



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Provides Project Updates and Second Quarter Financial Results**

For Immediate Release

**Halifax, Nova Scotia – August 12, 2010 – Erdene Resource Development Corp. (“Erdene” or “Company”) (TSX:ERD)** today provided an update on its principal projects in conjunction with the release of its second quarter 2010 financial results.

#### **2010 Second Quarter Highlights**

- Xstrata Coal continues to advance the Donkin Coal Project with on-going pre-feasibility level engineering and marketing studies in support of the development of the project based on sales into the coking coal market; study expected to be finalized by the end of the third quarter, 2010.
- Work continued to advance the Zuun Mod Molybdenum Project in Mongolia; resource was officially registered with the Mongolian Minerals Resource Council, a prerequisite to applying for a mining license; pre-feasibility level studies continue.
- The 2010 coal and metals exploration programs in Mongolia continued throughout the quarter; new coal and metals targets identified in south-western Mongolia.
- Advanced Primary Minerals Corporation (“APM”) closed a \$1 million private placement financing on August 4, 2010; Erdene participated with a \$350,000 investment and conversion of \$379,101 in existing debt to APM shares to hold 59.7% of APM’s issued and outstanding shares.
- Aggregates USA made a production decision on the Georgia based Granite Hill Aggregate Project with mine development to start immediately; production is expected to commence in the third quarter 2011.
- Erdene's second quarter expenditures directed toward the advancement of the Company's primary projects; ends quarter with \$11.1 million in cash and cash equivalents.

#### ***Project Updates and Summaries***

##### **Donkin Coal Project**

In February 2010, Xstrata Coal indicated that they intend to develop the Donkin Coal Project based on sales into the coking coal market. The revised Donkin Coal Project is expected to utilize four continuous miners added incrementally over the first three years of production. In addition, a coal wash plant will be built on site and it is proposed that coal will be shipped from the mine site

using a barge to ship system or by rail into Sydney Harbour. Under the revised development plan, the Donkin Coal Project is projected to produce approximately 2.75 million tonnes per annum of washed, export-grade coking coal at full production, pending receipt of all approvals.

Early in the second quarter, the Company provided an update on the Donkin Coal Project announcing that a number of key elements of the project have been initiated including civil construction, engineering and pre-feasibility studies, environmental assessment studies and consultation with government officials.

Site development commenced with the awarding of the access road construction contract. Municipal Ready Mix Ltd, located in Sydney, Nova Scotia, completed the construction of the 2.5 kilometre long road subsequent to the end of the second quarter.

Xstrata Coal initiated studies by Sedgeman, GW Engineering/Kellogg Brown & Root Pty Ltd. and Sandwell Engineering to add a wash plant to the coal handling facility and to prepare prefeasibility level studies on transportation system options. Mining consulting firm, Marston (Missouri), has been engaged to complete a pre-feasibility study of the revised project scope. Marston is an international full-service mine consulting firm headquartered in St. Louis, Missouri with extensive experience in open pit and underground coal mines.

The majority of the engineering studies have been completed and delivered to Marston to be incorporated into the pre-feasibility report. A marketing report is in the final stages of completion. The Marston pre-feasibility report is expected to be completed before the end of the third quarter.

Erdene has a 25% interest in the Donkin Coal Project, located on Cape Breton Island, Nova Scotia with joint-venture partner and project manager Xstrata Coal Canada ("Xstrata Coal"). The deposit is strategically located proximal to deep water with ready access to some of the world's major shipping routes. The resource includes 227 million metric tonnes ("Mt") of Indicated and 254Mt of Inferred high volatile-A bituminous (12,000-14,000 Btu) coal. The processed Donkin coal also has many excellent coking coal properties including low ash, medium sulphur, low phosphorus, high CSN (crucible swell number) and fluidity.

### **Zuun Mod Molybdenum Project**

In July, subsequent to the end of the second quarter, the Zuun Mod molybdenum-copper deposit was officially registered by the Mongolian Minerals Resource Council, a prerequisite for applying for a mining license. The Company will now proceed with an application for a mining license for the Zuun Mod project. The mining license application will be for approximately 10,000 hectares, a reduction from the current 49,538 hectare exploration license.

In early 2010, Erdene contracted Wave Geophysics, LLC to provide a model and interpretation of all geological, geochemical and geophysical data from the Zuun Mod project with a focus on identifying additional exploration targets in the vicinity of the Zuun Mod Mo-Cu deposit. This study was received during the second quarter. While the final results are still being evaluated, preparations are underway to conduct a specialized geophysical induced polarization survey over the area to the southwest and along strike from the Zuun Mod deposit to test for possible extensions of mineralization in this area.

During the second quarter, the Company continued to advance the project and is in the planning stages of additional hydro-geological studies including a geophysical survey and a drilling program designed to confirm water resources in support of mine development. In addition, the

Company's independent technical consultants, Minarco-MineConsult of Australia, conducted pit optimization and scheduling studies on the Zuun Mod deposit. Following completion of this work, it is anticipated that the information will be used to create a financial model on which to base decisions regarding the advancement of the project to the pre-feasibility stage.

Zuun Mod is a porphyry molybdenum-copper deposit containing 215 million pounds ("Mlbs") of molybdenum in the Measured and Indicated category, grading 0.054% Mo, and a further 208Mlbs in the Inferred category grading 0.051% Mo, making it one of the largest undeveloped molybdenum-copper deposits in the Asia region. Erdene controls the Zuun Mod deposit through a single exploration license totaling 49,538 hectares, located in Bayankhongor Province in Mongolia, approximately 950 kilometers southwest of Ulaanbaatar and 215 kilometers from railhead on the Mongolia-China border at Ceke. The railhead is located 20 kilometers south of the Nariin Sukhait and Ovoot Tolgoi coal mines.

### **Regional Coal and Metals Exploration Program**

During the second quarter, field work was started for both the coal and metals exploration programs in Mongolia. The coal exploration program is focused on evaluating the potential of several large basins (Zarman and Nomin) in southwestern Mongolia to host coal deposits. Work to date has identified coal bearing lithologies, up to 32 metres apparent thickness, which outcrop discontinuously over a strike length of 60km along the northern edge of the Zarman basin. Work is continuing to further evaluate these findings, including geophysical surveys (magnetic and seismic), in preparation of a drilling program expected to commence by early September.

A budget of US\$1.9 million is in place for 2010 coal exploration programs in Mongolia, which is fully funded by Xstrata Coal Canada Ltd. through the Erdene-Xstrata Coal Alliance. Xstrata Coal Canada Ltd. has the right to earn a 75% interest in any of Erdene's coal projects in Mongolia by fully funding the projects through to completion of a feasibility study.

The Company has been carrying out a two year, detailed regional evaluation of a large area in south-western Mongolia evaluating the potential to host porphyry related copper-gold-molybdenum mineralization. The 2010 metals exploration program is focused on evaluating newly acquired exploration licenses, follow-up of anomalous results from the 2009 regional exploration program and field evaluation of the expanded regional porphyry evaluation program. Multiple new targets have been generated to date and are receiving further work. As part of the 2010 metals exploration program, 211 rock-chip geochemical samples have been collected and sent for analysis. Final results are pending.

### **Sparta Kaolin Project (Advanced Primary Minerals Corporation)**

Subsequent to the end of the second quarter, Erdene announced the acquisition of additional shares in APM which completed a \$1 million private placement (\$350,000 investment by Erdene) and debt settlement transaction (\$379,101) to hold 15,717,748 (59.7%) of APM's issued and outstanding Shares.

Advanced Primary Minerals operates a newly commissioned kaolin processing plant in Dearing, Georgia producing performance filler, glazing and coating products for the ceramics, plastics and refractory industries as well as other specialty industrial applications. The Corporation plans to immediately begin a capital expansion program at its plant in Dearing, Georgia with the installation of new product silos, bagging and classification equipment to accommodate increased

sales and new product lines. In addition, work will commence right away on a feasibility program to evaluate a number of expansion options and to determine the optimal plan for permitting and development of the Corporation's 330 acre, high quality primary kaolin resource located in McDuffie County within eight miles of the Dearing plant.

### **Granite Hill Project**

Aggregates USA (Sparta), LLC ("AUSA") holds a mining lease agreement with the Company on the Granite Hill Aggregate Project. AUSA has made the Granite Hill Project one of its top priority new developments. During the second quarter, AUSA announced a production decision. Mine development is to begin immediately with production forecast to commence in the third quarter 2011.

The Company's Granite Hill project is a former producing granite aggregate quarry in central Georgia. The Company, through its subsidiary ERD Aggregate Corp, owns the 342-acre property, which holds a resource in excess of 120 million tons and is situated on an existing rail line. The Company leases the property to AUSA. Under the terms of the mining lease, the Company has granted an exclusive right to AUSA to mine, process, and sell aggregate from the Granite Hill property. As operator, AUSA is responsible for 100% of all capital and operating costs for the project. The sale of all aggregate from the property is subject to an industry competitive royalty payable to the Company.

### **2010 Second Quarter Financial Results Summary**

Erdene's June 30, 2010 financial statements and Management's Discussion and Analysis were filed with regulatory authorities on August 11, 2010 and are available on the Company's website at [www.erdene.com](http://www.erdene.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). These statements are provided on a consolidated basis incorporating its controlled subsidiary, APM.

For the three months ended June 30, 2010, exploration and operating expenses, net of joint venture partner contributions of \$328,722, amounted to \$874,001 compared to \$1,642,848, in the second quarter of 2009, net of partner contributions of \$170,573. Including capitalized exploration costs and excluding write-offs, exploration expenses were \$1,455,561 for the second quarter of 2010 compared to \$1,450,108 for the same period in 2009.

Erdene's second quarter expenditures were directed toward the advancement of the Company's primary projects: Donkin Coal Project, Zuun Mod Molybdenum Project, metal exploration in Mongolia and industrial mineral projects.

Administrative expenses totalled \$752,850 (including \$139,932 in non-cash stock based compensation) for the second quarter of 2010, compared to \$551,564 (including \$99,120 in non-cash stock based compensation) in the second quarter 2009.

The Company recorded a net loss of \$1,449,680, or \$0.02 per share, in the second quarter of 2010 compared to net loss of \$1,478,796, or \$0.02 per share, in the second quarter of 2009.

At June 30, 2010, Erdene had \$11.1 million of cash and cash equivalents on hand, on a consolidated basis, compared with approximately \$13.8 million at December 31, 2009.

### Qualified Person

J.C. (Chris) Cowan, P.Eng. (Ontario), is a 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 diversified resource company with multiple projects at various stages of development from exploration to production, all focused on high-growth commodities. Erdene has a current working capital position of approximately \$11.3 million, including that of its controlled subsidiary APM, with 89,230,877 common shares issued and outstanding and a fully diluted position of 93,034,877 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. Discussion of the various factors that may affect future results is contained in Erdene's Annual Information Form dated March 29, 2010, which is available at [www.sedar.com](http://www.sedar.com). 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 subject to change after that date and Erdene does not assume the obligation to revise or update these forward-looking statements after the date hereof AIF, or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

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