

**ERDENE RESOURCE DEVELOPMENT CORP. (“Corporation”)
AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**

I. Purpose

The Audit and Risk Management Committee is a standing committee of the board of directors of the Corporation (“**Board**”) charged with assisting the Board in fulfilling its responsibility to the shareholders and investment community. Its role is to:

- (a) Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- (b) Review and appraise the audit efforts of the Corporation's external auditors.
- (c) Oversee the Corporation’s processes for identifying and managing financial, technical and business risks.
- (d) Provide an open avenue of communication among the external auditors, financial and senior management and the Board.

II. Authority

The Board authorizes the Audit and Risk Management Committee, within the scope of its responsibilities, to:

- (a) Seek any information it requires from any employee (and all employees are directed to cooperate with any request made by the Audit and Risk Management Committee).
- (b) Engage independent counsel and other advisors as it determines necessary to carry out its duties.
- (c) Set and pay the compensation for any advisors employed by the Audit and Risk Management Committee.
- (d) Communicate directly with the internal and external auditors.

III. Composition

The Audit and Risk Management Committee will be comprised of at least three directors. Each Audit and Risk Management Committee member will be independent of management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit and Risk Management Committee. All members shall be financially literate in finance and accounting practices or become financially literate within a reasonable period of time after his or her appointment.

The Audit and Risk Management Committee members shall be elected annually.

IV. Responsibilities

Responsibilities of the Audit and Risk Management Committee include:

- (a) Review and assess the adequacy of this Charter annually.
- (b) Make recommendations to the Board regarding the selection and compensation of the external auditor to be engaged to prepare or issue an auditor's report or perform other audit, review or attest services for the Corporation. The external auditor shall be accountable to the Board and the Audit and Risk Management Committee.
- (c) Meet with the external auditor and financial management of the Corporation to review the scope of the proposed audit for the current year and the audit procedures to be used and oversee the work of the external auditor engaged to prepare or issue an auditor's report or perform other audit, review or attest services for the Corporation, including the resolution of any disagreements between management and the external auditor regarding financial reporting.
- (d) Pre-approve all non-audit services to be provided to the Corporation or any of its subsidiaries by the Corporation's external auditor.
- (e) Obtain a written statement from the external auditors annually disclosing all relationships that the auditors have with the Corporation. Discuss with the external auditors any relationships or services disclosed that may impact their objectivity and independence. Recommend that the Board take action, where appropriate, to satisfy itself of the external auditors' independence.
- (f) Review the performance of the external auditors.
- (g) Review with management and the external auditors:
 - (i) The Corporation's audited financial statements and footnotes, MD&A and any annual or interim earnings press releases before the Corporation publicly discloses this information.
 - (ii) Any significant changes required in the external auditors' audit plan and any serious difficulties or disputes with management encountered during the course of the audit.
 - (iii) Other matters related to the conduct of the audit that are to be communicated to the Audit and Risk Management Committee under generally accepted auditing standards.
- (h) Make a recommendation to the Board concerning the inclusion of the audited financial statements in the Corporation's Annual Report.

- (i) Review with the external auditors and management the adequacy and effectiveness of the financial and accounting controls of the Corporation.
- (j) Review with the external auditors and management the quality of the Corporation's accounting principles as applied in its financial reporting process and any proposed changes in accounting principles.
- (k) Make such inquiries as the Audit and Risk Management Committee considers appropriate of management, the external auditors and any third parties concerning significant risks or exposures to the Corporation, including financial, technical and strategic risks or exposures; assess the steps taken by management to address and minimize such risks to the Corporation; and make recommendations to the Board with respect to the Corporation's approach to managing risk.
- (l) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
- (m) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

V. Meetings

The Audit and Risk Management Committee will meet regularly at times necessary to perform the duties described above in a timely manner, but not less than once a quarter. Special meetings may be held at any time deemed appropriate by any member of the Audit and Risk Management Committee. A quorum for the transaction of business at any meeting of the Audit and Risk Management Committee shall consist of a majority of the members of the Audit and Risk Management Committee.

These meetings may be with representatives of the external auditors and appropriate officers or members of management, either individually or collectively as may be required by the Chair of the Audit and Risk Management Committee.

The external auditors will have access to the Audit and Risk Management Committee at their own initiative.

The Chair of the Audit and Risk Management Committee will report periodically its findings and recommendations to the Board.

(Adopted by the Board of Directors of Erdene Resource Development Corporation in 2004 and amended as of April 18, 2005 and June 8, 2020.)