



## ERDENE RESOURCE DEVELOPMENT CORP.

### Erdene Further Defines and Expands High-Grade Gold Zone at the Bayan Khundii Gold Project, Including 80 Metres of 6.0 g/t Gold and 56 Metres of 6.1 g/t Gold

Halifax, Nova Scotia – May 4, 2017 – Erdene Resource Development Corp. (TSX:ERD) ("Erdene" or "Company") is pleased to announce initial results from the Company's 2017 drill program at its 100%-owned Bayan Khundii Gold Project ("Bayan Khundii") in southwest Mongolia, and to announce changes to its management team in Mongolia.

**Highlights** (see attached plan map and cross-sections for reference)

- Drilling confirms that the Midfield Zone continues down dip to the south potentially connecting with the Striker Zone
- Drilling establishes presence of wider, higher-grade quartz adularia "feeder" veins at the Midfield Zone
- Confirms greater depth potential south of the Midfield Zone
- Improves confidence in continuity of the high-grade zones within Midfield
- Second drill rig now operating and testing the previously announced high-grade intersection in the Discovery Zone at the Company's neighbouring Altan Nar gold-polymetallic project
- Company strengthens management team in Mongolia

Table 1. Highlights for holes drilled within Midfield Zone (see attached map and section)

Drill Hole	From (m)	To (m)	Interval (m) <sup>(1)</sup>	Gold (g/t)
BKD-98	39	170.5	131.5	3.86
incl	42	122	80	6.03
incl	86	87	1	11.1
incl	111	119	8	51.0
incl	112	114	2	192
BKD-99	53	158.4	105.4	3.55
incl	56	112	56	6.13
incl	87	91	4	69.0
incl	111	112	1	12.9
BKD-101	54	200.4	146.4	0.84
incl	134	144.1	10.1	4.84
incl	139	144.1	5.1	8.70
incl	142	144.1	2.1	19.1
incl	182	185	3	4.28

Drill Hole	From (m)	To (m)	Interval (m) <sup>(1)</sup>	Gold (g/t)
BKD-102	0	20	20	0.40
and	44	183.2	139.2	0.74
incl	131	163	32	2.06
incl	142	146	4	7.40
incl	145	145	1	16.2

(1) Reported intervals are not true width. At this time, there is insufficient data with respect to the shape of the mineralized system to calculate true orientations in space. They represent drill intersection widths from holes drilled at a dip of -45 to -55 and oriented to the north-northeast. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees to the southwest).

## 2017 Drill Program Update

Since the beginning of the 2017 program, drilling at Bayan Khundii has been focused in the area between, as well as west of, the Midfield and Striker zones, with 11 drill holes completed and three additional hole extensions. The Company has also commenced drilling with a second drill rig at its Altan Nar gold-polymetallic project, 16 kilometres northwest of Bayan Khundii, where three holes have been completed targeting the high-grade gold zone intersected in Q4-2016 within the Discovery Zone (hole TND-101).

Results reported today are from the first six new holes at Bayan Khundii including: two holes drilled within Midfield; two holes testing the down-dip extension of Midfield towards the Striker Zone; one west of Midfield and one hole testing a geophysical target outside of the main northeast trend. As shown in the attached plan map and cross-section, the five holes completed within the Striker-Midfield area (BKD-98 to BKD-102) were drilled on 20 to 40-metre centers and with a dip between -45 to -55 degrees oriented towards the north-northeast to intersect the mineralized zones approximately perpendicular to their interpreted orientation (dipping approximately 45 degrees to the southwest). The reconnaissance hole was drilled at -85 degrees to the north.

The drilling results for Midfield are significant in that they have extended the area of gold mineralization down dip to the south. They have also begun to confirm that gold mineralization continues within the approximately 170 metre un-tested area between Striker and Midfield, the two most prominent gold mineralized zones identified to date within the 2 kilometre by 1.8 kilometre Bayan Khundii prospect area. The results also strengthen the continuity of the high gold grades reported previously in the central Midfield area, and support the observation that this area contains the most intense hydrothermal activity and the most pervasive gold mineralization at Bayan Khundii. This observation is now supported by the repeated intersection of up to 8 metre wide, high-grade gold zones centered on quartz-adularia veins (BKD-98: 111 m to 119 m; 51.0 g/t gold). Hole BKD-100 tested the western edge of Midfield and intersected intrusive syenite at shallower depths than expected, truncating the down-dip western extension in that area. However, drilling further west intersected anomalous gold in Devonian volcanics at greater depths, suggesting the intrusive bodies are relatively restricted in extent.

Current drilling also confirmed that gold mineralization continues at greater depths to the south of Midfield. The intrusion intersected in previous drilling at Midfield is deepening to the south where up to 162 metres (vertical thickness) of altered and mineralized Devonian volcanic units have been intersected.

The Midfield Zone is located under younger, post-mineralization cover and has provided some of the highest grades and longest, continuously mineralized intervals intersected to date. It is located approximately 200 metres north of the original discovery area, which includes the Striker and Gold Hill zones where gold mineralization is exposed at surface. An additional mineralized zone is located 600 metres northeast of the Midfield Zone where limited exploration has been completed (Northeast Zone), with the area between covered by younger Cretaceous (post mineralization) units.

The reconnaissance hole drilled in the northwest portion of Bayan Khundii is one of many holes that will test targets outside the main trend of mineralization in the coming months. These holes are designed to test new concepts but also to provide data to support the Company's broader understanding of the alteration and mineralizing event. This hole was drilled 400 metres west of the Northeast Zone and 300 metres north of the Midfield Zone. While not hosting anomalous gold values, it did intersect a sequence of weak to moderately altered tuffaceous rocks and dacite intrusions, starting at 12 metres depth beneath younger cover. Locally, zones of intense silicification, mica and magnetite alteration were encountered confirming that hydrothermal fluids did penetrate this far from the known mineralized zones. Similar indications have been observed at the bottom of the most western hole (BKD-75), 300 metres west of Midfield, where the hole encountered higher gold values at the end of the hole (185 metre vertical depth), up to 0.5 g/t gold over 2 metres.

Dr. Jeffrey Hedenquist and other renowned experts, including Imants Kavalieris and Dr. Khashgerel Bat-Erdene, will be visiting the project again in the coming months to continue to assist the Erdene technical team in improving its understanding of the controls on mineralization which will be used, in part, to direct the Company's reconnaissance drilling program.

## **2017 Drill Plans**

The initial phase of 2017 drilling includes the completion of a series of holes in the untested areas around the original discovery areas at Bayan Khundii in order to expand and increase confidence in the continuity of the following areas; between Striker and Midfield, north of Midfield, west and northeast of Striker, and between Gold Hill and Striker. As that work progresses, the second rig, which commenced drilling in late April, will complete a series of holes at the Discovery Zone at Altan Nar (16 kilometres north of Bayan Khundii) and the new Altan Arrow gold discovery (3.5 kilometres north of Bayan Khundii) before joining the drill program at Bayan Khundii in mid-May. The second rig will then begin systematically testing geophysical targets throughout the 2 kilometre by 1.8 kilometre Bayan Khundii area, while the first rig commences more detailed infill work around the new and existing high-grade zones at Midfield, Striker, and Gold Hill. As the field season progresses and results are received, the program will be refined and expanded where necessary to concentrate additional drilling around the highest priority targets at Bayan Khundii, Altan Nar and Altan Arrow. A follow-up second phase program will be defined and implemented in early Q4-2017, based on the results from the Q2-Q3 exploration program.

## **Mongolia Management Team Strengthened**

On May 1, the Company made several changes to its management team in Mongolia, including the hiring of Jon Lyons as Vice President Regulatory Affairs and Strategy. The changes are aimed at preparing the Company for a transition into permitting and development related work in the coming months and years. The appointments include:

Bayarmaa Bagabandi – Ms. Bagabandi has been appointed Chief Administrative Officer for Erdene Mongol LLC, the Company’s main Mongolian subsidiary, responsible for overseeing all financial, legal and human resource responsibilities. Bayarmaa earned an MSc in International Economics from Korea’s Sogang University and has been employed with the Company for the past 12 years. Bayarmaa has been involved in the administrative side of Mongolia’s resource industry for the past 17 years.

Jon M. L. Lyons – Mr. Lyons will take on the role of Vice President Regulatory Affairs and Strategy, responsible for managing the various government permitting processes required to advance Erdene’s mineral exploration and mining projects. Jon will also be responsible for oversight of Health, Safety, Environment, and Community areas for the Company, especially to ensure compliance and cultivate shared value for all stakeholders. Most recently, Jon was with the Global Green Growth Institute as Country Representative to Mongolia. Jon has lived and worked intermittently in Mongolia and the region, including a previous posting with the Company, since 2001. Jon earned an MBA from Maastricht University and the EuroMBA consortium and a B.A. (summa cum laude) in physics and anthropology from Wheaton College, MA, and is fluent in Mongolian and Russian.

Bilguun Ankhbayar – Mr. Ankhbayar has been appointed Vice President Business Development, responsible for assisting the Company’s CEO in advancing Erdene’s projects to development, including economic evaluations, strategic market analysis, investor and other stakeholder relations and business development in the local communities. Bilguun graduated from Saint Mary’s University in Halifax, Nova Scotia in 2007 with a B.Comm in Finance. He worked in the resource investment industry in Toronto, Canada before returning to Mongolia to become CEO of the Mongolian International Banking Group (MIBG). Bilguun became a strategic advisor to Erdene in 2016, and is now taking on increased responsibilities.

Erdenebileg Pagva – Mr. Pagva has been appointed Senior Representative for Bayankhongor, the province that hosts the Company’s Bayan Khundii, Altan Nar and other projects. Erdenebileg’s responsibilities include managing the Company’s stakeholder relations in Bayankhongor, and ensuring alignment of the Company’s business activities with local and regional development trends. Erdenebileg has worked in Mongolia’s mineral exploration and gold mining sector for nearly 25 years, and holds a BSc in Geology and Mine Engineering from the Mongolian University of Science and Technology.

## **Background on Bayan Khundii Gold Project**

In Q2-2015, Erdene conducted an initial exploration program on the southern portion of the Company’s 100%-owned Khundii exploration license in southwest Mongolia. An early rock-chip sampling program

revealed multiple very high-grade surface quartz veins that returned up to 4,380 g/t gold, leading to a comprehensive exploration program that has included: geological mapping; soil geochemical surveys; additional surface rock chip sampling; a ground magnetic survey; gradient array and dipole-dipole induced polarization surveys; and the completion of 11,300 meters of drilling in 96 drill holes (as of Q4-2016). In addition to this work, a series of detailed follow-up studies have also been completed, predominantly on drill core and minor surface outcrop, including: petrographic and mineralogical analyses; a fluid inclusion study; SEM gold composition analysis; Short-Wave Infra-Red Analysis (SWIR); structural analysis; and overall petrogenetic analysis. Drilling has revealed the presence of very high gold grades, with up to 306 g/t gold over 1 metre intervals, within broad mineralized envelopes, with up to 65 metres averaging 6.3 g/t gold, including 12 metres of 29 g/t gold. Detailed studies indicate the mineralized zones can be characterized as low-sulphidation, quartz-sericite (illite)-adularia type mineralization that was formed in a back-arc extensional environment.

In Q1-2016, the Company concluded preliminary metallurgical test work at Bayan Khundii, indicating that gravity concentration and cyanidation of the gravity tails yielded very good overall gold recoveries for both high-grade and low-grade composites: 99% gold recovery from the high-grade composite (24.9 g/t gold), and 92% gold recovery from the low-grade composite (0.7 g/t gold). Additional metallurgical work is underway with completion anticipated in Q3.

The Bayan Khundii license has a 2% net smelter returns royalty (“NSR Royalty”) in favour of Sandstorm Gold Ltd., with a buy-back option to reduce the NSR Royalty to 1%.

### **Qualified Person and Sample Protocol**

Michael MacDonald, P.Geo. (Nova Scotia), Vice President Exploration 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. 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.

Erdene’s sampling protocol for drill core consisted of collection of samples over 1 metre 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 samples including a commercially prepared standard, blank, and either a field duplicate, consisting of two ¼ 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 base and precious metals in underexplored and highly prospective

Mongolia. In addition to Bayan Khundii and Altan Nar, the Company has three other exploration licenses and a mining license in southwest Mongolia. Other deposits and prospects within these licenses include: Khuvyn Khar – an early-stage, copper-silver porphyry project with multiple drill targets and significant copper intersections; Nomin Tal – a narrow, high grade copper-gold discovery; Zuun Mod – a large molybdenum-copper porphyry deposit; and Altan Arrow – an early-stage, high-grade, gold-silver project. In addition to the above properties, the Company has an Alliance with Teck Resources Limited on regional copper-gold exploration in the prospective Trans Altai region of southwest Mongolia. For further information on the Company, please visit [www.erdene.com](http://www.erdene.com). Erdene has 145,550,586 issued and outstanding common shares and a fully diluted position of 156,592,160 common shares.

### **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 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.

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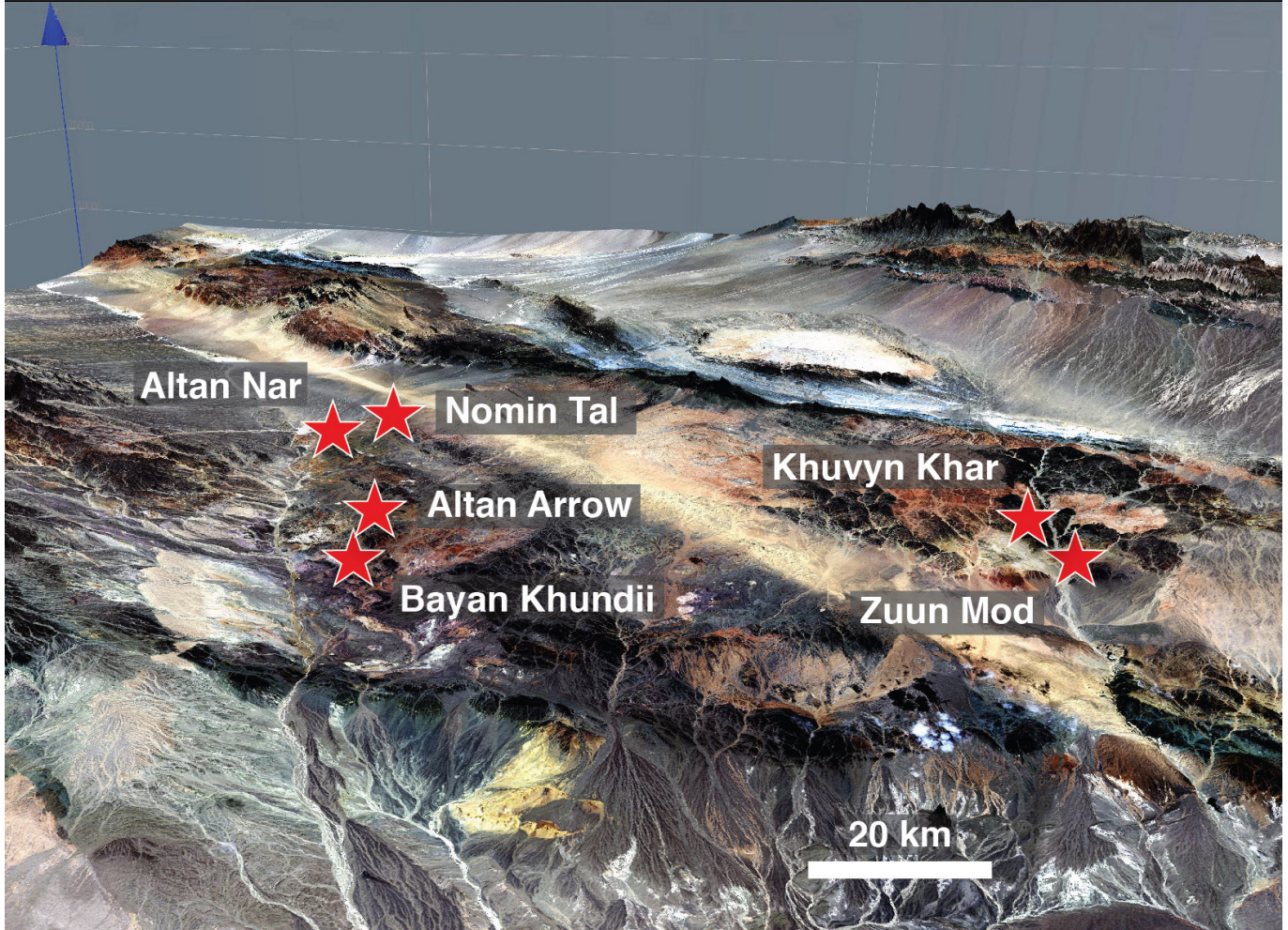
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# Cross-Section Through Midfield Zone and North Edge of Striker Zone (Looking West)

