



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2025

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This Management Discussion and Analysis (“MD&A”), dated August 11, 2025, relates to the operating results and financial condition of Erdene Resource Development Corporation (“Erdene” or the “Company” or the “Corporation”) and should be read in conjunction with the Corporation’s unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and 2024 and the audited consolidated financial statements for the years ended December 31, 2024 and 2023, and the notes thereto. The consolidated financial statements of the Corporation have been prepared in Canadian dollars in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”).

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

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

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

Company Overview

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

The Company holds interests in three mining licenses and an exploration license in southwest Mongolia, where 20 years of exploration success has led to the discovery of the Khundii Minerals District (“KMD”). Covering an area approximately 50 by 100 kilometres, elongated northwest, the KMD hosts the Altan Nar (“AN”), Bayan Khundii (“BK”) and Dark Horse Mane (“DH”) epithermal gold deposits, the Ulaan and Greater Dark Horse gold prospects, the Zuun Mod (“ZM”) molybdenum-copper porphyry deposit, and several other prospects. The KMD is located within the Trans Altai Terrane of the Central Asian Orogenic Belt (“CAOB”).

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

Bayan Khundii is a high-grade, open-pit gold mine that is expected to produce approximately 85,000 ounces per annum at low-costs. At June 30, 2025, construction of the Bayan Khundii Gold Project was 99% complete, with first gold pour expected in late Q3 2025 and commercial production before the end of 2025.

Highlights and Significant Subsequent Events

Bayan Khundii Gold Project

- Substantially completed construction of BK as at June 30, 2025
 - Forecasting first gold production in late Q3 2025 and commercial production by end of 2025
 - Mining operations, processing plant and site non-process infrastructure, including camp, warehouse, chemical storage facility, received state commissioning approvals during June, 2025
 - 454 contractors and staff on site at the end of Q2 2025 achieving total recordable injury frequency rate of 0.2 per 200,000 person hours and no reportable environmental incidents to date
 - Incurred US\$115 million of capital and operating expenditures to the end of Q2 2025 – undrawn liquidity of up to US\$31M available to EM to complete commissioning and ramp up
- Commenced mining and processing commissioning and completed permitting
 - Subsequent to quarter end, the chemicals usage permit was received, the last major approval needed to commence operations
 - Mine pre-production commenced in May 2025, including top-soil stripping, Run-of-Mine (ROM) pad establishment, stormwater protection installation, and heavy vehicle roads establishment
 - Dry commissioning of process plant is underway
- Completed 201-hole ore-control drill program in advance of initial mining
 - Multiple holes intersected very high-grade mineralization (exceeding 20 g/t Au), with highlight results of 6 metres of 481.9 g/t Au (BKGC-1062) and 5 metres of 73.5 g/t Au (BKGC-1071)
 - 76% of holes intersected gold values exceeding 0.3 g/t Au up to 60 metres beyond mineralized blocks in the previously reported resource estimate
- Delivered on community development and local employment stakeholder programs
 - Approximately 35% of site personnel are residents of Bayankhongor province
 - Continued support for local development initiatives such as road upgrades and internship program for the local students to work in Shinejinst soum during summer break.
 - Actively cultivating provincial contractors on site infrastructure and environmental stewardship programs

Khundii Minerals District Exploration & Development

- Engaged RPMGlobal to prepare an updated independent mineral resource for Zuun Mod
 - Report scheduled to be delivered in Q3 2025

Corporate

- Entered an option agreement to acquire up to 80% of the Tereg Uul Copper-Gold porphyry prospect
 - Prospect is located ~10km southwest along trend of the Oyu Tolgoi copper deposit
- Received shareholder approval to undertake a 6:1 consolidation of common shares
 - Consolidation is expected to be completed during Q3 2025
- Recorded net loss of \$4,122,330 for the three months ended June 30, 2025, compared to net loss of \$1,868,814 for the three months ended June 30, 2024
 - Exploration and evaluation expenses totaled \$514,224 for the three months ended June 30, 2025, compared to \$596,590 in the prior year comparative quarter, as a reduction in incentive compensation payments in the current year quarter as a result of timing, more than offset higher stock based compensation related to the grant of options to executives of EM in June 2025
 - Corporate and administrative expenses totaled \$658,353 for the three months ended June 30, 2025, compared to \$667,030 for the three months ended June 30, 2024, with the year-on-year change primarily due to reduction in stock based compensation due to the timing of the grant of options in Q1 2025 versus Q2 2024, partially offset by higher professional fees associated with the change in auditor and increased regulatory legal fees for the 2025 annual general meeting
 - Loss from investment in associate, representing the Company's joint venture interest in the loss of EM, totaled \$2,995,481 for the three months ended June 30, 2025, compared to \$644,607 in the prior year comparative quarter due to an increase in interest expenditures by EM to finance construction at BK

Strategy and Outlook

Erdene is focused on the discovery and development of precious and base metal deposits in the KMD. Erdene's priority is bringing BK to production in 2025 through its strategic partnership with MMC, and through exploration and acquisition, expanding and subsequently developing other deposits in the KMD.

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

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

Exploration suggests the greater Khundii-Ulaan alteration zone, including the BK and Dark Horse Mane deposits and the Ulaan prospect are part of the same, large, gold-bearing hydrothermal system, that shows the potential to host a multimillion-ounce gold deposit. In late 2024, a six-hole diamond drilling program, totaling 950 metres tested the potential for expansion of near-pit resources to the west and north of the planned Bayan Khundii open-pit. All holes intersected gold mineralization, including the highest-grade results to date in an area west of the planned BK open pit, known as Striker West. Additionally, recent exploration at the Greater Dark Horse and Ulaan prospects provided new targets for follow-up while the large Altan Nar Gold system, 16 kilometres north of Bayan Khundii, is scheduled for exploration and technical study in 2026.

Concurrently, Erdene is progressing its ZM project, one of Asia's largest undeveloped molybdenum-copper deposits. Erdene engaged RPMGlobal to prepare an updated independent mineral resource report for ZM, that is scheduled to be delivered in Q3 2025. Beyond the ZM Deposit, the broader license hosts several high-potential copper and molybdenum prospects. Multiple copper mineralized zones have been intersected in wide-spaced drilling, including 34 metres of 1.3% copper and 9.24 grams per tonne ("g/t") silver from 308 to 342 metres (hole ZMD-121). The large ZM porphyry complex remains largely untested and management sees several potential areas for resource expansion and discovery across the license.

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.

Additionally, the Company will selectively evaluate precious and industrial metals opportunities in other parts of the country where Erdene's historical work demonstrated prospectivity. In July 2025 the Company entered an option agreement to acquire an up to 80% interest in the Tereg Uul Copper-Gold porphyry prospect, located approximately 10 kilometres southwest, along trend, from Oyu Tolgoi, one of the largest copper-gold deposits globally.

Bayan Khundii Project Update

Schedule and Budget

At the end of Q2 2025, construction was 99% complete, with state construction approvals received for all major facilities in mid-June 2025. Process plant commissioning commenced in May 2025, and first gold production is scheduled for late Q3 2025.

Project expenditures, including commissioning and pre-operating expenditures, were approximately US\$115 million to June 30, 2025. EM's current finances are forecasted to fund the project through to first gold in late Q3, with up to US\$31M of undrawn liquidity available to fund commissioning and ramp up.

Health, Safety & Environment

At the end of Q2 2025, there were 454 staff and contractors on site. Since the start of construction, the Project has logged a total of 4 million person-hours worked. For 2025 to date, the total recordable injury frequency rate was 0.2 per 200,000 person hours.

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

Mining

Mine pre-production commenced in May 2025, including top-soil stripping, Run-of-Mine (ROM) pad establishment, stormwater drainage installation, and heavy vehicle roads establishment. At the end of Q2 2025, EM extracted over 780,000 tonnes of material from the BK pit, including approximately 500 tonnes of low-grade ore for use in the initial plant commissioning scheduled for next quarter. At June 30, 2025, the mining fleet consisted of four dump trucks, two excavators, two dozers and associated support equipment.

Ore-Control Drilling

During Q2 2025, additional drilling was undertaken to define mineralized zones beyond the previously recognized boundary of gold mineralization. A further 201 reverse circulation ("RC") holes were completed, locally, on a 5 metre spaced grid, up to 60 metres beyond the perimeter of the previously defined ore-zone reported in August 2023. These holes were designed to test ore being delivered to the plant over the next several months, and therefore are shallow, (above the 1225 metre elevation) averaging 12.2 metres depth and ranging from vertical to 60 degree dip. Based on the orientation of the zones, true width would range from approximately 80 to 100% of down hole intersection width.

Results confirmed that the majority of the area tested is mineralized with 76% of holes returning intervals above 0.3 g/t Au, and approximately 30% of holes returning higher grade or thicker intervals averaging more than 5 gram-metres ("gm") (equal to gold grade in g/t multiplied by metres) and approximately 10% of holes exceeded 20 gm Au. Multiple holes intersected very high-grade mineralization (exceeding 20 g/t Au), with highlight results including the highest grade intersection to date, 2,370 g/t over 1 metre within 6 metres of 481.9 g/t Au (BKGC-1062) and 5 metres of 73.5 g/t Au (BKGC-1071). See the table included as an appendix to this MD&A for greater than 20 gm Au highlights.

These results are being analyzed with the 918 ore control drill holes previously announced and incorporated into the updated block model to support ongoing mine planning and scheduling. Ore mining has commenced in areas of defined lower grade material for initial start-up ore feed in late August.

Operational Readiness

Procurement of the required tools, consumables and spares has been defined and purchasing undertaken according to plan, beginning with long lead items. Mining operations began as planned this quarter. Process

plant operations, metallurgical, and maintenance personnel have been hired, onboarded, and integrated into the company's dedicated, inter-disciplinary commissioning team.

Permitting

Statutory inspections and approvals of the relevant government authorities for the mine was completed this quarter for all facilities and the mine site overall. Final chemicals permitting is on track for completion in Q3 ahead of the planned first ore commissioning.

Human Resources

At the end of the second quarter, 454 people were employed at the project site, including contractors and permanent staff. Approximately 35% of site personnel were residents of Bayankhongor province. Of the Project's total direct employees, 17% were female. Hiring at EM for the start of mining and processing operations proceeded as planned in the quarter, with the required personnel onboarded to start mining and commissioning of the process plant.

Community Programs

Beyond the Project's employment at site, the Company has supported equipment operator training for residents of Bayankhongor Province through a partnership with MMC. To date, over 160 people completed the training, and 90 percent of trainees received offers of full-time employment at MMC's Ukhua Khudag mining complex. The majority of participants were redeployed to Bayan Khundii this quarter. At least two additional operator trainings are planned in 2025, with a target of at least 200 people completing the training.

The Company maintains a Local Cooperation Agreement ("LCA") with the Provincial and Sub-Provincial governments that host BK as well as the company's other projects in Bayankhongor. Under this agreement, the Company supports local development programs focused on public infrastructure, education and health.

Additionally, EM is conducting community development programs focused on small and medium-sized entities through a micro finance program, local procurement, supporting public health services, youth education support, and support for agricultural communities.

Development and Exploration Projects

NI 43-101 Technical Reports – Resources and Reserves

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

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

Bayan Khundii Gold Project

On August 15, 2023, Erdene announced the results of an updated independent Bankable Feasibility Study for the Bayan Khundii Gold Project ("2023 FS"). The report, titled "Bayan Khundii Gold Project Feasibility Study Update, NI 43-101 Technical Report", dated September 25, 2023, and with an effective date of August 15, 2023, was prepared by international and Mongolian firms with significant experience operating in Mongolia.

The 2023 FS envisions a high-grade, open pit mine beginning at surface in the southern portion of the BK deposit (Striker and Gold Hill), expanding northward into adjacent zones at Midfield and North Midfield. The Dark Horse deposit will commence mining concurrently with BK from the third year of operations. The Project incorporates conventional crushing and grinding, leach and a carbon in pulp plant with processing capacity of 1,950 tonnes per day. The 2023 FS includes 4.0 million mineable tonnes from the BK resource at an average diluted head grade of 4.0 g/t gold, all of which are Proven and Probable Reserves. The 2023 FS is based on an open-pit mining operation targeting 650,000 tonnes per year of feed material for the

processing plant. The average strip ratio of 10.9:1 (waste tonne : plant feed tonne). Mineralization starts at surface, with the majority of the deposit contained within the top 100 metres.

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

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

BK Gold Deposit – Mineral Resource Estimate Summary, April 2023

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

Notes:

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

Dark Horse Mane Mineral Resource Estimate

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

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

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

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

Notes:

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

of 90% for oxide, 87% for transitional and 30% for fresh Au mineralisation. The conceptual optimised pit shell was constructed using a gold price of US\$ 2,000 per ounce, which is 1.4 times the long-term consensus forecast price.

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

BK and DH Reserve Estimate

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

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

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

BK Gold Deposit – Mineral Reserve Summary

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

Dark Horse Gold Deposit – Mineral Reserve Summary

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

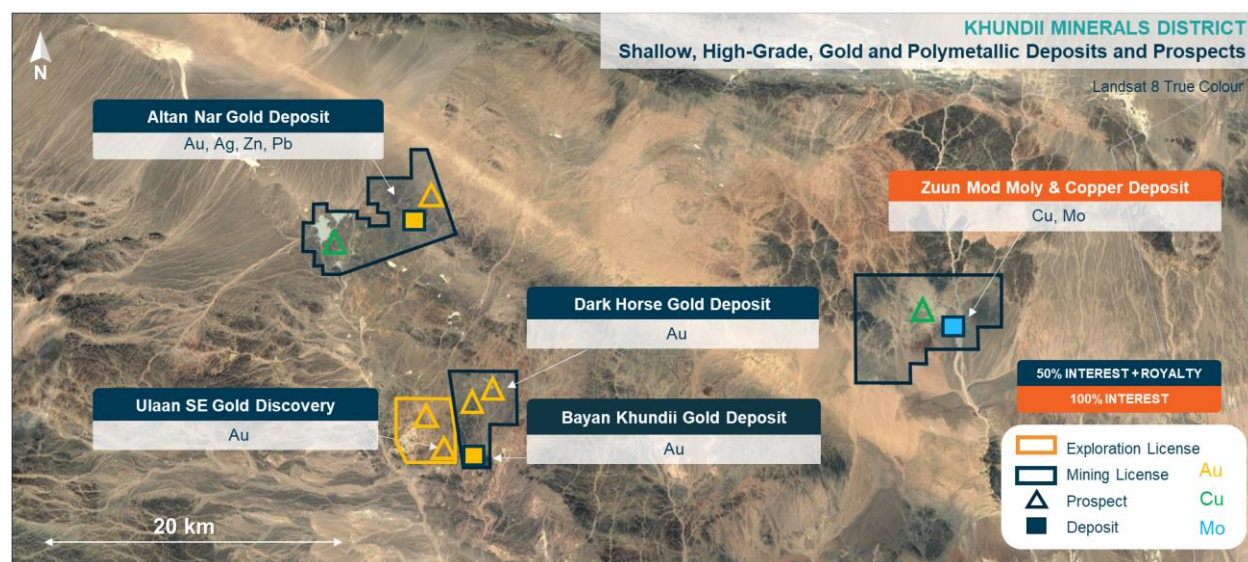
Notes:

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

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

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

Khundii Minerals District Exploration



The Khundii Minerals District includes EM's high-grade, near-surface Bayan Khundii, Dark Horse Mane and Altan Nar deposits, Ulaan SE and Greater Dark Horse prospects and Erdene's Zuun Mod Molybdenum-Copper resource. Erdene has been the leader in exploration in southwest Mongolia over the past two decades and is responsible for the discovery of the KMD, comprised of multiple high-grade gold and base metal prospects. In addition to the Bayan Khundii Project, the Company has identified several other prospects, particularly within the Khundii-Ulaan Trend, that show the potential to hold gold-copper deposits of scale.

Regional drilling has been restricted to shallow targets with average drill depths of about 100 metres with approximately 70% of regional drill holes having intersected anomalous gold mineralization (defined as >0.1 g/t gold). Success has been driven by the abundance of untested, near surface geochemical and geophysical targets in a region that has had no previous modern exploration. Recent exploration successes testing shallow targets, and the definition of three deposits, exposed at surface, are testament to the discovery potential of this new district.

Greater Dark Horse Prospect

The Greater Dark Horse prospect area (approximately 20 square kilometres) is located in the northern portion of the Khundii mining and Ulaan exploration licenses. To date, the Company has completed 25,132 metres of drilling in 236 holes ranging in vertical depths from 8 to 318 metres within the Greater Dark Horse prospect.

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

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

The Dark Horse Mane shallow oxide zone begins at surface, hosting supergene enriched gold zones with values up to 195 g/t over 1 metre and ranging in thickness from 20 to 60 metres vertical depth with locally deeper oxidation along fractures. The high-grade oxide body exhibits strong continuity along a north-south

strike. Mineralization remains open along strike and at depth; however, the core of the near-surface mineralization forms the basis of the Dark Horse Mane Reserve estimate that forms part of the BK Project.

In 2024, EM conducted geological and geochemical evaluations over a 4-kilometre by 3-kilometre portion of the Greater Dark Horse area. This area is characterized by an expansive gold-in-soil geochemical anomaly which contains both the high-grade Dark Horse Mane supergene gold deposit and numerous early-stage gold prospects. Exploration focused on parallel structures to the north-south trending Dark Horse Mane feature and the northeast trending Altan Arrow fault, identified as two of the main gold-bearing features in the prospect area. A total of 163 rock chip samples were collected, resulting in the identification of several new high-grade gold mineralized zones. Results from the Altan Arrow fault, a 1.8-kilometre northeast trending structural feature, included a sample returning 37.7 g/t gold, as well as twelve samples with silver grades exceeding 50.0 g/t Ag including two samples greater than 100 g/t Ag, in addition to samples with anomalous lead, molybdenum and antimony, indicator elements in gold prospects.

Work in 2025 is expected to include trenching and drilling within the Greater Dark Horse area focusing on expansion of Dark Horse Mane deposit, continued definition of the Altan Arrow fault and identification of parallel structures east of Dark Horse Mane.

Ulaan Southeast

In June 2021, the Company completed the maiden gold exploration program in the southern portion of the Ulaan license, reporting a significant new gold discovery just 300 metres west of the Bayan Khundii Deposit. Results to date, including follow-up drilling in 2022, have confirmed a significant gold discovery at Ulaan SE. Multiple drill holes have returned hundreds of metres (up to 354 metres) of gold mineralization, often ending in mineralization, over an area 200 metres by 250 metres. Gold mineralization begins approximately 80 metres from surface with anomalous gold intersected as shallow as 4 metres depth (UDH-18) and remains open along strike to the west/northwest and at depth. Gold grades up to 156 g/t are related to intense quartz $\pm$ hematite veins and stockwork zones enveloped by the same gold bearing silicified, white mica altered lapilli tuff sequence which hosts Erdene's Bayan Khundii epithermal gold deposit, located just east on the Khundii mining license.

Highlight interceptions at Ulaan SE since the initial discovery include:

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

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

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

Altan Nar

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

Altan Nar is an intermediate sulphidation, carbonate base-metal gold ("CBMG") deposit with similarities to prolific gold deposits such as Barrick Gold's Porgera mine (Papua New Guinea), Rio Tinto's formerly producing Kelian mine (Indonesia), Lundin Gold's Fruta Del Norte deposit (Ecuador), and Continental

Gold's Buritica project (Colombia). CBMG deposits generally occur above porphyry intrusions in arc settings and may extend for more than 500 metres vertically.

Altan Nar received limited exploration over the past few years as EM focused on the Bayan Khundii discovery. In late Q4 2019, the Company drilled five holes totaling 667 metres in DZ. Four holes tested the high-grade core area of the Discovery Zone, over a 130-metre strike length, 70 metres of which remains untested by drilling ("Gap Zone"). The fifth hole tested the southern extension of the deposit. Results from the 2019 program, including the intersection of 45.7 g/t gold, 93.4 g/t silver, 1.54% lead and 3.40% zinc over 7 metres beginning at approximately 70 metres vertical depth, within 23 metres grading 17 g/t gold, are amongst the strongest to date. Many of the 2019 high-grade intersections are locally outside or in areas of previously low-grade resource blocks and therefore expand the DZ high-grade core indicating consistency in high-grade mineralization within the identified ore horizon. These results are expected to positively impact the resource at Altan Nar and open the way for further expansion along strike and elsewhere in the district. The program also demonstrated continuity of anomalous gold and base metals along the structural corridor to the south of the DZ, which will be tested further in upcoming programs.

Indicated Mineral Resources have been established for the Discovery Zone and Union North prospects. The remaining 16 targets at Altan Nar are prospective and EM intends to complete further drilling on the license to increase understanding of the system. RPMGlobal calculated the mineral resource estimate for Altan Nar in May 2018 at a number of gold cut-offs, however, RPM recommends reporting the Altan Nar mineral resource at cut-off of 0.7 g/t AuEq2 (see definition for AuEq2 in note 8 below) above a pit and 1.4 g/t AuEq2 below the same pit shell.

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

Notes:

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

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

Zuun Mod Molybdenum-Copper Project

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

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

lbs of contained molybdenum and 240.5 Mlbs of contained copper. RPMGlobal has been contracted to prepare an updated mineral resource report for ZM which is expected to be delivered in Q3 2025.

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

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

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

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

This new gold prospect hosts the highest gold concentrations discovered to date on the Zuun Mod mining license and may indicate a geochemical shift from the Mo/Cu porphyry defined in the east to a more gold-rich environment in the west.

Follow-up work planned for 2025 includes detailed mapping, geophysical surveys and trenching. Additionally, a 10,000-metre drill program has been designed to further expand the known Zuun Mod deposit, with the timing of this program to be confirmed.

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

Tereg Uul Copper-Gold Porphyry Prospect

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

The property is located approximately 10 kilometres southwest from the Oyu Tolgoi mine, along the Oyu Tolgoi mineralization corridor, and 5 kilometers south of the Oyu Tolgoi license boundary near Entrée/Oyu Tolgoi's joint venture Railway copper-gold prospect. The porphyry trend continues south through the Tereg Uul license to the Khatsavach Uul porphyry copper prospect located 10 kilometres south of Tereg Uul. Although modern exploration is limited due to closure since 2009, state sponsored mapping in the late 1980s and exploration on the license in the early 2000s by Ivanhoe Mines identified geophysical and

geochemical anomalies which remain undrilled. The license is underlain by favorable Paleozoic host rocks of similar ages to those which host the Oyu Tolgoi deposits. The Tereg Uul property also contains several anomalous gold occurrences related to epithermal style veins at surface and base metal geochemical signatures. Exploration is expected to commence in late Q3 2025.

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

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

Acquisitions

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

Discussion of Operations

Three months ended June 30, 2025 and 2024

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

	For the three months ended June 30,		
	2025	2024	Change
Direct costs	\$ 163,378	\$ 123,741	\$ 39,637
Employee compensation costs	406,696	574,861	(168,165)
Share-based compensation	240,750	165,179	75,571
Costs reimbursed by associate	(296,600)	(267,191)	(29,409)
	\$ 514,224	\$ 596,590	\$ (82,366)

Exploration and evaluation expenses totaled \$514,224 for the three months ended June 30, 2025, compared to \$596,590 for three months ended June 30, 2024.

Direct costs for the three months ended June 30, 2025 were \$39,637 greater than those in the comparative prior year quarter due to the write-off of capitalized exploration expenditures associated with a non-core property in the current period, partially offset by a reduction in international travel.

Employee compensation costs for the three months ended June 30, 2025 were \$168,165 less than those in the comparative prior year quarter primarily due to the timing of annual incentive bonus payments, which were made in Q1 2025 compared to Q2 2024.

Non-cash share-based compensation for the three months ended June 30, 2025 was \$75,571 greater than the comparative prior year quarter due to the timing of discretionary DSU grants, which were made in Q1 2025 versus Q2 2024, partially offset by costs associated with the grant of incentive stock options to EM executives in the current year quarter.

The Corporation and its associate, EM, are parties to an agreement under which EM reimburses the Corporation US\$1 million per annum, less applicable withholding taxes, for the provision of geologic and technical services. Costs reimbursed by associate for the three months ended June 30, 2025 were \$29,409 greater than the prior year quarter due to the impact of an adjustment for Mongolian withholding taxes related to the Q1 2024 payment.

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

	For the three months ended June 30,		
	2025	2024	Change
Administrative services	\$ 262,883	\$ 260,275	\$ 2,608
Directors fees and expenses	32,500	39,151	(6,651)
Investor relations and marketing	57,168	41,209	15,959
Office and sundry	24,315	20,254	4,061
Professional fees	123,446	71,367	52,079
Regulatory compliance	58,359	26,499	31,860
Share-based compensation	88,200	196,747	(108,547)
Travel and accommodations	11,482	11,528	(46)
	\$ 658,353	\$ 667,030	\$ (8,677)

Corporate and administrative expenses totaled \$658,205 for the three months ended June 30, 2025, compared to \$667,030 for the three months ended June 30, 2024.

Investor relations and marketing expenditures for the three months ended June 30, 2025, were \$15,959 greater than in the prior year quarter due to the engagement of IR consultants in the current year to assist the Company with marketing in advance of first gold from Bayan Khundii in 2025.

Professional fees for the three months ended June 30, 2025, were \$52,079 greater than those in the prior year quarter as a result of an accrual for increased audit fees in 2025 associated with the commissioning of the Project and a change in auditor.

Regulatory compliance expenditures for the three months ended June 30, 2025, were \$31,860 greater than in the prior year quarter as a result of additional legal support for the annual general meeting due to the planned share consolidation and auditor transition.

Non-cash share-based compensation for the three months ended June 30, 2025 was \$108,547 less than the comparative prior year quarter due to the timing of discretionary DSU grants which were issued in Q1 of 2025 and Q2 2024, respectively.

Administrative services, Directors' fees and expenses, Office and sundry, fees and Travel and accommodations expenditures for the three months ended June 30, 2025, were not materially different from those incurred in the prior year comparative quarter.

Six months ended June 30, 2025 and 2024

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

	For the six months ended June 30,		
	2025	2024	Change
Direct costs	\$ 272,864	\$ 299,453	\$ (26,589)
Employee compensation costs	1,248,195	1,060,297	187,898
Share-based compensation	571,500	518,129	53,371
Costs reimbursed by associate	(604,745)	(498,133)	(106,612)
	\$ 1,487,814	\$ 1,379,746	\$ 108,068

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

	For the six months ended June 30,		
	2025	2024	Change
Administrative services	\$ 802,333	\$ 678,017	\$ 124,316
Directors fees and expenses	60,000	70,401	(10,401)
Financing costs	-	1,269,124	(1,269,124)
Investor relations and marketing	133,371	149,084	(15,713)
Office and sundry	61,891	56,537	5,354
Professional fees	212,392	161,665	50,727
Regulatory compliance	130,425	90,173	40,252
Share-based compensation	687,625	883,043	(195,418)
Travel and accommodations	71,171	86,574	(15,403)
	\$ 2,159,208	\$ 3,444,618	\$ (1,285,410)

Summary of Quarterly Results

Expressed in thousands of Canadian dollars except per share amounts

	Fiscal 2025			Fiscal 2024			Fiscal 2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	June	Mar	Dec	Sep	June	Mar	Dec	Sep
Net loss (income)	\$4,122	\$4,501	\$2,011	\$1,688	\$1,869	\$2,678	\$1,176	\$1,200
Basic loss (income) per share	\$0.01	\$0.01	\$0.01	\$0.00	\$0.00	\$0.01	\$0.00	\$0.01
Total assets	\$56,467	\$62,655	\$63,000	\$55,729	\$57,189	\$57,820	\$59,063	\$60,663

For the three months ended June 30, 2025, the Corporation recognized a net loss of \$4,122,330 compared to a net loss of \$1,868,814 for the same quarter in 2024.

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

Liquidity and Capital Resources

At the date of this MD&A, the Corporation had approximately \$5.4 million of cash and working capital of \$4.7 million, calculated as current assets less current liabilities.

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

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

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

Outstanding Share Data

Authorized

An unlimited number of common shares with no par value.

Issued and Outstanding Share Capital

	August 11, 2025	December 31, 2024
Common shares issued and outstanding	366,131,958	362,136,958
Options outstanding	21,825,000	22,445,000
DSU's outstanding	10,392,331	9,991,248
Total instruments outstanding	398,349,289	394,573,206

Contractual Obligations

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

	Total	Less than one year	1 - 2 years	More than 2 years
Office leases	\$ 116,404	\$ 31,161	\$ 31,519	\$ 53,724
Accounts payable and accrued liabilities	\$ 1,118,076	\$ 1,118,076	\$ -	\$ -
	\$ 1,234,480	\$ 1,149,237	\$ 31,519	\$ 53,724

Other Financing Arrangements and Commitments

MMC Strategic Alliance

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

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

The shareholder loan is for US\$50 million providing the funding for construction of the Bayan Khundii gold mine and processing complex. The loan may be drawn in up to five tranches, in multiples of at least US\$5 million. The loan will mature five years from the date of first draw and accrue interest at a rate of 13.8% per annum, paid quarterly in arrears. EM has the option to capitalize the first four interest payments. The loan will be repayable in full upon maturity. A further US\$30 million, under the same terms, is available at MMC's discretion. As at June 30, 2025, EM has drawn US\$49 million of the shareholder loan, and the balance outstanding was US\$56 million, including capitalized interest.

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

Bayan Khundii Working Capital Facility

On December 4, 2024, EM executed financing documents with the Trade and Development Bank of Mongolia ("TDB") for a working capital facility to commission the Bayan Khundii Gold Project. The up to US\$50 million facility has a term of 24 months and will be repayable through six equal payments during the final six months of the loan term. The facility will bear interest at a rate of 13.3% per annum and is secured by Bayan Khundii's process plant assets. As at June 30, 2025, EM has drawn the full US\$50 million facility.

Sandstorm Gold Ltd. Royalty Agreement

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

Other

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

Off-Balance Sheet Arrangements

As at June 30, 2025, the Corporation had no off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risks to the Corporation, other than those detailed above.

Critical Judgments and Estimates in Applying Accounting Policies

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

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

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

Determination of significant influence

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

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

Impairment of investment in associate

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

Adoption of New Accounting Standards and Future Changes in Accounting Policies

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

IAS 21 – The Effects of Changes in Foreign Exchange Rates

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

The following new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending December 31, 2025, and have not been applied in preparing Erdene's consolidated statements.

IFRS 18 – Presentation and Disclosure in the Financial Statements

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

IFRS 7 & 9 – Financial Instruments and Disclosures

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

Financial Instruments and Other Risks

Financial Instruments

The fair values of the Corporation's financial instruments are considered to approximate the carrying amounts. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes levels to classify the inputs to valuation techniques used to measure fair value.

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

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

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

Fair Value

During the three months ended June 30, 2025 and three months ended June 30, 2024, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities. The fair value of financial assets and liabilities are approximately equal to their carrying values given the short term to maturity of such instruments.

Credit Risk

The Corporation manages credit risk by holding the majority of its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low. At June 30, 2025, \$5,456 or 0% of the balance of cash was held in banks outside Canada (December 31, 2024 - \$121,756 or 2%).

Liquidity Risk

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

Market Risk

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

Interest rate risk

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

Foreign Currency Risk

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

The Corporation's exposure to US dollar currency risk was \$93,203 as at June 30, 2025 (December 31, 2024 - \$401,688). A 10% change in the US dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately \$9,300 (December 31, 2024 - \$40,200).

The Corporation's exposure to Mongolian Tugrik currency risk was \$2,320 as at June 30, 2025 (December 31, 2024 - \$25,393). A 10% change in the Mongolian Tugrik would affect net loss and comprehensive loss and deficit by approximately \$230 (December 31, 2024 - \$2,500).

Price Risk

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

Other Risks

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

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 June 30, 2025 and have concluded that such procedures are adequate and effective to provide reasonable assurance that material information relating to Erdene and its consolidated subsidiaries would be made known to them by others within those entities to allow for accurate and complete disclosures in its filings.

The Management of Erdene, with the participation of the CEO and CFO (collectively "Management"), is responsible for establishing and maintaining adequate internal control over financial reporting. Erdene's internal control over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with IFRS.

Management evaluated the design and effectiveness of Erdene's internal control over financial reporting as of June 30, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its report "Internal Control – Integrated Framework (2013)". This evaluation included reviewing controls in key risk areas, assessing the design of these controls, testing these controls to determine their effectiveness, reviewing the results and then developing an overall conclusion.

Based on Management's evaluation, the CEO and CFO concluded that as of June 30, 2025, Erdene's internal control over financial reporting were effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

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

Qualified Person

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

The disclosure in this MD&A of scientific or technical information about mineral projects on Erdene's properties has been reviewed and approved by Peter Dalton, P. Geol., 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.

Appendix – Bayan Khundii Ore-Control Drill Results

Intervals exceeding 20 gram-metres gold (interval multiplied by average gold grade)

Hole ID	From	To	Interval	g/t Au	G*M
BKGC-994	0	9	9	2.77	24.93
BKGC-1023	5	10	5	4.11	20.55
BKGC-1030	5	8	3	12.03	36.09
Incl	6	7	1	35.10	
BKGC-1042	0	3	3	11.97	35.91
Incl	0	1	1	31.10	
BKGC-1053	5	10	5	8.43	42.15
Incl	5	7	2	19.53	
BKGC-1054	0	3	3	9.11	27.33
Incl	0	1	1	25.90	
BKGC-1062	5	11	6	481.90	2891.40
Incl	5	8	3	960.70	
Incl	6	7	1	2370.00	
BKGC-1070	7	13	6	68.33	409.98
Incl	8	11	3	135.22	
Incl	8	9	1	308.00	
Incl	9	11	2	48.83	
BKGC-1071	5	10	5	73.53	367.65
Incl	7	8	1	10.10	
Incl	9	10	1	350.00	
BKGC-1073	6	11	5	6.90	34.50
Incl	9	10	1	28.60	28.60
BKGC-1094	4	7	3	32.43	97.29
Incl	4	6	2	48.30	
BKGC-1098	0	4	4	6.34	25.36
Incl	2	3	1	14.00	
BKGC-1114	0	8	8	11.05	88.40
Incl	4	5	1	70.40	
BKGC-1122	2	7	5	5.59	27.95
Incl	5	6	1	18.10	
BKGC-1131	0	3	3	6.85	20.55
Incl	1	2	1	12.75	
BKGC-1134	0	17	17	2.60	44.20
BKGC-1137	0	3	3	13.58	40.74
Incl	0	1	1	39.40	
BKGC-1149	4	8	4	6.94	27.76
Incl	5	6	1	21.20	
BKGC-1180	1	3	2	20.36	40.72
Incl	1	2	1	40.50	