

# Entrée Resources Announces Commencement of Underground Development on Entrée/Oyu Tolgoi JV Property and Provides Corporate Update

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VANCOUVER, Oct. 29, 2024 - [Entrée Resources Ltd.](#) (TSX:ETG; OTCQB:ERLFF - the "Company" or "Entrée") is pleased to announce 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").

## Highlights of the 2024 Development Work

- 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."

## Commercial Discussions with Rio Tinto & OTLLC

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.

Stephen Scott commented, "In 2022, Lift 1 Panel 0 underground development work was progressing. We were doubtful the Company could successfully negotiate a reasonable outcome before the work reached the

JV license boundary, which at the time was expected at some point in 2023. We were facing the prospect of significant delays to JV development work if contractual certainty and transfer of the licenses could not be achieved. Nor could we advance discussions with the Government of Mongolia in a meaningful way without first confirming our underlying contractual rights and obligations vis-à-vis OTLLC. In that context, our Board made the difficult decision to commence binding arbitration. The Company's interest in the Entrée/Oyu Tolgoi JV property has always been its most important asset, and our future cannot be left to chance. It appears we may yet need a positive decision from the Tribunal to avoid further delays to development. That said, the parties' preference has always been to align through negotiation, and we remain hopeful that can be achieved."

#### QUALIFIED PERSON

Robert Cinits, P.Geo., a Qualified Person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, has approved the technical information in this release. For further information on the Entrée/Oyu Tolgoi JV Property, see the Company's Technical Report, titled "Entrée/Oyu Tolgoi Joint Venture Project, Mongolia, NI 43-101 Technical Report", with an effective date of October 8, 2021, available on the Company's website at [www.EntreeResourcesLtd.com](http://www.EntreeResourcesLtd.com), and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

#### ABOUT ENTRÉE RESOURCES LTD.

Entrée Resources Ltd. is a Canadian mining company with a unique carried joint venture interest on a significant portion of one of the world's largest copper-gold projects - the Oyu Tolgoi project in Mongolia. Entrée has a 20% or 30% carried participating interest in the Entrée/Oyu Tolgoi JV, depending on the depth of mineralization. [Horizon Copper Corp.](#) and Rio Tinto are major shareholders of Entrée, beneficially holding approximately 24% and 16% of the shares of the Company, respectively. More information about Entrée can be found at [www.EntreeResourcesLtd.com](http://www.EntreeResourcesLtd.com).

#### FURTHER INFORMATION

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*This News Release contains forward-looking information within the meaning of applicable Canadian securities laws with respect to corporate strategies and plans; requirements for additional capital; uses of funds and projected expenditures; 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 expectations set out in the 2020 Oyu Tolgoi Feasibility Study and the 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 development work on the Shivee Tolgoi mining license and the potential for delay if the Shivee Tolgoi mining license cannot be transferred to OTLLC in a timely fashion; the nature of the ongoing relationship and interaction between OTLLC and Rio Tinto and the Government of Mongolia and Erdenes Oyu Tolgoi LLC with respect to the continued operation and development of Oyu Tolgoi; timing and amount of production from Lifts 1 and 2 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 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, Erdenes Oyu Tolgoi LLC, Rio Tinto, and OTLLC on a range of issues including Entrée's interest in the Entrée/Oyu Tolgoi JV Property, the Shivee Tolgoi and Javhlant mining licenses and certain material agreements; 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; 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 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 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; the correct interpretation of agreements, laws and regulations; the commencement and conclusion of arbitration proceedings, including the potential benefits, timing and outcome of arbitration proceedings; the potential benefits, timing and outcome of discussions with the Government of Mongolia, Erdenes Oyu Tolgoi LLC, OTLLC, and Rio Tinto; the future ownership of the Shivee Tolgoi and Javhlant mining licenses; that the Company will continue to have timely access to detailed technical, financial, and operational information about the Entrée/Oyu Tolgoi JV property, the Oyu Tolgoi project, and government relations to enable the Company to properly assess, act on, and disclose material risks and opportunities as they arise; 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, and Rio Tinto; and the Company's ability to operate sustainably, its community relations, and its social license 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 information include, amongst others, the current economic climate and the significant volatility, uncertainty and disruption arising in connection with the Ukraine conflict; the nature of the ongoing relationship and interaction between OTLLC, Rio Tinto, Erdenes Oyu Tolgoi LLC and the Government of Mongolia with respect to the continued operation and development of Oyu Tolgoi; the continuation of undercutting in accordance with the mine plans and designs in the 2023 Oyu Tolgoi Feasibility Study; applicable taxes and royalty rates; the future ownership of the Shivee Tolgoi and Javhlant mining licenses; 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 timing and cost of the construction and expansion of mining and processing facilities; inflationary pressures on prices for critical supplies for Oyu Tolgoi 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 license to operate in Mongolia; 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; 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.*

*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 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; risks associated with changes in the attitudes of governments to foreign investment; risks associated with the conduct of joint ventures, including the ability to access detailed technical, financial and operational information; risks related to the Company's significant shareholders, and whether they will exercise their rights or act in a manner that is consistent with the best interests of the Company and its other shareholders; 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 or OTLLC and by government stakeholders or authorities including Erdenes Oyu Tolgoi LLC and 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, strategic deposits, 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 license to operate; accidents, labour disputes and other risks of the mining industry; global climate change; global conflicts; natural disasters; the impacts of civil unrest; the impacts of the Ukraine conflict; breaches of the Company's policies, standards and procedures, laws or regulations; trade tensions between the world's major economies; increasing societal and investor expectations, in particular with regard to environmental, social and governance considerations; the impacts of technological advancements; title disputes; limitations on insurance coverage; competition; loss of key employees; cyber security incidents; 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.*

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