

## ERDENE ANNOUNCES Q2 2021 FINANCIAL RESULTS AND PROVIDES BAYAN KHUNDII GOLD PROJECT UPDATE

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Press Release  
Halifax, Nova Scotia  
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**Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company")** is pleased to announce operating and financial results for the three months ended June 30, 2021, and to provide an update on its Bayan Khundii Gold Project ("Bayan Khundii" or "BK"), including the results of an updated Mineral Resource Estimate. This release should be read in conjunction with the Company's Q2 2021 Financial Statements and MD&A, available on the Company's website or SEDAR.

### Highlights:

- Recent exploration results indicate Bayan Khundii, Ulaan, and Dark Horse Mane are part of a large-scale, gold mineralized system
  - Significant gold discovery at 100%-owned Ulaan, 300 metres west of the Bayan Khundii Gold deposit
  - Multiple holes intersected high-grade mineralization (over 1 g/t gold) along strike and down dip in the southern portion of Dark Horse Mane, 3.5 kilometres north of the Bayan Khundii Gold deposit
  - Drilling at the northern portion of Dark Horse Mane confirmed continuity of broad, near surface (within 100 metres depth) zones of lower grade gold
- Advancing the Bayan Khundii Gold Project
  - Updated Bayan Khundii Mineral Resource Estimate, increasing Measured Resources by 61,700 ounces gold (36%) and Indicated Resources by 2,700 ounces of gold (1%) at a 0.4 g/t cut-off
  - Filed Detailed Environmental Impact Assessment (DEIA) with Government of Mongolia with approval expected in late Q3 2021
  - Signed Local Cooperation Agreement (LCA) with the Bayan Khundii host province, Bayankhongor Provincial Government, for the Bayan Khundii Gold Project
- Initiated a strategic review of the 100%-owned Khuvyn Khar Molybdenum-Copper Project, 30 kilometres east of the Khundii Gold District
- Commenced 4,500 metre follow-up drill program at Ulaan in August 2021, and will commence a 4,300 metre drill program at Dark Horse following the completion and assessment of ongoing geophysical survey

## Quotes from the Company:

“During the second quarter we delivered against our strategic objectives of growing resources while advancing the Bayan Khundii Gold Project towards development,” said Peter Akerley, Erdene’s President and CEO. “Recent gold discoveries at the Dark Horse and Ulaan prospects demonstrate the large scale potential of the Ulaan-Khundii system underlying our Khundii Gold District. A follow-up 8,800 metre program is currently underway in support of our 2 million ounce resource target in 2022.”

“We are also steadily progressing Bayan Khundii towards a construction decision,” continued Mr. Akerley. “Detailed engineering and design work, the recent resource update and the execution of a Local Cooperation Agreement with the Bayankhongor Provincial Government are important milestones in the Project’s development. The Bayan Khundii Gold mine development is a capital efficient, high free cash flow yielding project that will fund aggressive, non-dilutive exploration of the highly prospective Khundii Gold District.”

## Q2 2021 Highlights and Subsequent Events:

### Bayan Khundii Gold Project – 100% Erdene

- Progressed construction readiness activities for the Bayan Khundii Gold Project:
  - Detailed design and engineering for process and non-process infrastructure (“NPI”) 80% complete
  - Regulatory review of detailed drawings well advanced, with five NPI facilities fully approved, including those planned during the site establishment
  - Project execution plan and construction schedule optimized for late 2021 early works and full construction commencement in 2022
  - Training needs assessment for construction phase roles developed
- Advanced regulatory approvals required for mine development:
  - Completed statutory consultations for the project’s Detailed Environmental Impact Assessment (“DEIA”), holding community meeting in late June
  - Filed DEIA with Ministry of Environment and Tourism – approval expected in late Q3 2021
- Progressed local community initiatives:
  - Executed Cooperation Agreement with the local Provincial Government in late July 2021
  - Launched an Employment Orientation program at the Bayan Khundii Project for local residents
  - Initiated heavy equipment operation and mine construction training program for 11 local residents who successfully completed the Employment Orientation Program

- Prepared updated Bayan Khundii Resource Estimate, incorporating 2020 drilling at Striker West, Striker, Midfield and Midfield North, and reflecting current gold prices:
  - 2021 Bayan Khundii Mineral Resource Estimate contains 61,700 more ounces of gold (36%) in the Measured category and 2,700 more ounces of gold (1%) in the Indicated category applying a 0.4 g/t cut-off as defined by a higher economic gold price
  - Confirmed the high-grade nature of the Bayan Khundii deposit with an average grade of 6.59 g/t gold for combined Measured and Indicated Resource of 462,000 ounces, at a cut-off grade of 1.0 g/t gold
  - Measured mineral resources within the minable pit shell, as defined by the 2020 Feasibility, Study increased by 47,500 ounces (28%) due primarily to conversion of Indicated Resources, demonstrating the increased confidence level in the overall resource estimate
  - Additional near surface, high grade gold results from 2020 drilling at Midfield and at Striker South, allowed for the localized extension of the modeled mineralized domains
  - Drilling at Striker West identified additional albeit lower grade gold mineralization at depth

## Exploration

- Drilled 60 holes totaling 5,827 metres at the Dark Horse prospect between March and June 2021, successfully defining gold mineralization along the 1.4 kilometre Dark Horse Mane:
  - Intersected a near-surface, strongly mineralized gold zone at the southern end of Dark Horse Mane, extending over a strike length of approximately 350 metres, including a high-grade zone (greater than 1 g/t gold) over a strike length of 180 metres
  - Confirmed continuity of near-surface, lower grade, oxide gold mineralization in the northern portion of the Dark Horse Mane
  - Highlights of Dark Horse drilling announced since Q1 2021 include:
    - AAD-81 – 35 metres of 2.67 g/t gold, beginning 4 metres from surface, including 12 metres of 5.1 g/t gold, including metre intervals of 14 and 19 g/t gold
    - AAD-123 – 30 metres of 2.86 g/t gold, beginning 58 metres downhole, including 7.03 g/t gold over 11 metres, starting 61 metres downhole
    - AAD-124 – 27 metres of 5.86 g/t gold, beginning 24 metres downhole, including 3 metres of 17.41 g/t gold, starting 28 metres downhole
    - AAD-126 – 30 metres of 5.63 g/t gold, beginning 10 metres downhole, including 6 metres of 24.12 g/t gold, starting 26 metres downhole

- In total, 56 of 60 holes drilled at Dark Horse in Q2 2021 intersected anomalous gold
- Launched evaluation and interpretation program including geophysics, clay mineral analysis, petrography, mineralogy, fluid inclusion work and 3-D modelling:
  - Geophysical surveys, currently underway, to assist with 3D modelling and the identification of deeper drill targets at Dark Horse
- Future drilling will focus on expansion and confirmation of mineralization, including depth potential, with the eventual goal of establishing a resource estimate for Dark Horse
  - Approximately 4,300 metres of drilling planned at Dark Horse to commence in Q3 2021 once the current geophysical program is completed
- Discovered gold in the southern portion of the Ulaan license, located adjacent Bayan Khundii:
  - Significant gold discovery 300 metres west of the Bayan Khundii Gold Deposit, with multiple holes intersecting mineralization including:
    - UDH-10 – 258 metres of 0.98 g/t gold beginning at 92 metres downhole, including 3.77 g/t gold over 40 metres, starting at 99 metres downhole
    - UDH-07 – 100 metres of 0.63 g/t gold, beginning 85 metres from surface, including 4 metres of 1.39 g/t gold, located 50 metres south of UDH-10
  - Follow-up drilling totaling approximately 4,500 metres commenced August 12

### Corporate

- Progressed due diligence for the Bayan Khundii Project Finance with Export Development Canada (EDC)
  - EDC mandate letter contemplates a senior secured debt facility of up to US\$55 million, subject to the satisfactory completion of due diligence and documentation
  - Site visits completed in Q1 2021, and draft technical, social and environmental diligence reports received
  - Legal term sheet drafted that will form the basis of the EDC loan document
- Initiated a strategic and technical review of the Zuun Mod/Khuvyn Khar molybdenum-copper project
  - Engaged RPMGlobal to complete an updated technical analysis
  - Review will consider multiple avenues to optimize the Project's value, including a sale, joint venture partnership, or spinout
- Recorded a net loss of \$1,278,522 for the three months ended June 30, 2021, compared to a net loss of \$6,677,985 for the three months ended June 30, 2020
  - Exploration and evaluation expenditures, including capitalized expenditures, totaled \$3,094,905 for the three months ended June 30, 2021, compared to

\$2,036,502 for the three months ended June 30, 2020, primarily due to increased exploration. Erdene drilled 6,172 metres in the current quarter, compared to 925 metres in the same prior year quarter. Additionally, non-cash expenditures on share-based compensation were greater in the current year quarter

- Corporate and administrative expenses totaled \$634,527 for the three months ended June 30, 2021, compared to \$351,984 for the three months ended June 30, 2020, due principally to higher non-cash share-based compensation expenditures related to the timing of the annual compensation grant, as well as increased investor relations costs

### Bayan Khundii Mineral Resource Update

During Q1 2021, Erdene engaged Tetra Tech, Inc. (“Tetra Tech”) to prepare an updated Mineral Resource Estimate (“Mineral Resource”), incorporating 2020 drilling at Striker West, Striker, Midfield and Midfield North, and reflecting current gold prices.

The updated Mineral Resource for the Bayan Khundii deposit incorporates 95 additional drill holes totaling 12,889 metres and an updated structural interpretation study completed by Erdene at Bayan Khundii since the previous October 1, 2019 mineral resource estimate was announced. The total number of drill holes included in the updated Bayan Khundii Mineral Resource is 350, totaling 55,791 metres of drilling, along with 1,075 metres of trenching from 23 trenches. The focus of the 2020 drilling program was to:

- Investigate the extent of the mineralization at Striker West;
- Test and further define high grade domains identified and modeled during the 2019 resource work;
- Improve the understanding of the mineralization at Striker, Midfield, and Midfield North Zones;
- Build upon the previous geological interpretation; and
- Improve drill spacing to show continuity of mineralization and increase overall confidence in the deposit.

The Bayan Khundii updated Mineral Resource conforms to NI 43-101, Companion Policy 43-101CP, and the CIM Definition Standards for Mineral Resources and Mineral Reserves. The Mineral Resource was prepared by Tetra Tech and has an effective date of June 17, 2021. The reported Mineral Resource is based on information provided to Tetra Tech by Erdene and verified where possible by Tetra Tech. Data verification and statistical analyses were carried out by Tetra Tech in support of the Mineral Resource. The updated Mineral Resource did not change materially from the previously reported mineral resource and as provided under National Instrument 43-101 (NI 43-101), a new Technical Report is not required. The details of the parameters used in preparing the updated Mineral Resource, including data verification, sample preparation, analysis and security, are included in the Company’s Q2 2021 MD&A, available on the Company’s website or SEDAR.

The resource estimate QP, Cam Norton P. Geo, visited the property from May 6 to May 12, 2019, and a subsequent site visit for the purposes of this Mineral Resource update was not deemed necessary.

Ordinary Kriging (OK) restricted to a mineralized domain was used to interpolate gold grades (g/t) into a block model. Measured, Indicated and Inferred mineral resources are reported at various cut-off grades in the summary tables below. The mineral estimate takes into consideration that the Striker, Midfield, and Midfield North zones will be mined by open pit mining methods.

The resource reported as of June 17, 2021, has been tabulated in terms of a gold cut-off grade and has been rounded to the nearest thousand tonnes due to the nature of the precision of the block model.

The Mineral Resource has been constrained to a preliminary pit shell developed using the Lerchs Grossman algorithm in Whittle™ using parameters outlined below to constrain blocks which are considered reasonable prospects for eventual economic extraction. The following table presents the Mineral Resource at various cut-off grades for the purposed of comparison. Tetra Tech recommends a reporting cut-off grade is 0.4 g/t gold.

#### Mineral Resource Estimate for Bayan Khundii, Effective June 17, 2021

Cut-off Grade <sup>(1)</sup>	Resource Classification	Quantity (tonnes)	Grade (Au g/t)	Gold (oz)
0.4 Recommended	Measured	3,031,000	2.39	232,700
	Indicated	5,269,000	2.08	352,400
	<b>Measured &amp; Indicated</b>	<b>8,301,000</b>	<b>2.19</b>	<b>585,100</b>
	Inferred	512,000	2.18	35,900
0.55	Measured	2,221,000	3.08	220,200
	Indicated	3,885,000	2.65	331,100
	<b>Measured &amp; Indicated</b>	<b>6,105,000</b>	<b>2.81</b>	<b>551,400</b>
	Inferred	375,000	2.80	33,800
1	Measured	727,000	7.96	186,100
	Indicated	1,454,000	5.91	276,100
	<b>Measured &amp; Indicated</b>	<b>2,181,000</b>	<b>6.59</b>	<b>462,200</b>
	Inferred	133,000	6.68	28,500
1.4	Measured	628,000	9.04	182,600
	Indicated	1,282,000	6.55	269,900
	<b>Measured &amp; Indicated</b>	<b>1,910,000</b>	<b>7.37</b>	<b>452,500</b>
	Inferred	121,000	7.22	28,100

(1) Cut-off grades have been calculated using a gold price of \$1,600/ounce, milling and G&A costs of \$16.0/tonne, and mining costs of \$3.0/tonne, and an assumed gold recovery of 95%.

(2) Bulk density of 2.66 for mineralized domains.

- (3) Numbers may not add exactly due to rounding.
- (4) Conforms to NI 43-101, Companion Policy 43-101CP, and the CIM Definition Standards for Mineral Resources and Mineral Reserves.
- (5) Mineral Resources which are not mineral reserves do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate.

## Qualified Person and Sample Protocol

Cameron Norton, P.Geo. is a qualified person under NI 43-101 and is responsible for the updated Bayan Khundii Mineral Resource Estimate. Mr. Norton is independent of the Corporation and is an employee of Tetra Tech, Inc. Mr. Norton has reviewed and approved the disclosure related to the Bayan Khundii Mineral Resource Estimate in this press release as well as the Company's Q2 2021 MD&A, including the attached appendix, which provides additional detailed information on the parameters using in preparing the updated Mineral Resource, including data verification, sample preparation, analysis and security.

Peter Dalton, P.Geo. (Nova Scotia), Senior Geologist for Erdene, is the 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, with the exception of the updated Bayan Khundii Mineral Resource Estimate.

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. All samples undergo standard fire assay analysis for gold and ICP-OES (Inductively Coupled Plasma Optical Emission Spectroscopy) analysis for 33 additional elements. For samples that initially return a grade greater than 5 g/t gold, additional screen-metallic gold analysis is carried out which provides a weighted average gold grade from fire assay analysis of the entire +75 micron fraction and three 30-gram samples of the -75 micron fraction from a 500 gram sample.

Erdene's drill core sampling protocol consisted of collection of samples over 1 or 2 metre intervals (depending on the lithology and style of mineralization) over the entire length of the drill hole, excluding minor post-mineral lithologies and un-mineralized granitoids. Sample intervals were based on meterage, not geological controls, or mineralization. All drill core was cut in half with a diamond saw, with half of the core placed in sample bags and the remaining half securely retained in core boxes at Erdene's Bayan Khundii exploration camp. All samples were organized into batches of 30 including a commercially prepared standard, blank and either a field duplicate, consisting of two quarter-core intervals, or a laboratory duplicate. Sample batches were periodically shipped directly to SGS in Ulaanbaatar via Erdene's logistical contractor, Monrud Co. Ltd.

## 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](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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