

ERDENE RECEIVES SIGNIFICANT ENVIRONMENTAL APPROVAL FOR BAYAN KHUNDII GOLD PROJECT AND COMMENCES EARLY WORKS

Press Release
Halifax, Nova Scotia
2021.12.07

Erdene Resource Development Corporation (TSX: ERD | MSE: ERDN) (“Erdene” or the “Company”) is pleased to announce approval of the Detailed Environmental Impact Assessment (“DEIA”) for the Bayan Khundii Gold Project by the Ministry of Environment and Tourism of Mongolia. With receipt of the DEIA approval, the Company will commence preparatory works for the construction of the Bayan Khundii Gold Project.

Quotes from the Company

“We are very pleased to receive approval of the Bayan Khundii DEIA, achieving another significant milestone in the development of the Project,” said Peter Akerley, Erdene’s President and CEO. “As outlined in our DEIA, the Bayan Khundii Gold Project promises to deliver significant benefits to stakeholders through the responsible development of resources. I would like to thank local stakeholders, the Mongolian Government, our consultants and Erdene’s team for their support.”

“Although the ongoing COVID situation and the onset of the winter season require us to approach the start of construction with caution, we are laying the groundwork for full construction in 2022,” continued Mr. Akerley. “Additionally, recent high-grade discoveries at our Dark Horse and Ulaan prospects, at which drilling is underway, demonstrate the potential scale of the hydrothermal system underpinning our Bayan Khundii Gold Project. We feel increasingly confident that the Bayan Khundii Gold Project will be the anchor of a multimillion-ounce gold district.”

Erdene’s Environmental and Social Impact Studies and Commitments

The Mongolian statutory DEIA is the principal mechanism to identify potential project specific impacts and risks and to develop mitigation actions. The Bayan Khundii DEIA was prepared by Eco Trade LLC, in accordance with Mongolian and international standards and requirements. The Professional Council of the Ministry of Environment and Tourism provided its approval for the Bayan Khundii Gold Project’s DEIA in October 2021, and formal documentation of the approval was received in November 2021. With approval of the DEIA, Erdene has applied for initial construction permits and is advancing early works in preparation for a formal construction decision, expected in early 2022.

In July 2021 the Company entered a Local Cooperation Agreement (“LCA”) with the Bayankhongor Provincial Government, the host community for the Project. Key terms of

the LCA include milestone-based community investments tied to permitting, construction and first production, as well as training, employment and local procurement commitments.

Additionally, 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 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. Erdene’s commitments to ensure impacts are avoided or mitigated are included in the ESIA Management Plans, which details the Company’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

Early Works ahead of Construction Decision

Following receipt of the DEIA, Erdene applied for construction permits for the warehouse, permanent camp, administration office and other non-process infrastructure for the Bayan Khundii Gold Project. Applications for construction permits for the process plant and utilities are expected to be submitted in Q1 2022, following the completion of detailed design of these facilities.

Concurrently, the Company is progressing procurement work and has placed orders for the comminution and elution circuits, critical long lead time items. Preparatory works, including the implementation of project controls, negotiation of major contracts, and training are underway, with construction scheduled to ramp up in Q2 2022. However, the Company is monitoring the impact of COVID-19 on the availability and costs of key inputs and will provide an update on schedule and budget in the coming months.

Additionally, exploration continues at the Ulaan and Dark Horse prospects adjacent the Bayan Khundii Gold Project. The most recent phase of continuity and expansion drilling is nearing completion at the Ulaan discovery, immediately west of the Bayan Khundii deposit. Following this work, the drill rig will move to Dark Horse for further shallow testing of the 2.4-kilometre structure between Bayan Khundii and the southern portion of Dark Horse, as well as the extension of the zone to the north. Selective testing of Dark Horse targets at moderate depths (200 to 300 metres) is also planned. The current drill program

will run through late December with results expected to be announced in Q1 2022. These new discoveries, as well as a multitude of prospects on license, have the potential to meaningfully add to the economics of the Bayan Khundii Gold Project.

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.

¹ For details of the Mineral Resources see Erdene's Q2 2021 results press release, dated August 16, 2021, and the Company's Q2 2021 MD&A, available on the Company's website or 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

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

Erdene Contact Information

Peter C. Akerley, President and CEO, or
Robert Jenkins, CFO

Phone: (902) 423-6419

Email: info@erdene.com

Twitter: <https://twitter.com/ErdeneRes>

Facebook: <https://www.facebook.com/ErdeneResource>

LinkedIn: <https://www.linkedin.com/company/erdene-resource-development-corp-/>