



Entrée Gold Inc.

**IMPORTANT TAX NOTICE RE: 2016 PFIC STATUS
U.S. PFIC Information for U.S. Shareholders of Entrée Gold (US) Inc.**

This statement is provided for shareholders who are U.S. persons for purposes of the U.S. Internal Revenue Code of 1986, as amended (“IRC”) and the regulations thereunder. It is not relevant to other shareholders.

Entrée Gold (US) Inc. (“Entrée Gold”) may be deemed to be classified as a passive foreign investment company (“PFIC”) as defined in Section 1297 (a) of the IRC for the fiscal year ended December 31, 2016 pursuant to Treasury Regulations 1.1295-1 (g)(1).

To ensure compliance with Treasury Department Circular 230, you are hereby notified that anything contained in this notice concerning any U.S. federal tax issues is not intended or written to be used, and it cannot be used by a U.S. holder, for the purpose of (i) avoiding federal tax penalties that may be imposed on the taxpayer or (ii) promoting, marketing or recommending to any party any matters addressed herein.

This information is provided in order to assist shareholders in making calculations and does not constitute tax advice. The U.S. tax laws regarding PFICs are extremely complex and shareholders are advised to consult their own tax adviser concerning the overall tax consequences of their respective investment in, and ownership of shares of, Entrée Gold under U.S. Federal, State, Local and Foreign Law.

Further information in PFIC rules is available on the internet at the Internal Revenue Service website.

PFIC Annual Information Statement

(1) This Information Statement applies to the taxable year of (the “Company”) beginning on January 1, 2016 and ending on December 31, 2016.

(2) Each shareholder of the Company has the following pro-rata per share of the ordinary earnings and net capital gain of the Company for the taxable year of the Company specified in paragraph (1):

Ordinary Earnings: nil

Net Capital Gain: nil

(3) The amount of cash and fair market value of other property distributed or deemed distributed by the Company to each shareholder of the Company during the taxable year specified in paragraph (1) is as follows:

Cash: nil

Fair Market Value of Property: nil

(4) The Company will permit its shareholders to inspect and copy the Company’s permanent books of account, records, and such other documents as may be maintained by the Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. income tax principles.

ENTRÉE GOLD INC.

By: Duane Lo

Date: April 1, 2017

Title: Chief Financial Officer