



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2024

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This Management Discussion and Analysis (“MD&A”), dated March 24, 2025, relates to the operating results and financial condition of Erdene Resource Development Corporation (“Erdene” or the “Company” or the “Corporation”) and should be read in conjunction with the Corporation’s audited consolidated financial statements for the years ended December 31, 2024 and 2023, and the notes thereto. The consolidated financial statements of the Corporation have been prepared in Canadian dollars in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”).

This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this MD&A, other than statements of historical fact, including statements concerning the timing of production at Bayan Khundii, construction and commissioning timelines and expectations that address reserve potential, exploration drilling, exploitation activities, budgeted financial results, and events or developments that the Corporation expects, are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions (including, but not limited to, assumptions in connection with the continuance of the Corporation, its subsidiary and associate as a going concern, general economic and market conditions, geopolitical stability, metal and mineral prices, capital and operating costs, currency exchange rates, availability of financing, equipment and personnel, and the accuracy of mineral resource and mineral reserve estimates), such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include changes in development and operating costs, volatility of market and commodity prices, geopolitical and regulatory conditions in the jurisdictions where the Corporation or its subsidiary and associate conduct business, exploration and evaluation results, continued availability of capital and financing and general economic, market or business conditions and additional factors noted under “Risk Factors” in the Corporation’s latest Annual Information Form, a copy of which is available on the Corporation’s SEDAR+ document page at www.sedarplus.ca.

The risk factors identified above are not intended to represent a complete list of the factors which could affect the Corporation and there may be other factors that cause actual results or conditions to differ from those anticipated, estimated or intended. Forward-looking statements are made as of the date of this MD&A and the Corporation disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or results or otherwise, except as required by applicable law.

Any financial outlook or future-oriented financial information in this MD&A, as defined by applicable securities legislation, has been approved by management of the Corporation as of the date of this MD&A. Such financial outlook or future-oriented financial information is provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that such outlook or information should not be used for purposes other than for which it is disclosed in this MD&A.

Company Overview

Erdene Resource Development Corporation is a Canadian based resource company focused on the acquisition, exploration, and development of large, high-grade, near-surface, precious and base metals deposits in under-explored and highly prospective Mongolia. Erdene is listed on the Toronto Stock Exchange (TSX: ERD) and Mongolian Stock Exchange (MSE: ERDN).

The Company holds interests in three mining licenses and an exploration license in southwest Mongolia, where exploration success has led to the discovery of the Khundii Minerals District (“KMD”). The KMD is located within the Trans Altai Terrane of the Central Asian Orogenic Belt (“CAOB”). The COAB hosts several world class copper and gold deposits, including one of the world’s largest gold deposits, Muruntau, in Uzbekistan, as well as Rio Tinto’s Oyu Tolgoi copper-gold deposit, located approximately 650 kilometres east of the KMD in southeast Mongolia.

The discovery of the KMD is the result of almost 20 years of exploration by Erdene in southwest Mongolia. Over this period, Erdene has defined the Altan Nar (“AN”), Bayan Khundii (“BK”) and Dark Horse Mane (“DH”) epithermal gold deposits, the Ulaan and Greater Dark Horse gold prospects, the Zuun Mod (“ZM”) molybdenum-copper porphyry deposit, and several other prospects. Collectively, these discoveries form the core of the KMD, an area approximately 50 by 100 kilometres, elongated northwest.

In January 2023, Erdene entered a Strategic Alliance with Mongolian Mining Corporation (“MMC”), the country’s largest independent miner, to develop the Bayan Khundii Gold Project (“BK” or “Project”), which closed in January 2024. Under the terms of the Strategic Alliance, MMC invested US\$40 million for a 50% interest in Erdene’s Mongolian subsidiary, Erdene Mongol LLC (“EM”), which holds the Khundii and Altan Nar mining licenses and the Ulaan exploration license. Erdene retains a 50% equity interest in EM as well as a 5% Net Smelter Return (“NSR”) royalty on all production from the Khundii, Altan Nar and Ulaan licenses, and any properties acquired within five kilometres of these licenses, after the first 400,000 ounces of gold recovered. Erdene holds a 100% interest in the Zuun Mod copper-molybdenum project.

Following the execution of the Strategic Alliance, EM launched the early construction works program for the Bayan Khundii gold project, which was completed in late 2023. In January 2024, EM reached a formal decision to commence construction at BK. This decision was followed by the announcement in February 2024 of the execution of financing documents between EM, MMC and Erdene for an up to US\$80 million senior debt facility for EM, that along with the US\$40 million investment through the Strategic Alliance, will fund construction. In December 2024, EM executed a US\$50 million facility with the Trade and Development Bank of Mongolia (“TDB”) that will bridge the company through to commercial production.

At the end of 2024, construction of the Bayan Khundii Gold Project was approximately two-thirds complete, with the process plant, the critical path facility, 67% constructed. All major mechanical equipment is installed and construction of non-process infrastructure is proceeding well. Total capital expended to year-end was US\$83 million. EM management estimates that capital expenditures may increase by approximately 15% from the initial capital budget of US\$100M due to inflation, the impact of weather and logistical delays and scope changes and is working with Engineering, Procurement and Construction (“EPC”) contractors to confirm the impact; however, no further equity funding is expected from Erdene or MMC for BK.

While EM is focused on advancing BK to first gold, exploration has continued to assess expansion potential at Bayan Khundii and further define priority targets in the Greater Dark Horse area. Exploration in Q3 2024 adjacent to the planned Bayan Khundii open pit returned the highest-grade mineralization in areas adjacent to the deposit. Ore control drilling was conducted in late 2024, with results received subsequent to year-end. This drilling confirmed mineralization in previously defined blocks; however, drilling in 10 areas intersected mineralization that has the potential to extend ore blocks. A further 100+ holes are planned to verify these newly identified areas. Drill results will be incorporated into an updated mine plan in 2025.

Concurrently, Erdene is progressing its ZM project, one of Asia’s largest undeveloped molybdenum-copper deposits. In 2023 the Company completed a 4,100-metre drill program, where multiple drill holes along the current resource boundary expanded mineralization. Additionally, the discovery of resource-grade mineralization in an exploration hole 1.7 kilometres north of the deposit demonstrates the upside of this large porphyry complex, which remains open in all directions. Surface sampling work in mid-2024 identified a new gold prospect on the license, 4.5 kilometres west of the Zuun Mod molybdenum-copper deposit.

Furthermore, Erdene sees the potential to increase resources through the acquisition of licenses in the KMD. The district hosts the full spectrum of arc-related base and precious metal systems, including copper-molybdenum porphyries, intermediate sulphidation/carbonate base-metal gold deposits, and low sulphidation epithermal gold and gold-silver systems. As the longest established Company operating in southwest Mongolia, Erdene is well positioned to expand its license portfolio in Mongolia.

Highlights and Significant Subsequent Events

Bayan Khundii Gold Project

- Announced formal construction decision for Bayan Khundii on January 15, 2024
 - Awarded the Project's Engineering, Procurement and Construction ("EPC") services contract to MCS Property LLC ("MCSP"), a leading Mongolian construction firm
 - Entered a power purchase agreement ("PPA") for the construction of an overhead transmission line with MCS International LLC ("MCSI"), one of Mongolia's leading private energy companies
- Achieved approximately 66% construction progress by December 31, 2024
 - Incurred US\$83 million of expenditures to the end of Q4 2024 – potential cost increases due to logistical and weather delays and scope changes are expected to be within available funding
 - Process plant, the critical path facility, was 67% complete at year end, with concrete and structural substantially completed and all major equipment in place
 - Construction progress for non-process buildings was 60%, infrastructure facilities were 80%, and power supply was 52%, largely consistent with schedule
 - Commissioning of the integrated mineral waste facility was completed in Q4 2024 with the balance of the facilities planned progressively throughout Q1 and Q2 2025
 - Construction expected to be largely complete in May 2025 to allow commissioning of the process facilities in Q2 2025 and first gold production in Q3 2025
- Delivered on community development and local employment stakeholder programs
 - Local Cooperation Agreement for 2024 implemented supporting local development programs
 - Recruitment and training of Bayan Khundii mine workforce continued with eighth cohort of local residents selected for equipment operator training at MMC's UHG mine, for a cumulative total of over 160 people undertaking the training
 - Company supported installation and improvement of three rural water wells to increase water availability for residents

Khundii Minerals District Exploration

- Conducted 15,000 metre Bayan Khundii ore-control drill program
 - Drilled 89 shallow diamond drill holes totaling 1,048 metres in Q3 2024, focused on near-surface high-grade zones, scheduled to be developed in the first 3-4 months of mining and a further 10 holes totaling 456 metres to assist with future mine planning
 - Second phase of the program in Q4 2024 consisting of 106 diamond core holes totaling 1,168 metres and 812 reverse circulation holes for 12,273 metres for which results were received subsequent to year end
 - Results confirmed high-grade domains in the current block model and indicated areas of expansion with highlight intersections of 101.0 g/t gold over 4 metres, starting 7 metres downhole (BKGC-58) and 115.1 g/t gold over 4 metres from 11 metres (BKGC-286)
- Completed 950 metre Bayan Khundii expansion program on the periphery of the planned open pit
 - Drilling intersected gold mineralization in all holes, demonstrating the potential for resource growth and pit extension
 - Results included the highest-grade drilling results to date in Striker West, adjacent to the Bayan Khundii open-pit, including 7.3 g/t gold over 42 metres, with multiple high-grade metre intersections of 15 to 79 g/t gold (BKD-377)
- Conducted surface sampling program at the Greater Dark Horse area and at Zuun Mod
 - Multiple samples from Greater Dark Horse returned high grade gold (up to 37.7 g/t Au) and silver (over 100 g/t Ag), providing targets for follow-up drilling
 - Discovered new gold prospect 4.5 km west of the Zuun Mod molybdenum-copper deposit
- Added Kelly Cluer as Technical Advisor to assist exploration team
 - Brings more than 30 years' experience including over a decade in Mongolia where he led the discovery and definition of two of the Country's largest gold deposits

Corporate

- Closed strategic alliance with MMC on January 23, 2024
 - MMC invested US\$40 million for a 50% equity interest in EM, the company holding the BK Project
 - Erdene retains a 50% equity interest in EM as well as a 5% NSR royalty on production from the Khundii District after the first 400,000 ounces of gold production and 100% interest in Zuun Mod
- Secured BK Project Finance from strategic partner MMC
 - Up to US\$80 million shareholder loan to EM, the entity co-owned by Erdene and MMC
 - Five-year bullet maturity, bearing interest at 13.8% per annum, payable in arrears
 - Secured by Erdene's interests in EM and preferential rights over Erdene's properties
- Obtained US\$50 million financing for BK from Trade and Development Bank of Mongolia
 - 24-month term and repayable in equal monthly payments during the final six months of the loan
 - Facility bears interest at 13.3% per annum and is secured by BK's process plant assets
- Recorded net loss of \$8,245,886 for the year ended December 31, 2024, compared to net income of \$522,043 for the year ended December 31, 2023
 - Exploration and evaluation expenses totaled \$1,852,642 for the year ended December 31, 2024, compared to \$847,010 in 2023, as certain salaries, consultant costs, and travel expenditures historically incurred by the associate Erdene Mongol were incurred directly following the close of the Strategic Alliance
 - Corporate and administrative expenses totaled \$5,043,058 for the year ended December 31, 2024, compared to \$3,137,735 for the year ended December 31, 2023, with the year-on-year change primarily due to the write-off of previously deferred project finance and other arrangement costs following the termination of project finance diligence due to the Bayan Khundii shareholder loan with MMC, as well as the accrual of first gold bonuses for senior staff in the current year, and cost of living salary increases
 - Loss from investment in associate of \$3,245,109 for the year ended December 31, 2024, compared to \$2,278,370 in the prior year due to an increase in non-capitalized interest expenditures by EM following the February 2024 financing partially offset by Erdene's change in ownership following the close of the Strategic Alliance in Q1 2024
 - Non-cash gain on dilution of \$1,256,598 in the year ended December 31, 2024 due to the close of the Strategic Alliance with MMC, compared to a gain on loss of control of EM of \$6,544,863 upon the signing of the Strategic Alliance with MMC in January 2023

Strategy and Outlook

Erdene is focused on the discovery and development of precious and industrial metal deposits in the KMD. Erdene's two strategic priorities are advancing BK to production through its strategic partnership with MMC, and through exploration and acquisition, expanding and subsequently developing other deposits in the KMD.

In January 2024, the Company closed the Strategic Alliance with MMC to develop BK. MMC is the largest private producer and exporter of high-quality washed hard coking coal in Mongolia. MMC owns and operates the Ukhaa Khudag and the Baruun Naran open pit coking coal mines, both located in Umnugovi Aimag (South Gobi Province), Mongolia. The shares of MMC are listed on the Hong Kong Stock Exchange (HKEx: 0975), and the company has a market capitalization of approximately US\$1 billion.

MMC's largest beneficial shareholder is MCS Group, one of Mongolia's leading conglomerates. MCS has operated in Mongolia for over 30 years, and has operations in engineering and construction, energy, communications, property, mining, consumer goods, health, and hospitality. MCS employs approximately 13,000 staff in Mongolia and is one of the Country's largest private taxpayers.

Erdene's exploration and pre-development capabilities, MMC's mining and operational expertise and the ability of MCS Group companies to provide complimentary engineering, infrastructure and energy solutions creates the ideal platform to develop Bayan Khundii for the benefit of all stakeholders.

Erdene and MMC reached a formal construction decision for Bayan Khundii in early 2024. An Engineering, Procurement and Construction contract is in place with MCS Properties, and the Project's Power Purchase Agreement has been executed with MCS International, one of Mongolia's leading private energy

companies. Construction is progressing well with approximately 650 contractors and staff on site. Construction is progressing largely to schedule, though logistical delays due to border congestion, increased competition for labour and extreme weather events (e.g. heavy rains, higher than normal temperatures) have been encountered. Construction is expected to be completed in Q2-2025 and first gold is scheduled for Q3-2025.

Exploration suggests the greater Khundii-Ulaan alteration zone, including the BK Deposit, Dark Horse prospect and Ulaan, are part of the same, large, gold-bearing hydrothermal system, that shows the potential to host a multimillion-ounce gold deposit. During Q3 2024, a six-hole diamond drilling program, totaling 950 metres, was completed to test the potential for expansion of near-pit resources to the west and north of the planned Bayan Khundii open-pit. All holes intersected gold mineralization, including the highest-grade results to date for an area west of the planned Bayan Khundii Open Pit, known as Striker West. Intersections included 7.3 g/t gold over 42 metres, with multiple high-grade intervals of 15 to 79 g/t gold over a metre (hole BKD-377). A second hole, approximately 110 metres north, (BKD-378), also returned excellent results outside the current open-pit resource boundary, including 22 metres of 6.1 g/t gold starting at a depth of 178 metres. A hole at the northern end of the pit (BKD-381) intersected ore grade mineralization continuing north and beginning at a shallower depth than the reserve model, with 4.1 g/t gold over 54 metres, including metre intervals of 16.9, 56.8, 78.1 and 11.1 g/t gold. Additionally, recent exploration at the Greater Dark Horse and Ulaan prospects provided new targets for follow-up.

In 2023, Erdene completed a 4,100-metre drill program at its ZM project, one of Asia's largest undeveloped molybdenum-copper deposits, successfully expanding mineralization. Along with additional exploration, Erdene will complete further market, technical and economic studies as well as permitting work in the coming months to build upon the conceptual assessment completed by RPMGlobal (formally Minarco-Mine Consult). Beyond the ZM Deposit, the broader license hosts several high-potential copper and molybdenum prospects. The northern portion of the ZM porphyry complex hosts a large area of disseminated copper mineralization within several kilometres of phyllic and potassic altered quartz monzonite and granodiorite intrusives. Multiple copper mineralized zones have been intersected in wide-spaced drilling, including 34 metres of 1.3% copper and 9.24 g/t silver from 308 to 342 metres (hole ZMD-121). The large ZM porphyry complex remains largely untested and management sees several potential areas for resource expansion and discovery across the license. Furthermore, surface sampling work in mid-2024 identified a gold prospect on this license, 4.5 kilometres west of the molybdenum-copper deposit.

Erdene continues to evaluate acquisition opportunities throughout the KMD. Over the past decade Erdene has developed the largest proprietary geologic database of Southwest Mongolia's mineralization that has led to the identification of more than 20 high-priority targets for acquisition, and the Company will be an active participant in license tenders in the KMD. Additionally, the Company will selectively evaluate precious and industrial metals opportunities in other parts of the country where the Company's historical work has demonstrated prospectivity.

Bayan Khundii Project Development and Construction Update

EM announced the construction decision for Bayan Khundii in January 2024 following the completion of early works in late 2023. Subsequently, mobilization for full construction began in February 2024. At year end, there were 430 staff and contractors on site. In October 2024, the Project recorded its first lost time incident, resulting in an annual total recordable injury frequency rate of 0.6 per 200,000 person hours for 2024.

Zero reportable environmental incidents have occurred at the Project to date. Environmental management efforts remain focused on mitigating adverse impacts and advancing environmental protection activities, such as targeted dust suppression on access roads and endemic plant vegetation trials at the two-hectare greenhouse facility on site.

Schedule and Budget

At the end of 2024, approximately 66% of total construction was complete, including 67% progress for the process plant, the critical path facility for the Bayan Khundii Gold Project. Construction completion dates for most facilities are scheduled for Q1 and early Q2 2025. Process plant commissioning is expected to commence in May 2025, with first gold production scheduled in Q3 2025.

Project expenditures to December 31, 2024 were approximately US\$83 million compared to the Feasibility Study (2023) budget of US\$100 million. Management estimates that capital expenditures may increase by approximately 15% from the initial construction budget due to inflation, the impact of weather and logistical delays and minor scope changes. However, EM's current finances, including the working capital facility

secured from the Trade and Development Bank of Mongolia in December 2024, are expected to fully fund construction and project commissioning without further equity contributions from shareholders.

Process Plant

Earthworks and excavation for the process plant, including the grinding and crushing circuit, were completed during the early works phase in 2023 and excavation of crushed ore conveyor foundations was started in the first quarter of 2024. Reinforced concrete works for the process plant were substantially complete as of December 31, 2024, with over 16,000 m³ of concrete poured in total.

Structural steel and tank material deliveries began in Q1 2024, and in March 2024, structural steel installation commenced at the main process plant building. As of December 31, 2024, over 90% of structural steel was installed. Tank installation continued, with effective completion of the leach area, CIP and tailings dewatering over 60%, and work started in all remaining areas.

Mechanical installation of the SAG and Ball mills was substantially completed in Q3 2024. Thickeners installation reached over 90% this quarter, in line with schedule. Installation was at 30% for crushers, and pressure filters reached 50% completion. Architectural, piping, and electrical installation progress at the process plant continued in accordance with schedule, reaching 16%, 6%, and 15% respectively at year-end.

Non-process Infrastructure

Bulk earth works and excavation for key non-process facilities were completed by end of Q1 2024. Concrete works were completed for the assay laboratory, warehouse, security guard house, and administration office by Q3 2024, and structural installation for these facilities was complete at the end of the fourth quarter. The permanent camp, workshop, chemicals storage, water supply system and utilities reticulation works began in Q2 2024, with overall progress for these facilities reaching at least 43% at quarter's end. Architectural, piping, HVAC, and electrical works continued on the most advanced non-process facilities this quarter. Power supply installation work continued to progress according to schedule, with 52% completion by end of quarter, in line with scheduled commissioning in Q2 2025.

Mining

To date, approximately 35,000 tonnes of overburden have been removed from the Bayan Khundii pit for construction purposes. No mining activities occurred during Q4 2024. Construction material excavation and handling are conducted by the relevant construction contractors.

Works commenced in Q3 2024 to establish the Project's integrated mineral waste facility ("IWF"). The IWF will store dry cake tailings (with a final target moisture content of 15%) within lined cells at the core of a waste rock structure. The IWF will be constructed in three stages, with the initial stage of development sized to provide capacity for at least 12 months of tailings production. The first stage IWF was commissioned in December 2024.

Construction Permitting

All major permits required for construction have been received, including the statutory feasibility, environmental assessment, land and water permissions. Design and construction permits have been received for all necessary facilities, including the process plant and key non-process infrastructure.

Statutory commissioning of the mine will take place in three stages, covering technical construction completion, mine site operations, and processing and chemicals permitting. Construction commissioning is planned in batches, as facilities reach completion and pass inspection and testing requirements. Project commissioning activities started in late Q4 2024 and are planned to continue through until mid-Q2 2025 ahead of the targeted first gold production in Q3 2025.

Human Resources

At the end of the fourth quarter, 430 people were employed at the project site, including contractors. Approximately 30% of site personnel were residents of Bayankhongor province, a significant portion of whom reside in Shinejinst, the closest settlement to the Bayan Khundii Project. Of the Project's total employees and contractor personnel, approximately 15% were female.

Community Programs

Beyond the Project's employment at site, the company has supported equipment operator training for residents of Bayankhongor Province through a partnership with MMC. To date, over 160 people completed the training, and 90 percent of trainees received offers of full-time employment at MMC's Ukhua Hudag mining complex and are expected to be deployed to work at the Bayan Khundii mine for the start of mine

operations planned in Q2 2025. At least two additional operator trainings are planned in 2025, with a target of at least 200 people completing the training.

The Company executed a Local Cooperation Agreement (“LCA”) with the Provincial and Sub-Provincial governments that host the Bayan Khundii project as well as the company’s other projects in Bayankhongor. Under this agreement, the Company provided approximately US\$450,000 of funding in 2024 for local development programs focused on public infrastructure, education and health.

Additionally, EM is conducting community development programs focused on small and medium-sized entities through a low interest commercial loan program, local procurement, supporting public health services, youth education support, and support for agricultural communities, including installation and improvement of three community-designated rural water wells in the sub-province to increase water availability for local residents.

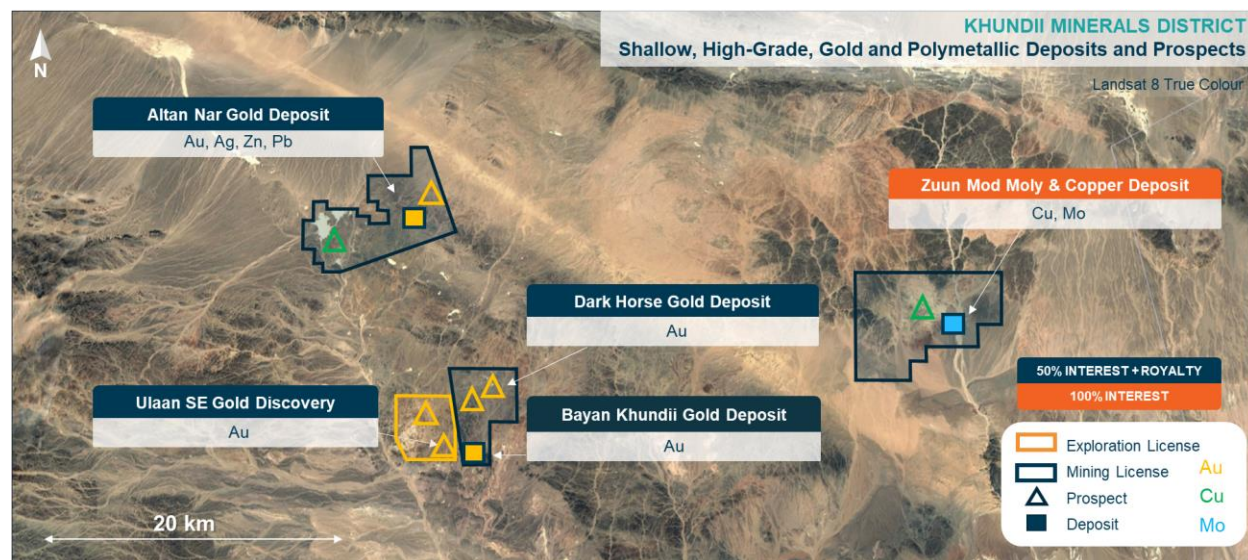
Development and Exploration Projects

NI 43-101 Technical Reports – Resources and Reserves

On September 15, 2018, the Company announced a resource estimate for the Bayan Khundii and Altan Nar deposits. Since this date, the Company has commissioned progressive technical reports, prepared to the standards defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) for its Bayan Khundii Gold Project. Most recently, on September 25, 2023, the Company filed the Technical Report entitled “Bayan Khundii Gold Project, Feasibility Study Update, NI 43-101 Technical Report” with an effective date of August 15, 2023.

Apart from Altan Nar, Dark Horse and Zuun Mod, the Company’s other targets are early stage and do not contain any mineral resource estimates as defined by NI 43-101. Except for those deposits already delineated, potential quantities and grades disclosed in this MD&A are conceptual in nature, and there has been insufficient exploration to define a mineral resource estimate for other targets disclosed herein. It is uncertain if further exploration will result in these targets being delineated as a mineral resource. Additional information about our projects is also summarized in our AIF and the respective NI 43-101 Technical Reports and can be viewed under the Company’s issuer profile on SEDAR+ at www.sedarplus.ca.

Khundii Minerals District



The Khundii Minerals District includes EM’s high-grade, near-surface Bayan Khundii, Dark Horse Mane and Altan Nar deposits, Ulaan SE and Greater Dark Horse prospects and Erdene’s Zuun Mod Molybdenum-Copper resource.

The Bayan Khundii Gold Project is located on the 2,309-hectare Khundii mining license held by EM. The Khundii mining license includes the Bayan Khundii and Dark Horse mineral resources and reserves reported in “Bayan Khundii Gold Project, Feasibility Study Update, NI 43-101 Technical Report”.

Bayan Khundii Gold Project

On August 15, 2023, Erdene announced the results of an updated independent Bankable Feasibility Study for the Bayan Khundii Gold Project. The report, titled “Bayan Khundii Gold Project Feasibility Study Update, NI 43-101 Technical Report”, dated September 25, 2023, and with an effective date of August 15, 2023, was prepared by international and Mongolian firms with significant experience operating in Mongolia. The study incorporates detailed mine design and scheduling, front-end engineering and design for the processing plant and site infrastructure, a hydrogeological assessment, mineral waste facility design, comprehensive capital and operating cost estimation, and an updated economic model.

The 2023 FS envisions a high-grade, open pit mine beginning at surface in the southern portion of the BK deposit (Striker and Gold Hill), expanding northward into adjacent zones at Midfield and North Midfield. The Dark Horse deposit will commence mining concurrently with BK from the third year of operations. The Project incorporates conventional crushing and grinding, leach and a Carbon in Pulp plant with processing capacity of 1,950 tonnes per day. The 2023 FS includes 4.0 million mineable tonnes from the BK resource at an average diluted head grade of 4.0 g/t gold, all of which are Proven and Probable Reserves. The 2023 FS is based on an open-pit mining operation targeting 650,000 tonnes per year of feed material for the processing plant. The total mineable mineralized plant feed is 4.0 million tonnes at an average diluted head grade of 4.0 g/t gold and average strip ratio of 10.9:1 (waste tonne : plant feed tonne). Mineralization starts at surface, with the majority of the deposit contained within the top 100 metres. The deposit structure, grades and depth suggest selective open cut mining will be utilized. Mining will use hydraulic excavators in backhoe configuration. Drilled and blasted material will be loaded into haul trucks, with waste rock deposited in an engineered Integrated Waste Facility (“IWF”) adjacent to the pit, and ore hauled to a crusher or run-of-mine (“ROM”) pad adjacent to the processing plant.

As part of the 2023 FS, an updated BK Gold Deposit Mineral Resource Estimate (“BK Mineral Resource”) was prepared in accordance with NI 43-101 and CIM standards by AGP Mining Consultants Inc. (“AGP”) with an effective date of April 20, 2023. The BK Mineral Resource was prepared by Paul Daigle, P.Geol., who is a qualified person (“QP”) as defined by NI 43-101.

The Mineral Resource has been constrained to a conceptual pit shell and is reported at a cut-off grade of 0.40 g/t gold. The assumptions and parameters utilized to establish the cut-off grade and pit shell are reported below in notes to the resource table.

BK Gold Deposit – Mineral Resource Estimate Summary, April 2023

Resource Classification	Quantity (Mt)	Gold Grade (Au g/t)	Ounces Gold (Koz)	Silver Grade (Ag g/t)	Ounces Silver (Koz)
Measured	4.0	3.03	394	1.44	187
Indicated	3.3	2.04	219	1.22	131
M&I	7.4	2.58	613	1.34	319
Inferred	0.2	1.08	6	1.32	8

Notes:

1. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
2. Summation errors may occur due to rounding.
3. The effective date of the Mineral Resources is April 20, 2023.
4. Open pit mineral resources are reported within an optimized constraining shell.
5. Open pit cut-off grade is 0.4 g/t Au based on the following parameters:
 - Gold Price of US\$2,000/oz Au
 - Gold recovery of 95%
 - Mining Costs of US\$3.00/t
 - Milling Costs and G&A of US\$22.00/t
 - Capping of gold grades was 200 g/t Au and 50 g/t Ag on 1m composite values.
 - The density varies between 2.58 g/cm³ and 2.66 g/cm³ depending on lithology.

Dark Horse Mine Mineral Resource Estimate

As part of the 2023 FS, the Company reported the maiden mineral resource estimate for the Dark Horse Mine Gold Deposit (“Dark Horse Mineral Resource”) discovered in 2021 and located just two kilometres north of the BK Gold Deposit. The Dark Horse Mineral Resource was prepared in accordance with NI 43-101 and CIM standards by RPM Global (“RPM”) with an effective date of November 1, 2022.

The Dark Horse Mineral Resource is reported above a gold cut-off grade of 0.35 g/t gold for oxide and transition mineralization and 1.02 g/t gold for fresh mineralization. The Mineral Resource has been constrained to a conceptual pit shell. The assumptions and parameters utilized to establish the cut-off grade and pit shell are reported below in notes to the resource table.

Dark Horse Gold Deposit – Mineral Resource Estimate Summary, November 2022

Type	Indicated Mineral Resource			Inferred Mineral Resource		
	Tonnes (Kt)	Gold Grade g/t Au	Ounces Gold (K oz)	Tonnes (Kt)	Gold Grade g/t Au	Ounces Gold (K oz)
Oxide	578	3.0	56.2	75	1.1	2.7
Transitional	99	1.5	4.8	109	1.2	4.1
Fresh	5	4.9	0.7	-	-	-
Total	682	2.8	61.7	184	1.2	6.8

Notes:

1. The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Oyunbat Bat-Ochir who is a full-time employee of RPM and a Member of the Australian Institute of Geoscientists. Mr. Bat-Ochir has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Qualified Person as defined in the CIM Standards of Disclosure.
2. All Mineral Resources figures reported in the table above represent estimates at November 1, 2022. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
3. Mineral Resources are reported on a dry in-situ basis.
4. The Mineral Resource is reported using a 0.35 g/t Au cut-off grade in oxide and transition mineralisation and 1.02 g/t Au cut-off in fresh mineralisation and is constrained above conceptual optimised pit shell. Cut-off parameters were selected based on an RPM internal cut-off calculator, assuming an open cut mining method with 5% ore loss and 10% dilution, a gold price of US \$1,723 per ounce, a mining cost of US \$3 per tonne and a processing cost of US\$16 per tonne milled and processing recovery of 90% for oxide, 87% for transitional and 30% for fresh Au mineralisation. The conceptual optimised pit shell was constructed using a gold price of US\$ 2,000 per ounce, which is 1.4 times the long-term consensus forecast price.
5. Mineral Resources referred to above, have not been subject to detailed economic analysis and therefore, have not been demonstrated to have actual economic viability.

BK and DH Reserve Estimate

The Bayan Khundii and Dark Horse Mineral Reserves reported in the 2023 FS have been estimated by Mr. Julien Lawrence, Director, O2 Mining Limited, a Qualified Person as defined by NI 43-101. The total Mineral Reserves for the Bayan Khundii and Dark Horse Mine deposits are shown in the tables below. Mineral Reserves are based on the BK Mineral Resource and Dark Horse Mineral Resource, reported above. Mineral Reserves estimated for the BK and DH deposits are based on Measured and Indicated Resources and have an effective date of August 1, 2023. Reserves were calculated by O2 Mining using FS level engineering designs for the pit and associated process plant operating parameters.

The cut-off grade for mineral reserve calculations is 0.63 g/t gold for the BK Gold Deposit and 0.68 g/t gold for Dark Horse Gold Deposit, based on a gold price of US\$1,816/oz. The reserves, as defined by the regularized block model, contain modelled mineral losses of 2.5% and average internal dilution of 10%, within the ultimate pit.

A summary of the Mineral Reserves estimated for the BK and Dark Horse deposits with an effective date of August 1, 2023 are as follows.

BK Gold Deposit – Mineral Reserve Summary

Classification	Tonnage (Mt)	Grade (g/t Au)	Contained Gold (Koz)	Grade (g/t Ag)	Contained Silver (Koz)
Proven	2.7	4.1	360.2	1.8	159.4
Probable	1.1	3.0	104.7	1.7	61.1
Total	3.8	3.8	464.9	1.8	220.5

Dark Horse Gold Deposit – Mineral Reserve Summary

Classification	Tonnage (Mt)	Grade (g/t Au)	Contained Gold (Koz)
Proven	-	-	-
Probable	0.2	7.0	48.8
Total	0.2	7.0	48.8

Notes:

1. The effective date of the Mineral Reserve estimate is August 1, 2023. The QP for the estimate is Mr. Julien Lawrence of O2 Mining Limited;
2. The Mineral Reserve estimates were prepared with reference to the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards (2014 CIM Definition Standards) and the 2003 CIM Best Practice Guidelines;
3. Reserves estimated assuming open-pit mining method;
4. Waste to ore cut-offs were determined using a NSR for each block in the model. NSR is calculated using prices and process recoveries for each metal accounting for all off-site losses, transportation, smelting and refining charges;
5. Reserves are based on a gold price of US\$1,816/oz; and
6. Mineral Reserves were calculated from a diluted "mining" block model which included average dilution of 10% and losses of 2.5%.

The 2023 FS assumes processing of ROM material via a conventional crush and grind circuit and a carbon in pulp plant. Plant design by 360-Global has been based on testing at Blue Coast Research which has established optimal processing parameters, including grind size of 80% passing 60 microns; design inputs for comminution circuit, low cyanide concentration in leach circuit (0.5 g/litre sodium cyanide), 36-hour retention time, carbon adsorption parameters and detoxification reagent dosages. The process circuit has been designed to maximize water recovery with the most efficient dewatering process to achieve the targeted 15% moisture in tailings, minimize chemical and reagent usage and minimize environmental impact.

The ore-processing plant will be located adjacent to the Bayan Khundii open pit and throughput will target 650,000 ore-tonnes per year, nominally 1,935 tonnes per day. Total mineralized material from BK processed in the plant over the course of the mine life is 4.0 million tonnes at an average diluted head grade of 4.0 g/t gold. Using an estimated mill recovery of 92.7%, total recovered gold over the life of the Bayan Khundii deposit is 476,001 ounces.

Operating costs are based on the mining and processing scenarios outlined above and assume owner mining. Power for operations will be generated through an on-site hybrid diesel and solar generation solution, provided under a power purchase agreement for the duration of the Project. All other activities are assumed to be owner operated. The AISC for Bayan Khundii was estimated at US\$869/oz.

Operating Costs

	LOM (US\$ millions)	US\$/oz	US\$/tonne
Mine Operating Cost	165	347	41
Processing Cost	166	349	41
G&A	20	43	5
Total Site Operating Costs	352	739	88
Royalty and Charges	51	108	13
Sustaining Capital & Closure Costs	10	22	3
All-In Sustaining Cost	414	869	103

Note: Rounding may cause computational discrepancies

Capital Costs

Construction costs, primarily comprising the process plant and supporting infrastructure, accommodation village, and associated engineering and indirect costs are estimated at US\$88 million. Pre-production costs, including first fills and mobile site equipment total US\$2 million. Additionally, a 12% contingency, or US\$10 million, was provided in arriving at the initial capital estimate of US\$100 million. Sustaining capital of US\$4 million has been included in the mine plan and net mine closure costs are estimated at US\$5 million, accounting for salvage values. Total life of mine capital expenditures for the Bayan Khundii Gold Project were estimated at US\$109 million. Approximately US\$83 million has been incurred as at December 31, 2024. EM management is working with the EPC contractor to update its forecast to complete and sees the potential for an approximately 15% increase to capital costs. However, current financing is expected to fund construction and project commissioning.

Item	US\$ millions
Process Plant	47
Non-Process Infrastructure	14
Construction Indirects	27
Construction Costs	88
Pre-Production Costs	2
Contingency	10
Subtotal Plant and Infrastructure	100
Sustaining Capital	4
Reclamation and Mine Closure	7
Salvage	(2)
Total	109

Note: Rounding may cause computational discrepancies

Mine Planning – Ore-Control Drilling

Detailed Bayan Khundii mine planning is underway in advance of initial mining, scheduled for Q2 2025. During Q3 2024 2,500 metres of drilling was completed, comprised of 1,050 metres of near-surface drilling to confirm high-grade ore scheduled to be mined within the first few months, approximately 450 metres of deeper drilling within the resource model, and 950 metres of drilling to test the potential for expansion of near-pit resources to the west and north of the planned Bayan Khundii open-pit.

The near surface drilling program focused on the high-grade domains in the Midfield Southeast, Striker and South Striker zones, within 15 metres of surface, scheduled to be developed in the first 3-4 months of mining. Results confirmed the high-grade domains in the current block model, including the following highlight interceptions:

- 30370: 6 metres of 9.52 g/t gold, beginning 4 metres downhole, including a metre of 50.70 g/t gold
- 31474: 5 metres of 21.87 g/t gold, beginning 1 metre downhole, including 2 metres of 49.35 g/t gold
- 31695: 3 metres of 70.61 g/t gold, beginning 3 metres downhole, including 2 metres of 105.85 g/t gold
- 23046: 12 metres of 6.61 g/t gold, beginning at surface, including 6 metres of 11.21 g/t gold
- 23266: 13 metres of 3.68 g/t gold, beginning 1 metre downhole, including 2 metres of 14.90 g/t gold

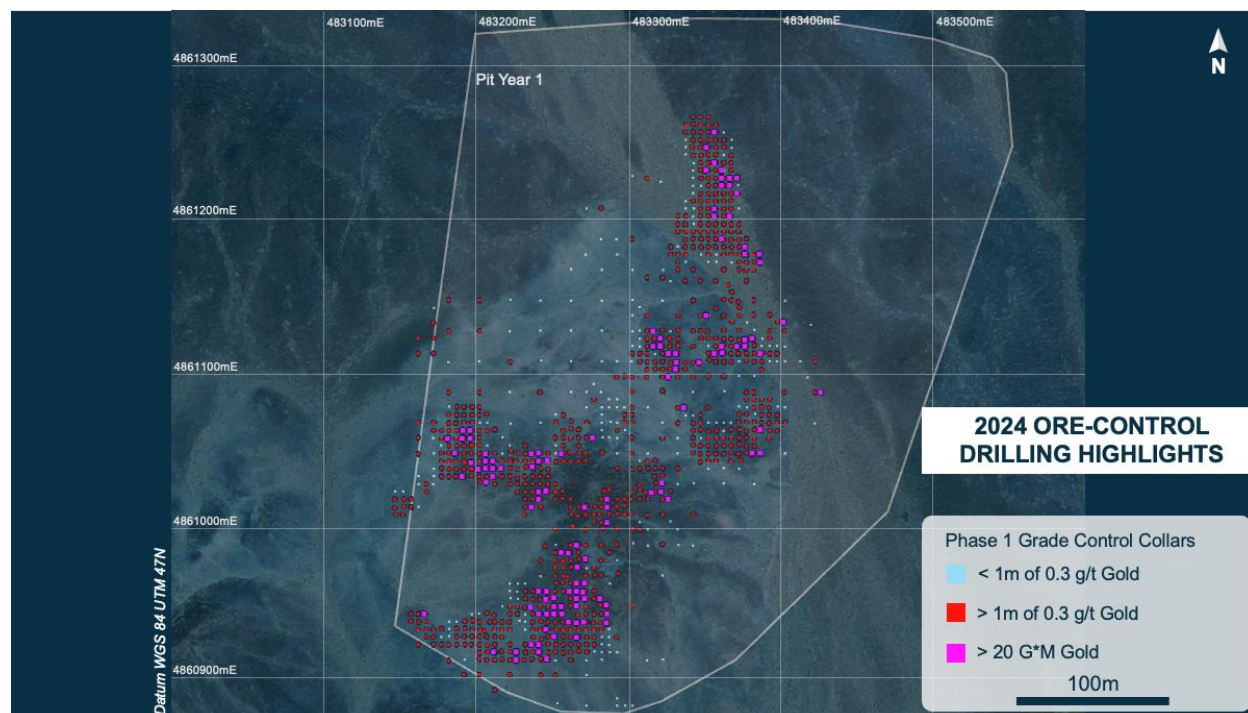
The 950-metre program consisted of six holes to test the potential for expansion of near-pit resources to the west and north of the planned Bayan Khundii open-pit. All holes intersected gold mineralization, demonstrating the potential for resource growth and pit extension. Highlight intersections from this work include the following:

- BKD-377: 42 metres of 7.3 g/t gold, beginning 106 metres downhole, including 4 metres of 35.8 g/t gold
- BKD-378: 22 metres of 6.1 g/t gold, beginning 178 metres downhole, including a metre of 106.8 g/t gold
- BKD-376: 2 metres of 12.3 g/t gold within 50 metres of 0.85 g/t gold, beginning 95 metres downhole
- BKD-381: 54 metres of 4.1 g/t gold, beginning 56 metres downhole, including metre intervals of 16.9, 56.8, 78.1, and 11.1 g/t gold

During Q4 2024, EM completed the second phase of the ore-control drill program, designed to test near-surface gold mineralized zones, scheduled to be developed in the first four months of mining, and generally within 15 metres of surface. The program consisted of 106 diamond core holes totaling 1,168 metres and 812 reverse circulation holes for 12,273 metres. Results confirmed consistency of mineralization in the previously defined blocks and drilling in 10 areas intersected mineralization that has the potential to extend ore blocks. A further 100+ holes are planned to verify these newly identified areas. Highlights of this program include the following and a more fulsome table of results is included as an appendix to this MD&A:

- BKGC-827: 10 metres of 79.8 g/t gold, beginning 2 metres downhole, including 1 metre of 770.0 g/t gold
- BKGC-537: 20 metres of 27.8 g/t gold, from surface, including 2 metres of 173.0 g/t gold and 2 metres of 91.1 g/t gold
- BKGC-286: 4 metres of 115.1 g/t gold, beginning 11 metres downhole
- BKGC-58: 7 metres of 59.5 g/t gold, beginning 5 metres downhole, including 4 metres of 101.0 g/t gold
- BKGC-892: 8 metres of 37.3 g/t gold, from surface, including 2 metres of 144.7 g/t gold

The attached map displays results from the ore-control drilling program and shows holes that intersected greater than 0.30 g/t gold (~75% of holes) over one metre (projected resource cut-off grade) within this shallow drilling program. Holes with significant high-grade intersections, defined as exceeding 20 gram-metres (~12% of holes) are highlighted in red. Please see the appendix to this MD&A for further details.



*Easting and Northing coordinates provided in this table represent grade control drill collar locations using datum WGS 84 Zone 47N

**The majority of holes were drilled at a -60 dip and 030 azimuth. Due to geologic variability within the deposit all reported intervals are interpreted to be 80-100% true thickness

The output from the ore-control drilling will be incorporated into a Bayan Khundii mine plan update over the coming months. The updated plan will also consider the impact of higher gold prices as the current economic pit was defined using a US\$1,800-ounce gold price and a US\$2,000-ounce pit constraining factor. At current gold prices of approximately US\$3,000 ounce, additional near-pit resources are likely to be incorporated in the updated mine plan.

Khundii Minerals District Exploration

Erdene has been the leader in exploration in southwest Mongolia over the past two decades and is responsible for the discovery of the KMD, comprised of multiple high-grade gold and base metal prospects. In addition to the Bayan Khundii Project, the Company has identified several other prospects, particularly within the Khundii-Ulaan Trend, that show the potential to hold gold-copper deposits of scale.

The Khundii mining license and adjoining Ulaan exploration license cover nearly 4,000 hectares of the Khundii-Ulaan hydrothermal alteration zone, which extends from Ulaan over 10 kilometres to the northeast. This northeast trending alteration area, which incorporates the Ulaan, Bayan Khundii, Dark Horse and other mineralized targets in the area, is associated with a regional structural dilational jog and associated major volcano-plutonic centre, along a northeast trending transform fault. The various styles of alteration and mineralization within the Khundii-Ulaan target area are consistent with a fertile magmatic island arc, with evidence for possible arc migration, and overlapping or telescoped mineralization along major structures.

Exploration results to date suggest the greater Khundii-Ulaan alteration zone and known gold occurrences are part of the same, large, gold-bearing hydrothermal system which remains largely under-explored. Gold mineralization identified to date is hosted within an expansive, white mica and silica altered tuffaceous sequence exposed around the periphery of the Khundii-Ulaan hydrothermal alteration system. Quartz vein textures and clay alteration compositions indicate a large-scale epithermal type gold mineralizing environment existed within the Khundii-Ulaan system with the tuffaceous lithologies acting as preferred hosts for gold mineralization. Exploration planning is currently underway to test multiple high-priority geological, geochemical and geophysical targets across the Khundii-Ulaan target area.

Regional drilling has been restricted to shallow targets with average drill depths of about 100 metres with approximately 70% of regional drill holes having intersected anomalous gold mineralization (defined as >0.1 g/t gold). Success has been driven by the abundance of untested, near surface geochemical and

geophysical targets in a region that has had no previous modern exploration. Recent exploration successes testing shallow targets, and the definition of three deposits, exposed at surface, are testament to the discovery potential of this new district.

Greater Dark Horse Prospect

The Greater Dark Horse prospect area (approximately 20 square kilometres) is located in the northern portion of the Khundii mining and Ulaan exploration licenses and is characterized by elevated gold in soil anomalism with multiple surface rock-chip, trench and drill core samples assaying greater than 1 g/t gold. Trace element anomalism, geophysical anomalies related to alteration and mineralization, structures interpreted to represent conduits for mineralizing fluids, and alteration signatures supporting an epithermal mineralization model characterize the Greater Dark Horse prospect area. To date, the Company has completed 25,132 metres of drilling in 236 holes ranging in vertical depths from 8 to 318 metres within the Greater Dark Horse prospect.

Most of the drilling has been focused on the Dark Horse Mane area, discovered in early 2021. Erdene discovered Dark Horse Mane, two kilometres north of the Bayan Khundii deposit, when initial drilling returned 6.0 g/t gold over 45 metres, beginning 10 metres downhole, including 8 metres of 27.1 g/t gold (AAD-58). Drilling has since defined a 1.5-kilometre trend of alteration and gold mineralization within the Dark Horse Mane that remains open along strike to the north and south, and at depth. Highlight interceptions at Dark Horse Mane since the initial discovery include:

- AAD-126: 30 metres of 5.6 g/t gold, beginning 10 metres downhole, including 24.1 g/t over six metres, starting 26 metres downhole
- AAD-137: 24.5 metres of 9.4 g/t gold beginning 1.5 metres downhole, including 13.5 metres of 16.1 g/t gold
- AAD-138: 25 metres of 6.1 g/t gold beginning 18 metres downhole, including 8 metres of 17.1 g/t gold
- AAD-177: 23 metres of 11.4 g/t gold beginning 1 metre downhole, including 4 metres of 59.8 g/t gold within 8 metres of 32.2 g/t gold
- AAD-178: 15 metres of 42.8 g/t gold beginning 11 metres downhole, including 3 metres of 160.4 g/t gold within 5 metres of 123.5 g/t gold
- AAD-218: 12 metres of 20.2 g/t gold beginning at surface, including 6 metres 39.6 g/t gold

The Dark Horse Mane deposit is associated with a north-south trending, linear structural corridor which intersects deep seated northeast trending transform faults, believed to be a conduit for primary mineralizing fluids. The N-S structure has been traced over five kilometres, from the southern portion of the Bayan Khundii deposit to the northern extension of Dark Horse Mane. Gold mineralization is hosted within strongly altered tuffaceous and volcanoclastic rocks, crosscut by quartz and quartz-hematite veins and stockwork zones. The Dark Horse Mane shallow oxide zone begins at surface, hosting supergene enriched gold zones with values up to 195 g/t over 1 metre and ranging in thickness from 20 to 60 metres vertical depth with locally deeper oxidation along fractures. The high-grade oxide body exhibits strong continuity along a north-south strike. Mineralization remains open along strike and at depth; however, the core of the near-surface mineralization forms the basis of the Dark Horse Mane Reserve estimate that forms part of the BK Project.

The near surface oxide gold zones discovered at Dark Horse Mane are the result of oxidation of sulfide bearing epithermal veins and hydrothermal breccias within white mica altered host lithologies. Limited deeper drilling has gold bearing epithermal veins and associated white mica and sulfide alteration zones to a depth of up to 230 metres vertically, that remains open at depth. The gold mineralization near surface at Dark Horse Mane is related to broader areas of structurally controlled alteration and mineralization believed to be connected to feeder structures distributing gold bearing fluids over a wide area as these fluids approached the paleo surface. Evidence for these feeder structures includes a series of exposed residual quartz lithocaps, associated locally with increasing copper anomalism at depth interpreted to predate the gold mineralization. These lithocaps are distributed along dominant NE trending structures believed to represent transform faults and potentially feeder conduits from a magmatic porphyry source at depth. The highest-grade gold bearing oxide zones at the southern end of the Dark Horse Mane are located proximal to the residual quartz lithocaps and hosted within tuffaceous to porphyritic volcanoclastic units.

During Q2 2024, Erdene conducted geological and geochemical evaluations over a 4-kilometre by 3-kilometre portion of the Greater Dark Horse area. This area is characterized by an expansive gold-in-soil geochemical anomaly which contains both the high-grade Dark Horse Mane supergene gold deposit and numerous early-stage gold prospects. Exploration focused on parallel structures to the north-south trending Dark Horse Mane feature and the northeast trending Altan Arrow fault, identified as two of the main gold-bearing features in the prospect area. A total of 163 rock chip samples were collected, resulting in the identification of several new high-grade gold mineralized zones. Results from the Altan Arrow fault, a 1.8-

kilometre northeast trending structural feature, included a sample returning 37.7 g/t gold, as well as twelve samples with silver grades exceeding 50.0 g/t Ag including two samples greater than 100 g/t Ag, in addition to samples with anomalous lead, molybdenum and antimony, indicator elements in gold prospects in the district.

Follow-up work will include trenching and drilling within the Greater Dark Horse area focusing on expansion of Dark Horse Mane deposit, continued definition of the Altan Arrow fault and identification of parallel structures east of Dark Horse Mane.

Ulaan Southeast

In June 2021, the Company completed the maiden gold exploration program in the southern portion of the Ulaan license, reporting a significant new gold discovery just 300 metres west of the Bayan Khundii Deposit. Results to date, including follow-up drilling in 2022, have confirmed a significant gold discovery at Ulaan SE. Multiple drill holes have returned hundreds of metres (up to 354 metres) of gold mineralization, often ending in mineralization, over an area 200 metres by 250 metres. Gold mineralization begins approximately 80 metres from surface with anomalous gold intersected as shallow as 4 metres depth (UDH-18) and remains open along strike to the west/northwest and at depth. Gold grades up to 156 g/t are related to intense quartz ± hematite veins and stockwork zones enveloped by the same gold bearing silicified, white mica altered lapilli tuff sequence which hosts Erdene's Bayan Khundii epithermal gold deposit, located just east on the Khundii mining license. Structural controls are also similar with northwest striking, southwest dipping veins hosting the gold and intensifying adjacent to bounding structures and/or feeder conduits typically oriented northeast or north. Gold mineralization, particularly the low-grade envelope, also appears to be partially controlled by lithology with low permeability silicified ash tuffs focusing fluid flow and coarser lapilli tuffs acting as a preferred host to mineralization, stratigraphically dipping to the northwest.

Highlight interceptions at Ulaan SE since the initial discovery include:

- UDH-14: 217 metres of 1.1 g/t gold beginning 188 metres downhole, including 3.5 g/t gold over 53 metres
- UDH-21: 335 metres of 1.1 g/t gold beginning 115 metres downhole, including 8.7 g/t gold over 27 metres within 77 metres of 3.2 g/t gold
- UDH-22: 152 metres of 1.7 g/t gold beginning 85 metres downhole, including 3.1 g/t gold over 65 metres
- UDH-35: 23 metres of 13.7 g/t gold within 41 metres of 8.1 g/t gold, beginning 187 metres downhole
- UDH-36: 179 metres of 1.2 g/t gold, beginning 72 metres downhole, including several one-metre intervals, ranging from 10 to 33 g/t gold, and ending in mineralization at 350 metres
- UDH-53: 2 metres of 24.9 g/t gold within 27 metres of 3.5 g/t gold, beginning 248 metres downhole

Together with the Bayan Khundii deposit and Dark Horse prospect, results from drilling at Ulaan Southeast demonstrate the potential scale of mineralization within the nearly 4,000-hectare Khundii-Ulaan Hydrothermal system, which extends from Ulaan over 10 kilometres to the northeast onto the Khundii license.

Furthermore, the central and northern portion of the Ulaan license hosts a porphyry copper prospect primarily based on a broad (5km by 4km) zone of phyllic (quartz-sericite-pyrite) alteration at surface, with characteristics thought to be related to a porphyry intrusion at depth. Rock chip and stream sediment geochemical sampling identified anomalous concentrations of gold, copper and molybdenum in the surrounding area, and geophysical surveys have produced a number of follow-up targets for deeper drilling.

Altan Nar

The Altan Nar deposits are located on EM's 4,669-hectare Altan Nar mining license, 16 kilometres northwest of Bayan Khundii. The AN mining license was received on March 5, 2020 and is valid for an initial 30-year term with provision to renew the license for two additional 20-year terms. The license hosts 18 mineralized (gold, silver, lead, zinc) target areas within a 5.6 by 1.5-kilometre mineralized corridor. Two of the early discoveries, Discovery Zone ("DZ") and Union North ("UN"), host wide zones of high-grade, near-surface mineralization, and are the focus of a Resource Estimate released in Q2 2018.

Altan Nar is an intermediate sulphidation, carbonate base-metal gold ("CBMG") deposit with similarities to prolific gold deposits such as Barrick Gold's Porgera mine (Papua New Guinea), Rio Tinto's formerly producing Kelian mine (Indonesia), Lundin Gold's Fruta Del Norte deposit (Ecuador), and Continental Gold's Buritica project (Colombia). CBMG deposits generally occur above porphyry intrusions in arc settings and may extend for more than 500 metres vertically.

Altan Nar received limited exploration over the past few years as the Company's resources were focused on the Bayan Khundii discovery. In late Q4 2019, the Company drilled five holes totaling 667 metres in DZ. Four holes tested the high-grade core area of the Discovery Zone, over a 130-metre strike length, 70 metres of which remains untested by drilling ("Gap Zone"). The fifth hole tested the southern extension of the deposit. Results from the 2019 program, including the intersection of 45.7 g/t gold, 93.4 g/t silver, 1.54% lead and 3.40% zinc over 7 metres beginning at approximately 70 metres vertical depth, within 23 metres grading 17 g/t gold, are amongst the strongest to date. Many of the 2019 high-grade intersections are locally outside or in areas of previously low-grade resource blocks and therefore expand the DZ high-grade core indicating consistency in high-grade mineralization within the identified ore horizon. These results are expected to positively impact the resource at Altan Nar and open the way for further expansion along strike and elsewhere in the district. The program also demonstrated continuity of anomalous gold and base metals along the structural corridor to the south of the DZ, which will be tested further in upcoming programs.

To date, Indicated Mineral Resources have been established for the Discovery Zone and Union North prospects. The remaining 16 targets at Altan Nar appear very prospective and the Company intends to complete further drilling on the license to increase its understanding of the system. RPMGlobal calculated the mineral resource estimate for Altan Nar in May 2018 at a number of gold cut-offs, however, RPM recommends reporting the Altan Nar mineral resource at cut-off of 0.7 g/t AuEq2 (see definition for AuEq2 in note 8 below) above a pit and 1.4 g/t AuEq2 below the same pit shell. For further details on the Altan Nar mineral resource estimate, please see the Company's Altan Nar Gold-Polymetallic Project NI 43-101 Technical Report dated March 29, 2021.

Cut-off AuEq2 g/t	Resource Classi- fication	Quantity (Mt)	Grade					Contained Metal				
			Au g/t	Ag g/t	Zn g/t	Pb g/t	AuEq2 g/t	Au Koz	Ag Koz	Zn Kt	Pb Kt	AuEq2 Koz
0.7	Indicated	5.0	2.0	14.8	0.6	0.6	2.8	318	2,350	31.6	29.0	453
	Inferred	3.4	1.7	7.9	0.7	0.7	2.5	186	866	23.7	22.3	277

Notes:

- (1) The Mineral Resources have been constrained by topography and a cut-off of 0.7 g/t AuEq2 above a pit and 1.4 g/t AuEq2 below the same pit shell.
- (2) The Mineral Resource Estimate Summary was compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a Member of the Australian Institute of Geoscientists. Mr. Clark has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Qualified Person as defined in the CIM Standards of Disclosure.
- (3) All Mineral Resource figures reported in the table above represent estimates as at May 7, 2018. Mineral Resource estimates are not precise calculations, dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
- (4) Mineral Resource grades are reported in accordance with the CIM Standards.
- (5) Mineral Resources reported on a dry in-situ basis.
- (6) No dilution or ore loss factors have been applied to the reported Resource Estimate.
- (7) No allowances have been made for recovery losses that may occur should mining eventually result.
- (8) For the AN resource estimate Gold Equivalent ("AuEq2") calculations assume metal prices of US \$1,310 per ounce gold, US \$18 per ounce silver, and US \$2,400 per tonne lead and US \$3,100 per tonne zinc.

Further details on Altan Nar can be found in "Altan Nar Gold-Polymetallic Project, Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report" dated March 29, 2021, filed on SEDAR+.

Zuun Mod Molybdenum-Copper Project

The Zuun Mod Molybdenum-Copper Project is a porphyry molybdenum-copper deposit located in southwest Mongolia on the Company's Khuvyn Khar license. This project is approximately 950 kilometres southwest of Ulaanbaatar and 215 kilometres from railhead on the Mongolia-China border at Ceke. The property consists of a mining license totaling 6,041 hectares. The mining license is registered in the name of Anian Resources LLC ("AN"), a wholly owned subsidiary of the Corporation, and has an initial term of 30 years that can be extended for up to 70 years. This project was acquired from Gallant Minerals Limited in 2005 and is subject to a net smelter returns royalty ("NSR Royalty") of 1.5% held by Sandbox Royalties, subject to a buy-down provision.

In 2011, the Corporation released a NI 43-101 resource estimate for Zuun Mod containing a Measured and Indicated Resource of 218 million tonnes ("Mt") at an average grade of 0.057% molybdenum, and 0.069% copper at a cut-off grade ("COG") of 0.04% molybdenum. This equates to 273.5 million pounds ("Mlbs") of contained molybdenum and 330.7 Mlbs of contained copper. In addition, there is a 168 Mt Inferred Resource at an average grade of 0.052% molybdenum and 0.065% copper, equating to a further 191.8 M lbs of contained molybdenum and 240.5 Mlbs of contained copper.

In 2023, Erdene completed a twelve hole, approximately 4,100 metre drill program at Zuun Mod. Five holes, totaling 2,476 metres, were drilled to confirm continuity of higher-grade mineralization in the central part of the deposit (ZMD-131) and to expand continuity of Indicated Resources at the periphery of the deposit (ZMD-132 to 135). A further seven holes, totaling 1,619 metres (ZMD-136 to 142) tested targets across the greater Zuun Mod porphyry complex.

Hole ZMD-131 intersected a very wide zone of mineralization, returning 374 metres averaging 0.053% Mo and 0.072% Cu, with multiple zones (28 to 74 metres wide) averaging greater than 0.080% Mo, including a 28-metre interval (252 to 280 metres) averaging 0.140% Mo and 0.121% Cu. All four holes on the periphery of Zuun Mod's Indicated Resources (ZMD-132 to 135), intersected resource-grade mineralization (>0.04% Mo) ranging in thickness from 40 to 187 metres. Several of the exploration holes (ZMD-140 to 142) within the northern Zuun Mod porphyry complex returned anomalous copper mineralization (greater than 0.05% Cu). Approximately one kilometre west of the main deposit area, three holes (ZMD-136 to 138) in a 600-metre east-west target area, returned anomalous molybdenum, copper and silver. In addition, an exploration hole, ZMD-139, located 1.7 kilometres north of the main molybdenum orebody (currently defined by ZMD-135), intersected a significant interval of molybdenum mineralization, (12 metres of 0.067% Mo) hosted by porphyritic granodiorite, typical of the Zuun Mod porphyry complex. No drilling has been carried out between the Zuun Mod deposit and hole ZMD-139, opening up a large area of potential expansion.

In addition to the molybdenum-copper porphyry deposit, the license hosts a large copper-silver prospect, approximately 2.2 kilometres north of the Zuun Mod deposit. Exploration work at the copper-silver prospect has included geological mapping, vein density mapping, geochemical sampling, geophysical surveys, and wide spaced drilling. Previous drilling intersected 34 metres of 1.3% copper and 9.24 g/t silver from 308 to 342 metres (ZMD-121). The prospect has a very large copper mineralized zone trending over 900 metres with multiple zones in three drill holes returning assays in excess of 0.2% copper over significant widths (12 to 42 metres).

During Q2 2024, a new gold prospect was discovered 4.5 kilometres west of the Zuun Mod molybdenum-copper deposit on the license. Surface sampling returned gold mineralization up to 3.2 g/t gold, contained within a series of steeply dipping, east-west trending sheeted quartz veins, and iron oxide stockworks. Mineralized quartz veins reaching thicknesses of 20 centimetres have been mapped up to 500 metres along strike. The new gold prospect area is currently focused within an approximate 500-metre x 500-metre area, but expansion is likely as the sheeted vein targets remain open in all directions. A total of 31 samples were collected in the second quarter, with 20 samples returning anomalous gold.

This new gold prospect hosts the highest gold concentrations discovered to date on the Zuun Mod mining license and may indicate a geochemical shift from the Mo/Cu porphyry defined in the east to a more gold-rich environment in the west. Follow-up work planned for later this year includes detailed mapping, geophysical surveys and trenching. Additionally, a 10,000-metre drill program has been designed to further expand the known Zuun Mod deposit, with the timing of this program to be confirmed.

Further details on the Zuun Mod resource can be found in the "Technical Report Zuun Mod Porphyry Molybdenum-Copper Project, South-Western Mongolia, National Instrument 43-101 Independent Technical Report" dated June 2011, filed on SEDAR+.

Acquisitions

Mongolia's Ministry of Mining and Heavy Industry periodically issues areas for exploration. Erdene has established the largest proprietary geologic database of Southwest Mongolia with a priority list of acquisition targets. The Company will participate in the tendering process as its priority targets are opened for tender. The Company has also been evaluating privately held licenses for acquisition. Additionally, as the longest tenured foreign explorer operating in Mongolia, the Company will selectively evaluate precious and industrial metal opportunities across the Country.

Selected Annual Financial Information

The following financial data (in Canadian \$ thousands, except per share amounts) are derived from the Corporation's audited consolidated financial statements for the years ended December 31, 2024, 2023 and 2022 respectively:

Fiscal Year Ended December 31	2024		2023		2022	
Revenues		Nil		Nil		Nil
Loss (income) for the year	\$	8,246	\$	(522)	\$	5,986
Basic and diluted loss (income) per share	\$	0.02	\$	(0.00)	\$	0.02
Total assets	\$	63,000	\$	59,063	\$	52,533
Total long-term liabilities	\$	-	\$	-	\$	23

Discussion of Operations

Years ended December 31, 2024 and 2023

The following table summarizes exploration and evaluation expenses for the years ended December 31, 2024 and 2023.

	For the years ended December 31,		
	2024	2023	Change
Depreciation and amortization	\$ 4,227	\$ -	\$ 4,227
Direct costs	383,557	111,087	272,470
Employee compensation costs	2,046,890	71,694	1,975,196
Share-based compensation	518,129	664,229	(146,100)
Costs reimbursed by associate	(1,100,161)	-	(1,100,161)
	\$ 1,852,642	\$ 847,010	\$ 1,005,632

Exploration and evaluation expenses totaled \$1,852,642 for the year ended December 31, 2024, compared to \$847,010 for the year ended December 31, 2023.

Direct costs for the year ended December 31, 2024 were \$272,470 greater than those in the prior year as a portion of technical and consultant costs were expensed in the current year but capitalized in the prior year as they related to exploration at the Zuun Mod project.

Employee compensation costs for the year ended December 31, 2024 exceeded those of the prior year due primarily to the transfer of staff from EM to the Company in late 2023 following the Strategic Alliance, as well as the impact of the accrual of first gold bonuses for senior staff in advance of anticipated gold production from Bayan Khundii in 2025.

Non-cash share-based compensation for the year ended December 31, 2024 was \$146,100 less than the prior year as fewer incentive stock options were granted to employees coupled with a lower fair value per option.

The Corporation and its associate, EM, are parties to an agreement under which EM reimburses the Corporation US\$1 million per annum, less applicable withholding taxes, for the provision of geologic services.

The following table summarizes corporate and administration expenses for the years ended December 31, 2024 and 2023.

	For the years ended December 31,		
	2024	2023	Change
Administrative services	\$ 1,198,872	\$ 935,025	\$ 263,847
Depreciation and amortization	25,600	36,958	(11,358)
Directors fees and expenses	114,901	122,244	(7,343)
Financing costs	1,495,147	-	1,495,147
Investor relations and marketing	487,533	318,225	169,308
Office and sundry	96,865	105,686	(8,821)
Professional fees	379,827	504,095	(124,268)
Regulatory compliance	90,749	109,322	(18,573)
Share-based compensation	1,054,714	902,280	152,434
Travel and accommodations	98,850	103,900	(5,050)
	\$ 5,043,058	\$ 3,137,735	\$ 1,905,323

Corporate and administrative expenses totaled \$5,043,058 for the year ended December 31, 2024, compared to \$3,137,735 for the year ended December 31, 2023.

Administrative services expenditures for the year ended December 31, 2024, were \$263,847 greater than those in the prior year due to the accrual of first gold bonuses for senior staff in the current year, as well as cost of living salary increases, as compared to the prior year.

Financing costs for the year ended December 31, 2024 of \$1,495,147 relate to the write-off of previously deferred project finance and other arrangement costs following the termination of project finance diligence due to the Bayan Khundii shareholder loan agreement with MMC, and expenditures related to the close of the Strategic Alliance.

Investor relations and marketing expenditures for the year ended December 31, 2024, were \$169,308 greater than those in the previous year as increased activity, including investor site visits, more than offset a reduction in social media marketing activities in the current year.

Professional fees for the year ended December 31, 2024 were \$124,268 less than in the year ended December 31, 2023, due to a reduction in capital markets support.

Regulatory compliance expenditures for the year ended December 31, 2024 were \$18,573 less than in the previous year, due to a reduction in expenses related to the Company's annual general meeting due to the movement to electronic delivery of materials.

Non-cash share-based compensation for the year ended December 31, 2024 was \$152,434 greater than the prior year due to an increase in the number of DSUs issued to members of the Board of Directors.

Depreciation, Directors fees and expenses, Office and sundry, and Travel and accommodations expenditures for the year ended December 31, 2024, were not materially different from those incurred in the prior year comparative period.

Fourth Quarter

Exploration and evaluation expenses totaled \$256,993 for the three months ended December 31, 2024, representing exploration team salaries and associated support costs for the period. Expenses were greater than the prior year comparative quarter as these costs were largely capitalized to the Bayan Khundii Gold Project in that period.

Corporate and administrative expenses totaled \$1,016,351 for the three months ended December 31, 2024, including \$300,529 of salaries and administrative expenditures, \$23,019 of public company costs, financing costs of \$226,023, professional fees of \$162,946, non-cash share-based compensation of \$84,924 and miscellaneous administrative expenditures, including travel, office and investor relations totaling \$218,910.

Loss from investment in associate of \$1,424,837 for the three months ended December 31, 2024, compared to \$572,346 for the three months ended December 31, 2023, with the period over period change primarily due to an increase in interest expenditures by EM following the February 2024 financing, partially offset by Erdene's change in ownership following the close of the Strategic Alliance in Q1 2024.

Summary of Quarterly Results

Expressed in thousands of Canadian dollars except per share amounts

	Fiscal 2024				Fiscal 2023			
	Q4 Dec	Q3 Sep	Q2 June	Q1 Mar	Q4 Dec	Q3 Sep	Q2 Jun	Q1 Mar
Net loss (income)	\$2,011	\$1,688	\$1,869	\$2,678	\$1,176	\$1,200	\$2,508	(\$5,406)
Basic loss (income) per share	\$0.01	\$0.00	\$0.00	\$0.01	\$0.00	\$0.01	\$0.01	(\$0.02)
Total assets	\$63,000	\$55,729	\$57,189	\$57,820	\$59,063	\$60,663	\$62,478	\$64,162

For the three months ended December 31, 2024, the Corporation recognized a net loss of \$2,011,119 compared to a net loss of \$1,176,204 for the same period in 2023.

The Corporation's expenditures vary from quarter to quarter, largely due to the timing of its Mongolian exploration and evaluation programs. The Corporation is not aware of any other specific trends which account for fluctuations in financial results from period to period.

Liquidity and Capital Resources

At the date of this MD&A, the Corporation had approximately \$6.0 million of cash and working capital of \$5.4 million, calculated as current assets less current liabilities.

Funds raised have been used to advance the Corporation's projects in Mongolia and to meet administrative costs in support of those programs (see Development and Exploration Projects and Discussion of Operations). The ability of the Corporation to continue with its development and exploration programs is contingent upon securing additional funds through the issuance of equity, the formation of alliances, such as the MMC Strategic Alliance, debt financing, asset sales and option and/or joint venture agreements.

The Corporation has minimal sources of income. It is therefore difficult to identify any meaningful trends or develop an analysis from the Corporation's cash flows. The Corporation is dependent primarily on the issuance of share capital and debt to finance its development and exploration programs.

Other than as discussed herein, the Corporation is not aware of any trends, demands, commitments, events or uncertainties that may result in the Corporation's liquidity or capital resources materially increasing or decreasing at present or in the foreseeable future other than planned expenditures.

Outstanding Share Data

Authorized

An unlimited number of common shares with no par value.

Issued and Outstanding Share Capital

	March 24, 2025	December 31, 2024
Common shares issued and outstanding	363,026,958	362,136,958
Options outstanding	24,180,000	22,445,000
DSU's outstanding	9,991,248	9,991,248
Total instruments outstanding	397,198,206	394,573,206

Contractual Obligations

The following table summarizes the maturity of the Corporation's contractual obligations at December 31, 2024:

	Total	Less than one year	1 - 2 years
Accounts payable and accrued liabilities	\$ 782,851	\$ 782,851	\$ -
	\$ 782,851	\$ 782,851	\$ -

Other Financing Arrangements and Commitments

MMC Strategic Alliance

In January 2023, Erdene entered a Strategic Alliance with MMC where MMC agreed to invest a total of US\$40 million for a 50% interest in Erdene's Mongolian subsidiary, Erdene Mongol LLC. This investment was structured as a series of promissory notes that were converted into an equity interest in EM on January 23, 2024. Erdene retains a 50% equity interest in EM and a 5.0% Net Smelter Return royalty on production from the Khundii, Altan Nar and Ulaan licenses, as well as any properties acquired within five kilometres of these licenses, beyond the first 400,000 ounces gold recovered.

On February 8, 2024, Erdene executed financing documents with MMC to develop the Bayan Khundii Gold Project. The financing has been structured as a shareholder loan from MMC to EM, the entity co-owned by Erdene and MMC that holds the Bayan Khundii mining license, as well as the Altan Nar mining license and highly prospective Ulaan exploration license.

The shareholder loan is for US\$50 million providing the funding for construction of the Bayan Khundii gold mine and processing complex. The loan may be drawn in up to five tranches, in multiples of at least US\$5 million. The loan will mature five years from the date of first draw and accrue interest at a rate of 13.8% per annum, paid quarterly in arrears. EM has the option to capitalize the first four interest payments. The loan will be repayable in full upon maturity. A further US\$30 million, under the same terms, is available at MMC's discretion. As at December 31, 2024, EM has drawn US\$49 million of the shareholder loan, and the balance outstanding was US\$52 million due to the capitalization of interest.

This loan is secured by a 50% guarantee by Erdene and Erdene's interests in the Project, including its shares of EM and NSR interest, as well as preferential rights over the Khundii, Altan Nar and Ulaan licenses. For so long as the loan is outstanding, MMC will be granted priority voting rights under the Strategic Alliance agreement between the parties and a right of first refusal over Erdene's Zuun Mod project. Additionally, Erdene has the right to purchase 50% of the loan and participate as a lending shareholder on the same terms as MMC.

Bayan Khundii Working Capital Facility

On December 4, 2024, EM executed financing documents with the Trade and Development Bank of Mongolia ("TDB") for a working capital facility to commission the Bayan Khundii Gold Project. The up to US\$50 million facility has a term of 24 months and will be repayable through six equal payments during the final six months of the loan term. The facility will bear interest at a rate of 13.3% per annum and is secured by Bayan Khundii's process plant assets. As at December 31, 2024, EM has drawn US\$20 million of the facility.

Sandstorm Gold Ltd. Royalty Agreement

Sandstorm Gold Ltd. ("Sandstorm") holds a 1% net smelter returns royalty ("NSR Royalty") on EM's Altan Nar, Khundii and Ulaan licenses, guaranteed by Erdene. Sandstorm has been given a right of first refusal on future stream or royalty financings related to these licenses.

Other

Versamet Royalties Corp. holds a 1.5% NSR Royalty on Erdene's Zuun Mod license. Erdene has the option to buy down a portion of the royalty if certain production milestones are achieved.

Off-Balance Sheet Arrangements

As at December 31, 2024, the Corporation had no off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risks to the Corporation, other than those detailed above.

Critical Judgments and Estimates in Applying Accounting Policies

The preparation of financial statements in conformity with IFRS requires the Corporation's management to make estimates, judgments and assumptions that materially affect the amounts reported in the consolidated financial statements and accompanying notes. Judgments and estimates are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates.

A detailed summary of the Corporation's significant accounting policies and the key judgments, estimates, and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities within the next twelve months are included in Note 2 to the consolidated financial statements for the year ended December 31, 2024. While all of the key sources are important to the Corporation's consolidated financial statements, the following key sources have been identified as being critical:

- Determination of significant influence over investment in associate; and
- Impairment of investment in associate.

Determination of significant influence

Judgment is needed to assess whether the Corporation has control over its investees as a result of its right to direct relevant activities or, when control is not retained, its interest meets the definition of significant influence and therefore would be accounted for under the equity method. Management makes this determination based on its legal ownership interest and through an analysis of the Corporation's participation in entities' decision-making processes. Immediately after the Corporation lost control of EM, its Mongolian subsidiary, on January 10, 2023, management determined it was able to exert significant influence over EM and accounted for this investment as an associate under the equity method.

Following the issuance of shares representing 50% of the outstanding equity of EM to MMC on January 23, 2024, in connection with the close of the Strategic Alliance, Management updated its analysis and confirmed that the Corporation retained significant influence over EM and therefore continues to account for this investment as an associate under the equity method.

Impairment of investment in associate

The Corporation follows the guidance of IAS 28, Investments in Associates and Joint Ventures to assess if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a "loss event"), where such loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. In making this judgement, the Corporation's management considers objective evidence that the net investment may be impaired, including observable data about loss events such as significant financial difficulty of the associate, a breach of contract, such as a default or delinquency in payments by the associate, it becoming probable that the associate will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the net investment in the associate because of financial difficulties of the associate.

Adoption of New Accounting Standards and Future Changes in Accounting Policies

Erdene has adopted the following amendments, effective January 1, 2024. These changes were made in accordance with applicable transitional provisions.

IAS 1 – Presentation of Financial Statements

In October 2022, the IASB finalized issuance of Classification of Liabilities as Current or Non-Current, which made amendments to IAS 1 Presentation of Financial Statements, providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or noncurrent depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The application of the amendment has been made on a prospective basis and did not have an impact on the Corporation.

The following new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the Year ended December 31, 2024, and have not been applied in preparing Erdene's consolidated statements.

IAS 21 – The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21 Effects of Changes in Foreign Exchange Rates, to help entities assess exchangeability between currencies and to determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments are effective for annual periods beginning on or after January 1, 2025, though earlier application is permitted. The Corporation anticipates that the application of these amendments will not have a material effect on the Consolidated Financial Statements as the currencies in which the Corporation transacts have not historically experienced significant issues in exchangeability.

IFRS 18 – Presentation and Disclosure in the Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in the Financial Statements (“IFRS 18”) replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 “Earnings per Share” were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

IFRS 7 & 9 – Financial Instruments and Disclosures

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the effect of these amendments on its financial statements.

Financial Instruments and Other Risks

Financial Instruments

The fair values of the Corporation's financial instruments are considered to approximate the carrying amounts. 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. The fair value hierarchy establishes levels to classify the inputs to valuation techniques used to measure fair value.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs are unobservable (supported by little or no market activity).

Fair Value

During the year ended December 31, 2024 and year ended December 31, 2024, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities. The fair value of financial assets and liabilities are approximately equal to their carrying values given the short term to maturity of such instruments.

Credit Risk

The Corporation manages credit risk by holding the majority of its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low. At December 31, 2024, \$121,756 or 2% of the balance of cash was held in banks outside Canada (2023 - \$33,759 or 1%).

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. All of the Corporation's financial liabilities are expected to be settled within the next twelve months.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Corporation invests excess cash in interest bearing savings accounts, which are subject to interest rate risk.

Foreign Currency Risk

The functional currency of the Corporation is the Canadian dollar, and the functional currency of the Corporation's subsidiary and associate is the Mongolian tugrik. Additionally, the Corporation incurs expenses in US dollars. Fluctuations of the Canadian dollar in relation to other currencies impacts the fair value of financial assets, liabilities and operating results. Financial assets and liabilities subject to currency translation risk primarily include US dollar denominated cash, accounts payable and accrued liabilities, as well as the Corporation's net investment in its Mongolian associate.

The Corporation's exposure to US dollar currency risk was \$401,688 as at December 31, 2024 (December 31, 2023 - \$1,044,829). A 10% change in the US dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately \$40,200 (December 31, 2023 – \$104,500).

The Corporation's exposure to Mongolian Tugrik currency risk was \$25,393 as at December 31, 2024 (December 31, 2023 - \$2,966). A 10% change in the Mongolian Tugrik would affect net loss and comprehensive loss and deficit by approximately \$2,500 (December 31, 2023 – \$300).

Price Risk

The Corporation's financial instruments are not exposed to direct price risk other than that associated with commodity price fluctuations impacting the mineral exploration and mining industries as the Corporation has no significant revenues.

Other Risks

In conducting its business, the principal risks and uncertainties faced by the Corporation relate primarily to exploration results, permitting, financing and, to a lesser extent, metal and commodity prices. Exploration for minerals and development of mining operations involve many risks, many of which are outside the Corporation's control. In addition to the normal and usual risks of exploration and mining, the Corporation works in remote locations that lack the benefit of infrastructure and easy access. More information on risks is available in the Corporation's Annual Information Form available on SEDAR+ at www.sedarplus.ca.

Disclosure Controls and Internal Controls over Financial Reporting

Erdene has established and maintains disclosure controls and procedures over financial reporting, as defined under the rules adopted by the Canadian Securities Regulators in instrument 52-109. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the design and effectiveness of Erdene's disclosure controls and procedures as of December 31, 2024 and have concluded that such procedures are adequate and effective to provide reasonable assurance that material information relating to Erdene and its consolidated subsidiaries would be made known to them by others within those entities to allow for accurate and complete disclosures in its filings.

The Management of Erdene, with the participation of the CEO and CFO (collectively "Management"), is responsible for establishing and maintaining adequate internal controls over financial reporting. Erdene's

internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with IFRS.

Management evaluated the design and effectiveness of Erdene's internal controls over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its report "Internal Control – Integrated Framework (2013)". This evaluation included reviewing controls in key risk areas, assessing the design of these controls, testing these controls to determine their effectiveness, reviewing the results and then developing an overall conclusion.

Based on Management's evaluation, the CEO and CFO concluded that as of December 31, 2024, Erdene's internal controls over financial reporting were effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

However, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Person

Peter Dalton, P.Ge. (Nova Scotia) is a qualified person under NI 43-101 and supervises the Corporation's exploration programs. Samples are assayed at SGS Laboratory in Ulaanbaatar, Mongolia or Tianjin China, Central Geological Laboratory in Ulaanbaatar, Blue Coast Research Ltd in Parksville British Columbia, Canada, or ALS Chemex in Vancouver, Canada. In addition to internal checks by SGS Laboratory, Central Geological Laboratory and ALS Chemex, the Corporation incorporates a QA/QC sample protocol utilizing prepared standards, field and laboratory splits, and blanks.

The disclosure in this MD&A of scientific or technical information about mineral projects on Erdene's properties has been reviewed and approved by Peter Dalton, P. Geo, who is not independent of the Corporation.

The information in this MD&A that relates to the financial models for the Bayan Khundii Feasibility Study Update is based on information compiled and reviewed by Mark Reynolds, engaged through O2 Mining Limited. The information in this MD&A that relates to the capital and operating cost estimation for the Bayan Khundii Feasibility Study is based on information compiled and reviewed by Julien Lawrence, who is a FAusIMM and the Director of O2 Mining Ltd. The information in this MD&A that relates to the process design and recovery methods for the Bayan Khundii Feasibility Study is based on information compiled and reviewed by Jeffrey Jardine, who is a FAusIMM. and is engaged through O2 Mining Ltd. The information in this MD&A that relates to the BK Resource Estimate is based on information compiled and reviewed by Paul Daigle, who is a P.Ge, and is an employee of AGP Mining Consultants Inc. The information in this MD&A that relates to the Dark Horse Resource Estimate is based on information compiled and reviewed by Oyunbat Bat-Ochir who is a full-time employee of RPM Global and a Member of the Australian Institute of Geoscientists. The information in this MD&A that relates to the Bayan Khundii reserve estimate is based on information compiled and reviewed by Julien Lawrence. Each of Mr. Reynolds, Mr. Lawrence, Mr. Jardine, Mr. Daigle and Mr. Bat-Ochir has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they have undertaken to qualify as a Qualified Person, as that term is defined by National Instrument 43-101. Each of Mr. Reynolds, Mr. Lawrence, Mr. Jardine, Mr. Daigle and Mr. Bat-Ochir is not aware of any potential for a conflict of interest in relation to this work with Erdene.

Other Information

Additional information regarding the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.erdene.com.

Appendix – Bayan Khundii Ore-Control Drill Results

Hole ID	Easting	Northing	From	To	Interval	g/t Au
Core Holes						
BKDH-80	483372	4861183	1.9	6	4.1	5.99
Incl			1.9	3	1.1	11.50
BKDH-81	483372	4861178	0.4	10	9.6	26.86
Incl			6	7	1	253.00
BKDH-148	483357	4861188	0	10	10	4.98
Incl			8	10	2	23.40
BKDH-163	483352	4861257	4.85	8	3.15	9.52
Incl			4.85	6	1.15	24.40
BKDH-165	483352	4861238	0.13	4	3.87	6.70
Incl			0.13	1	0.87	14.50
BKDH-169	483352	4861208	0.8	10	9.2	2.63
Incl			0.8	2	1.2	12.40
BKDH-170	483352	4861203	0.4	10	9.6	2.96
Incl			8	9	1	14.50
BKDH-192	483347	4861248	1.7	5	3.3	6.14
Incl			3	4	1	17.00
BKDH-195	483347	4861233	0.3	6	5.7	3.82
BKDH-715	483187	4861033	9	14	5	4.16
Incl			11	12	1	17.30
RC Holes						
BKGC-3	483422	4861087	0	4	4	6.34
Incl			1	2	1	22.20
BKGC-47	483382	4861113	1	11	10	2.39
BKGC-50	483382	4861088	0	4	4	25.08
Incl			3	4	1	97.80
BKGC-55	483382	4861063	9	13	4	6.59
Incl			10	11	1	21.80
BKGC-58	483382	4861047	5	12	7	59.49
Incl			7	11	4	100.99
Incl			7	8	1	336.00
BKGC-61	483377	4861123	0	10	10	3.70
Incl			2	3	1	15.00
BKGC-73	483377	4861048	1	6	5	4.24
Incl			2	3	1	16.30
BKGC-85	483372	4861122	0	2	2	10.48
Incl			1	2	1	19.70
BKGC-86	483372	4861118	4	12	8	3.06
Incl			4	5	1	17.10
BKGC-109	483367	4861118	1	11	10	10.37
Incl			2	3	1	77.00

BKGC-153	483357	4861118	0	6	6	8.14
Incl			3	4	1	42.40
BKGC-154	483357	4861113	4	12	8	3.81
Incl			6	8	2	10.90
BKGC-178	483352	4861113	4	13	9	9.22
Incl			4	6	2	37.05
BKGC-235	483342	4861107	8	14	6	7.03
Incl			10	11	1	35.40
BKGC-274	483332	4861078	6	12	6	7.22
Incl			10	11	1	39.00
BKGC-286	483327	4861107	11	15	4	115.14
Incl			11	14	3	151.47
Incl			11	12	1	390.00
BKGC-287	483327	4861102	14	15	1	99.40
BKGC-294	483322	4861113	8	15	7	28.36
Incl			8	9	1	183.00
BKGC-297	483322	4861098	0	3	3	7.00
Incl			0	1	1	10.30
BKGC-304	483322	4861018	0	16	16	5.14
Incl			1	2	1	14.40
Incl			7	8	1	19.20
Incl			9	10	1	19.00
BKGC-310	483317	4861123	3	7	4	25.06
Incl			3	4	1	98.20
BKGC-311	483317	4861118	4	12	8	4.98
Incl			7	9	2	13.60
BKGC-318	483318	4861028	12	15	3	16.09
Incl			13	14	1	43.30
BKGC-319	483317	4861022	0	15	15	1.90
Incl			8	9	1	11.30
BKGC-321	483312	4861128	1	14	13	3.45
Incl			6	8	2	15.70
BKGC-323	483312	4861118	5	14	9	5.02
Incl			6	7	1	16.80
BKGC-334	483311	4861022	0	10	10	2.22
BKGC-429	483282	4861018	0	4	4	8.08
Incl			2	3	1	22.10
BKGC-430	483282	4861012	0	8	8	3.38
Incl			3	4	1	10.40
BKGC-432	483282	4861002	3	11	8	3.97
Incl			8	9	1	16.90
BKGC-439	483281	4860948	0	9	9	2.74
BKGC-440	483282	4860942	0	19	19	4.02
Incl			13	15	2	20.30

BKGC-441	483281	4860937	4	11	7	3.63
Incl			8	9	1	21.10
BKGC-456	483277	4860952	0	14	14	4.05
Incl			0	3	3	11.20
Incl			7	8	1	10.60
BKGC-464	483272	4861058	1	13	12	2.00
BKGC-498	483267	4861013	14	24	10	2.34
BKGC-502	483268	4860979	12	17	5	13.69
Incl			15	16	1	64.40
BKGC-505	483267	4860963	0	26	26	3.45
Incl			11	12	1	52.90
BKGC-506	483266	4860957	0	24	24	3.70
Incl			13	15	2	15.05
BKGC-507	483267	4860953	0	22	22	2.64
BKGC-509	483267	4860937	1	13	12	4.26
Incl			3	4	1	20.10
Incl			7	8	1	16.60
BKGC-529	483262	4860988	0	16	16	1.90
BKGC-532	483262	4860973	0	22	22	2.20
Incl			2	3	1	11.10
BKGC-534	483262	4860963	0	21	21	1.75
BKGC-535	483262	4860957	0	17	17	2.10
BKGC-536	483262	4860952	0	22	22	2.23
BKGC-537	483262	4860948	0	20	20	27.81
Incl			7	9	2	173.00
Incl			10	12	2	91.15
Incl			11	12	1	171.00
BKGC-538	483262	4860937	0	11	11	2.64
Incl			6	7	1	16.70
BKGC-548	483256	4860982	0	18	18	2.81
Incl			9	10	1	30.30
BKGC-553	483257	4860957	0	12	12	2.20
BKGC-555	483257	4860937	0	16	16	1.46
BKGC-559-V	483252	4861047	4	8	4	5.28
Incl			5	6	1	11.00
BKGC-569	483252	4860983	0	5	5	11.42
Incl			1	2	1	46.10
Incl			4	5	1	10.10
BKGC-575	483252	4860948	0	19	19	15.65
Incl			1	3	2	15.20
Incl			4	8	4	56.05
Incl			9	10	1	10.50
BKGC-576	483252	4860943	0	18	18	1.38
BKGC-583	483247	4861027	0	7	7	4.13

Incl			2	3	1	17.60
BKGC-586	483247	4860953	0	16	16	2.22
BKGC-587	483247	4860948	0	17	17	1.74
BKGC-588	483247	4860943	1	16	15	3.78
Incl			4	5	1	30.90
BKGC-596	483243	4861043	1	13	12	2.24
BKGC-600	483242	4861023	0	7	7	3.19
Incl			3	4	1	12.00
BKGC-607	483242	4860957	0	18	18	2.55
BKGC-608	483242	4860952	1	13	12	2.92
Incl			11	12	1	18.60
BKGC-610	483237	4861048	0	11	11	1.99
Incl			7	8	1	11.90
BKGC-611	483237	4861043	0	12	12	6.32
Incl			4	5	1	57.20
BKGC-618	483237	4860957	0	7	7	4.46
Incl			2	3	1	13.20
BKGC-620	483232	4861047	0	14	14	2.52
Incl			3	4	1	14.20
Incl			8	9	1	10.20
BKGC-622	483233	4861039	6	14	8	3.78
Incl			9	10	1	15.90
BKGC-627	483232	4861013	9	17	8	2.75
Incl			11	12	1	17.10
BKGC-631	483232	4860947	11	15	4	11.66
Incl			11	12	1	41.10
BKGC-666	483207	4861038	0	13	13	3.73
BKGC-667	483207	4861032	0	16	16	6.42
Incl			5	7	2	24.10
BKGC-679	483202	4861047	1	4	3	8.86
Incl			2	3	1	26.20
BKGC-681	483202	4861038	0	17	17	4.56
Incl			2	4	2	13.60
BKGC-683	483203	4861029	8	17	9	2.92
Incl			9	10	1	11.50
BKGC-692	483197	4861037	0	16	16	3.15
Incl			1	2	1	11.40
Incl			15	16	1	21.90
BKGC-698	483192	4861063	0	4	4	13.14
Incl			0	2	2	22.80
BKGC-702	483192	4861042	3	13	10	2.86
Incl			4	5	1	21.70
BKGC-709	483187	4861062	0	8	8	3.57
BKGC-710	483187	4861057	3	9	6	14.84

Incl			5	7	2	40.55
BKGC-725	483182	4861052	6	14	8	15.47
Incl			8	10	2	57.75
BKGC-726	483182	4861048	5	14	9	2.52
Incl			9	10	1	11.60
BKGC-773	483262	4860927	0	15	15	2.82
Incl			0	1	1	11.30
Incl			13	14	1	13.60
BKGC-790	483247	4860928	5	14	9	3.70
Incl			12	13	1	18.00
BKGC-794	483242	4860943	0	15	15	2.69
BKGC-796	483242	4860932	7	14	7	6.40
Incl			11	12	1	21.50
BKGC-799	483242	4860913	2	8	6	22.52
Incl			4	6	2	61.55
BKGC-801	483237	4860942	8	14	6	37.23
Incl			8	9	1	12.80
Incl			11	12	1	206.00
BKGC-805	483237	4860923	0	5	5	4.74
Incl			1	2	1	17.70
BKGC-806	483237	4860917	4	11	7	6.16
Incl			5	6	1	27.50
BKGC-811	483232	4860923	1	6	5	4.50
BKGC-826	483222	4860918	2	12	10	8.44
Incl			3	4	1	15.30
Incl			6	10	4	16.40
BKGC-827	483222	4860913	2	12	10	79.81
Incl			5	6	1	770.00
Incl			10	11	1	19.40
BKGC-848	483207	4860918	7	12	5	9.69
Incl			7	9	2	21.95
BKGC-892	483162	4860943	0	8	8	37.29
Incl			3	5	2	144.70
Incl			4	5	1	262.00
BKGC-910	483177	4861057	4	14	10	6.47
Incl			7	8	1	25.70
Incl			11	12	1	23.00
BKGC-940	483382	4861178	6	9	3	9.38
Incl			6	7	1	26.50
BKGC-941	483382	4861173	3	8	5	7.46
Incl			3	6	3	11.90
BKGC-953	483397	4861133	2	6	4	7.54
Incl			2	4	2	13.60

*Easting and Northing coordinates provided in this table represent grade control drill collar locations using datum WGS 84 Zone 47N

** The majority of holes were drilled with a -60 dip and 030 azimuth. Due to geologic variability within the deposit all reported intervals are interpreted to be 80-100% true thickness