



ERDENE RESOURCE DEVELOPMENT CORP.

Erdene Intersects 24 Metres of 7.5 g/t Gold within 116 Metres of 2.0 g/t Gold from Surface at Bayan Khundii, Expands Q4 Drill Program

Halifax, Nova Scotia – October 4, 2016 – Erdene Resource Development Corp. (TSX:ERD) ("**Erdene**" or "**Company**") is pleased to announce results from the first seven holes of its originally planned 5,000 metre drill program at its 100%-owned, high-grade Bayan Khundii gold project ("Bayan Khundii") in southwest Mongolia. In addition, the Company announces an expanded drill program with a total of 9,000 metres now anticipated to be completed in Q3-Q4 at Bayan Khundii and at the Company's neighboring, 100%-owned Altan Nar and Altan Arrow gold projects. Included with this release, for reference, are two plan maps and a cross-section showing project locations, the position of today's drill holes, as well as areas where drill results are pending.

"Bayan Khundii continues to deliver exceptional, near-surface gold grades over wide intervals and today's results increase our confidence in the continuity of these gold zones and the broad extent of the lower-grade mineralization," said Peter Akerley, Erdene's President and CEO. "As the drill program advances we will be testing multiple targets outside of the known mineralized area, predominantly under younger cover rocks, to better establish the size potential of the Bayan Khundii gold system."

Highlights (see attached map for hole locations)

- Striker Zone drilling (BKD-49) returns 24 metres of 7.5 g/t gold within 71 metres of 3.1 g/t gold, both within a wider intersection of 116 metres of 2.0 g/t gold, from surface
- Additional drilling in the Striker Zone (BKD-51) returns 112 metres of 1.2 g/t gold, from surface
- Multiple, very high-grade gold intersections in the Striker Zone containing several gold-bearing quartz veins returning 1 metre samples exceeding 40 g/t gold
- A new near-surface zone, southwest of the Striker Zone, was intersected in hole BKD-46, returning 16.7 metres of 4.6 g/t gold from surface, including 7 metres of 10.2 g/t gold
- Hole BKD-46 also returned an additional 22 metres of 2.2 g/t gold, including 7 metres of 6.4 g/t gold, at 100 metres depth, representing a down-dip extension of the Striker Zone
- Additional drill results for step-out holes testing Bayan Khundii targets under younger cover are anticipated in late October

Table 1 – Bayan Khundii drill results for first seven holes (holes BKD-46 to BKD-52)

Drill Hole	From (m)	To (m)	Interval (m)*	Gold (g/t)
BKD-46	2.3	19	16.7	4.65
incl	8	15	7	10.2
incl	11	13	2	31.4
and	40	45	5	1.66
and	100	122	22	2.19
incl	100	108	8	5.61
incl	101	102	1	42.2
BKD-47	11	18	7	0.33
BKD-48	54	89	35	1.88
incl	67	69	2	15.9
BKD-49	0	116	116	2.01
incl	45	116	71	3.06
incl	74	98	24	7.52
incl	74	79	5	9.23
and	96	98	2	62.5
BKD-50	3.7	10	6.3	0.81
and	89	96	7	2.05
BKD-51	0	112	112	1.17
incl	76	106	30	3.23
incl	100	103	3	19.8
BKD-52	24	50.2**	26.2	0.32

* 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 45 to 90 degree angle. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees) perpendicular to the drill hole angle.

** End of hole

Q3-Q4 2016 Drill Program

The Q3-Q4 2016 Bayan Khundii drill program, for which partial results were released today, is focused on testing the boundaries (at depth and along strike) and building confidence in the continuity of the high-grade gold zones, within the main mineralized trend at Bayan Khundii. Today's results represent the first seven holes (1,013 metres), drilled within a 260 metre by 125 metre area, predominantly testing the Striker Zone, to depths of 50 to 201 metres or approximately 36 to 182 metres vertically. All holes were drilled perpendicular to the interpreted strike of the mineralized zones. Some holes were collared south of, or vertically above, the Striker Zone and as such intersected parallel gold zones. As of today, 26 holes of the current drill program have been

completed, totaling 3,268 metres. Results for all remaining holes are expected to be received over the next 30 days.

While drilling at Bayan Khundii has been primarily focused on testing lateral and down-dip continuity of the high-grade gold zones within the main mineralized trend, continued technical evaluation by the Erdene team and several consultants who visited Bayan Khundii in July/August 2016, suggests that the Bayan Khundii system holds significant potential for new mineralized zones under younger Cretaceous cover to the west and north of the main mineralized zone. Results from a series of step-out holes in this area will form part of the next batch of drill results, expected to be released in late October.

The drill program will be paused for two weeks in October for the winterizing of the Company's drill camp, assessment of results and completion of the regional exploration program currently underway as part of the Company's alliance with Teck Resources Ltd. Drilling is expected to recommence on October 21 and continue through mid-December. Drill targeting will be based on results of current drilling, results from the independent technical evaluation studies completed in August 2016 at Bayan Khundii and Altan Nar, and on regional, district-scale drilling previously completed by the Company. The remaining expanded program is expected to consist of a further 5,500 metres of drilling consisting of an additional 2,000 metres to continue testing Bayan Khundii, including the largely untested and highly prospective region within the larger Bayan Khundii trend; 3,000 metres of resource expansion and scout drilling along the 5.6 kilometre long mineralized trend at the Company's Altan Nar Gold-Polymetallic Project ("Altan Nar"); and a 500 metre initial drill program to test newly identified targets at the Company's Altan Arrow gold prospect, located 3.5 kilometres north of Bayan Khundii.

Background on Bayan Khundii, Altan Nar and Altan Arrow Gold Projects

Bayan Khundii Gold Project

In Q2 2015, Erdene conducted an initial exploration program on the southern portion of the Company's 100%-owned Khundii license in southwest Mongolia. This reconnaissance work led to the discovery of the Bayan Khundii, low sulphidation epithermal gold prospect. Gold mineralization at Bayan Khundii has been identified over a 1.7 kilometre trend, with detailed exploration only taking place over a 500 metre by 350 metre zone in the southwest prospect area, where the Company's Q4 2015 and Q2 2016 drill programs have focused. Visible gold was observed in multiple drill holes, and results include several high-grade intersections within a series of parallel structures exposed at surface. Results include up to 35 metres of 5.9 g/t gold in hole BKD-10 from surface to the bottom of the hole (including 12 metres of 16.2 g/t gold), and 63 metres of 5.3 g/t gold in hole BKD-17 starting at 50 metres. Drill results and program details are included in Erdene's press releases ([click here](#)).

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: 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). The 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%.

Altan Nar Gold-Polymetallic Project

Discovered in 2011, the Company’s Altan Nar gold-polymetallic project (19 kilometres northwest of Bayan Khundii) hosts a total of 18 mineralized gold-silver-lead-zinc target areas within a 5.6 kilometre by 1.5 kilometre mineralized corridor. Two of the early discoveries, Discovery Zone (“DZ”) and Union North (“UN”), are the most advanced targets, hosting wide zones of high-grade, near-surface mineralization over variable widths (up to 53 metres apparent width) averaging in excess of 1 g/t gold, including intervals up to 19 metres averaging 5.8 g/t gold (7.8 g/t gold equivalent*). The DZ and UN targets were the focus of an initial National Instrument 43-101 resource estimate released by the Company in Q1 2015. Altan Nar remains at an early stage of exploration with only shallow, detailed drilling of DZ and UN with the remaining 16 targets either undrilled or scout-drilled, and are considered by the Company to have good potential for hosting additional resources. The license has a 2% NSR Royalty in favour of Sandstorm Gold Ltd. with a buy-back option to reduce the NSR Royalty to 1%.

*Gold equivalent has been used to express the combined value of gold, silver, lead and zinc at Altan Nar as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US \$1200/ounce gold, \$18/ounce silver, and \$0.90/pound for lead and zinc.

Altan Arrow Gold Project

The Altan Arrow gold project (“Altan Arrow”) is situated on the Bayan Khundii license, 3.5 km north of the Bayan Khundii project and 15 km southeast of Altan Nar. Previous exploration by Erdene in the Altan Arrow prospect area confirmed the presence of high-grade gold within epithermal quartz veins and the potential for broader mineralized zones. Erdene geologists identified an approximate 1 square-kilometre area of anomalous gold-silver mineralization in quartz veins that returned up to 57 g/t gold in hand samples and 1 m of 31.4 g/t gold and 6 m of 4.5 g/t gold in trenching. The 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.Geol. (Nova Scotia), Director of 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 the Company's Bayan Khundii exploration camp. All samples were organized into batches of 20 samples including a commercially prepared standard and blank. 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. In addition to Bayan Khundii and Altan Nar, the Company has two other exploration licenses and a mining license in southwest Mongolia. 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, high-grade, 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 Altay region of southwest Mongolia. For further information on the Company, please visit www.erdene.com. Erdene has 121,155,992 issued and outstanding common shares and a fully diluted position of 134,432,906 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 a number of 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

Erdene Contact Information

Peter C. Akerley, President and CEO

or

Ken W. MacDonald, Vice President and CFO

Phone: (902) 423-6419

E-mail: info@erdene.com

Website: www.erdene.com

Twitter: <https://twitter.com/ErdeneRes>

Figure 1 - Erdene's Emerging Gold District

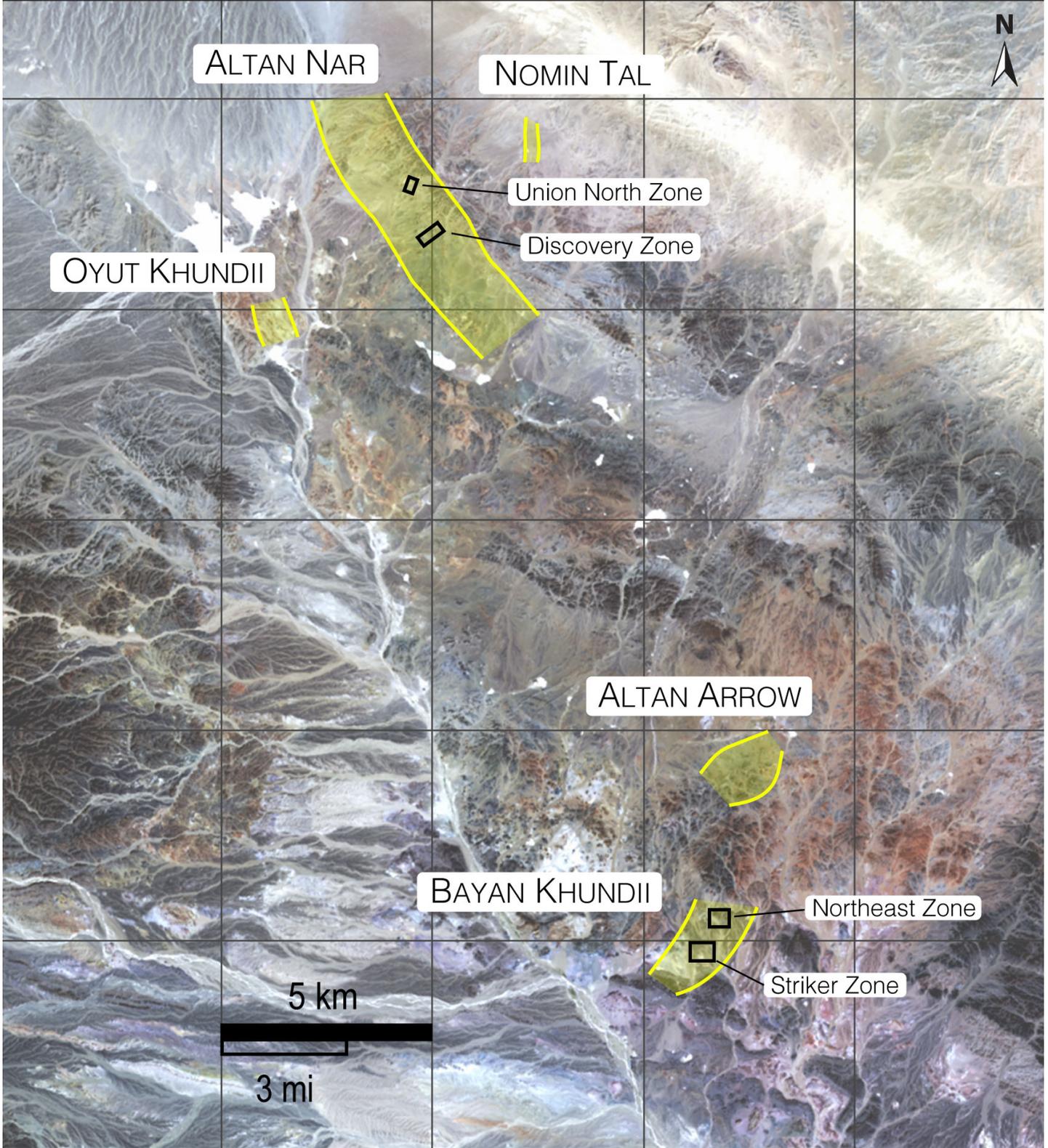


Figure 2 - Plan Map of the Bayan Khundii Gold Project

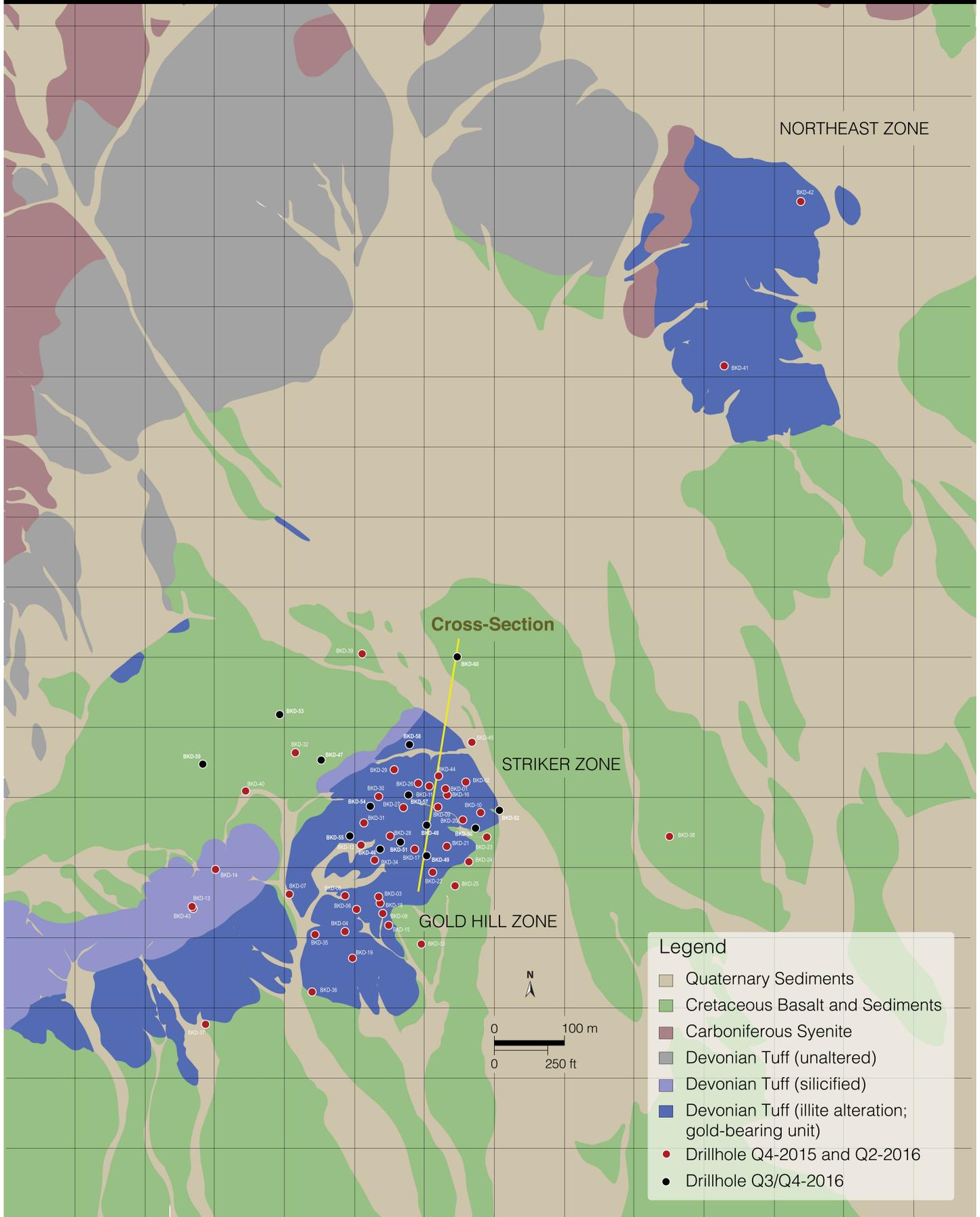


Figure 3 - Cross-Section From Striker Zone Heading North Under Cover

