



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Receives Independent Technical Report on Donkin Export Coking Coal Project**

#### **For Immediate Release**

**Halifax, Nova Scotia – June 30, 2011 - Erdene Resource Development Corp.** ("Erdene") (TSX:ERD), is pleased to announce receipt of a National Instrument 43-101 compliant Technical Report ("the Report") for the Donkin Coal Project ("Donkin") in Eastern Canada. Marston & Marston, Inc. ("Marston") of St. Louis, Missouri, prepared the Report on behalf of Erdene and project manager Xstrata Coal Donkin Management Limited ("Xstrata"). Donkin is a joint venture between Xstrata Coal Donkin Limited (75%) and Erdene (25%).

The purpose of the Report is to present the results of the Pre-Feasibility Study ("PFS") on the Donkin Export Coking Coal Project prepared by Xstrata and the reserves defined by the PFS. The Report assesses the viability of a multiple continuous miner ("CM") underground operation, producing approximately 3.5 million tonnes per year ("Mtpa") Run of Mine ("ROM") coal that would be subsequently washed to provide 2.75 Mtpa of product coal suitable for the international export coking and thermal coal markets and domestic thermal coal markets. The Report confirms the technical and economic viability of the Donkin Export Coking Project and supports advancing the project to the next phase. The PFS concludes that Donkin has a \$1.06 billion Net Present Value ("NPV") (8% discount rate) based on project development capital of approximately \$500 million and demonstrates the potential for first quartile operating costs. The Report has been filed by Erdene on SEDAR and a copy of the PFS Report is also available on Erdene's website ([www.erdene.com](http://www.erdene.com)).

#### **Coal Quality**

The coal quality of the Harbour Seam is characterized by low ash, high energy, high vitrinite content, high fluidity, high crucible swell number ("CSN") and elevated levels of sulfur.

- **Low Ash** - the expected level of 4% air-dried ("ad") is well below the typical range for hard coking coal of 7% to 10.5%.
- **Caking Properties** - the average CSN of 8.5 places it within the range for premium hard coking coals of 8 to 9 CSN.
- **Plasticity** - Donkin is a high fluidity coal, ranging from 10,000 to 25,000 dial divisions per minute ("ddpm"), with an expected maximum fluidity of greater than 10,000 ddpm. This characteristic enables its use as a coke blend component with lower fluidity coals.

- **Sulfur** - the expected product sulfur content of 3% ad is above the typical range for hard coking coal which ranges to a maximum of 0.8% ad. However, this does not preclude the use of this coal in coking coal blends for the manufacturing of coke.

The Hub Seam metallurgical and thermal coal quality data is limited.

Subject to further coal testing, approximately 75% of product coal from Donkin is targeted to be marketed as a coking coal blend into international coking coal markets with the remaining 25% expected to be marketed to domestic and international thermal coal markets.

### **Mineral Resources and Reserves**

The Report restates the coal resources for the Hub and Harbour Seams at Donkin with no change from previously reported resource estimates. The Report also classified a portion of the resources for the Hub and Harbour Seams as reserves. The Indicated Resources for the Hub and Harbour Seams are 73 million tonnes ("Mt") and 101 Mt respectively, for a total Indicated Resource of 174 Mt. Included in these resource numbers are 28 Mt and 30 Mt of Probable Reserves from the Hub and Harbour Seams, respectively, for a total of 58 Mt of Probable Reserves. The effective date for the resource and reserve estimates is May 2011.

Indicated Resources are those within the envelope of the offshore drill holes. Key parameters used in calculating resources included: Density of 1.3 g/cc; minimum 100 metres between seabed and coal seam; maximum depth below seafloor of 700 metres; 75 metre exclusion zone around drill holes; 150 metre exclusion zone around the Donkin Fault and no resources were estimated within 100 metres of the No. 20 mine for the Harbour Seam.

Key parameters used in calculating reserves included: Mining method is room-and-pillar mining with partial pillar extraction utilizing continuous miners; mine plans were limited to the Indicated Resource boundary; minimum overburden thickness of 175 to 200 metres; a 10% out of seam dilution was included; specific gravity of 1.45; 150 metre exclusion zone for the Donkin Fault (75 metres on either side) and 100 metre barrier surrounding drill holes; a 10% mining loss was included; and Salamon and squat pillar formulas were used for pillar design. Reserves are based on the assumption that the Harbour Seam coal and 50% of the Hub Seam coal are marketable as [coking coal](#), and the other 50% of the Hub Seam coal is marketable as a thermal product.

As stated in the Report, there are no known environmental nor environmental permitting issues to which the estimate of mineral resources and mineral reserves may be materially affected except for the normal regulatory approvals presently being sought for Donkin. In addition, Erdene is unaware of any legal or political risks that could materially affect the potential development of the Donkin project.

There are sufficient Reserves at Donkin for the first 20 years of mining. These form the basis of the economic analysis. No Inferred tonnages are included in the economic analysis.

## **Project Plans**

On June 28, 2011 a draft Project Description document was filed with Federal and Provincial regulators. This is the initial step in the Environmental assessment (“EA”) process. The document seeks approval for the 2.75 Mtpa export coking coal project. The regulators will now review and provide comment prior to the final document being approved and filed as a public document. This final document and any alterations by regulators will guide the comprehensive environmental assessment study as well as the preparation of the feasibility study and the project design.

The feasibility stage will include the initial phase of mining, referred to as the exploration phase. The intent is to deploy one CM section in the Harbour Seam one year after securing an off-take agreement for the ROM coal. The exploration phase will provide the opportunity to collect multiple Harbour Seam bulk samples for testing the coal quality, geotechnical information on the roof, floor and coal, data on structures and gas desorption and underground drilling from the Harbour Seam will allow for collection of data for all categories within the Hub Seam. The additional geological and geotechnical information as well as the results of bulk sample testing by potential customers, will provide information necessary to finalize the mine and plant design and the ultimate production including an evaluation of the viability of a longwall. Included in this study would be continued work on the studies, plans, permits and licenses necessary to start construction and operate the mine. The Feasibility Study is estimated to cost \$94.2 million and is forecast to be conducted over a 24-month period. The estimated cost includes tunnel rehabilitation, exploration mining along with the cost of the mining equipment and the study. The schedule for this initial development is dependent on securing a coal off-take agreement. Full development plans will be based on the outcome of the Feasibility Study.

## **Qualified Person**

The Technical Report on the Donkin Coal Project was prepared under the supervision and based on information compiled by Mr. Lynn Partington, who is an Executive Mining Consultant of Marston and Marston Inc. Mr. Partington is also a Qualified Person within the meaning of such term under NI 43-101 and a member of the Kentucky Society of Professional Engineers and Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Partington consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

## **About Erdene**

Erdene Resource Development Corp. is a diversified resource company with multiple projects at various stages of development from exploration to production; all projects are focused on high-growth commodities. Erdene has a current working capital position of approximately \$5.2 million, including that of its controlled subsidiary Advanced Primary Minerals Corp., with 90,323,377 common shares issued and outstanding and a fully diluted position of 97,841,377 common shares.

## **Forward-Looking Statements**

This news release contains or refers to "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements in this release, other than statements of historical fact, which address activities, events or developments that Erdene believes, expects or anticipates will or may occur in the future are forward-looking information.

The forward-looking information in this news release is based on certain assumptions that Erdene believes are reasonable, including with respect to mineral reserves and resource estimates, the key assumptions and parameters on which such estimates are based, as set out in the Report, that the general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed and that Donkin will not experience any material accident, labour dispute or failure of plant or equipment.

The assumptions, estimates, expectations, analysis and opinions used in the Report are based on the information available to Xstrata, Erdene and Marston as of the date of this news release. Marston's assumptions and estimates are based on experience and perceptions of trends, current conditions and expected development as well as other factors that Marston believes are relevant and reasonable in the circumstances, but which may prove to be incorrect. In particular, assumptions have been made regarding a number of variables that impact Donkin and include, among other things, market prices for coal, exchange rates, estimated resource tonnages and coal quality, processing techniques, through-put rates, transportation charges, operating costs (including mining, processing and general administrative costs), capital costs and assumptions that all the necessary regulatory (including environmental) permits will be issued in respect of the project.

Readers are cautioned that the foregoing list is not exhaustive of all factors, variables and assumptions which may have been used in the Report. Although Erdene believes the expectations expressed in the Report and other forward looking statements are based on reasonable assumptions, there is no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, such statements should not in any way be construed as guarantees of future performance as actual results or developments may differ materially from those forward-looking statements and readers should not place undue reliance on this information

In addition, Erdene is subject to the risks inherent in the mineral exploration and development business as well as general economic and business conditions. Erdene's actual results, programs and financial position could differ materially from those anticipated in such forward-looking statements as a result of a number of factors, many of which are beyond the Company's control. These factors include, but are not necessarily limited to, results of the exploration activities and development of mineral properties, the interpretation of drilling results and other geological data, the uncertainties of resource estimations, receipt and security of mineral property titles, receipt of licenses required to conduct mining activities, country risks, project

cost overruns or unanticipated costs and expenses, the availability of funds, fluctuations in metal prices, currency fluctuations, and general market and industry conditions.

Erdene does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

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

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