



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Expands New Gold Zone Under Younger Cover at Bayan Khundii; Results Include 41 Metres of 5.2 g/t Gold and 72 Metres of 4.0 g/t Gold**

**Halifax, Nova Scotia – January 10, 2017 – Erdene Resource Development Corp. (TSX:ERD)** ("**Erdene**" or "**Company**") is pleased to announce results for nine diamond drill holes from the Company's step-out drilling program at its 100%-owned Bayan Khundii Gold Project ("Bayan Khundii") in southwest Mongolia.

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

- Drilling expands new gold zone (Midfield) under younger cover, 200 metres northeast of the main gold zone (Striker)
- Gold mineralization at Midfield includes some of the highest grades and the longest mineralized intervals intersected to date including:
  - 149 metres of 2.1 g/t gold from 23 metres depth, including 41 metres of 5.2 g/t gold and 15 metres of 6.5 g/t gold (BKD-90)
  - 72 metres of 4.0 g/t gold from 108 metres depth (BKD-92)
  - 16 metres of 3.9 g/t gold from 19 metres depth and 40 metres of 1.0 g/t gold from 106 metres depth (BKD-95)
- All step-out confirmation holes intersected gold mineralization with visible gold observed in six of the eight holes, establishing lateral continuity of the new mineralized Midfield Zone in all directions
- Geophysical surveys indicate alteration zones that host gold mineralization at Midfield extend under cover along the 1.7 kilometre north-northeast trend
- 2017 exploration drill program now being designed to test additional target areas

"Today's results indicate that significant gold mineralization lies under younger cover at Bayan Khundii, greatly expanding the footprint of this high-grade, near-surface discovery, and support our belief that this gold system has considerable size potential," said Peter Akerley, Erdene's President and CEO. "In 2017, we will launch a resource drilling program, complimented by an extensive exploration drilling program designed to expand the known areas of gold mineralization at Bayan Khundii as well as our other targets in the district including Altan Nar."

Table 1. Results summary for holes drilled at Midfield (see attached maps and sections)

Drill Hole	From (m)	To (m)	Interval (m) <sup>(1)</sup>	Gold (g/t)
BKD-88	70	144.3	74.3	0.54
BKD-89	92	173.6	81.6	1.15
incl	128	141	13	2.02
BKD-90	23	171.8	148.8	2.11
incl	40	81	41	5.17
incl	50	56	6	9.75
and	66	81	15	6.51
and	108	115	7	4.58
BKD-91	154.9	167.8	12.9	0.50
BKD-92	108	180.3	72.3 <sup>(2)</sup>	3.96
incl	119	121	2	112.8
BKD-93	32.6	50	17.4	0.36
BKD-94	59	126	67	1.15
incl	68	69	1	30.7
and	111	120	9	2.10
BKD-95	19	35	16	3.93
and	106	146.3	40.3	1.03
BKD-96	102	149	47	0.65
incl	122	127	5	1.89

(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 -60 and oriented to the northeast. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees to the southwest).

(2) BKD-92 includes two post-mineral dykes, from 128 m to 135.7 m depth and 144.15 m to 155.45 m depth. These dykes have been incorporated into the drill results for hole BKD-92 as 0.00 g/t gold over the combined 19 metres.

### Midfield Drill Program Q4-2016

The Company completed eight diamond drill holes, totaling 1,370 metres, in a new target area now called the Midfield Zone, north of the original discovery area, and one hole, 125 metres deep, to the west (BKD-93). As shown in the attached plan maps and cross-sections, the eight holes were drilled on 40-metre centers surrounding the successful step-out hole BKD-60, announced in October 2016, which returned 68 metres of 2.0 g/t gold. Drill holes were orientated at either 45 degrees or 60 degrees towards the north-northeast to intersect the mineralized zones approximately perpendicular to their interpreted orientation (dipping approximately 45 degrees to the southwest). All holes intersected gold mineralization with visible gold observed in six of the eight holes, establishing lateral continuity of this new mineralized zone in all directions.

The drilling results for Midfield are significant in that they have extended the area of gold mineralization under the younger cover while providing some of the highest grades and longest

mineralized intervals intersected to date. Midfield is located approximately 200 metres north of the original discovery area that includes the Striker and Gold Hill zones where gold mineralization is exposed at surface. The Striker and Gold Hill zones form the southwest portion of a 1.7 kilometre by 500 metre target area and have been the focus of the majority of the Company's drill programs to date. A second, exposed mineralized zone is located 700 metres to the northeast where limited exploration has been completed (Northeast Zone), with the area between being covered by younger Cretaceous (post mineralization) units.

The prospectivity of the covered area is now strengthened by today's results and by geophysical anomalism, characterized by strong induced polarization resistivity response that reflects the intense alteration. The gold mineralized units at Midfield have been intersected over vertical sequences up to 100 metres thick and within the Bayan Khundii target area at depths exceeding 200 metres. Drill holes at Bayan Khundii commonly end in mineralization (approximately 30% of drill holes) and in altered or unaltered lithologies and, as in the case at Midfield, are intruded locally by un-mineralized and, rarely, by mineralized felsic intrusions at depth. The vertical depth of Cretaceous cover, from the nine holes completed to date at Midfield (includes BKD-60) ranges from 8 to 110 metres (average of 48 metres). Geophysical data suggests that the thickness of the younger Cretaceous lithologies is variable but thins out to expose mineralization in the Northeast Zone.

These results support extensive future testing beneath the younger Cretaceous units throughout this trend with drilling scheduled to resume at Bayan Khundii early in the second quarter. The Company will continue with its dual objective of increasing confidence in areas with established resource potential and expanding the perimeter and testing new areas within the larger 1.7 kilometre trend in order to establish potential extensions and boundaries to the gold system.

### **Bayan Khundii Gold Project Overview**

In Q2-2015, Erdene conducted an initial exploration program on the southern portion of the Company's 100%-owned Bayan Khundii exploration license in southwest Mongolia. An early rock-chip sampling program revealed multiple, very high-grade surface quartz veins that returned highly anomalous gold values (over 20% of samples returned values in excess of 3.0 g/t gold, and 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 11,340 meters of drilling in 96 drill holes. In addition to this work, a series of detailed follow-up studies have also been completed, mostly 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, including 112 g/t gold over 2 metres in hole BKD-92 (Midfield Zone), within broad mineralized envelopes, including 65 metres of 6.3 g/t gold in hole BKD-77. 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).

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), Director of 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 20 samples including a commercially prepared standard and blank. 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 two 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 126,810,031 issued and outstanding common shares and a fully diluted position of 134,431,281 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.

**NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENTS OF THIS RELEASE**

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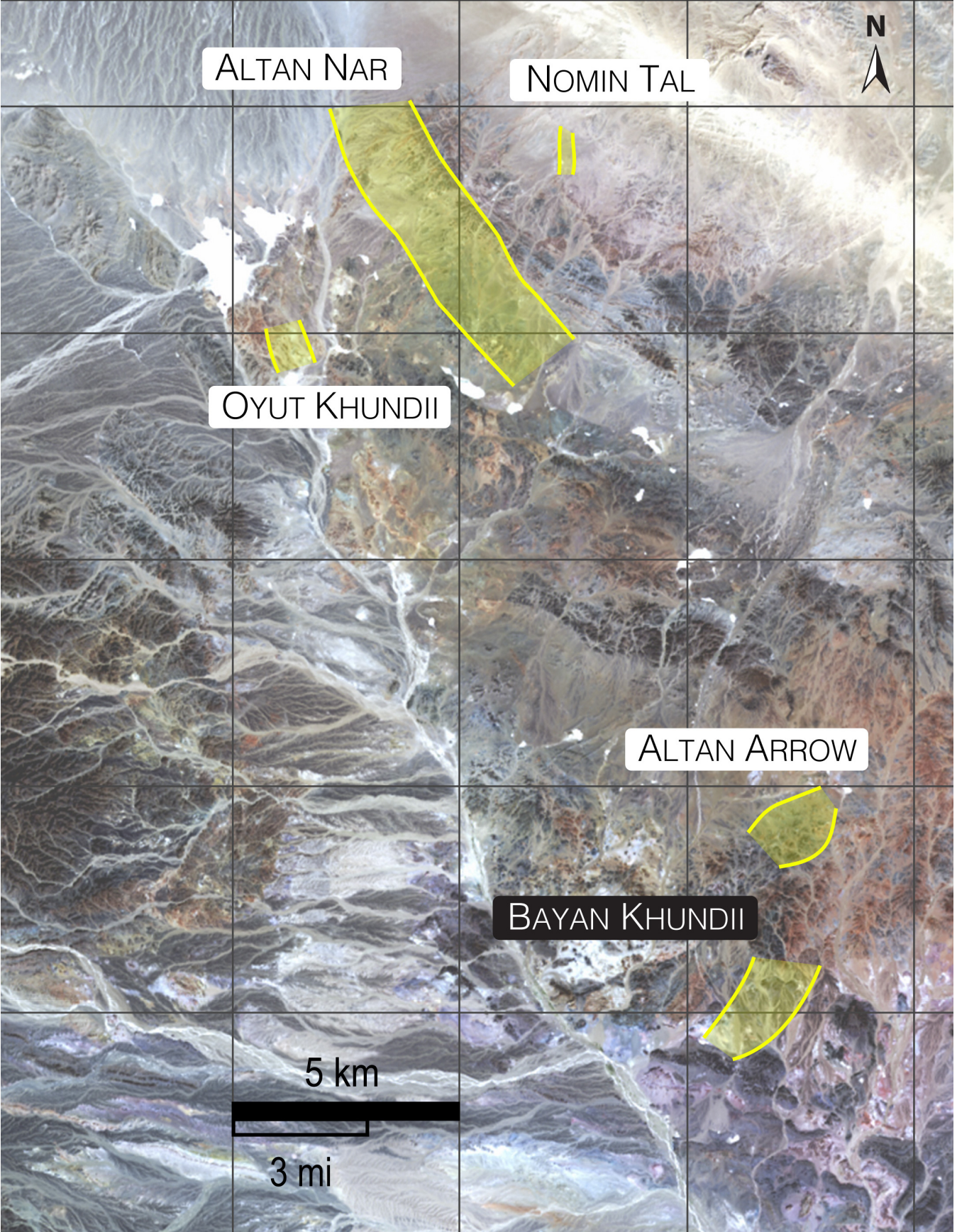
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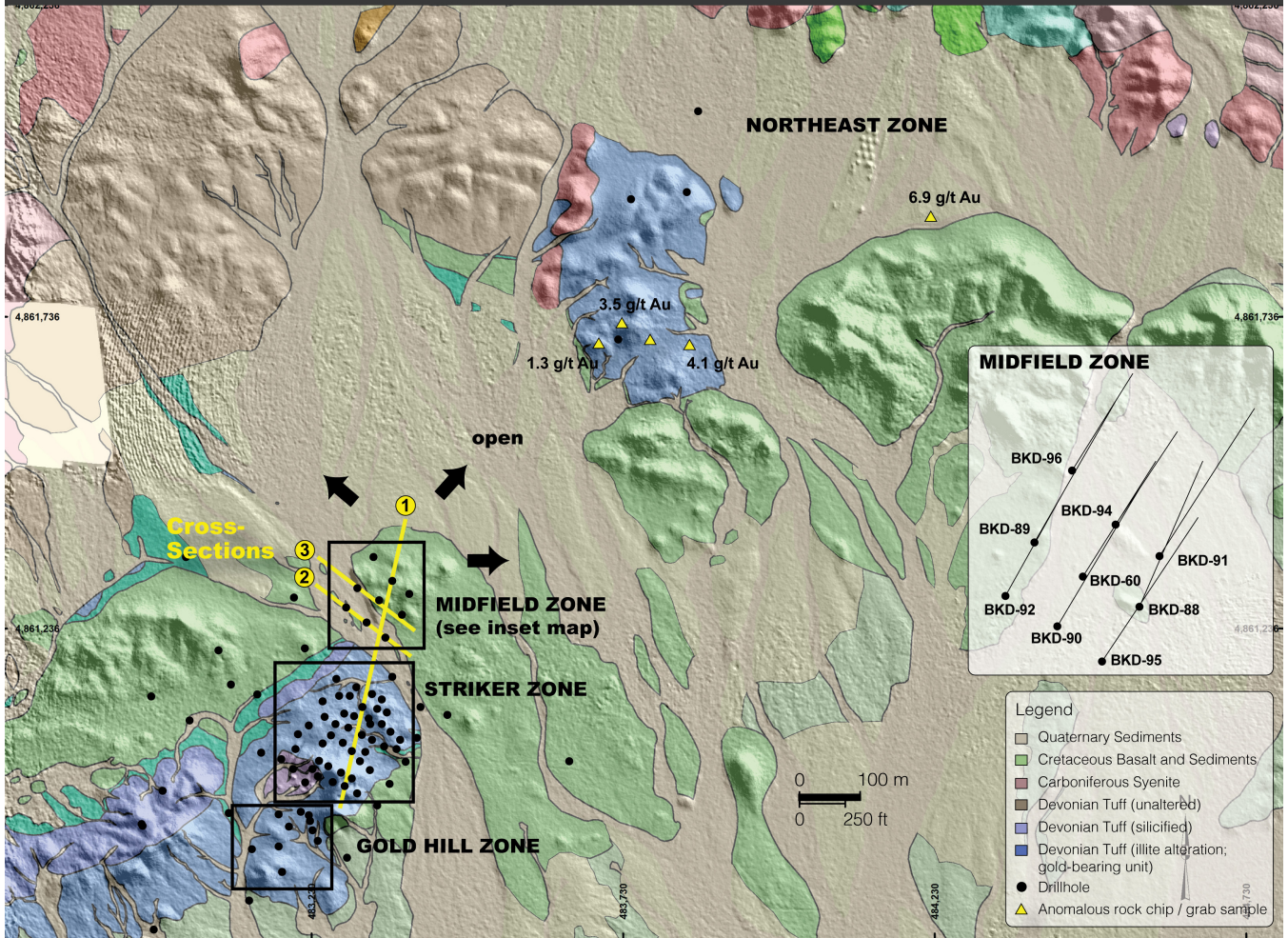
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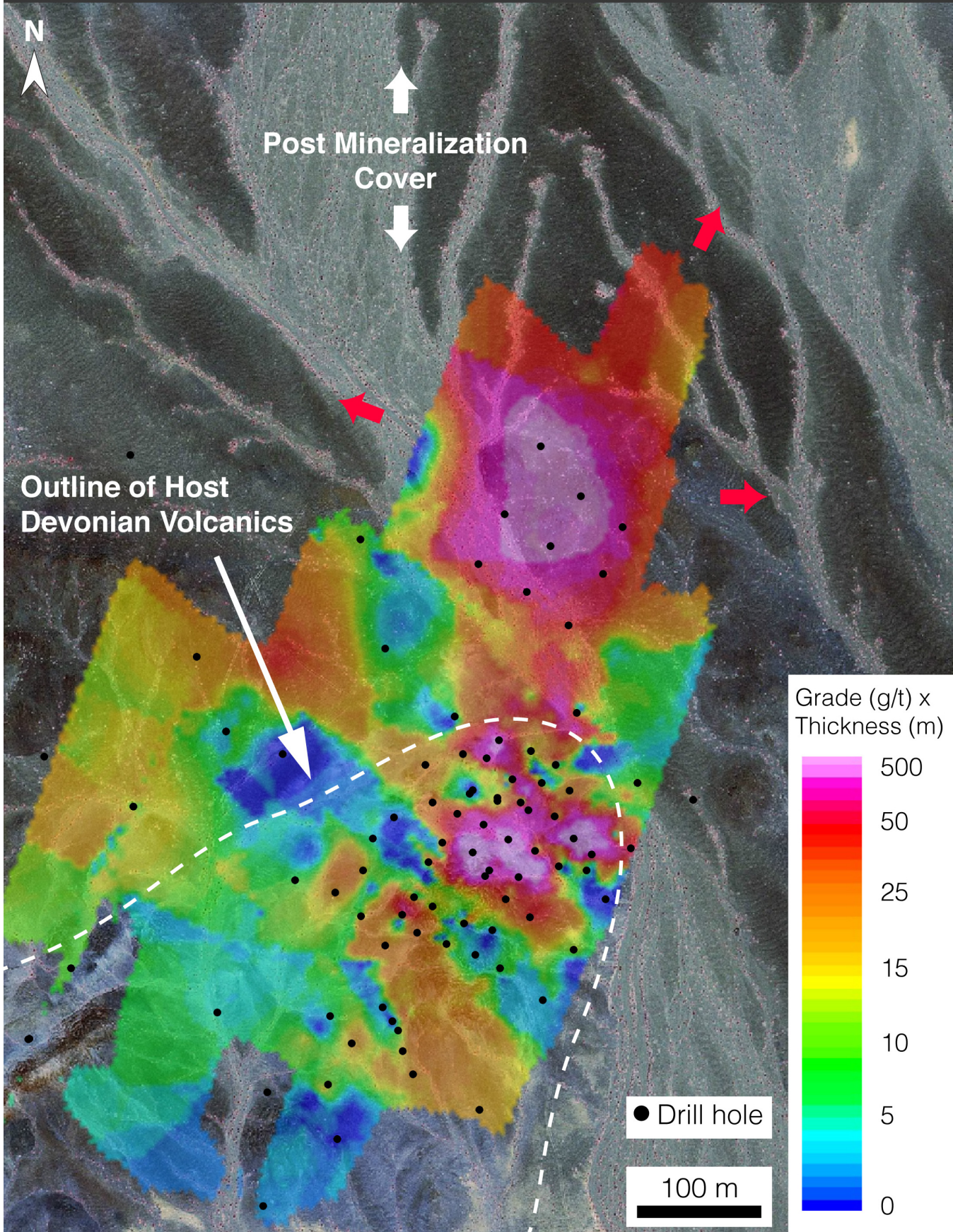
Erdene's Emerging Gold District



# Bayan Khundii Geology Map Showing Location of Step-Out Drilling & Cross-Sections

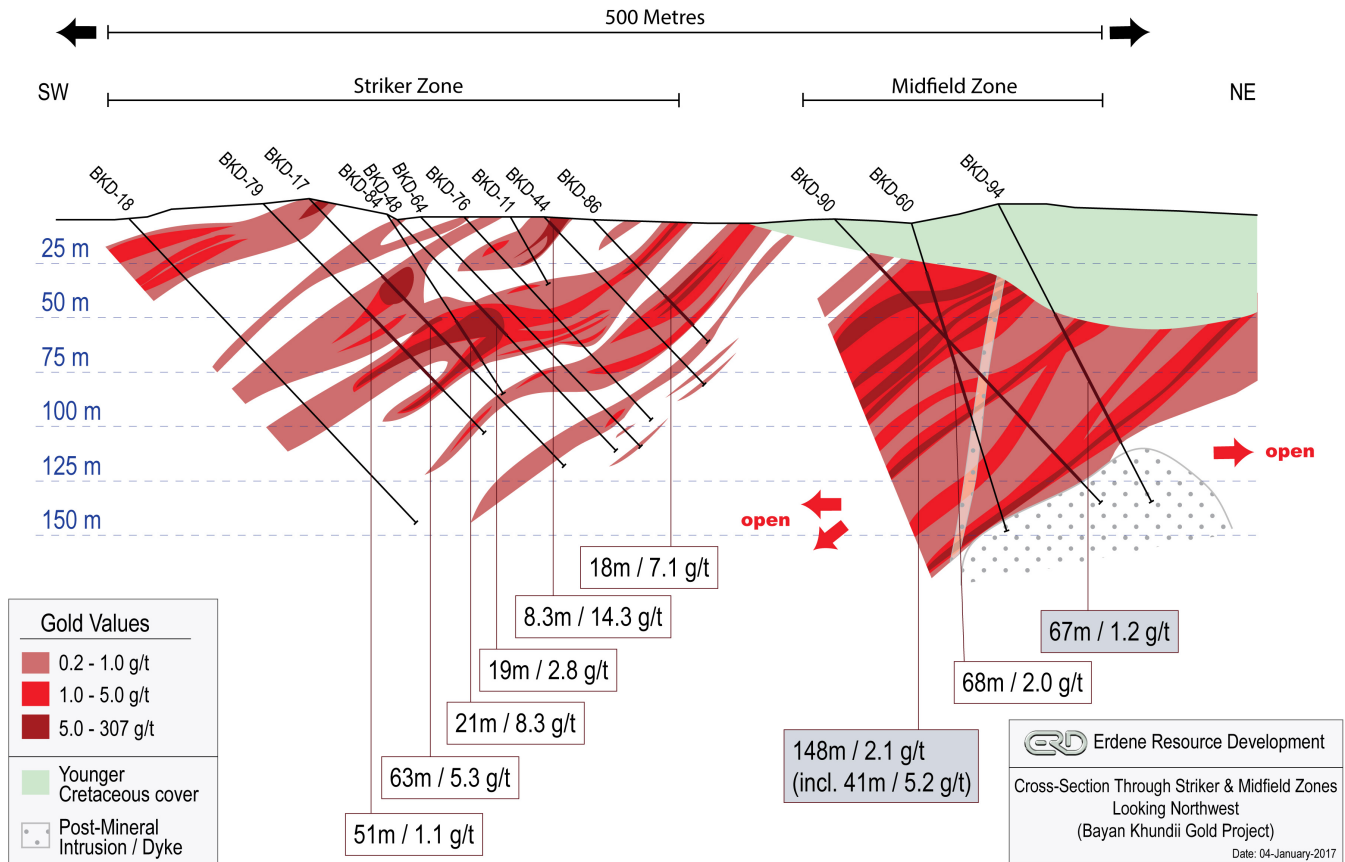


# Bayan Khundii Gold Grade (g/t) x Thickness (m) Contour Map

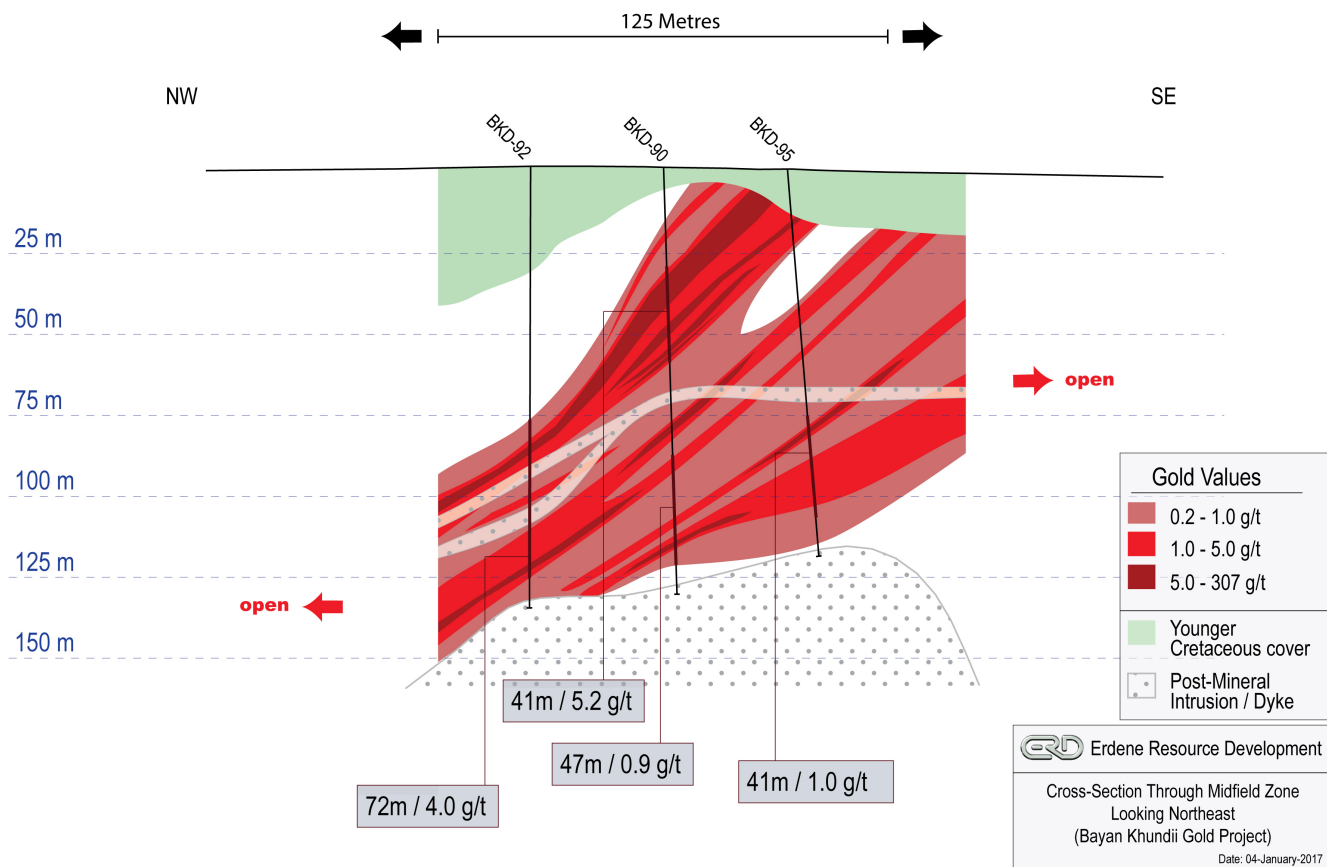




## Section #1 - Striker and Midfield Zones (Looking Northwest)



## Section #2 - Midfield Zone Through Holes BKD-92-90-95 (Looking Northeast)



### Section #3 - Midfield Zone Through Holes 89-60-88 (Looking Northeast)

