



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Provides Project Updates and First Quarter Financial Results**

For Immediate Release

**Halifax, Nova Scotia – June 15<sup>th</sup>, 2011 – Erdene Resource Development Corp. ("Erdene" or "Company") (TSX:ERD)**, today provided an update on the Company's principal projects in conjunction with the release of its first quarter 2011 financial results.

#### **Highlights**

- Marston finalizing Donkin NI 43-101 report expected in the second quarter
- Zuun Mod 30 year Mining Licence Issued
- Zuun Mod NI 43-101 Resource Estimate Issued
- Initial Drilling Program completed on the Khuvyn Khar copper discovery
- Ends quarter with \$7.5 million in cash and cash equivalents

#### **Project Summaries and Updates**

##### **Donkin Coal Project**

On April 7, 2011, subsequent to the end of the quarter, the Donkin Coal Project manager, Xstrata Coal Donkin Management Limited ("Xstrata"), delivered its internal pre-feasibility study to both Erdene and Marston & Marston Inc. ("Marston"). An independent National Instrument 43-101 ("NI 43-101") compliant technical report is being prepared by Marston based on the Donkin coking coal project internal Pre-Feasibility Study and is expected to be finalized by the end of the second quarter 2011.

Erdene has a 25% interest in the Donkin Coal Project, located on Cape Breton Island, Nova Scotia with joint-venture partner and project manager, Xstrata. The deposit is accessed by 3.5-kilometre twin access tunnels and is strategically located proximal to deep water with ready access to most of the world's major shipping routes. The NI 43-101 compliant resource includes 227 million metric tonnes ("Mt") of Indicated and 254Mt of Inferred high volatile-A bituminous (12,000-14,000 BTU/lb) coal. The processed Donkin coal also has many excellent [coking coal](#) properties including low ash, low phosphorus, high CSN (crucible swell number) and high fluidity. At full production, the Donkin Coal Project is expected to utilize five continuous

miners added incrementally over the first 18 months of commercial production. In addition, a coal wash plant will be built on site and it is proposed that coal will be transported from the mine site using a barge to ship system or by rail to Sydney Harbour. Under the revised development plan, the Donkin Coal Project is projected to produce approximately 2.75 million tonnes per annum of washed, export-grade metallurgical and thermal coal at full production, pending receipt of all government approvals.

### **Zuun Mod Molybdenum Project - Mongolia**

In February, the Corporation announced the results of recent drilling at Zuun Mod which indicated higher molybdenum and copper grades in the South Racetrack deposit. A new NI 43-101 compliant report by independent technical consultants, Minarco MineConsult (part of the Runge Group), was commissioned to provide an updated resource estimate. Subsequent to the end of the first quarter, the new resource estimate was issued which included an increase in the Measured and Indicated resources by 38 million tonnes as well as an increase in the average grade.

Subsequent to the end of the first quarter, a 30-year renewable Mining License was granted by the Mongolian Government. The Zuun Mod Mining License covers an area of 6,041 hectares and contains the South Racetrack and North Racetrack deposits, which hosts all of the Measured and Indicated resources at Zuun Mod. The Mining License also contains the Khuvyn Khar copper prospect. Approval of an application for a second contiguous Mining License, south of the approved Mining License, is pending. This license application covers 358 hectares and contains the Stockwork deposit which hosts 17.8 percent of the Inferred resource at Zuun Mod.

### **Khuvyn Khar Copper Project**

In February, the Corporation also announced results from exploration drilling on the Khuvyn Khar copper prospect, located on the Zuun Mod Mining License. A drill hole (ZMD 121) located 2.2 km to the northwest of the main Zuun Mod Mo/Cu deposit returned an average grade of 1.3% copper and 9.24 g/t silver over 34 metres, from 308 to 342 metres. Subsequent to the end of the first quarter a follow-up drilling program was carried out over the Khuvyn Khar copper prospect with results pending.

### **Nomin Copper-Gold Prospect**

The Nomin prospect is a new copper-gold discovery located in southwestern Mongolia. Samples from ancient shallow pits returned an average of 2.2% copper and 1.7g/t gold over a strike length of 250 metres. A sample from a second similar occurrence, 1.2 kilometres south-southwest of the main occurrence, returned assays of 1.6% copper and 1.15g/t gold. Geophysical surveys (magnetic and IP dipole-dipole) have been completed over the area of the mineral occurrences. During the first quarter, Wave Geophysics LLC of Colorado, USA was contracted to re-process and create a 3D model of the geophysical data from the Nomin property to assist in the identification of drill targets. An exploratory drilling program is planned for later this month to test a number of geochemical and geophysical targets on this property.

In 2011, the Corporation will continue to expand its program of regional exploration to identify areas, principally in southern Mongolia, with the potential to host porphyry related copper-gold-molybdenum mineralization.

### **Coal Projects in Mongolia**

Erdene is involved in a comprehensive coal generative and acquisition program in Mongolia that evaluates numerous prospective metallurgical and high-quality thermal coal deposits. The program is being fully funded by the Company's partner, [Xstrata Coal](#), under an Alliance Agreement with whom it is coordinating operations. During the first quarter of 2011, Erdene continued to complete numerous property evaluations and seek to identify and secure high-quality, large-tonnage coal deposits on behalf of the Alliance.

On March 8<sup>th</sup>, 2011 Xanadu Mines Ltd. commenced an extensive drilling programme at its Galshar coal project in South East Mongolia, 250 kilometres South East of Ulaanbaatar. The aim of the current drilling programme is to further define the known deposit into a JORC code compliant resource. Erdene holds a royalty interest from any coal mined from the property.

### **Granite Hill Aggregate Project**

Erdene's Granite Hill Project (also known as the "Sparta Quarry") is a former producing granite aggregate quarry in central Georgia. Erdene owns the 342-acre property, which holds in excess of a 120 million-ton resource and is situated on an existing rail line allowing for market penetration throughout the south eastern United States. The quarry is currently being developed by Aggregates USA (Sparta), LLC, ("AUSA"), a major construction materials producer, which is responsible for fully funding all capital and operating costs for the project. Under the mining lease, the corporation has granted an exclusive right to AUSA to mine, process, and sell aggregate from the Granite Hill property. The sale of all aggregate from the property is subject to an industry competitive royalty payable to the Corporation.

During the first quarter 2011, installation of plant equipment continued and construction started on the railway underpass on Highway 16 to link the property to the existing rail-line. This work is expected to be completed in the third quarter of 2011. Commercial production is forecast to commence in late 2011 at an estimated start-up production rate of one million tons of granite aggregate per year, with a design capacity of up to 2.5 million tons. Based on current production projections, the Granite Hill project will have an estimated lifespan in excess of 30 years.

### **Advanced Primary Minerals Corp.**

Erdene controls 60% of TSX-V listed Advanced Primary Minerals Corporation ("APM"). In the first quarter on 2011, APM recognized clay sales of \$195,268 (2010 - \$109,575). APM continues to build on its customer base through sales and customer trials in the manufacture of value-added products for the ceramics, paint and paper industries. APM's goal is to be North America's leading specialized primary kaolin producer with its unique, high quality primary clay deposits and modern processing facility.

## **Quarter ended March 31, 2011 Financial Summary**

Erdene successfully made the transition to International Financial Reporting Standards (“IFRS”). The transition required extensive research and analysis and was carried out with the advisory support of the Company’s auditor, KPMG.

Erdene's first quarter financial statements and Management's Discussion and Analysis were filed with regulatory authorities on June 14, 2011 and are available on the Company's website at [www.erdene.com](http://www.erdene.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

For the three months ended March 31, 2011, revenues amounted to \$240,388, compared to \$129,082 in 2010. Cost of sales amounted to \$314,263 compared to \$424,320 in the prior year.

Exploration and operating expenses amounted to \$881,976 in the first quarter of 2011, compared to \$239,394 in 2010. Deferred expenditures for the quarter totalled \$609,021 compared to \$226,454 in 2010.

Expenditures were primarily directed toward the continued advancement of the Company's core projects: the Donkin Coal Project and the Zuun Mod molybdenum-copper project. Specifically, expenditures by project were as follows:

- Zuun Mod: \$206,080 for the three months ended March 31, 2011 (2010 - \$81,920)
- Donkin: \$483,941 for the three months ended March 31, 2011 (2010 - \$141,867)
- Coal exploration in Mongolia funded by Xstrata Coal: \$71,908 for the three months ended March 31, 2011 (2010 – \$118,899).

Corporate & administrative expenses totalled \$3,753,849 for the three months ended March 31, 2011 (including non-cash stock based compensation of \$3,115,643), compared to \$633,262 in the first quarter of 2010 (including non-cash stock based compensation of \$103,095).

The Company recorded a loss of \$4,719,540, or \$0.05 per share, in the first quarter of 2011 compared with a loss of \$1,016,177, or \$0.01 per share, for the same period in 2010. At March 31, 2011, Erdene had approximately \$7.5 million in cash and cash equivalents and \$7.1 million in working capital, including that of its controlled subsidiary APM, compared to \$8.3 million at December 31, 2010.

## **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 \$5.6 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.

## **Qualified Person**

J.C. (Chris) Cowan, P. Eng. (Ontario) is a 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. Sample analyses have been carried out 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, blanks and duplicates.

### **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 subject to change after that date. Erdene 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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### **Contact information**

#### **Erdene Resource Development Corp.**

Peter C. Akerley, President and CEO

or

Ken W. MacDonald, Vice President Business Strategy and CFO

Phone: (902) 423-6419

E-mail: [info@erdene.com](mailto:info@erdene.com)

[www.erdene.com](http://www.erdene.com)

#### **Renmark Financial Communications Inc.**

Barbara Komorowski: [bkomorowski@renmarkfinancial.com](mailto:bkomorowski@renmarkfinancial.com)

Dustin Buenaventura: [dbuenaventura@renmarkfinancial.com](mailto:dbuenaventura@renmarkfinancial.com)

Phone: (514) 939-3989 or (416) 644-2020

[www.renmarkfinancial.com](http://www.renmarkfinancial.com)