



## **Erdene Announces Resource Estimate for the High-Grade Khundii Gold Project**

**Halifax, Nova Scotia – September 18, 2018 - Erdene Resource Development Corp. (TSX:ERD)** ("**Erdene**" or "**Company**"), is pleased to announce the Mineral Resource estimate for its 100%-owned Khundii Gold Project in southwest Mongolia, prepared by RPMGlobal in accordance with the definition standards of National Instrument 43-101 ("NI 43-101").

The Khundii Gold Project includes the Company's high-grade Bayan Khundii and Altan Nar deposits, located 16 kilometres apart. Today's announcement includes the Maiden Mineral Resource estimate for the Bayan Khundii deposit and incorporates the significant increase in the NI 43-101 Mineral Resource for the Altan Nar deposit reported by the Company in May 2018. These deposits are shallow and high-grade, outcropping and located within the newly discovered Khundii Gold District.

### **Highlights** (see attached figures for reference)

- Khundii Gold Project total Mineral Resource:
  - 751,000 ounces gold at an average grade of 2.3 g/t gold, Measured and Indicated; and,
  - 291,000 ounces gold at an average grade of 1.8 g/t gold, Inferred.
- At a higher cut-off grade of 1.4 g/t gold, the Khundii Gold Project contains:
  - 642,000 ounces gold at an average grade of 3.7 g/t gold, Measured and Indicated, including, 357,000 ounces gold at an average grade of 5.2 g/t gold at the Bayan Khundii deposit.
- Including precious and base metals, the Khundii Gold Project includes:
  - 886,000 ounces gold equivalent ("AuEq") at an average grade of 2.7 g/t AuEq, Measured and Indicated; and
  - 382,000 ounces AuEq at an average grade of 2.3 g/t AuEq, Inferred.
- Work has commenced on the Preliminary Economic Assessment for the Khundii Gold Project, expected to be announced in Q4-2018

"With the results of the maiden Bayan Khundii resource estimate, we have met our initial resource target for the Khundii Gold Project at grades significantly higher than the global average of producing open pit gold mines," said Peter Akerley, Erdene's President and CEO. "The Bayan Khundii and Altan Nar deposits provide synergies for our Company and represent a compelling development opportunity given their high-grades, proximity to surface and favorable metallurgy. We will incorporate these two resource estimates into a Preliminary Economic Assessment for the Khundii Gold Project by year-end and expect to submit mining license applications for both deposits

in early 2019. At the same time, we continue our regional exploration program with drilling currently underway testing multiple targets, designed to expand current resources and discover new deposits in this newly discovered gold district.”

A supporting NI 43-101 Technical Report will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) within 45 days of this release.

## Overview of Mineral Resource Estimate

Bayan Khundii is located 16 kilometres southeast of Erdene’s Altan Nar high-grade gold-polymetallic deposit, where the Company announced a significant increase to the mineral resource on May 10, 2018 ([click to read news release](#)). The two resource estimates are considered a single project (Khundii Gold Project) for future economic and technical development studies, and are discussed herein as the Khundii Gold Project Mineral Resource estimate (Table 1).

The Bayan Khundii Maiden Mineral Resource estimate (“Mineral Resource”) was prepared in accordance with NI 43-101 by RPMGlobal Asia Limited (“RPM”) and is dated effective September 12, 2018. The reported Mineral Resource (Table 2) is based on information provided to RPM by Erdene and verified where possible by RPM. All statistical analysis and mineral resource estimations were carried out by RPM. A final NI 43-101 Mineral Resource estimate and Technical Report will be filed on SEDAR within 45 days. The Mineral Resource incorporates 255 diamond drill holes totaling 42,656 metres, completed between Q4-2015 and Q2-2018. The Mineral Resource is contained within a near-surface, shallow-dipping and strongly mineralized system (intercepts up to 2,200 g/t gold as previously reported) that extends over an area of 1.2 kilometres (NE-SW) and 200 to 400 metres (NW-SE). Grade capping for the purposes of the Bayan Khundii deposit resource estimate averaged 51 g/t gold for high-grade domains (range from 8 g/t to 250 g/t gold) and a maximum of 1.5 g/t gold for the low and medium grade domains.

RPM estimated the Khundii Gold Project Mineral Resource at a number of gold cut-offs, however, RPM recommends reporting the Bayan Khundii Mineral Resource at a 0.6 g/t gold cut-off and the Altan Nar Mineral Resource a 0.7 g/t AuEq above a pit and 1.4 g/t AuEq below the same pit shell. A sensitivity analysis of the grade and tonnage relationships at cut-off grades is shown in the Tables below.

**Table 1. Khundii Gold Project Mineral Resource Estimate, as at September 12, 2018 (Gold and Gold-Equivalent Mineral Resources, at Various Cut-Off Grades)**

Cut-off Grade <sup>(1)</sup>	Resource Classification	Quantity (Mt)	Grade Au g/t	Gold Koz	Grade AuEq g/t	AuEq Koz
0.2	Measured	4.3	1.4	194	1.4	194
	Indicated	19.3	1.1	710	1.4	852
	Measured & Indicated	23.6	1.2	904	1.4	1,046

	Inferred	16.8	0.8	416	1.0	511
0.4	Measured	2.4	2.3	177	2.3	177
	Indicated	12.7	1.6	647	2.0	788
	Measured & Indicated	15.1	1.7	824	2.0	965
	Inferred	8.6	1.2	342	1.6	436
Recommended <sup>(2)</sup>	Measured	1.4	3.6	161	3.6	161
	Indicated	8.7	2.1	590	2.6	725
	Measured & Indicated	10.1	2.3	751	2.7	886
	Inferred	5.2	1.8	291	2.3	382
1.0	Measured	0.8	5.6	148	5.6	148
	Indicated	6.0	2.8	530	3.4	655
	Measured & Indicated	6.8	3.1	678	3.7	803
	Inferred	3.9	2.1	261	2.9	349
1.4	Measured	0.8	5.9	145	5.9	145
	Indicated	4.7	3.3	497	4.1	610
	Measured & Indicated	5.5	3.7	642	4.3	755
	Inferred	3.4	2.3	250	3.0	333

(1) Cut-off grades for Altan Nar are AuEq and for Bayan Khundii are gold only.

(2) RPMGlobal recommended cut-off grade for Bayan Khundii is 0.6 g/t gold and Altan Nar is 0.7 g/t AuEq above a pit and 1.4 g/t AuEq below the same pit shell.

\* see Table 2 and Table 3 below for notes on individual deposit mineral resource estimates.

### Statement of Individual Deposit Mineral Resources

Table 2 provides the Maiden Mineral Resource estimate for the Bayan Khundii deposit. The Maiden Mineral Resource was estimated at a range of cut-off grades, however, RPM recommends reporting at a 0.6 g/t gold cut-off grade.

**Table 2. Bayan Khundii Gold Deposit – Maiden Mineral Resource Estimate Summary, September 12, 2018**

Cut-off Grade <sup>(1)</sup>	Resource Classification	Quantity (Mt)	Grade Au g/t	Gold Koz
0.2	Measured	4.3	1.4	195
	Indicated	13.5	0.9	384
	Measured & Indicated	17.8	1.0	579
	Inferred	12.7	0.6	225
0.4	Measured	2.4	2.3	177
	Indicated	7.1	1.4	324
	Measured & Indicated	9.5	1.6	501
	Inferred	4.9	1.0	153
0.6	Measured	1.4	3.6	161
	Indicated	3.7	2.3	272

	Measured & Indicated	5.1	2.6	433
	Inferred	1.8	1.9	105
1.0	Measured	0.8	5.6	148
	Indicated	1.8	4.0	224
	Measured & Indicated	2.6	4.5	372
	Inferred	0.7	3.8	79
1.4	Measured	0.8	5.9	145
	Indicated	1.4	4.7	212
	Measured & Indicated	2.2	5.2	357
	Inferred	0.5	4.4	74

Notes:

1. The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a Member of the Australian Institute of Geoscientists. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Qualified Person as defined in the CIM Standards of Disclosure.
2. All Mineral Resources figures reported in the table above represent estimates based on drilling completed up to June 27, 2018. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
3. Mineral Resources are reported on a dry in-situ basis.
4. The Mineral Resources is reported at a 0.6 g/t Au cut-off. Cut-off parameters were selected based on an RPM internal cut-off calculator, which indicated that a break-even cut-off grade of 0.6 g/t Au, assuming an open cut mining method, a gold price of US \$1500 per ounce, an open mining cost of US \$6 per tonne and a processing cost of US \$20 per tonne milled and processing recovery of 95% Au.
5. Mineral Resources referred to above, have not been subject to detailed economic analysis and therefore, have not been demonstrated to have actual economic viability.

A detailed Mineral Resource estimate for the Altan Nar gold-polymetallic project can be seen below in Table 3. For further details on the Mineral Resource estimate please see the Company's May 10, 2018 news release ([click here](#)).

**Table 3 - Altan Nar Deposit – Mineral Resource Estimate Summary, May 7, 2018**

Cut-off AuEq g/t	Resource Classification	Quantity (Mt)	Grade					Contained Metal				
			Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	Au Koz	Ag Koz	Zn Kt	Pb Kt	AuEq Koz
0.4	Indicated	5.6	1.8	13.5	0.6	0.5	2.6	323	2,412	33.2	29.9	464
	Inferred	3.7	1.6	7.5	0.7	0.6	2.3	189	901	24.5	22.8	283
0.7	Indicated	5.0	2.0	14.8	0.6	0.6	2.8	318	2,350	31.6	29.0	453
	Inferred	3.4	1.7	7.9	0.7	0.7	2.5	186	866	23.7	22.3	277
1.0	Indicated	4.2	2.3	16.6	0.7	0.7	3.2	306	2,212	28.6	27.4	431
	Inferred	3.2	1.8	8.2	0.7	0.7	2.7	182	837	22.8	21.5	270
1.4	Indicated	3.3	2.7	18.9	0.8	0.8	3.8	285	2,002	24.9	25.2	398
	Inferred	2.9	1.9	8.6	0.8	0.7	2.8	176	795	21.5	20.4	259

**Notes:**

1. The Mineral Resources have been constrained by topography and a cut-off of 0.7 g/t AuEq above a pit and 1.4 g/t AuEq below the same pit shell.
2. The Mineral Resource Estimate Summary was compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a Member of the Australian Institute of Geoscientists. Mr. Clark has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Qualified Person as defined in the CIM Standards of Disclosure.
3. All Mineral Resource figures reported in the table above represent estimates as at May 7, 2018. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
4. Mineral Resource grades are reported in accordance with the CIM Standards.
5. Mineral Resources reported on a dry in-situ basis.
6. No dilution or ore loss factors have been applied to the reported Resource Estimate.
7. No allowances have been made for recovery losses that may occur should mining eventually result.
8. Gold Equivalent (“AuEq”) calculations assume metal prices of US \$1,310 per ounce gold, US \$18 per ounce silver, and US \$2,400 per tonne lead and US \$3,100 per tonne zinc.

**Background on the Khundii Gold Project**

Erdene’s deposits are located in the Edren Terrane, within the Central Asian Orogenic Belt, host to some of the world’s largest gold and copper-gold deposits. Although epithermal gold and porphyry copper-gold deposits are well documented across the border in China and along the Belt’s westward trend, exploration in Mongolia was limited until the mid-1990’s, when the country returned to democracy and opened its’ doors to foreign exploration. Exploration since that time in southeast Mongolia led to the discovery of the world-class Oyu Tolgoi gold-copper deposit. Erdene has been the leader in exploration in Mongolia’s southwest over the past decade and is responsible for the discovery of the Khundii Gold District. The Khundii Gold District is comprised of multiple high-grade gold and base metal prospects, two of which are being considered for development: Bayan Khundii and Altan Nar. In addition, the company discovered and defined a large molybdenum-copper resource on the 100% owned, Zuun Mod project, 40 kilometres to the east.

Over the past two years, drilling at the Altan Nar and Bayan Khundii projects has revealed very high gold grades, including intercepts up to 2,200 g/t gold over 1 metre within 14 metres of 158 g/t gold at Bayan Khundii, and intercepts up to 101 g/t gold over 1 metre within 20 metres of 10.3 g/t gold at Altan Nar. Outside of these two deposits, which will be the focus of a Preliminary Economic Assessment study in Q4-2018, the Company continues its regional, district-scale exploration program. The broader district, although still in its infancy, hosts the full spectrum of arc-related base and precious metal systems, including copper-gold porphyries, intermediate sulphidation / carbonate base metal gold deposits, and low sulphidation epithermal gold and gold-silver systems.

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

The Mineral Resource estimate included in this press release was prepared under the supervision of Jeremy Clark, RPMGlobal Asia Limited. Mr. Clark is a Qualified Person within the meaning of such term under NI 43-101; Mr. Clark is a Member of the Australian Institute of Geoscientists (MAIG) Membership No 3567. Mr. Clark has reviewed this press release and consents to the inclusion in this release of the matters disclosed based on Mineral Resource estimate documents provide to the Company by RPM. A NI 43-101 Mineral Resource estimate and Technical Report for the Bayan Khundii deposit will be filed on Erdene's SEDAR page within 45 days of this news release.

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 non-Mineral Resource estimate technical information contained in this news release on behalf of Erdene. 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.

### **About Erdene**

Erdene Resource Development Corp. is a Canada-based resource company focused on the acquisition, exploration, and development of precious and base metals in underexplored and highly prospective Mongolia. The Company has interests in four exploration licenses and a mining license in Southwest Mongolia, where exploration success has led to the discovery and definition of the Khundii Gold District. Erdene Resource Development Corp. is listed on the Toronto and Mongolia stock exchanges. Further information is available at [www.erdene.com](http://www.erdene.com). Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

### **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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