

ERDENE SIGNS LOCAL COOPERATION AGREEMENT WITH BAYANKHONGOR PROVINCIAL GOVERNMENT FOR BAYAN KHUNDII GOLD PROJECT

Press Release
Halifax, Nova Scotia
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Erdene Resource Development Corporation (TSX: ERD | MSE: ERDN) (“Erdene” or the “Company”) is pleased to announce the execution of a Local Cooperation Agreement (“LCA” or “Agreement”) with the Bayankhongor Provincial Government, the host community for its 100%-owned Bayan Khundii Gold Project and all exploration and mining licenses within the Khundii Gold District.

Quotes from the Company

“Executing the Local Cooperation Agreement is a significant milestone for the Bayan Khundii Gold Project,” said Peter Akerley, Erdene’s President and CEO. “Having worked in the community for over a decade we are very pleased to be in a position to advance our projects to the point where significant benefits can begin to flow to our local stakeholders. We look forward to working closely with the local leadership members to ensure the development of a mutually beneficial relationship over the long term.”

Quotes from the Governor of Bayankhongor Province

“We are pleased to execute a comprehensive Local Cooperation Agreement with Erdene Resource Development Corporation, establishing the terms of cooperation for the Bayan Khundii gold project,” said Governor D. Munkhsaikhan. “Erdene has operated responsibly in Bayankhongor province for over a decade, establishing strong relations with local stakeholders. The Bayan Khundii Gold Project will bring significant benefits and create many new jobs for local residents. I look forward to supporting the Project.”

Key Terms of the Agreement

- Investments in local communities by Erdene tied to permitting, project development, and first production milestones, as well as annual payments during production;
- Establishment of a non-governmental organization comprised of Company and Community members to administer local investments; and
- Training, employment, and local procurement commitments.

Local Community Engagement

Erdene held its most recent community consultations in late June 2021, where the Company presented the Bayan Khundii Gold Project development plans at an official meeting of local residents. In this meeting, local community members had the opportunity to ask questions and provide feedback on the Project. As part of this exercise, community leaders collected a formal survey with the majority of residents supporting the Project's development. This meeting is part of the Company's ongoing initiative of local consultations, which is an important component of Erdene's commitment to operating ethically and considering all stakeholder interests.

In June 2020, Erdene completed an independent Environmental and Social Impact Assessment ("ESIA") in accordance with the performance requirements of the European Bank for Reconstruction and Development ("EBRD"), a strategic investor in the Company. The study was led by Sustainability East Asia LLC, in consortium with Eco Trade LLC and Ramboll Australia Pty Ltd. The ESIA followed a comprehensive four-stage process, including impacts scoping, impacts assessment, development of impact mitigation measures, and consideration of cumulative impacts, all through consultation with local community members. Management commitments to ensure impacts are avoided or mitigated are included in the ESIA Management Plans which details Erdene's commitment to develop and operate the Bayan Khundii Gold Project in accordance with leading industry practices.

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

Non-Technical Summary (ENG): https://bit.ly/Khundii_Gold_Project_ESIA_Non-Technical_Summary

ESIA Report (MNG): https://bit.ly/Khundii_Gold_Project_ESIA_mon

Non-Technical Summary (MNG): https://bit.ly/Khundii_Gold_Project_ESIA_Non-Technical_Summary_Mon

Concurrently, the Mongolian statutory Detailed Environmental Impact Assessment ("DEIA") for the Project has been prepared by Eco Trade LLC in accordance with the applicable national standards. Following the recent community consultations, which incorporated the local resident's feedback, the Company expects to submit its statutory DEIA to the Ministry of Environment and Tourism of Mongolia for approval in Q3-2021.

Khundii Gold District

Erdene's deposits are 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. The company also has a 100% interest in the Khuvyn Khar licence which hosts the large Zuun Mod molybdenum-copper deposit and multiple copper and molybdenum porphyry targets, 30 kilometers east of the Khundii gold district.

The Bayan Khundii Gold Resource¹ includes 521,000 ounces of 3.16 g/t gold Measured and Indicated (“M&I”)² and 103,000 ounces of Inferred resources at 3.68 g/t gold. Within the M&I resource, a proven and probable open-pit reserve totals 409,000 ounces at 3.7 g/t (see the full press release [here](#)), providing significant potential growth of reserves with the development of the remaining M&I and Inferred resources¹.

In July 2020, Erdene announced the results of an independent Feasibility Study for the Bayan Khundii Gold Project ([press release here](#)). The Feasibility Study results include an after-tax Net Present Value at a 5% discount rate and a US\$1,400/oz gold price of US\$100 million and Internal Rate of Return (“IRR”) of 42%. The Feasibility Study envisions an open-pit mine at Bayan Khundii, producing an average of 63,500 oz gold per year, for seven years, at a head grade of 3.71 g/t gold, utilizing a conventional carbon in pulp processing plant. Production is expected to commence in early 2023 based on the current project schedule.

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 two 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 the Mongolian 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. 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

¹ For details of the Mineral Resources see Khundii Gold Project NI 43-101 Technical Report, Tetra Tech December 4, 2019 – SEDAR

² M&I: 171,000 ounces of 3.77 g/t gold Measured, and 349,700 ounces of 2.93 g/t gold Indicated

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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