



ERDENE RESOURCE DEVELOPMENT CORP.

Erdene Intersects 68 Metres of 2.0 g/t Gold in 170 Metre Step-Out Hole at Bayan Khundii; Striker Zone Drilling Returns 31 Metres of 6.8 g/t Gold

Halifax, Nova Scotia – October 18, 2016 – Erdene Resource Development Corp. (TSX:ERD) ("**Erdene**" or "**Company**") is pleased to announce the second set of results from on-going drilling at its 100%-owned, high-grade Bayan Khundii gold project ("Bayan Khundii") in southwest Mongolia. Today's results confirm a significant new discovery under shallow cover, 170 metres north of the Striker Zone. In addition, drilling continues to support continuity of the high-grade mineralization within the Striker Zone. Results are pending for 12 holes.

Highlights (see attached map and cross sections for reference)

- New zone discovered under shallow cover, 170 metres north of Striker Zone (hole BKD-60)
 - Includes 30 metres of 3.0 g/t gold near the top of the hole
 - Consistent gold mineralization beginning at 20 metres, averaging 123 metres of 1.3 g/t gold
 - High-grade intervals with visible gold, up to 19 g/t gold over one metre
 - Confirms significant gold mineralization continues north of the Striker Zone under younger cover
- Striker Zone continuity strengthened with 90 metres of 2.5 g/t gold to bottom of hole at 126 metre depth in hole BKD-57, includes 31 metres of 6.8 g/t gold
- Western extension of Striker Zone confirmed under cover with 31 metres of 1.0 g/t gold and 5 metres of 2.2 g/t gold in holes BKD-59 and BKD-53, respectively
- New zone intersected in southwest Striker Zone in hole BKD-55 with 24 metres of 1.3 g/t gold

Q3-Q4 2016 Drill Program Results

Drilling Summary

The Q3-Q4 drilling program includes 28 holes drilled since September 5, 2016, totaling 3,518 metres. A total of 73 holes have been completed, totaling 8,097 metres, since the initial holes were drilled in October 2015. Today's release includes results for holes BKD-53 to BKD-61 and follows the first batch of results (see October 4, 2016 press release here) for holes BKD-46 to BKD-52. Results are pending for holes BKD-62 to BKD-73 which have been completed within, north, and east of the Striker Zone, and within the Northeast Zone, approximately 1 kilometre northeast of the Striker Zone.

New Wide Zone of Mineralization Identified Under Shallow Cover in Hole BKD-60

Step-out drilling was completed 170 metres north of the Striker Zone where hole BKD-60 has returned a very wide intersection of gold mineralization. Starting immediately below the 20 metres of younger Cretaceous cover, BKD-60 averaged 1.3 g/t gold over 123 metres and included 30 metres of 3.0 g/t gold near the top of the hole. Visible gold was observed in multiple locations, particularly between 29 and 59 metres, but continued locally to a depth of 117 metres. This hole confirms that significant gold mineralization continues beyond the Striker Zone under the younger Cretaceous units that lie between the main exposed area of mineralization in southwest Bayan Khundii (includes Striker Zone) and the Northeast Zone, located 750 metres to the northeast, demonstrating the strong potential for expansion of the mineralized zones.

Table 1 – Bayan Khundii drill results for Drill Hole BKD-60

Drill Hole	From (m)	To (m)	Interval (m)*	Gold (g/t)
BKD-60	20	143	123	1.32
Incl	24	92	68	1.96
Incl.	29	59	30	2.98
Incl.	58	59	1	19.0
Incl.	91	92	1	16.6
Incl.	137	141	4	2.18

* 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 45 to 90 degree angle. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees).

Striker Zone Continuity Strengthened with Hole BKD-57

Striker Zone drilling continues to establish continuity of the high-grade gold mineralization. Drilling intersected intensely altered volcanic tuffs with variable quartz-adularia and stockwork veining, with visible gold identified in hole BKD-57, as well as within holes BKD-63 and BKD-70, for which results are pending. Hole BKD-57, located in the western portion of Striker Zone, has returned one of the most intensely mineralized areas within the Striker Zone with 90 metres of 2.5 g/t gold, including a very high grade zone of 26 g/t gold over 7 metres. Additionally, hole BKD-55, located along the southwest portion of the Striker Zone, intersected a new, near-surface zone returning 24 metres of 1.3 g/t gold.

Immediately north of the Striker Zone, hole BKD-65 (results pending) returned moderate quartz adularia, chalcedonic quartz and stockwork veins and locally visible gold within altered volcanic tuff. This hole tested a new zone previously uncovered in trench BKT-13 (2 metres of 8.6 g/t gold). In three areas (southwest portion of Striker Zone, east of Striker Zone, and at depth in the Northeast Zone) intrusive rocks have been intersected at varying depths, both post and pre mineralization. Based on the magnetic signature associated with the post-mineralization syenite in the vicinity of

the Striker and Gold Hill Zones, these intrusions seem to be of limited extent and are considered to be small syenite plugs.

Table 2 – Bayan Khundii drill results for Drill Holes BKD-54 to 58 and BKD-61

Drill Hole	From (m)	To (m)	Interval (m)*	Gold (g/t)
BKD-54	41	92	51	0.16
BKD-55	10	34	24	1.26
Incl.	21	24	3	4.40
BKD-56	24	44	20	0.87
and	53	89	36	0.60
Incl.	53	58	5	1.70
BKD-57	0	2	2	1.00
and	36	126**	90	2.51
Incl.	62	93	31	6.80
Incl.	66	73	7	26.0
Incl.	90	93	3	4.98
BKD-58	4	6	2	0.35
and	22	24	2	0.46
BKD-61	11	18	7	1.10
and	66	82	16	0.59

* 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 45 to 90 degree angle. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees).

** End of hole

Gold Mineralization Intersected Under Cover to the West

Approximately 100 metres west of the Striker Zone, two holes, BKD-53 and BKD-59, tested for gold mineralization under younger Cretaceous cover to a vertical depth of 200 metres and 250 metres, respectively. Results indicate a continuity of, and locally an increase of intensity in, gold mineralization; including 5 metres of 2.2 g/t gold in BKD-53 and 2 metres of 7.4 g/t gold at depth in BKD-59. The mineralized lithology includes silicified volcanic tuffs with stockwork and quartz, plus/minus adularia veining including some with colloform and crustiform textures, indicative of an epithermal system and typical for Bayan Khundii. These results further demonstrate the potential for the discovery of additional gold mineralization under cover to the west.

Table 3 – Bayan Khundii drill results for Drill Holes BKD-53 and BKD-59

Drill Hole	From (m)	To (m)	Interval (m)*	Gold (g/t)
BKD-53	72	105	33	0.59
Incl.	99	104	5	2.19
BKD-59	121	152	31	0.95

Drill Hole	From (m)	To (m)	Interval (m)*	Gold (g/t)
Incl.	133	143	10	1.71
and	174	181	7	0.82
and	202	230	28	0.74
Incl.	216	218	2	7.41

* 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 45 to 90 degree angle. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees).

Northeast Zone

In the Northeast Zone, approximately 1 kilometre northeast of the Striker Zone two holes have been completed, BKD-62 and BKD-72 (results pending). Under 45 metres of cover on the northern portion of the Northeast Zone, BKD-62 intersected altered and sulfide mineralized volcanic tuffs and syenite porphyry units with locally intense zones of quartz veining with pyrite-sulfide mineralization and increasing quartz veining deeper in the hole, and terminated at 175 metres. Hole BKD-72 was drilled approximately 150 metres southwest of BKD-62 to a depth of 150 metres. This hole was collared in altered lapilli tuff and intersected multiple zones of quartz veining, locally quartz-adularia and chalcedonic quartz veins, as well as disseminated and quartz vein hosted sulfides.

Drilling Plans

The drill program will recommence on October 21, 2016 and will continue through mid-December. Drill targeting will be based on results of current drilling and the results from the independent technical evaluation studies completed in Q3 2016. The remaining, expanded program is expected to consist of a further 5,500 metres of drilling including an additional 2,000 metres at Bayan Khundii; 3,000 metres of resource expansion and scout drilling along the 5.6 kilometre long mineralized trend at the Company's Altan Nar Gold-Polymetallic Project, located 19 kilometres northwest of Bayan Khundii; and a 500 metre initial drill program to test newly identified targets at the Company's Altan Arrow gold prospect, located 3.5 kilometres north of Bayan Khundii.

Background on Bayan Khundii, Altan Nar and Altan Arrow Gold Projects

Bayan Khundii Gold Project

In Q2 2015, Erdene conducted an initial exploration program on the southern portion of the Company's 100%-owned Khundii license in southwest Mongolia. This reconnaissance work led to the discovery of the Bayan Khundii, low sulphidation epithermal gold prospect. Gold mineralization at Bayan Khundii has been identified over a 1.7 kilometre trend, with detailed exploration only taking place over a 500 metre by 350 metre zone in the southwest portion of the prospect area, where the Company's Q4 2015 and Q2 2016 drill programs have focused. Visible gold was observed in multiple drill holes, and results include several high-grade intersections within a series of parallel structures exposed at surface. Results include up to 35 metres of 5.9 g/t gold in

hole BKD-10 from surface to the bottom of the hole (including 12 metres of 16.2 g/t gold), and 63 metres of 5.3 g/t gold in hole BKD-17 starting at 50 metres. Drill results and program details are included in Erdene's press releases ([click here](#)).

In Q1 2016, the Company concluded preliminary metallurgical test work at Bayan Khundii, indicating that gravity concentration and cyanidation of the gravity tails yield 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 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%.

Altan Nar Gold-Polymetallic Project

Discovered in 2011, the Company's Altan Nar gold-polymetallic project (19 kilometres northwest of Bayan Khundii) hosts a total of 18 mineralized gold-silver-lead-zinc target areas within a 5.6 kilometre by 1.5 kilometre mineralized corridor. Two of the early discoveries, Discovery Zone ("DZ") and Union North ("UN"), are the most advanced targets, hosting wide zones of high-grade, near-surface mineralization over variable widths (up to 53 metres apparent width) averaging in excess of 1 g/t gold, including intervals up to 19 metres averaging 5.8 g/t gold (7.8 g/t gold equivalent*). The DZ and UN targets were the focus of an initial National Instrument 43-101 resource estimate released by the Company in Q1 2015. Altan Nar remains at an early stage of exploration with only shallow, detailed drilling of DZ and UN with the remaining 16 targets either undrilled or scout-drilled, and are considered by the Company to have good potential for hosting additional resources. The license has a 2% NSR Royalty in favour of Sandstorm Gold Ltd. with a buy-back option to reduce the NSR Royalty to 1%.

*Gold equivalent has been used to express the combined value of gold, silver, lead and zinc at Altan Nar as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US \$1200/ounce gold, \$18/ounce silver, and \$0.90/pound for lead and zinc.

Altan Arrow Gold Project

The Altan Arrow gold project ("Altan Arrow") is situated on the Bayan Khundii license, 3.5 km north of the Bayan Khundii project and 15 km southeast of Altan Nar. Previous exploration by Erdene in the Altan Arrow prospect area confirmed the presence of high-grade gold within epithermal quartz veins and the potential for broader mineralized zones. Erdene geologists identified an approximate 1 square-kilometre area of anomalous gold-silver mineralization in quartz veins that returned up to 57 g/t gold in hand samples and 1 m of 31.4 g/t gold and 6 m of 4.5 g/t gold in trenching. The 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 the Company'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 Altay region of southwest Mongolia. For further information on the Company, please visit www.erdene.com. Erdene has 121,155,992 issued and outstanding common shares and a fully diluted position of 134,432,906 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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Figure 1 - Plan Map of the Bayan Khundii Gold Project

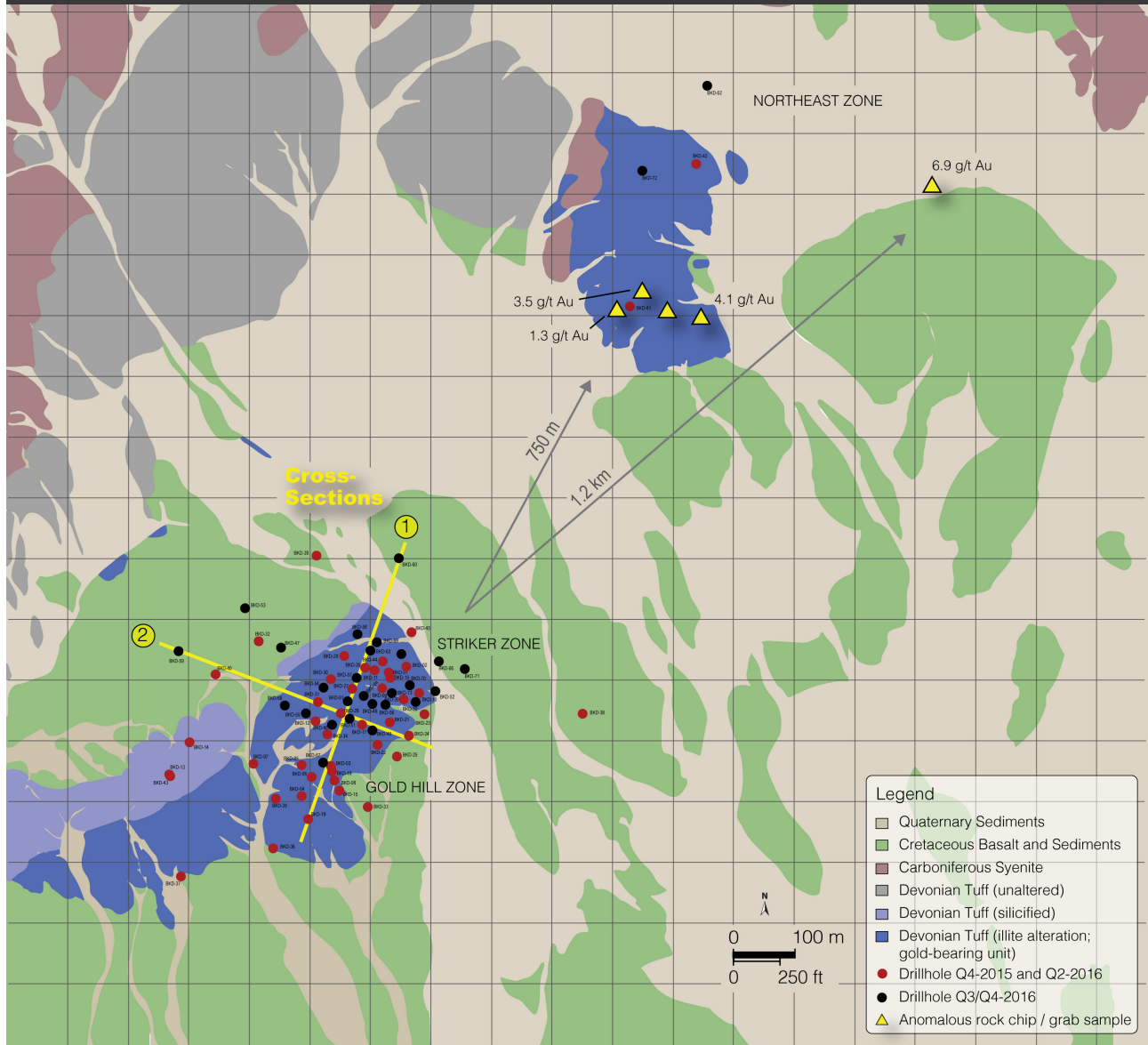


Figure 2 - Cross Section No.1 - Striker Zone Heading Northeast Under Younger Cover

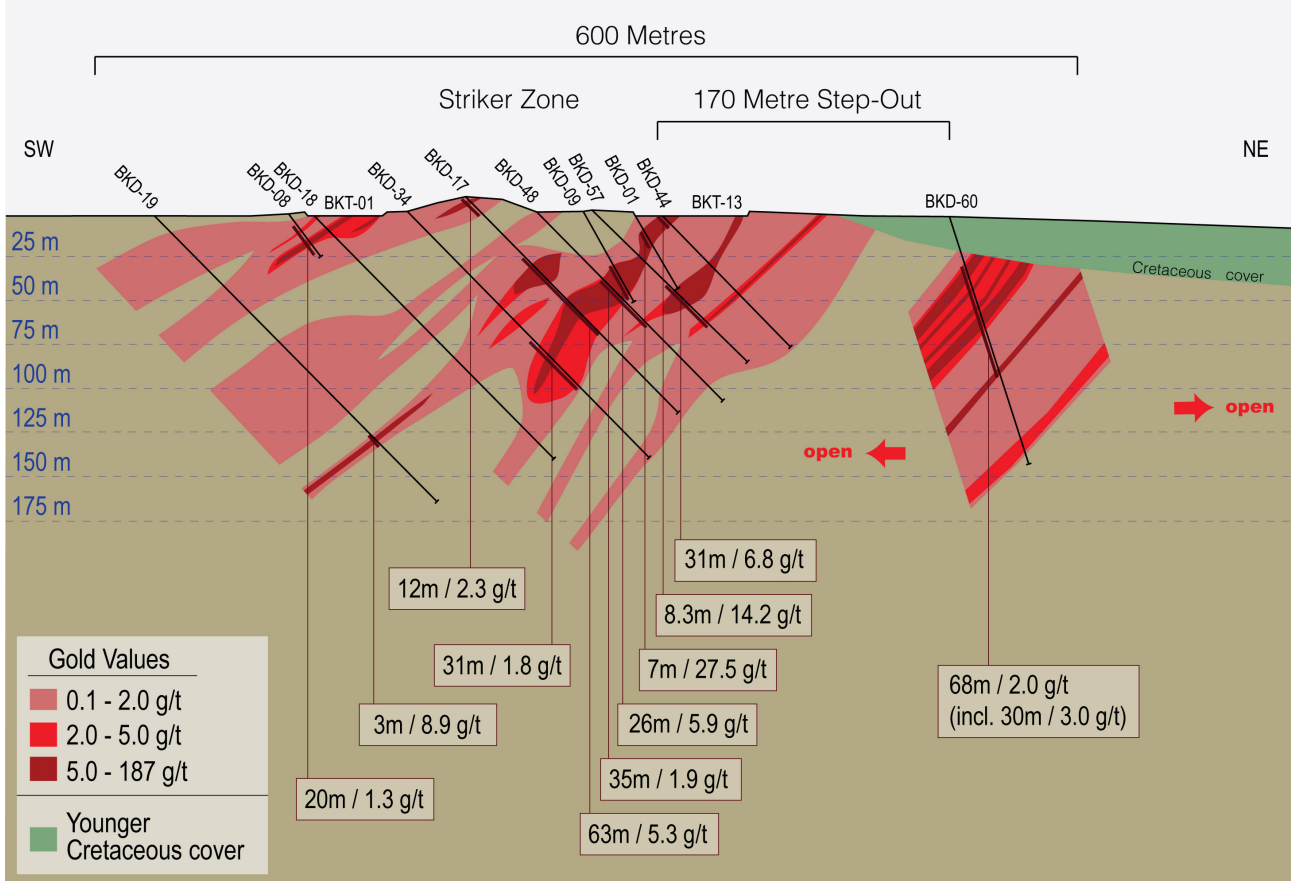


Figure 3 - Cross Section No. 2 - Striker Zone Heading Northwest Under Younger Cover

