

## **ERDENE ANNOUNCES COMPLETION OF THE ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT OF THE KHUNDII GOLD PROJECT**

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### **Press Release**

Halifax, Nova Scotia  
2020.06.04

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce completion of an independent Environmental and Social Impact Assessment ("ESIA") for the 100%-owned, high-grade, open-pit Khundii Gold Project ("Project") in southwest Mongolia. The ESIA was prepared in accordance with the Performance Requirements of the European Bank for Reconstruction and Development ("EBRD") by Sustainability East Asia LLC ("SEA"), in consortium with Ramboll Australia Pty Ltd ("Ramboll") and Eco Trade LLC ("Eco Trade").

### **Quotes from the Company and the EBRD**

"The independent ESIA details Erdene's commitment to responsible mine development and transparency for all stakeholders," said Peter Akerley, Erdene's President and Chief Executive Officer. "This assessment is a decisive point for the evolution of the Khundii Gold Project, which will contribute to the vitality and economic diversification of Bayankhongor province and the development of Mongolia's hard rock gold mining industry."

"Disclosing the complete ESIA early alongside the project's other technical studies allows Erdene to maximize benefits, avoid impacts, and mitigate risks effectively," said Jon Lyons, Erdene's Vice-President of Regulatory Affairs and Strategy. "Completed in accordance with leading international standards and Mongolian requirements and made available in both English and Mongolian languages, this ESIA provides our stakeholders with a detailed picture of our company's commitments to creating shared value."

Added Eric Rasmussen, the EBRD Director for Natural Resources, "In 2019 the EBRD provided a loan to the Erdene Resource Development Corporation. One of its main purposes was to aid the completion of an ESIA in order to put the Khundii Gold project into operation by 2021. We are very pleased with the quality of this ESIA, which will ensure the highest environmental standards of the project"

### **ESIA highlights**

The Project's ESIA was prepared independently by Sustainability East Asia LLC, in consortium with Eco Trade LLC and Ramboll Australia Pty Ltd. The ESIA adheres to the Performance Requirements of the EBRD, with due consideration for Mongolia's statutory assessment requirements. The ESIA followed a comprehensive four-stage process, including impacts scoping, impacts assessment, development of impact mitigation measures, and consideration of cumulative impacts.

The ESIA provides detailed background information, assessment, and management plan commitments of the Project in a comprehensive and transparent manner prior to the mine construction phase. Impact domains considered include; (1) climate and air quality, (2) noise and vibration, (3) topography, landscape, geology, soils and seismicity, (4) water, (5) biodiversity conservation, (6) waste, (7) population and demography, (8) economy and employment, (9)

land use, (10) cultural heritage, (11) occupational and community health, safety, and security, (12) transport and, (13) cumulative impacts.

Management commitments to ensure impacts are avoided or mitigated are included in the ESIA Management Plans, detailing Erdene's commitment to develop and operate the Khundii Gold Project in accordance with leading industry practices, including the following:

- > Climate and air quality
    - Site infrastructure design and layouts to reduce the risk of air quality to workers, and dust and traffic control measures, including performance provisions for all contractors.
  - > Noise and vibration
    - Equipment and facilities design and specifications to minimize noise and vibration.
  - > Water resources
    - Maximize water efficiency and re-use, targeting 80% water recovery within the processing plant.
    - Participatory water monitoring with herders and local stakeholder groups.
    - Ensure any existing seasonal water use in the vicinity of the Project site is reasonably maintained, including provision of reserve wells.
  - > Biodiversity conservation
    - Pre-disturbance site survey and ongoing monitoring of potential localized and indirect impacts to flora and fauna, including participatory monitoring.
  - > Waste
    - Engineered landfill, transfer station, and purpose-built wastewater treatment plant to maximize recycling and ensure safe disposal of non-hazardous waste.
    - Manage mineral waste in an integrated waste facility (IWF) to contain filtered tailings within mine waste rock, reducing environmental risks during operations and closure and decreasing land disturbance.
  - > Hazardous materials
    - Commitment to adherence with the principles and guidance of the International Cyanide Management Code and applicable national requirements.
  - > Contractor and procurement
    - Long-standing commitment to good governance and ethical conduct, including in the screening and selection of suppliers and contractors.
    - Local supplier development support, including assessment of local supply opportunities.
  - > Crisis and emergency response
    - Emergency medical facility on site, and ongoing readiness training for all staff and contractors.
  - > Human resources
    - Measures to minimize the risks of gender-based violence and harassment in the project impact area, including a policy of non-harassment and Code of Conduct for employees and contractors.
    - Local hiring preference through on-the-job training and employment readiness support for qualifying local residents in the nearby sub-provincial centres.
  - > Land use and livelihoods
    - No registered herder shelters or existing structures directly within the Project mineral license areas.
    - Commitments to identify and manage potential economic and/or nuisance affects with local herders through targeted measures in support of livelihoods and natural resource management.
  - > Occupational and community health, safety, and security
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- Strategic support for community health initiatives within the framework of Local Cooperation Agreements.
- Integrated site access and control systems to ensure safety and security.
- > Stakeholder engagement and communications
  - Mutually agreed, accessible platforms for communication, building upon the Company's commitment to stakeholder engagement and material information disclosure in both English and Mongolian languages.
  - Feedback and engagement mechanisms, including for comments, recommendations, and grievances.
- > Local cooperation
  - Maintain and expand partnerships with local stakeholders to support education, public health, livelihoods, and environmental management in the communities of Shinejinst, Bayan-Undur, and Bayankhongor aimag.
  - Commitment to support needs-based, participatory planning and implementation of local cooperation efforts to maximize benefits, including support for cultural heritage.
- > Transport
  - Pre-determination of all site and access routes, with vehicle tracking, monitoring and enforcement, including for contractors.
- > Land disturbance control and rehabilitation
  - Monitoring through pre-disturbance survey and chance finds procedures.
  - Planning for progressive rehabilitation, including trial cultivation of endemic plants.
- > Mine closure
  - Conceptual closure objectives in place to ensure that planning and execution of mine closure are compliant with the Project standards and facilitate relinquishment of obligations in a timely fashion.

The ESIA Report and its Non-Technical Summary are available on the company's website through the following links:

ESIA Report (ENG): [https://bit.ly/Khundii\\_Gold\\_Project\\_ESIA](https://bit.ly/Khundii_Gold_Project_ESIA)

Non-Technical Summary (ENG): [https://bit.ly/Khundii\\_Gold\\_Project\\_ESIA\\_Non-Technical\\_Summary](https://bit.ly/Khundii_Gold_Project_ESIA_Non-Technical_Summary)

ESIA Report (MNG): [https://bit.ly/Khundii\\_Gold\\_Project\\_ESIA\\_mon](https://bit.ly/Khundii_Gold_Project_ESIA_mon)

Non-Technical Summary (MNG): [https://bit.ly/Khundii\\_Gold\\_Project\\_ESIA\\_Non-Technical\\_Summary\\_Mon](https://bit.ly/Khundii_Gold_Project_ESIA_Non-Technical_Summary_Mon)

Considering the outcomes of the EBRD-compliant ESIA, the Mongolian statutory Detailed Environmental Impact Assessment ("DEIA") for the Bayan Khundii deposit has been prepared by Eco Trade LLC in accordance with the applicable national standards. Local stakeholder consultations on the DEIA are planned for completion in mid-2020. Following the consultations, the company will submit its statutory DEIA to the Ministry of Environment and Tourism of Mongolia for approval.

## 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. Together, these deposits comprise the Khundii Gold Project.

In October of 2019, Erdene announced the results of an independent Technical Report for the Khundii Gold Project (press release [here](#)) which included a Pre-feasibility Study (“PFS”) for the Bayan Khundii deposit and an updated Preliminary Economic Assessment (“PEA”) for the Altan Nar deposit. The PFS and the updated PEA results include an after-tax Net Present Value at a 5% discount rate and a US\$1,300/oz gold price of US\$97 million and US\$24 million, Internal Rate of Return (“IRR”) of 42% and 90% for Bayan Khundii and Altan Nar deposits, respectively. The PFS envisions an open-pit mine at Bayan Khundii from Years 0-7, producing an average of 61,000 oz gold per year at a head grade of 3.73 g/t gold, and an open-pit operation at Altan Nar during Years 7-10, for an average annual production of 48,000 oz gold at an average head grade of 3.46 g/t gold, utilizing a conventional Carbon In Pulp processing plant at the Bayan Khundii mine. Erdene has secured a mining license for the Bayan Khundii deposit in August of 2019 and is rapidly advancing to production.

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 pre-feasibility 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.

## 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 three mining licenses and three exploration 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](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 several 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 potential impacts of COVID-19 on the Company’s operations, 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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