	<hr/>	<hr/>
Net income (loss) per share (note 10)		
Basic		
From net income (loss) for the period	(0.04)	0.01
Diluted		
From net income (loss) for the period	(0.04)	0.01

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	March 31, 2020 \$	March 31, 2019 \$
Net income (loss) for the period	(1,298,347)	264,034
Other comprehensive income (loss)		
Items that may be subsequently reclassified to income or loss		
Unrealized gains (losses) on translation of financial statement operations with Mongolian Tögrög functional currency to Canadian dollar reporting currency	<u>1,367,550</u>	<u>(235,370)</u>
Total comprehensive income	<u>69,203</u>	<u>28,664</u>

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at January 1, 2019	53,625,230	6,849,976	(13,226,649)	(18,201,252)	29,047,305
Net gain for the period	-	-	-	264,034	264,034
Other comprehensive loss	-	-	(235,370)	-	(235,370)
	53,625,230	6,849,976	(13,462,019)	(17,937,218)	29,075,969
Share repurchase	(23,752)	-	-	-	(23,752)
Balance at March 31, 2019	53,601,478	6,849,976	(13,462,019)	(17,937,218)	29,052,217

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at January 1, 2020	53,504,935	6,849,976	(14,233,385)	(21,451,698)	24,669,828
Net loss for the period	-	-	-	(1,298,347)	(1,298,347)
Other comprehensive income	-	-	1,367,550	-	1,367,550
	53,504,935	6,849,976	(12,865,835)	(22,750,045)	24,739,031
Share repurchase	(72,406)	-	-	-	(72,406)
Balance at March 31, 2020	53,432,529	6,849,976	(12,865,835)	(22,750,045)	24,666,625

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

Mongolia Growth Group Ltd.

Condensed Interim Consolidated Statements of Cash Flow

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

	March 31, 2020 \$	March 31, 2019 \$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	(1,298,347)	264,034
Items not affecting cash		
Depreciation (note 9)	17,434	17,790
Deferred taxes	34,896	(6,893)
Unrealized loss (gain) on marketable securities (note 6)	907,972	(360,790)
Realized gain (loss) on marketable securities (note 6)	130,538	(1,676)
	(207,507)	(87,535)
Net change in non-cash working capital balances (note 15)	706,784	(44,711)
	499,277	(132,246)
Financing activities		
Share repurchase (note 10)	(72,406)	(23,752)
	(72,406)	(23,752)
Investing activities		
Net sale (purchase) of marketable securities (note 6)	(405,000)	191,787
Disposal of investment properties	413,237	-
Acquisition of property and equipment (note 9)	(766)	(1,647)
	7,471	190,140
Effect of exchange rates on cash	50,514	(72,019)
Increase (decrease) in cash	484,856	(37,877)
Cash - Beginning of period	737,255	745,411
Cash - End of period	1,222,111	707,534

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

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

1 Corporate Information

Mongolia Growth Group Ltd. (MGG or the Company) was incorporated in Alberta on December 17, 2007, and is a real estate investment and development Company operating through the ownership of commercial investment property assets in Ulaanbaatar, Mongolia.

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

MGG has one wholly-owned subsidiary at March 31, 2020, Mongolia (Barbados) Corp. Mongolia (Barbados) Corp. owns the wholly-owned subsidiaries MGG Properties LLC and Big Sky Capital LLC. Big Sky Capital LLC owns the wholly-owned subsidiaries, Carrollton LLC, Biggie Industries LLC, Orpheus LLC, Zulu LLC, Crescent City LLC and Oceanus LLC (together "the investment property operations"). Endymion LLC, was disposed of during 2019. The investment property operations are conducted in Big Sky Capital LLC and its subsidiaries. No active business operations occur in Oceanus LLC at this time. MGG's marketable securities are currently held in a brokerage account owned by Mongolia (Barbados) Corp.

At March 31, 2020 and December 31, 2019, the principal subsidiaries of the Company, their geographic locations, and the ownership interest held by the Company, were as follows:

Name	Principal Activity	Ownership		Location
		March 31, 2020	December 31, 2019	
Mongolia (Barbados) Corp.	Holding Company and Brokerage Account	100%	100%	Barbados
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
Endymion LLC	Real estate operations	-	-	Mongolia
Orpheus LLC	Real estate operations	100%	100%	Mongolia
Zulu LLC	Real estate operations	100%	100%	Mongolia
Crescent City	Real estate operations	100%	100%	Mongolia
Oceanus	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 March 31, 2020, the Company is organized into two 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.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

2 Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”). These condensed interim consolidated financial statements are compliant with IAS 34 and do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ending December 2019. The significant accounting policies used in the preparation of these consolidated financial statements are summarized in note 4.

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

These consolidated financial statements were approved by the Board of Directors of the Company for issue on May 18, 2020.

3 Significant Accounting Policies

The Company has applied the same accounting policies in these condensed interim consolidated financial statements as those applied in the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2019.

In preparing these condensed interim consolidated financial statements, the significant judgements made in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual consolidated financial statements as at and for the year ended December 31, 2019.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ending December 2019.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

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 8. Changes in assumptions about these factors could materially affect the carrying value of investment properties.
- Valuation of marketable securities - The Company recognizes marketable securities at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models with inputs derived from observable market data where possible but where observable data is not available, judgement is required to establish fair values.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(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 March 31, 2020 and December 31, 2019, 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 March 31, 2020 and December 31, 2019, Management has made the judgment that Investment Properties whereby the land title has recently expired but is expected to be renewed in the near future should continue to be classified as Investment Properties. Properties whereby Management judges that the Company's titles are at risk, have been impaired to reflect the level of risk estimated by Management.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

5 Cash

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

The following table discloses the geographical location of cash:

	March 31, 2020	December 31, 2019
	\$	\$
Barbados	1,473	1,475
Canada	978,462	33,018
Mongolia	242,176	702,762
	<hr/>	<hr/>
	1,222,111	737,255

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

6 Marketable Securities

	March 31, 2020	December 31, 2019
	\$	\$
Common shares of public companies:		
Fair value - beginning of the year	3,689,304	3,946,202
Net purchases (sales)	791,670	(238,417)
Securities sold short	14,381	23,340
Foreign exchange (loss) gain	(55,789)	228,761
Unrealized loss	(907,972)	454,824
Realized loss	(130,538)	(358,826)
Change in margin borrowings	(410,010)	(366,580)
	<hr/>	<hr/>
Fair value - end of the period	2,991,046	3,689,304
Cash transferred into the brokerage account during the period	405,000	-

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

7 Other assets

	March 31, 2020	December 31, 2019
	\$	\$
Accounts receivable	176,865	1,342,624
Prepaid expenses	63,775	40,403
	<hr/>	<hr/>
	240,640	1,383,027

8 Investment properties

	March 31, 2020	December 31, 2019
	\$	\$
Balance - beginning of period	18,831,984	24,415,860
Additions	-	-
Transfer from other asset	145,412	48,213
Disposals	(413,237)	(2,524,305)
Fair value adjustment	-	(1,347,662)
Foreign exchange adjustments	1,295,683	(1,760,121)
	<hr/>	<hr/>
Balance - end of period	19,859,842	18,831,985

During the period ended March 31, 2020, the Company transferred a property acquired through the sale of a property from the previous quarter from other assets to investment properties as the Company obtained its property title during the quarter. During the period, the Company sold two properties with a value of \$413,237 and net gain of \$nil.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

9 Property and equipment

	2019			
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
December 31				
Cost	70,944	128,444	1,800,646	2,000,034
Accumulated depreciation	45,047	107,759	411,578	564,384
Net book value	25,897	20,685	1,389,068	1,435,650
2020				
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Cost				
At January 1	70,944	128,444	1,800,646	2,000,034
Additions	-	766	-	766
Disposals	-	(1,011)	-	(1,011)
Foreign exchange adjustment	2,450	4,540	132,732	139,722
At March 31	73,394	132,739	1,933,378	2,139,511
2020				
	Furniture and fixtures \$	Equipment \$	Buildings \$	Total \$
Accumulated depreciation				
At January 1	45,047	107,759	411,578	564,384
Depreciation	1,704	2,951	12,779	17,434
Disposals	-	(1,011)	-	(1,011)
Foreign exchange adjustment	725	3,241	36,319	40,285
At March 31	47,476	112,940	460,676	621,092
Net book value at March 31	25,918	19,799	1,472,702	1,518,419

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

10 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	-	(72,406)
Treasury stock cancelled	(369,000)	-
Balance March 31, 2020	32,398,499	53,432,529

As at March 31, 2020, the Company held no (Q1 2019-73,500) shares in Treasury.

Stock options

The Company has established a share based payment plan (the "Plan") to encourage ownership of its shares by key management personnel (directors and executive management), employees and other key service providers, and to provide compensation for certain services. The Plan provides for the issuance of stock options in an aggregate number of up to 10% of the Company's issued and outstanding shares, calculated from time to time and are exercisable within a maximum of ten (10) years. The vesting period for all options is at the discretion of the directors.

The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares. At March 31, 2020, the Company had 1,819,850 (December 2019 – 1,856,750) common shares available for the granting of future options under the new plan. The Company does not have any cash-settled transactions. Full details of the Company's option plan can be found in "Schedule B" of the Management Information Circular on the Company's website and filed on Sedar.

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

10 Share capital and contributed surplus (continued)

A summary of the Company's options as at March 31, 2020 and December 31, 2019 and changes during the periods then ended follows:

	March 31, 2020	Weighted average exercise price \$	December 31, 2019	Weighted average exercise price \$
Balance, beginning of period	1,420,000	0.73	3,103,000	1.13
Options expired	-	-	(1,623,000)	1.49
Options cancelled	-	-	-	-
Options granted	-	-	-	-
Options forfeited	-	-	(60,000)	0.72
Options exercised	-	-	-	-
Balance, end of the period	1,420,000	0.73	1,420,000	0.73
Exercisable	1,420,000	0.73	1,420,000	0.73
Weighted remaining average life (years)	-	0.01	-	0.26

Earnings per share

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

	March 31, 2020 \$	December 31, 2019 \$
Weighted average number of shares – basic	32,665,532	32,989,169
Effect of dilutive stock options	-	-
Weighted average number of shares – diluted	32,665,532	32,989,169

Basic earnings (loss) per share are derived by dividing net income (loss) for the period by the weighted average number of common shares outstanding for the period. The effect of potentially dilutive securities is excluded if they are anti-dilutive.

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

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

11 Management of capital structure

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

The Company's capital structure includes equity and working capital. In managing its capital structure, the Company considers future investment and acquisition opportunities, potential credit available and potential issuances of new equity. The Company's objective is to maintain a flexible capital structure that will allow it to execute its stated business. Upon acquiring investment properties and operating businesses, the Company will strive to balance its proportion of debt and equity within its capital structure in accordance with the needs of the continuing business. The Company may, from time to time, issue shares and adjust its spending to manage current and projected proportions as deemed appropriate.

	March 31, 2020	December 31, 2019
	\$	\$
Current assets	4,453,797	5,809,586
Current liabilities	548,650	(825,506)
Working capital	3,905,147	4,984,080

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. At March 31, 2020, the Company's working capital was \$3,905,147 (December 31, 2019 - \$4,984,080).

12 Related party transactions

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

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

	Three months endings March 31, 2020	Three months endings March 31, 2019
	\$	\$
Salaries and other short-term employee benefits	123,642	119,949
Director fees	10,000	10,000
	133,642	129,949

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

12 Related party transactions (continued)

Starting in 2019, certain entities affiliated with Harris Kupperman, the Corporation's Chairman and CEO, have agreed to split certain expenses related to the Corporation's investments in public securities. The Corporation expects that this will reduce MGG's investment related expenses on an ongoing basis.

13 Commitments and contingencies

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

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

14 Supplementary cash flow information

	Three months ending March 31, 2020	Three months ending March 31, 2019
	\$	\$
Changes in non-working capital arising from		
Other assets	1,034,414	(18,190)
Trade payables and accrued liabilities	(260,427)	(32,020)
Income tax payable	(67,203)	5,499
	<hr/>	<hr/>
Changes in non-cash working capital from operating activities	706,784	(44,711)

Income taxes paid during the quarter were \$30,670 (Q1-2019 \$8,701). Interest paid during the quarter was \$nil (Q1-2019 \$21,583).

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

15 Segment information

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

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

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

	Three months ended March 31, 2020		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	212,209	-	212,209
Property operating expenses	(221,230)	-	(221,230)
Unrealized mark to market gain	-	(907,972)	(907,972)
Realized gain on short term investments	-	(130,538)	(130,538)
Other expenses	(46,455)	(214,688)	(261,143)
Depreciation	(17,434)	-	(17,434)
Net investment income	8	-	8
Other revenue	12,927	2	12,929
Foreign currency gain	1,093	19,222	20,315
Finance cost	-	(9)	(9)
Net income before income taxes	(58,882)	(1,233,983)	(1,292,865)

	Three months ended March 31, 2019		
	Investment property	Corporate	Total
	\$	\$	\$
Rental income	340,329	-	340,329
Property operating expenses	(238,912)	-	(238,912)
Unrealized mark to market gain	-	360,790	360,790
Realized gain on short term investments	-	1,676	1,676
Other expenses	(33,072)	(199,934)	(233,006)
Depreciation	(17,790)	-	(17,790)
Net investment income	2,210	-	2,210
Other revenue	20,535	-	20,535
Foreign currency gain	2,626	54,946	57,572
Finance cost	(21,583)	-	(21,583)
Net income before income taxes	54,343	217,478	271,821

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

15 Segment information (continued)

	Balance as of March 31, 2020		
	Investment Property	Corporate	Total
	\$	\$	\$
Total assets	21,818,775	4,013,283	25,832,058
Property and equipment	1,518,419	-	1,518,419
Investment properties	19,859,842	-	19,859,842
Expenditures			
Property and equipment	766	-	766
Investment properties	145,412	-	145,412

	Balance as of March 31, 2019		
	Investment Property	Corporate	Total
	\$	\$	\$
Total assets	26,297,880	4,671,736	30,969,616
Property and equipment	1,759,175	-	1,759,175
Investment properties	24,187,664	-	24,187,664
Expenditures			
Property and equipment	1,647	-	1,647
Investment properties	-	-	-

	Revenue		Property and equipment		Investment property	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	\$	\$	\$	\$	\$	\$
Canada	2	-	-	-	-	-
Mongolia	225,136	360,864	1,518,419	1,759,175	19,859,842	24,187,664
	225,138	360,864	1,518,419	1,759,175	19,859,842	24,187,664

Mongolia Growth Group Ltd.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three month period ended March 31

(expressed in Canadian dollars)

16 Other expenses

	For the three months ended March 31	
	2020	2019
	\$	\$
Investor relations	6,675	6,300
Investment research	10,614	-
Repairs and maintenance	2,378	9,111
Office	12,893	23,353
Professional fees	177,770	157,603
Travel	10,752	12,414
Advertising	2,556	5,263
Land and property tax	29,895	24,435
Insurance	18,721	15,824
Utilities	38,981	39,532
Other	28,561	19,929
	339,796	313,764

17 Subsequent events

- 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.