

Entrée Resources Announces Third Quarter 2024 Results

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VANCOUVER, Nov. 06, 2024 - [Entrée Resources Ltd.](#) (TSX:ETG; OTCQB:ERLFF - the "Company" or "Entrée") has today filed its interim financial results for the third quarter ended September 30, 2024. All numbers are in U.S. dollars unless otherwise noted.

Q3 2024 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 Oyu Tolgoi LLC ("OTLLC") and the Entrée/Oyu Tolgoi JV Property, which is a joint venture partnership between Entrée and OTLLC (the "Entrée/Oyu Tolgoi JV"). Rio Tinto owns 66% of OTLLC and is the manager of operations at Oyu Tolgoi.

- On October 16, 2024, Rio Tinto announced ramp up of the Oyu Tolgoi Lift 1 underground mine remains on track to reach 500 thousand tonnes of copper per year for the years 2028 to 2036. Oyu Tolgoi is set to become the world's fourth largest copper mine by 2030. Refer to Rio Tinto's press release dated October 16, 2024, titled "Rio Tinto releases third quarter production results" available on its website at www.riotinto.com for further details.
 - OTLLC has opened a total of 120 Lift 1 drawbells from Panel 0 on the Oyu Tolgoi mining licence, including six drawbells during the quarter ended September 30, 2024. In the third quarter 2024, OTLLC delivered 1.5 million tonnes of ore milled from the underground mine on the Oyu Tolgoi mining licence at an average copper head grade of 2.05%.
 - Ventilation Shafts 3 and 4 were commissioned during the third quarter 2024 with fresh air now being drawn into the underground mine.
 - As at September 30, 2024, construction of the conveyor to surface works was 98% complete. Rio Tinto reported after a minor delay to the start of commissioning, first ore was expected on the belt in the second half of October 2024.
 - Construction works for the concentrator conversion is ongoing. Commissioning is expected to be progressively completed from the fourth quarter 2024 through to the second quarter 2025.
 - Construction of primary crusher 2 is progressing to plan and remains on track to be completed by the end of 2025.
- The Mongolian regulatory acceptance process for OTLLC's 2023 Oyu Tolgoi Feasibility Study ("OTFS23") for the Lift 1 underground mine is ongoing. The Lift 1 underground mine incorporates the development of three panels (Panels 0, 1, and 2). The Hugo North Extension ("HNE") deposit on the Entrée/Oyu Tolgoi JV Property is located at the northern portion of Panel 1.
- Drilling programs to support a Lift 2 Pre-Feasibility Study are in progress. Mineralization from Lift 2 will be included in an updated resource model for Hugo North (including Hugo North Extension).

Entrée/Oyu Tolgoi JV Property Update

- First Oyu Tolgoi Lift 1 Panel 1 underground development work on the Entrée/Oyu Tolgoi JV Property commenced on October 28, 2024. 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 described in "Outlook and Strategy" below, including the transfer of the Shivee Tolgoi licence to OTLLC.
 - The Entrée/Oyu Tolgoi JV 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 "Entrée/Oyu Tolgoi JVA"). The 2024 Development Work is part of the initial Panel 1 western ore handling truck chute design which, when completed, will include extraction level tippel 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 Entrée/Oyu Tolgoi JV Management Committee approved a \$4.4 million direct capital budget for the 2024 Development Work (based on 212 metres of work) and confirmed OTLLC will charge the Company 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 in accordance with Article 10 of the Entrée/Oyu Tolgoi JVA.
- During the third quarter 2024, OTLLC has continued to drill at the HNE deposit with all holes targeting the potential Lift 2 mineralized footprint. OTLLC has advised the Company that approximately 5,287 metres of underground drilling in 23 holes and approximately 2,476 metres of surface drilling in 4 holes had been completed on the Shivee Tolgoi mining licence as of October 31, 2024. It is the Company's understanding that, similar to the 2022 and 2023 drilling programs, all of the 2024 drill holes will be drilled within the current mineralized footprint or within the hanging and/or footwall rocks, with the objective to update the HNE mineral resources estimate and to conduct geological and geotechnical characterization to support the Lift 2 Pre-Feasibility Study. Results will be reported as they become available.
- OTLLC has advised the Company the approximately 8,785 metres of diamond drilling in 5 surface holes on the Heruga deposit (Javhlant mining licence) originally planned for 2024 has been postponed due to drill rig availability.
- The 2024 exploration program for the Shivee Tolgoi mining licence is focused on the Airstrip, Ulaan Khud South and Ridge (the area between HNE and Ulaan Khud South) targets, including one inclined diamond drill hole totalling 1,200 metres at the Ridge target (completed), one inclined diamond drill hole at the Ulaan Khud South target which is in progress (811 meters of a planned 1,300 metres completed as of October 31, 2024), and geochemical and geophysical studies. During 2024, work on the Javhlant mining licence is focused on the Bumbat Ulaan target and the Heruga Trend (Heruga South and Heruga West targets), including drilling programs and geological and geophysical studies. As of October 31, 2024, the following drilling on the Javhlant mining license had been completed: one diamond drill hole totalling 1,500 metres at the western edge of the Heruga deposit, one diamond drill hole totalling 640 metres at the Heruga West target, and a total of 1,200 metres of diamond drilling in 4 holes at Bumbat Ulaan. Detailed results are pending.
- On July 18, 2024 and November 4, 2024, the Company announced additional diamond drill hole results from the 2022 and 2023 drilling programs over the HNE deposit.

Corporate

- For the three and nine month periods ended September 30, 2024, the Company's operating loss was \$0.7 million and \$2.7 million, respectively, compared to \$0.7 million and \$2.5 million for the comparative periods in 2023.
- For the three and nine month periods ended September 30, 2024, the operating cash outflow before changes in non-cash working capital items was \$0.6 million and \$2.5 million, respectively, compared to \$0.6 million and \$2.2 million in the comparative periods in 2023.
- As at September 30, 2024, the cash balance was \$3.4 million and the working capital balance was \$3.5 million.

OUTLOOK AND STRATEGY

Commercial Discussions with Rio Tinto and OTLLC

Entrée and OTLLC have been operating under the Entrée/Oyu Tolgoi JVA, which is appended to the amended 2004 Equity Participation and Earn-in Agreement (the "Earn-in Agreement"), since OTLLC completed its earn-in obligations in 2008. Under the terms of the Entrée/Oyu Tolgoi JVA, the Manager

(OTLLC) is required to hold all assets including the Shivee Tolgoi and Javhlant mining licences. The Company currently is registered in Mongolia as the 100% ultimate holder of the licences.

Entrée's primary objective is to effect the transfer of the Shivee Tolgoi and Javhlant mining licences from the Company's Mongolian subsidiary to OTLLC, and confirm the respective rights and obligations of all Entrée/Oyu Tolgoi JV stakeholders beyond the exploration stage. The Company believes transfer of the licences to OTLLC, as Manager and owner of an 80% or 70% participating interest in the Entrée/Oyu Tolgoi JV, is necessary to maximize operational efficiencies and provide certainty with respect to taxes and royalties.

The Company has been engaged in discussions with Rio Tinto and OTLLC regarding conversion of the existing Entrée/Oyu Tolgoi JVA to an alternative agreement of equivalent economic value to govern their relationship during the development and mining stages. The transfer of the Shivee Tolgoi and Javhlant mining licences to OTLLC, the treatment of taxes payable in Mongolia in connection with such licence 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 have been key points in the discussions.

While the parties have identified a potential pathway forward, any definitive alternative agreement(s) reached between the Company and OTLLC requires 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 definitive alternative agreement(s) would also be subject to Toronto Stock Exchange acceptance and the requirements of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* applicable to a related party transaction. There can be no assurance that requisite approvals would be received in a timely fashion, or at all.

If the Company's primary objective is not achieved in the near term, either in conjunction with finalization, execution, and closing of definitive alternative agreement(s) with OTLLC or enforcement of certain provisions of the Earn-in Agreement and Entrée/Oyu Tolgoi JVA pursuant to binding arbitration proceedings, future lateral development work on the Entrée/Oyu Tolgoi JV Property could be delayed.

Arbitration

As previously disclosed, in 2022, with Lift 1 Panel 0 underground development work progressing, the Company's ability to effect transfer of the licences and achieve contractual certainty through negotiation uncertain, and the Company unable to advance discussions with the Government of Mongolia in a meaningful way without first confirming its underlying contractual rights and obligations vis-à-vis OTLLC, the Company's board of directors authorized and approved the commencement of binding arbitration proceedings to seek declarations and orders for specific performance relating to certain provisions of the Earn-in Agreement and the Entrée/Oyu Tolgoi JVA.

The arbitration was commenced on May 26, 2022 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. While the Company remains committed to achieving a commercial resolution with Rio Tinto and OTLLC, if an arbitration decision is received prior to the execution of any definitive alternative agreement(s), there can be no assurance as to whether both parties would continue to try to progress a commercial resolution as currently contemplated or at all.

Engagement with Government of Mongolia

In the third quarter 2024 the Company met with Mongolian officials to reaffirm Entrée's commitment to fulfil 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.

The Minerals Law of Mongolia provides the State may share in up to 34% of the economic benefit derived from exploitation of a mineral deposit of strategic importance (a "Strategic Deposit") where proven reserves

were determined through funding sources other than the State budget. The Hugo North Extension copper-gold deposit on the Shivee Tolgoi mining licence and the Heruga copper-gold-molybdenum deposit on the Javhlant mining licence are part of the Oyu Tolgoi group deposits. The Oyu Tolgoi group deposits were classified a Strategic Deposit by Resolution No. 27 dated February 6, 2007, adopted by the Parliament of Mongolia.

The Company's interim financial statements and Management's Discussion and Analysis ("MD&A") for the third quarter ended September 30, 2024 are available on the Company's website at www.EntreeResourcesLtd.com, on SEDAR+ at www.sedarplus.ca, and on OTC Markets at www.otcmarkets.com.

QUALIFIED PERSON

Robert Cinitis, P.Geol., 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, and on SEDAR+ at www.sedarplus.ca.

ABOUT ENTRÉE RESOURCES LTD.

Entrée Resources Ltd. is a well-funded 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.

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 Entrée/Oyu Tolgoi JVA; the effect an arbitration decision may have on a commercial resolution of matters related to the Entrée/Oyu Tolgoi JVA; the ability of the parties to reach a commercial resolution of matters related to the Entrée/Oyu Tolgoi JVA; 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 licences to OTLLC either in conjunction with finalization and execution of an alternative agreement(s) with OTLLC, 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 the 2020 Oyu Tolgoi Feasibility Study and the Company's Technical Report on its 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 licence and the potential for delay if the Shivee Tolgoi mining licence 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; the technical studies for Lift 1 Panels 1 and 2, OTFS23, the Lift 2 Pre-Feasibility Study, the Heruga Order of Magnitude Study, and the updated resource model for Hugo North (including Hugo North Extension) Lifts 1 and 2 and the possible outcomes, content and timing thereof; 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 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 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 licences; 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 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 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 OTFS23; applicable taxes and royalty rates; the future ownership of the Shivee Tolgoi and Javhlant mining licences; 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 licence 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 licence 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. 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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