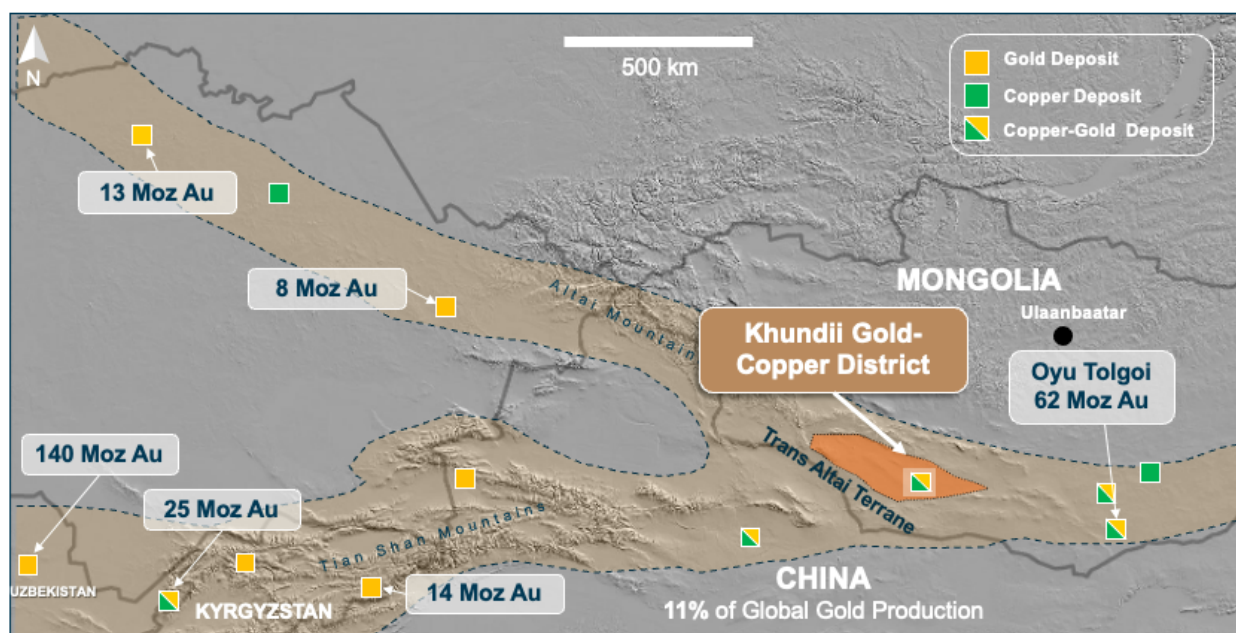


Letter to Shareholders – June 28, 2022

Dear Fellow Shareholders,

Over the past several years, an exciting, high-grade gold district has emerged in southwestern Mongolia. Based on our success, generated from modest, relatively shallow exploration, and given the giant ore deposits along the Central Asian Orogenic belt, we are confident our Khundii Gold District hosts multi-million ounce world-class gold resources. Our objectives for 2022 are to confirm resources of over two million ounces gold equivalent, identify growth opportunities through exploration, and advance our Bayan Khundii development towards production.

MAJOR GOLD-COPPER DEPOSITS OF THE EASTERN CENTRAL ASIAN OROGENIC BELT

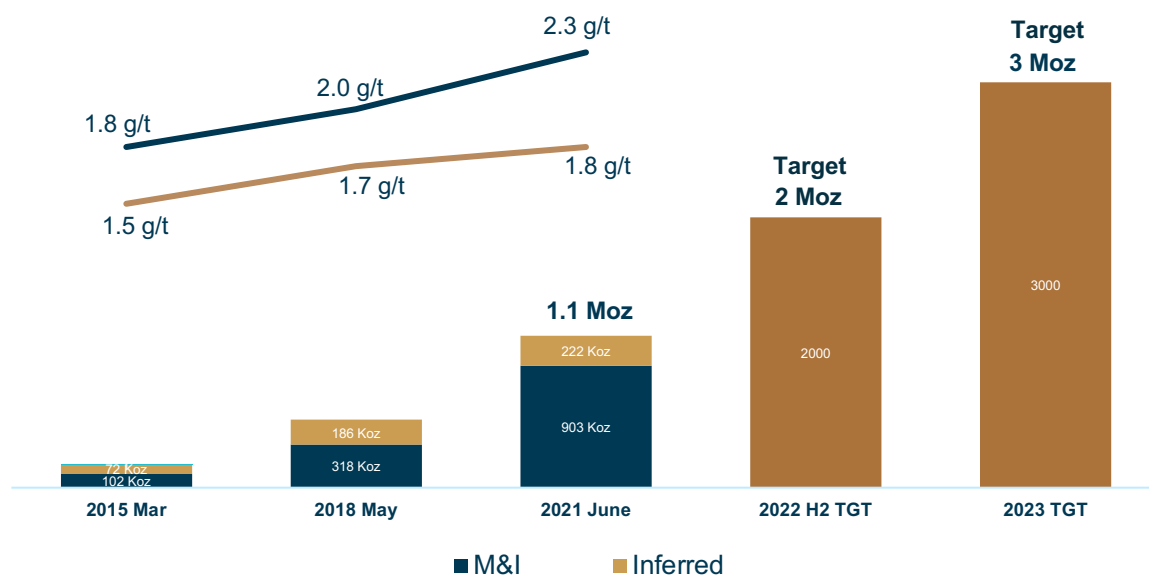


FIRST MOVERS IN AN UNEXPLORED PORTION OF ONE OF THE WORLD'S GREAT GOLD BELTS

The Khundii Gold District – Four Discoveries and Multiple High-Priority Targets

Following our initial discovery at Altan Nar, approximately a decade ago, our geologic team identified multi-ounce gold rock chip samples at Bayan Khundii in 2015. Since that time, we have established substantial resources on these properties at grades averaging over 2 g/t gold, largely within 150 metres of surface, and completed the technical and environmental studies required to demonstrate the feasibility of these projects.

RESOURCE TARGETS



Following a \$20 million equity financing in 2020, led by Mr. Eric Sprott, and the acquisition of 100% of the Ulaan license adjacent to Bayan Khundii, Erdene’s technical team had the resources to more fully explore this exciting new district. Since early 2020, we have seen exceptional exploration results across our four discoveries:

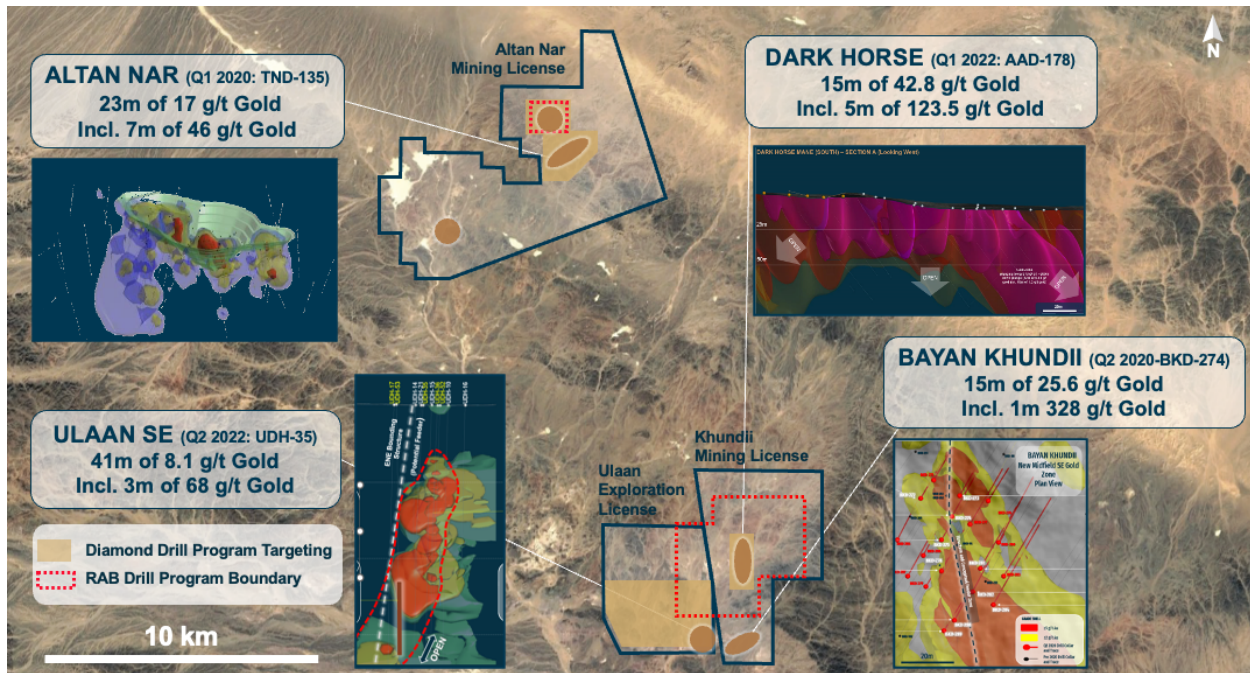
Altan Nar: The most recent drilling, reported in 2020, returned 7 metres of 45.7 g/t gold, 93.4 g/t silver, 1.54% lead and 3.40% zinc, beginning 70 metres downhole, within 23 metres of 17 g/t gold (TND-135), expanding the high-grade core of Discovery Zone.

Bayan Khundii: In mid-2020, drilling returned 5.5 metres of 125.9 g/t gold, including 1 metre of 581.6 g/t gold, in BKD-288, beginning 11.5 metres downhole. In BKD-274, 40 metres north of BKD-288, drilling returned 15 metres of 25.6 g/t gold, including 1 metre of 338 g/t gold beginning at 14.9 metres.

Dark Horse: In the first quarter of 2022, drilling extended the high-grade, oxide gold discovery from early 2021 with multiple high-grade intersections including 5 metres of 123.5 g/t gold within 15 metres of 42.8 g/t gold, beginning 11 metres downhole (AAD-178).

Ulaan: In mid 2021, Erdene made a blind-top discovery at Ulaan Southeast, now traced to 450 metres vertical depth. The most recent drilling, announced earlier this month, returned 3 metres of 68.3 g/t gold within 41 metres of 8.1 g/t gold (UDH-35) at 208 meters downhole, within a newly defined potential feeder zone.

THE KHUNDII HIGH GRADE GOLD DISTRICT – HIGHLIGHT INTERSECTIONS (2020-22)



In addition to our existing resource base at Bayan Khundii and Altan Nar, the new Dark Horse and Ulaan discoveries will have maiden resources reported at year-end. Both Dark Horse and Ulaan remain open in multiple directions and require further drilling to understand their true scale. We are confident that the mineralization recently intersected supports our goal of defining a global resource exceeding two million ounces of gold equivalent, with significant opportunity to grow this resource inventory.

Exploration planned for the balance of 2022 will focus on the following targets:

Ulaan: Continue to test expansion potential to the west and further define the high-grade feeder structures. Drilling will be undertaken in Q3, with an initial program of 3,500 metres.

Dark Horse: Further definition of the Dark Horse oxide zone, where a 277 hole Reverse Circulation (“RC”) program was recently completed. Results from the RC drilling, expected in early Q3, will inform follow-up diamond drilling while testing of deeper targets to explore for feeder zones will also be undertaken. Approximately 4,000 metres of diamond drilling are planned across the greater Dark Horse area over the balance 2022.

Bayan Khundii: Relatively unexplored areas south and northwest of the current deposit will be tested through approximately 1,200 metres of drilling.

Altan Nar: Further definition drilling of the Discovery Zone high-grade zone and testing of the Union North deposit oxide potential will be conducted in late Q3, targeting 3,300 metres of drilling.

With the results from this exploration work, as well as the recent successes noted above, Erdene intends to update its global resource inventory by year-end.

In addition to our exceptional gold assets, our company provides exposure to molybdenum and copper through our Zuun Mod Mo-Cu deposit as well as multiple porphyry copper targets within our licence holdings.

Bayan Khundii Gold Project – A Shovel-Ready Development

The past two years has presented many challenges, as well as opportunities, to our initial mine development. Despite the obstacles brought on by the pandemic, we have completed the engineering and permitting work over the past year so that the project is “Shovel-Ready”. Early works are underway to establish the site for development, and full construction is ready to commence once we have confidence that the logistics and pricing environments have stabilized. While the pandemic-related supply chain issues and inflationary pressures weigh on all businesses, we are starting to see those impacts abate. We anticipate full re-opening of the land border crossings between China and Mongolia later this year, and forecast reduced costs for key construction materials, most significantly steel, moving into 2023, when we expect to begin full construction.

While all projects are currently facing headwinds, the robust economics, driven by the high grades of our Bayan Khundii project, ensure the development remains very profitable under all reasonable scenarios. This is complimented by the fact that we have continued to discover more gold mineralization that should increase project returns.

In particular, the Dark Horse near-surface, high-grade oxide zone, just 2.5 km north of the planned gold plant, provides a new source of easily accessible high-grade gold mineralization. There is high probability for an expanded Dark Horse zone along strike and at depth, which, combined with the new Ulaan discovery, would add material ounces to ore feed. These prospects require further drilling and evaluation to determine whether they should be incorporated in the current mine plan and whether an expanded facility is warranted. The 2022 drilling program will provide the information required for these decisions.

Additionally, recent exploration success has led to reconsideration of gravity and heap leach recovery methods. Since reserves were established for the feasibility study, some of the highest-grade intersections have been returned in the Khundii District. Samples collected from these very high-grade zones were subjected to basic gravity separation testing and returned recoveries from 43 to 85%. These results suggest that further study is warranted on the introduction of gravity into the main plant circuit, perhaps as a first stage of development. On heap leach amenability, a substantial oxide resource has been identified near surface at Bayan Khundii and Dark Horse that should yield high recoveries utilizing heap leaching. Results from the RC drilling just completed will assist in

understanding the broader opportunity that is largely untested. Introducing gravity or heap leach processing could result in lower capital and operating costs and bring forward cash flow, further improving project returns. A scoping study has been initiated to assess these options, to be completed during the third quarter, simultaneous with the results of the Q3 exploration program. By the fourth quarter, we should have the necessary information to update any technical elements of the plant development.

As we update our development plans, we will work with our proposed funding partners at Export Development Canada, the European Bank for Reconstruction and Development, Mongolian Banks and others who have expressed interest in supporting the construction to finalize the financing package.

People

It is a great privilege to have worked in Mongolia for the past quarter century. I have witnessed the Country transition from the socialist period with pride and tenacity, and the development of a vibrant free-market economy which is true to its history and culture. I have watched as one of the largest mineral deposits on the planet was discovered and developed, while a nomadic lifestyle continues unabated in the region.

Erdene has an opportunity to develop a mutually beneficial project based on our tremendous success. That success is derived from our people, including a management team led by Mongolian professionals across all disciplines in our business. Our vision is to see Mongolians hold a majority of management and board positions. This objective should be achievable given that 97% of Oyu Tolgoi's 16,300 person workforce is Mongolian.

That vision extends to finding ways to share benefits with the Mongolian public. This was the objective when Erdene became the first, and so far only, dual-listed company on the Mongolian and Toronto stock exchanges. Today we have over 7,000 Mongolian shareholders, including thousands of residents of our local communities.

On the ground, a commitment to shared benefit, transparency and education are critical. Although our project area does not include permanent residences, people living in the broader area have raised questions about the environment, dust, water and chemical use. We have undertaken Mongolian and international environmental and social impact assessments to understand our impact on stakeholders. We have designed the plant to conserve ~ 85% of water used while working with local communities to restore existing wells and locate new water sources. Our operations will use renewable power as part of our power generation solution, and we entered into a co-operation agreement with the local government to provide funding for community projects focused on health and education. The Bayan Khundii Gold Project is expected to generate over 400 direct jobs and over US\$100 million in taxes and royalties to the government of Mongolia over the

six years of production contemplated in our 2020 Feasibility Study. Benefits to all stakeholders will grow when we are successful in expanding operations as expected.

In conjunction with our community efforts, we are evaluating projects that could immediately benefit the local community, including long-term sustainable employment opportunities and mutually beneficial developments that provide further benefits to the well being of the local community.

Summary

Our company has attracted a loyal, globally diversified, shareholder register. Over the past two years, we have welcomed Mr. Eric Sprott and the European Bank for Reconstruction and Development as our two largest shareholders, while adding to our base in both Mongolia and our home province of Nova Scotia, Canada. Collectively these groups hold approximately half of our shares. Along with long-term institutional holders, management and directors, approximately two-thirds of our shares are in the hands of long-term supporters of the Company.

Our mission is to generate value for shareholders while creating benefits for all stakeholders. We collectively have an opportunity to benefit from the development and expansion of a new gold district with multi-million ounce potential.

Our near-term plans are to continue to grow resources, evaluate and advance new opportunities and prepare the initial reserves for development while balancing the risks associated with the current global inflationary and supply chain environment.

We are tremendously excited by our success to date and look forward to what the future will bring. There are obviously risks; however, the potential reward from the Khundii District gold discoveries is as good as any I have witnessed in my 35 years in the sector.

I would like to thank all shareholders for their support. We look forward to delivering increasing value in the months and years ahead. I'll leave you with the 50-year gold price chart – history is often a good indicator of what is to come.

50-YEAR GOLD PRICE



Sincerely,

Peter C. Akerley
President and CEO
June 2022