

ERDENE COMMENCES DRILLING PROGRAM AT THE KHUNDII GOLD PROJECT

Press Release

Halifax, Nova Scotia
2019.09.18

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce the commencement of the second phase of the 2019 drill program at its 100%-owned Khundii Gold Project.

"The current drill program will follow up on our Q2 2019 program, which discovered high-grade gold in a previously untested area of the Bayan Khundii deposit and intersected 112 metres grading 5.9 g/t gold at Midfield, confirming the continuity of high-grade mineralization from near surface in the heart of the Bayan Khundii deposit," said Peter Akerley, Erdene's President and CEO. "Exploration drilling will test the high-priority Khundii North and CSZ targets, as well as the newly discovered Khundii South zone of the Bayan Khundii Mining License."

"Resource definition and geotechnical drilling within the Bayan Khundii deposit will support the Bankable Feasibility Study ("BFS") which will commence on completion of the Pre-Feasibility Study ("PFS"), anticipated in early Q4," continued Mr. Akerley. "With the recent receipt of the Bayan Khundii Mining License, we are working to fast track development of the high-grade, open-pit gold project, while continuing efforts to grow resources in this new district."

Bayan Khundii Gold Project – H2 2019 Drill Program

This campaign is the second phase of the 2019 drill program announced in April 2019. Results from the first phase included:

- High-grade continuity in the heart of the Bayan Khundii deposit, intersecting 112 metres of 5.9 g/t gold at Midfield (BKD-261);
- New near surface zone at Midfield, drilling 14 metres of 14 g/t (BKD-262), starting 7 metres from surface;
- Highest grades to date at Striker West, including 3 metres of 40 g/t gold (BKD-265), west of the proposed pit; and
- Discovery of high-grade gold, 1 metre of 51.9g/t gold (BKD-266), in the previously untested Khundii South zone.

Planned exploration drilling includes:

- **Khundii North:** Surface sampling of the Khundii North structure, 4 kilometres northeast of the Bayan Khundii proposed open-pit, has returned samples containing in excess of 20g/t gold and previous shallow drilling has intersected a broad zone of quartz breccia and veining with gold ranging up to 2g/t gold, near surface. Drilling will test this target at a depth of 120-150 metres.
 - **CSZ:** This prospect is located approximately 800 metres northwest of the Bayan Khundii proposed open-pit boundary. Previous drilling identified a wide, near-surface zone of alteration very similar to the Bayan Khundii gold deposit but of lower temperature and therefore interpreted to be above a gold bearing horizon. Drilling will test the zone to a targeted depth of 170 metres.
-

- **Khundii South:** Drilling will target a previously untested area south of the Bayan Khundii deposit where nearby exploration in Q2 2019 intersected more than 50 g/t gold over 1 metre and geophysical data indicates altered (silicified) lithologies, typical of the Bayan Khundii deposit continuing at depth. The target begins at approximately 100 metres depth, under Jurassic cover, similar to Midfield and Midfield North, where younger cover units overlay the mineralized Bayan Khundii silicified tuffs.

This exploration drilling will be followed by the resource definition drilling outlined below. This will allow for results to be received and additional drilling considered as a follow-up, later in Q4. The resource definition drilling program will include drilling to strengthen confidence in high-grade zones in the resource, collect large diameter whole core for metallurgical and comminution testing, and a series of six geotechnical drill holes to further define rock strength and slope stability for the proposed Bayan Khundii open pit mine. These drill results will support the Front End Engineering Design (“FEED”) and Bankable Feasibility (“BFS”) studies that Erdene expects to commence upon the completion of the PFS. Results of the PFS are scheduled to be announced in Q4-2019.

- **Infill drilling:** Approximately 400 metres of infill drilling will be completed in the area between the Striker and Midfield zones at Bayan Khundii. During the first phase of the 2019 drill program, Erdene identified a very high-grade zone beginning 7 metres from surface in Midfield, with 14 metres of 14 g/t gold, including 1 metre of 147 g/t gold. Further drilling in this area could improve confidence and allow some inferred resources to move into reserves in the BFS.
- **Metallurgical Testing Samples:** A single, large diameter hole will be drilled into the Striker Zone to collect representative, ore-grade material to carry out process and comminution testing, required to finalize the design grinding circuit for the Khundii gold processing facility.
- **Geotechnical Drilling:** Six geotechnical holes will be drilled to better understand rock strength and slope stability for the proposed Bayan Khundii open pit mine. Engineers have taken a conservative approach in determining pit slopes in the PFS. However, with additional geotechnical data, pit slopes could be steepened, resulting in a lower stripping ratio, and therefore overall mining costs.

Background on the Khundii Gold Project Development

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. The Company has been the leader in exploration in southwest Mongolia over the past decade and is responsible for the discovery of the Khundii Gold District comprised of multiple high-grade gold and gold/base metal prospects, two of which are being considered for development: the 100%-owned Bayan Khundii and Altan Nar projects.

The Company delivered the Project’s maiden mineral resource estimate in Q3 2018 with a combined Measured and Indicated resource of 751,000 ounces (“oz”) gold within 10.1 million tonnes (“Mt”) at an average grade of 2.3 g/t gold (Table 1). This was followed by a Preliminary Economic Assessment dated February 4, 2019 (“PEA”) which returned an after-tax Net Present Value of US\$99 million, based on a 5% discount rate and a US\$1,200/oz gold price, and an Internal Rate of Return of 56%. The initial development has a life of mine head grade of 3.42 g/t gold with an average annual gold production of 51,200 oz over an eight- year mine life. Based on the potential for additional discovery and expansion on the current license areas, the planned development is considered as a foundation for growth.

Table 1 – Khundii Gold Project Resources

Cut-off Grade	Resource Classification	Quantity (Mt)	Grade (Au g/t)	Gold (oz)
Recommended ⁽¹⁾	Measured	1.4	3.6	161,000
	Indicated	8.7	2.1	590,000
	Measured + Indicated	10.1	2.3	751,000
	Inferred	5.2	1.8	291,000

(1) RPM Global recommended cut-off grade for Bayan Khundii is 0.6 g/t gold and Altan Nar is 0.7 g/t AuEq in pit and 1.4 g/t AuEq below the same pit shell.

The PEA is by nature, a preliminary economic study, based in part on Inferred Resources. Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves which is required for a prefeasibility or feasibility study. Mineral resources that are not mineral reserves do not have demonstrated economic viability and there is no certainty that the PEA will be realized. The PEA, entitled “NI 43-101 Technical Report for the Preliminary Economic Assessment of the Khundii Gold Project”, is available on SEDAR under Erdene’s profile.

Peter Dalton, P.Geo. (Nova Scotia), Senior Geologist for Erdene, 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.

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 two mining licenses 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. 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, including statements concerning the anticipated size and closing date of the Private Placement, the intended use of proceeds from the Private Placement, and the expected impact of drilling results on the PFS. 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
Robert Jenkins, CFO

Phone: (902) 423-6419

Email: info@erdene.com

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

Facebook: <https://www.facebook.com/ErdeneResource>

LinkedIn: <https://www.linkedin.com/company/erdene-resource-development-corp-/>

YouTube: <https://www.youtube.com/channel/UCILs5s9j3SLmya9vo2-KXoA>