



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Provides Exploration Update on Southwest Mongolia Gold Exploration; Continues to Expand Western Gold Zone at Bayan Khundii**

**Halifax, Nova Scotia – July 17, 2017 – Erdene Resource Development Corp. (TSX:ERD) ("Erdene" or "Company")** is pleased to provide additional assay results from the Company's 2017 drill program at its 100% owned Bayan Khundii Gold Project ("Bayan Khundii") in southwest Mongolia.

"We are now at the mid-point of the initial 2017 drill campaign in the Bayan Khundii region and thus far have defined several new areas that will require definition drilling, particularly west and east of Striker, the Northeast Zone, and importantly north and west of Midfield. It is very encouraging to continue to intersect broad zones of gold mineralization along the margins of the established 1.3 kilometre by 500 metre mineralized trend," said Peter Akerley, Erdene's President and CEO. "As we continue to expand outward from that area in Q3 we will be testing six new target areas up to 1 kilometre from the original discovery at Striker Zone. In addition, as drilling progresses through Q3, we will move into the untested 3.5 kilometre long gold-in-soil anomaly that continues north to Altan Arrow, and ultimately return to drilling at our Altan Nar project, 16 kilometres to the northwest."

#### **Highlights**

- Success from step-out drilling and geophysical surveys leads to an expanded target area at Bayan Khundii
- Drilling west of the Striker and Midfield zones returns multiple, high-grade, 1-metre intervals between 10 g/t and 22 g/t gold
- Drilling up to 150 metres west of the Striker Zone returns multiple gold mineralized intersections over a 250-metre by 200-metre area, including 28 metres of 1.4 g/t gold (BKD-172)
- Drilling west of Midfield Zone returns 36 metres of 1.1 g/t gold (BKD-166)
- Upcoming Q3 drilling of five untested targets and continued definition of new targets north and east of the Midfield and Striker zones with closer-spaced drilling
- Regional structural analysis and detailed structural analysis of Bayan Khundii and Altan Nar projects will be undertaken during Q3
- Drill results to continue throughout Q3

A plan map has been attached for reference.

#### **Western Extension of Striker and Midfield Zones**

Hole BKD-166, located west of the Midfield Zone, intersected a thick package of the host Devonian volcanic tuff and returned 36 metres of 1.1 g/t gold commencing at 120 metres depth (86 metre vertical depth) (see Table 1). This hole was drilled 50 metres west of previously reported drill hole BKD-100, drilled in Q2-2017 along the western edge of the Midfield Zone. BKD-100 did not return significant gold

mineralization as the hole intersected a syenite intrusion at shallower depths than expected and was speculated to truncate the western extension of Midfield. However, hole BKD-166 suggests the syenite encountered in BKD-100 may be relatively restricted in extent and that the Midfield mineralization continues west of BKD-100. Additional drilling will be required to confirm the true extent of the mineralization in this area.

A series of holes were completed south of BKD-166, to the west of the Striker Zone and covering a 250-metre by 200-metre area, and returned multiple gold mineralized intersections under younger, post-mineralization cover. Results included 5 metres of 4.5 g/t gold within 28 metres of 1.4 g/t gold in hole BKD-172, located 130 metres west of the westernmost drilling in the Striker Zone (see Table 1).

The results west of Midfield and Striker have established multiple targets that justify additional closer-spaced drilling in Q3-2017.

Table 1. Bayan Khundii drill highlights

Drill Hole	From (m)	To (m)	Interval (m) <sup>(1)</sup>	Gold (g/t)
BKD-166	120	156	36	1.07
incl	120	121	1	13.5
BKD-172	93	159	66	0.70
incl	123	151	28	1.43
incl	145	150	5	4.52
incl	149	150	1	10.7
and	188	206	18	0.34
BKD-173	27	84	57	0.17
and	130	136	6	3.04
incl	133	134	1	11.4
BKD-175	110	131	21	0.25
and	136	146	10	0.56
and	177	181	4	5.66
incl	179	180	1	22.2
BKD-176	112	133	21	0.49
and	164	195	31	0.42
and	203	221	18	0.22

(1) Reported intervals are not true width. At this time, there is insufficient data with respect to the shape of the mineralized system to calculate true orientations in space. They represent drill intersection widths from holes drilled at a dip of -45 to -85 degrees and oriented to the north-northeast. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees to the southwest).

For a complete table of results for all drilling by Erdene at Bayan Khundii in 2015, 2016 and to date in 2017, including the holes released today, please [click here](#).

### Southern Extension of Northeast Zone

Six, 80-metre spaced holes were completed over an area south and southwest of the Northeast Zone (BKD-160 to BKD-165). All holes except one (BKD-160) intersected the host silicified volcanic tuffs

that are typical for Bayan Khundii, with four holes returning low-grade gold mineralization, including 0.1 to 0.3 g/t gold over 6 to 28 metre intervals. A closer spaced (40 metre) drill program will be completed in this area during Q3-2017 to evaluate continuity of mineralization from the Northeast Zone southwest to the Midfield Zone.

Hole BKD-122, located on the southern boundary of the Northeast Zone (reported on June 8, 2017), is located 100 metres northeast of the six holes discussed above, and returned 14 metres of 0.75 g/t gold from surface and 21 metres of 0.72 g/t gold at 63 metres vertical depth. In addition, two rock chip samples collected a further 600 metres to the northeast of BKD-122 (NE Extension prospect) returned gold assay values of 6.9 g/t and 0.4 g/t gold. The Company will complete additional drilling in this area in Q3-2017.

### **Going Forward – Q3-2017 Drill Program**

The Q3 drill program at Bayan Khundii will focus on follow-up drilling around newly discovered, high-grade mineralization encountered in Q2-Q3 exploration and on exploring a series of geophysical and geological targets within the 2-kilometre by 1.8-kilometre Bayan Khundii target area. In advance of this drilling, additional geophysical work was completed in Q2-Q3 2017, including induced polarization dipole-dipole and ground magnetic surveys that have further defined these new target areas. Approximately 10,000 metres of drilling remains in the current 24,000 metre program. In addition to the on-going Bayan Khundii drill program, the Company will also complete regional drilling between Bayan Khundii and Altan Arrow and a follow-up drill program at its neighboring Altan Nar gold-polymetallic project, 16 kilometres northwest of Bayan Khundii. This work will have two objectives: 1) to follow up on the high-grade silver-gold-lead-zinc mineralization intersected during the Q4-2016 and Q2-2017 drill programs, and 2) to test targets generated from an expanded Q2-2017 geophysical survey that included a high-resolution ground magnetic survey that provides increased magnetic detail including areas of low magnetic response interpreted as altered mineralized zones where hydrothermal fluids resulted in magnetite-destruction within host lithologies, and results from a six-line, 12 kilometre, induced polarization dipole-dipole survey centred on the Discovery Zone.

In addition to the drilling work outlined above, the Company will also be conducting both regional structural analysis and detailed structural analysis of Bayan Khundii and Altan Nar projects. Petrographic analysis will also be completed on a suite of samples to provide additional information pertaining to the petrogenesis of the Company's projects. Additional interpretation of geophysical data, especially induced polarization and magnetic surveys results, will also be conducted by third party consultants using recently-generated physical property data for a representative suite of samples from the Bayan Khundii project.

### **Background on Bayan Khundii Gold Project**

In Q2-2015, Erdene conducted an initial exploration program on the southern portion of the Company's 100%-owned Khundii exploration license in southwest Mongolia where an early rock-chip sampling program revealed multiple very high-grade surface quartz veins that returned up to 4,380 g/t gold. Since that time, drilling has revealed the presence of very high gold grades, with up to 306 g/t gold over 1-metre intervals, within broad mineralized envelopes, with up to 131 metres of 3.9 g/t gold, including 80 metres of 6.0 g/t gold. The Company has completed a comprehensive exploration program at Bayan Khundii

that has included: geological mapping; soil geochemical surveys; additional surface rock chip sampling; a ground magnetic survey; gradient array and dipole-dipole induced polarization surveys; and the completion to date of 25,988 meters of drilling in 177 drill holes. In addition to this work, a series of detailed follow-up studies have also been completed, predominantly on drill core and minor surface outcrop, including: petrographic and mineralogical analyses; a fluid inclusion study; SEM gold composition analysis; Short-Wave Infra-Red Analysis (SWIR); structural analysis; and overall petrogenetic analysis. Detailed studies indicate the mineralized zones can be characterized as low-sulphidation, quartz-illite-adularia type mineralization that was presumably formed in a back-arc extensional environment.

In Q1-2016, the Company concluded preliminary metallurgical test work at Bayan Khundii, indicating that gravity concentration and cyanidation of the gravity tails yield very good overall gold recoveries for both high-grade and low-grade composites, yielding 99% gold recovery from the high-grade composite (24.9 g/t gold) and 92% gold recovery from the low-grade composite (0.7 g/t gold). Additional metallurgical work is underway with completion anticipated in Q3.

The Bayan Khundii license has a 2% net smelter returns royalty (“NSR Royalty”) in favour of Sandstorm Gold Ltd. with a buy-back option to reduce the NSR Royalty to 1%.

### **Qualified Person and Sample Protocol**

Michael MacDonald, P.Geo. (Nova Scotia), Vice President Exploration 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 news release. All samples have been assayed at SGS Laboratory in Ulaanbaatar, Mongolia. In addition to internal checks by SGS Laboratory, the Company incorporates a QA/QC sample protocol utilizing prepared standards and blanks.

Erdene’s sampling protocol for drill core consisted of collection of samples over 1 metre or 2 metre intervals (depending on the lithology and style of mineralization) over the entire length of the drill hole, excluding minor post-mineral lithologies and un-mineralized granitoids. Sample intervals were based on meterage, not geological controls or mineralization. All drill core was cut in half with a diamond saw, with half of the core placed in sample bags and the remaining half securely retained in core boxes at Erdene’s Bayan Khundii exploration camp. All samples were organized into batches of 30 samples including a commercially prepared standard, blank, and either a field duplicate, consisting of two ¼ core intervals, or a laboratory duplicate. Sample batches were periodically shipped directly to SGS in Ulaanbaatar via Erdene’s logistical contractor, Monrud Co. Ltd.

### **About Erdene**

Erdene Resource Development Corp. is a Canada-based resource company focused on the acquisition, exploration, and development of base and precious metals in underexplored and highly prospective Mongolia. The Company has four exploration licenses and a mining license in southwest Mongolia. In addition to the Bayan Khundii and Altan Nar projects, other deposits and prospects within these licenses include: Khuvyn Khar – an early-stage, copper-silver porphyry project with multiple drill targets and significant copper intersections; Nomin Tal – a narrow, high grade copper-gold discovery; Zuun Mod – a large molybdenum-copper porphyry deposit; and Altan Arrow – an early-stage gold-silver project. In

addition to the above properties, the Company has an Alliance with Teck Resources Limited on regional copper-gold exploration in the prospective Trans Altai region of southwest Mongolia. For further information on the Company, please visit [www.erdene.com](http://www.erdene.com). Erdene has 145,550,586 issued and outstanding common shares and a fully diluted position of 156,592,160 common shares.

### **Forward-Looking Statements**

Certain information regarding Erdene contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Erdene believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Erdene cautions that actual performance will be affected by many factors, most of which are beyond its control, and that future events and results may vary substantially from what Erdene currently foresees. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and is subject to change after that date. The Company does not assume the obligation to revise or update these forward-looking statements, except as may be required under applicable securities laws.

**NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENTS OF THIS RELEASE**

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