



ERDENE RESOURCE DEVELOPMENT CORP.

Erdene Provides Update on Gold Projects in Mongolia

Halifax, Nova Scotia – August 23, 2016 – Erdene Resource Development Corp. (TSX:ERD) ("**Erdene**" or "**Company**"), is pleased to provide an update on its 100%-owned Bayan Khundii Gold Project ("Bayan Khundii") and Altan Nar Gold-Polymetallic Project ("Altan Nar"). In advance of the resumption of drilling in September 2016, the Company has been carrying out extensive technical studies on the styles and controls of gold mineralization at both Bayan Khundii and Altan Nar, as well as various studies and projects related to the anticipated development of the district.

Bayan Khundii (Rich Valley) and Altan Nar (Golden Sun) are near-surface, high-grade gold discoveries made by the Company within the Tian Shan gold belt of southwest Mongolia. These projects are approximately 19 kilometres apart with gold mineralization traced over 6 kilometres at Altan Nar, and 1.7 kilometres at Bayan Khundii. The current technical work program includes structural mapping studies, hyperspectral analysis of core and surface samples, evaluation by an expert in epithermal gold systems, geophysical interpretation, development of a 3-D model, and through this combined evaluation, develop the ideal approach to drilling in regards to both exploration targeting and eventual resource categorization for both projects. The following provides an overview of the technical program as well as preliminary plans for Q3-Q4 drilling programs.

Gold Deposit Type, Controls on Mineralization and Exploration Approach

Epithermal Gold Deposit Review – Bayan Khundii & Altan Nar

Dr. Jeffrey Hedenquist, an Ottawa-based, independent consultant and one of the world's leading experts on epithermal gold systems, is currently visiting the Company's Bayan Khundii and Altan Nar projects with the objective of aiding ongoing geological interpretation and drill targeting efforts.

Petrologic Study – Bayan Khundii

Mr. Anthony Coote, of Applied Petrologic Services & Research in New Zealand, is completing mineralogical petrographic and fluid inclusion studies on drill core samples from Bayan Khundii to interpret the hydrothermal environment and controls on the distribution of gold mineralogy and paragenesis.

Structural Analyses – Bayan Khundii & Altan Nar

Dr. Stefan Kruse, an experienced structural geologist with Terrane Geoscience Inc., recently spent 12 days on site at Bayan Khundii and Altan Nar to determine the principal structural controls and geometry of the mineralized systems. Dr. Kruse's final report is expected during the third quarter.

Hyperspectral Alteration Study – Bayan Khundii & Altan Nar

Ms. Khashagerel Bat-Erdene and Mr. Imants Kavalieris of Plus Minerals LLC, who specialize in alteration studies of epithermal and porphyry systems, recently completed field and drill core evaluations at Bayan Khundii and Altan Nar to identify alteration zonation within the hydrothermal systems that can assist with future drill targeting. Mr. Kavalieris has extensive experience in Mongolia, including exploration and delineation of the Oyu Tolgoi copper-gold porphyry deposit.

Modeling – Bayan Khundii

Terrane Geoscience Inc. is completing a 3-D model of the Bayan Khundii mineralized zones to assist with drill targeting. The model will incorporate all geological, drilling, structural, spectral, geochemical and geophysical data.

Geophysical Data Processing and Quality Control – Bayan Khundii & Altan Nar

Mr. Chet Lide of Zonge International has completed data processing and quality control analysis of all magnetic and induced polarization (IP) data from both Bayan Khundii and Altan Nar.

Drill Design Assessment – Bayan Khundii

RungePincockMinarco Limited has been contracted to provide an independent review of all results to date with an objective of recommending optimal drill hole spacing in advance of future resource definition drilling at Bayan Khundii.

Permitting and Pre-Development Studies

The Tsenkher Nomin (Altan Nar) and Khundii (Bayan Khundii) licenses are both in year 7 of a 12-year term for an exploration license. The following studies are being conducting in order to support future scoping and/or feasibility-level studies and an eventual mining license application at both Altan Nar and Bayan Khundii.

Environmental Baseline Study – Bayan Khundii & Altan Nar

Eco-Trade LLC, a Mongolian environmental consulting company, is completing an environmental baseline study for the Bayan Khundii and Altan Nar projects.

Paleontological and Archeological Review – Bayan Khundii & Altan Nar

Dr. Ariunchimeg Ya. led a research team from the Academy of Sciences Paleontology and Geology Institute who carried out surveys on both the Khundii (Bayan Khundii) and Tsenkher Nomin (Altan Nar) licenses. It was concluded there are no hindrances to exploration continuing; no paleontological relicts were identified in any of the units present within the Khundii license area;

and within the Tsenkher Nomin license area only gastropod residue was identified in the southwest corner of the license within Carboniferous sediments.

Professor Batsaikhan Z. of the Department of Anthropology of College and Sciences at the National University of Mongolia led the archeological study. It was concluded that due to the isolation and climatic conditions, the area was not suitable for sustained human settlement. No archeological artifacts were identified and therefore there is no hindrance to carrying out exploration or mining.

Hydrogeologic Study – Bayan Khundii & Altan Nar

The Company contracted Okhi-Uus LLC, an experienced Mongolian hydrogeological consulting firm, to complete a preliminary hydrogeologic study in the vicinity of the Altan Nar and Bayan Khundii projects. Although a water resource was previously defined in association with a study of the Company's Zuun Mod molybdenum-copper deposit, 35 km to the east of Bayan Khundii, this program is targeting basins more proximal to the current target areas. Initial surveying and water testing has identified two areas that will now be the subject of geophysical surveying and drilling to determine water volume, recharge and quality.

Project Plans (Q3-Q4 2016)

The results of the various studies will be evaluated by Erdene's technical team with additional exploration and drilling programs designed accordingly. Details of this evaluation and resulting programs will be announced once final. Drilling is set to resume at Bayan Khundii in September, and is expected to continue throughout the fourth quarter and will include a drill program at Altan Nar. A review of the Company's Altan Arrow high-grade discovery (situated on the Khundii licence, 3.5 kilometres north of Bayan Khundii) is also planned.

Regional Exploration in Southwest Mongolia

The Company continues to evaluate copper-gold opportunities throughout the Edren Terrane of Southwest Mongolia through its alliance with Teck Resources Limited ("Teck"). Field evaluations are currently underway focused on geochemical surveys and satellite interpretation. Erdene closed a non-brokered private placement with Teck in June 2016 to fund the regional exploration program. Since 2013, Teck has subscribed for \$2.5 million in Erdene shares and owns 10.8% of Erdene's issued and outstanding common shares. The Company's Bayan Khundii and Altan Nar projects are excluded from the Teck alliance.

About the 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](#) for link).

In Q1-2016, the Company concluded preliminary metallurgical test work at Bayan Khundii, indicating that gravity concentration and cyanidation of the gravity tails yielded 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%.

About the 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 and 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/oz gold, \$18/oz silver, and \$0.90/lb for lead and zinc.

Qualified Person and Sample Protocol

Michael MacDonald, P.Geo. (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 licences 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 121,125,992 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

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