



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2025

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This Management Discussion and Analysis (“MD&A”), dated March 24, 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 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 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 production at Bayan Khundii, 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-east 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 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 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, through its 50% owned associate Erdene Mongol LLC (“EM”), holds interests in two 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”), including the producing Bayan Khundii (“BK”) gold mine. BK is a high-grade, open pit mine that poured first gold in September 2025 and is currently in the ramp-up phase, forecast to produce approximately 85,000 ounces per annum at low cost when full production is achieved.

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

Erdene also holds a 5% Net Smelter Return (“NSR”) royalty on all mineral production from the Khundii, Altan Nar and Ulaan licenses, and any properties acquired within five kilometres of these licenses, after the first 400,000 ounces of gold is recovered. Erdene holds a 100% interest in the Zuun Mod copper-molybdenum project and in July 2025 the Company entered an option agreement to acquire up to 80% of the Tereg Uul property, located along trend from Oyu Tolgoi, projected to be the fourth largest copper producer globally by the end of this decade. The Company is actively seeking opportunities to expand its portfolio of projects.

Highlights and Significant Subsequent Events

Bayan Khundii Gold Mine

- Completed construction, commissioning and permitting for BK mine during Q3 2025
 - BK has been designed to process 650,000 tonnes of ore and produce up to 85,000 oz of gold per annum – mill achieved up to 88% of nameplate throughput in December 2025
 - Direct construction costs totaled US\$120 million, within approximately 20% of the project budget
- Produced and sold 7,434 ounces gold and 2,634 ounces silver in 2025, following first pour in September
 - EM realized weighted average price of US\$4,187/oz and US\$54/oz, respectively
- Drilled over 5,000 metres at DH and Altan Arrow to test near mine resource expansion potential
 - Expanded high-grade gold mineralization in Dark Horse South with near surface intersections including 9 g/t gold over 19 metres and 28.7 g/t gold over 3 metres
 - Intersected multiple zones of gold mineralization within transition to primary material at Dark Horse North, including 43 metres of 1.9 g/t gold that are potentially suitable for heap leaching
 - Returned near surface intersections, including a meter of 16.2 g/t gold within a wider interval of 16 metres averaging 1.4 g/t gold, beginning 6 metres from surface, as well as silver intersections of up to 124 g/t over two metres at Altan Arrow
 - Defined broad zones of lower grade ore potentially suitable for heap leach at Dark Horse North
- Delivered on community development and local stakeholder programs
 - Approximately 40% of site personnel are residents of Bayankhongor province, and 14% of direct EM employees are female, as at the end of the year
 - Engaged local contractors on mine site services and environmental stewardship programs

Khundii Minerals District Exploration & Development

- Prepared updated independent mineral resource estimate for Zuun Mod in October 2025
 - 22% increase in Measured and Indicated molybdenum (“Mo”) resources to 333 million pounds (“Mlbs”) and 90% increase in Inferred Mo resources to 300 Mlbs
 - 16% increase in Measured and Indicated copper (“Cu”) resources to 384 Mlbs and 75% increase in Inferred Cu resources to 350 Mlbs
 - Preliminary Economic Assessment planned for completion in mid-2026

- Completed 3,362 meter, 24-hole drill program on the Khuvyn Khar license in late 2025
 - Eighteen holes testing the upper 150 metres of the Zuun Mod deposit confirmed and, in some cases, expanded continuity in the mineral resource
 - Intersected 30 metres of 1.25% Cu at the Khuvyn Khar copper-silver prospect, 4 kms from ZM

Corporate

- Entered option agreement to acquire up to 80% of the Tereg Uul Copper-Gold porphyry prospect
 - License is located ~10km southwest along trend of the Oyu Tolgoi copper-gold deposit
 - Prospecting and geophysical surveys identified gold and copper targets for drill testing in 2026
- Completed 6:1 consolidation of common shares on September 2, 2025
 - Reduced the number of outstanding Common Shares from 366,351,958 to 61,063,549
- Closed a bought deal private placement for gross proceeds of \$28,747,000 in February 2026
 - Issued 3,230,000 common shares at a price of \$8.90 per common share
- Recorded net loss of \$8,181,842 for the year ended December 31, 2025, compared to net loss of \$8,245,886 for the year ended December 31, 2024
 - Exploration and evaluation expenses totaled \$2,448,232 for the year ended December 31, 2025, compared to \$1,852,642 for the year ended December 31, 2024, with the year over year increase primarily due to expenditures associated with the Tereg Uul property optioned in July 2025 and increased efforts on new project evaluation
 - Corporate and administrative expenses totaled \$3,997,960 for the year ended December 31, 2025, compared to \$5,043,058 for the year ended December 31, 2024, with the year-on-year reduction primarily due to one-time costs associated with project finance and the close of the Strategic Alliance in the prior year, partially offset by cost of living adjustments in the current year
 - Loss from investment in associate, representing the Company's joint venture interest in the loss of EM, totaled \$1,917,471 for the year ended December 31, 2025, compared to \$3,245,109 for the year ended December 31, 2024 due as the net proceeds from gold sales in Q3 and Q4 2025, partially offset increased interest expenditures following the completion of construction of BK

Strategy and Outlook

Erdene's priority is to support EM's ramp up of BK to target production, and through exploration and acquisition, expand and subsequently develop other deposits in the KMD and other prospective areas 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 high-quality washed hard coking coal in Mongolia. The shares of MMC 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 and Dark Horse Mane deposits and the Ulaan prospect are believed to be part of the same, large, gold-bearing hydrothermal system, that shows the potential to host a multimillion-ounce gold deposit. The focus of exploration going forward will be expansion of known deposits in this system, as well as exploration for new gold mineralized zones. In 2026, exploration and technical studies will also focus on the large Altan Nar Gold system, 16 kilometres north of BK.

Concurrently, Erdene is advancing its ZM project, one of Asia's largest undeveloped molybdenum-copper deposits, to preliminary economic assessment ("PEA") in 2026. In early October 2025, the Company reported an updated independent mineral resource, and in early 2026 drill results were announced. The drill program successfully outlined additional molybdenum mineralization in the near surface expected to positively influence the PEA outcomes. Additional drilling and technical studies are scheduled through mid-2026. Beyond the ZM Deposit, the license hosts several high-potential 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.

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. Exploration in 2025 identified a zone of anomalous gold mineralization over an area 2km by 800m. In addition, license-wide geophysical surveys identified several targets. A scout drilling program is planned for Q2 2026 to test the gold and geophysical targets.

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

Bayan Khundii Mine Update

Schedule and Budget

Development of the BK mine was completed in September 2025, following the receipt of state construction approvals and permits for all major facilities in Q2 2025 and the successful commissioning of the BK process plant during Q3 2025. BK mine milling throughput reached 88% of the nameplate design capacity of 81 tonnes per hour by the end of 2025. Direct construction costs to build Bayan Khundii totaled US\$120 million, within approximately 20% of the project budget. EM had US\$13 million of cash at December 31, 2025.

Health, Safety & Environment

At the end of 2025, there were 476 staff and contractors on site. Since the start of construction, the Project has logged a total of 4.9 million person-hours. For 2025, the total recordable injury frequency rate was 1.80 per million person hours.

Zero reportable environmental incidents occurred in the year. Environmental management efforts remain focused on mitigating potentially adverse impacts and advancing environmental protection activities, such as endemic vegetation trials at the two-hectare plantation at the BK mine.

Mining

Mine pre-production commenced in May 2025, including top-soil stripping, Run-of-Mine (ROM) pad formation, stormwater drainage installation, and heavy vehicle roads establishment. By the end of 2025, EM had moved 5.2Mt of material, including 4.8Mt of overburden and mineralized waste. Due to higher gold prices, 55% more ore was mined than initially planned, as cut-off grade was reduced by 30% versus the target in the most recent feasibility study. In 2025, 365Kt of ore were mined at an estimated grade of 2.4 g/t gold and 145kt ore was delivered to the plant at a measured grade of 2.0 g/t gold, with the balance in stockpile at year end. At December 31, 2025, the mining fleet consisted of 11 dump trucks, three excavators, three dozers and associated support equipment.

Processing

Construction of the process plant was completed in mid-2025 and equipment commissioning and testing was completed in September 2025. The plant began processing low-grade ore in early September 2025, and the Process Plant began processing the main ore feed from mid-September 2025. A total of 145 kt ore averaging 2.0 g/t gold was processed in 2025. The process plant milling throughput reached an average of 71.9 t/h in December 2025, equal to 88% of the nameplate design capacity.

Exploration

In late 2025 5,433 metres was drilled at Dark Horse and Altan Arrow along a 3 kilometre trend, to test the potential expansion of near surface high-grade oxide mineralization and lower grade resources potentially suitable for heap leach processing along the trend of mineralization north and northeast of the Dark Horse deposit. The program expanded high-grade gold mineralization at Dark Horse South (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. In addition, at Dark Horse North, drilling results confirmed that a large zone of lower grade oxide gold mineralization is present to the north of the DHS reserve area. Recent drilling results included multiple intersections including oxide, transition and primary material up to 43 metres apparent thickness with average gold grades greater than 1 g/t Au. To the northeast of Dark Horse North, at Altan Arrow, Q4 2025 drilling 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.

Human Resources

At December 31, 2025, 476 people were employed at the project site, including contractors and permanent staff. Approximately 40% of site personnel were residents of Bayankhongor province. Of the Project's total direct employees, 14% were female.

Community Programs

EM has supported equipment operator training for residents of Bayankhongor Province through a partnership with Mongolian Mining Corporation (MMC). As at the end of 2025, over 180 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 operators were redeployed to the BK mine this year.

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, and agricultural initiatives.

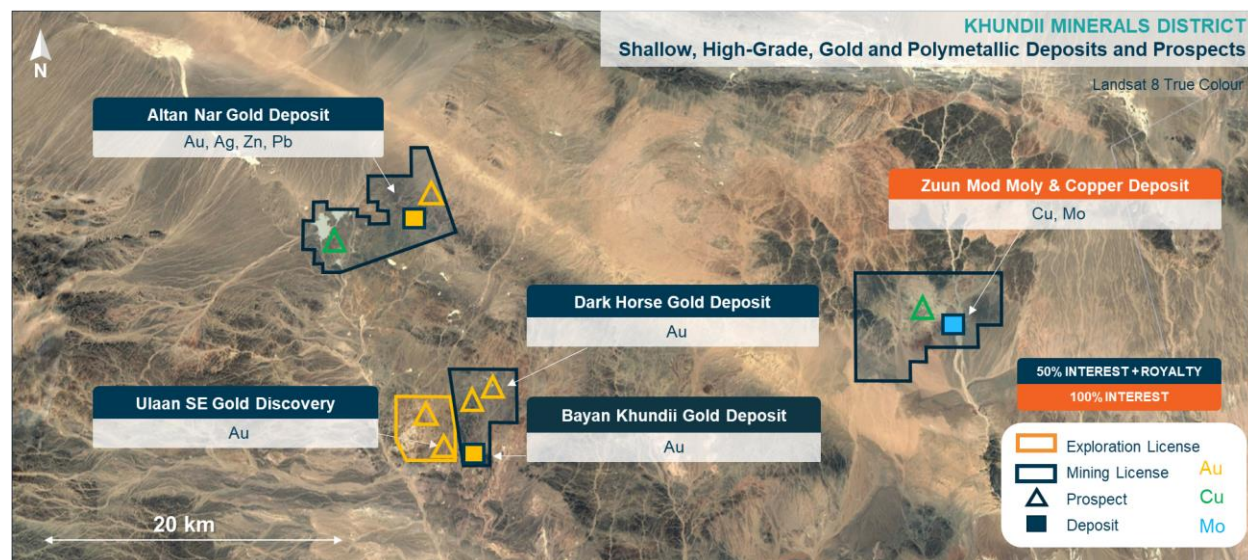
Development and Exploration Projects

NI 43-101 Technical Reports – Resources and Reserves

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

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

Khundii Minerals District Exploration



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

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

Greater Dark Horse Prospect

The Greater Dark Horse prospect (approximately 20 km²) is located in the northern portion of the Khundii mining and Ulaan exploration licenses held by EM. To date, the Company has completed 30,503 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 2024, EM conducted geological and geochemical evaluations over a 4-kilometre by 3-kilometre portion of the Greater Dark Horse area. This area is characterized by an expansive gold-in-soil geochemical anomaly which contains both the high-grade Dark Horse Mane supergene gold deposit and numerous early-stage gold prospects. Exploration focused on parallel structures to the north-south trending Dark Horse Mane feature and the northeast trending Altan Arrow fault, identified as two of the main gold-bearing features in the prospect area. A total of 163 rock chip samples were collected, resulting in the identification of several new high-grade gold mineralized zones. Results from the Altan Arrow fault, a 1.8-kilometre northeast trending structural feature, included a sample returning 37.7 g/t gold, as well as twelve samples with silver grades exceeding 50.0 g/t Ag including two samples greater than 100 g/t Ag, in addition to samples with anomalous lead, molybdenum and antimony, indicator elements in BK gold prospects.

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.

Furthermore, a composite sample of gold-mineralized oxide drill core material from Dark Horse North has been sent for metallurgical testing to be evaluated for heap leach amenability, which could lead to a low-cost gold production expansion opportunity.

Ulaan Southeast

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.

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.

The Ulaan project will be submitted for application for converting from an exploration license to a mining license in H2 2026.

Altan Nar

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

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

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

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

Cut-off AuEq2 g/t	Resource 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, 215 kilometres from railhead on the Mongolia-China border at Ceke, and 35 kilometres east of BK. The property consists of a mining license totaling 6,041 hectares. The mining license is registered in the name of Anian Resources LLC ("AN"), a wholly owned subsidiary of the Corporation. This project was acquired from Gallant Minerals Limited in 2005 and is subject to a net smelter returns royalty ("NSR Royalty") of 1.5% held by Versamet Royalties, subject to a buy-down provision.

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

In late 2025, a 3,362-metre, 24-hole drill program was completed across the Khuvyn Khar license. The program included 18 holes testing the upper 150 metres of the Zuun Mod deposit, and one hole extension (ZMD-98), seeking to improve confidence and continuity of molybdenum mineralization in the North Racetrack area, at depth. With the exception of the extension of hole ZMD-98, all holes were drilled at an angle of between -45 and -60 degrees. Two additional holes (ZMD-162 and 163) were drilled to test copper porphyry targets and a further three scout holes were drilled to test a gold prospect 3.8 kilometres west of the Zuun Mod deposit. Results from this program will be incorporated into an updated mineral resource estimate that will be used as the basis for a preliminary economic assessment ("PEA"), scheduled to be delivered in mid-2026.

The near surface drilling intersected high-grade Mo and Cu mineralization within the upper 130 metres vertically. Multiple holes returned grades exceeding 0.07% Molybdenum Equivalent ("MoEq") over downhole lengths of up to 112 metres, with multiple holes ending in mineralization. The results support the updated resource model, confirming both near vertical and sub-horizontal orientation of mineralization and infilling areas previously modeled as having low or no mineralization.

Extension hole ZMD-98, located in a lower confidence northern portion of the deposit, intersected nearly continuous molybdenum and copper mineralization, and ended in mineralization at 450 metres depth. When combined with the previously reported results, the hole returned 374 metres (76 to 450 metres) of 0.066% MoEq within the central portion of the North Racetrack zone. Future drilling will focus on this high-grade zone, which remains open both vertically and laterally.

One of the holes targeting copper mineralization, drill hole ZMD-162 was designed to expand on the mineralization intersected in ZMD-121, completed in late 2010. ZMD-162 was collared 125 metres from ZMD-121 and drilled on a southwest azimuth, toward ZMD-121, and intersected the reported mineralized interval at 286 metres (269 metres vertical depth), returning 65 metres of 0.63% copper and 2.9 g/t silver mineralization, including a higher grade zone of 30 metres averaging 1.25% Cu and 6.1 g/t Ag. The altered and mineralized zone extends from 238 metres downhole to the end of the hole at 450 metres, characterized by moderate to intense potassic alteration with associated chalcopyrite and pyrite mineralization. Zones of highest copper and silver mineralization are within quartz potassium-feldspar granite with sulphide content of 5 to 40%. Advanced geophysical surveys and drilling are planned for 2026 to follow up on the copper results at Khuvyn Khar.

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 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 expected to 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. A series of scout drill holes are planned in Q2 to test the extent and grade of the gold mineralization at the Web prospect along strike and at depth.

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 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.

Selected Annual Financial Information

The following financial data (in Canadian \$ thousands, except per share amounts) are derived from the Corporation's audited consolidated financial statements for the years ended December 31, 2025, 2024 and 2023 respectively:

Fiscal Year Ended December 31	2025	2024	2023
Loss (income) for the year	\$ 8,182	\$ 8,246	\$ (522)
Basic and diluted loss (income) per share	\$ 0.13	\$ 0.14	\$ (0.00)
Total assets	\$ 56,067	\$ 63,000	\$ 59,063

Discussion of Operations

Years ended December 31, 2025 and 2024

The following table summarizes exploration and evaluation expenses for the years ended December 31, 2025 and 2024.

	For the years ended December 31,		
	2025	2024	Change
Depreciation	\$ 5,622	\$ 4,227	\$ 1,395
Direct costs	846,996	383,557	463,439
Employee compensation costs	2,223,645	2,046,890	176,755
Share-based compensation	571,500	518,129	53,371
Amount reimbursed by associate	(1,199,531)	(1,100,161)	(99,370)
	\$ 2,448,232	\$ 1,852,642	\$ 595,590

Exploration and evaluation expenses totaled \$2,448,232 for the year ended December 31, 2025, compared to \$1,852,642 for year ended December 31, 2024.

Direct costs for the year ended December 31, 2025 were \$463,439 greater than those in the comparative prior year due to exploration expenditures associated with the Tereg Uul property, which the Company optioned in Q3 2025, as well as an increase in new project evaluation efforts.

Employee compensation costs for the year ended December 31, 2025 were \$176,755 greater than those in the comparative prior year due to cost-of-living adjustments and the impact of first gold bonus accruals for senior staff.

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 year ended December 31, 2025 were largely consistent with those in the comparative period.

The following table summarizes corporate and administration expenses for the year ended December 31, 2025 and 2024.

	For the years ended December 31,		
	2025	2024	Change
Administrative services	\$ 1,332,226	\$ 1,198,872	\$ 133,354
Financing costs	-	1,495,147	(1,495,147)
Investor relations and marketing	472,714	487,533	(14,819)
Office and sundry	147,057	122,465	24,592
Professional fees	499,460	379,827	119,633
Regulatory compliance and Board	379,843	205,650	174,193
Share-based compensation	1,016,808	1,054,714	(37,906)
Travel and accommodations	149,852	98,850	51,002
	\$ 3,997,960	\$ 5,043,058	\$ (1,045,098)

Corporate and administration expenses totaled \$3,997,960 for the year ended December 31, 2025, compared to \$5,043,058 for year ended December 31, 2024.

Administrative services expenses for the year ended December 31, 2025 were \$133,354 greater than those in the comparative prior year due to cost-of-living adjustments and an increase in first gold bonus accruals for senior staff.

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

Investor relations and marketing expenditures for the year ended December 31, 2025, were \$14,819 less than in the prior year as expenditures related to an investor site tour in the prior year more than offset higher investor relations consultant costs in the current year.

Office and sundry expenditures for the year ended December 31, 2025, were \$24,592 greater than those in the prior year due to increased technology costs associated with the implementation of an ERP system.

Professional fees for the year ended December 31, 2025, were \$119,663 greater than those in the prior year due to an increase in accrued audit fees for 2025 associated with first gold production at Bayan Khundii, as well as incremental legal fees related to business development.

Regulatory compliance and board expenditures for the year ended December 31, 2025, were \$174,193 greater than in the prior year due to expenditures related to the Company's auditor transition, share consolidation, additional listing fees associated with both the TSX and US based OTC, as well as increases in travel expenditures and meeting fees for the Board of Directors.

Non-cash share-based compensation for the year ended December 31, 2025 was \$37,906 less than the comparative prior year as fewer incentive stock options were granted to employees, partially offset, by an increase in the value per instrument, as a result of the strong performance of the Company's shares.

Travel and accommodations expenditures for the year ended December 31, 2025, were \$51,002 greater than the prior year due to an increase corporate travel during the current period to support marketing and corporate initiatives.

Fourth Quarter

Exploration and evaluation expenses totaled \$381,085 for the three months ended December 31, 2025, representing exploration team salaries and associated support costs for the period. Expenses were greater than the prior year comparative quarter due primarily to work at Tereg Uul, which was optioned in 2025.

Corporate and administrative expenses totaled \$973,860 for the three months ended December 31, 2025, including \$268,848 of salaries and administrative expenditures, \$84,979 of public company costs, professional fees of \$190,901, non-cash share-based compensation of \$82,733 and miscellaneous administrative expenditures, including travel, office and investor relations totaling \$346,399. Expenses were less than the prior year comparative quarter as the prior year quarter included costs associated with the close of the Strategic Alliance with MMC and an investor site trip, partially offset by higher salaries in the current year quarter due to cost-of-living adjustments.

Income from investment in associate of \$4,509,758 for the three months ended December 31, 2025, compared to loss from investment in associate of \$1,424,837 for the three months ended December 31, 2024, as the current quarter was the first period of gold production.

Summary of Quarterly Results

Expressed in thousands of Canadian dollars except per share amounts

	Fiscal 2025				Fiscal 2024			
	Q4 Dec	Q3 Sep	Q2 June	Q1 Mar	Q4 Dec	Q3 Sep	Q2 June	Q1 Mar
Net income (loss)	\$3,190	(\$2,749)	(\$4,122)	(\$4,501)	(\$2,011)	(\$1,688)	(\$1,869)	(\$2,678)
Basic income (loss) per share	\$0.05	(\$0.04)	(\$0.07)	(\$0.07)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.05)
Total assets	\$56,067	\$55,878	\$56,467	\$62,655	\$63,000	\$55,729	\$57,189	\$57,820

For the three months ended December 31, 2025, the Corporation recognized net income of \$3,190,179 compared to a net loss of \$2,011,119 for the same quarter in 2024.

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, financial results will be most greatly impacted by performance of the mine. 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 \$29.2 million of cash and working capital of \$28.8 million, calculated as current assets less current liabilities.

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

The Corporation has historically had minimal sources of income. It is therefore difficult to identify any meaningful trends or develop an analysis from the Corporation's cash flows. Until the Corporation receives dividends from its investment in EM, the Corporation will be dependent primarily on the issuance of share capital and debt to finance its development and exploration programs.

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

Outstanding Share Data

At the 2025 Annual General and Special Meeting of Shareholders, held on June 25, 2025, Shareholders approved the consolidation of the Company's issued and outstanding common shares on the basis of one (1) post-consolidation common share for every six (6) pre-consolidation common shares. The consolidation reduced the number of issued and outstanding common shares from 366,351,958 common shares to 61,063,549 common shares, effective September 2, 2025. Outstanding stock options and 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.

Authorized

An unlimited number of common shares with no par value.

Issued and Outstanding Share Capital

	March 24, 2026	December 31, 2025
Common shares issued and outstanding	65,252,554	61,874,216
Options outstanding	2,984,901	2,975,239
DSU's outstanding	1,613,751	1,613,751
RSU's outstanding	129,000	-
Total instruments outstanding	69,980,206	66,463,206

Contractual Obligations

The following table summarizes the maturity of the Corporation's contractual obligations at December 31, 2025:

	Total	Less than one year	1 - 2 years	More than 2 years
Office leases	\$ 100,824	\$ 31,161	\$ 32,056	\$ 37,607
Trade and other payables	\$1,444,437	\$1,444,437	\$ -	\$ -
	\$1,545,261	\$1,475,598	\$ 32,056	\$ 37,607

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 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, and in integral multiples of \$US1 million. The loan will mature five years from the date of first draw and accrue interest at a rate of 13.8% per annum, paid quarterly in arrears. EM has the option to capitalize the first four interest payments. The loan will be repayable in full upon maturity. A further US\$30 million, under the same terms, is available at MMC's discretion. As at December 31, 2025, EM has drawn a total of US\$64 million of the shareholder loan, and the balance outstanding was US\$73 million, including capitalized interest.

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

Bayan Khundii Working Capital Facility

On December 4, 2024, EM executed financing documents with the Trade and Development Bank of Mongolia ("TDB") for a working capital facility to commission the Bayan Khundii Gold Project. The up to US\$50 million facility has a term of 24 months and will be repayable through six equal payments during the final six months of the loan term. The facility bears interest at a rate of 13.3% per annum and is secured by Bayan Khundii's process plant assets. As at December 31, 2025, EM has drawn the full US\$50 million facility.

Royal Gold Inc. Royalty Agreement

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

Other

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

Off-Balance Sheet Arrangements

As at December 31, 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, 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

IAS 21 – The Effects of Changes in Foreign Exchange Rates

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

New accounting standards not 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.

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.

Financial Instruments and Other Risks

Financial Instruments

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

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

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

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

Fair Value

During the year ended December 31, 2025 and year ended December 31, 2024, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities. The fair value of financial assets and liabilities are approximately equal to their carrying values given the short term to maturity of such instruments.

Credit Risk

The Corporation manages credit risk by holding the majority of its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low. At December 31, 2025, \$159,413 or 3% 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 and cash equivalents, receivables and trade and other payables.

The Corporation's exposure to US dollar currency risk was \$459,138 as at December 31, 2025 (December 31, 2024 - \$401,688). A 10% change in the US dollar exchange rate would affect net loss and other comprehensive loss (income) and deficit by approximately \$45,900 (December 31, 2024 – \$40,200).

The Corporation's exposure to Mongolian Tugrik currency risk was \$23,730 as at December 31, 2025 (December 31, 2024 - \$25,393). A 10% change in the Mongolian Tugrik would affect net loss and other comprehensive loss (income) and deficit by approximately \$2,400 (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 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 December 31, 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 December 31, 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 December 31, 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

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. Mr. Lyons is the Chief Development Officer for Erdene and is not independent of the Corporation.

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. 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.