

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2026 and 2025

(Thousands of Canadian dollars)
(Unaudited)

Prepared by management

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2026 and 2025

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Erdene Resource Development Corporation for the interim periods ended September 30, 2026 and 2025, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, MNP LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Thousands of Canadian dollars) – Unaudited

	Notes	September 30, 2026	December 31, 2025
Assets			
Cash and cash equivalents		**$ 25,253**	$ 4,659
Receivables		**446**	320
Prepaid expenses		**237**	216
Current assets		**25,936**	5,195
Investment in associate	**4**	**77,292**	46,925
Exploration and evaluation assets	**5**	**5,753**	3,782
Property, plant and equipment		**92**	79
Right-of-use assets		**66**	86
Non-current assets		**83,203**	50,872
Total Assets		**$ 109,139**	**$** 56,067
Liabilities			
Trade and other payables		**$ 866**	$ 1,444
Lease liabilities		**27**	25
Current liabilities		**893**	1,469
Lease liabilities		**43**	64
Non-current liabilities		**43**	64
Total Liabilities		**936**	1,533
Equity			
Share capital	**6**	**$ 198,723**	$ 170,721
Contributed surplus	**6**	**30,496**	30,488
Accumulated other comprehensive loss		**(65)**	(1,739)
Deficit		**(120,951)**	(144,936)
Total Equity		**108,203**	54,534
Total Liabilities and Equity		**$ 109,139**	$ 56,067

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

Approved on behalf of the Board of Directors:

Signed "Kenneth W. MacDonald"
_____ Director

Signed "T. Layton Croft"
_____ Director

ERDENE RESOURCE DEVELOPMENT CORPORATION

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Thousands of Canadian dollars, except per share and share information) – Unaudited

	Notes	For the three months ended September 30, 2026	2025	For the nine months ended September 30, 2026	2025
Operating Expenses					
Exploration and evaluation	**7**	**$ (530)**	$ (579)	**$ (2,147)**	$ (2,067)
Corporate and administration	**8**	**(688)**	(865)	**(2,808)**	(3,024)
Loss from operating activities		**(1,218)**	(1,444)	**(4,955)**	(5,091)
Income (loss) from investment in associate	**4**	**10,593**	(1,347)	**28,757**	(6,427)
Finance income		**185**	42	**523**	148
Interest expense		**(1)**	(2)	**(5)**	(3)
Foreign exchange gain (loss)		**(1)**	2	**(5)**	1
Net Income (loss)		**$ 9,558**	$ (2,749)	**$ 24,315**	$ (11,372)
Other comprehensive income (loss):					
Foreign currency translation difference arising on translation of subsidiary		**(31)**	31	**64**	(184)
Foreign currency translation difference on translation of investment in associate	**4**	**(277)**	594	**1,610**	(219)
Other Comprehensive Income (Loss)		**(308)**	625	**1,674**	(403)
Total Comprehensive Income (Loss)		**$ 9,250**	$ (2,124)	**$ 25,989**	$ (11,775)
Basic income (loss) per share [(1)]	**6**	**$ 0.14**	$ (0.04)	**$ 0.36**	$ (0.19)
Diluted income (loss) loss per share [(1)]	**6**	**$ 0.14**	$ (0.04)	**$ 0.36**	$ (0.19)

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

[(1)] The Corporation 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 Equity

(Expressed in Thousands of Canadian dollars, except per share and share information) – Unaudited

	Notes	Number of shares [1]	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance at January 1, 2026		**61,874,216**	**$ 170,721**	**$ 30,488**	**$ (1,739)**	**$ (144,936)**	**$ 54,534**
Total comprehensive income for the period:							
Net income		**-**	**-**	**-**	**-**	**24,315**	**24,315**
Other comprehensive income		**-**	**-**	**-**	**1,674**	**-**	**1,674**
Private placements, net of share issue costs	**6**	**3,230,000**	**26,853**	**-**	**-**	**-**	**26,853**
Options exercised	**6**	**435,843**	**1,416**	**(440)**	**-**	**-**	**976**
Issue of shares from DSU plan	**6**	**52,985**	**128**	**(128)**	**-**	**-**	**-**
Normal course issuer bid purchase of common shares	**6**	**(130,300)**	**(395)**	**-**	**-**	**(330)**	**(725)**
Share-based compensation	**6**	**-**	**-**	**576**	**-**	**-**	**576**
Total transactions with owners		**3,588,528**	**28,002**	**8**	**-**	**(330)**	**27,680**
Balance at September 30, 2026		**65,462,744**	**$ 198,723**	**$ 30,496**	**$ (65)**	**$ (120,951)**	**$ 108,203**
Balance at January 1, 2025		60,356,137	$ 165,590	$ 30,656	$ 2,725	$ (136,754)	$ 62,217
Total comprehensive loss for the period:							
Net loss		-	-	-	-	(11,372)	(11,372)
Other comprehensive loss		-	-	-	(403)	-	(403)
Options exercised	6	960,032	3,457	(1,081)	-	-	2,376
Shares rounded up on consolidation	1	4,889	-	-	-	-	-
Share-based compensation	6	-	-	1,506	-	-	1,506
Total transactions with owners		964,921	3,457	425	-	-	3,882
Balance at September 30, 2025		61,321,058	$ 169,047	$ 31,081	$ 2,322	$ (148,126)	$ 54,324

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

[1] The Corporation 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
(Expressed in Thousands of Canadian dollars) – Unaudited

	Notes	For the three months ended September 30, 2026	2025	For the nine months ended September 30, 2026	2025
Cash flows from (used in) operating activities:					
Net income (loss)		**$ 9,558**	$ (2,749)	**$ 24,315**	$ (11,372)
Items not involving cash:					
Depreciation		**12**	9	**37**	17
Share-based compensation	**6**	**158**	246	**915**	1,506
Finance income		**(185)**	(42)	**(523)**	(148)
Foreign exchange not related to cash		**1**	(2)	**5**	(1)
(Income) loss from investment in associate	**4**	**(10,593)**	1,347	**(28,757)**	6,427
Change in non-cash operating working capital					
Receivables		**8**	(215)	**(127)**	(556)
Prepaid expenses		**7**	29	**(21)**	(155)
Trade and other payables		**246**	341	**(917)**	676
Cash flows used in operating activities		**(788)**	(1,036)	**(5,073)**	(3,606)
Cash flows from (used in) financing activities:					
Issue of common shares	**6**	**-**	-	**28,747**	-
Share issue costs	**6**	**1**	-	**(1,894)**	-
Proceeds on exercise of stock options	**6**	**86**	953	**976**	2,377
Purchase of shares for cancellation and transaction costs	**6**	**(725)**	-	**(725)**	-
Repayment of lease liabilities		**(6)**	(6)	**(18)**	(8)
Cash flows from (used in) financing activities		**(644)**	947	**27,086**	2,369
Cash flows from (used in) investing activities:					
Expenditures on exploration and evaluation assets	**5**	**(1,260)**	(416)	**(1,908)**	(793)
Expenditures on property, plant and equipment		**(22)**	(29)	**(29)**	(36)
Interest received		**185**	42	**523**	148
Cash flows used in investing activities		**(1,097)**	(403)	**(1,414)**	(681)
Effect of exchange rate changes on cash balances		**(7)**	3	**(5)**	(6)
Increase (decrease) in cash and cash equivalents		**(2,536)**	(489)	**20,594**	(1,924)
Cash and cash equivalents, beginning of period		**27,789**	5,863	**4,659**	7,298
Cash and cash equivalents, end of period		**$ 25,253**	$ 5,374	**$ 25,253**	$ 5,374

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

1. Nature of operations:

Erdene Resource Development Corporation ("Erdene" or the "Corporation" or the "Company") is a Canadian based resource company focused on the exploration and development of precious and base metal deposits in Mongolia. The Corporation's principal asset is an interest in 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 deferred share units 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 and deferred share units in the accompanying condensed consolidated interim 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, 2026 (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, 2025 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements were authorized for issue on behalf of the Board of Directors on November 4, 2026.

3. Changes in accounting policies

New and amended standards adopted

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 application of the amendment has been made on a prospective basis, effective January 1, 2026, 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 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

3. Changes in accounting policies (continued)

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.

4. Investment in associate

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

- MMC invested 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 retained 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. 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.

A summary of changes in the Corporation's Investment in associate during the nine months ended September 30, 2026 and the year ended December 31, 2025 is as follows:

	September 30, 2026	**December 31, 2025**
Investment in associate, opening balance	**$ 46,925**	$ 53,110
Income (loss) from associate	**28,757**	(1,918)
Effect of movements in exchange rates	**1,610**	(4,267)
Investment in associate, closing balance	**$ 77,292**	$ 46,925

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.

As at		September 30, 2026		December 31, 2025
Cash and cash equivalents	**$**	**26,776**	$	18,325
Other current assets		**41,421**		23,193
Non-current assets		**260,605**		252,129
Current liabilities		**(53,528)**		(90,949)
Non-current liabilities		**(120,690)**		(108,848)
Net assets	**$**	**154,584**	$	93,850

For the period ended		September 30, 2026		September 30, 2025
Revenue	**$**	**202,098**	$	-
Cost of sales		**(95,400)**		-
Gross margin		**106,698**		-
Net income (loss)	**$**	**57,514**	$	(12,854)
Total comprehensive income (loss)	**$**	**57,514**	$	(12,854)

A reconciliation of EM's summarized financial information to the Corporation's investment carrying value is as follows:

As at		September 30, 2026		December 31, 2025
Net assets	**$**	**154,584**	$	93,850
Erdene Resource Development Corporation ownership		**50.00%**		50.00%
Net assets attributable to the Corporation	**$**	**77,292**	$	46,925

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 1, 2007, the Company determined that sufficient evaluation had occurred and therefore commenced capitalizing costs incurred for the project. As such, from July 1, 2007 through to the date of these financial statements Erdene is capitalizing all exploration and evaluation costs incurred in relation to this project.

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 in specified exploration expenditures within twelve months and make a payment of US$200 to the option grantor. On the first, second and third anniversaries of the option agreement, the Corporation shall make payments of US$400, US$500 and US$900, respectively, to the option grantor, and incur a further US$3 million in exploration expenditures. The Corporation may acquire a 51% equity ownership stake in the property between the third and

5. Exploration and evaluation assets (continued)

fourth anniversaries through a payment of US$3 million to the option grantor. Erdene can acquire an up to 80% equity ownership stake through the investment of a total of US$10 million in exploration and evaluation expenditures, and through an additional payment of US$3 million to the option grantor, on or before the eighth anniversary of the agreement. These payments may be made in cash or shares, at the option of the Corporation. 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. On July 6, 2026, the Corporation made the first anniversary payment of US$400, extending the option for another year.

During the nine months ended September 30, 2026 the Corporation capitalized $569 in acquisition payments to the Tereg Uul option grantor to exploration and evaluation assets (year ended December 31, 2025 - $300). As of September 30, 2026, the Corporation has not yet completed sufficient evaluation to commence capitalizing exploration and evaluation costs in accordance with its accounting policy, and as such, during the nine months ended September 30, 2026 the Corporation expensed $693 of exploration and evaluation expenditures related to the Tereg Uul project (2025 - $166).

A summary of changes in the Corporation's Exploration and evaluation assets during the nine months ended September 30, 2026 and the year ended December 31, 2025 is as follows:

	September 30, 2026	**December 31, 2025**
Balance, January 1	**3,782**	2,468
Additions	**1,908**	1,499
Effect of movements in exchange rates	**63**	(185)
	5,753	3,782

6. Share capital and contributed surplus

Effective September 2, 2025 the Corporation completed a consolidation of its issued and outstanding shares 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 and deferred share units reflect this share consolidation for all periods presented.

Authorized

An unlimited number of common shares with no par value.

Issued

On February 5, 2026, the Corporation closed a bought deal private placement offering of 3,230,000 common shares at a price of $8.90 per common share for gross proceeds of $28,747. The private placement was conducted pursuant to an underwriting agreement between Paradigm Capital Inc. and National Bank Financial Inc., as co-lead underwriters and joint bookrunners, and BMO Capital Markets and the Corporation. In addition, the Corporation incurred $1,894 in share issue costs, resulting in net proceeds of $26,853.

Cancelled

On June 30, 2026, the Company launched a normal course issuer bid ("NCIB"), under which it may purchase up to an aggregate 4,900,000 common shares for cancellation, representing approximately 10% of the 49,386,538 public float of Common Shares as of June 17, 2026. The NCIB will terminate on June 29, 2027, or on an earlier date in the event that the maximum number of Common Shares sought under the NCIB have been repurchased. For the nine months ended September 30, 2026, the Company repurchased and cancelled 130,300 shares (2025 – Nil) at a total cost of $725 (2025 – $0), including $4 in transaction costs (2025 – $0). The total cost of $725 reduces share capital by $395 (2025 – $0) and increases the deficit by $330 (2025 – $0).

6. Share capital and contributed surplus (continued)

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 and reapproved on May 28, 2026. 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.

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, 2026 and 2025 were as follows:

	September 30, 2026		**September 30, 2025**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding at January 1	**2,975,239**	**$ 2.43**	3,740,896	$ 2.10
Granted	**158,000**	**7.93**	612,518	4.35
Exercised	**(435,843)**	**2.24**	(960,032)	2.48
Outstanding at September 30	**2,697,396**	**$ 2.78**	3,393,382	$ 2.42
Exercisable at September 30	**2,697,396**	**$ 2.78**	3,393,382	$ 2.42

6. Share capital and contributed surplus (continued)

All stock options granted in 2026 and 2025 vested immediately and have a five-year term. The following table summarizes information concerning options outstanding at September 30, 2026 and 2025.

	September 30, 2026		September 30, 2025	
Expiry date	**Number of Options**	**Exercise price**	Number of Options	Exercise price
December 1, 2025	**-**	**-**	33,334	2.28
June 23, 2026	**-**	**-**	384,173	2.22
August 18, 2026	**-**	**-**	33,334	2.58
August 9, 2027	**389,374**	**1.86**	524,178	1.86
December 30, 2027	**29,167**	**1.80**	29,167	1.80
May 9, 2028	**791,671**	**2.16**	899,175	2.16
February 12, 2029	**791,672**	**1.80**	883,339	1.80
February 3, 2030	**395,840**	**3.60**	431,675	3.60
June 25, 2030	**91,672**	**5.46**	125,007	5.46
September 24, 2030	**50,000**	**8.19**	50,000	8.19
February 10, 2031	**158,000**	**7.93**	-	-
	2,697,396	**$ 2.78**	3,393,382	$ 2.42

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, 2026 and 2025 as follows:

	Nine months ended September 30, 2026	**Nine months ended September 30, 2025**
Share price at grant date	**$ 8.26**	$ 4.32
Exercise price	**$ 7.93**	$ 4.35
Risk-free interest rate	**2.7%**	2.6%
Expected life	**4.4 years**	4.3 years
Expected volatility	**50%**	53%
Expected dividends	**0.0%**	0.0%
Weighted average grant date fair value	**$ 3.65**	$ 1.88

Expected volatility is estimated considering historic average share price volatility.

Options granted during the nine months ended September 30, 2026 resulted in a charge of $576 to share based compensation included in exploration and evaluation expenses and corporate and administration expenses (2025 – $1,506).

Deferred share units

During the nine months ended September 30, 2026, the Corporation did not grant any DSUs (2025 – 73,911 DSUs with fair value of $4.78 per DSU). The fair value of $0 (2025 – $353) was charged to share based compensation included in exploration and evaluation 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 cash or in shares, 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 Plan.

6. Share capital and contributed surplus (continued)

The following table summarizes the continuity of DSUs for the nine months ended September 30, 2026 and 2025:

	September 30, 2026	September 30, 2025
	Number of DSUs	Number of DSUs
Outstanding at January 1	**1,613,751**	1,665,223
Granted	**-**	73,911
Settled for shares	**(52,985)**	-
Outstanding at September 30	**1,560,766**	1,739,134

Restricted share units

The Corporation's Omnibus Plan allows for the award of RSUs to employees, officers, and directors of the Corporation. Each RSU entitles the participant to receive a cash payment equal to the value of one common share of the Corporation on the vesting date, which is to be made within 30 days of vesting of each RSU. RSUs typically vest and become exercisable over a 3-year period from the grant date, with one-third vesting on each of the first, second and third anniversaries of the grant date. The plan is accounted for as a cash settled plan resulting in an associated liability of $339 (2025 – $0), which is included in trade and other payables and is based on the market closing price of $5.97 per common share at September 30, 2026. The accrual of RSUs during the nine months ended September 30, 2026 resulted in a charge of $339 to share based compensation included in exploration and evaluation expenses and corporate and administration expenses (2025 – $0).

The following table summarizes the continuity of RSUs for the nine months ended September 30, 2026 and 2025:

	September 30, 2026	September 30, 2025
	Number of RSUs	Number of RSUs
Outstanding at January 1	**-**	-
Granted	**129,000**	-
Outstanding at September 30	**129,000**	-

Income (loss) per share

Basic net income (loss) per share is calculated based on the weighted average shares and vested DSUs which are expected to be settled in shares, outstanding during the period. Diluted net income per share is based on the assumption that stock options have been exercised on the later of the beginning of the period and the date granted. As of September 30, 2026, 208,000 options (2025 – 3,393,382 options) were excluded from the computation of diluted net income (loss) per share because their effect would have been anti-dilutive.

The following table provides a reconciliation from the weighted average shares outstanding to the diluted weighted average shares outstanding:

	For the three months ended Sept 30,		For the nine months ended Sept 30,	
	2026	2025	2026	2025
Weighted average shares and vested DSUs outstanding	**67,078,559**	62,560,528	**66,493,667**	60,978,880
Dilutive effect of in-the-money options outstanding	**1,614,500**	-	**1,614,500**	-
Diluted weighted average shares outstanding	**68,693,059**	62,560,528	**68,108,167**	60,978,880

7. Exploration and evaluation expenses

The following table summarizes exploration and evaluation expenses for the three and nine months ended September 30, 2026 and 2025:

	For the three months ended Sept 30,		For the nine months ended Sept 30,	
	2026	**2025**	**2026**	**2025**
Direct costs	**$ 521**	$ 425	**$ 1,398**	$ 699
Employee compensation costs	**346**	448	**1,511**	1,695
Share-based compensation	**83**	-	**494**	572
Amount reimbursed by associate	**(420)**	(294)	**(1,256)**	(899)
	$ 530	$ 579	**$ 2,147**	$ 2,067

The Corporation and its associate, EM, are parties to an agreement under which EM reimburses the Corporation US$1.375 million per annum (2025 - US$ 1.0 million per annum), less applicable withholding taxes, for the provision of geologic services.

8. Corporate and administration expenses

The following table summarizes corporate and administration expenses for the three and nine months ended September 30, 2026 and 2025:

	For the three months ended Sept 30,		For the nine months ended Sept 30,	
	2026	**2025**	**2026**	**2025**
Administrative services	**$ 227**	$ 261	**$ 992**	$ 1,063
Investor relations and marketing	**135**	108	**369**	242
Office and sundry	**48**	36	**139**	98
Professional fees	**107**	96	**325**	309
Regulatory compliance and Board	**87**	105	**443**	295
Share-based compensation	**75**	247	**421**	934
Travel and accommodations	**9**	12	**119**	83
	$ 688	$ 865	**$ 2,808**	$ 3,024

9. Financial instruments

Credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	September 30, 2026	**December 31, 2025**
Cash and cash equivalents	**$ 25,253**	$ 4,659
Receivables	**446**	320
	$ 25,699	$ 4,979

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, 2026, $405 or 2% of the balance of cash was held in banks outside Canada (December 31, 2025 - $159 or 3%).

9. Financial instruments (continued)

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.

a) Interest rate risk

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

b) 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 and cash equivalents, receivables and trade and other payables.

The Corporation's exposure to US dollar currency risk was as follows:

		September 30, 2026		**December 31, 2025**
Cash and cash equivalents	**$**	**463**	$	195
Receivables		**421**		297
Trade and other payables		**(155)**		(33)
	$	**729**	$	459

A 10% change in the US dollar exchange rate would affect net income and other comprehensive income (loss) and deficit by approximately $73 (December 31, 2025 - $46).

The Corporation's exposure to Mongolian Tugrik currency risk was as follows:

		September 30, 2026		**December 31, 2025**
Cash and cash equivalents	**$**	**14**	$	22
Receivables		**15**		18
Trade and other payables		**(52)**		(16)
	$	**(23)**	$	24

A 10% change in the Mongolian Tugrik exchange rate would affect net income and other comprehensive income (loss) and deficit by approximately $2 (December 31, 2025 - $2).

c) Price risk

The Corporation's financial instruments are not exposed to direct price risk.

9. Financial instruments (continued)

Fair Value:

Assets and liabilities measured at fair value in the consolidated statements of financial position, or disclosed in the notes to the financial statements, are categorized using a fair value hierarchy that reflects the significance of the inputs used in determining the fair values:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) 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); and

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial assets and liabilities are approximately equal to their carrying values given the short term to maturity of such instruments.

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,			
		2026		**2025**
Directors' fees and other compensation	**$**	**184**	$	85
Share-based compensation to directors		**150**		569
Executive compensation and benefits		**2,424**		1,410
Share-based compensation to key management		**392**		579
	$	**3,150**	$	2,643

As of September 30, 2026 and September 30, 2025, no amounts were owing to officers and directors, or companies controlled by officers and directors of the Company.



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2026

(Expressed In Thousands of Canadian Dollars, unless otherwise stated)

Contents

	Page No.
Company Overview	4
Highlights and Significant Subsequent Events	4
Strategy and Outlook	5
Bayan Khundii Gold Mine Operations Update	6
Development and Exploration Projects	7
NI 43-101 Technical Reports – Resources and Reserves	7
Khundii Minerals District Exploration	8
Khundii Minerals District Mineral Resources	8
Acquisitions	19
Discussion of Operations	20
Summary of Quarterly Results	22
Liquidity, Capital Resources, Cash Flows and Selected Financial Information	22
Outstanding Share Data	23
Capital Management	24
Contractual Obligations	24
Other Financing Arrangements and Commitments	24
Off-Balance Sheet Arrangements	25
Critical Judgments and Estimates in Applying Accounting Policies	25
Changes in Accounting Policies	26
Non-IFRS Measures	26
Financial Instruments and Other Risks	27
Disclosure Controls and Internal Controls Over Financial Reporting	28
Qualified Person	29
Other Information	29

Note Regarding Forward-Looking Information

This Management Discussion and Analysis ("MD&A"), dated November 4, 2026, 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, 2026 and 2025 and the audited consolidated financial statements for the years ended December 31, 2025 and 2024, 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 contains certain forward-looking information and statements, including without limitation, statements regarding the Corporation's expectations in respect of its future financial position, business strategy, projected production at Bayan Khundii, the results of the Preliminary Economic Assessment ("PEA") of the Zuun Mod Molybdenum project, including projected production, mine life, capital and operating costs, net present value and internal rate of return, the timing of future technical studies, permitting, financing and development decisions, construction and commissioning timelines, capital and operating costs, and expectations that address reserve potential, exploration drilling, exploitation activities, budgeted financial results, and events or developments that the Corporation expects to take place in the future. The results of the PEA are preliminary in nature. The PEA is based on a Mineral Resource Estimate that has not been upgraded to a Mineral Reserve and the economic analysis does not have as high a level of certainty as a Pre-Feasibility Study or Feasibility Study. The PEA includes Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be classified as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized. Actual capital costs, operating costs, production rates, metallurgical recoveries, and project economics may differ materially from those set out in the PEA. The PEA is subject to various risks and uncertainties, including those related to commodity prices, exchange rates, capital and operating costs, permitting timelines, and the availability of financing.

All statements, other than statements of historical facts, are forward-looking information and statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will" and similar expressions identify forward-looking information and statements. In addition to the forward-looking information and statements noted above, this MD&A includes forward-looking statements that relate to: the expected results of exploration activities; the estimation of mineral resources; the ability to identify new mineral resources and convert mineral resources into mineral reserves; ability to raise additional capital and complete future financings; capital expenditures and costs, including forecasted costs; the ability of the Corporation to comply with environmental, safety and other regulatory requirements; future prices of precious metals; and the ability to obtain and maintain all necessary approvals and permits in connection with operation of the Bayan Khundii Gold Project.

Such forward-looking information and statements are based upon a number of estimates and assumptions that, while considered reasonable by the Corporation as of the date of such information and statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions relate to, among other things: there being no material adverse changes in commodity prices; that general business and economic conditions will not change in a material adverse manner; that third party contractors, equipment and supplies and governmental and other approvals required to conduct the Corporation's planned activities will be available on reasonable terms and in a timely manner; the continuance of the Corporation and its subsidiaries and associates as a going concern; and the accuracy of mineral resources and mineral reserve statements.

Readers are cautioned that forward-looking information and statements are not guarantees of future performance. There can be no assurance that such information and statements will prove to be accurate and actual results and future events could differ materially from those presented in such information and statements. Forward-looking information and statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information and statements.

These risks include: reliance on key management and other personnel; potential downturns in economic conditions; actual results of exploration and development activities being worse than anticipated; competition from others; adverse market factors, including lower demand for and prices realized from the sale of minerals; the Corporation's expectations in connection with the exploration, development and expansion plans at the Corporation's projects not being met; adverse changes in national and local government legislation, taxation, controls or regulations and/or changes in the administration of laws, policies and practices; fluctuating metal prices; adverse movements in currency exchange rates; higher than expected inflation; general risks of the mining industry; failure of plant, equipment or processes to operate as anticipated; unanticipated results of future studies; seasonality and unanticipated weather changes; longer than planned permitting timelines; environmental risks; unanticipated reclamation expenses; title disputes or claims; as well as those risk factors discussed or referred to in the Corporation's most recent annual information form and other public disclosure documents filed by the Corporation available on the Corporation's website at www.erdene.com or on the Corporation's SEDAR+ profile at www.sedarplus.ca. The lists of risk factors set out in this MD&A or in the Corporation's other public disclosure documents are not exhaustive of the factors that may affect any forward-looking information of the Corporation. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information and statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking information or statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

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), OTCQX Best Market (OTCQX: ERDCF) and Mongolian Stock Exchange (MSE: ERDN).

The Company holds interests in three mining licenses and an exploration license in southwest Mongolia, where more than 20 years of exploration success has led to the discovery of the Khundii Minerals District ("KMD"), including the producing Bayan Khundii ("BK") gold mine. Two of the three mining licenses and the exploration license are held through the 50% owned associate, Erdene Mongol LLC ("EM"), while the third mining license, hosting the Zuun Mod copper-molybdenum project is wholly owned by Erdene.

Covering an area approximately 50 by 100 kilometres and elongated in a northwest direction, the KMD hosts the BK, Altan Nar ("AN"), Ulaan Southeast and Dark Horse ("DH") epithermal gold deposits, the Greater Dark Horse gold prospects, the Zuun Mod ("ZM") molybdenum-copper porphyry deposit, the Khuvyn Khar copper discovery and several other prospects. The KMD is located within the Trans Altai Terrane of the Central Asian Orogenic Belt ("CAOB").

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. The Company also entered into an option agreement in July 2025 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. The Company is actively seeking opportunities to expand its portfolio of projects.

Highlights and Significant Subsequent Events

Bayan Khundii Gold Mine – 50% Economic Interest

- Produced and sold 11,853 ounces gold and 3,046 ounces silver in Q3 2026
  - EM realized weighted average prices of US$4,313/oz and US$56/oz, respectively, generating total revenue of US$51 million (C$71 million)
  - Total cost of sales of US$23 million (C$32 million) or US$1,942/oz
  - Cash costs and all in sustaining costs of US$1,742 and US$1,848 per ounce, respectively
- Processed 164 thousand tonnes of ore averaging 1,788 tonnes per day
  - Quarterly average feed grade of 2.3 g/t gold
- Mined 415 thousand tonnes of ore averaging 1.25 g/t gold
  - Total material movement of 4 million tonnes during quarter
- Repaid US$30 million of project debt during the third quarter
  - EM had US$19 million cash on hand at quarter end and US$93 million of debt outstanding

Exploration & Development

- Launched a 16,500-metre drill program and a deep geophysical survey across KMD
  - Bayan Khundii – West Striker – 9,000 metres to test high-grade zones and expand resources west of the Bayan Khundii pit
  - Dark Horse – Altan Arrow – 3,000 metres to define and expand oxide gold resources in support of a potential heap leach development and to test shallow targets next to the main structures
  - Zuun Mod – 2,600 metres of infill drilling of near-surface mineralization within the ZM deposit seeking to improve grade and enhance value in the early years of the PEA mine plan
  - Zuun Mod periphery and Khuvyn Khar copper zone – 1,900 metres of step-out drilling around the ZM deposit and testing copper targets
  - Quantec Geoscience Titan Survey – Khuvyn Khar license – 100 line-kilometres covering the ZM deposit and copper targets to generate targets for deeper drilling with results expected in Q1 2027
- Convened Canada-Mongolia GeoSymposium with the support of the Embassy of Canada to Mongolia
  - Hosted economic geologists responsible for several world-class discoveries in Mongolia and internationally generating new exploration targets
- Progressed heap leach amenability testing on composites from Dark Horse and Bayan Khundii
  - Preliminary results show potential to heap leach lower grade oxide and transitional material

- Announced results of the Zuun Mod Preliminary Economic Assessment ("PEA")
    - Base Case after-tax Net Present Value of US$745 million (NPV8%) and 16.1% Internal Rate of Return ("IRR"), based on long-term prices of US$25.00/lb molybdenum and US$5.00/lb copper
    - After-tax NPV8% of US$2.0 billion and 27.8% IRR at spot prices of US$33.00/lb molybdenum and US$6.50/lb copper
    - 34-year mine life, with estimated recovered metal of 672 million pounds (305 kt) of molybdenum and 947 million pounds (430 kt) of copper
    - Upfront capital costs of US$687 million
    - All-in sustaining cost ("AISC") of US$13.89/lb molybdenum (net of copper by-product credits)
    - Strong interest in long-term offtake from Asian customers, given the project's location approximately 280 km from the railhead on the Mongolia–China border

Corporate

- Recorded net income of $9,558 for the three months ended September 30, 2026, compared to net loss of $2,749 for the three months ended September 30, 2025
    - Income from investment in associate, representing the Company's joint venture interest in EM, totaled $10,593 for the three months ended September 30, 2026, compared to a loss of $1,347 for the three months ended September 30, 2025, due to a full period of production from Bayan Khundii, while the prior year quarter included only one month of production
    - Exploration and evaluation expenses totaled $530 for the three months ended September 30, 2026, compared to $579 for the three months ended September 30, 2025, as costs associated with the geologic experts site visit and an increase in share based compensation were more than offset by lower salaries as the prior year period included an accrual for first gold bonus and an increase in the recoveries under the management services agreement with EM
    - Corporate and administrative expenses totaled $688 for the three months ended September 30, 2026, compared to $865 for three months ended September 30, 2025, with the change compared to the prior year quarter primarily due to reduced share-based compensation costs due to the timing of grants
- Continued purchases under the Company's Normal Course Issuer Bid
    - Repurchased and cancelled 130,300 shares during quarter at an average price of $5.57 per share

Strategy and Outlook

Erdene's priority is to support EM's operation of BK, and through exploration and acquisition, expand and subsequently develop other mineral deposits in Mongolia.

The Corporation's gold interests 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 washed hard coking coal in Mongolia. MMC's shares are listed on the Hong Kong Stock Exchange (HKEx: 0975).

MMC's largest 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 and hospitality. MCS employs approximately 14,000 staff and is one of the Country's largest private taxpayers. Its construction company acted as engineering, procurement and construction contractor for BK and its power business is a key contractor to EM.

The greater Khundii-Ulaan alteration zone, including the BK, Dark Horse and Ulaan deposits 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 exploration going forward will be expansion of known deposits in this system, as well as exploration for new gold mineralized zones and exploration and technical studies associated with the Altan Nar Gold polymetallic system, 16 kilometres north of BK.

Concurrently, Erdene is advancing its ZM project, one of Asia's largest undeveloped molybdenum-copper deposits. In October, the Company announced the results of a PEA outlining a long-life, large-scale project, that is forecast to produce 672 million pounds (305 kt) of molybdenum and 947 million pounds (430 kt) copper over a 34-year mine life. Beyond the ZM Deposit, the license hosts several copper and molybdenum prospects, including the Khuvyn-Khar target where recent drilling intersected 65 metres averaging 0.63% Cu and 2.9 g/t Ag mineralization, including 30 metres averaging 1.25% Cu and 6.1 g/t Ag. A license wide geophysics program is underway to prioritize drill targets for expansionary exploration and 4,000 metres of drilling will be completed across the license during the fourth quarter of 2026.

In July 2025 the Company entered an option 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. The maiden Tereg Uul drill program in Q2 2026 tested a new gold discovery, the Web Prospect, and intersected anomalous gold mineralization in nine of ten holes along a 1.5-kilometer mineralized trend. In addition, drilling of a geophysical target in the central portion of the license intersected anomalous copper, gold and coal mineralization.

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 Gold Mine Operations Update

Health, Safety & Environment
At the end of Q3 2026, there were 580 staff and contractors on site and the mine logged a total of 572 thousand person-hours during the quarter. The 12-month rolling average lost time injury frequency rate was 1.4 per million person hours.

Zero reportable environmental incidents occurred in the quarter. Environmental management efforts remain focused on mitigating potentially adverse impacts and advancing environmental protection activities, such as endemic vegetation trials at the BK mine and nearby community sites.

Mining and Processing
EM moved 4.0Mt of material during the third quarter, mining 415Kt of ore at an estimated grade of 1.25 g/t gold. At September 30, 2026, the mining fleet consisted of 18 dump trucks, five excavators, four dozers and other associated support equipment.

The Bayan Khundii plant processed 164Kt of ore, averaging 1,788 tonnes per day during the quarter ended September 30, 2026. The processed grade averaged 2.3 g/t gold for the quarter ended September 30, 2026 and quarterly gold recoveries were 96%.

EM sold 11,853 ounces of gold and 3,046 ounces of silver at average prices of US$4,313/oz and US$56/oz, gold and silver, respectively, generating gross revenues of US$51 million (C$71 million) during the quarter ended September 30, 2026. Cost of sales for the quarter totaled US$23 million (C$32 million), or US$1,942 per ounce. Total cash costs for the quarter were US$1,742 per ounce and all in sustaining costs for the quarter were US$1,848 per ounce.

Exploration
During the third quarter, work began on a 12,000-metre drill program on the Khundii License. Approximately 3,000 metres was drilled of a planned 9,000 metres to test areas west of the Bayan Khundii pit seeking to further define continuity of high-grade zones and to test expansion potential beyond the limits of the planned pit. Planning was completed for approximately 3,000 metres of drilling that will seek to extend the strike length of gold oxide resources within the upper 100 metres of the Dark Horse–Altan Arrow structure, supporting the company's evaluation of heap leach viability, as well as testing of targets identified during the recent Canada-Mongolia expert field visits. Drilling is expected to be completed by year end.

Heap leach amenability metallurgical testing was conducted by Blue Coast Research on a series of lower grade ore samples from Dark Horse in the third quarter. Preliminary results support the potential to heap leach process low-grade oxide and transitional material from Dark Horse and Bayan Khundii.

During the third quarter updated mineral resource estimates were prepared for the three gold projects held by EM – Bayan Khundii (BK and Dark Horse deposits), Altan Nar and Ulaan. The updated MREs were prepared by SLR Advisory Asia Limited ("SLR") incorporating all available exploration drilling data to July 1, 2026, as well as depletion at BK. Further details are included in this MD&A.

Human Resources
At September 30, 2026, 580 people were employed at the project site, including contractors and EM permanent staff. Over 40% of direct EM site personnel were residents of Bayankhongor province. Of EM's total direct employees, 13% were female.

Community Programs
EM continued to support community development programs focused on small and medium-sized entities through a micro finance program, local procurement, supporting public health services, youth education, and agricultural initiatives. Within this framework, the Company provided support for the renewal and expansion of public park facilities for use in Shinejinst community commemorative events in 2026.

EM Financial Results
The following tables summarize the consolidated financial information of EM on a 100% basis, in Canadian dollars, taking into account fair value adjustments made by the Corporation for equity accounting purposes.

As at		September 30, 2026		December 31, 2025
Cash and cash equivalents	**$**	**26,776**	$	18,325
Other current assets		**41,421**		23,193
Non-current assets		**260,605**		252,129
Current liabilities		**(53,528)**		(90,949)
Non-current liabilities		**(120,690)**		(108,848)
Net assets	**$**	**154,584**	$	93,850

For the six-month period ended		September 30, 2026		September 30, 2025
Revenue	**$**	**202,098**	$	-
Cost of sales		**(95,400)**		-
Gross margin		**106,698**		-
Net income (loss)	**$**	**57,514**	$	(12,854)

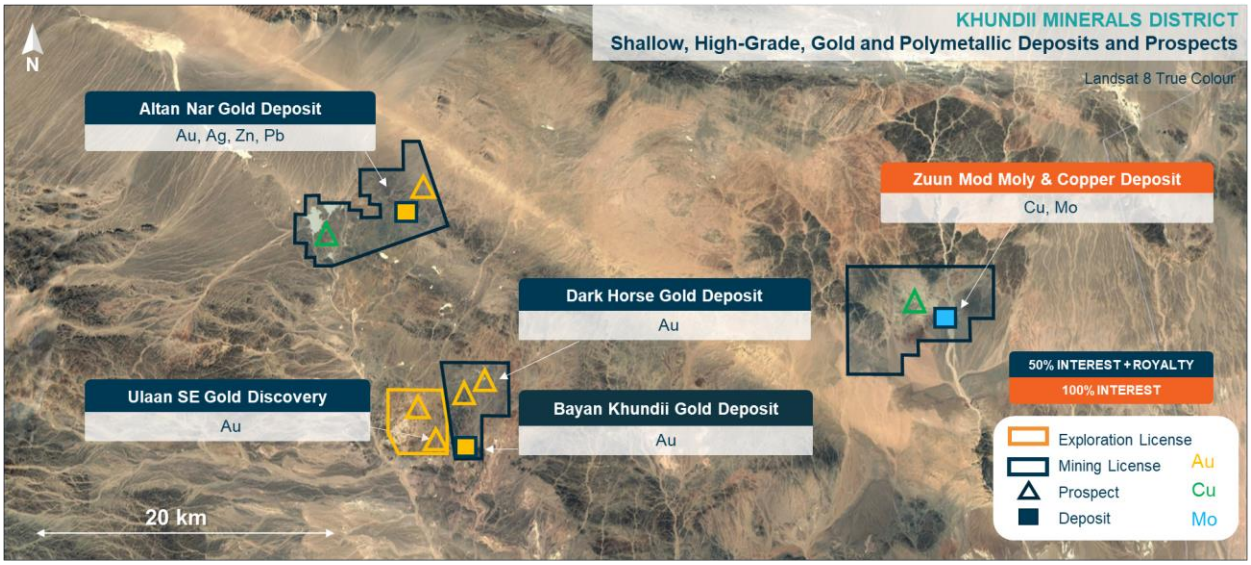
Development and Exploration Projects

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, the Company reported updated Mineral Resources for Bayan Khundii as part of its MD&A for the three and six months ended June 30, 2026. On September 25, 2026, an updated NI 43-101 Technical Report for the Altan Nar project, with an updated mineral resource estimate, along with a NI 43-101 Technical Report for the Ulaan project, including the maiden mineral resource estimate for the Ulaan SE gold deposit were filed on SEDAR+.

Apart from Altan Nar, Dark Horse, Ulaan 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 and on the Company's website.

Khundii Minerals District Exploration



The KMD includes EM's high-grade, near-surface Bayan Khundii, Dark Horse, Ulaan SE and Altan Nar deposits, Greater Dark Horse and Ulaan 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 four deposits, three exposed at surface, are testament to the discovery potential of this new district. Erdene and EM are in a very active exploration period, with approximately 16,500 metres of drilling underway across the Khundii and Khuvyn Khar licenses to test gold, copper and molybdenum targets. In Q3 2026, the Canada-Mongolia GeoSymposium and field visit brought leading economic geologists to all major prospects in the KMD, generating new concepts and exploration targets.

Khundii Minerals District Combined Resources

The following table summarizes the combined mineral resource estimates for the properties held by EM within the KMD. Further details for the individual MREs can be found in the following sections of the MD&A.

Resource Classification	Deposit	Quantity	Grade		Contained Metal	
		Kt	Au g/t	Ag g/t	Au Koz	Ag Koz
Measured	BK	2,991	2.13	1.1	204	108
Measured (total)		**2,991**	**2.13**	**1.1**	**204**	**108**
Indicated	BK	4,816	1.66	1.2	257	182
Indicated	DH	1,407	1.78	1.7	80	75
Indicated	AN	6,865	1.52	11.7	336	2,583
Indicated	UL	2,262	1.30	0.9	94	68
Indicated (total)		**15,350**	**1.56**	**5.9**	**768**	**2,908**
Measured + Indicated		**18,341**	**1.65**	**5.1**	**972**	**3,016**
Inferred	BK	395	0.91	1.0	11	13
Inferred	DH	608	0.77	1.4	15	28
Inferred	AN	8,083	0.95	5.2	246	1,340
Inferred	UL	1,539	1.10	0.6	54	28
Inferred (total)		**10,625**	**0.96**	**4.1**	**327**	**1,408**

Each of the four deposits contains zones of higher-grade material. At a 0.7 g/t gold cut-off grade (0.7 g/t AuEq for Altan Nar), the combined mineral resource estimates are as follows: f

Resource Classification	Deposit	Quantity	Grade		Contained Metal	
		Kt	Au g/t	Ag g/t	Au Koz	Ag Koz
Measured	BK	1,208	4.49	2.0	174	76
Measured (total)		**1,208**	**4.49**	**2.0**	**174**	**76**
Indicated	BK	1,416	4.46	2.0	203	101
Indicated	DH	430	4.83	2.4	67	33
Indicated	AN	4,508	2.16	15.7	313	2,275
Indicated	UL	1,286	1.88	1.2	78	50
Indicated (total)		**7,640**	**2.69**	**10.0**	**661**	**2,459**
Measured + Indicated		**8,848**	**2.94**	**9.0**	**835**	**2,535**
Inferred	BK	151	1.56	1.6	8	8
Inferred	DH	174	1.68	1.5	9	8
Inferred	AN	4,559	1.44	6.8	210	1,000
Inferred	UL	607	1.95	0.9	38	18
Inferred (total)		**5,492**	**1.50**	**5.9**	**265**	**1,034**

Bayan Khundii Mineral Resource Estimate

In the first half of 2026, EM commissioned SLR to complete an updated mineral resource estimate for the Bayan Khundii ("BK") gold deposit. The table below is a summary of the updated mineral resource estimate ("MRE") for the BK gold deposit prepared by SLR Advisory Asia Limited ("SLR") in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") guidelines and National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Further details on the information presented below are available in the Company's MD&A for the three and six months ended June 30, 2026.

SLR estimated the BK MRE based on the data collected by Erdene as of July 1, 2026, including data from 381 surface diamond drill holes totaling 57,395 m, for which 32,374 m have assay intervals drilled by EM between 2015 and 2024. The BK MRE and underlying data comply with guidelines provided in the CIM Definition Standards under NI 43-101, therefore SLR considers it suitable for public reporting. The MRE was completed by Mr. Oyunbat Bat-Ochir, a full-time employee of SLR, a Member of the Australian Institute of Geoscientists, and a Qualified Person ("QP") as defined by NI 43-101.

The reported BK Mineral Resource has been constrained by the mining license boundary (MV-021444), depleted to mined level topography dated July 1, 2026, Jurassic overburden sediment surface, basement granitic intrusion and reported above 0.27 g/t Au cut-off for all mineralisation. It was reported above a pit shell that was generated using input parameters largely derived from the current CIP operation at BK mine and gold and silver prices of US$3,900/oz and US$40/oz, respectively. See "Notes to Bayan Khundii Statement of Mineral Resources". The following MRE statement is a depleted resource as of July 1, 2026.

Bayan Khundii Mineral Resource Statement, depleted to July 1, 2026

Resource Classification	Quantity	Grade		Contained Metal	
	Kt	Au g/t	Ag g/t	Au Koz	Ag Koz
Measured	2,991	2.13	1.1	204	108
Indicated	4,816	1.66	1.2	257	182
Measured + Indicated	**7,807**	**1.84**	**1.2**	**462**	**290**
Inferred	395	0.91	1.0	11	13

Notes:

(1) The Statement of Estimates of Mineral Resources has been compiled by Mr. Oyunbat Bat-Ochir who is a full-time employee of SLR and a Member of the Australian Institute of Geoscientists. Mr. Bat-Ochir has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.

(2) Mineral Resources are estimated using a gold price of US$ 3,900 per ounce and a silver price of US$ 40 per ounce.

(3) Mineral Resource is depleted for the topographic surface dated July 1, 2026.

(4) Mineral Resources are reported at a cut-off grade of 0.27 g/t Au and constrained by a preliminary optimised pit shell with a pit slope angle of 45^0

(5) Cut-off grade was generated by assuming an open cut mining method with 2.5% ore loss and 10% dilution, a gold price of US$3,900 per ounce, an open mining cost of US$2.76 per tonne and a processing cost of US$25.56 per tonne milled, a general and administration cost of US$1.5 per tonne and a processing recovery of 93% for all mineralisation. The conceptual optimised

pit shell was constructed using a gold price of US$ 3,900/oz and a silver price of US$ 40/oz, with CIP processing recoveries of 93% for Au and 55% for Ag mineralisation.

(6) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

(7) Numbers may not add due to rounding.

(8) Mineral Resources have been reported on a 100% equity basis.

The Bayan Khundii deposit is characterized by its multiple high-grade zones. Using a 0.7 g/t gold cut-off grade, the mineral resource estimated for Bayan Khundii is as follows:

Bayan Khundii Mineral Resource Statement at 0.7 g/t Au cut-off grade, depleted to July 1, 2026

Resource Classification	Quantity	Grade		Contained Metal	
		Au	Ag	Au	Ag
	Kt	g/t	g/t	Koz	Koz
Measured	1,208	4.49	2.0	174	76
Indicated	1,416	4.46	2.0	203	101
Measured + Indicated	**2,625**	**4.47**	**2.0**	**377**	**177**
Inferred	151	1.56	1.6	8	8

During the third quarter, approximately 3,000 metres was drilled of 9,000 metres planned in areas west of the Bayan Khundii pit to further define continuity of high-grade zones and to test expansion potential beyond the limits of the planned pit. The remaining approximately 6,000 metres of the 9,000-metre program are underway with results expected in Q1 2027 which will be used to update the pit design and schedule during H1 2027.

Greater Dark Horse Prospect

The Greater Dark Horse prospect (approximately 20 km^2) is located in the northern portion of the Khundii mining and Ulaan exploration licenses held by EM. To date, the Company has completed 30,630 metres of drilling in 301 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 and located two kilometres north of the Bayan Khundii deposit. Dark Horse Mane was discovered 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 with the Dark Horse Mane Reserve estimate located at the south end of the mineralized structure.

In late 2025, over 5,000 metres were drilled to test expansion of high-grade resources around the Dark Horse South (“DHS”) reserve pit for feed to the Bayan Khundii CIP plant, and to assess the potential of a lower grade resource suitable for heap-leach processing along trend of mineralization north and along the Altan Arrow structure northeast of the DHS deposit. In total, 3,993 metres in 38 holes were drilled along the Dark Horse mineralized trend and 1,440 metres in 27 holes were drilled at Altan Arrow. The program expanded high-grade gold mineralization at DHS where near surface intersections of 9.6 g/t gold over 19 metres and 28.7 g/t gold over 3 metres were returned. Additionally, at Dark Horse North, drilling results demonstrated that a large oxide and transition zone hosting gold mineralization is present to the north of the DHS reserve area. The 2025 drilling results included multiple mineralized intersections of oxide, transition and/or fresh mineralization up to 43 metres apparent thickness that returned average gold grades greater than 1 g/t Au. Drilling at Altan Arrow identified multiple gold and silver intersections including 16 metres of 1.36 g/t Au and 5 metres of 66 g/t Ag. In total, 89% (58 of 65 holes) of holes intersected anomalous gold and silver zones.

A 3,000-metre drill program is underway at Dark Horse–Altan Arrow to further define and expand oxide gold resources within the upper 100 metres of the structure, supporting the Company’s evaluation of potential heap leach development, and to test new shallow targets adjacent to the main structures, including targets identified during the recent expert field visits.

Furthermore, a composite of gold-mineralized oxide material from Dark Horse North has been sent for metallurgical testing to be evaluated for heap leach amenability. Preliminary results show the potential to heap leach process low-grade oxide and transitional material from Dark Horse and Bayan Khundii.

Dark Horse Mineral Resource Estimate

In Q2 of 2026, EM commissioned SLR to complete an updated mineral resource estimate for the Dark Horse gold deposit. The updated MRE incorporates data from 83 drill holes, totaling 6,474 metres, drilled since the previous MRE which had an effective date of October 1, 2022. Below is a summary of the updated mineral resource estimate ("MRE") for the Dark Horse ("DH") gold deposit prepared by SLR Advisory Asia Limited ("SLR") in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") guidelines and National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Further details on the information presented below are available in the Company's MD&A for the period ended June 30, 2026.

SLR estimated the DH MRE based on the data collected by Erdene as of May 1, 2026, including data from 301 surface diamond drill holes totaling 30,630 m drilled by EM between 2016 and 2025. The DH MRE and underlying data comply with guidelines provided in the CIM Definition Standards under NI 43-101, therefore SLR considers it suitable for public reporting. The MRE was completed by Mr. Oyunbat Bat-Ochir, a full-time employee of SLR, a Member of the Australian Institute of Geoscientists, and a Qualified Person ("QP") as defined by NI 43-101.

Mineral Resource has been constrained by topography, overburden surface and by a preliminary optimized open-pit shell that was derived using US$3,900/oz Au and US$40/oz Ag prices and reported above a cut-off grade of 0.28 g/t Au in oxide and transition mineralization and 0.85 g/t Au cut-off in fresh mineralization. See "Notes to Dark Horse Statement of Mineral Resources".

Dark Horse Statement of Mineral Resources; Effective date May 1, 2026

Resource Classification		Quantity	Grade		Contained Metal	
		Kt	Au g/t	Ag g/t	Au Koz	Ag Koz
Indicated	Oxide	909	2.12	1.8	62	52
	Transitional	481	1.07	1.4	17	22
	Fresh	17	3.28	2.3	2	1
	Total	**1,407**	**1.78**	**1.7**	**80**	**75**
Inferred	Oxide	290	0.61	1.6	6	15
	Transitional	317	0.90	1.3	9	13
	Fresh	1	7.29	2.0	0.2	0.1
	Total	**608**	**0.77**	**1.4**	**15**	**28**

Notes:

(1) The Statement of Estimates of Mineral Resources has been compiled by Mr Oyunbat Bat-Ochir, who is a full-time employee of SLR and a Member of the Australian Institute of Geoscientists. Mr Bat-Ochir has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Qualified Person as defined in the CIM Standards of Disclosure.

(2) All Mineral Resources figures reported in the table above represent estimates as of 1st May 2026. Mineral Resource estimates are not precise calculations being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

(3) Mineral Resources are reported on a dry in-situ basis.

(4) The Mineral Resource is reported using a 0.28 g/t Au cut-off grade in oxide and transition mineralisation and 0.85 g/t Au cut-off in fresh mineralisation and is constrained above the conceptual optimised pit shell with a pit slope angle of 450. Cut-off parameters were selected based on an SLR internal cut-off calculator, assuming an open cut mining method with 2.5% ore loss and 10% dilution, a gold price of US$3,900 per ounce, an open mining cost of US$2.76 per tonne and a processing cost of US$25.56 per tonne milled, general and administration cost of US$1.5 per tonne and processing recovery of 90% for oxide, 87% for transitional and 30% for fresh Au mineralisation. The conceptual optimised pit shell was constructed using a gold price of US$ 3,900/oz and a silver price of US$ 40/oz with a processing recovery of 55% for Ag mineralisation.

(5) Mineral Resources referred to above have not been subject to detailed economic analysis and therefore have not been demonstrated to have actual economic viability.

Zones of higher-grade material within the Dark Horse mineral resource, at a 0.7 g/t gold cut-off grade, are as follows:

Dark Horse Mineral Resources at 0.7 g/t Au cut-off grade; Effective date May 1, 2026

Resource Classification		Quantity	Grade		Contained Metal	
		Kt	Au g/t	Ag g/t	Au Koz	Ag Koz
Indicated	Oxide	269	6.16	2.7	53	23
	Transitional	142	1.83	1.8	12	8
	Fresh	19	2.17	2.2	2	1
	Total	**430**	**4.83**	**2.4**	**67**	**33**
Inferred	Oxide	39	1.88	1.6	2	2
	Transitional	134	1.44	1.4	7	6
	Fresh	1	2.13	2.1	0	0
	Total	**174**	**1.68**	**1.5**	**9**	**8**

Ulaan Project

In June 2021, the Company completed the maiden gold exploration program in the southern portion of the Ulaan license, held by EM, 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 the Bayan Khundii epithermal gold deposit, located just east on the Khundii mining license.

In Q2 2026, EM commissioned SLR to complete the maiden mineral resource estimate for the Ulaan SE gold deposit. The NI 43-101 Technical Report for the Ulaan SE MRE was filed on SEDAR+ on September 25, 2026.

SLR estimated the Ulaan SE MRE based on the data collected by Erdene as of June 1, 2026, including data from 56 surface diamond drill holes totalling 15,025 m drilled by ERD in 2022. The Ulaan MRE and underlying data comply with guidelines provided in the CIM Definition Standards under NI 43-101, therefore SLR considers it suitable for public reporting. The MRE was completed by Mr. Oyunbat Bat-Ochir, a full-time employee of SLR, a Member of the Australian Institute of Geoscientists, and a Qualified Person ("QP") as defined by NI 43-101.

The Mineral Resource has been constrained by topography, overburden surface and XV-016057 exploration license and reported above a gold (Au) cut-off grade of 0.15 g/t Au and within a US$3,900/oz optimised pit constraint for open cut resource and at a cut-off grade of 0.46 g/t Au below the US$3,900/oz pit shell for the underground resource. See "Notes to Ulaan SE Statement of Mineral Resources".

Ulaan Southeast Statement of Mineral Resources; Effective date June 1, 2026

Resource Classification	Quantity	Grade		Contained Metal	
	Kt	Au g/t	Ag g/t	Au Koz	Ag Koz
Indicated	2,262	1.30	0.9	94	68
Inferred	1,539	1.10	0.6	54	28

Notes:

(1) CIM (2014) definitions were followed for Mineral Resource.
(2) The Statement of Estimates of Mineral Resources has been compiled by Mr Oyunbat Bat-Ochir, who is a full-time employee of SLR and a Member of the Australian Institute of Geoscientists. Mr Bat-Ochir has sufficient experience that is relevant to the style of mineralisation 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 Resources figures reported in the table above represent estimates as of 1st June 2026. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
(4) Mineral Resources are reported on a dry in-situ basis.
(5) Mineral Resources are estimated using a long-term gold price of US$ 3,900 per ounce.
(6) Open-pit Mineral Resources are estimated at a cut-off grade of 0.15 g/t Au and constrained by a preliminary optimised pit shell with a pit slope angle of 50^0.
(7) RPEEE for underground Mineral Resources was demonstrated by reporting at 0.46 g/t Au below the same optimised pit shell.

(8) Optimised pit shell and cut-off grades were generated by assuming an open pit mining cost of US $3 per tonne and underground mining cost of US $35 per tonne, processing cost of US $16 per tonne milled, mining dilution of 10% and ore loss of 5% and processing recovery of 95%.
(9) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Within the mineral resource estimated for Ulaan SE are included zones of higher average grade material at 0.7 g/t gold cut-off grade, as follows:

Ulaan Southeast Mineral Resources at 0.7 g/t Au cut-off grade; Effective date June 1, 2026

Resource Classification	Quantity	Grade		Contained Metal	
	Kt	Au g/t	Ag g/t	Au Koz	Ag Koz
Indicated	1,286	1.88	1.2	78	50
Inferred	607	1.95	0.9	38	18

Together with the Bayan Khundii and Dark Horse deposits, 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.

The statutory documentation of the Ulaan project will be submitted for application to convert from an exploration license to a mining license in H2 2026.

Altan Nar Project

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 Mineral Resource Estimate effective June 1, 2026.

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 have been included in the updated MRE for Alan Nar , effective date of June 1, 2026.

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.

In Q2 2026, EM commissioned SLR to complete an updated mineral resource estimate for the Altan Nar deposit. The NI 43-101 Technical Report for the Altan Nar MRE was filed on SEDAR+ on September 25, 2026.

All Mineral Resources figures reported in the table below represent estimates as at June 1, 2026 and are based on drilling completed up to October 1, 2022. The Mineral Resource Estimate and underlying data comply with guidelines provided in the CIM Definition Standards under NI 43-101, therefore SLR considers it suitable for public reporting. The Mineral Resources were completed by Mr. Oyunbat Bat-Ochir (Qualified Person).

The Statement of Mineral Resources has been constrained by the topography, overburden surface and reported above gold equivalent (AuEq) cut-off grade of 0.18 g/t AuEq above a US $3,900/oz pit shell and 0.55 g/t AuEq below the same US $3,900/oz pit.

Altan Nar Statement of Mineral Resources; Effective date June 1, 2026

Resource Classification		Quantity	Grade					Contained Metal				
		Kt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	Au Koz	Ag Koz	Zn Kt	Pb Kt	AuEq Koz
Indicated	Oxide	704	1.56	10.3	0.5	0.8	1.88	35	234	4	6	43
	Fresh	6,161	1.52	11.9	0.5	0.4	1.79	301	2,349	33	26	355
	Total	**6,865**	**1.52**	**11.7**	**0.5**	**0.5**	**1.80**	**336**	**2,583**	**37**	**32**	**397**
Inferred	Oxide	1,360	1.16	5.8	0.4	0.6	1.37	51	256	6	8	60
	Fresh	6,723	0.91	5.0	0.4	0.3	1.08	196	1,084	29	22	233
	Total	**8,083**	**0.95**	**5.2**	**0.4**	**0.4**	**1.13**	**246**	**1,340**	**35**	**30**	**293**

Notes:

(1) CIM Definition Standards for Mineral Resource (2014) is used for reporting of Mineral Resource.

(2) The Statement of Estimates of Mineral Resources has been compiled by Mr Oyunbat Bat-Ochir, who is a full-time employee of SLR and a Member of the Australian Institute of Geoscientists. Mr Bat-Ochir has sufficient experience that is relevant to the style of mineralisation 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 Resources figures reported in the table above represent estimates as at 1st of June 2026 and are based on drilling completed up to October 1, 2022. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

(4) Mineral Resources are reported on a dry in-situ basis.

(5) Reported at a 0.18 g/t AuEq cut-off above US$ 3,900/oz pit shell and 0.55 g/t AuEq below the same US$ 3,900/oz pit shell. Cut-off parameters were selected based on an SLR internal cut-off calculator, which indicated that a break-even cut-off grade of 0.18 g/t Au Equivalent above US$ 3,900/oz pit and 0.55 g/t AuEq below US$ 3,900/oz pit, assuming a gold price of US$ 3,900 per ounce, a silver price of US$ 40 per ounce, zinc price of US$ 3,000 per tonne and lead price of US$ 2,000 per tonne, an open pit mining cost of US$ 2.75 per tonne and underground mining cost of US$ 35 per tonne and a processing cost of US$ 16 per tonne milled and processing recovery of 88.8% Au, 80.6% Ag, 80.4% Pb and 69.1% Zn.

(6) Au Equivalent (AuEq) is calculated using metal price of US$ 3,900/oz for Au, US$ 40/oz for Ag, US$ 2,000/tonne for Pb and US$ 3,000/tonne for Zn. Adjustment has been made for metallurgical recovery and is based on the company's preliminary testwork results, which used flotation to separate concentrates, including a pyrite concentrate, with credits only for Au and Ag. Based on grades and contained metal for Au, Ag, Pb and Zn, it is assumed that all commodities have reasonable potential to be economically extractable.

*a. The formula used for Au equivalent grade is: AuEq g/t = Au g/t + Ag g/t*0.0093+Pb%*0.144+Zn%*0.186 with metallurgical recovery of 88.8% Au, 80.6% Ag, 80.4% Pb and 69.1% Zn.*

b. Au equivalent ounces are calculated by multiplying Mineral Resource tonnage by Au equivalent grade and converting to ounces. The formula used for Au equivalent ounces is: AuEq Oz = [Tonnage x AuEq grade (g/t)]/31.1035.

(7) Mineral Resources referred to above have not been subject to detailed economic analysis and therefore have not been demonstrated to have actual economic viability

Zones of higher-grade material within the Altan Nar mineral resource, at a 0.7 g/t AuEq cut-off grade, are as follows:

Altan Nar Mineral Resources at 0.7g/t AuEq cut-off grade; Effective date June 1, 2026

Resource Classification		Quantity	Grade					Contained Metal				
		Kt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	Au Koz	Ag Koz	Zn Kt	Pb Kt	AuEq Koz
Indicated	Oxide	422	2.40	15.3	0.6	1.3	2.84	33	207	3	5	39
	Fresh	4,086	2.13	15.7	0.6	0.5	2.48	280	2,068	26	21	325
	Total	**4,508**	**2.16**	**15.7**	**0.6**	**0.6**	**2.51**	**313**	**2,275**	**29**	**27**	**364**
Inferred	Oxide	712	1.93	8.1	0.6	0.9	2.24	44	185	4	6	51
	Fresh	3,847	1.34	6.6	0.6	0.4	1.57	166	814	21	17	194
	Total	**4,559**	**1.44**	**6.8**	**0.6**	**0.5**	**1.68**	**210**	**1,000**	**25**	**23**	**246**

In addition to the resource estimation work, additional metallurgical test work, consisting of sample characterization, mineralogy and cyanide testwork, was completed on a single composite sample from Discovery Zone ("DZ"), representing a low-As content sample. The sample had the following head grade:

Altan Nar Metallurgical sample head grade analysis

Composite	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Fe (%)	As (%)
AN-MET-25-01	5.48	32.38	0.87	0.99	5.19	0.20

Mineralogical analysis on the DZ sample identified the primary sulphide minerals as pyrite, sphalerite and galena, with trace levels of arsenopyrite and chalcopyrite present. Elemental deportment identified that sphalerite was the only zinc mineral, and galena was the only lead carrier. Both the sphalerite and galena are well liberated and did not have associations with arsenopyrite suggesting that this sample has potential for producing separate lead, zinc and bulk sulphide (pyrite/arsenopyrite/gold) concentrates. Additional flotation test work in required to better understand this potential.

The cyanidation test work demonstrated that the whole-rock cyanidation recovery averaged 89% for gold and 55% for silver and that grind size was not determined to have an impact on recovery, in the 67 µm to 92 µm range tested. These results are consistent with previous recovery rates for similar samples.

Zuun Mod Molybdenum-Copper Project

The wholly owned 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 Company. 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.

On October 15, 2026, Erdene announced results of an independent PEA prepared in accordance with NI 43-101, outlining a large-scale, long-life conventional open-pit mining operation, incorporating crushing and grinding, feeding a concentrator process plant. Further details can be found in the Company's press release dated October 15, 2026, available on Erdene's website and SEDAR+.

The PEA includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized, and mineral resources that are not mineral reserves do not have demonstrated economic viability. Key metrics from the PEA are presented in the tables below.

Key Financial and Economic Analysis Metrics

After-Tax Economic Metrics		Base Case	Spot Prices
$NPV_{8\%}$	US$M	745.1	1,980.7
IRR	%	16.1%	27.8%
Payback Period	production year	6	4
Pre-Production Capex	US$M	686.8	

		Base Case		Spot Prices	
Undiscounted Financial Metrics		**Avg. Annual[1]**	**LOM Total**	**Avg. Annual[1]**	**LOM Total**
Revenue	US$M	630.3	21,431.4	829.27	28,195.2
Operating Costs	US$M	314.8	10,704.3	314.8	10,704.3
Royalties	US$M	58.1	1,975.9	76.4	2,598.8
Transportation and Treatment	US$M	25.2	858.3	30.6	1,041.6
Sustaining Capex	US$M	13.6	462.6	13.6	462.6
Closure Cost	US$M	-	86.5	-	86.5
Cash Taxes	US$M	49.2	1,673.9	93.0	3,163.0
Free Cash Flow	US$M	146.7	4,988.9	278.2	9,457.5
Pricing Assumptions					
Molybdenum	US$/lb	25.00		33.00	
Copper	US$/lb	5.00		6.50	
LOM Gross Revenue Contribution					
Molybdenum	%	78		78	
Copper	%	22		22	

1. Average annual financial metrics are presented on a 100% Project basis and weighted by total mill throughput in each year, except closure costs which are incurred in the final year.

2. Molybdenum equivalent (MoEq) used in the production-based metrics is calculated on LOM recovered metal as Mo lb + (Cu lb × 0.20), where 0.20 is the ratio of the PEA base case copper price to molybdenum price (US$5.00/lb ÷ US$25.00/lb). No recovery adjustment is applied because metallurgical recoveries are already reflected in the recovered metal quantities. This factor differs from the MoEq grade factor of 0.27504 used in the Mineral Resource Estimate (note 6 to the Statement of Mineral Resources), which is applied to in-situ grades and is based on the metal price and metallurgical recovery assumptions adopted for the Mineral Resource Estimate. The two factors are not interchangeable.
3. Operating costs are presented excluding VAT. VAT on applicable operating costs (assumed 75%) and NPI capex are refunded over the life of mine, primarily during the year incurred, under existing legislation.
4. Free cash flow is stated after operating costs, royalties, pre-production and sustaining capital, closure costs and taxes.

Key Operating Metrics

Aggregate Operating Metrics		Avg. Annual[1]	LOM Total
Mine Life	years	-	34
Milled Mineralized Material	Mt	24.5	834.2
Strip Ratio	waste:feed	-	1.31
Grades (PEA Forecast Plant Feed)			
Molybdenum	% Mo	0.041%	
Copper	% Cu	0.058%	
Recoverable Production			
Molybdenum	Mlbs Mo	19.8	672.1
Copper	Mlbs Cu	27.9	947.2
Molybdenum	kt Mo	9.0	304.9
Copper	kt Cu	12.7	429.6
LOM Process Recovery and Payability		**Recovery[2]**	**Payability**
Molybdenum	%	88.4%	100%
Copper	%	89.6%	100%
Operating Costs			
C1 Costs	US$/lb Mo	10.24	
All-in Sustaining Cost (AISC)	US$/lb Mo	13.89	

1. Average annual metrics over the 34-year operating life.
2. Recovery to concentrate. Molybdenum and copper are assumed to be 100% payable, subject to a 2.5% treatment charge for molybdenum and 3.5% aggregate treatment charges for copper, both applied to payable value. Payable metal is recovered metal less an assumed 0.5% concentrate shipping loss (LOM 668.8 Mlb Mo and 942.4 Mlb Cu). Revenue, C1 costs and AISC are calculated on payable metal.

Zuun Mod Mineral Resource Estimate

As part of the PEA, Erdene commissioned SLR Advisory Asia Limited ("SLR") to complete an updated mineral resource estimate ("MRE") for the Zuun Mod molybdenum-copper deposit. Below is a summary of the updated MRE at a cut-off grade of 0.025% Mo.

Table 3. Zuun Mod Mineral Resource Estimate

Resource Classification	Tonnes Mt	Mo %	Cu %	MoEq %	Mo Mlbs	Cu Mlbs	MoEq Mlbs
Measured	67.2	0.051	0.061	0.067	75.0	90.5	99.9
Indicated	339.9	0.047	0.062	0.064	352.0	463.2	479.4
Measured+Indicated	**407.1**	**0.048**	**0.062**	**0.065**	**427.0**	**553.7**	**579.2**
Inferred	596.2	0.041	0.056	0.060	536.8	733.3	783.0

Notes to Zuun Mod Statement of Mineral Resources; Effective date May 1, 2026:
1. CIM Definition Standards for Mineral Resource (2014) is used for reporting of Mineral Resource.
2. The Statement of Estimates of Mineral Resources has been compiled by Mr. Oyunbat Bat-Ochir who is a full-time employee of SLR and a Member of the Australian Institute of Geoscientists. Mr. Bat-Ochir has sufficient experience that is relevant to the style of mineralisation 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 Resources figures reported in the table above represent estimates at May 1, 2026. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
4. Mineral Resources are reported on a dry in-situ basis.
5. The Mineral Resource has been constrained by mining license MV-016836 and reported above Molybdenum (Mo) cut-off grade of 0.025% within a revenue factor optimized pit shell derived using a price of US$22/lb Mo and US$4.95/lb Cu. Cut-off parameters were selected based on an SLR internal cut-off calculator, assuming an open cut mining method with 3% ore loss and 4% dilution, a Mo price of US$22/lb, an open mining cost of US $2.18 per tonne and a processing cost of US $6.85 per tonne milled and processing recovery of 83% for Mo and 81% for Cu with flotation processing to produce Mo and Cu concentrates.
6. Mo Equivalence (MoEq) calculated using: The formula used for Mo equivalent grade is: MoEq% = Mo % + Cu % * 0.27504 and assumes 83% Mo and 81% Cu metallurgical recoveries.
7. 1 tonne = 2204.64 lbs.
8. Mineral Resources referred to above have not been subject to detailed economic analysis and therefore, have not been demonstrated to have actual economic viability.

Mining

The PEA is based on an open-pit mining operation targeting 25 million tonnes per year (Mtpa) of feed material for the processing plant. The total plant feed in the PEA is 834.2 million tonnes at an average strip ratio of 1.3:1 (waste tonne: plant feed tonne). Approximately 74% of the PEA forecast plant feed, including approximately 16% of the plant feed scheduled during the six-year undiscounted payback period, is derived from Inferred Mineral Resources. These proportions are based on the PEA mine plan applying an economic cut-off grade of 0.0217% Mo and include mining dilution; accordingly, the associated plant-feed tonnage is not directly comparable with the Inferred Mineral Resource reported at a cut-off grade of 0.025% Mo in Table 3. The deposit geometry, grade distribution and depth support bulk open-pit mining. Mining will use hydraulic excavators in shovel configuration. Drilled and blasted material will be loaded into haul trucks, with waste rock deposited in a mineral waste facility adjacent to the pit or used to build the embanking of the tailings storage facility ("TSF"), and plant feed hauled to a crusher or run-of-mine ("ROM") pad adjacent to the processing plant.

The PEA assumes that open-pit mining will be carried out by a contractor. Under the selected arrangement, the contractor will finance, own, maintain and operate the mining fleet, while the owner retains its staff and technical services. Drilling and blasting are also proposed to be contracted. The contractor's ownership and financing costs for the mining fleet are included in the mining operating costs through contractor rates.

Processing & Metallurgy

The PEA contemplates a conventional copper–molybdenum concentrator processing 25 Mtpa over a 34-year mine life. The mine plan schedules 834.2 Mt of plant feed, with estimated recovered metal of 672.1 Mlb of molybdenum and 947.2 Mlb of copper and estimated payable metal of 668.8 Mlb of molybdenum and 942.4 Mlb of copper after an assumed 0.5% concentrate shipping loss.

The flowsheet comprises primary crushing, a covered coarse-ore stockpile and a conventional SABC to grind to P80 200 microns before the material is sent to bulk flotation. Bulk flotation concentrate is planned to be reground to P80 35 microns, cleaned and separated through molybdenum flotation to produce separate copper and molybdenum concentrates. Metallurgical testwork and recovery estimates by Blue Coast Research indicate Zuun Mod has the potential to produce high-grade molybdenum and copper concentrates with low levels of deleterious elements. In the molybdenum concentrate, Mo grade is estimated at 53.2%, with Cu and P impurities at 0.4% and 0.004% respectively. The copper concentrate is estimated to grade 27.9% Cu, with reported As, Bi, Pb, Sb, Zn, F, and Cl below indicative smelter penalty thresholds, subject to future buyer terms to be determined. These concentrate specifications appear well suited to downstream roasters and converters in the region that are understood to have spare capacity. Tetra Tech provided preliminary equipment sizing and plant layout.

Tailings are thickened to approximately 55% solids and pumped to a wet tailings storage facility ("TSF"). Concentrate thickener overflow is recycled to the milling and flotation circuits. Raw-water make-up is estimated at 0.61 m^3 per dry tonne of ROM, with a preliminary range of 0.49–0.75 m^3/t depending on tailings solids content given a fixed average TSF water recovery. Pressure filters dewater the copper and molybdenum concentrates.

Capital and Operating Cost Estimates

The PEA includes a capital cost estimate prepared by O2 Mining, incorporating the process plant estimate prepared by Tetra Tech, and is consistent with an AACE International Class 5 estimate with an expected accuracy range of -20% to -50% under-estimation and +30% to +100% over-estimation. A contingency of 35% has been applied to capital costs in a manner consistent with the level of project definition achieved at the PEA stage. Initial capital is estimated at $686.8 million, including a contingency of $176.7 million, and is assumed to be incurred over a three-year construction period. Mining equipment capital is assumed to be incurred by the contract miner and is excluded from the capital costs below. Sustaining capital over the life of mine is estimated at $462.6 million and consists primarily of tailings and mineral waste management facility construction and ongoing process and non-process infrastructure capital. Closure cost is estimated at $86.5 million.

Initial capital estimates include:

Capital Costs

Item	$ millions
Processing	373.6
Non-Process Infrastructure	107.3
Tailings Storage Facility	29.2
Contingency	176.7
Construction Costs	**686.8**
Sustaining Capital	462.6
Closure Costs	86.5
Total	**1,235.9**

Note: Rounding may cause computational discrepancies

Operating costs are based on the mining and processing scenarios outlined above and assume contract mining. All other activities are assumed to be owner operated. The AISC for Zuun Mod is estimated at $13.89/lb Mo, incorporating credits for associated copper production. Operating cost estimates include:

Operating Costs

	LOM ($ millions)	US$/lb Mo	US$/t milled
Mine Operating Cost	4,790.6	7.16	5.74
Processing Cost	4,742.6	7.09	5.69
G&A	1,171.1	1.75	1.40
Transport & Treatment	858.3	1.28	1.03
Copper Credit	(4,712)	(7.05)	(5.65)
Total Operating Costs (C1 Cash Costs)	6,850.6	10.24	8.21
Royalty	1,975.9	2.95	2.37
Sustaining Capital	462.6	0.69	0.55
All-In Sustaining Cost	**9,289.1**	**13.89**	**11.14**

Note: Rounding may cause computational discrepancies

Next Steps

Erdene has commenced work on the next phase of technical study. In parallel, the Company is in discussions with multiple potential partners on pathways to advance Zuun Mod to development, including offtake, financing and strategic partnership structures. Over the past year, Erdene has met with several molybdenum roasters in Asia and visited their sites to inform its offtake strategy for Zuun Mod's molybdenum and copper concentrates.

Zuun Mod lies within a porphyry system with a circumference of approximately 16 kilometres on Erdene's Khuvyn Khar licence, and the system hosts multiple targets that warrant further exploration. At the Khuvyn Khar copper prospect, drilling has intersected broad zones of copper and silver, including 34 metres of 1.30% Cu and 9.24 g/t Ag from 308 metres (ZMD-121) and 30 metres of 1.25% Cu and 6.1 g/t Ag (ZMD-162). See the Corporation’s press release dated February 17, 2026 for full details.

Approximately 4,500 metres of drilling is planned to confirm mineralization within the upper 100 metres of the Zuun Mod deposit and test extensions adjacent to current resource blocks in high-priority areas, seeking to maximize resources in the early years of the mine plan. Drilling will also test shallow copper targets at Khuvyn Khar, and moving into 2027, deeper targets using the results of the geophysical survey described below.

Alongside these drill programs, Erdene has engaged Quantec Geoscience Ltd. to complete an ORION 3D DCIP and magnetotelluric (MT) survey over the Zuun Mod-Khuvyn Khar license. The survey comprises 17 lines, each 6 kilometres long and spaced 400 metres apart, for a total of 102 line-kilometres. The survey will provide high-resolution 3D resistivity and chargeability imaging to depths of more than 600 metres, mapping the geological structures that may control mineralization, such as faults, fractures and alteration zones. The survey will also delineate mineralized zones at depth beneath and adjacent to the Zuun Mod molybdenum-copper deposit and map lithology, refining the geological model. Results are expected in Q1 2027 and will be used to generate and prioritize drill targets, particularly for copper at Khuvyn Khar and for extensions of the Zuun Mod deposit.

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 fourth 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 Tereg Uul 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.

In 2025, ERD completed license-wide geophysical programs including ground magnetics, gravity and dipole-dipole induced polarization (IP) surveys. Several geophysical anomalies have been identified and will be tested with a scout drilling program in Q2 2026. In addition, geological mapping and rock chip geochemical sampling was carried out and identified a zone of anomalous gold mineralization over an area ~2km by 800m, and open in all directions. Multiple rock chip samples returned anomalous results from 0.1 g/t to 4.1 g/t gold with elevated tellurium, antimony, bismuth, molybdenum, silver and lead. Mineralization is hosted within semi-sheeted, steeply dipping quartz veins cutting an alkali granite host and interpreted as a potential intrusion related gold-vein system (IRGS) and is referred to as the Web Prospect. IRGS deposits include Fort Knox in Alaska (>7 Moz), Brewery Creek (~1 Moz) and Dublin Gulch (~1.3 Moz) both in the Yukon.

In Q2 2026, a scout drilling program was completed to test targets identified during the 2025 prospecting and geophysical programs. The program consisted of eleven drill holes totaling 2,710 metres. Two drill holes (TUDH-01 and TUDH-11) focused on geophysical signatures located in the eastern and central portions of the exploration license respectively. These holes provided a glimpse into the subsurface geology and stratigraphy of the Tereg Uul area which was previously undrilled. In addition to the geologic value of these holes, TUDH-11 interested a 110-metre-thick carbonaceous coal bearing sequence, beginning 50 metres from surface, as well as anomalous native copper and gold mineralization within a propylitically altered andesite.

The remaining nine holes (TUDH-02 to TUDH-10) were drilled within the northern portion of the license to follow up on gold in rock chip sample results collected in 2025 (up to 4.1g/t Au) related to sheeted quartz veins cross-cutting an alkali granite at the Web Prospect. Except for TUDH-02, which was abandoned at 40 metres depth due to a clay filled fault, all drill holes intersected anomalous gold mineralization with multiple 1 metre intervals grading more than 0.1g/t gold over a ~1.5-kilometre strike length. The most significant hole was TUDH-03 with the thickest downhole zone of continuous gold mineralization with 10 metres averaging 0.17 g/t gold. Multielement geochemical analysis shows a strong direct correlation between the gold mineralization and elevated tellurium and bismuth suggesting an elemental pathfinder suite consistent with an intrusion related gold system.

In Q3 2026, geologists completed a systematic geochemical soil sampling grid over the entire Tereg Uul license area and conducted petrography analysis on the drill core from the Q2 program. Results from this work are pending, but will inform future exploration work.

Acquisitions

Mongolia's Ministry of Mining and Heavy Industry periodically issues areas for acquisition of exploration licenses through a tendering process. Erdene has established the largest proprietary geologic database of Southwest Mongolia with a priority list of acquisition targets. The Company, directly, and through its investment in EM, 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, 2026 and 2025

The following table summarizes exploration and evaluation expenses for the three months ended September 30, 2026 and 2025.

	For the three months ended September 30,		
	2026	**2025**	**Change**
Direct exploration costs	**$ 521**	$ 425	96
Employee compensation costs	**346**	448	(102)
Share-based compensation	**83**	-	83
Amount reimbursed by associate	**(420)**	(294)	(126)
	$ 530	$ 579	$ (49)

Exploration and evaluation expenses totaled $530 for the three months ended September 30, 2026, compared to $579 for three months ended June 30, 2025.

Direct exploration costs for the three months ended September 30, 2026 were $96 more than those in the comparative prior year quarter largely due to expenditures related to the expert technical review of Erdene's properties as part of the recent GeoSymposium.

Employee compensation costs for the three months ended September 30, 2026 were $102 less than those in the comparative prior year quarter as cost-of-living adjustments in the current year quarter were more than offset by the impact of first gold bonus accruals booked in the prior year quarter and the partial retirement of a senior member of Erdene's technical team.

Non-cash share-based compensation for the three months ended September 30, 2026 was $83 greater than the prior year comparative quarter as the current year quarter reflected vesting of restricted share units that were granted in the first quarter of 2026 while the prior year quarter had no share-based compensation.

The Corporation and its associate, EM, are parties to an agreement under which EM reimburses the Corporation US$1.375 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, 2026 were $126 greater than those in the prior year comparative quarter as the agreement was amended effective January 1, 2026, to reflect additional effort by Erdene under the agreement.

The following table summarizes corporate and administration expenses for the three months ended September 30, 2026 and 2025.

	For the three months ended September 30,		
	2026	**2025**	**Change**
Administrative services	**$ 227**	$ 261	$ (34)
Investor relations and marketing	**135**	108	27
Office and sundry	**48**	36	12
Professional fees	**107**	96	11
Regulatory compliance and Board	**87**	105	(18)
Share-based compensation	**75**	247	(172)
Travel and accommodations	**9**	12	(3)
	$ 688	$ 865	$ (177)

Corporate and administration expenses totaled $688 for the three months ended September 30, 2026, compared to $865 for three months ended June 30, 2025.

Administrative services expenses for the three months ended September 30, 2026, were $34 less than in the comparative prior year quarter as cost-of-living adjustments in the current year quarter were more than offset by a reduction in compensation related to the impact of first gold bonus accruals booked in the prior year quarter.

Investor relations and marketing expenditures for the three months ended September 30, 2026, were $27 greater than in the prior year quarter due to an increase in digital marketing efforts during the current year.

Office and Sundry expenses for the three months ended September 30, 2026, were $12 greater than in the prior year quarter due to higher insurance costs upon policy renewals and an increase in depreciation associated with an ERP system implemented in 2025.

Professional fees for the three months ended September 30, 2026, were $11 greater than those in the prior year quarter primarily due to an increase in the 2026 audit accrual, partially offset by a reduction in corporate advisory activity.

Regulatory compliance and board expenditures for the three months ended September 30, 2026, were $18 less than in the prior year quarter due to the timing of expenses related to the Company's annual general meeting, partially offset by an increase in director compensation following an update to the remuneration program in early 2026.

Non-cash share-based compensation for the three months ended September 30, 2026 was $172 less than the comparative prior year quarter mainly due to the impact of the grant of options to a strategic advisor in the prior year quarter.

Nine months ended September 30, 2026 and 2025

The following table summarizes exploration and evaluation expenses for the nine months ended September 30, 2026 and 2025.

	For the nine months ended September 30,		
	2026	**2025**	**Change**
Direct costs	**$ 1,398**	$ 699	699
Employee compensation costs	**1,511**	1,695	(184)
Share-based compensation	**494**	572	(78)
Amount reimbursed by associate	**(1,256)**	(899)	(357)
	$ 2,147	$ 2,067	$ 80

The following table summarizes corporate and administration expenses for the nine months ended September 30, 2026 and 2025.

	For the nine months ended September 30,		
	2026	**2025**	**Change**
Administrative services	**$ 992**	$ 1,063	$ (71)
Investor relations and marketing	**369**	242	127
Office and sundry	**139**	98	41
Professional fees	**325**	309	16
Regulatory compliance and Board	**443**	295	148
Share-based compensation	**421**	934	(513)
Travel and accommodations	**119**	83	36
	$ 2,808	$ 3,024	$ (216)

Summary of Quarterly Results

Expressed in thousands of Canadian dollars except per share amounts

	Fiscal 2026				Fiscal 2025			Fiscal 2024
	Q3 Sep	Q2 June	Q1 Mar	Q4 Dec	Q3 Sep	Q2 June	Q1 Mar	Q4 Dec
Loss from operating activities	($1,218)	($1,402)	($2,335)	($1,355)	($1,444)	($1,173)	($2,474)	($1,273)
Income (loss) from investment in associate	$10,593	$11,201	$6,963	$4,510	($1,347)	($2,996)	($2,084)	$1,425
Finance income	$185	$200	$138	$40	$42	$50	$56	$45
Net income (loss)	$9,558	$9,993	$4,764	$3,190	($2,749)	($4,122)	($4,501)	($2,011)
Basic income (loss) per share	$0.14	$0.15	$0.07	$0.05	($0.04)	($0.07)	($0.07)	($0.03)
Diluted income (loss) per share	$0.14	$0.15	$0.07	$0.05	($0.04)	($0.07)	($0.07)	($0.03)
Total assets	$109,139	$100,130	$88,109	$56,067	$55,878	$56,467	$62,655	$63,000

For the three months ended September 30, 2026, the Corporation recognized net income of $9,558 compared to a net loss of $2,749 for the same quarter in 2025.

The Corporation's expenditures have historically varied from quarter to quarter, largely due to the timing of its Mongolian exploration and evaluation and development programs. However, with the commencement of gold production at EM's Bayan Khundii Gold Project in September 2025, financial results are most greatly impacted by performance of the mine, reported as income (loss) from investment in associate. The Corporation is not aware of any other specific trends which account for fluctuations in financial results from period to period.

Liquidity, Capital Resources, Cash Flows and Selected Financial Information

Liquidity

The Company's net assets and working capital position were as follows at the most recent period and year end dates:

		September 30, 2026		December 31, 2025
Assets				
Cash and cash equivalents	**$**	**25,253**	$	4,659
Other current assets		**683**		536
Current assets		**25,936**		5,195
Other non-current assets		**83,203**		50,872
Total Assets	**$**	**109,139**	**$**	56,067
Liabilities				
Other current liabilities	**$**	**893**	$	1,469
Non-current liabilities		**43**		64
Total Liabilities		**936**		1,533
Net Assets		**108,203**		54,534
Working Capital [(1)]	**$**	**25,043**	$	3,726

(1) Working capital is defined as current assets less current liabilities.

As at September 30, 2026, the Company had a positive working capital of $25,043. The Company does not anticipate any liquidity constraints over the next 12 months. Management expects that available liquidity will be sufficient to meet all contractual obligations and planned expenditures for the foreseeable future.

Cash Flows

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Cash used in operating activities	**$ (788)**	$ (1,036)	**$ (5,073)**	$ (3,607)
Cash flows (used in) from financing activities	**(644)**	947	**27,086**	2,369
Cash flows used in investing activities	**(1,097)**	(403)	**(1,414)**	(681)
Effect of exchange rate changes on cash balances	**(7)**	2	**(5)**	(6)
(Decrease) increase in cash and cash equivalents	**(2,536)**	(490)	**20,594**	(1,925)
Cash and cash equivalents, beginning of period	**27,789**	5,863	**4,659**	7,298
Cash and cash equivalents, end of period	**$ 25,253**	$ 5,373	**$ 25,253**	$ 5,373

Operating activities

Net cash used in operating activities totaled $788 for the three months ended September 30, 2026, compared to $1,036 for the three months ended September 30, 2026, with the reduction compared to the prior year period primarily attributable to reduced exploration and evaluation spend in the current period. For the nine months ended September 30, 2026, the Company used $5,073 for operating activities, compared to $3,607 in the comparative prior year period, with the period over period change primarily due to the settlement of accrued first gold performance bonuses in 2026, following the commissioning of the Bayan Khundii Gold Mine in 2025.

Financing activities

Net cash used in financing activities totaled $644 for the three months ended September 30, 2026, compared to net cash from financing activities of $947 during the three months ended September 30, 2026, as the Company repurchased shares through its normal course issuer bid in the current period, while the prior year quarter saw proceeds from the exercise of incentive stock options. Net cash from financing activities of $27,086 for the nine months ended September 30, 2026, was well ahead of the comparative prior year period, primarily due to proceeds from the $27 million bought deal private placement offering in February 2026.

Investing activities

Net cash used in investing activities totaled $1,097 for the three months ended September 30, 2026, compared to $403 during the three months ended September 30, 2026, due to increased investments in the Company's wholly owned Zuun Mod and Tereg Uul properties during the current period. For the nine months ended September 30, 2026, the Company used $1,414 for investing activities, compared to $681 in the comparative prior year period, with the period over period change due to exploration effort, which is concentrated in the second and third quarters of the calendar year.

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 deferred share units 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 and deferred share units in the accompanying consolidated financial statements and related notes reflect this share consolidation for all periods presented, unless otherwise specified.

On September 30, 2026, the Company launched a normal course issuer bid ("NCIB"), under which it may purchase up to an aggregate 4,900,000 common shares for cancellation, representing approximately 10% of the 49,386,538 public float of Common Shares as of June 17, 2026. The NCIB will terminate on June 29, 2027, or on an earlier date in the event that the maximum number of Common Shares sought under the NCIB have been repurchased. For the nine months ended September 30, 2026, the Company repurchased and cancelled 130,300 shares (2025 – Nil) at a total cost of $725 (2025 – $0), including $4 in transaction costs (2025 – $0).

Authorized

An unlimited number of common shares with no par value.

Issued and Outstanding Share Capital

	November 4, 2026	December 31, 2025
Common shares issued and outstanding	65,462,744	61,874,216
Options outstanding	2,697,396	2,975,239
DSU's outstanding	1,560,766	1,613,751
RSU's outstanding	129,000	-
Total instruments outstanding	**69,849,906**	**66,463,206**

Capital Management

Capital includes all components of shareholders' equity. The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern, to maintain a flexible capital structure which optimizes cost of capital at acceptable risk, and to provide reasonable returns to shareholders. The Company manages the capital structure and makes adjustments in light of changes in economic conditions, foreign exchange rates and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to improve working capital.

Contractual Obligations

The following table summarizes the maturity of the Corporation's contractual obligations at September 30, 2026:

	Total	Less than one year	1 - 2 years	More than 2 years
Office leases	$ 77	$ 32	$ 32	$ 13
Trade and other payables	$ 866	$ 866	$ -	$ -
	$ 943	**$ 898**	**$ 32**	**$ 13**

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 Mongol LLC, a Mongolian company jointly held with MMC. 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 principle available under the shareholder loan was initially US$50 million, with a further US$30 million available at MMC's discretion. The loan matures five years from the date of first draw and accrues interest at a rate of 13.8% per annum, paid quarterly in arrears. EM capitalized the first four interest payments. The loan is repayable in full upon maturity in February 2029. At September 30, 2026, the balance outstanding

was US$53 million, including capitalized interest, following the repayment of US$20 million by EM during the quarter.

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. 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. On April 23, 2026, the financing documents were amended, extending the term to December 2027, and reducing the interest rate to 11.8% per annum. As at September 30, 2026, US$40 million is outstanding on the facility, following the repayment of US$10 million by EM during the quarter.

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, 2026, 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, 2025. 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 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.

Changes in Accounting Policies

New and amended standards adopted

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 application of the amendment has been made on a prospective basis, effective January 1, 2026, and did not have an impact on the Corporation.

New accounting standards not 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 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.

Non-IFRS Measures

The Company has included certain non-IFRS performance measures throughout this MD&A. These performance measures are employed by management to assess the Company's operating and financial performance. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and stakeholders will use these non-IFRS measures to evaluate the Company's operating and financial performance. However, these non-IFRS performance measures do not have any standardized meaning and may therefore not be comparable to similar measures presented by other issuers. Accordingly, these non-IFRS performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS.

The Company believes Cash Cost is an important statistic used to measure operating performance. The Company calculates Cash Costs for its investment in EM as costs of sales reported under IFRS by EM, adjusted for the impact of non-cash depreciation and changes in gold inventory, all divided by total gold ounces sold to arrive at a per-ounce figure.

The Company believes AISC more fully defines the total costs associated with producing gold at EM. The Company calculates AISC for EM as the sum of Cash Costs, sustaining exploration costs and sustaining capital costs, all divided by the gold ounces sold to arrive at a per-ounce figure.

Other companies may calculate these measures differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining capital versus growth capital. The US dollar equivalent was derived using the average monthly exchange rates published by the Bank of Canada and the Bank of Mongolia, as applicable.

To facilitate a better understanding of these measures as calculated by the Corporation, the following table provides the detailed reconciliation of these measures to the applicable cost items, as reported in the 2026 Condensed Consolidated Interim Financial Statements relating to the Company's Investment in EM.

	Units	For the three months ended September 30, 2026	For the nine months ended September 30, 2026
Costs of Sales	CAD$	32,185	95,400
Depreciation	CAD$	(3,755)	(9,933)
Changes in Inventory	CAD$	443	(8)
Total Cash Costs	CAD$	28,874	85,459
Gold ounces sold	ounces	11,853	32,089
Cash cost per gold ounce sold	**CAD$ per ounce**	**2,436**	**2,663**
Average FX for the period	CAD$ / US$	0.7151	0.7226
Cash cost per gold ounce sold	**US$ per ounce**	**1,742**	**1,924**
Cash costs	CAD$	28,874	85,459
Sustaining exploration costs	CAD$	234	1,193
Sustaining capital costs	CAD$	1,523	3,723
All-in sustaining costs	CAD$	30,630	90,375
Gold ounces sold	ounces	11,853	32,089
AISC per gold ounce sold	**CAD$ per ounce**	**2,584**	**2,816**
Average FX for the period	CAD$ / US$	0.7151	0.7226
AISC per gold ounce sold	**US$ per ounce**	**1,848**	**2,035**

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, 2026 and three months ended June 30, 2025, 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, 2026, $405 or 2% of the balance of cash was held in banks outside Canada (December 31, 2025 - $159 or 3%).

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 and cash equivalents, receivables and trade and other payables.

The Corporation's exposure to US dollar currency risk was $729 as at September 30, 2026 (December 31, 2025 - $459). A 10% change in the US dollar exchange rate would affect net loss and other comprehensive loss (income) and deficit by approximately $73 (December 31, 2025 – $46).

The Corporation's exposure to Mongolian Tugrik currency risk was $23 as at September 30, 2026 (December 31, 2025 - $24). A 10% change in the Mongolian Tugrik would affect net loss and other comprehensive loss (income) and deficit by approximately $2 (December 31, 2025 – $2).

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 revenues.

Other Risks

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

Disclosure Controls and Internal 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, 2026 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, 2026. 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, 2026, 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

Jon Lyons, FAusIMM, is the Qualified Person as that term is defined in National Instrument 43-101 and oversees the Bayan Khundii Mine operations for the Corporation and has reviewed and approved the technical information related to the BK Mine and the Zuun Mod PEA. Mr. Lyons is the Chief Development Officer for Erdene and is not independent of the Corporation.

Peter Dalton, P.Geo. (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 Parksdale 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 and on the Corporation's website at www.erdene.com.