

## ERDENE ANNOUNCES Q3 2021 RESULTS AND PROVIDES BAYAN KHUNDII GOLD PROJECT UPDATE

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Press Release  
Halifax, Nova Scotia  
2021.11.10

**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 September 30, 2021, and to provide an update on its Bayan Khundii Gold Project ("Bayan Khundii" or "BK"). This release should be read in conjunction with the Company's Q3 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 the same large-scale, gold mineralized system
  - Intersected some of the thickest intervals of gold mineralization in the Khundii Gold District to date at the recent South Ulaan discovery
  - Drill results from follow-up exploration drilling at the Dark Horse Mane are expected in mid-November
- Advanced the Bayan Khundii Gold Project
  - Detailed Environmental Impact Assessment (DEIA) accepted by the Professional Council of the Mongolian Ministry of Environment and Tourism on October 5
  - Community programs underway following execution of Local Cooperation Agreement (LCA) with the Bayankhongor Provincial Government
  - Detailed design and engineering 90% complete, positioning Erdene to start early works in coming months
- Closed US\$5 million Mongolian Stock Exchange offering on October 8

### Quotes from the Company:

"During the third quarter, we executed upon our two strategic objectives of expanding the Khundii Gold District, while advancing the Bayan Khundii Gold Project towards development," said Peter Akerley, Erdene's President and CEO. "Expansion of the South Ulaan gold prospect demonstrates the scale potential of the Khundii-Ulaan system underlying our Khundii Gold District. Erdene has a 3,000-metre program scheduled for late 2021, in support of our 2 million ounce resource target in 2022."

"We are also steadily progressing Bayan Khundii towards a construction decision, despite the uncertainty created by COVID-19," continued Mr. Akerley. "The Company intends to

commence preparatory works in Q4 2021, with full construction ramping up in early 2022. However, the Company is monitoring the impact of COVID-19 on the availability and costs of key inputs and will provide a more fulsome update on schedule and budget in the coming months.”

### Q3 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”) 90% complete
  - Regulatory review of detailed drawings well advanced, with eight facilities fully approved, including those planned during site establishment
  - Baseline scheduling and procurement advanced ahead of expected commencement of preparatory works in Q4 2021
- Advanced regulatory approvals required for mine development
  - Project Detailed Environmental Impact Assessment (“DEIA”) accepted by the Professional Council of the Ministry of Environment and Tourism on October 5, 2021
- Continued to carry out local community programs
  - Implemented initial community initiatives under Local Cooperation Agreement, focused on COVID-19 response measures
  - Completed heavy equipment operation and mine construction training for local residents

#### Exploration

- Expanded new gold discovery at South Ulaan, 300 metres west of Bayan Khundii
  - Intersected some of the thickest intervals of gold in the Khundii Gold District
    - 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-14 – 217 metres of 1.07 g/t gold beginning 188 metres downhole, including 3.55 g/t gold over 53 metres
    - UDH-15 – 364 metres of 0.79 g/t gold beginning 97 metres downhole, including 1.98 g/t gold over 91 metres
    - UDH-19 – 190 metres of 0.73 g/t gold beginning 82 metres downhole, including 12.52 g/t gold over 5 metres
    - UDH-21 – 77 metres of 3.19 g/t gold beginning 115 metres downhole, including 8.74 g/t gold over 27 metres
    - UDH-22 – 152 metres of 1.71 g/t gold beginning 85 metres downhole, including 3.11 g/t gold over 65 metres
  - Follow-up drill program totaling approximately 3,000 metres planned in Q4 2021

- Completed follow-up exploration work at the Dark Horse prospect, 3.5 km north of Bayan Khundii
  - Drilled 34 holes and two hole-extensions totaling 2,286 metres during the third quarter – samples are at the SGS lab in Ulaanbaatar with assay results expected to be reported by mid-November
  - Continued evaluation and interpretation program including geophysics, clay mineral analysis, petrography, mineralogy, fluid inclusion work and 3-D modelling

### Corporate

- Closed US\$5 million Mongolian Stock Exchange offering on October 8, 2021
  - Received subscriptions from 1,867 institutional and retail Mongolian investors
  - Offering was 46% over-subscribed and filled pro-rata to orders as required by Mongolian securities regulations
- Progressed due diligence for the Bayan Khundii Project financing with Export Development Canada (EDC) and Mongolian financiers
  - EDC mandate letter contemplates a senior secured debt facility of up to US\$55 million
  - Site visits completed in Q1 2021, and draft technical, and environmental and social diligence reports received
  - Legal term sheet drafted that will form the basis of the EDC loan document
  - Due diligence is proceeding in parallel with Mongolian financial institutions on sub-ordinated debt
- Advanced technical and strategic review of the Zuun Mod/Khuvyn Khar molybdenum-copper project
  - RPMGlobal scheduled to deliver updated technical and economic analysis by mid-November
  - Strategic discussions ongoing to optimize the Project's value through options including sale, joint venture partnership, or spinout
- Recorded a net loss of \$1,935,798 for the three months ended September 30, 2021, compared to a net loss of \$3,871,340 for the three months ended September 30, 2020
  - Exploration and evaluation expenditures, including capitalized expenditures, totaled \$3,501,181 for the three months ended September 30, 2021, compared to \$3,547,222 for the period ended September 30, 2020, as a modest reduction in exploration activity and lower non-cash share based compensation expenses due to the timing of performance grants were partially offset by increased Mining studies costs due to additional engineering effort for Bayan Khundii and greater Stakeholder relations costs following the signing of a Local Cooperation Agreement in July 2021
  - Corporate and administrative expenses totaled \$565,092 for the three months ended September 30, 2021, compared to \$869,876 for the three months ended September 30, 2020, primarily due to lower non-cash share-based compensation expenses as a result of the timing of performance grants

## COVID-19 Update

In late January 2020, the Government of Mongolia instituted limitations on public gatherings, suspended in-person classroom learning, and implemented international border controls in response to COVID-19. The Canadian Government adopted similar measures in March 2020, as did most governments globally during 2020. With the first confirmed cases of community transmission of COVID-19 in November 2020, the Government of Mongolia further restricted the movement of people and the delivery of goods and services. While restrictions were eased in early 2021, precautionary measures were subsequently reintroduced in late Q1 2021, following an increase in the number of reported cases in Mongolia.

In March 2021, Bayankhongor Province, where Erdene's projects are located, reported its first confirmed case of community transmission of COVID-19, leading to the imposition of restrictions on the movement of people within and to/from the province. Furthermore, in late June 2021, Bayankhongor province and the sub-province of Shinejinst, the communities in which Erdene operates, imposed states of emergency due to worsening community spread of COVID-19 in the area. Although the Company temporarily halted field work in late June in response, Company staff and contractors returned to site in early August 2021 to commence follow-up exploration work, which has continued without interruption since this date. Additionally, Canadian and International staff and consultants resumed travel to Mongolia in Q3 2021.

Mongolia continues to experience a significant number of COVID-19 cases, which has led to disruptions at the Country's land borders with China. Such closures have impacted the availability and prices of industrial and consumer goods required for the construction of the Bayan Khundii Gold Project. Although the impact of COVID-19 on the Company's operations has been modest to date, COVID-19 has the potential to delay or increase the costs of the Bayan Khundii Development. The Company is monitoring the situation and assessing the impact on the Bayan Khundii Gold Project construction schedule and budget. Erdene does not intend to ramp up to full construction until there is certainty that people can freely travel, and supplies can readily be imported to Mongolia. The Company will provide further details on the impact of COVID-19 on its operations and the Bayan Khundii Gold Project as they become available.

All Erdene employees have received at least two doses of COVID-19 vaccine and many staff have received a third booster shot. Erdene is working with Mongolian and Canadian authorities to maintain control measures to protect the health and well-being of its workers as well as the communities in which the Company operates.

## Qualified Person

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.

## 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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