



## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2025 and 2024

*(Canadian dollars)*  
*(Unaudited)*

Prepared by management – See Notice to Reader

## NOTICE TO READER

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Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice to this effect. These unaudited condensed consolidated interim financial statements have been prepared by management of the Corporation. Management have compiled the unaudited condensed consolidated interim statements of financial position of Erdene Resource Development Corporation as at September 30, 2025, and the unaudited condensed consolidated interim statements of loss and comprehensive loss, changes in equity and cash flows for the three and nine months ended September 30, 2025 and 2024. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the September 30, 2025, and 2024 condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Condensed Consolidated Interim Statements of Financial Position

(Canadian dollars)

(Unaudited)

	Notes	September 30, 2025	December 31, 2024
<b>Assets</b>			
Cash and cash equivalents		\$ 5,373,633	\$ 7,298,399
Receivables		570,924	14,910
Prepaid expenses		225,037	69,988
Current assets		6,169,594	7,383,297
Investment in associate	4	46,463,604	53,109,742
Exploration and evaluation assets	5	3,085,137	2,468,070
Property, plant and equipment		66,323	39,104
Right-of-use assets		93,202	-
Non-current assets		49,708,266	55,616,916
<b>Total Assets</b>		<b>\$ 55,877,860</b>	<b>\$ 63,000,213</b>
<b>Liabilities and Equity</b>			
Trade and other payables		\$ 1,458,715	\$ 782,851
Lease liabilities		24,310	-
Current liabilities		1,483,025	782,851
Lease liabilities		70,389	-
Non-current liabilities		70,389	-
<b>Total Liabilities</b>		<b>1,553,414</b>	<b>782,851</b>
<b>Shareholders' Equity</b>			
Share capital	7	\$ 169,046,992	\$ 165,589,487
Contributed surplus	7	31,080,852	30,656,061
Accumulated other comprehensive income		2,322,391	2,725,582
Deficit		(148,125,789)	(136,753,768)
<b>Total Shareholders' Equity</b>		<b>54,324,446</b>	<b>62,217,362</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 55,877,860</b>	<b>\$ 63,000,213</b>

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

Approved on behalf of the Board:

Signed "Kenneth W. MacDonald"

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Director

Signed "T. Layton Croft"

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Director

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Canadian dollars except share amounts)

(Unaudited)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2025	2024	2025	2024
<b>Operating Expenses</b>					
Exploration and evaluation	8	\$ 579,333	\$ 215,903	\$ 2,067,147	\$ 1,595,649
Corporate and administration	9	864,892	582,089	3,024,100	4,026,707
Loss from operating activities		1,444,225	797,992	5,091,247	5,622,356
Loss from investment in associate	4	1,347,317	918,649	6,427,229	1,820,272
Finance income		(42,607)	(33,210)	(148,257)	(119,224)
Interest expense		2,068	23	2,791	427
Foreign exchange (gain) loss		(2,173)	4,126	(989)	(18,327)
Gain on dilution of investment in associate	4	-	-	-	(1,070,737)
<b>Net Loss</b>		<b>\$ 2,748,830</b>	<b>\$ 1,687,580</b>	<b>\$ 11,372,021</b>	<b>\$ 6,234,767</b>
Other comprehensive (income) loss:					
Foreign currency translation difference arising on translation of foreign subsidiary		(30,736)	(558,869)	184,282	(638,121)
Foreign currency translation difference on translation of investment in foreign associate	4	(594,368)	-	218,909	-
<b>Other Comprehensive (Income) Loss</b>		<b>(625,104)</b>	<b>(558,869)</b>	<b>403,191</b>	<b>(638,121)</b>
<b>Total Comprehensive Loss</b>		<b>\$ 2,123,726</b>	<b>\$ 1,128,711</b>	<b>\$ 11,775,212</b>	<b>\$ 5,596,646</b>
Basic and diluted loss per share		\$ 0.05	\$ 0.03	\$ 0.19	\$ 0.11
Basic and diluted weighted average number of shares outstanding <sup>(1)</sup>		60,821,394	58,099,526	59,239,746	57,796,714

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

<sup>(1)</sup> The Company implemented a consolidation of its common shares in September 2025, and the number of common shares has been retrospectively adjusted. Refer to Note 1 for further information.

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Canadian dollars except share amounts)

(Unaudited)

	Notes	Number of shares <sup>(1)</sup>	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
<b>Balance at January 1, 2025</b>		<b>60,356,137</b>	<b>\$ 165,589,487</b>	<b>\$ 30,656,061</b>	<b>\$ 2,725,582</b>	<b>\$ (136,753,768)</b>	<b>\$ 62,217,362</b>
<b>Total comprehensive loss for the period:</b>							
Net loss		-	-	-	-	(11,372,021)	(11,372,021)
Other comprehensive loss		-	-	-	(403,191)	-	(403,191)
Options exercised	7	960,032	3,457,505	(1,080,784)	-	-	2,376,721
Shares rounded up on consolidation		4,889	-	-	-	-	-
Share-based compensation	7	-	-	1,505,575	-	-	1,505,575
<b>Total transactions with owners</b>		<b>964,921</b>	<b>3,457,505</b>	<b>424,791</b>	<b>-</b>	<b>-</b>	<b>3,882,296</b>
<b>Balance at September 30, 2025</b>		<b>61,321,058</b>	<b>\$ 169,046,992</b>	<b>\$ 31,080,852</b>	<b>\$ 2,322,391</b>	<b>\$ (148,125,789)</b>	<b>\$ 54,324,446</b>
<b>Balance at January 1, 2024</b>							
<b>Balance at January 1, 2024</b>		<b>57,481,312</b>	<b>\$ 158,086,286</b>	<b>\$ 30,147,989</b>	<b>\$ (849,598)</b>	<b>\$ (128,507,882)</b>	<b>\$ 58,876,795</b>
<b>Total comprehensive loss for the period:</b>							
Net loss		-	-	-	-	(6,234,767)	(6,234,767)
Other comprehensive income		-	-	-	638,121	-	638,121
Options exercised	7	480,011	988,560	(308,860)	-	-	679,700
Warrants exercised	7	160,657	466,532	(36,794)	-	-	429,738
Share-based compensation	7	-	-	1,487,919	-	-	1,487,919
<b>Total transactions with owners</b>		<b>640,668</b>	<b>1,455,092</b>	<b>1,142,265</b>	<b>-</b>	<b>-</b>	<b>2,597,357</b>
<b>Balance at September 30, 2024</b>		<b>58,121,980</b>	<b>\$ 159,541,378</b>	<b>\$ 31,290,254</b>	<b>\$ (211,477)</b>	<b>\$ (134,742,649)</b>	<b>\$ 55,877,506</b>

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

<sup>(1)</sup> The Company implemented a consolidation of its common shares in September 2025, and the number of common shares has been retrospectively adjusted. Refer to Note 1 for further information.

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Condensed Consolidated Interim Statements of Cash Flows

(Canadian dollars)

(Unaudited)

	Notes	For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2025	2024	2025	2024
<b>Cash flows from (used in) operating activities:</b>					
Net loss		\$ (2,748,830)	\$ (1,687,580)	(11,372,021)	\$ (6,234,767)
Items not involving cash:					
Depreciation and amortization		9,168	7,750	16,876	27,028
Share-based compensation	7	246,450	86,747	1,505,575	1,487,919
Finance income		(42,607)	(33,210)	(148,257)	(119,224)
Foreign exchange not related to cash		(2,173)	4,126	(989)	(18,327)
Loss from investment in associate	4	1,347,317	918,649	6,427,229	1,820,272
Gain on dilution of investment in associate	4	-	-	-	(1,070,737)
Change in non-cash operating working capital	6	154,587	147,553	(35,199)	1,372,537
Cash flows used in operating activities		(1,036,088)	(555,965)	(3,606,786)	(2,735,299)
<b>Cash flows from (used in) financing activities:</b>					
Proceeds on exercise of stock options	7	952,971	73,700	2,376,721	679,700
Proceeds on exercise of warrants	7	-	32,239	-	429,738
Repayment of lease liabilities		(5,722)	(5,824)	(7,596)	(22,939)
Cash flows from financing activities		947,249	100,115	2,369,125	1,086,499
<b>Cash flows from (used in) investing activities:</b>					
Expenditures on exploration and evaluation assets	5	(416,058)	(56,415)	(792,929)	(270,655)
Expenditures on property, plant and equipment		(29,818)	(930)	(36,710)	(27,136)
Interest received		42,607	33,210	148,257	119,224
Cash flows used in investing activities		(403,269)	(24,135)	(681,382)	(178,567)
Effect of exchange rate changes on cash balances		2,740	(4,512)	(5,723)	20,765
Decrease in cash and cash equivalents		(489,368)	(484,497)	(1,924,766)	(1,806,602)
Cash and cash equivalents, beginning of period		5,863,001	3,027,494	7,298,399	4,349,599
Cash and cash equivalents, end of period		\$ 5,373,633	\$ 2,542,997	5,373,633	\$ 2,542,997

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

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three and nine months ended September 30, 2025 and 2024

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### 1. Nature of operations

Erdene Resource Development Corporation (“Erdene” or the “Corporation”) is a Canadian based resource company focused on the exploration and development of precious and base metal deposits in Mongolia. Currently, the Corporation’s principal operation is the Bayan Khundii Gold Mine, located in Bayankhongor province, Mongolia, held by its associate, Erdene Mongol LLC. The Corporation’s common shares are listed on the Toronto Stock Exchange under the symbol “ERD” and the Mongolian Stock Exchange under the symbol “ERDN”. The address of the Corporation’s registered office is 1300-1969 Upper Water Street, Halifax, Nova Scotia, B3J 2V1.

At the 2025 Annual General and Special Meeting of Shareholders, held on June 25, 2025, Shareholders approved the consolidation of the Company’s issued and outstanding common shares on the basis of one (1) post-Consolidation Common Share for every six (6) pre-Consolidation Common Shares. The Consolidation reduced the number of issued and outstanding Common Shares from 366,351,958 Common Shares to 61,063,549 Common Shares, effective September 2, 2025. Outstanding stock options and DSUs were also adjusted by the Share Consolidation ratio. In accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IFRS”), the change has been applied retrospectively, and as a result, disclosures of common shares, per common share data and data related to stock options in the accompanying condensed interim consolidated financial statements and related notes reflect this Share Consolidation for all periods presented unless otherwise specified.

### 2. Basis of presentation

These unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2025 and 2024 (the “Interim Financial Statements”) have been prepared in accordance with IAS 34 – Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2024 (“Annual Financial Statements”), which have been prepared in accordance with IFRS.

These Interim Financial Statements were authorized for issue on behalf of the Board of Directors on November 4, 2025.

### 3. Changes in accounting policies

Erdene adopted the following amendment, effective January 1, 2025. These changes were made in accordance with applicable transitional provisions.

#### 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 application of the amendment has been made on a prospective basis and did not have an impact on the Corporation.

#### *New accounting standards not yet adopted*

#### 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

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three and nine months ended September 30, 2025 and 2024

### 3. Changes in accounting policies (continued)

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.

### 4. Investment in associate

On January 10, 2023, the Corporation entered Strategic Alliance and Investment Agreements (“Agreements”) with Mongolian Mining Corporation (“MMC”) for the development of the Bayan Khundii Gold Mine. The key economic terms of the Agreements are as follows:

- MMC to invest US\$40 million through a series of convertible promissory notes in return for a 50% equity interest in Erdene’s primary Mongolian subsidiary, Erdene Mongol LLC (“EM”), which holds the Khundii and Altan Nar mining licenses, as well as the Ulaan exploration license.
- Erdene retains a 50% equity interest in EM and a 5.0% Net Smelter Return (“NSR”) royalty on all production from the Khundii, Altan Nar and Ulaan licenses, as well as any properties acquired within 5 kilometres of these licenses, beyond the first 400,000 ounces of gold recovered.

On January 23, 2024, EM issued shares representing 50% of its equity to MMC in connection with the conversion of the convertible promissory notes. At the date MMC subscribed to shares in EM, the Corporation recognized a gain on dilution of its investment retained in EM of \$1,256,598, calculated in reference to MMC’s investment in EM through the convertible promissory notes. The Corporation continues to have significant influence over EM through its participation in the governance of the EM; however, the Corporation no longer participates directly in the financial reporting functions of EM. The following tables summarize changes to the Corporation’s investment in EM.

Investment in associate, January 1, 2025	\$	53,109,742
Loss from associate to September 30, 2025		(6,427,229)
Effect of movements in exchange rates		(218,909)
Investment in associate, September 30, 2025	\$	46,463,604

Investment in associate, January 1, 2024	\$	51,248,731
Income from associate to January 23, 2024		54,073
Gain on dilution, January 23, 2024		1,256,598
Loss from associate from January 23, 2024		(3,299,182)
Effect of movements in exchange rates		3,849,522
Investment in associate, December 31, 2024	\$	53,109,742

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three and nine months ended September 30, 2025 and 2024

### 4. Investment in associate (continued)

The following tables summarize the consolidated financial information of EM on a 100% basis, taking into account fair value adjustments made by the Corporation for equity accounting purposes. A reconciliation of EM's summarized financial information to the Corporation's investment carrying value is as follows:

As at	September 30, 2025	December 31, 2024
Total current assets	\$ 15,882,169	\$ 26,826,631
Total non-current assets	264,307,444	190,020,662
Total current liabilities	(15,165,039)	(6,993,430)
Total non-current liabilities	(172,097,366)	(103,634,379)
Total net assets	\$ 92,927,208	\$ 106,219,484

	For the nine months ended September 30, 2025	For the year ended December 31, 2024
Revenue	\$ 1,801,620	\$ -
Net loss	12,854,458	6,541,648

As at	September 30, 2025	December 31, 2024
Net assets of EM	\$ 92,927,208	\$ 106,219,484
Erdene Resource Development Corporation ownership	50.00%	50.00%
Erdene's share of EM's net assets	46,463,604	53,109,742
Carrying value of investment in EM	46,463,604	53,109,742

### 5. Exploration and evaluation assets

The Corporation's Exploration and evaluation assets consist of interests in the Zuun Mod and Tereg Uul properties located in Mongolia.

Erdene holds a 100% interest in the Zuun Mod property located in Bayankhongor province in Mongolia, which is comprised of a 6,041-hectare molybdenum-copper mining license, issued in 2011. Mongolian mining licenses are issued for an initial term of 30 years with two 20-year extensions possible.

On July 2, 2025, the Corporation executed an option agreement to acquire an up to 80% ownership interest in the Tereg Uul copper-gold porphyry prospect, located approximately 10 kilometres southwest of the Oyu Tolgoi deposit in Umnugovi Province, Mongolia. Under the terms of the agreement, Erdene will invest US\$300,000 in specified exploration expenditures within twelve months and make a payment of US\$200,000 to the option grantor. On the first, second and third anniversaries of the option agreement, the Company shall make payments of US\$400,000, US\$500,000 and US\$900,000, respectively, to the option grantor, and commit to a total of US\$3 million in exploration expenditures. The Company may acquire a 51% equity ownership stake in the property between the third and fourth anniversaries through a payment of US\$5 million to the option grantor. Erdene can acquire an up to 80% equity ownership stake through the investment of a further US\$10 million in exploration and evaluation expenditures, and through an additional payment of US\$8 million to the option grantor, on or before the eighth anniversary of the agreement. Erdene will direct all exploration activities at the property during the term of the option and may terminate the option agreement without penalty at any time. As at September 30, 2025 the Corporation has capitalized \$300,448 of exploration and evaluation costs and expensed \$165,720 for related to its investment in the Tereg Uul project.

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three and nine months ended September 30, 2025 and 2024

### 5. Exploration and evaluation assets (continued)

A summary of changes in the Corporation's Exploration and evaluation assets during the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
Balance, January 1	2,468,070	1,961,506
Additions	792,929	348,887
Effect of movements in exchange rates	(175,862)	157,677
	<b>3,085,137</b>	<b>2,468,070</b>

### 6. Supplemental cash flow information

	For the three months ended September 30,		For the nine months ended September 3	
	2025	2024	2025	2024
Change in non-cash operating working capital				
Receivables	\$ (214,748)	\$ 46,201	\$ (556,014)	\$ (82,925)
Prepaid expenses	28,696	31,514	(155,049)	1,178,585
Trade and other payables	340,639	69,838	675,864	276,877
	<b>\$ 154,587</b>	<b>\$ 147,553</b>	<b>\$ (35,199)</b>	<b>\$ 1,372,537</b>

### 7. Share capital and contributed surplus

Effective September 2, 2025 the Company completed a consolidation of its issued and outstanding shares (the "Share Consolidation") on the basis of one (1) post-consolidation common share for every six (6) pre-consolidation common shares. All disclosures of common shares, per common share data and data related to stock options reflect this Share Consolidation for all periods presented.

#### Authorized

An unlimited number of common shares with no par value.

#### Warrants

During the nine months ended September 30, 2025, no warrants were exercised (2024 – 160,657 warrants exercised for proceeds of \$429,738).

#### Omnibus equity incentive plan and Legacy Plans

The Corporation adopted an omnibus equity incentive plan (the "Omnibus Plan") which was approved by the shareholders of the Corporation on June 22, 2023. The Omnibus Plan provides the Corporation with share-related mechanisms, including incentive stock options, deferred share units ("DSUs"), restricted share units ("RSUs"), and performance share units ("PSUs"), to attract, retain and motivate qualified directors, employees and consultants of the Corporation and its subsidiaries. The Omnibus Plan replaced legacy plans including an incentive stock option plan and a deferred stock option plan (the "Legacy Plans"). Awards granted under these legacy plans remain in place under the terms of their initial issuance.

The Omnibus Plan is a variable plan and the aggregate number of common shares that may be issued upon the exercise or settlement of awards granted under the Omnibus Plan, together with awards outstanding under the Legacy Plans, shall not exceed 10% of the Corporation's total issued and outstanding common shares at any time.

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three and nine months ended September 30, 2025 and 2024

### 7. Share capital and contributed surplus (continued)

For the nine months ended September 30, 2025, the Corporation charged a total of \$1,505,575 of stock-based compensation expense to the statement of loss and comprehensive loss (2024 – \$1,487,919), reflecting the fair value of options and DSUs granted under the Omnibus Plan. Details on the outstanding awards under the Omnibus Plan and Legacy Plans are included below.

#### Stock options

The Corporation's Omnibus Plan and Legacy Plans allow for the grant of options to purchase common shares of the Corporation by directors, officers, employees and consultants of the Corporation. The terms and conditions of each grant of options are determined by the Board of Directors. If there are no terms specified upon grant, options vest immediately on the grant date.

Changes in stock options during the nine months ended September 30, 2025, and 2024 were as follows:

	September 30, 2025		September 30, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	3,740,896	\$ 2.10	3,414,243	\$ 2.10
Granted	612,518	4.35	946,674	1.80
Expired	-	-	(69,170)	2.40
Exercised	(960,032)	2.48	(480,011)	1.44
Outstanding at September 30	3,393,382	\$ 2.42	3,811,736	\$ 2.10
Exercisable at September 30	3,393,382	\$ 2.42	3,811,736	\$ 2.10

The fair value of each option granted is estimated at the time of grant using a Black-Scholes option pricing model with weighted-average assumptions for grants during the nine months ended September 30, 2025 and 2024 as follows:

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024	
Share price at grant date	\$	4.32	\$	1.95
Exercise price	\$	4.35	\$	1.80
Risk-free interest rate		2.6%		3.8%
Expected life		4.3 years		4.6 years
Expected volatility		53%		54%
Expected dividends		0.0%		0.0%
Weighted average grant date fair value	\$	1.88	\$	0.99

Expected volatility is estimated considering historic average share price volatility.

Options granted for the nine months ended September 30, 2025 resulted in a charge of \$1,152,275 to share based compensation included in exploration expenses and in corporate and administration expenses (2024 – \$939,500).

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three and nine months ended September 30, 2025 and 2024

### 7. Share capital and contributed surplus (continued)

#### Deferred share units

During the nine months ended September 30, 2025, the Corporation granted 73,911 DSUs with an average fair value, calculated using the five-day volume weighted average price preceding the grant date, of \$4.78 per DSU (2024 – 231,460 DSUs with fair value of \$2.34 per DSU). The fair value of \$353,300 (2024 – \$548,419) was charged to share based compensation included in exploration expenses and corporate and administration expenses.

On the grant date, DSUs vest immediately and plan members are credited with the DSUs granted to them. Upon termination or death of the plan member, the Corporation pays the then market value of the plan member's shares either in shares or in cash, at the sole discretion of the Corporation. Since the type of payout is at the discretion of the Corporation, and the Corporation does not intend to cash settle awards under the plan, the plan is accounted for as an equity settled plan. The provisions of DSUs issued under the Omnibus Plan adopted on June 22, 2023, are consistent with those of the legacy DSU plan.

The following table summarizes the continuity of DSUs for the nine months ended September 30, 2025, and 2024:

	September 30, 2025	September 30, 2024
	Number of DSUs	Number of DSUs
Outstanding at January 1	1,665,223	1,407,058
Granted	73,911	231,460
Outstanding at September 30	1,739,134	1,638,518

### 8. Exploration and evaluation expenses

The following table summarizes exploration and evaluation expenses for the three and nine months ended September 30, 2025, and 2024:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Direct costs	\$ 425,770	\$ 93,377	\$ 698,634	\$ 392,830
Employee compensation costs	447,785	413,405	1,695,980	1,473,702
Share-based compensation	-	-	571,500	518,129
Amount reimbursed by associate	(294,222)	(290,879)	(898,967)	(789,012)
	\$ 579,333	\$ 215,903	\$ 2,067,147	\$ 1,595,649

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 and technical services.

# ERDENE RESOURCE DEVELOPMENT CORPORATION

## Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three and nine months ended September 30, 2025 and 2024

### 9. Corporate and administration expenses

The following table summarizes corporate and administration expenses for the three and nine months ended September 30, 2025, and 2024:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Administrative services	\$ 261,045	\$ 220,326	\$ 1,063,378	\$ 902,738
Financing costs	-	-	-	1,269,124
Investor relations and marketing	108,266	149,228	241,637	298,312
Office and sundry	36,252	36,178	98,143	92,715
Professional fees	96,167	55,216	308,559	216,882
Regulatory compliance and Board	104,439	22,057	294,864	182,631
Share-based compensation	246,450	86,747	934,075	969,790
Travel and accommodations	12,273	12,337	83,444	94,515
	\$ 864,892	\$ 582,089	\$ 3,024,100	\$ 4,026,707

### 10. Related parties

The Corporation has defined key management personnel as senior executive officers, as well as the Board of Directors. The total remuneration of key management personnel and the Board of Directors was as follows:

	Nine months ended September 30,	
	2025	2024
Directors' fees and other compensation	\$ 87,200	\$ 84,750
Share-based compensation to directors	307,050	569,500
Executive compensation and benefits	1,516,421	1,409,848
Share-based compensation to key management	427,250	578,512
	\$ 2,337,921	\$ 2,642,610



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended September 30, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and nine months ended September 30, 2025

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*This Management Discussion and Analysis (“MD&A”), dated November 4, 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 unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2025 and 2024 and the 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](http://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 company focused on the acquisition, exploration, and development of large, high-grade, near-surface, precious and base metals deposits in underexplored and highly prospective Mongolia. Erdene is listed on the Toronto Stock Exchange (TSX: ERD), OTCQB Venture Market (OTCQB: ERDCF) and Mongolian Stock Exchange (MSE: ERDN).

The Company holds interests in three mining licenses and one exploration license in southwest Mongolia, where 20 years of exploration success has led to the discovery of the Khundii Minerals District (“KMD”), including the producing Bayan Khundii (“BK”) gold mine. The Bayan Khundii gold mine is a high-grade, open-pit gold mine that poured first gold in September 2025. Once BK achieves commercial production, which is expected in late Q4 2025, the mine is forecast to produce approximately 85,000 ounces per annum at low cost.

Covering an area approximately 50 by 100 kilometres, elongated northwest, the KMD hosts the Altan Nar (“AN”), 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. The KMD is located within the Trans Altai Terrane of the Central Asian Orogenic Belt (“CAOB”).

Erdene’s interests in BK, AN and DH are held through its 50% equity interest in Erdene Mongol LLC (“EM”). Erdene also holds a 5% Net Smelter Return (“NSR”) royalty on all mineral 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 is recovered. Erdene holds a 100% interest in the Zuun Mod copper-molybdenum project and in July 2025 the Company entered an option agreement to acquire up to 80% of the Tereg Uul property, located along trend from Oyu Tolgoi, projected to be the fourth largest copper producer globally by the end of this decade.

## Highlights and Significant Subsequent Events

### Bayan Khundii Gold Mine

- Produced first gold on September 14 and expect to achieve nameplate production by end of 2025
  - EM sold 342 ounces (“oz”) gold (“Au”) and 96 oz silver (“Ag”) at a weighted average price of US\$3,805/oz and US\$44/oz, respectively, during the quarter
  - BK has been designed to process 650,000 tonnes of ore and produce up to 85,000 oz of gold per annum
- Completed construction, commissioning and permitting for BK mine during the quarter
  - Dry and wet commissioning of the processing plant was completed in September
- Mined 2.1 million tons (“Mt”), including 1.8Mt of overburden and 133kt of ore to the end of September
  - 111kt of ore on the run of mine pad at an estimated average grade of 2.30 g/t Au and 1.27 g/t Ag
- Developed Khundii Licence exploration program to expand and extend near mine resources
  - 9,300 metres of drilling planned at Bayan Khundii, Dark Horse and Altan Arrow in Q4 2025
- Delivered on community development and local stakeholder programs
  - Approximately 35% of site personnel are residents of Bayankhongor province
  - Subsequent to quarter end, EM executed an updated local cooperation agreement with provincial and sub-provincial authorities
  - Engaged local contractors on selected mine site services and environmental stewardship programs

### Khundii Minerals District Exploration & Development

- Announced updated independent mineral resource estimate for Zuun Mod
  - 22% increase in Measured and Indicated molybdenum (“Mo”) resources to 333 million pounds (“Mlbs”) and 90% increase in Inferred Mo resources to 300 Mlbs
  - 16% increase in Measured and Indicated copper (“Cu”) resources to 384 Mlbs and 75% increase in Inferred Cu resources to 350 Mlbs
  - Technical report will be filed on SEDAR+ by mid-November

## Corporate

- Entered option agreement to acquire up to 80% of the Tereg Uul Copper-Gold porphyry prospect
  - Prospect is located ~10km southwest along trend of the Oyu Tolgoi copper-gold deposit
- Completed 6:1 consolidation of common shares on September 2
  - Reduced the number of outstanding Common Shares from 366,351,958 to 61,063,549
- Recorded net loss of \$2,748,830 for the three months ended September 30, 2025, compared to net loss of \$1,687,580 for the three months ended September 30, 2024
  - Exploration and evaluation expenses totaled \$579,333 for the three months ended September 30, 2025, compared to \$215,903 in the prior year comparative quarter, primarily due to exploration expenditures associated with the Tereg Uul property optioned in July 2025 and increased new project evaluation costs
  - Corporate and administrative expenses totaled \$864,892 for the three months ended September 30, 2025, compared to \$582,089 for the three months ended September 30, 2024, with the year-on-year change primarily due to an increase in stock based compensation due to the grant of options to a strategic advisor as well as higher professional and regulatory fees associated with the share consolidation completed on September 2, 2025
  - Loss from investment in associate, representing the Company's joint venture interest in the loss of EM, totaled \$1,347,317 for the three months ended September 30, 2025, compared to \$918,649 in the prior year comparative quarter due to an increase in interest expenditures by EM to finance construction at BK, partially offset by the proceeds from gold sales in September 2025

## Strategy and Outlook

Erdene's priority is bringing BK to commercial production by the end of 2025, and through exploration and acquisition, expanding and subsequently developing other deposits in the KMD and in other highly prospective areas in Mongolia.

Erdene's gold projects in the KMD are held by the private Mongolian company EM, co-owned with Mongolian Mining Corporation ("MMC"). MMC is the largest private producer and exporter of high-quality washed hard coking coal in 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\$2 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. Its construction and power businesses are key contractors to EM.

The greater Khundii-Ulaan alteration zone, including the BK and Dark Horse Mane deposits and the Ulaan prospect are believed to be part of the same, large, gold-bearing hydrothermal system, that shows the potential to host a multimillion-ounce gold deposit. The focus of 2025 and 2026 exploration will be expansion of known deposits in this system, as well as exploration for new gold mineralized zones. In 2026, exploration and technical study will expand to the large Altan Nar Gold system, 16 kilometres north of BK.

Concurrently, Erdene is progressing its ZM project, one of Asia's largest undeveloped molybdenum-copper deposits. In early October 2025, the Company reported an updated independent mineral resource. Additional drilling and technical studies are scheduled through mid-2026. Beyond the ZM Deposit, the license hosts several high-potential copper and molybdenum prospects, and management sees several areas for resource expansion and discovery across the license.

In July 2025 the Company entered an option agreement to acquire an up to 80% interest in the Tereg Uul Copper-Gold porphyry prospect, located approximately 10 kilometres southwest, along trend, from Oyu Tolgoi, one of the largest copper-gold deposits globally. Exploration is underway and drilling is expected in 2026.

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. The Company will selectively evaluate precious and base metals opportunities in other parts of the country where Erdene's historical work demonstrated prospectivity.

# Bayan Khundii Mine Update

## Schedule and Budget

Construction of the BK mine was completed in September 2025, following the receipt of state construction approvals and permits for all major facilities in Q2 2025 and the successful commissioning of the BK process plant during Q3 2025. The BK mine is expected to achieve nameplate throughput of 650,000 tonnes per annum and production of approximately 85,000 ounces gold per annum by the end of 2025.

Project expenditures, including commissioning, pre-production and capitalized financing costs, were approximately US\$159 million to September 30, 2025. Direct construction costs totaled US\$114 million, within approximately 10% of the project budget. EM held US\$14 million of cash on hand and up to US\$16 million of undrawn loan facilities at September 30, 2025.

## Health, Safety & Environment

At the end of Q3 2025, there were 419 staff and contractors on site. Since the start of construction, the Project has logged a total of 4.4 million person-hours. For 2025 to date, the total recordable injury frequency rate was 0.2 per 200,000 person hours.

Zero reportable environmental incidents have occurred at the Project to date. Environmental management efforts remain focused on mitigating potentially adverse impacts and advancing environmental protection activities, such as air quality monitoring along access roads and endemic plant vegetation trials at the two-hectare plantation and other selected locations on site.

## Mining

Mine pre-production commenced in May 2025, including top-soil stripping, Run-of-Mine (ROM) pad establishment, stormwater drainage installation, and heavy vehicle roads establishment. By the end of Q3 2025, EM had moved 2.1Mt of material, including 1.8Mt of overburden, 140kt of mineralized waste and 133kt tonnes of ore. As at September 30, 2025, 111kt of ore was stacked on the ROM pad at an estimated average grade of 2.30 g/t Au and 1.27 g/t Ag. At September 30, 2025, the mining fleet consisted of seven dump trucks, three excavators, three dozers and associated support equipment.

## Processing

Construction of the process plant was completed in mid-2025 and equipment commissioning and testing was completed in September 2025. The plant began processing low-grade ore in early September 2025, and the Process Plant began processing the main ore feed from mid-September 2025. During the testing and commissioning period, the Process Plant operated at an average throughput rate of 53 t/h, equivalent to 65% of its designed capacity. EM management expects to achieve nameplate capacity by end of 2025.

## Exploration

Exploration planning for the balance of 2025 was completed in Q3. In total, 9,300 meters of drilling will be completed over the next several months across the Khundii license, including 3,800 metres of resource confirmation and expansion drilling, proximal to the BK Mine. The balance of drilling will take place at Dark Horse and Altan Arrow to test the potential expansion of the near surface oxide mineral resources.

## Human Resources

At the end of the third quarter, 419 people were employed at the project site, including contractors and permanent staff. Approximately 35% of site personnel were residents of Bayankhongor province. Of the Project's total direct employees, 14% 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 Ukhaa Khudag mining complex. The majority of participants were redeployed to Bayan Khundii this quarter. Two additional operator trainings are planned in 2025, with a target of at least 200 people completing the training.

In October 2025, EM executed an updated Local Cooperation Agreement ("LCA") with the Provincial and Sub-Provincial governments that host BK as well as the company's other projects in Bayankhongor. Through this agreement, the Company supports 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 micro finance program, local procurement, supporting public health services, youth education support, and support for agricultural communities.

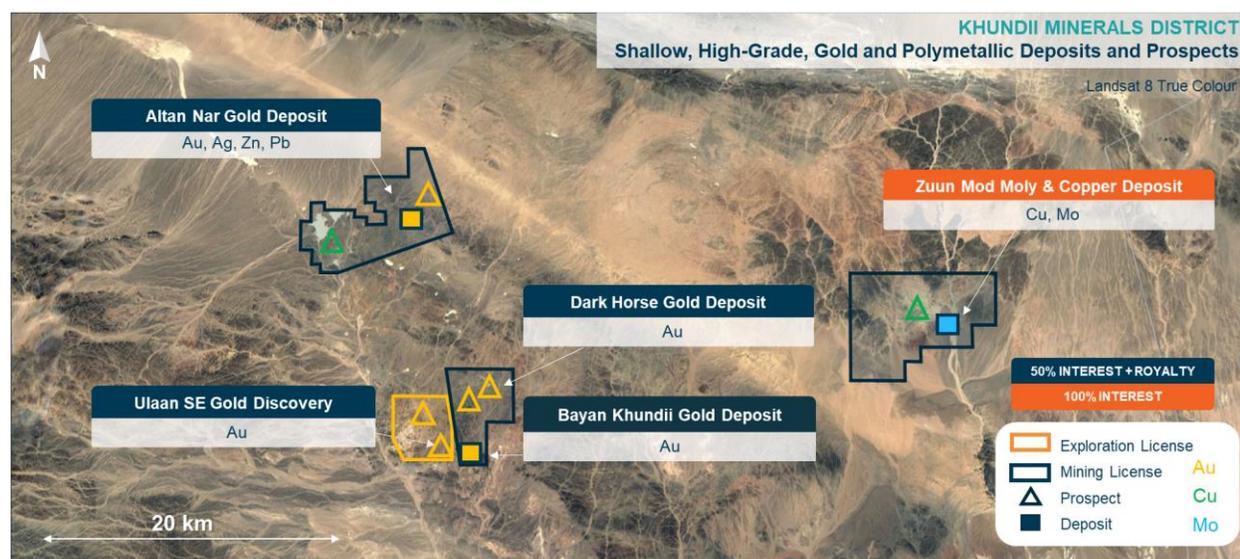
## Development and Exploration Projects

### 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 the 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 targets on the licenses in which the Company holds an interest 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 the projects is summarized in Erdene's most recent 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](http://www.sedarplus.ca) and on the Company's website.

### Khundii Minerals District Exploration



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. 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.

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. 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.

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.

In 2024, EM 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 BK gold prospects.

A 4,100 metre, 39 hole, drilling program will be undertaken at Dark Horse Mane in Q4 2025 to increase confidence in and expand near surface oxide resources along the 2 kilometres long Dark Horse mineralized structure. In addition, a further 1,400 metres, over 22 holes is planned for Altan Arrow, a mineralized north-east trending structure proximal to the north trending Dark Horse structure, to define near-surface oxide mineralization. Previous drilling at Altan Arrow identified strong gold and silver mineralization in widely spaced exploration holes.

### ***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.

Together with the Bayan Khundii deposit and Dark Horse prospect, results from drilling at Ulaan Southeast demonstrate the potential scale of mineralization within the 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 EM 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. 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.

Indicated Mineral Resources have been established for the Discovery Zone and Union North prospects. The remaining 16 targets at Altan Nar are prospective and EM intends to complete further drilling on the license to increase 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.

Cut-off AuEq2 g/t	Resource Classification	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, 215 kilometres from railhead on the Mongolia-China border at Ceke, and 35 kilometres east of BK. 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. 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 Versamet Royalties, subject to a buy-down provision.

In October 2025, the Corporation released an updated NI 43-101 resource estimate for Zuun Mod containing a Measured and Indicated Resource of 271 million tonnes ("Mt") at an average grade of 0.056% molybdenum, and 0.064% copper at a cut-off grade ("COG") of 0.035% molybdenum. This equates to 333.5 million pounds ("Mlbs") of contained molybdenum and 384.2 Mlbs of contained copper. In addition, there is a 269 Mt Inferred Resource at an average grade of 0.051% molybdenum and 0.059% copper, equating to a further 300.0 Mlbs of contained molybdenum and 350.7 Mlbs of contained copper. The updated technical report is scheduled to be filed on SEDAR+ in November 2025.

Drilling at Zuun Mod has been historically oriented vertical (-90 degrees) to sub-vertical (-85 degrees). Consequently, it is believed that sub-vertical veins are under-represented in the drilling data. The Company will carry out oriented drilling, using angled holes (e.g., -60 degrees), in Q4 2025 to reaffirm the vein orientation data and confirm frequency of the veins in the near-vertical vein system. Results from this

program have the potential to materially increase the volume and grade of the Zuun Mod mineral resource, particularly in the near surface. The Zuun Mod license hosts multiple copper, molybdenum and gold prospects, contained within and proximal to the 16-kilometre circumference porphyry complex.

Drilling in Q4 will also test the Khuvyn Khar copper prospect, located 2.2 kilometres northwest of the Zuun Mod molybdenum-copper deposit. Geologic, alteration and vein-density mapping and geophysical surveys and limited drilling has defined an extensive copper mineralized zone trending over 900 meters. Limited deeper drilling has been successful in intersecting a copper-silver mineralization zone at approximately 300 metres depth returning 34 meters of 1.3% copper and 9.2 g/t Ag, defined by copper and silver mineralization. In addition to the drilling program at Khuvyn Khar, an 88 line-kilometre induced polarization (“IP”) geophysical survey is planned to provide additional geophysical data across the Khuvyn Khar porphyry complex.

In addition to the upcoming drilling and IP geophysical survey, planned work at Zuun Mod will include process testing, infrastructure and utilities evaluations and marketing studies.

### ***Tereg Uul Copper-Gold Porphyry Prospect***

On July 2, 2025, Erdene entered an option agreement to acquire an up to 80% interest in the 6,694-hectare Tereg Uul exploration license. The property is located in Khanbogd & Bayan-Ovoo soums, South Gobi province, and is held by the private Mongolian company Tereg Uul Mines LLC (“TUM”). The property’s exploration license was issued on April 5, 2023, and is in its third year of a maximum 12-year term, and can be converted to a mining license at any time prior to the end of the twelfth year by meeting the requirements prescribed under the Minerals Law of Mongolia.

The property is located approximately 10 kilometres southwest from the Oyu Tolgoi mine, along the Oyu Tolgoi mineralization corridor, and 5 kilometers south of the Oyu Tolgoi license boundary near Entrée/Oyu Tolgoi’s joint venture Railway copper-gold prospect. The porphyry trend continues south through the Tereg Uul license to the Khatsavach Uul porphyry copper prospect located 10 kilometres south of Tereg Uul. Exploration, including surface mapping, license-wide geophysical surveys and geochemical sampling programs, commenced in late Q3 2025 and field work is expected to be completed in mid-Q4.

Upon signing the option agreement, Erdene committed to invest US\$300,000 in specified exploration expenditures within twelve months and made a payment of US\$200,000 to the option grantor. On the first, second and third anniversaries of the option agreement, the Erdene will make payments of US\$400,000, US\$500,000 and US\$900,000, respectively, to the option grantor, and commit to a total of US\$3,000,000 in exploration expenditures. Erdene may acquire a 51% equity ownership stake in TUM between the third and fourth anniversaries through a payment of US\$5 million to the option grantor. Erdene will direct all exploration activities at the property during the term of the option and may terminate the option agreement without penalty at any time.

Erdene can acquire an up to 80% equity ownership stake through the investment of a further US\$10 million in exploration and evaluation expenditures, and through an additional payment of US\$8 million to the option grantor, on or before the eighth anniversary of the agreement.

### **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 one of the longest tenured foreign explorers operating in Mongolia, the Company will selectively evaluate precious and industrial metal opportunities across the Country.

## Discussion of Operations

### Three months ended September 30, 2025 and 2024

The following table summarizes exploration and evaluation expenses for the three months ended September 30, 2025 and 2024.

	For the three months ended September 30,		
	2025	2024	Change
Direct costs	\$ 425,770	\$ 93,377	\$ 332,393
Employee compensation costs	447,785	413,405	34,380
Amount reimbursed by associate	(294,222)	(290,879)	(3,343)
	\$ 579,333	\$ 215,903	\$ 363,430

Exploration and evaluation expenses totaled \$579,333 for the three months ended September 30, 2025, compared to \$215,903 for three months ended September 30, 2024.

Direct costs for the three months ended September 30, 2025 were \$332,393 greater than those in the comparative prior year quarter due to exploration expenditures associated with the Tereg Uul property, which the Company optioned in Q3 2025, as well as an increase in project evaluation effort.

Employee compensation costs for the three months ended September 30, 2025 were \$34,380 greater than those in the comparative prior year quarter due to cost-of-living adjustments.

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 and technical services. Costs reimbursed by associate for the three months ended September 30, 2025 were largely consistent with those in the comparative period.

The following table summarizes corporate and administration expenses for the three months ended September 30, 2025 and 2024.

	For the three months ended September 30,		
	2025	2024	Change
Administrative services	\$ 261,045	\$ 220,326	\$ 40,719
Investor relations and marketing	108,266	149,228	(40,962)
Office and sundry	36,252	36,178	74
Professional fees	96,167	55,216	40,951
Regulatory compliance and Board	104,439	22,057	82,382
Share-based compensation	246,450	86,747	159,703
Travel and accommodations	12,273	12,337	(64)
	\$ 864,892	\$ 582,089	\$ 282,803

Corporate and administrative expenses totaled \$864,892 for the three months ended September 30, 2025, compared to \$582,089 for the three months ended September 30, 2024.

Administrative services for the three months ended September 30, 2025 were \$40,719 greater than those in the comparative prior year quarter due to cost-of-living adjustments and an increase in first gold bonus accruals for senior staff.

Investor relations and marketing expenditures for the three months ended September 30, 2025, were \$40,962 less than in the prior year as expenditures related to an investor site tour in the prior year quarter more than offset higher investor relations consultant costs in the current year quarter related to marketing EM's first gold production.

Professional fees for the three months ended September 30, 2025, were \$40,951 greater than those in the prior year quarter due to an increase in accrued audit fees for 2025 associated with first gold production at Bayan Khundii, as well as incremental legal fees related to business development.

Regulatory compliance and board expenditures for the three months ended September 30, 2025, were \$82,382 greater than in the prior year quarter primarily due to expenditures related to the Company's share consolidation.

Non-cash share-based compensation for the three months ended September 30, 2025 was \$159,703 greater than the comparative prior year quarter due to the grant of options to a strategic advisor in the current year quarter.

Office and sundry and Travel and accommodations expenditures for the three months ended September 30, 2025, were not materially different from those incurred in the prior year comparative quarter.

### ***Nine months ended September 30, 2025 and 2024***

The following table summarizes exploration and evaluation expenses for the nine months ended September 30, 2025 and 2024.

	<b>For the nine months ended September 30,</b>		
	<b>2025</b>	<b>2024</b>	<b>Change</b>
Direct costs	\$ 698,634	\$ 392,830	\$ 305,804
Employee compensation costs	1,695,980	1,473,702	222,278
Share-based compensation	571,500	518,129	53,371
Amount reimbursed by associate	(898,967)	(789,012)	(109,955)
	<b>\$ 2,067,147</b>	<b>\$ 1,595,649</b>	<b>\$ 471,498</b>

The following table summarizes corporate and administration expenses for the nine months ended September 30, 2025 and 2024.

	<b>For the nine months ended September 30,</b>		
	<b>2025</b>	<b>2024</b>	<b>Change</b>
Administrative services	\$ 1,063,378	\$ 902,738	\$ 160,640
Financing costs	-	1,269,124	(1,269,124)
Investor relations and marketing	241,637	298,312	(56,675)
Office and sundry	98,143	92,715	5,428
Professional fees	308,559	216,882	91,677
Regulatory compliance and Board	294,864	182,631	112,233
Share-based compensation	934,075	969,790	(35,715)
Travel and accommodations	83,444	94,515	(11,071)
	<b>\$ 3,024,100</b>	<b>\$ 4,026,707</b>	<b>\$ (1,002,607)</b>

## **Summary of Quarterly Results**

*Expressed in thousands of Canadian dollars except per share amounts*

	Fiscal 2025			Fiscal 2024			Fiscal 2025	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Sep	June	Mar	Dec	Sep	June	Mar	Dec
Net loss	\$2,749	\$4,122	\$4,501	\$2,011	\$1,688	\$1,869	\$2,678	\$1,176
Basic loss (income) per share	\$0.05	\$0.07	\$0.07	\$0.04	\$0.03	\$0.03	\$0.05	\$0.02
Total assets	\$55,878	\$56,467	\$62,655	\$63,000	\$55,729	\$57,189	\$57,820	\$59,063

For the three months ended September 30, 2025, the Corporation recognized a net loss of \$2,748,830 compared to a net loss of \$1,687,580 for the same quarter in 2024.

The Corporation's expenditures vary from quarter to quarter, largely due to the timing of its Mongolian exploration and evaluation and development 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 \$5.6 million of cash and working capital of \$4.5 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 historically had minimal sources of income. It is therefore difficult to identify any meaningful trends or develop an analysis from the Corporation's cash flows. Until the Corporation receives dividends from its investment in EM, the Corporation will be 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

At the 2025 Annual General and Special Meeting of Shareholders, held on June 25, 2025, Shareholders approved the consolidation of the Company's issued and outstanding common shares on the basis of one (1) post-Consolidation Common Share for every six (6) pre-Consolidation Common Shares. The Consolidation reduced the number of issued and outstanding Common Shares from 366,351,958 Common Shares to 61,063,549 Common Shares, effective September 2, 2025. Outstanding stock options and DSUs were also adjusted by the Share Consolidation ratio. In accordance with IFRS Accounting Standards, the change has been applied retrospectively, and as a result, disclosures of common shares, per common share data and data related to stock options, warrants or deferred share units in this MD&A reflect this Share Consolidation for all periods presented unless otherwise specified.

### Authorized

An unlimited number of common shares with no par value.

### Issued and Outstanding Share Capital

	November 4, 2025	December 31, 2024
Common shares issued and outstanding	61,630,866	60,356,137
Options outstanding	3,083,574	3,740,896
DSU's outstanding	1,739,134	1,665,223
Total instruments outstanding	<b>66,453,574</b>	65,762,256

## Contractual Obligations

The following table summarizes the maturity of the Corporation's contractual obligations at September 30, 2025:

	Total	Less than one year	1 - 2 years	More than 2 years
Office leases	\$ 108,614	\$ 31,161	\$ 31,787	\$ 45,666
Accounts payable and accrued liabilities	\$ 1,458,715	\$ 1,458,715	\$ -	\$ -
	<b>\$ 1,567,329</b>	<b>\$ 1,489,876</b>	<b>\$ 31,787</b>	<b>\$ 45,666</b>

## 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 September 30, 2025, EM has drawn a total of US\$64 million of the shareholder loan, and the balance outstanding was US\$73 million, including capitalized 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 bears interest at a rate of 13.3% per annum and is secured by Bayan Khundii's process plant assets. As at September 30, 2025, EM has drawn the full US\$50 million facility.

### Royal Gold Inc. Royalty Agreement

Royal Gold Inc. ("Royal Gold") holds a 1% net smelter returns royalty ("NSR Royalty") on EM's Altan Nar, Khundii and Ulaan licenses, guaranteed by Erdene. Royal Gold has been given the 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 September 30, 2025, 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, 2025. These changes were made in accordance with applicable transitional provisions.

#### **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 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 ending December 31, 2025, and have not been applied in preparing Erdene's consolidated statements.

#### **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 three months ended September 30, 2025 and three months ended September 30, 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 September 30, 2025, \$9,271 or 0% of the balance of cash was held in banks outside Canada (December 31, 2024 - \$121,756 or 2%).

### **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 \$28,281 as at September 30, 2025 (December 31, 2024 - \$401,688). A 10% change in the US dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately \$2,800 (December 31, 2024 – \$40,200).

The Corporation's exposure to Mongolian Tugrik currency risk was \$24,966 as at September 30, 2025 (December 31, 2024 - \$25,393). A 10% change in the Mongolian Tugrik would affect net loss and comprehensive loss and deficit by approximately \$2,500 (December 31, 2024 – \$2,500).

#### *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](http://www.sedarplus.ca).

## **Disclosure Controls and Internal Control 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 September 30, 2025 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 control over financial reporting. Erdene's internal control 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 control over financial reporting as of September 30, 2025. 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 September 30, 2025, Erdene's internal control 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 ALS Laboratory, Bayan Khundii, Mongolia, 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.

## **Other Information**

Additional information regarding the Corporation, including the Corporation's Annual Information Form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Corporation's website at [www.erdene.com](http://www.erdene.com).