



# Management's Discussion and Analysis

## Third Quarter Ended September 30, 2022

(Expressed in United States dollars, except per share amounts and where otherwise noted)

November 8, 2022

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements for the period ended September 30, 2022 and related notes thereto which have been prepared in accordance with IFRS 34, Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, as well as the annual audited consolidated financial statements for the year ended December 31, 2021, which are in accordance with IFRS, and the related MD&A. References to "Entrée" and the "Company" are to Entrée Resources Ltd. and/or one or more of its wholly-owned subsidiaries. For further information on the Company, reference should be made to its continuous disclosure (including its most recently filed annual information form ("AIF")), which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Information is also available on the Company's website at [www.EntreResourcesLtd.com](http://www.EntreResourcesLtd.com). Information on risks associated with investing in the Company's securities is contained in the Company's most recently filed AIF. Technical and scientific information under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") concerning the Company's material property, including information about mineral resources and reserves, is contained in the Company's most recently filed AIF and in its technical report titled "Entrée/Oyu Tolgoi Joint Venture Project, Mongolia, NI 43-101 Technical Report" with an effective date of October 8, 2021 prepared by Wood Canada Limited ("Wood").*

### Q3 2022 HIGHLIGHTS

#### Oyu Tolgoi Underground Development Update

The Oyu Tolgoi project in Mongolia includes two separate land holdings: the Oyu Tolgoi mining licence, which is held by Entrée's joint venture partner Oyu Tolgoi LLC ("OTLLC") and the Entrée/Oyu Tolgoi JV Property, which is a partnership between Entrée and OTLLC (see "Overview of Business" below). On October 17, 2022, OTLLC's 66% shareholder Turquoise Hill Resources Ltd. ("Turquoise Hill") provided an update on Oyu Tolgoi underground development:

- Safety continues to be OTLLC's top priority and COVID-19 controls remain in place at site to protect OTLLC's work force. COVID-19 cases identified at Oyu Tolgoi continued at low levels in the third quarter 2022 and the testing regime has been eased. Following the recent relaxation of COVID-19 government-initiated restrictions in Mongolia, OTLLC has progressively restarted work on project facilities with workforce numbers now at full capacity.
- Construction of the final major stage of materials handling infrastructure continues, including civil and underground works for the conveyor to surface. Undercut blasting and on-footprint construction work continued to progress during the third quarter 2022. Commissioning of the second truck chute has commenced, and the 8<sup>th</sup> draw bell was fired on October 13, 2022, both ahead of schedule. Sustainable production from Panel 0 on the Oyu Tolgoi mining licence is now anticipated in the first quarter 2023.
- The Shaft 3 headframe was commissioned and sinking commenced on March 31, 2022, with the cumulative sinking level at 298 metres below ground level as at October 2, 2022. Shaft 4 advancement was 418 metres below ground level as at October 2, 2022. The rate of progress in shafts improved during the quarter due to the optimization work program to maximize the productivity of their development. Continued progress on the program is necessary to remain aligned with the 2022 cost and schedule update, which identified an approximate 15-month delay in the commissioning of Shafts 3 and 4 from the schedule in the Definitive Estimate. As previously disclosed, Turquoise Hill now expects Shafts 3 and 4 to be commissioned in the first half 2024, and progress continues to be closely monitored. Shafts 3 and 4 are required to provide ventilation to support production from Panels 1 and 2 during ramp up to 95,000 tonnes per day ("tpd"). Turquoise Hill currently expects the first Panel 1 draw bell in the first half 2027. The Hugo North Extension deposit on the Entrée/Oyu Tolgoi JV Property is located in the northern portion of Panel 1.
- Design optimization work for Lift 1 on the Oyu Tolgoi mining licence and the Entrée/Oyu Tolgoi JV Property continues with the aim of minimizing risk and maximizing productivity. The Lift 1 Panel 1 design optimization study remains on track for completion in the first half 2023.

- On September 5, 2022, Turquoise Hill announced it has entered into an arrangement agreement with Rio Tinto plc and Rio Tinto International Holdings Limited ("Rio Tinto") pursuant to which Rio Tinto will acquire the approximately 49% of the issued and outstanding shares of Turquoise Hill that Rio Tinto does not currently own for C\$43.00 in cash per share, subject to approval by Turquoise Hill minority shareholders and other customary closing conditions. The special meeting of Turquoise Hill shareholders to consider and approve the statutory plan of arrangement is currently scheduled for November 15, 2022. Rio Tinto's stated purpose for the acquisition is to strengthen its copper portfolio and create a more efficient ownership and governance structure for the Oyu Tolgoi project. If the transaction is successfully completed, Rio Tinto will have a 66% interest in deposits on the Oyu Tolgoi mining licence and a 52.8% interest in the Hugo North Extension and Heruga deposits on the Entrée/Oyu Tolgoi JV Property.

### **Entrée/Oyu Tolgoi JV Property Update**

- For Panel 1 drilling on the Entrée/Oyu Tolgoi JV Property, the Entrée/Oyu Tolgoi joint venture (the "Entrée/Oyu Tolgoi JV") has approved a 2022 budget with diamond drill holes targeting Hugo North Extension Lifts 1 and 2. The holes are collared from underground drill stations along the eastern boundary of the porphyry mineralized footprint on the Oyu Tolgoi mining licence crossing onto the Entrée/Oyu Tolgoi JV Property. As at the end of October 2022, 14 underground holes have been drilled on the Entrée/Oyu Tolgoi JV Property totalling 6,083.3 metres. In addition, two surface diamond drill holes totalling ~3,550 metres are in progress, with hole EGD173 currently at a depth of 1,698 metres (planned depth 1,800 metres) and hole EGD161 currently at a depth of 364 metres (planned depth 1,750 metres). The two surface holes will be entirely on the Entrée/Oyu Tolgoi JV Property and will target the northern portion of the Hugo North Extension deposit. The Lift 1 Panel 1 geological model is expected to be finalized in the first quarter 2023, following which a decision will be made as to whether more Lift 1 drilling will be required. The Company has received preliminary results from a portion of the underground holes and is in the process of collating and modelling the data.
- With the relaxation of COVID-19 related restrictions in Mongolia, exploration drilling programs resumed in 2022. On the Shivee Tolgoi mining licence, six reverse circulation ("RC") holes totalling 1,500 metres and one 800 metre diamond drill hole have been completed at the Ulaan Khud target. In addition, three diamond drill holes totalling 2,200 metres have been completed at the Airstrip target. Analytical results are pending. On the Javhlant mining licence, five RC holes totalling 1,500 metres were planned for each of the Bumbat Ulaan and West Mag targets in 2022. Two RC holes totalling 600 metres were completed at the West Mag target; the remaining three holes were cancelled following engagement with one of the local herders. The five RC holes planned for the Bumbat Ulaan target were not completed due to the recent commissioning of the Tavan Tolgoi-Gashuunsukhait railway.
- The Company continues to monitor the situation in Mongolia including with respect to possible delays to commencement of Panel 1. The Company will assess the potential impact of any delays as it becomes aware of them and will update the market accordingly.
- On May 26, 2022, the Company announced it has commenced binding arbitration proceedings to seek declarations and orders for specific performance relating to certain provisions of the Equity Participation and Earn-in Agreement (the "Earn-in Agreement") with Turquoise Hill dated October 15, 2004, as amended and subsequently assigned to OTLLC and the Joint Venture Agreement appended to the Earn-in Agreement (the "Entrée/Oyu Tolgoi JVA"). The parties have been operating under the terms of the Entrée/Oyu Tolgoi JVA since OTLLC completed its earn-in obligations on the Entrée/Oyu Tolgoi JV Property in 2008. The Company will provide updates on the arbitration as developments warrant.

### **Corporate**

- Operating loss was \$0.5 million and \$1.8 million for the three and nine month periods of 2022, respectively, compared to \$0.5 million and \$1.6 million in the comparative periods of 2021.
- Operating cash outflow before changes in non-cash working capital items was \$0.5 million and \$1.7 million for the three and nine month periods of 2022, respectively, compared to \$0.5 million and \$1.5 million in the comparative periods of 2021.

- As at September 30, 2022, the cash balance was \$7.1 million and the working capital balance was \$7.1 million.

## OVERVIEW OF BUSINESS

Entrée is a mineral resource company with interests in development and exploration properties in Mongolia, Peru and Australia.

The Company's principal asset is its interest in the Entrée/Oyu Tolgoi joint venture property (the "Entrée/Oyu Tolgoi JV Property") – a carried 20% participating interest in two of the Oyu Tolgoi project deposits, and a carried 20% or 30% interest (depending on the depth of mineralization) in the surrounding large, underexplored, highly prospective land package located in the South Gobi region of Mongolia. Entrée's joint venture partner, OTLLC, holds the remaining interest.

The Oyu Tolgoi project includes two separate land holdings: the Oyu Tolgoi mining licence, which is held by OTLLC (66% Turquoise Hill and 34% the Government of Mongolia), and the Entrée/Oyu Tolgoi JV Property, which is a partnership between Entrée and OTLLC. The Entrée/Oyu Tolgoi JV Property comprises the eastern portion of the Shivee Tolgoi mining licence, and all of the Javhlant mining licence, which mostly surround the Oyu Tolgoi mining licence (see Figure 1 below). Both the Shivee Tolgoi and Javhlant mining licences are held by Entrée. The terms of the Entrée/Oyu Tolgoi JV state that Entrée has a 20% participating interest with respect to mineralization extracted from deeper than 560 metres below surface and a 30% participating interest with respect to mineralization extracted from above 560 metres depth.

The Entrée/Oyu Tolgoi JV Property includes the Hugo North Extension copper-gold deposit (also referred to as "HNE") and the majority of the Heruga copper-gold-molybdenum deposit. The resources at Hugo North Extension include a Probable reserve, which is part of the first lift ("Lift 1") of the Oyu Tolgoi underground block cave mining operation. Lift 1 is in development by project operator Rio Tinto. When the Lift 1 underground reaches peak production, Oyu Tolgoi is expected to be the fourth largest copper mine in the world.

In addition to the Hugo North Extension copper-gold deposit, the Entrée/Oyu Tolgoi JV Property includes approximately 93% of the mineral resource tonnes outlined at the Heruga copper-gold-molybdenum deposit and a large exploration land package, which together form a significant component of the overall Oyu Tolgoi project.

The Company's corporate headquarters are located in Vancouver, British Columbia, Canada. Field operations are conducted out of local offices in Mongolia.

As at September 30, 2022 and the date of this MD&A, Rio Tinto beneficially owns 31,981,129 common shares (including 14,539,333 common shares held by Turquoise Hill), or 16.2% of the outstanding shares of the Company. As at September 30, 2022 and the date of this MD&A, Horizon Copper Corp. (formerly Royalty North Partners Ltd. ("Horizon")) indirectly owns 49,672,515 common shares, or 25.1% of the outstanding shares of the Company.

On February 17, 2022, Sandstorm Gold Ltd. ("Sandstorm") announced it had signed a letter of intent with Horizon whereby Horizon will acquire certain non-royalty and non-stream assets from Sandstorm, including Sandstorm's shares of the Company. The transaction is structured as a reverse take-over of Horizon. The first part of the transaction closed on August 31, 2022. Subject to the completion of a proposed concurrent financing of a minimum of US\$20 million payable to Sandstorm, the second part of the transaction is expected to close in the second half 2022. Upon completion of the transaction, Horizon will continue to be listed on the TSX Venture Exchange as a Tier 1 Mining Issuer under the anticipated trading symbol "HCU". Sandstorm will retain an approximately 34% equity interest in Horizon.

On June 1, 2022, Horizon announced that pursuant to a share purchase agreement, Horizon's wholly owned subsidiary 1363013 B.C. Ltd. had acquired Sandstorm's shares of the Company in consideration for a promissory note in the principal amount of C\$43.2 million. Horizon subsequently acquired the promissory note from Sandstorm and Horizon's liabilities associated with the promissory note were eliminated.

On September 5, 2022, Turquoise Hill announced it has entered into an arrangement agreement with Rio Tinto pursuant to which Rio Tinto will acquire the approximately 49% of the issued and outstanding shares of Turquoise Hill that Rio Tinto does not currently own for C\$43.00 in cash per share, subject to approval by Turquoise Hill minority shareholders and other customary closing conditions. The special meeting of Turquoise Hill shareholders to consider and approve the statutory plan of arrangement is currently scheduled for November 15, 2022. Rio Tinto's stated purpose for the acquisition is to strengthen its copper portfolio and create a more efficient ownership and governance structure for the Oyu Tolgoi project. If the transaction is successfully completed, Rio Tinto will have a 66% interest in deposits on the Oyu Tolgoi mining licence and a 52.8% interest in the Hugo North Extension and Heruga deposits on the Entrée/Oyu Tolgoi JV Property.

Effective October 1, 2019, the Company voluntarily withdrew its common shares from listing on NYSE American and its common shares commenced trading on the OTCQB under the trading symbol "ERLFF". On April 24, 2006, the Company's common shares began trading on the Toronto Stock Exchange ("TSX") and discontinued trading on the TSX Venture Exchange. The trading symbol remained "ETG".

## **OUTLOOK AND STRATEGY**

Entrée's primary objective for the 2022 year is to confirm the transfer of the Shivee Tolgoi and Javhlant mining licences to OTLLC as manager of the Entrée/Oyu Tolgoi JV either in conjunction with finalization and execution of amendments to the Entrée/Oyu Tolgoi JVA, or enforcement of certain provisions of the Earn-in Agreement and Entrée/Oyu Tolgoi JVA pursuant to binding arbitration proceedings. The Company is also advancing discussions with Erdenes Oyu Tolgoi LLC regarding a potential acquisition by the Government of Mongolia of 34% of the Company's economic interest in the Entrée/Oyu Tolgoi JV Property in connection with the transfer of the licences. The Company currently is registered in Mongolia as the 100% ultimate holder of the Shivee Tolgoi and Javhlant mining licences.

As previously disclosed by the Company, the contract area defined in the 2009 Oyu Tolgoi Investment Agreement among the Government of Mongolia, OTLLC, Rio Tinto and Turquoise Hill (the "Oyu Tolgoi Investment Agreement") includes the Javhlant and Shivee Tolgoi mining licences. However, at the time of negotiation of the Oyu Tolgoi Investment Agreement, the Company was not made a party to the Oyu Tolgoi Investment Agreement, and as such does not have any direct rights or benefits under the Oyu Tolgoi Investment Agreement.

Entrée has been engaged in discussions with stakeholders of the Oyu Tolgoi project, including the Government of Mongolia, OTLLC, Erdenes Oyu Tolgoi LLC, Turquoise Hill and Rio Tinto, since February 2013. The discussions to date have focused on issues arising from Entrée's exclusion from the Oyu Tolgoi Investment Agreement, including the fact that the Government of Mongolia does not have a full 34% interest in the Entrée/Oyu Tolgoi JV Property; the fact that the mining licences integral to future underground operations are held by more than one corporate entity; and the fact that Entrée does not benefit from the stability that it would otherwise have if it were a party to the Oyu Tolgoi Investment Agreement. In order to receive the benefits of the Oyu Tolgoi Investment Agreement, the Government of Mongolia may require the Company to agree to certain concessions, including with respect to Entrée's economic interest in the Entrée/Oyu Tolgoi JV Property.

The Company believes that amending the Entrée/Oyu Tolgoi JVA to align the interests of all stakeholders as they are now understood, transferring the licences to OTLLC as manager of the Entrée/Oyu Tolgoi JV, and resolving outstanding issues arising from Entrée's exclusion from the Oyu Tolgoi Investment Agreement would be in the best interests of all stakeholders, provided there is no material net erosion of value to Entrée. No agreements have been finalized and there are no assurances agreements may be finalized in the future.

## **ENTRÉE/OYU TOLGOI JV PROPERTY AND SHIVEE WEST PROPERTY – MONGOLIA**

### **2021 Technical Report Highlights**

On October 21, 2021, the Company filed an amended Technical Report ("2021 Technical Report") for its interest in the Entrée/Oyu Tolgoi JV Property. The 2021 Technical Report has an original effective date of May 17, 2021, and an amended effective date of October 8, 2021.

The 2021 Technical Report discusses a reserve case (the "2021 Reserve Case") based on mineral reserves attributable to the Entrée/Oyu Tolgoi JV Lift 1 of the Hugo North Extension deposit.

The 2021 Technical Report also discusses a Preliminary Economic Assessment on a conceptual second lift ("Lift 2") of the Hugo North Extension deposit (the "2021 PEA"). The 2021 PEA is based on Indicated and Inferred mineral resources from Lift 2, as the second potential phase of development and mining on the Hugo North Extension deposit. Lift 2 is directly below Lift 1 and continues further to the north (see Figure 2 below). There is no overlap in the mineral reserves from the 2021 Reserve Case and the mineral resources from the 2021 PEA. Development and capital decisions will be required for the eventual development of Lift 2 once production commences at Hugo North Extension Lift 1.

Both the 2021 Reserve Case and the 2021 PEA are based on information supplied by OTLLC or reported within its 2020 Oyu Tolgoi Mongolian Statutory Study ("OTMSS20"). OTMSS20 was completed by OTLLC in July 2020 and

discusses the mine plan for Lift 1 of the Hugo North/Hugo North Extension underground block cave on the Oyu Tolgoi mining licence and the Entrée/Oyu Tolgoi JV Property. The Lift 1 mine plan incorporates the development of three panels, and in order to reach the full sustainable production rate of 95,000 tpd from the underground operations all three panels need to be in production. The Hugo North Extension deposit on the Entrée/Oyu Tolgoi JV Property is located at the northern portion of Panel 1.

Life-of-mine ("LOM") highlights of the production and financial results from the 2021 Reserve Case and the 2021 PEA are summarized as follows:

Entrée/Oyu Tolgoi JV Property	Units	2021 Reserve Case (Lift 1)	2021 PEA (Lift 2)
<b>Attributable Financial Results</b>			
Cash Flow, pre-tax	US\$M	449	1,982
NPV(5%), after-tax	US\$M	185	541
<b>NPV(8%), after-tax</b>	<b>US\$M</b>	<b>131</b>	<b>306</b>
NPV(10%), after-tax	US\$M	104	213
<b>LOM Recovered Metal</b>			
Copper Recovered	Mlb	1,249	4,564
Gold Recovered	koz	549	2,025
Silver Recovered	koz	3,836	15,067
<b>LOM Processed Material</b>			
Probable Reserve Feed		40 Mt @ 1.54% Cu, 0.53 g/t Au, 3.63 g/t Ag	----
Indicated Resource Feed		----	77.9 Mt @ 1.35% Cu, 0.49 g/t Au, 3.6 g/t Ag (1.64% CuEq)
Inferred Resource Feed		----	87.8 Mt @ 1.35% Cu, 0.49 g/t Au, 3.6 g/t Ag (1.64% CuEq)

Notes:

1. Long term metal prices used in the NPV economic analyses for the 2021 Reserve Case and the 2021 PEA are: copper \$3.25/lb, gold \$1,591.00/oz, silver \$21.08/oz.
2. Mineral reserves in the 2021 Reserve Case, and mineral resources in the 2021 PEA mine plan are reported on a 100% basis.
3. Entrée has a 20% interest in the above processed material and recovered metal.
4. The Mineral reserves that form the basis of the 2021 Reserve Case are from a separate portion of the Hugo North Extension deposit than the mineral resources in the 2021 PEA.
5. Copper equivalent ("CuEq") is calculated as shown in the notes to the Entrée/Oyu Tolgoi JV Property Mineral Resources table below.
6. 2021 Reserve Case cash flows are discounted to the beginning of 2021.
7. 2021 PEA cash flows are discounted to the beginning of 2027, the assumed beginning of Hugo North Lift 2 development. Attributable Entrée/Oyu Tolgoi JV production is assumed to begin in 2031 and ramps up to stable production in 2043. Final Entrée/Oyu Tolgoi JV attributable production is assumed to conclude in 2056.
8. The 2021 Reserve Case and 2021 PEA are exclusive of each other.
9. Indicated and Inferred resource average expected run-of-mine feed grade of 1.35% copper, 0.49 g/t gold, and 3.6 g/t silver (1.64% CuEq) includes dilution and mine losses.

The economic analysis in the 2021 PEA is based on a conceptual mine plan and does not have as high a level of certainty as the 2021 Reserve Case. The 2021 PEA is preliminary in nature and includes Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the 2021 PEA will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

In both the 2021 Reserve Case and the 2021 PEA, Entrée is only reporting the production and cash flows attributable to the Entrée/Oyu Tolgoi JV Property, not production and cash flows for other Oyu Tolgoi project areas owned 100% by OTLLC. The production and cash flows from the 2021 Reserve Case and the 2021 PEA are from separate parts of the Hugo North Extension deposit and there is no overlap of the mineralization.

Below are some of the key financial assumptions and outputs from the 2021 Reserve Case and the 2021 PEA. All figures shown for both cases are reported on a 100% Entrée/Oyu Tolgoi JV basis, unless otherwise noted. Both cases assume long term metal prices of \$3.25/lb copper, \$1,591.00/oz gold and \$21.08/oz silver.

Key items per the 2021 Reserve Case outputs are as follows:

- Assumes Entrée/Oyu Tolgoi JV Property development production from Hugo North Extension Lift 1 will start in H2 2022 with the first draw bell in 2026, peak production in 2034, and final production in 2038.
- 17-year Lift 1 LOM production (includes 4-years development production followed by 13-years block cave production).
- Maximum production rate of approximately 25,000 tpd, which is blended with production from OTLLC's Oyut open pit deposit and Hugo North deposit to supply a maximum mill throughput rate of 125,000 tpd.
- Total recovered metal over the LOM of Hugo North Extension Lift 1: 1,249,000 lbs copper, 549,000 oz gold, 3,836,000 oz silver.
- Total direct development and sustaining capital expenditures of approximately \$275.7 million (\$55.1 million attributable to Entrée).
- Entrée LOM average cash cost before credits \$1.57/lb payable copper.
- Entrée LOM average cash costs after credits ("C1")\* \$0.79/lb payable copper.
- Entrée LOM average all-in sustaining costs ("AISC")\* \$1.26/lb payable copper.

Key items per the 2021 PEA outputs are as follows:

- Assumes Entrée/Oyu Tolgoi JV Property development production from Hugo North Extension Lift 2 to start in approximately 2034 with the first draw bell in 2038, peak production in 2047 and final production in 2055.
- 22-year Lift 2 mine life (4-years development production and 18-years block cave production).
- Maximum production rate of approximately 40,500 tpd, which is blended with production from OTLLC's Oyut open pit deposit and Hugo North deposit to supply a maximum mill throughput rate of 125,000 tpd.
- Total metal production over the LOM of Hugo North Extension Lift 2: 4,564,000 lbs copper, 2,025,000 oz gold, 15,067,000 oz silver.
- Total direct development and sustaining capital expenditures of approximately \$1,589.6 million (\$319.7 million attributable to Entrée).
- Entrée LOM average cash cost before credits \$1.10/lb payable copper.
- Entrée LOM average C1\* \$0.30/lb payable copper.
- Entrée LOM average AISC\* \$0.92/lb payable copper.

*\*"Cash costs after credits" (C1) and all-in sustaining cost (ASIC) are non-IFRS performance measurements. See "Non-IFRS Performance Measurements" below for further information.*

The 2021 Reserve Case and the 2021 PEA are mutually exclusive. If the 2021 Reserve Case is developed and brought into production, the mineralization from Hugo North Extension Lift 2 is not sterilized or reduced in tonnage or grades. In addition, the Heruga deposit, which is not included in either the 2021 Reserve Case or the 2021 PEA, provides a great deal of future potential and with further exploration and development could become a completely standalone underground operation, independent of other Oyu Tolgoi project underground development, and provide considerable flexibility for mine planning and development.

On December 18, 2020, Turquoise Hill announced that a definitive estimate of project cost and schedule (the "Definitive Estimate") that refines the analysis in OTMSS20 and broadly confirms the economics and assumptions presented therein had been completed and delivered to OTLLC by Rio Tinto. The Company has not received a copy of

the Definitive Estimate and it was not reviewed or relied upon in the preparation of the 2021 Reserve Case or the 2021 PEA. On August 4, 2022, Turquoise Hill reported it had completed its review of a 2022 cost and schedule update for the underground project, resulting in an increase in the total expected underground development capital of the Definitive Estimate from \$6.75 billion to \$7.06 billion. The \$7.06 billion incorporates known and future incremental COVID-19 costs of \$227 million, escalation of \$72 million, associated taxes, and minor impacts of changes in labor laws. The 2022 cost and schedule update assumes there are no new COVID-19 related impacts beyond the end of the second quarter 2022.

Neither OTMSS20 nor the results of the 2021 Reserve Case and 2021 PEA reflect the impacts of the COVID-19 pandemic or other known delays. In particular, the first Lift 1 Panel 1 draw bell is currently expected in H1 2027 rather than H2 2026 due to later than planned commencement of the Panel 0 undercut on the Oyu Tolgoi mining licence, lateral development scope changes, impacts of COVID-19 on development progression and delays to the forecast completion dates for Shafts 3 and 4. The 2022 cost and schedule update identified an approximate 15-month delay in the commissioning of Shafts 3 and 4 from the schedule in the Definitive Estimate. OTLLC currently expects Shafts 3 and 4 to be commissioned in the first half 2024 and it continues to closely monitor progress against the 2022 schedule update. Shafts 3 and 4 are required to provide ventilation to support production from Panels 1 and 2 during ramp up to 95,000 tpd.

The Company continues to monitor the situation in Mongolia including with respect to possible delays to commencement of Panel 1. The Company will assess the potential impact of any delays as it becomes aware of them and will update the market accordingly.

The 2021 Technical Report has been filed on SEDAR and is available for review under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) or on [www.EntreeResourcesLtd.com](http://www.EntreeResourcesLtd.com).

### **Summary and Location of Project**

The "Entrée/Oyu Tolgoi JV Project" (shown on Figure 1 below) comprises the Entrée/Oyu Tolgoi JV Property and the Shivee West Property (see "Shivee West Property Summary" below). The Entrée/Oyu Tolgoi JV Project completely surrounds OTLLC's Oyu Tolgoi mining licence and forms a significant portion of the overall Oyu Tolgoi project area. Figure 1 also shows the main mineral deposits that form the Oyu Tolgoi trend of porphyry deposits.

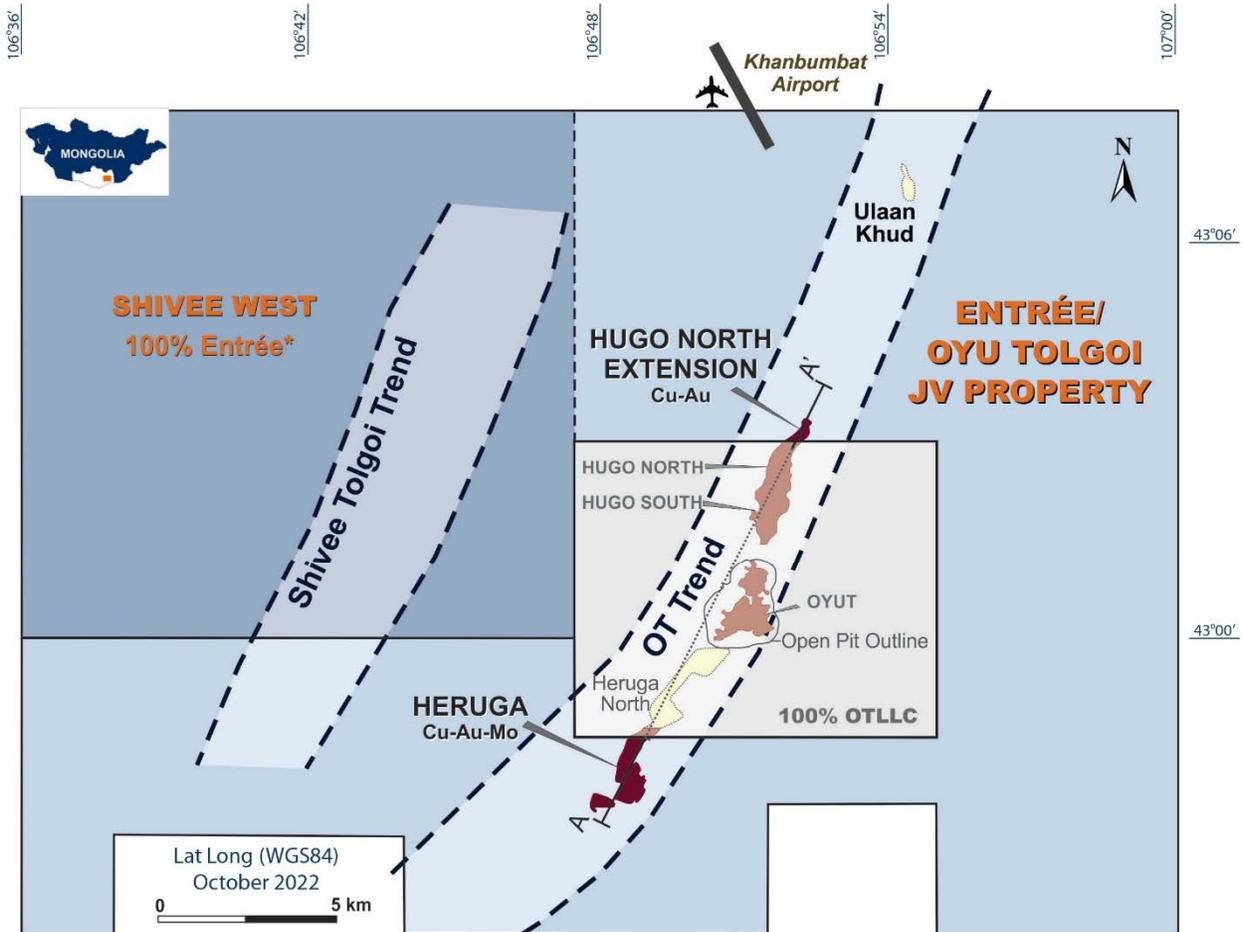
The Entrée/Oyu Tolgoi JV Project is located within the Aimag (province) of Ömnögovi in the South Gobi region of Mongolia, about 570 kilometres ("km") south of the capital city of Ulaanbaatar and 80 km north of the border with China.

The Entrée/Oyu Tolgoi JV Property comprises the eastern portion of the Shivee Tolgoi mining licence and all of the Javhlant mining licence, and hosts:

- The Hugo North Extension copper-gold porphyry deposit (Lift 1 and Lift 2):
  - Lift 1 is the upper portion of the Hugo North Extension copper-gold porphyry deposit and forms the basis of the 2021 Reserve Case. It is the northern portion of the Hugo North Lift 1 underground block cave mine plan that is currently in development on the Oyu Tolgoi mining licence. The 2021 Reserve Case assumes initial development production will start on the Entrée/Oyu Tolgoi JV Property in H2 2022. Hugo North Extension Lift 1 Probable reserves include 40 million tonnes ("Mt") grading 1.54% copper, 0.53 grams per tonne ("g/t") gold, and 3.63 g/t silver.
  - Lift 2 is directly below and extends north beyond Lift 1 and is the next potential phase of underground mining on the Entrée/Oyu Tolgoi JV Property, once Lift 1 mining is complete. Mineral resources from Lift 2 form the basis of the 2021 PEA mine plan, which include 78 Mt (Indicated) and 88 Mt (Inferred). The average expected run-of-mine feed grade of 1.35% copper, 0.49 g/t gold, and 3.6 g/t silver (1.64% CuEq; see the notes to the Entrée/Oyu Tolgoi JV Property Mineral Resources table below) includes dilution and mine loss.
- The Heruga copper-gold-molybdenum porphyry deposit is at the south end of the Oyu Tolgoi trend of porphyry deposits. Approximately 93% of the Heruga deposit occurs on the Entrée/Oyu Tolgoi JV Property where Inferred mineral resources include: 1,400 Mt grading 0.41% copper, 0.40 g/t gold, 1.5 g/t silver and 120 parts per million ("ppm") molybdenum (0.68% CuEq; see the notes to the Entrée/Oyu Tolgoi JV Property Mineral Resources table below). While Heruga is not included in the 2021 PEA, it provides opportunity for future exploration and potential development.
- A large prospective land package.

Entrée has a 20% or 30% (depending on the depth of mineralization) participating interest in the Entrée/Oyu Tolgoi JV with OTLLC holding the remaining 80% (or 70%) interest. OTLLC has a 100% interest in other Oyu Tolgoi project areas, including the Oyut open pit, which is currently in production, and the Hugo North and Hugo South deposits on the Oyu Tolgoi mining licence.

**Figure 1 – Entrée/Oyu Tolgoi JV Project**



**ENTRÉE RESOURCES LTD. – ENTRÉE/OYU TOLGOI JV PROJECT**

- Mineral Deposit Entrée/Oyu Tolgoi JV
- Mineral Deposit OTLLC
- Copper ± Gold ± Molybdenum Porphyry Mineralization
- Entrée/Oyu Tolgoi JV Property
- Shivee West (100% Entrée\*)
- A-----A' Long Section

Notes:

1. \*The Shivee West Property is subject to a License Fees Agreement between Entrée and OTLLC and may ultimately be included in the Entrée/Oyu Tolgoi JV Property.
2. Outline of copper ± gold ± molybdenum porphyry mineralization is projected to surface.
3. Entrée has a 20% participating interest in the Hugo North Extension and Heruga deposits.

Figure 1 shows the location of a north-northeast oriented, west-looking longitudinal section (A-A') through the 12.4 km-long trend of porphyry deposits that comprise the Oyu Tolgoi project. The longitudinal section is shown on Figure 2 with the Entrée/Oyu Tolgoi JV Property to the right (north) and left (south) of the central portion, the Oyu Tolgoi mining licence, held 100% by OTLLC.

Figure 2 – Section Through the Oyu Tolgoi Trend of Porphyry Deposits

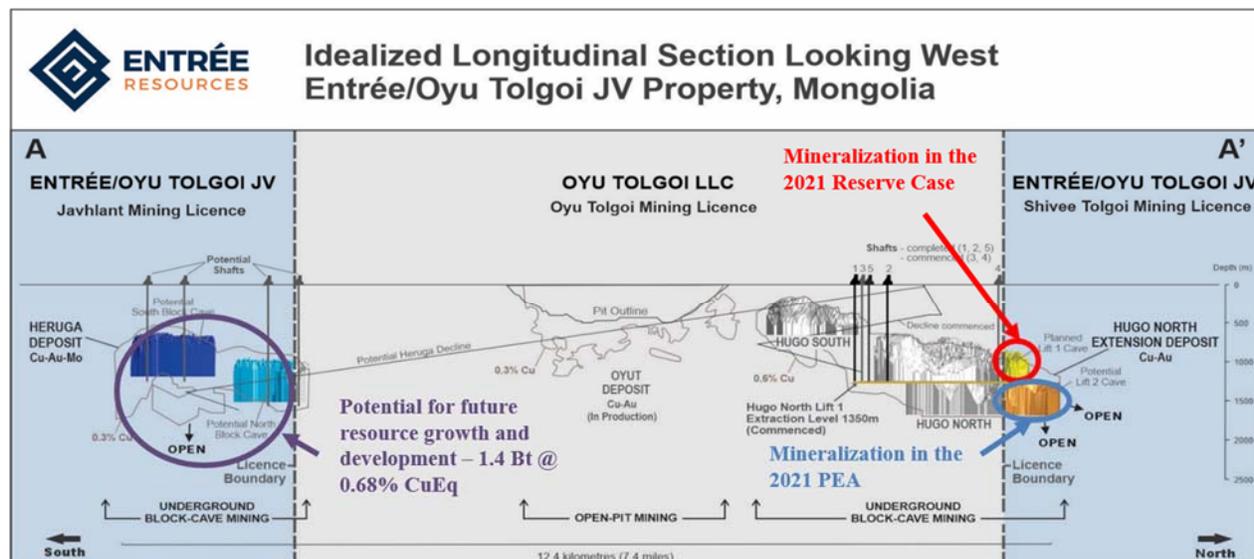


Figure 3 below shows priority exploration targets on the Entrée/Oyu Tolgoi JV Property, including Ulaan Khud, Airstrip, West Mag, Bumbat Ulaan, Ductile Shear, East Au, East Javkhlant, South East IP, Castle Rock, Javkhlant, and East Bumbat Ulaan. Additional targets exist on the Shivee West Property that remain to be further explored.

The 2021 Technical Report forms the basis for the scientific and technical information in this MD&A regarding the Entrée/Oyu Tolgoi JV Project. Portions of the information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the Company’s AIF dated March 25, 2022 and to the full text of the 2021 Technical Report, which are available on the Company’s website ([www.EntreeResourcesLtd.com](http://www.EntreeResourcesLtd.com)) or on SEDAR ([www.sedar.com](http://www.sedar.com)).

### Capital and Operating Costs

Under the terms of the Entrée/Oyu Tolgoi JV, OTLLC is responsible for 80% of all costs incurred on the Entrée/Oyu Tolgoi JV Property for the benefit of the Entrée/Oyu Tolgoi JV, including capital expenditures, and Entrée is responsible for the remaining 20%. In accordance with the terms of the Entrée/Oyu Tolgoi JVA, Entrée has elected to have OTLLC debt finance Entrée’s share of costs for approved programs and budgets, with interest accruing at OTLLC’s actual cost of capital or prime +2%, whichever is less, at the date of the advance. Debt repayment may be made in whole or in part from (and only from) 90% of monthly available cash flow arising from the sale of Entrée’s share of products. Available cash flow means all net proceeds of sale of Entrée’s share of products in a month less Entrée’s share of costs of Entrée/Oyu Tolgoi JV activities for the month that are operating costs under Canadian generally-accepted accounting principles.

The following is a description of how Entrée recognizes its share of Oyu Tolgoi project capital costs, specifically, the timing of recognition under the terms of the Entrée/Oyu Tolgoi JVA and generally accepted accounting principles.

Under the terms of the Entrée/Oyu Tolgoi JVA, any mill, smelter and other processing facilities and related infrastructure will be owned exclusively by OTLLC and not by Entrée. Mill feed from the Entrée/Oyu Tolgoi JV Property will be transported to the concentrator and processed at cost (using industry standards for calculation of cost including an amortization of capital costs). Underground infrastructure on the Oyu Tolgoi mining licence is also owned exclusively by OTLLC, although the Entrée/Oyu Tolgoi JV will eventually share usage once underground development crosses onto the Entrée/Oyu Tolgoi JV Property. As a result of this, Entrée recognizes those capital costs incurred by OTLLC on the Oyu Tolgoi mining licence as an amortization charge for capital costs that will be calculated in accordance with Canadian generally accepted accounting principles determined yearly based on the estimated tonnes of concentrate produced for Entrée’s account during that year relative to the estimated total life-of-mine concentrate to be produced (for processing facilities and related infrastructure), or the estimated total life-of-mine tonnes to be milled from the relevant deposit(s) (in the case of underground infrastructure). The charge is made to Entrée’s operating account when the Entrée/Oyu Tolgoi JV mine production is actually milled.

For direct capital cost expenditures on the Entrée/Oyu Tolgoi JV Property, Entrée will recognize its proportionate share of costs at the time of actual expenditure.

The capital and operating costs in the 2021 Reserve Case are based on estimates prepared for OTMSS20 or information provided by OTLLC. Capital cost and sustaining cost estimates in the 2021 PEA were prepared as separate and independent estimates by OTLLC. Wood reviewed the estimates and accepts them as reasonable.

The cash flows in the 2021 Reserve Case and 2021 PEA are based on information provided by OTLLC, including mining schedules and annual capital and operating cost estimates, as well as Entrée's interpretation of the commercial terms applicable to the Entrée/Oyu Tolgoi JV, and certain assumptions regarding taxes and royalties. The cash flows have not been reviewed or endorsed by OTLLC. There can be no assurance that OTLLC or its shareholders will not interpret certain terms or conditions or attempt to renegotiate some or all of the material terms governing the joint venture relationship, in a manner which could have an adverse effect on Entrée's future cash flow and financial condition.

The cash flows also assume that Entrée will ultimately have the benefit of the standard royalty rate of 5% of sales value, payable by OTLLC under the Oyu Tolgoi Investment Agreement. Unless and until Entrée finalizes agreements with the Government of Mongolia or other Oyu Tolgoi stakeholders or enforces certain provisions of the Earn-in Agreement and Entrée/Oyu Tolgoi JVA pursuant to binding arbitration proceedings, there can be no assurance that the Entrée/Oyu Tolgoi JV will not be subject to additional taxes and royalties, such as the surtax royalty which came into effect in Mongolia on January 1, 2011, which could have an adverse effect on Entrée's future cash flow and financial condition. In the course of finalizing such agreements or enforcing such provisions, Entrée may have to make certain concessions, including with respect to the economic benefit of Entrée's interest in the Entrée/Oyu Tolgoi JV Property, Entrée's direct or indirect participating interest in the Entrée/Oyu Tolgoi JV or the application of a special royalty (not to exceed 5%) to Entrée's share of the Entrée/Oyu Tolgoi JV Property mineralization or otherwise.

### Mineral Resources and Mineral Reserves – Entrée/Oyu Tolgoi JV Property

The following Entrée/Oyu Tolgoi JV Property mineral resource estimates reported in the 2021 Technical Report for the Hugo North Extension and Heruga deposits have an effective date of March 31, 2021. Mineral resources for the Hugo North Extension deposit are reported inclusive of those mineral resources that were converted to mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Entrée/Oyu Tolgoi JV Property – Mineral Resources										
Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)	CuEq (%)	Contained Metal			
							Cu (Mlb)	Au (Koz)	Ag (Koz)	Mo (Mlb)
<b>Hugo North Extension (&gt;0.41% CuEq Cut-Off)</b>										
Indicated	120	1.70	0.58	4.3	n/a	2.04	4,500	2,200	16,000	n/a
Inferred	167	1.02	0.36	2.8	n/a	1.23	3,800	1,900	15,000	n/a
<b>Heruga (&gt;0.41% CuEq Cut-Off)</b>										
Inferred	1,400	0.41	0.40	1.5	120	0.68	13,000	18,000	66,000	370

Notes:

1. Mineral resources have an effective date of March 31, 2021.
2. Metal prices used for CuEq and cut-off grade calculation for both Hugo North Extension and Heruga are: \$3.08/lb copper, \$1,292.00/oz gold, \$19.00/oz silver and \$10.00/lb molybdenum (Heruga only). Metallurgical recoveries used for CuEq and cut-off grade calculation at Hugo North Extension are 93% for copper, 80% for gold and 81% for silver. Metallurgical recoveries used for CuEq and cut-off grade calculation at Heruga are 82% for copper, 73% for gold, 78% for silver and 60% for molybdenum.
3. Mineral resources at Hugo North Extension are constrained within a conceptual mining shape constructed at a nominal 0.50% CuEq grade and above a CuEq grade of 0.41% CuEq. The CuEq formula is  $CuEq = Cu + ((Au * 35.7175) + (Ag * 0.5773)) / 67.9023$  taking into account differentials between metallurgical performance and price for copper, gold and silver.
4. The overall geometry and depth of the Heruga deposit make it amenable to underground mass mining methods. Mineral resources are stated above a CuEq grade. The CuEq formula is  $CuEq = Cu + ((Au * 37.0952) + (Ag * 0.5810) + (Mo * 0.0161)) / 67.9023$  taking into account differentials between metallurgical performance and price for copper, gold, silver and molybdenum.
5. A CuEq break-even cut-off grade of 0.41% CuEq for Hugo North Extension mineralization and covers mining, processing and G&A operating cost and the cost of primary and secondary block cave mine development.
6. A CuEq break-even cut-off grade of 0.41% CuEq is used for the Heruga mineralization and covers mining, processing and G&A operating cost and the cost of primary and secondary block cave mine development.
7. Mineral resources are stated as in situ with no consideration for planned or unplanned external mining dilution.
8. Mineral resources are reported on a 100% basis. OTLLC has a participating interest of 80%, and Entrée has a participating interest of 20%. Notwithstanding the foregoing, in respect of products extracted from the Entrée/Oyu Tolgoi JV Property pursuant to mining carried out at depths from surface to 560 metres below surface, the participating interest of OTLLC is 70% and the participating interest of Entrée is 30%.

9. Numbers have been rounded as required by reporting guidelines and may result in apparent summation differences.

### Entrée/Oyu Tolgoi Mineral Reserves

Entrée/Oyu Tolgoi JV Property mineral reserves are contained within the Hugo North Extension Lift 1 block cave mining plan. The mine design work on Hugo North Lift 1, including the Hugo North Extension, was prepared by OTLLC and was used as the basis for OTMSS20. The mineral reserve estimate is based on what is deemed minable when considering factors such as the footprint cut-off grade, the draw column shut-off grade, maximum height of draw, consideration of planned dilution and internal waste rock.

The mineral reserve estimate only considers mineral resources in the Indicated category and engineering that has been carried out to a Feasibility level or better to state the underground mineral reserve. There is no Measured mineral resource currently estimated within the Hugo North Extension deposit. Copper and gold grades for the Inferred mineral resources within the block cave shell were set to zero and such material was assumed to be dilution. The block cave shell was defined by a \$17.84/t NSR. Future mine planning studies may examine lower shut-offs.

The following Entrée/Oyu Tolgoi JV Property Hugo North Extension Lift 1 mineral reserve estimate has an effective date of May 15, 2021:

Entrée/Oyu Tolgoi JV Property – Mineral Reserve								
Hugo North Extension Lift 1								
Classification	Tonnage (Mt)	NSR (\$/t)	Cu (%)	Au (g/t)	Ag (g/t)	Contained Metal		
						Cu (Mlb)	Au (Koz)	Ag (Koz)
Probable	40	97.52	1.5	0.53	3.63	1,340	676	4,613

Notes:

1. Mineral reserves have an effective date of May 15, 2021.
2. For the underground block cave, all Indicated mineral resources within the cave outline were converted to Probable mineral reserves. No Proven mineral reserves have been estimated. The estimation includes low-grade Indicated mineral resources and Inferred mineral resource assigned zero grade that is treated as dilution.
3. A column height shut-off NSR of \$17.84/t was used to define the footprint and column heights. The NSR calculation assumed metal prices of \$3.08/lb Cu, \$1,292.00/oz Au, and \$19.00/oz Ag. The NSR was calculated with assumptions for smelter refining and treatment charges, deductions and payment terms, concentrate transport, metallurgical recoveries, and royalties using OTLLC's Base Data Template 38.
4. Mineral reserves are reported on a 100% basis. OTLLC has a participating interest of 80%, and Entrée has a participating interest of 20%. Notwithstanding the foregoing, in respect of products extracted from the Entrée/Oyu Tolgoi JV Property pursuant to mining carried out at depths from surface to 560 metres below surface, the participating interest of OTLLC is 70% and the participating interest of Entrée is 30%.
5. Numbers have been rounded as required by reporting guidelines and may result in apparent summation differences.

### Shivee West Property Summary

The Shivee West Property comprises the northwest portion of the Entrée/Oyu Tolgoi JV Project and adjoins the Entrée/Oyu Tolgoi JV Property and OTLLC's Oyu Tolgoi mining licence (see Figure 1 above).

To date, no economic zones of precious or base metals mineralization have been outlined on the Shivee West Property. However, zones of gold and copper mineralization have previously been identified at Zone III/Argo Zone and Khoyor Mod. There has been no drilling on the ground since 2011, and no exploration work has been completed since 2012. In 2015, in light of the ongoing requirement to pay approximately \$350,000 annually in licence fees for the Shivee West Property and a determination that no further exploration work would likely be undertaken in the near future, Entrée began to examine options to reduce expenditures in Mongolia. These options included reducing the area of the mining licence, looking for a purchaser or partner for the Shivee West Property, and rolling the ground into the Entrée/Oyu Tolgoi JV. Management determined that it was in the best interests of Entrée to roll the Shivee West Property into the Entrée/Oyu Tolgoi JV, and Entrée entered into a License Fees Agreement with OTLLC on October 1, 2015. The License Fees Agreement provides the parties will use their best efforts to amend the terms of the Entrée/Oyu Tolgoi JVA to include the Shivee West Property in the definition of Entrée/Oyu Tolgoi JV Property. Entrée determined that rolling the Shivee West Property into the Entrée/Oyu Tolgoi JV would provide the joint venture partners with continued security of tenure; Entrée shareholders would continue to benefit from any exploration or development that the Entrée/Oyu Tolgoi JV management committee approves on the Shivee West Property; and Entrée would no longer have to pay licence fees, as the parties agreed that the licence fees would be for the account of each joint venture participant in proportion to their respective interests, with OTLLC contributing Entrée's 20% share charging interest at prime plus 2%. To date, no amended Entrée/Oyu Tolgoi JVA has been entered into and Entrée retains a 100% interest in the Shivee West Property.

## **Underground Development Progress – Oyu Tolgoi Project**

On October 17, 2022, Turquoise Hill provided an update regarding the Oyu Tolgoi project.

### Underground Development Update

Safety continues to be OTLLC's top priority and COVID-19 controls remain in place at site to protect OTLLC's work force. COVID-19 cases identified at Oyu Tolgoi continued at low levels in the third quarter 2022 and the testing regime has been eased. Following the recent relaxation of COVID-19 government-initiated restrictions in Mongolia, OTLLC has progressively restarted work on project facilities with workforce numbers now at full capacity.

Construction of the final major stage of materials handling infrastructure continues, including civil and underground works for the conveyor to surface. Undercut blasting and on-footprint construction work continued to progress during the third quarter 2022. Commissioning of the second truck chute has commenced, and the 8<sup>th</sup> draw bell was fired on October 13, 2022, both ahead of schedule. Sustainable production from Panel 0 on the Oyu Tolgoi mining licence is now anticipated in the first quarter 2023.

The Shaft 3 headframe was commissioned and sinking commenced on March 31, 2022, with the cumulative sinking level at 298 metres below ground level as at October 2, 2022. Shaft 4 advancement was 418 metres below ground level as at October 2, 2022. The rate of progress in shafts improved during the quarter due to the optimization work program to maximize the productivity of their development. Continued progress on the program is necessary to remain aligned with the 2022 cost and schedule update, which identified an approximate 15-month delay in the commissioning of Shafts 3 and 4 from the schedule in the Definitive Estimate. As previously disclosed, Turquoise Hill now expects Shafts 3 and 4 to be commissioned in the first half 2024, and progress continues to be closely monitored. Shafts 3 and 4 are required to provide ventilation to support production from Panels 1 and 2 during ramp up to 95,000 tpd. Turquoise Hill currently expects the first Panel 1 draw bell in the first half 2027. The Hugo North Extension deposit on the Entrée/Oyu Tolgoi JV Property is located in the northern portion of Panel 1.

Design optimization work for Lift 1 on the Oyu Tolgoi mining licence and the Entrée/Oyu Tolgoi JV Property continues with the aim of minimizing risk and maximizing productivity. The Lift 1 Panel 1 design optimization study remains on track for completion in the first half 2023.

### Renewed Partnership with Government of Mongolia

On November 21, 2019, Resolution 92 was passed in a plenary session of the Parliament of Mongolia. Resolution 92 was published on December 6, 2019 and includes measures to improve the implementation of the Oyu Tolgoi Investment Agreement and the 2011 Amended and Restated Shareholders' Agreement (the "Shareholders' Agreement"), improve the 2015 Oyu Tolgoi Underground Mine Development and Financing Plan (the "Mine Plan") and explore and resolve options to have a product sharing arrangement or swap Mongolia's 34% equity holding for a special royalty.

In the fourth quarter 2021, negotiations between Turquoise Hill, Rio Tinto and various Mongolian governmental bodies progressed towards resolution of the outstanding items necessary to enable Lift 1 Panel 0 undercut commencement including approval for registration of the resources and reserves update ("RR19") through the Minerals Council of Mongolia in the fourth quarter 2021, and submission for assessment of OTMSS20 to the Mongolian Minerals Council pursuant to Mongolian regulatory requirements.

On December 13, 2021, Rio Tinto and Turquoise Hill made a joint offer to the Government of Mongolia with the aim of resetting the relationship and allowing all parties to move forward together. On December 30, 2021, the Parliament

of Mongolia passed Resolution 103 that aimed to improve the benefits to Mongolia from the Oyu Tolgoi project and set out a number of required measures to resolve the outstanding issues in relation to Resolution 92.

On January 24, 2022, Turquoise Hill announced that it had successfully reached a mutual understanding for a renewed partnership with the Government of Mongolia and that the OTLLC board had unanimously approved the commencement of the undercut and the Definitive Estimate underground development budget of \$6.75 billion.

The decision to approve the undercut followed resolution of many of the conditions required in Resolution 103 including:

- Turquoise Hill agreeing to waive in full the \$2.4 billion carry account loan of Erdenes Oyu Tolgoi LLC.
- Improved cooperation with Erdenes Oyu Tolgoi LLC in monitoring the Oyu Tolgoi underground development and enhancing environment, social and governance (ESG) matters.
- The approval of the Electricity Supply Agreement with, amongst others, Southern Region Electricity Distribution Network to provide OTLLC with a long-term source of power from the Mongolian grid on terms fully agreed with the Government of Mongolia.
- The establishment of a funding structure at OTLLC that does not incur additional loan financing prior to sustainable production for Panel 0 (expected in the first quarter 2023).

Remaining outstanding measures of Resolution 103 include the formal termination of the Mine Plan and resolution of the outstanding OTLLC tax arbitration.

Resolution 103 imposes restrictions that limit OTLLC's ability to obtain third party debt financing and Turquoise Hill's ability to fund OTLLC with shareholder debt or to carry common share investments in OTLLC on behalf of Erdenes Oyu Tolgoi LLC until sustainable production from Lift 1 Panel 0 is achieved, which is currently expected in the first quarter 2023. On August 4, 2022, Turquoise Hill reported that until sustainable production from Lift 1 Panel 0 is achieved, OTLLC's estimated funding requirements are expected to be addressed by cash on hand at OTLLC, the Re-profiling and an OTLLC board approved pre-paid copper concentrate sale arrangement between Turquoise Hill and OTLLC.

#### Oyu Tolgoi Funding

As reported by Turquoise Hill, as provided for in the Third Amended and Restated Heads of Agreement dated September 5, 2022 (the "Amended HoA"), Turquoise Hill and Rio Tinto have continued to advance discussions with project finance lenders under the Oyu Tolgoi project financing (the "OT Project Financing") with a view to rescheduling the principal repayments of the existing Oyu Tolgoi project debt (the "Re-profiling") so as to potentially reduce Turquoise Hill's base case funding requirement (estimated as at August 4, 2022 to be approximately \$3.6 billion) by up to approximately \$1.7 billion and better align the servicing of such debt with the updated Oyu Tolgoi project mine plan and to raise up to \$500 million of additional senior supplemental debt ("SSD"). Rio Tinto is responsible for leading the process and negotiations for the Re-profiling and SSD with support from and consultation with Turquoise Hill and OTLLC. To become effective, the Re-profiling requires the unanimous consent of the existing lenders under the OT Project Financing or the replacement of any lenders that withhold their consent; it will also require the approval of the OTLLC board. Turquoise Hill and Rio Tinto have been working towards completing the Re-profiling prior to the scheduled repayment of \$362 million due on December 15, 2022 under the existing OT Project Financing.

Progress has been made on reaching agreement on the commercial terms and conditions of the Re-profiling, with the commercial terms and conditions now substantially agreed. Certain existing commercial bank lenders under the OT Project Financing have indicated that they are unable or unwilling to participate in the Re-profiling. Consequently, Rio Tinto and Turquoise Hill are pursuing several potential solutions, including but not limited to engaging existing lenders that are currently participating in the Re-profiling with a view to increasing their current participation levels, and engaging new potential commercial bank lenders who could replace any banks that ultimately decide to exit.

If Rio Tinto and Turquoise Hill are not successful in their efforts to secure the Re-profiling on or before December 15, 2022, Turquoise Hill would in order to address near-term liquidity needs, be required to draw on the \$362 million bridge financing that Rio Tinto has committed to provide under the Amended HoA in order to fund the principal repayment of that same amount under the OT Project Financing due on December 15, 2022. The Amended HoA

contemplates that the \$362 million bridge facility will be made on the same terms as the \$650 million "Early Advance" commitment thereunder and would be repaid through an equity raise.

If the Re-profiling and SSD funding contemplated by the Amended HoA are not wholly successful, or the principal repayment of \$362 million under the OT Project Financing is required to be made on December 15, 2022, Turquoise Hill would require additional equity financing which would be incremental to estimated equity raising of \$1.05 billion previously disclosed in Turquoise Hill's second quarter 2022.

Turquoise Hill's incremental funding requirement, and quantum and timing of any incremental equity raises, continue to be impacted by various factors, many of which are outside of its control and, as a result, their actual quantum and/or timing could be different from the estimates provided by Turquoise Hill.

## **2022 Planned Development and Exploration Work on the Entrée/Oyu Tolgoi JV Property**

### Planned Development Work

For Panel 1 drilling on the Entrée/Oyu Tolgoi JV Property, the Entrée/Oyu Tolgoi JV has approved a 2022 budget with diamond drill holes targeting Hugo North Extension Lifts 1 and 2. The holes are collared from underground drill stations along the eastern boundary of the porphyry mineralized footprint on the Oyu Tolgoi mining licence crossing onto the Entrée/Oyu Tolgoi JV Property. As at the end of October 2022, 14 underground holes have been drilled on the Entrée/Oyu Tolgoi JV Property totalling 6,083.3 metres. In addition, two surface diamond drill holes totalling ~3,550 metres are in progress, with hole EGD173 currently at a depth of 1,698 metres (planned depth 1,800 metres) and hole EGD161 currently at a depth of 364 metres (planned depth 1,750 metres). The two surface holes will be entirely on the Entrée/Oyu Tolgoi JV Property and will target the northern portion of the Hugo North Extension deposit.

OTLLC has planned the Lift 1 Panel 1 underground drilling primarily for geological and geotechnical investigation and grade validation. OTLLC characterizes the main purpose of the Lift 2 Panel 1 underground drilling as geological and geotechnical investigation and resource conversion. OTLLC had scheduled all the drilling to be completed during 2022, with potential additional phases to follow in 2023 or beyond.

The Lift 1 Panel 1 geological model is expected to be finalized in the first quarter 2023, following which a decision will be made as to whether more Lift 1 drilling will be required. The Company has received preliminary results from a portion of the underground holes and is in the process of collating and modelling the data.

### Panel 1 Development

The Company continues to monitor the situation in Mongolia including with respect to possible delays to commencement of Panel 1. The Company will assess the potential impact of any delays as it becomes aware of them and will update the market accordingly.

### Planned Target Generation Work

OTLLC's site technical services team undertakes all exploration work on the Entrée/Oyu Tolgoi JV Property. Turquoise Hill has reported that the current exploration strategy for the Oyu Tolgoi project, including the Entrée/Oyu Tolgoi JV Property, is focused on developing a project pipeline prioritized in areas that can impact the current development of the Oyu Tolgoi deposits, seeking low-cost development options and continuing the assessment of legacy datasets to enable future discovery.

Exploration during 2016 to 2021 on the Entrée/Oyu Tolgoi JV Property included early-stage target generation work on both the Shivee Tolgoi and Javhlant mining licences. The work included geological mapping, soil and rock geochemical sampling, geophysical surveys, small amounts of shallow core and RC drilling, and integrated geological-geophysical 3D modelling. Results of work conducted between 2016 and 2020 and detailed descriptions of the targets have been reported in the Company's previous quarterly and annual filings, as well as the 2021 Technical Report, available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.

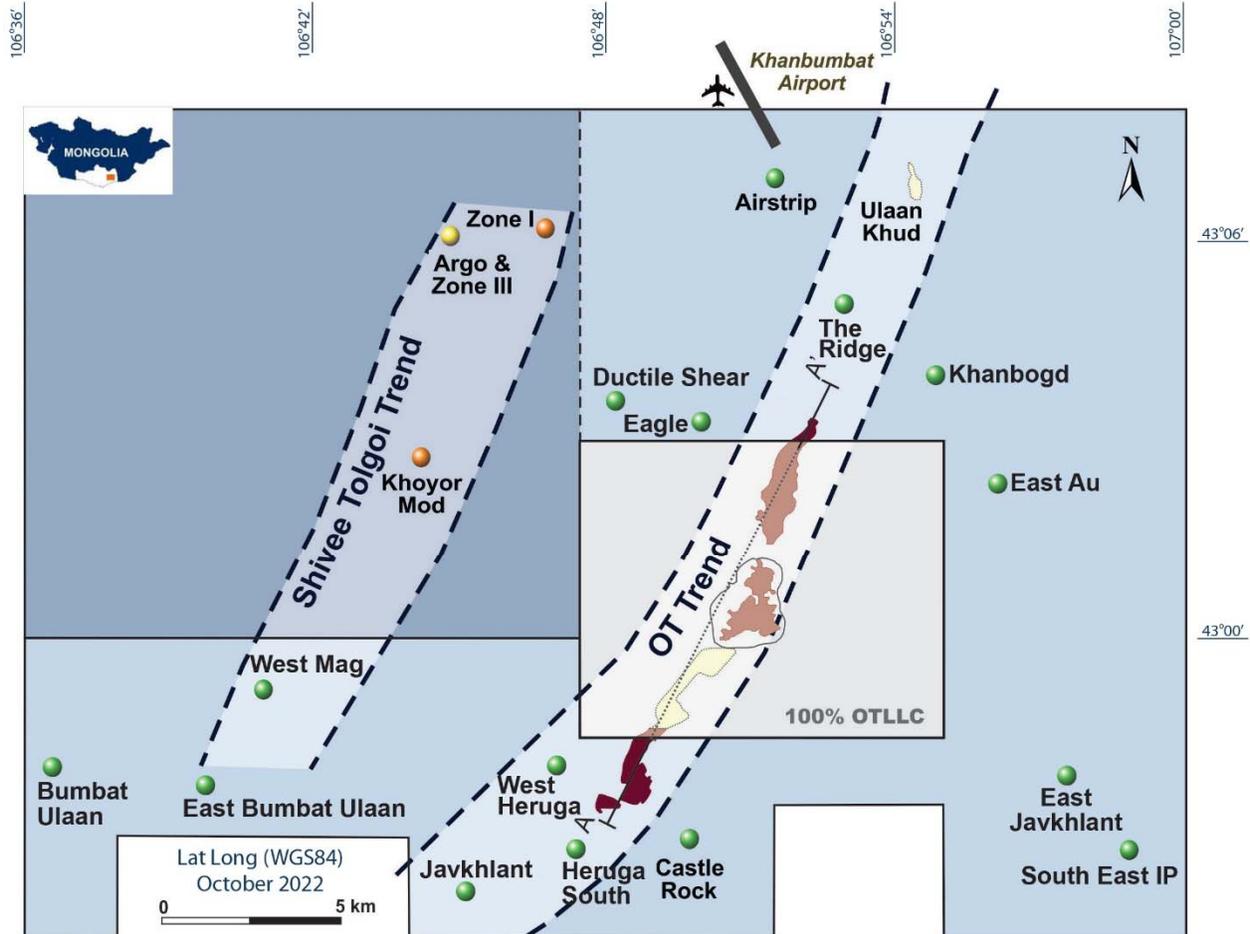
During 2021, exploration programs on the Entrée/Oyu Tolgoi JV Property were very minimal and all exploration drilling and larger programs were put on hold due to COVID-19 related restrictions. With the relaxation of COVID-19 related restrictions in Mongolia, exploration drilling programs resumed in 2022. On the Shivee Tolgoi mining licence, six RC holes totalling 1,500 metres and one 800 metre diamond drill hole have been completed at the Ulaan Khud target. In addition, three diamond drill holes totalling 2,200 metres have been completed at the Airstrip target. Analytical results are pending.

On the Javhlant mining licence, five RC holes totalling 1,500 metres were planned for each of the Bumbat Ulaan and West Mag targets in 2022. Two RC holes totalling 600 metres were completed at the West Mag target and analytical

results are pending; the remaining three holes were cancelled following engagement with one of the local herders. The five RC holes planned for the Bumbat Ulaan target were not completed due to the recent commissioning of the Tavan Tolgoi-Gashuunsukhait railway.

Dipole-dipole induced polarization survey work has been completed at the East Au, South East IP, West Mag, East Bumbat Ulaan, and Ductile Shear target areas. No results from the above work have been provided to Entrée. 3D modeling is also underway for several of the current target areas and a final report is expected to be completed in December 2022. Proposed mapping and rock-soil sampling programs have been cancelled due to inclement weather.

**Figure 3 – Entrée/Oyu Tolgoi JV Project Exploration Targets**



**ENTRÉE RESOURCES LTD. - ENTRÉE/OYU TOLGOI JV PROJECT**

- Mineral Deposit Entrée/Oyu Tolgoi JV
- Mineral Deposit OTLLC
- Copper ± Gold ± Molybdenum Porphyry Mineralization
- Copper Gold Prospect
- Gold Prospect
- Exploration Target
- Entrée/Oyu Tolgoi JV Property
- Shivee West (100% Entrée\*)
- Long Section

1. The Shivee West Property is subject to a License Fees Agreement between Entrée and OTLLC and may ultimately be included in the Entrée/Oyu Tolgoi JV Property.
2. Outline of copper ± gold ± molybdenum porphyry mineralization is projected to surface.
3. Entrée has a 20% or 30% participating interest depending on the depth of mineralization.

**Q3 2022 Financial Review**

Entrée expenses related to Mongolian operations included expenditures of \$0.3 million for strategic and administration costs in Mongolia. The Company focused its efforts on advancing potential amendments to the Entrée/Oyu Tolgoi JVA with the objective to align the interests of all stakeholders as they are now understood, which would be in the best interests of all stakeholders. Costs were related to legal and tax advisory consultants to assist in the process in the

current period, which also include costs related to the arbitration. The costs in the comparative periods of 2021 include professional fees related to the 2021 Technical Report.

## SUMMARY OF CONSOLIDATED FINANCIAL OPERATING RESULTS

### Operating Results

The Company's operating results for the three and nine months ended September 30 were:

(Unaudited)	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Expenses				
Project expenditures	\$ 67	\$ 169	\$ 318	\$ 414
General and administrative	348	310	1,286	1,093
Share-based compensation	19	-	77	-
Depreciation	30	30	95	87
Operating loss	464	509	1,776	1,594
Foreign exchange loss	529	210	660	16
Interest income	(36)	(5)	(77)	(23)
Interest expense	95	88	273	259
Loss from equity investee	116	41	181	112
Finance costs	15	3	46	10
Deferred revenue finance costs	1,040	1,021	3,150	2,995
Other	-	9	-	9
Loss for the period	2,223	1,876	6,009	4,972
Other comprehensive (income) loss				
Foreign currency translation	(3,411)	1,497	(4,325)	(91)
Total comprehensive (income) loss	\$ (1,188)	\$ 3,373	\$ 1,684	\$ 4,881
Net loss per common share				
Basic and fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Total assets	\$ 8,082	\$ 7,311	\$ 8,082	\$ 7,311
Total non-current liabilities	\$ 62,709	\$ 61,220	\$ 62,709	\$ 61,220

### Operating Loss:

During the three and nine month periods ended September 30, 2022, the Company's operating loss was \$0.5 million and \$1.8 million, respectively, compared to an operating loss of \$0.5 million and \$1.6 million in the comparative periods of 2021.

Project expenditures in Q3 2022 were lower compared to Q3 2021 due to 2021 expenses relating to the 2021 Technical Report.

General and administration was higher than the 2021 periods due to mainly to higher regulatory costs and inflationary cost increases.

Share-based compensation in Q3 2022 was related to vesting of share options granted to new directors in the previous quarter.

Depreciation expense was consistent with the comparative periods in 2021.

#### Non-operating Items:

The foreign exchange loss was primarily the result of movements between the C\$ and US dollar as the Company holds its cash in both currencies and the loan payable is denominated in US dollars.

Interest expense was primarily related to the loan payable to OTLLC pursuant to the Entrée/Oyu Tolgoi JVA and is subject to a variable interest rate.

The amount recognized as a loss from equity investee is related to exploration costs on the Entrée/Oyu Tolgoi JV Property.

Deferred revenue finance costs are related to recording the non-cash finance costs associated with the deferred revenue balance, specifically the Sandstorm stream.

The total assets as at September 30, 2022 were higher than at September 30, 2021 mainly due to funds received from the exercise of share purchase warrants during Q1 2022 and Q4 2021. See "Shareholder's Deficiency" section below. Total non-current liabilities have increased since September 30, 2021 due to recording the non-cash deferred revenue finance costs each quarter.

#### ***Quarterly Financial Data – 2 year historic trend***

	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21	Q4 20
Project expenditures	\$ 67	\$ 151	\$ 100	\$ 88	\$ 169	\$ 158	\$ 87	\$ 41
General and administrative	348	500	438	512	310	444	339	437
Share-based compensation	19	58	-	735	-	-	-	538
Depreciation	30	33	33	31	30	27	30	22
Operating loss	464	741	571	1,366	509	629	456	1,038
Foreign exchange loss (gain)	529	261	(130)	(46)	210	(101)	(93)	(355)
Interest expense, net	59	64	88	95	92	76	77	65
Loss from equity investee	116	33	32	123	41	36	35	60
Deferred revenue finance costs	1,040	1,058	1,052	1,040	1,021	1,006	968	887
Finance costs	15	16	15	5	3	3	4	4
Net loss	\$ 2,223	\$ 2,173	\$ 1,613	\$ 2,583	\$ 1,876	\$ 1,649	\$ 1,447	\$ 1,699
Basic/diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
USD:CAD FX Rate <sup>(1)</sup>	1.3707	1.2886	1.2496	1.2678	1.2741	1.2394	1.2575	1.2732

1. USD:CAD foreign exchange rate was the quarter ended rate per the Bank of Canada.

Project expenditures in Q2 2022, Q3 2021 and Q2 2021 were higher compared to other quarters due to expenses relating to professional fees to advance potential amendments to the Entrée/Oyu Tolgoi JVA and due to expenses for preparation of the 2021 Technical Report.

General and administrative expenses were higher in Q2 2022 and Q4 2021 due mainly to regulatory costs and compensation costs, respectively.

Share-based compensation expenditures in Q4 2021 included deferred share unit ("DSU") grants at higher fair value compared to DSU grants in Q4 2020.

Interest expense, net, consists of accrued interest on the OTLLC loan payable net of interest income earned on invested cash.

The loss from equity investee was related to the Entrée/Oyu Tolgoi JV Property and fluctuations are due to exploration activity and foreign exchange changes.

## LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Cash flows used in operating activities				
- Before changes in non-cash working capital items	\$ (534)	\$ (464)	\$ (1,720)	\$ (1,488)
- After changes in non-cash working capital items	(557)	(679)	(1,627)	(1,447)
Cash flows from financing activities	133	136	1,893	892
Cash flows used in investing activities	-	(1)	-	(33)
Net cash inflows (outflows)	(424)	(544)	266	(588)
Effect of exchange rate changes on cash	(224)	(143)	(306)	(4)
Cash balance	\$ 7,050	\$ 6,668	\$ 7,050	\$ 6,668

Cash outflows after changes in non-cash working capital items for the three and nine month periods ended September 30, 2022 varied against than the comparative period in 2021 due to timing payments on accounts payable balances.

Cash flows from financing activities in all periods were due mainly to funds received from share option and warrant exercises.

Cash flows used in investing activities was minimal.

The Company is an exploration stage company and has not generated positive cash flows from its operations. As a result, the Company has been dependent on equity and production-based financings for additional funding. Working capital on hand at September 30, 2022 was approximately \$7.1 million. Management believes it has adequate financial resources to satisfy its obligations over the next 12-month period and beyond. The Company does not currently anticipate the need for additional funding during this time.

### Loan Payable to Oyu Tolgoi LLC

Under the terms of the Entrée/Oyu Tolgoi JVA, the Company has elected to have OTLLC contribute funds to approved joint venture programs and budgets on the Company's behalf, each such contribution to be treated as a non-recourse loan. Interest on each loan advance shall accrue at an annual rate equal to OTLLC's actual cost of capital or the prime rate of the Royal Bank of Canada, plus two percent (2%) per annum, whichever is less, as at the date of the advance. The loan will be repayable by the Company monthly from ninety percent (90%) of the Company's share of available cash flow from the Entrée/Oyu Tolgoi JV. In the absence of available cash flow, the loan will not be repayable. The loan is not expected to be repaid within one year.

### Contractual Obligations

As at September 30, 2022, the Company had the following contractual obligations outstanding:

	Total	Less than 1 year	1 - 3 years	3-5 years	More than 5 years
Lease commitments	\$ 684	\$ 128	\$ 385	\$ 171	\$ -

## SHAREHOLDERS' DEFICIENCY

The Company's authorized share capital consists of unlimited common shares without par value.

At the date of this MD&A, the Company had 197,964,931 shares issued and outstanding (September 30, 2022 - 197,831,429 shares).

### Share Purchase Warrants

During the nine months ended September 30, 2022, share purchase warrants to purchase 4,115,354 common shares with an exercise price of C\$0.55 were exercised resulting in gross proceeds of C\$2,263,445 being received by the Company. 586,803 share purchase warrants with an exercise price of C\$0.55 expired on January 10, 2022.

The following share purchase warrants were outstanding as at the date of this report:

Number of share purchase warrants (000's)	Exercise price per share purchase warrant C\$	Expiry date
5,139	0.60	September 13, 2023

### Stock Option Plan

As at September 30, 2022 the Company had 8,159,500 stock options outstanding of which 8,009,500 are exercisable. As at the date of this MD&A the Company had 7,849,500 stock options outstanding of which 7,699,500 are exercisable.

The following is a summary of stock options outstanding as at the date of this report:

Number of share options (000's)	Number of share options vested (000's)	Exercise price per share option (C\$)	Expiry date
3,800	3,800	0.365 – 0.63	Feb – Dec 2023
1,545	1,545	0.365	Dec 2024
1,285	1,285	0.51	Dec 2025
920	920	0.77	Dec 2026
300	150	0.82 – 1.07	Apr - June 2027
7,850	7,700		

### Deferred share units (DSU)

DSUs are granted to the Company's directors and executives as a part of compensation under the terms of the Company's Deferred Share Unit Plan (the "DSU Plan"). Typically, DSUs vest when certain conditions as stated in the DSU Plan are met, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

During the nine months ended September 30, 2022, 110,000 deferred share units were redeemed for 110,000 common shares.

At September 30, 2022, the following DSUs were outstanding and fully vested:

	Number of DSUs (000's)
Outstanding – December 31, 2021	1,065
Redeemed	(110)
Outstanding – September 30, 2022	955

Each vested DSU entitles the holder to receive one common share of the Company or a cash payment equivalent to the closing price of one common share of the Company on the TSX on the last trading day preceding the DSU's redemption date.

## DEFERRED REVENUE - SANDSTORM

The Company has an agreement to use future payments that it receives from its mineral property interests to purchase and deliver gold, silver and copper credits to Sandstorm (the "Sandstorm Agreement").

Under the terms of the Sandstorm Agreement, Sandstorm provided the Company with a net deposit of C\$30.9 million (the "Deposit") in exchange for the future delivery of gold, silver and copper credits equivalent to:

- 28.1% of Entrée's share of gold and silver, and 2.1% of Entrée's share of copper, produced from the Shivee Tolgoi mining licence (excluding the Shivee West Property); and
- 21.3% of Entrée's share of gold and silver, and 2.1% of Entrée's share of copper, produced from the Javhlant mining licence.

Upon the delivery of metal credits, Sandstorm will make a cash payment to the Company equal to the lesser of the prevailing market price and \$220 per ounce of gold, \$5 per ounce of silver and \$0.50 per pound of copper (subject to inflation adjustments). After approximately 8.6 million ounces of gold, 40.3 million ounces of silver and 9.1 billion pounds of copper have been produced from the entire Entrée/Oyu Tolgoi JV Property (as currently defined) the cash payment will be increased to the lesser of the prevailing market price and \$500 per ounce of gold, \$10 per ounce of silver and \$1.10 per pound of copper (subject to inflation adjustments). To the extent that the prevailing market price is greater than the amount of the cash payment, the difference between the two will be credited against the Deposit.

The Deposit has been accounted for as deferred revenue on the statement of financial position and is subject to foreign currency fluctuations upon conversion to US dollars at each reporting period. The Deposit contains a significant financing component and, as such, the Company recognizes a financing charge at each reporting period and grosses up the deferred revenue balance to recognize the significant financing element that is part of this contract at a discount rate of 8%.

This arrangement does not require the delivery of actual metal, and the Company may use revenue from any of its assets to purchase the requisite amount of metal credits.

Further information in relation to the Sandstorm Agreement is available in the Company's AIF dated March 25, 2022.

## OTHER DISCLOSURES

### *Off-Balance Sheet Arrangements*

Entrée has no off-balance sheet arrangements except for the contractual obligation noted above.

### *Related Party Transactions*

The Company's related parties include key management personnel and directors. Direct remuneration paid to the Company's directors and key management personnel during the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Directors' fees	\$ 47	\$ 42	\$ 160	\$ 127
Salaries and benefits	\$ 197	\$ 177	\$ 649	\$ 555
Share-based compensation	\$ 19	\$ -	\$ 77	\$ -

As of September 30, 2022, included in the accounts payable and accrued liabilities balance on the consolidated statement of financial position is \$0.01 million (December 31, 2021 - \$0.03 million) due to the Company's directors and key management personnel.

Upon a change of control of the Company, amounts totaling \$1.3 million (December 31, 2021 - \$1.2 million) may become payable to certain officers and management personnel of the Company.

## Financial Instruments

### a) Fair value classification of financial instruments

The fair value hierarchy establishes three 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 are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). Level 3 inputs are for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities, loan payable and lease liabilities.

The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair value due to their short terms to maturity.

The following table summarizes the classification and carrying values of the Company's financial instruments at September 30, 2022:

September 30, 2022	FVTPL	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ -	\$ 7,050	\$ -	\$ 7,050
Receivables	-	26	-	26
Deposits	-	12	-	12
Total financial assets	\$ -	\$ 7,088	\$ -	\$ 7,088
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 81	\$ 81
Lease liabilities	-	-	560	560
Loan payable	-	-	10,765	10,765
Total financial liabilities	\$ -	\$ -	\$ 11,406	\$ 11,406

## CRITICAL ACCOUNTING ESTIMATES, RISKS AND UNCERTAINTIES

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated interim financial statements and accompanying notes. Actual results could differ materially from those estimates.

Measurement of the Company's assets and liabilities is subject to risks and uncertainties, including those related to reserve and resource estimates; title to mineral properties; future commodity prices; costs of future production; future costs of restoration provisions; changes in government legislation and regulations; future income tax amounts; the availability of financing; and various operational factors. The Company's estimates identified as being critical are substantially unchanged from those disclosed in the MD&A for the year ended December 31, 2021.

Entrée is a mineral exploration and development company and is exposed to a number of risks and uncertainties due to the nature of the industry in which it operates and the present state of development of its business and the foreign jurisdictions in which it carries on business. Other than the revised risk factors below describing the risks and uncertainties most likely to affect the Company as a result of the adoption of new legislation in Mongolia, and the acquisition by Horizon of approximately 25.1% of the outstanding shares of Entrée from Sandstorm, the material risks and uncertainties affecting Entrée, their potential impact, and the Company's principal risk-management strategies are substantially unchanged from those disclosed in its MD&A for the year ended December 31, 2021 and in its AIF dated March 25, 2022 in respect of such period, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com), EDGAR at [www.sec.gov](http://www.sec.gov) and on the Company's website at [www.EntreeResourcesLtd.com](http://www.EntreeResourcesLtd.com).

### Adoption of Law on Permits

The Minerals Law of Mongolia provides that the State may be an equity participant with any private legal entity, up to a 34% equity interest, in the exploitation of any strategic deposit where the quantity and grade of the deposit have been defined by exploration that has not been funded from the State budget. The Oyu Tolgoi series of deposits was declared to be a strategic deposit under Resolution 27 dated February 6, 2007 of the Parliament of Mongolia. Resolution 57 of the Parliament of Mongolia dated July 16, 2009 provides that the minimum percentage of State participation in the Oyu Tolgoi deposits shall be 34%.

The Ministry of Mining previously advised Entrée that it considers the deposits on the Entrée/Oyu Tolgoi JV Property to be part of the Oyu Tolgoi series of deposits. Entrée has been in discussions with stakeholders of the Oyu Tolgoi project, including the Government of Mongolia, OTLLC, Erdenes Oyu Tolgoi LLC, Turquoise Hill and Rio Tinto, since February 2013. The discussions to date have focused on issues arising from Entrée's exclusion from the Oyu Tolgoi Investment Agreement, including the fact that the Government of Mongolia does not have a full 34% interest in the Entrée/Oyu Tolgoi JV Property; the fact that the mining licences integral to future underground operations are held by more than one corporate entity; and the fact that Entrée does not benefit from the stability that it would otherwise have if it were a party to the Oyu Tolgoi Investment Agreement.

If the parties fail to reach mutually acceptable agreements that resolve these issues in a timely manner, there is a risk that the Government of Mongolia may resort to measures which, whether legitimate or not, could have an adverse effect on the business, assets, and financial condition of Entrée as well as the Company's share price. Such measures could include attempting to revoke the Shivee Tolgoi and Javhlant mining licences; attempting to terminate the Entrée/Oyu Tolgoi JV or Entrée's interest in the Entrée/Oyu Tolgoi JV Property; and filing legal proceedings against Entrée.

On June 17, 2022, the Parliament of Mongolia adopted the Law on Permits which will come into force on January 1, 2023. The Law on Permits intends to provide a unified framework for all licenses and permissions that are currently regulated under numerous different regulations approved by various authorities, including mining licences. While the Company believes the Shivee Tolgoi and Javhlant licences are in good standing and the Oyu Tolgoi Investment Agreement restricts the grounds upon which the Mongolian State administrative authority in charge of geology and mining may revoke a mining licence covered by the Oyu Tolgoi Investment Agreement, the Law on Permits introduces new grounds for revocation of mining licences and provides that a revocation will trigger termination of existing commercial contracts entered based on the licence and the licence holder is obliged to compensate for damages due to the revocation. The full impact of the adoption of the Law on Permits is not yet known. Also see "Risk Factors – Legal and Political Risks" and "Risk Factors – Risks Associated with the Development of the Oyu Tolgoi Project" in the Company's AIF.

### Sandstorm and Horizon May Influence the Company's Affairs

On February 17, 2022, Sandstorm announced it had signed a letter of intent with Horizon whereby Horizon will acquire certain non-royalty and non-stream assets from Sandstorm, including Sandstorm's shares of the Company. The transaction is structured as a reverse take-over of Horizon. The first part of the transaction closed on August 31, 2022. Subject to the completion of a proposed concurrent financing of a minimum of US\$20 million payable to Sandstorm, the second part of the transaction is expected to close in the second half 2022. Upon completion of the transaction, Sandstorm will retain an approximately 34% equity interest in Horizon. Certain individuals will also continue to serve as executive officers and/or directors of both Sandstorm and Horizon.

On June 1, 2022, Horizon announced that pursuant to a share purchase agreement, Horizon's wholly owned subsidiary 1363013 B.C. Ltd. had acquired Sandstorm's shares of the Company in consideration for a promissory note in the principal amount of C\$43.2 million. Horizon subsequently acquired the promissory note from Sandstorm and Horizon's liabilities associated with the promissory note were eliminated.

Horizon's beneficial shareholdings in the Company and certain terms and conditions of the Sandstorm Agreement potentially give Sandstorm and Horizon the power to influence the policies, business and affairs of Entrée and the outcome of any significant corporate transaction or other matter, including approval of any significant amendments to the Entrée/Oyu Tolgoi JVA, or a merger, business combination or a sale of all, or substantially all, of Entrée's assets including by delaying, deterring or preventing such transaction. While the Sandstorm Agreement requires Sandstorm, subject to certain conditions, to vote its shares as the Board specifies with respect to any potential acquisition of the Company, the requirement does not apply with respect to other types of transactions and ceases to apply if Sandstorm transfers its shares to a third party (other than an affiliate of Sandstorm). The interests of Horizon and Sandstorm are not necessarily aligned with each other or with the interests of the Company's other shareholders and there can be no

assurance that Horizon or Sandstorm will exercise their rights or act in a manner that is consistent with the best interests of the Company or its other shareholders.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for designing internal control over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. No change in the Company's internal control over financial reporting occurred during the period beginning on July 1, 2022 and ended on September 30, 2022 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **NON-IFRS PERFORMANCE MEASUREMENT**

Non-IFRS Performance Measurement: "Cash costs after credits" (C1) and all-in sustaining cost (ASIC) are non-IFRS performance measurements. These performance measurements are included because these statistics are widely accepted as the standard of reporting cash costs of production in North America. These performance measurements do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measurements should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

## **FORWARD LOOKING STATEMENTS**

This MD&A contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws.

Forward-looking statements include, but are not limited to, statements with respect to corporate strategies and plans; requirements for additional capital; uses of funds and projected expenditures; the arbitration proceedings, including the potential benefits, timing and outcome of the arbitration proceedings; the Company's plans to continue discussions with OTLLC and Turquoise Hill regarding potential amendments to the Entrée/Oyu Tolgoi JVA; the Company's plans to advance discussions with the Government of Mongolia regarding a potential acquisition by the Government of Mongolia of 34% of the Company's economic interest in the Entrée/Oyu Tolgoi JV Property; the Company's ability to transfer the Shivee Tolgoi and Javhlant mining licences to OTLLC as manager of the Entrée/Oyu Tolgoi JV either in conjunction with finalization and execution of amendments to the Entrée/Oyu Tolgoi JVA, or enforcement of certain provisions of the Earn-in Agreement and Entrée/Oyu Tolgoi JVA pursuant to binding arbitration proceedings; the potential for Entrée to be included in or otherwise receive the benefits of the Oyu Tolgoi Investment Agreement; the expectations set out in OTMSS20 and the 2021 Technical Report on the Company's interest in the Entrée/Oyu Tolgoi JV Property; timing and status of Oyu Tolgoi underground development; the expected timing of sustainable production from Panel 0 on the Oyu Tolgoi mining licence; the nature of the ongoing relationship and interaction between Oyu Tolgoi project stakeholders and the Government of Mongolia with respect to the continued operation and development of Oyu Tolgoi as and when the key agreements entered into between Turquoise Hill, Rio Tinto and the Government of Mongolia are implemented along with the implementation of Resolution 103; the mine design for Hugo North Lift 1 Panel 0 and the related cost and production schedule implications; the re-design studies for Panels 1 and 2 of Hugo North (including Hugo North Extension) Lift 1 and the possible outcomes, content and timing thereof; the timing and progress of the sinking of Shafts 3 and 4 and any delays in that regard in addition to previously disclosed delays; timing and amount of production from Lift 1 of the Entrée/Oyu Tolgoi JV Property, potential production delays and the impact of any delays on the Company's cash flows, expected copper, gold and silver grades, liquidity, funding requirements and planning; future commodity prices; the potential impact of COVID-19 on Oyu Tolgoi underground development and the Company's business, operations and financial condition; the estimation of mineral reserves and resources; projected mining and process recovery rates; estimates of capital and operating costs, mill and concentrator throughput, cash flows and mine life; capital, financing and project development risk; mining dilution; discussions with the Government of Mongolia, Rio Tinto, OTLLC and Turquoise Hill on a range of issues including Entrée's interest in the Entrée/Oyu Tolgoi JV Property, the Shivee Tolgoi and Javhlant mining licences and certain material agreements; potential actions by the Government of Mongolia with respect to the Shivee Tolgoi and Javhlant mining licences and Entrée's interest in the Entrée/Oyu Tolgoi JV Property; potential size of a mineralized zone; potential expansion of mineralization; potential discovery of new mineralized zones; potential metallurgical recoveries and grades; plans for

future exploration and/or development programs and budgets; permitting time lines; anticipated business activities; proposed acquisitions and dispositions of assets; and future financial performance.

In certain cases, forward-looking statements and information can be identified by words such as "plans", "expects" or "does not expect", "is expected", "budgeted", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved". While the Company has based these forward-looking statements on its expectations about future events as at the date that such statements were prepared, the statements are not a guarantee of Entrée's future performance and are based on numerous assumptions regarding present and future business strategies, the correct interpretation of agreements, laws and regulations; the commencement and conclusion of the arbitration proceedings, including the potential benefits, timing and outcome of the arbitration proceedings; the potential benefits, timing and outcome of negotiations with the Government of Mongolia, Erdenes Oyu Tolgoi LLC, OTLLC, Turquoise Hill and Rio Tinto; local and global economic conditions and the environment in which Entrée will operate in the future, including commodity prices, projected grades, projected dilution, anticipated capital and operating costs, including inflationary pressures thereon resulting in cost escalation, and anticipated future production and cash flows; the anticipated location of certain infrastructure and sequence of mining within and across panel boundaries; the construction and continued development of the Oyu Tolgoi underground mine; the status of Entrée's relationship and interaction with the Government of Mongolia, Erdenes Oyu Tolgoi LLC, OTLLC, Rio Tinto and Turquoise Hill; and the Company's ability to operate sustainably, its community relations and its social licence to operate.

With respect to the construction and continued development of the Oyu Tolgoi underground mine, important risks, uncertainties and factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements and information include, amongst others, the nature of the ongoing relationship and interaction between OTLLC, Turquoise Hill and Rio Tinto and the Government of Mongolia with respect to the continued operation and development of Oyu Tolgoi as and when the key agreements entered into between Turquoise Hill, Rio Tinto and the Government of Mongolia are implemented along with the implementation of Resolution 103; the continuation of undercutting in accordance with the mine plan and design; actual timing of first sustainable production from Panel 0 as well as the lifting of restrictions by the Government of Mongolia on the ability of OTLLC to incur additional indebtedness; the amount of any future funding gap to complete the Oyu Tolgoi project and the availability and amount of potential sources of additional funding; the eventual pre-payment arrangement between Turquoise Hill and OTLLC; the implementation and successful execution of the funding plan that is the subject of the Amended HoA and potential delays in the ability of Turquoise Hill or OTLLC to proceed with the funding elements contemplated by the Amended HoA; the timing and cost of the construction and expansion of mining and processing facilities; inflationary pressures on prices for critical supplies for Oyu Tolgoi including fuel, power explosives and grinding media resulting in cost escalation; the ability of OTLLC or the Government of Mongolia to deliver a domestic power source for Oyu Tolgoi (or the availability of financing for OTLLC or the Government of Mongolia to construct such a source) within the required contractual timeframe; sources of interim power; OTLLC's ability to operate sustainably, its community relations, and its social licence to operate in Mongolia; the potential impact of COVID-19, including any restrictions imposed by health and governmental authorities relating thereto; the impact of changes in, changes in interpretation to or changes in enforcement of, laws, regulations and government practises in Mongolia; delays, and the costs which would result from delays, in the development of the underground mine; the anticipated location of certain infrastructure and sequence of mining within and across panel boundaries; international conflicts such as the ongoing Russia-Ukraine conflict; projected commodity prices and their market demand; and production estimates and the anticipated yearly production of copper, gold and silver at the Oyu Tolgoi underground mine.

The 2021 PEA is based on a conceptual mine plan that includes Inferred mineral resources. Numerous assumptions were made in the preparation of the 2021 PEA, including with respect to mineability, capital and operating costs, including inflationary pressures thereon resulting in cost escalation, production schedules, the timing of construction and expansion of mining and processing facilities, and recoveries, that may change materially once production commences at Hugo North Extension Lift 1 and additional development and capital decisions are required. Any changes to the assumptions underlying the 2021 PEA could cause actual results to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements and information relating to the 2021 PEA.

Other risks, uncertainties and factors which could cause actual results, performance or achievements of Entrée to differ materially from future results, performance or achievements expressed or implied by forward-looking statements and information include, amongst others, unanticipated costs, expenses or liabilities; discrepancies between actual and estimated production, mineral reserves and resources and metallurgical recoveries; development plans for processing

resources; matters relating to proposed exploration or expansion; mining operational and development risks, including geotechnical risks and ground conditions; regulatory restrictions (including environmental regulatory restrictions and liability); risks related to international operations, including legal and political risk in Mongolia; risks related to the potential impact of global or national health concerns, including the COVID-19 pandemic; risks associated with changes in the attitudes of governments to foreign investment; risks associated with the conduct of joint ventures; inability to upgrade Inferred mineral resources to Indicated or Measured mineral resources; inability to convert mineral resources to mineral reserves; conclusions of economic evaluations; fluctuations in commodity prices and demand; changing foreign exchange rates; the speculative nature of mineral exploration; the global economic climate; dilution; share price volatility; activities, actions or assessments by Rio Tinto, Turquoise Hill or OTLLC and by government authorities including the Government of Mongolia; the availability of funding on reasonable terms; the impact of changes in interpretation to or changes in enforcement of laws, regulations and government practices, including laws, regulations and government practices with respect to mining, foreign investment, royalties and taxation; the terms and timing of obtaining necessary environmental and other government approvals, consents and permits; the availability and cost of necessary items such as water, skilled labour, transportation and appropriate smelting and refining arrangements; unanticipated reclamation expenses; changes to assumptions as to the availability of electrical power, and the power rates used in operating cost estimates and financial analyses; changes to assumptions as to salvage values; ability to maintain the social licence to operate; accidents, labour disputes and other risks of the mining industry; global climate change; global conflicts; title disputes; limitations on insurance coverage; competition; loss of key employees; cyber security incidents; misjudgements in the course of preparing forward-looking statements; and those factors discussed in the section entitled "Critical Accounting Estimates, Risks and Uncertainties" in this MD&A and in the section entitled "Risk Factors" in the AIF. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events, or otherwise. Accordingly, readers should not place undue reliance on forward-looking statements.

## **TECHNICAL INFORMATION**

Robert Cinitis, P.Geo., formerly Entrée's Vice-President, Corporate Development and currently a consultant to the Company, has approved the technical disclosure in this MD&A. Mr. Cinitis is a Qualified Person ("QP") as defined by NI 43-101.

### **Cautionary Note to United States Investors - Canadian Disclosure Standards in Mineral Resources and Mineral Reserves**

All mineral reserve and mineral resource estimates included in this MD&A have been prepared in accordance with NI 43-101, which incorporates by reference the definitions of the terms ascribed by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") in the *CIM Definition Standards for Mineral Resources and Mineral Reserves*, adopted by the CIM Council on May 10, 2014, as may be amended from time to time by the CIM.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral properties. NI 43-101 differs from the disclosure requirements of the United States Securities and Exchange Commission generally applicable to U.S. companies.

Accordingly, descriptions of mineral deposits contained in this MD&A may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the "SEC Modernization Rules") and, following a transition period, the SEC Modernization Rules have replaced the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7. As a "foreign private issuer" (as such term is defined in Rule 3b-4 under the U.S. Exchange Act) that files its annual report

on Form 40-F with the SEC pursuant to the U.S.-Canada Multijurisdictional Disclosure System ("MJDS"), the Company is not required to provide disclosure on its mineral properties under the SEC Modernization Rules and will continue to provide disclosure under NI 43-101 and CIM. If the Company ceases to be a foreign private issuer or loses its eligibility to file its annual report on Form 40-F pursuant to the MJDS, then the Company will be subject to the SEC Modernization Rules, which differ from the requirements of NI 43-101 and CIM.