

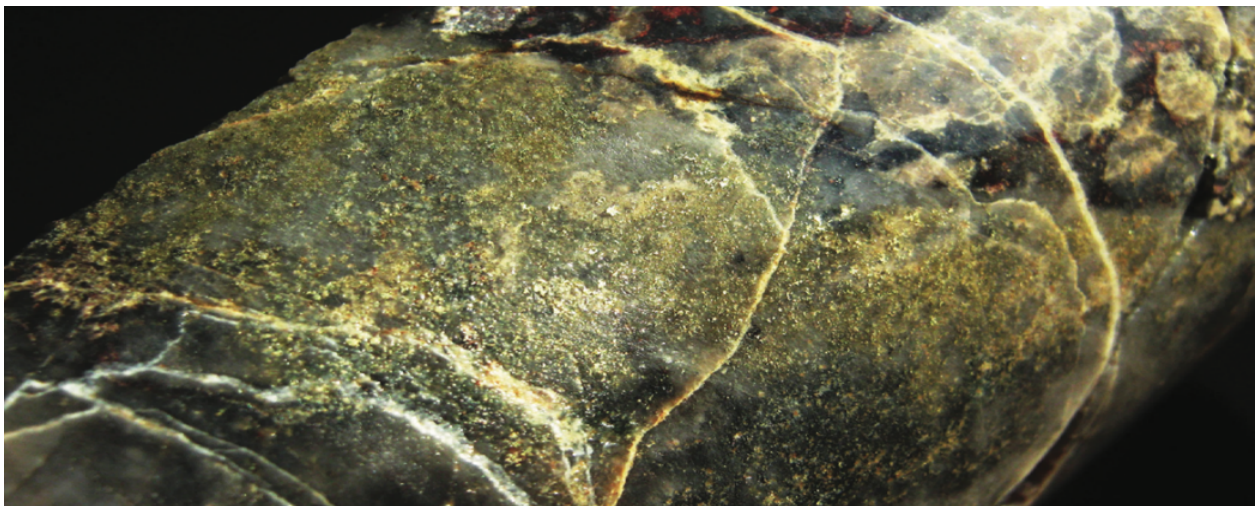
**Dear Fellow Shareholders,**

We are on the cusp of production at the Bayan Khundii gold mine – an achievement that marks Erdene’s transformation from explorer to producer. This milestone comes just ten years after our geologists discovered high-grade gold at surface and five years after delivering a feasibility study, making Bayan Khundii one of the fastest projects to make this transition in recent memory. Bayan Khundii is poised to enter production as one of the highest-grade, open-pit mines globally, with low all-in sustaining Costs (AISC), providing significant leverage to gold prices. Furthermore, Bayan Khundii is coming online at a time when gold prices are testing historic highs, further amplifying the value of our upcoming production.

While we are focused on ramping up to commercial production at Bayan Khundii, we continue to develop our pipeline of resource projects and prospects in the Khundii Minerals District. This district, one of the most exciting emerging minerals jurisdictions in Asia, has produced four deposits and a multitude of high-quality gold and base metals prospects. We believe there is a high probability that we will continue to see as much exploration and discovery success in the coming ten years as we’ve experienced over the past decade.

**Bayan Khundii – Near-Term, High-Grade Gold Production – A Decade in the Making**

In mid-2015 our geologists picked up several gold bearing rock samples, containing up to up to 4,380 g/t gold, in an unexplored portion of the Khundii license. We quickly followed up with trenching and geophysical surveys and in late 2015, our first hole returned very high grades near surface, including 7 metres of 27.5 g/t gold, and 95 of the first 96 holes drilled, intersected anomalous gold. With these results we were confident in our discovery of a major gold deposit and initiated technical programs to establish resources and investigate the economic viability.



*Image: Core from drillhole BKD-231 – 2,200 g/t Au over one metre*

Between 2016 and 2018, Erdene completed 42,410 metres of drilling and in Q3 2018 we announced our maiden mineral resource estimate for Bayan Khundii. During 2019 and 2020 we completed technical studies for Bayan Khundii, publishing a Feasibility Study in August 2020, that confirmed Bayan Khundii as one of the highest grade open-pit gold projects globally.

While construction was postponed due to restrictions associated with COVID-19, our team spent 2020 and 2021 advancing Bayan Khundii by completing engineering, design and permitting work. In January 2023, financing, as well as development and operations expertise was secured through the Strategic Alliance with Mongolia Mining Corporation (“MMC”), and early works were completed that year, along with an updated Feasibility Study incorporating refreshed costs, as well as reserves from the Dark Horse Mane deposit discovered in 2021.

In January 2024, alongside our joint venture partner MMC and our jointly owned operating subsidiary, Erdene Mongol LLC (“EM”), we reached a formal construction decision for the Bayan Khundii project. Following an 18-month build, comprising almost 4 million hours of effort, peaking at 769 people, our facilities received state construction approvals on June 12, 2025.



*Image: Bayan Khundii state construction inspection meeting – June 2025*

With Bayan Khundii construction substantially complete, mining and establishment of the Run-of-Mine (ROM) pad has begun. Process plant equipment, including the jaw crusher, SAG and Ball mills, leaching and elution circuit, and gold room, are undergoing testing and commissioning and are performing as expected to date. The chemicals permitting activities have commenced with the Mongolian Ministry of Environment and Climate Change, and we expect to be in position to begin processing in late Q3. Bayan Khundii will process nearly 2,000 tonnes of high-grade ore per day, producing approximately 85,000 ounces of gold annually once commercial production is achieved.





*Image: Bayan Khundii Process Plant – June 2025*

### Workforce Infrastructure and Logistics

In early June, our team moved into the central administration office and the 370-person accommodation village, named Mazaalai, after Mongolia's gobi bear, which features dining, laundry, retail spaces and a gymnasium. A native plant nursery is located adjacent to the Mazaalai Camp to provide greenery and in support of our commitment to Mongolia's "Billion Tree" national program. An adjacent airstrip will enable flight service from the provincial capital and Ulaanbaatar and the new 8 km camp-to-mine road supports safe and efficient personnel movement. We have also upgraded public roadways from the provincial capital and the town of Shinejinst to support the transport of staff to site.



*Image: Bayan Khundii's Mazaalai Accommodation Village – June 2025*

## Environmental Innovation and Water Conservation

Bayan Khundii is Mongolia's first operation with an integrated waste facility, co-mingling dry stacked tailings and waste rock. All tailings will be treated to meet Mongolian and international standards and filtered to maximize water recovery, with 84% of water recycled. This innovation reduces the water footprint of our operations in the Gobi Desert and reduces the environmental risks associated with wet tailings.

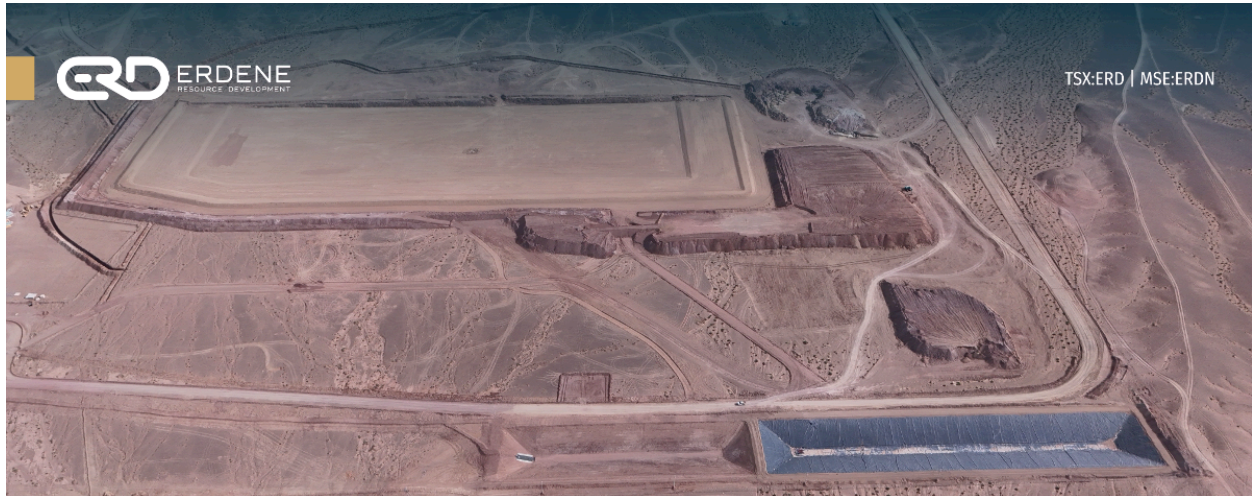


Image: Integrated Waste Facility ("IWF") – June 2025

With just over ten years passing since discovery of Bayan Khundii, on a license that received no modern exploration prior to our arrival, the project was completed much more rapidly than the industry average and is amongst the lowest in terms of capital costs per ounce of gold. This is a testament to the work of our team, Erdene's partners at MMC, and the contractors and consultants that have been part of our success, and also shows the pace at which we can look to replicate our success.

### Average lead times of mines from discovery to production, 2002-2023



As of April 4, 2023

\*127 mines in the study, including gold, copper, nickel, silver and zinc mines.

Source: S&P Global Market Intelligence.

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### Unlocking Long-Term Value at Bayan Khundii – The Decade Ahead

The Bayan Khundii deposit lies at the heart of an extensive gold system, with more than 10 kilometres of structurally controlled mineralization identified to date. Using the cash flow from the Bayan Khundii mine, the priority is to grow resources to extend and expand the mine beyond the approximately 500,000 ounces of gold reserves that form the basis of the current mine plan.

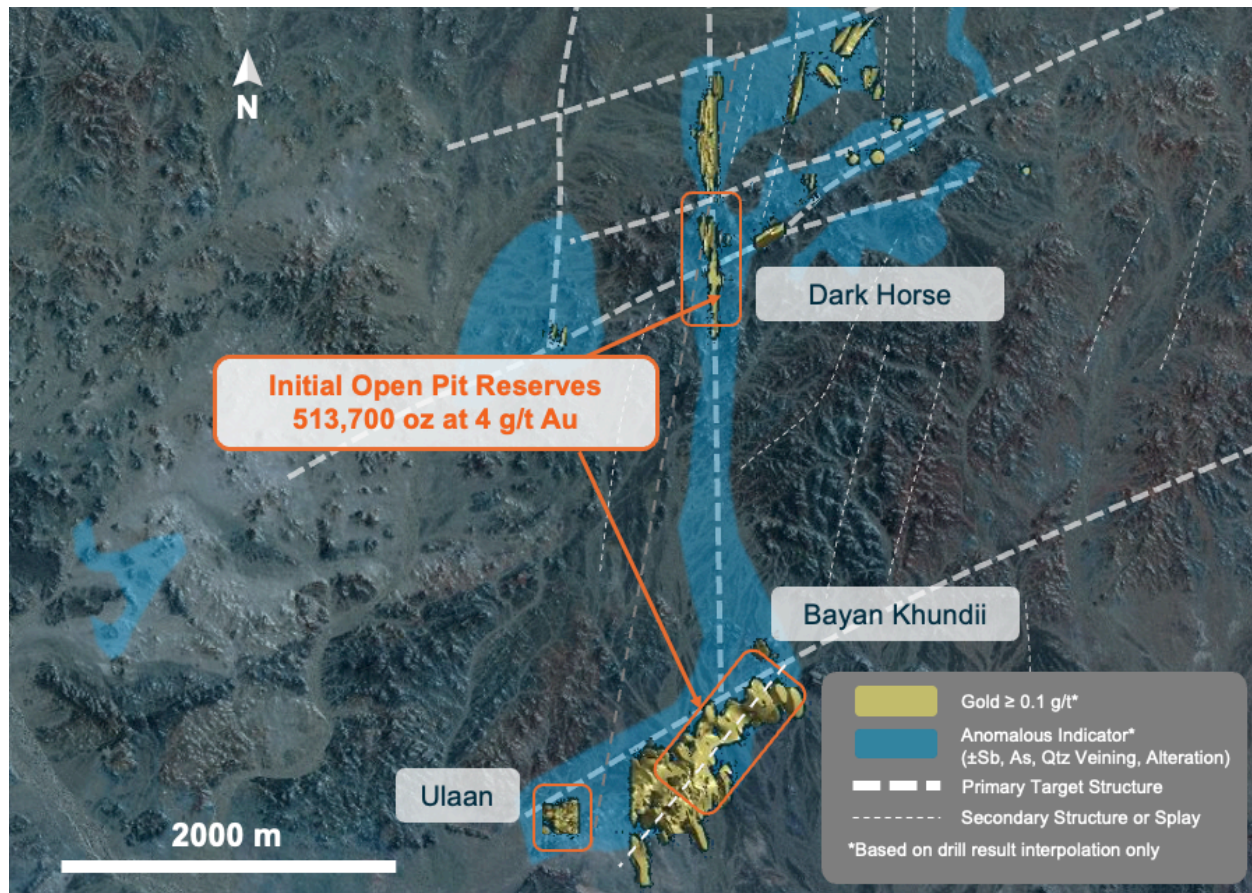


Image: Bayan Khundii Epithermal System – Over 10km of mineralized structures with limited exploration below 150 meters

Our initial expansion focus is high-grade zones adjacent to the Bayan Khundii pit. Drilling in late 2024 in these zones returned the highest-grade intersections to date outside the current open pit design, including hole BKD-377, which yielded 42 metres averaging 7.3 g/t Au, expanding the resource footprint to the west. Our mine planning and geology teams are incorporating these results, as well as the impact of current gold prices on a mine plan update that is expected to increase gold reserves.

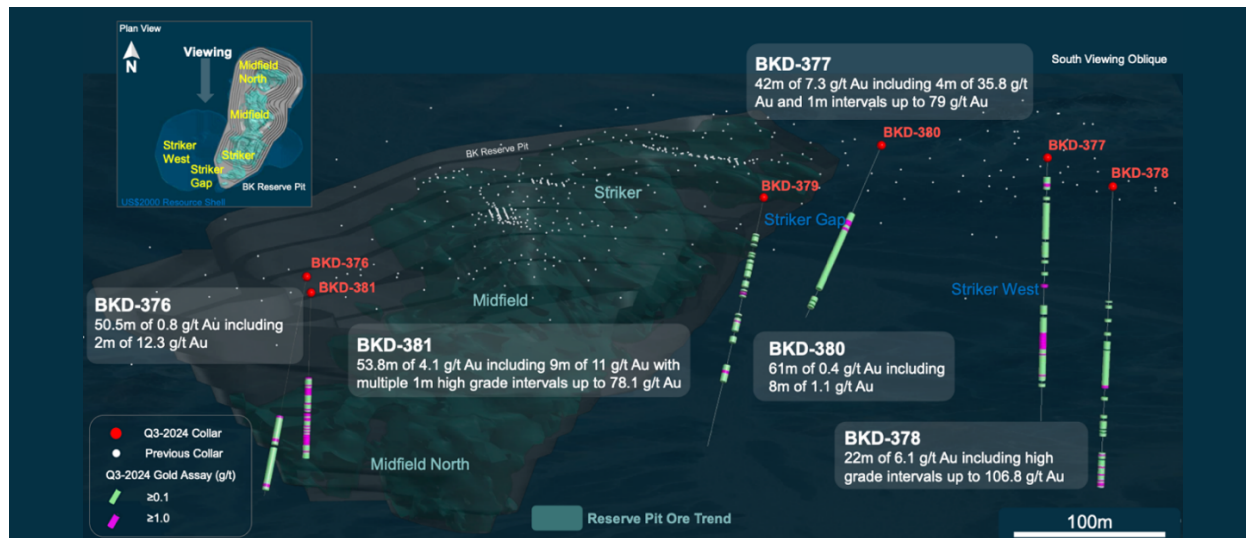


Image: Bayan Khundii Expansion Drill Results – Q3 2024

Just north of the Bayan Khundii deposit, lies the very high grade, near surface resources of the Dark Horse Mane South deposit. Beyond the approximately 50,000 ounces of gold from Dark Horse Mane South included in EM's current mine plan, the Dark Horse Mane North, East Mane and Altan Arrow targets in the 20 square kilometre Greater Dark Horse area remain underexplored. With approximately 70% of drill holes in this area intersecting anomalous gold mineralization, further exploration at Dark Horse is expected to add gold resources.

Immediately west of Bayan Khundii lies the Ulaan deposit. The Ulaan deposit—a blind-top discovery begins as shallow as 80 metres from surface— confirms the depth potential of the system, with hole UDH-121 ending in gold mineralization at 450.3 metres, and returning 335.3 metres averaging 1.1 g/t Au, including 27 metres of 8.7g/t Au. This discovery validates the exploration thesis for deeper targets not only at Ulaan, but throughout the Bayan Khundii Epithermal System.

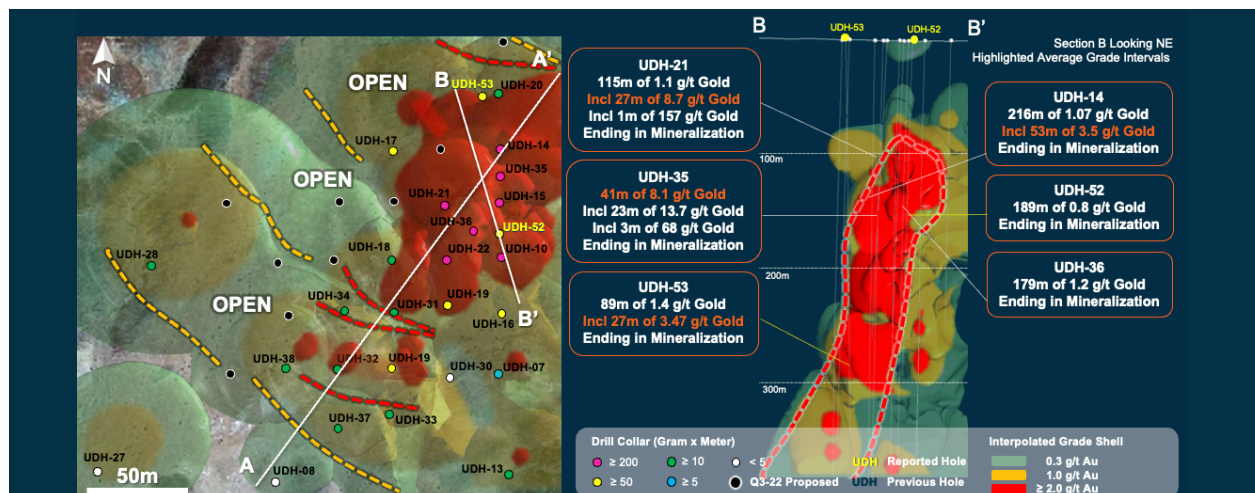


Image: Ulaan SE Gold District – Widest zones of mineralization in the Khundii District



Taken together, the opportunities at Bayan Khundii, Dark Horse and Ulaan support our vision of the Bayan Khundii mine evolving into a long-life, low-cost gold producer, operating well beyond the six-year mine life outlined in the Feasibility Study. The combination of near-mine expansion, the prospectivity of the greater Dark Horse trend and the potential for additional ounces at depth point to a much larger resource endowment. Additionally, process plant optimization engineering work is underway exploring increased production through modest capital investments.

### The Under-Explored Khundii Minerals District – A Multi-Decade District

Erdene also holds interest in two other properties in the Khundii Minerals District – the Altan Nar gold-polymetallic deposit (50% with MMC) and the Zuun Mod molybdenum-copper porphyry project (100%) that will receive renewed focus now that Bayan Khundii is on the cusp of first gold production.

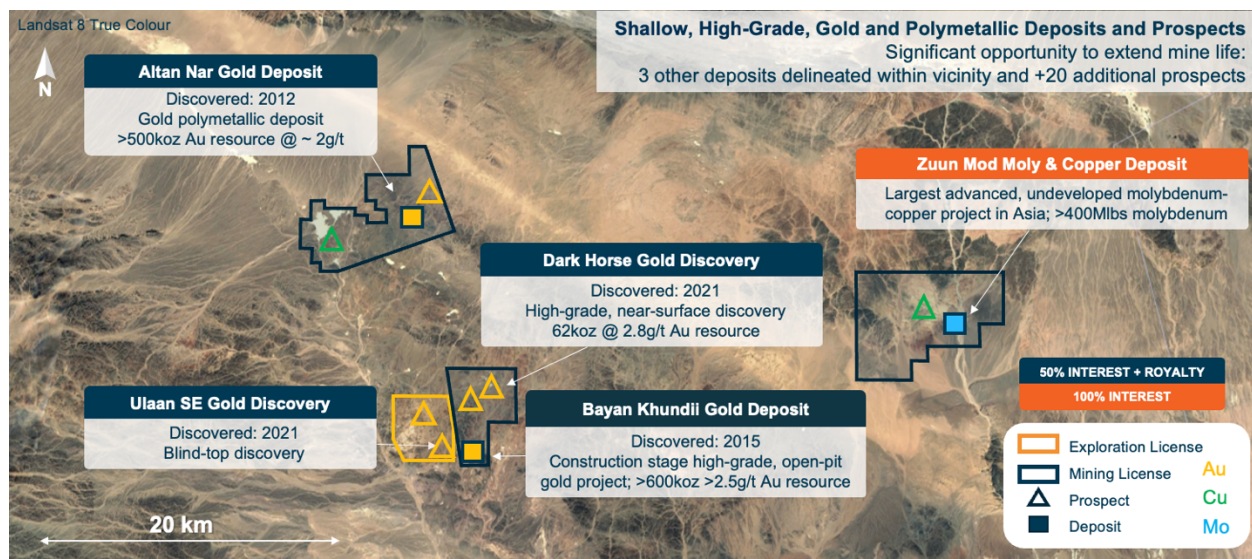


Image: Khundii Minerals District – ~4,000km<sup>2</sup> prospective zone

### Altan Nar: A Second Golden Opportunity in the Khundii Minerals District

Located 16 km north of Bayan Khundii, Altan Nar is another high-grade epithermal deposit. This deposit lies along a 5.6-km mineralized trend, which is open at depth and along strike. Altan Nar is an intermediate sulfidation style deposit with similarities to Barrick Gold's Porgera mine (Papua New Guinea), Rio Tinto's formerly producing Kelian mine (Indonesia), Lundin's Fruta Del Norte mine (Ecuador), and Zijin's Buritica project (Colombia). These types of deposits generally occur adjacent to porphyry intrusions in arc settings and may extend more than 500 meters vertically.

Altan Nar was discovered in 2011 and was Erdene's primary focus until the discovery of Bayan Khundii in 2015. However, the project has received little exploration over the past decade as our resources have been devoted to Bayan Khundii. Altan Nar hosts an

Indicated resource of 5.0 million tonnes at 2.8 g/t gold equivalent (“AuEq”) for 453,000 ounces AuEq and an Inferred resource of 3.4 million tonnes at 2.5 g/t AuEq for 277,000 ounces AuEq, as estimated by RPM Global in 2018<sup>1</sup>. Significant exploration potential remains at depth and along trend, with 90% of this resource within 150 meters of surface and the majority of the resource contained within only two of the 18 targets along the trend of known mineralization. In addition, the Altan Nar license hosts the underexplored Oyut Khundii copper prospect and Nomin Tal copper-gold prospect.

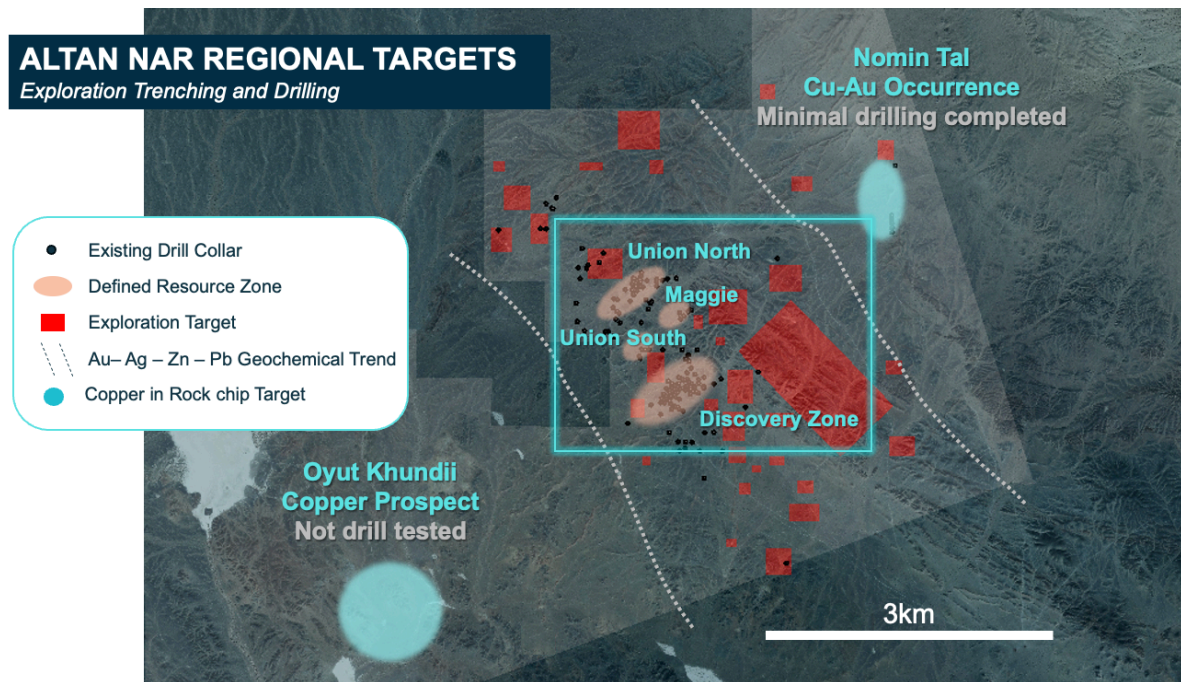


Image: Altan Nar mineralized trend and exploration targets

While a previous technical report showed positive economics processing Altan Nar’s ore with Bayan Khundii’s infrastructure, the unique nature of Altan Nar ore as well as the license’s exploration potential, suggests building a separate processing facility capable of producing 75,000–100,000 oz/year of gold concentrate with by-product recovery may be a more economic development scenario. Upcoming exploration will focus on growing resources and delineating shallow high-grade zones, as well as following up on the 16 unexplored targets on trend, establishing the basis future technical and economic studies.

### *Zuun Mod: One of Asia’s Largest Undeveloped Molybdenum-Copper Projects*

Approximately 35 km east of Bayan Khundii, the Zuun Mod porphyry complex hosts one of the largest undeveloped molybdenum resources in Asia, containing approximately 270 million pounds of molybdenum and 330 million pounds of copper in the measured and

<sup>1</sup> See "Altan Nar Gold-Polymetallic Project, Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report" dated March 29, 2021, filed on SEDAR+, for further details.



indicated category together with additional inferred resources<sup>2</sup>. A 2023 drill program expanded mineralization at depth and laterally and identified mineralization 1.7 km north of the current resource. Our team has engaged a consultant to update the mineral resource for these results and marketing and technical studies are also underway in support of the Preliminary Economic Assessment, anticipated to be published later this year.

Molybdenum has been deemed a critical mineral by many governments including China, Korea, Japan, and Canada, due to its use in high-quality steel alloys for energy infrastructure, equipment manufacturing, and defense applications. Further demand is also forecast by the semiconductor industry. With our market studies forecasting an annual supply deficit of approximately 50 million pounds in the coming years, prices have remained strong and we see an opportunity to move this project forward.

In addition to the molybdenum-copper porphyry deposit, the license hosts a large copper-silver prospect, approximately 2.2 kms north of the Zuun Mod deposit, where previous drilling intersected 34 metres of 1.3% copper and 9.24 g/t silver. Future exploration of the large porphyry complex is likely to yield more discoveries, beyond what is already one of the region's largest known molybdenum systems.

### *A Platform for Decades of Discovery*

Beyond our current project inventory, Erdene has built a proprietary geological database over the past 20 years covering the southwestern Trans-Altai terrane. This segment of the Central Asian Orogenic Belt is perhaps the least explored portion of one of the world's most prolific mineral belts. With an unmatched understanding of Mongolian geology, Erdene's exploration team is positioned to add to our project portfolio through the state tender process. With just 4% of Mongolia's surface area staked for exploration, compared to approximately a third in Australia, there is tremendous potential to participate in the growth of the Mongolian mining industry. We will also evaluate transactions with private counterparties in regions that are known to be prospective.

Altan Nar, Zuun Mod and the high probability of future discovery represent the next phase in Erdene's value creation story, building on the foundation established at Bayan Khundii. As we approach commercial production, we are well positioned to aggressively explore, expand, and develop the broader Khundii Minerals District, transforming Erdene into a diversified, multi-asset mining company.

### **Strategic Partnerships Drive Success**

Our company has been based in Mongolia for more than two decades, and our leadership has worked in the country for almost thirty years. During this time, Mongolia has transitioned into a vibrant, free-market democracy with strong institutional support for

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<sup>2</sup> See "Zuun Mod Porphyry Molybdenum-Copper Project, Southwest Mongolia, National Instrument 43-101 Technical Report" dated June, 2011, filed on SEDAR+, for further details.

foreign investment. The country is now home to several world-class mines, including the Oyu Tolgoi copper-gold operation which is projected to be the world's fourth largest copper producer by 2030.

Over this period, we have built expertise in exploration, development, operations, and administration. Our exploration team is one of the most experienced in Mongolian gold and copper systems and their unparalleled geological knowledge has led to discovery of Bayan Khundii, Altan Nar, Ulaan, and the Zuun Mod molybdenum-copper porphyry complex.

To make the transition to production, we struck a strategic alliance with Mongolian Mining Corporation (MMC), Mongolia's largest independent mining company. Their US\$40 million equity investment for a 50% interest in Erdene Mongol LLC ("EM"), Erdene's primary Mongolian subsidiary, which holds the Bayan Khundii and Altan Nar mining licenses and the Ulaan exploration license, and up to US\$80 million shareholder loan provided the capital for the construction of the Bayan Khundii Gold Project.

Most importantly, MMC is a subsidiary of the MCS Group, one of Mongolia's leading conglomerates, with operations in engineering, construction, energy, communications, property, mining, consumer goods, healthcare, and hospitality. MCS Property, the group's construction division, served as the Engineering, Procurement and Construction (EPC) contractor for the Bayan Khundii infrastructure build and MCS International, constructed and will operate an overhead transmission line from the Nariin Sukhait substation in South Gobi province to supply electricity to the Bayan Khundii site and, ultimately, the broader Khundii Minerals District.

We have also been supported by the European Bank for Reconstruction and Development (EBRD), Mongolia's largest source of foreign direct investment, with over €2.5 billion committed to projects in the country. Their investment in Erdene in 2019 provided the funding to complete the technical studies to progress to construction. They have also been a vocal and ardent supporter of our business within the country.

Our stable, public shareholder base has also been a key factor in our success, including the support of Mr. Eric Sprott, several natural resource focused institutional investors, and a number of substantial holders from our Eastern Canadian home. We will celebrate our 20<sup>th</sup> anniversary of listing on the Toronto Stock Exchange in December 2025. We are equally proud of our status as the only firm crossed listed on the Mongolian Stock Exchange, and of the support of our approximately 7,000 local shareholders.

### Community Commitment and Sustainability

At the Bayan Khundii Gold Project, Erdene Mongol (EM) has made significant efforts to responsibly manage environmental and social impacts. We have implemented initiatives to minimize water usage through recycling, treatment, and dry tailings dewatering



technologies and have invested in the cultivation of endemic vegetation at greenhouses and supported sustainable agriculture at the Ekhiin Gol oasis.

In addition, EM is collaborating with the Mongolian Ministry of Environment and Climate Change to aid in the protection of the endangered Gobi Bear, whose habitat lies within a special reserve approximately 100 kilometers from Erdene's licenses.

As of June 2025, approximately 700 workers are employed at Bayan Khundii, over 99% of whom are Mongolian citizens. Approximately 30% of the workforce is drawn from Bayankhongor province, including many from Shinejinst, the closest settlement to the Bayan Khundii Project. Notably, 28% of direct employees are women. Bayan Khundii is set to become the first major mine in Mongolia constructed almost entirely by a Mongolian workforce—underscoring the company's commitment to local empowerment and national economic development.



*Image: Erdene Mongol Heavy Vehicle Operator trainee*

The Bayan Khundii team is not only central to project execution but also to our broader mission of building a sustainable and inclusive mining sector in Mongolia.

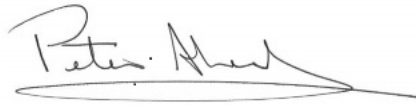
## Conclusion

Over the past year, Erdene has taken major steps in its transition from explorer to producer. First gold production in Q3 2025 will represent a valuation inflection point for Erdene, enhanced by a strengthening gold price environment and cash flow from operations will allow us to unlock the tremendous exploration upside of the Khundii Minerals District.

In a world of rising demand for precious and base metals, which has resulted in higher metal prices, the Khundii Minerals District—with its diverse, high-quality mineral endowment—positions Erdene for long-term success.

In closing, I extend my heartfelt thanks to our team for their dedication and shareholders and stakeholders who have accompanied us on this journey. Your continued patience and support have been instrumental in getting us to this critical stage.

We are excited for the future and look forward to sharing the benefits of our work with all our stakeholders in the years ahead.

A handwritten signature in dark ink, appearing to read "Peter. Akerley", with a long horizontal flourish extending to the right.

Peter C. Akerley  
President and CEO  
June 2025



**Qualified Person**

Peter Dalton, P.Geo. (Nova Scotia), Senior Geologist for Erdene, is the Qualified Person as that term is defined in National Instrument 43-101 and has reviewed and approved the technical information contained in this Letter to Shareholders.

**Forward Looking Statements**

Certain information regarding Erdene contained herein may constitute forward-looking statements within the meaning of applicable securities laws. All statements in this Letter to Shareholders, other than statements of historical fact, including statements concerning the timing of production at Bayan Khundii, construction and commissioning timelines and expectations that address reserve potential, exploration drilling, exploitation activities, budgeted financial results, and events or developments that the Corporation expects, are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions (including, but not limited to, assumptions in connection with the continuance of the Corporation and its subsidiaries as a going concern, general economic and market conditions, mineral prices, and the accuracy of mineral resource estimate), such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration and evaluation results, continued availability of capital and financing and general economic, market or business conditions.

The risk factors identified above are not intended to represent a complete list of the factors which could affect the Corporation. Additional factors are noted under “Risk Factors” in the Corporation’s latest Annual Information Form, a copy of which is available on the Corporation’s SEDAR+ document page at [www.sedarplus.ca](http://www.sedarplus.ca).

Any financial outlook or future-oriented financial information in this Letter to Shareholders, as defined by applicable securities legislation, has been approved by management of the Corporation as of the date of this Letter to Shareholders. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such outlook or information should not be used for purposes other than for which it is disclosed.