

## **ERDENE RESOURCE DEVELOPMENT CORP. (“Corporation”) WHISTLEBLOWER POLICY**

### **Overview**

Securities Regulators in Canada have established rules requiring the audit committees of public companies to develop procedures for complaints received regarding accounting, internal accounting controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters.

To meet these requirements, as well as to discourage illegal activity and unethical business conduct, and to ensure all employees will be made to feel comfortable and safe in anonymously reporting any improprieties, regardless of the level at which they may be committed, the Corporation has adopted a stand-alone Whistleblower Policy, overseen by the Audit and Risk Management Committee and in coordination with the Corporate Governance and Policy Disclosure Committee.

### **Reporting Any Illegal Or Unethical Behavior**

Directors, officers, and employees are encouraged to submit, in person or in writing, any known or suspected violations of any laws, governmental regulations or this Whistleblower Policy, to their immediate supervisor, if appropriate, as soon as practicable upon becoming aware of the known or suspected violation. If the director, officer or employee is of the view that it would be more appropriate to make the submission to higher levels, either due to the nature of the violation or, if earlier submissions through normal channels have not been acted upon, that person has the right to directly contact the Chair of the Audit and Risk Management Committee.

Persons need not identify themselves. Any submissions made to management, whether openly, confidentially or anonymously, must be promptly report to the Audit and Risk Management Committee.

In addition, directors, officers, and employees may contact the Chair of the Audit and Risk Management Committee with a question or concern about this Whistleblower Policy or a business practice. Any questions or submissions shall be addressed immediately and seriously. If a person is uncomfortable reporting suspected violations to their immediate supervisor or the Chair of the Audit and Risk Management Committee, the person may report matters to the Corporation’s outside legal counsel.

### **Reporting of any Accounting Irregularities**

Directors, officers and employees are encouraged to submit in person or in writing any questions or concerns regarding accounting, internal accounting controls or auditing matters to the Chief Financial Officer. If the director, officer or employees is of the view that it would be more appropriate to make the submission to higher levels, either due to the nature of the violation, or if

earlier submissions through normal channels have not been acted upon, that person has the right to directly contact the Chair of the Audit and Risk Management Committee. Persons need not identify themselves.

Management provides a whistle-blower phone number or email address to customers, suppliers, outsourcing companies, and other external parties to facilitate feedback on potential improprieties or improper or unreliable financial reporting. The contact information is disseminated through various means, such as the Corporation's web site. Arrangements will be made for feedback to be provided, and any follow-up dialogue conducted, in both English and Mongolian languages.

The Whistleblower Policy should be included on the Company's web site and communicated to all employees, directors, suppliers, outside service providers. Any submission made to the Chief Financial Officer, whether openly, confidentially or anonymously must be promptly reported to the Audit and Risk Management Committee.

### **Handling of Reports and Investigations**

Each submission forwarded to the Audit and Risk Management Committee by management and each submission that is made directly to the Audit and Risk Management Committee, whether openly, confidentially, or anonymously, shall be reviewed by the Audit and Risk Management Committee. The Audit and Risk Management Committee shall determine whether the Audit and Risk Management Committee and/or management should investigate the submission.

If the Audit and Risk Management Committee determines that an investigation is appropriate, the Audit and Risk Management Committee shall notify the Chief Executive Officer in writing of that conclusion. The Audit and Risk Management Committee and/or management shall promptly investigate the submission and shall record the results of the investigation in writing. The Audit and Risk Management Committee and/or management shall be free in its discretion to engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of the results.

Upon review of complaints, a decision is made by the Chief Financial Officer in discussion with the Audit and Risk Management Committee chair and legal counsel about the information that will be shared to the reporting party. The Audit and Risk Management Committee shall be informed quarterly regarding any Whistleblower submissions or reports (as a standing agenda item). The Audit and Risk Management Committee will follow up with management regarding results of any investigations.

The Audit and Risk Management Committee shall retain for a period of seven years all records relating to any submission and to the investigation of any such submission. The types of records to be retained by the Audit and Risk Management Committee shall include records of all steps taken in connection with the investigation and the results of any such investigation.

## **Confidentiality and Non-Retaliation**

All Whistleblower submissions shall be treated confidentially to every extent possible. The Audit and Risk Management Committee shall not, unless compelled by judicial or other legal process, reveal the identity of any person who makes a submission and who asks that that his or her identity as the person who made the submission remain confidential and shall not make any effort, or tolerate any effort made by any other person or group, to ascertain the identity of the person who makes the submission anonymously.

Any submission may be made without fear of dismissal, disciplinary action or retaliation of any kind. The Corporation shall not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any person who submits in good faith submission or any person who provides assistance to the Audit and Risk Management Committee, management or any other person or group, including any governmental, regulatory or law enforcement body, investigating the submission.

## **Consequences of a Violation**

Directors, officers and employees that violate any laws, governmental regulations or this Whistleblower Policy shall face appropriate, case specific disciplinary action, which may include reprimand, suspension without pay, demotion or immediate discharge.

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(Adopted by the Board of Directors of Erdene Resource Development Corporation in 2005 and reviewed and updated by the Corporate Governance and Disclosure Policy Committee in June 2009 and in May, 2020.)