
Erdene Resource Development Corp (the “Company”)

Whistleblower Policy

Securities Regulators in Canada have established rules requiring the audit committees of public companies to develop procedures for complaints received regarding accounting, internal accounting controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. To meet these requirements, as well as to discourage illegal activity and unethical business conduct, and to ensure all employees will be made to feel comfortable and safe in anonymously reporting any improprieties, regardless of the level at which they may be committed, the Company has adopted a stand-alone Whistleblower Policy, overseen by the Audit Committee and in coordination with the Corporate Governance and Policy Disclosure Committee.

1. Reporting Of Any Illegal Or Unethical Behavior

Directors, officers, and employees are encouraged to submit, in person or in writing, any known or suspected violations of any laws, governmental regulations or this Code, to their immediate supervisor, if appropriate, as soon as practicable upon becoming aware of the known or suspected violation. If the director, officer or employee is of the view that it would be more appropriate to make the submission to higher levels, either due to the nature of the violation or, if earlier submissions through normal channels have not been acted upon, that person has the right to directly contact the Chair of the Audit Committee. Persons need not identify themselves. Any submissions made to management, whether openly, confidentially or anonymously, must be promptly report to the Audit Committee. In addition, directors, officers, and employees may contact the Chair of the Audit Committee with a question or concern about this Code or a business practice. Any questions or Submissions shall be addressed immediately and seriously. If a person is uncomfortable reporting suspected violations to their immediate supervisor or the Chair of the Audit Committee, the person may report matters to Erdene’s outside counsel. The address and telephone number of that person is listed in Schedule “A” to this Code.

2. Reporting of any Accounting Irregularities

Directors, officers and employees are encouraged to submit in person or in writing any questions or concerns regarding accounting, internal accounting

controls or auditing matters to the Chief Financial Officer. If the director, officer or employees is of the view that it would be more appropriate to make the submission to higher levels, either due to the nature of the violation, or if earlier submissions through normal channels have not been acted upon, that person has the right to directly contract the chair of the Audit Committee. Persons need not identify themselves.

Management provides a whistle-blower phone number or email address to customers, suppliers, outsourcing companies, and other external parties to facilitate feedback on potential improprieties or improper or unreliable financial reporting. The contact information is disseminated through various means, such as the company's website and on invoices sent to customers. Arrangements will be made for feedback to be provided, and any follow-up dialogue conducted, in both English and Mongolian languages. The Whistleblower Policy should be included on company website under investor relations and communicated to all employees, directors, suppliers, outside service providers. Any submission made to the Chief Financial Officer, whether openly, confidentially or anonymously must be promptly reported to the Audit Committee.

3. Handling of Reports and Investigations

Each submission forwarded to the Audit Committee by management and each submission that is made directly to the Audit Committee, whether openly, confidentially, or anonymously, shall be reviewed by the Audit Committee. The Audit Committee shall determine whether the Audit Committee and/or management should investigate the submission.

If the Audit Committee determines that an investigation is appropriate, the Audit Committee shall notify the Chief Executive Officer in writing of that conclusion. The Audit Committee and/or management shall promptly investigate the submission and shall record the results of the investigation in writing. The Audit Committee and/or management shall be free in its discretion to engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of the results.

Upon review of complaints, a decision is made by the CFO in discussion with the Audit Committee chair and legal counsel about the information that will be shared to the reporting party. The Audit Committee shall be informed quarterly regarding Whistleblower reports (as a standing agenda item). The Audit Committee will follow up with management regarding results of any investigations.



The Audit Committee shall retain for a period of seven years all records relating to any submission and to the investigation of any such submission. The types of records to be retained by the Audit Committee shall include records of all steps taken in connection with the investigation and the results of any such investigation.

4. Confidentiality and Non-Retaliation

All Submissions shall be treated confidentially to every extent possible. The Audit Committee shall not, unless compelled by judicial or other legal process, reveal the identity of any person who makes a submission and who asks that his or her identity as the person who made the submission remain confidential and shall not make any effort, or tolerate any effort made by any other person or group, to ascertain the identity of the person who makes the submission anonymously.

Any submission may be made without fear of dismissal, disciplinary action or retaliation of any kind. Erdene shall not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any person who submits in good faith submission or any person who provides assistance to the Audit Committee, management or any other person or group, including any governmental, regulatory or law enforcement body, investigating the submission.

5. Consequences of a Violation

Directors, officers and employees that violate any laws, governmental regulations or this Code shall face appropriate, case specific disciplinary action, which may include reprimand, suspension without pay, demotion or immediate discharge.