

## ERDENE FILES PRE-FEASIBILITY STUDY FOR THE BAYAN KHUNDII GOLD PROJECT AND COMPLETES THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT FINANCING

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### Press Release

Halifax, Nova Scotia  
2019.12.05

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce the filing on SEDAR of the independent Technical Report (the "Report") for its 100%-owned, high-grade, open-pit, Khundii Gold Project in southwest Mongolia, including a Pre-Feasibility Study ("PFS") for its Bayan Khundii Gold Deposit ("Bayan Khundii" or "BK") and an updated Preliminary Economic Assessment ("PEA") for its Altan Nar Deposit ("Altan Nar" or "AN"), located 16 km from Bayan Khundii. The Report entitled "Khundii Gold Project NI 43-101 Technical Report", dated December 4, 2019, was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") by Tetra Tech, Inc. ("Tetra Tech"). The Report is available under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.erdene.com](http://www.erdene.com).

The Company is also pleased to announce the receipt of US\$5 million (C\$6.6 million) from the European Bank for Reconstruction and Development ("EBRD") and a further C\$1 million from the coincident non-brokered private placement of units of the Company, under the previously announced financing package. Proceeds of these financings will be used to fund the independent Feasibility Study ("FS"), Front-end Engineering and Design ("FEED") of the Khundii Gold Project (the "Project"), exploration, acquisition, and for general working capital purposes.

### Quotes from the Company:

"As the year comes to a close, I would like to acknowledge the significant recent accomplishments of Erdene's team," said Peter Akerley, Erdene's President and CEO. "Over the past 18 months, the Company has delineated resources for two gold deposits, established minable reserves at Bayan Khundii, defined water resources, completed preliminary economic assessments for both deposits and a pre-feasibility study for Bayan Khundii, received mining licenses and continued to generate exploration success."

"Our recent financings provide the wherewithal to kick-off the Bayan Khundii FS and FEED work, designed to position us for 2021 production with one of the highest grade pre-development projects globally while continuing exploration in our new Khundii Gold District," continued Mr. Akerley. "We are poised for further success in 2020."

### NI 43-101 Technical Report Highlights (US\$1,300/oz Gold Price)

- Sequential development of open pits at BK and AN using conventional processing at the BK processing facility
  - BK Measured and Indicated Resources of 520,700 ounces gold at an average grade of 3.16 g/t gold, a 20% increase from the September 2018 resource estimate
  - BK Proven and Probable Reserves of 422,000 ounces gold at an average grade of 3.7 g/t gold
  - AN Indicated Resources of 318,000 ounces gold at an average grade of 2 g/t gold and 14.8 g/t silver
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- Average annual gold production of 61,000 ounces in the BK PFS and 45,300 ounces of gold and 205,000 ounces of silver for the updated AN PEA
- Life of mine head grade of 3.73 g/t gold for the BK PFS and 3.46 g/t gold for the updated AN PEA
- Project life of 11 years, comprising a one year pre-production period, six-year operating life for BK, three-year operating life for AN, and one year mine closure
- All-in sustaining cost (“AISC”) of US\$746/ounce of gold recovered for the BK PFS and for the updated AN PEA, US\$931/ounce of gold equivalent (see press release dated October 21, 2019 for “AuEq” definition)
- BK PFS Initial Capital US\$40 million and US\$2 million incremental capital for AN PEA
- Payback period of less than 2 years for BK PFS
- BK PFS Life of Mine Earnings Before Interest, Taxes and Depreciation of US\$211 million
- Post-tax Net Present Value of US\$97 million (NPV<sub>5%</sub>) and a 42% Internal Rate of Return (IRR), for the BK PFS
- Post-tax NPV<sub>5%</sub> and IRR of US\$24 million and 92%, respectively, for the updated AN PEA, reflecting the second phase of the development, and utilizing the BK infrastructure
- Significant benefits to Mongolia, including Life of Mine royalties and taxes of US\$82 million and approximately 300 new jobs in Bayankhongor Province

Further details on the pre-feasibility study can be found in the [Company’s press release dated October 21, 2019](#) and the [full report](#) is accessible on the Company’s website.

The Altan Nar 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.

## Financing Update

On October 15, 2019, Erdene announced an C\$8 million financing package, led by a US\$5 million (C\$6.6 million) Convertible Loan (“Loan”) with the EBRD, along with a coincident non-brokered private placement. Erdene has received proceeds of C\$7.6 million since this announcement.

On November 25, 2019, Erdene received the final tranche under the US\$5 million EBRD Loan. The EBRD is one of the largest investors in Mongolia, investing over €1.7 billion in various sectors of Mongolia’s economy. The EBRD works in Mongolia to support building a diverse economy by developing the private sector and supporting infrastructure improvements.

Pursuant to the coincident private placement, Erdene sold 4,900,000 units of the Company (the “Units”) at C\$0.20 per Unit for gross proceeds of C\$980,000. Each Unit consists of one common share and one-half (1/2) of one common share purchase warrant (each whole warrant, a “Warrant”). Warrants are exercisable by the holder into one common share of the Company within two years of the closing date, at a price of C\$0.30. Erdene paid finder’s fees in the aggregate of C\$1,200 and issued 6,000 finder’s warrants in connection with the initial close. The finder’s warrants are exercisable on the same terms as the Unit Warrants Erdene paid finder’s fees in the aggregate of C\$18,200 and issued 91,000 finder’s warrants in connection with the initial close. The finder’s warrants are exercisable on the same terms as the Unit Warrants. Erdene’s management and directors subscribed for 7% of the Units.

## About Erdene

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. Together, these deposits comprise the Khundii Gold Project.

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 Mongolian 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 the ability to obtain required third party approvals, 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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