

**Form 51-102F3**

***Material Change Report***

**Item 1. Name and Address of Company**

Entrée Resources Ltd. (the “**Company**” or “**Entrée**”)  
Suite 1650 – 1066 West Hastings Street  
Vancouver, BC V6E 3X1

**Item 2. Date of Material Change**

October 29, 2024

**Item 3. News Release**

The News Release dated October 29, 2024 (the “**News Release**”) was disseminated via DMI Digital Media Innovations Canada Inc. (“**Notified**”) to the Canadian and U.S. Investor Network.

**Item 4. Summary of Material Change**

On October 29, 2024, the Company announced first Oyu Tolgoi Lift 1 Panel 1 underground development work on the Entrée/Oyu Tolgoi joint venture property has commenced. The work is included in the 2024 Oyu Tolgoi Mine Plan previously submitted to and approved by the Mineral Resources and Petroleum Authority of Mongolia. The work is limited as to scope, and the timing of any future development work in the Hugo North Extension (“**HNE**”) deposit footprint is contingent upon the resolution of certain outstanding issues, including the transfer of the Shivee Tolgoi license to the Company’s joint venture partner Oyu Tolgoi LLC (“**OTLLC**”). The Company also provided a corporate update.

**Item 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

On October 29, 2024, the Company announced first Oyu Tolgoi Lift 1 Panel 1 underground development work on the Entrée/Oyu Tolgoi joint venture property has commenced. The work is included in the 2024 Oyu Tolgoi Mine Plan previously submitted to and approved by the Mineral Resources and Petroleum Authority of Mongolia. The work is limited as to scope, and the timing of any future development work in the HNE deposit footprint is contingent upon the resolution of certain outstanding issues, including the transfer of the Shivee Tolgoi license to the Company’s joint venture partner OTLLC.

The joint venture Management Committee approved a maximum of 212 metres of lateral development work in the southwest corner of HNE in line with the 2024 Oyu Tolgoi Mine Plan (the “**2024 Development Work**”). The 2024 Development Work will be performed in accordance with the terms and conditions of the joint venture agreement appended to the amended 2004 Equity Participation and Earn-in Agreement (the “**JV Agreement**”). The 2024 Development Work is part of the initial Panel 1 western ore handling truck chute design which, when completed, will include extraction level tipple development, which connects the truck chute chamber on the haulage level, and the supporting ventilation loop with the return air level.

As the 2024 Development Work is in rock classified as waste, no saleable minerals, concentrates, metals or other saleable mineral end product is expected to be produced.

The joint venture Management Committee approved a US\$4.4 million direct capital budget for the 2024 Development Work (based on 212 metres of work) and confirmed OTLLC will charge Entrée a sum equal to 2% of actual costs allocated to Entrée in lieu of general and administrative expenses. OTLLC will contribute Entrée's 20% share of actual costs and charges when they are incurred, with such contribution to be treated as a loan (a "**Loan**") in accordance with Article 10 of the JV Agreement.

Stephen Scott, the Company's President & CEO commented, "The commencement of underground development work on the Entrée/Oyu Tolgoi JV property is a significant defining milestone for the Company, putting us on the path to commercial production. However, while it is appropriate to take a moment to recognize this tremendous achievement by the Entrée/Oyu Tolgoi JV partners, there is still much work to be done. The parties have been operating under the JV Agreement since OTLLC completed its earn-in obligations in 2008. Under the terms of the JV Agreement, the Manager is required to hold all assets including the Shivee Tolgoi and Javhlant mining licenses. We have believed for some time that the full potential of Panel 1 operations cannot be realized unless title to the Shivee Tolgoi mining license is transferred from Entrée's Mongolian subsidiary to OTLLC, as contemplated under the JV Agreement. For several years, we have focused our efforts on trying to effect that license transfer and confirm the respective rights and obligations of all JV stakeholders beyond the exploration stage. At the same time, we have continued to work with stakeholders to support the development of Lift 1 Panel 1. While we are very pleased that this initial piece of development work is proceeding, the timing of additional development work will, in part, depend upon the speed with which we can resolve outstanding issues around contractual certainty and license ownership."

The Company also provided an update regarding commercial discussions with OTLLC and Rio Tinto, engagement with the Government of Mongolia, and the existing arbitration between the Company and OTLLC.

#### Commercial Discussions

The Company has been engaged in discussions with Rio Tinto and OTLLC to finalize either the execution and delivery of the existing JV Agreement or conversion to an alternative agreement of equivalent economic value to govern their relationship during the development and mining stages.

Mr. Scott commented, "The commercial relationship between Entrée and its JV partner is becoming more complicated as the Entrée/Oyu Tolgoi JV property moves beyond the exploration stage. It is very important that we have certainty around the terms and conditions the parties will adhere to going forward. While Entrée's preference has always been to achieve this contractual certainty through negotiation with OTLLC and Rio Tinto, we have had to look at other ways to ensure shareholder interests are protected, including arbitration".

Key points in the discussions have been the transfer of the Shivee Tolgoi and Javhlant mining licenses to OTLLC, the treatment of taxes payable in Mongolia in connection with such license transfers, and ensuring there is an effective mechanism for Entrée to fulfil any obligation under Mongolian law to share with the State up to 34% of Entrée's economic benefit. Entrée believes transfer of the licenses to OTLLC, as Manager and owner of an 80% participating interest in the Entrée/Oyu Tolgoi JV, is necessary to maximize operational efficiencies and provide certainty with respect to taxes and royalties.

Mr. Scott added, "Over the last couple of years, all parties have worked extremely diligently to achieve a commercial resolution that will benefit the Oyu Tolgoi project, the State of Mongolia and its people,

and the JV partners and other stakeholders. The parties have identified a potential pathway forward, however, any definitive alternative agreement(s) reached between the Company and OTLLC require the approval of the OTLLC board”. Of the nine members of the OTLLC board, six are appointed by Rio Tinto and three are appointed by Erdenes Oyu Tolgoi LLC (the State-owned company that holds a 34% interest in OTLLC). Given the importance of the Oyu Tolgoi project to the people of Mongolia, the Company understands OTLLC wants to ensure all board members are supportive before proceeding any further.

#### Mongolian Government Engagement

The Company is committed to fulfilling any obligation it has under applicable Mongolian law to share with the State of Mongolia up to 34% of the economic benefit derived by the Company from its interest in the Entrée/Oyu Tolgoi JV property.

Mr. Scott commented, “Following the June 2024 election, we have met with Government officials to reaffirm that commitment. Entrée is deeply invested in Mongolia. We have had operations and employees in-country since 2002. We have a scholarship program to provide financial support to students enrolled in undergraduate programs in geology, mining engineering, and environmental science in Mongolian universities, which we are continually expanding. While these things are important, we believe the most beneficial thing we can do for the people of Mongolia is resolve the longstanding issues surrounding the Entrée/Oyu Tolgoi JV. Through consolidation of Oyu Tolgoi project license ownership in OTLLC, payment of associated license transfer taxes to the Government, and clearly defined life-of-mine rights and obligations, we can reduce the risk of future delays to lateral development work and establish a clear contractual foundation upon which Entrée can share 34% of its economic benefit with the State. Achieving commercial production from Lift 1 Panel 1 as quickly as possible is in the best interests of all stakeholders.”

#### Arbitration Update

As previously disclosed, on May 26, 2022, the Company commenced binding arbitration proceedings to seek declarations and orders for specific performance relating to certain provisions of the 2004 Equity Participation and Earn-in Agreement and the JV Agreement.

The arbitration was commenced in Vancouver, British Columbia under the *International Commercial Arbitration Act* (British Columbia). A three-member Tribunal was appointed and the evidentiary hearing took place in Vancouver on April 8 and 9, 2024. Closing submissions were heard in Toronto on July 10, 2024. To date, no decision has been released and the Company does not know when a decision will be forthcoming. Further, the Company does not know if the Tribunal will release a partial or final decision. If a partial decision is released further submissions and hearings may be necessary. There can be no assurance that a decision will be favourable to the Company. If an arbitration decision is received prior to the execution of a definitive alternative agreement(s), there can be no assurances as to whether both parties would continue to try to progress a commercial resolution as currently contemplated or at all.

*This Material Change Report contains forward-looking information within the meaning of applicable Canadian securities laws with respect to corporate strategy and plans, and other matters that may occur in the future.*

*While the Company has based this forward-looking information on its expectations about future events as at the date that such information was prepared, the information is not a guarantee of Entrée’s future performance and is based on numerous assumptions regarding present and future business strategies, arbitration proceedings, including the potential benefits, timing and outcome of arbitration proceedings, whether an arbitration decision will be favourable to the Company, the Company’s plans to continue discussions with OTLLC and Rio Tinto regarding a potential conversion of the JV Agreement, the effect an arbitration decision may have on a commercial resolution of matters related to the JV Agreement, the ability of the parties to reach a commercial resolution of matters related to the JV Agreement, whether OTLLC will require all of its board members to approve any commercial resolution and whether such approval would be forthcoming, the Company’s*

*plans to continue discussions with the Government of Mongolia regarding the potential for the State to share in 34% of the economic benefit of the Company's interest in the Entrée/Oyu Tolgoi JV property pursuant to applicable laws of Mongolia, the Company's ability to transfer the Shivee Tolgoi and Javhlant mining licenses to OTLLC either in conjunction with finalization and execution of an alternative agreement(s) with OTLLC, or enforcement of certain provisions of the Equity Participation and Earn-in Agreement and JV Agreement 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 expected timing of development work on the Shivee Tolgoi mining license and the potential for delay if the Shivee Tolgoi mining license cannot be transferred to OTLLC and the respective rights and obligations of the parties during the development and mining stages cannot be confirmed in the near term, and potential actions by the Government of Mongolia with respect to the Shivee Tolgoi and Javhlant mining licenses and Entrée's interest in the Entrée/Oyu Tolgoi JV Property.*

*Important risks, uncertainties and factors which could cause actual results to differ materially from future results expressed or implied by forward-looking information include, amongst others, the arbitration decision may not be favourable to the Company, there could be delays, including significant delays, to future underground development work on the Shivee Tolgoi mining license if the Shivee Tolgoi mining license cannot be transferred to OTLLC and the respective rights and obligations of the parties during the development and mining stages cannot be confirmed in the near term, the parties may not obtain the necessary approvals to undertake a conversion of the Entrée/Oyu Tolgoi JVA to an economically equivalent agreement and transfer the Shivee Tolgoi and Javhlant mining licenses to OTLLC, transfer taxes payable in Mongolia upon the transfer of the Shivee Tolgoi and Javhlant mining licenses are uncertain, the Company is subject to legal and political risk in Mongolia, misjudgements in the course of preparing forward-looking information, and those factors discussed in the Company's most recently filed MD&A and in the Company's Annual Information Form for the financial year ended December 31, 2023, dated March 8, 2024 filed with the Canadian Securities Administrators and available at [www.sedarplus.ca](http://www.sedarplus.ca). 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 information, 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 information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company is under no obligation to update or alter any forward-looking information except as required under applicable securities laws.*

## **5.2 Disclosure for Restructuring Transactions**

Not Applicable.

### **Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable.

### **Item 7. Omitted Information**

Not Applicable.

### **Item 8. Executive Officer**

Susan McLeod, Vice President, Legal Affairs  
604.687.4777

### **Item 9. Date of Report**

Dated at Vancouver, BC, this 29 day of October, 2024.