

# Erdene Provides Second Quarter Project Review and Financial Results

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HALIFAX, Aug. 14, 2018 - [Erdene Resource Development Corp.](#) (TSX:ERD) ("Erdene" or "Company") is pleased to provide an update on second quarter corporate and project activities, along with an outlook for the second half of 2018. This release should be read in conjunction with the Company's Q2-2018 Financial Statements and MD&A on the Company's website or on SEDAR.

"Our Company has had an active and successful second quarter where we reported some of the highest grade drill results to date from our flagship gold project Bayan Khundii, announced an updated resource estimate at our neighboring Altan Nar project that nearly doubled the total ounces, became the first foreign-listed company to cross-list its shares on the Mongolian Stock Exchange, and closed two oversubscribed financings," said Peter Akerley, Erdene's President and CEO. "Taken together, the solid progress this quarter has increased the fundamental value of the Company, and set the stage for further value enhancement in the months ahead. Looking forward, we anticipate announcing the maiden Bayan Khundii resource estimate in Q3, which will compliment the updated Q2-2018 Altan Nar resource estimate, both of which will form the basis of a Preliminary Economic Assessment, expected to be announced in Q4. Both of these projects are high-grade, near-surface open pitable resources, located within an exceptional gold and copper terrane that remains under-explored and that continues to be a core focus of the exploration team actively exploring for the new deposits adjacent to a growing mining region."

## Project, Corporate and Financial Update

### Bayan Khundii Gold Project – 100% Erdene

- The Company completed a 4,584 metre drill program at Bayan Khundii in Q2-2018 bringing total drilling to 42,656 metres since the project was discovered in Q2-2015.
- In Q2-2018, multiple intersections returned very high gold grades, including:
  - 18 metres of 21.6 g/t gold, including 2 metres of 169 g/t gold (BKD-238);
  - 37 metres of 4.4 g/t gold, including 2 metres of 50.5 g/t gold (BKD-241);
  - 10 metres of 16.9 g/t gold, including 2 metres of 17.5 g/t gold and 2 metres of 56.8 g/t gold (BKD-242);
  - 12 metres of 11 g/t gold, including 3 metres of 35.6 g/t gold (BKD-245); and
  - 81 metres of 2.6 g/t gold, including 17 metres of 9.2 g/t gold (BKD-254).
- Significantly, the testing of a potential feeder zone in the Midfield Zone at the intersection of a deep-seated northwest-trending fault and the interpreted relay ramp structure, returned 7 metres of 34.4 g/t gold (BKD-244) from the widest zone of gold-bearing quartz-adularia veins intersected to date at Bayan Khundii.
- All Bayan Khundii drill results were delivered to RPMGlobal in late July who have commenced work on the maiden Bayan Khundii mineral resource estimate, anticipated to be announced in Q3.
- This maiden resource estimate will accompany the Company's updated resource estimate for Altan Nar (16 kilometres northwest of Bayan Khundii) announced in Q2-2018 (see below for further detail).
- Following the announcement of a consolidated resource estimate for Bayan Khundii and Altan Nar, the Company will advance both projects to the preliminary economic assessment stage, with results of that study expected in Q4-2018.

### Altan Nar Gold-Polymetallic Project – 100% Erdene (16 kilometres north of Bayan Khundii)

- In Q2-2018, the Company announced an updated resource estimate for Altan Nar with significant increases over the maiden resource estimate announced in March 2015.
- The Indicated gold equivalent ("AuEq") resource increased by 208% and the Inferred AuEq resource increased by 172%, compared to the March 2015 resource estimate.

- The Indicated Resource of 452,900 ounces (&ldquo;oz&rdquo;) AuEq averaged 2.8 g/t AuEq and the Inferred Resource of 277,100 oz AuEq averaged 2.5 g/t AuEq, within a total resource of 5.0 million tonnes (&ldquo;Mt&rdquo;) Indicated and 3.4 Mt Inferred.
- Approximately 90% of the Mineral Resource is within 150 metres of surface with all zones open along strike and at depth.
- Multiple undrilled and scout-drilled prospects along the 5.6 kilometre Altan Nar trend have the potential for hosting additional gold-polymetallic resources.

#### Regional District Exploration

- The Company has completed significant exploration within the 11.4 kilometre long Bayan Khundii license.
- Subsequent to the end of Q2-2018, the Company has completed reconnaissance drilling on multiple targets in the Bayan Khundii license area with additional drilling planned in Q3/Q4-2018.
- In Q3-2017, the Company acquired a 51% interest, with the option to acquire up to 100%, in the Ulaan license, located immediately west of its Bayan Khundii license. Ulaan has no history of drilling and is host to very large, 3-kilometre diameter, intense alteration zone with characteristics thought to be related to a porphyry complex. The Company completed a surface geophysical program in Q3-2018 and intends to initiate a maiden drill program at Ulaan in late Q3.
- Erdene continues to be active through its Alliance with [Teck Resources Ltd.](#) (&ldquo;Teck&rdquo;), Canada&rsquo;s largest diversified mining company, in assessing regional base and precious metal opportunities in southwest Mongolia&rsquo;s prolific Central Asian Orogenic Belt. Between 2013 and 2017, Teck invested a total of \$3 million through six separate private placements in Erdene, fulfilling the initial terms of the Company&rsquo;s original agreement with Teck. Teck will continue to have the right, through to Q1-2020, to elect to enter into a joint venture agreement on any designated properties within the Alliance&rsquo;s Area of Interest submitted by Erdene and approved by Teck for acquisition.

#### Mining Studies Group

- In Q2-2018, the Company formed a Mining Studies Group responsible for all technical and permitting-related studies pertaining to Bayan Khundii and Altan Nar. The team includes:
  - Cameron McRae (Chair of Technical Committee of the Board and Erdene Director); Former President of Oyu Tolgoi LLC where he led the construction and start-up of the US\$6 billion Oyu Tolgoi copper-gold mine in southern Mongolia;
  - Julian Lawrence (Erdene Advisor); Mining Engineer and qualified Project Manager with over 15 years&rsquo; experience in permitting and developing mining projects across the Asia region, including Mongolia;
  - Paul Korpi (Erdene Advisor); Metallurgical Engineer and Mining Consultant with over 40 years&rsquo; experience in the mining sector, including 22 years with [Newmont Mining Corp.](#), and 4 years with Centerra Gold where he was part of the development team and managed the first hard rock gold mine in Mongolia (Boroo mine) producing 250,000+ ounces per year;
  - David Mosher (Erdene Director); Geologist and former President and CEO of High River Gold Mines where he developed and managed gold mines in Burkina Faso and Russia; and
  - Chris Cowan (Erdene Chairman); Mining executive/engineer with over 40 years&rsquo; experience in senior industry positions, including 28 years with [Falconbridge Ltd.](#)

#### Permitting, Water, Energy, and HSEC

- Permitting:
  - Erdene has engaged several consulting firms in preparation of anticipated resource estimates, preliminary economic studies, mining license applications, and geological modeling and targeting for the Bayan Khundii and Altan Nar projects. Erdene also continues to update the baseline surveys at Bayan Khundii and Altan Nar to fulfill Mongolian regulatory requirements for registering mineral resources, including conducting geotechnical work and mine hydrogeology studies.
- Water:
  - A preliminary water resource was recently identified approximately 15 kilometres from Altan Nar, which is believed to be sufficient to meet the processing needs of both projects (Altan Nar and Bayan Khundii). Additional work will be required in 2019 prior to the completion of a feasibility study to better define the water resource.

- **Energy:**
  - Through an initiative of the International Finance Corporation, the Company participated in a co-financed study of renewable energy supply options at Bayan Khundii and Altan Nar. The study provided technical and financial analysis for potential mine electricity demand scenarios that indicated an optimal pairing of renewable power with rotating machines for lowest cost, most reliable energy supply.
- **Health, Safety, Environment & Community (HSEC):**
  - No Lost Time Injuries reported to date in 2018.
  - Through a province-based, non-profit organization, the Company initiated cultivation trials of endemic plant species in and around its project sites as part of its commitment to stewardship of natural resources in Mongolia's southwestern Gobi.
  - The Company entered into an annual Local Cooperation Agreement with the local, provincial and county governments, which outlines the responsibilities and commitments of the Company and local governments in relation to regulating and increasing public awareness of the minerals sector.
  - In 2018, Erdene approved voluntary contributions for over ten different initiatives at the county and province levels focused on improving local livelihoods, basic education, public health and natural resource management.
  - The Company recently appointed a dedicated Health and Safety Officer and site-based Environmental Officer to assist with HSEC related efforts.

#### Financial and Corporate Update

- As of August 14, 2018, the Company has a working capital position of approximately \$3.95 million. Current working capital is expected to fund the Company's budgeted expenditures to Q1-2019.
- Erdene's Q2-2018 Financial Statements and Management Discussion & Analysis were filed with regulatory authorities on August 14, 2018 and are available on the Company's website and on SEDAR.
- In Q2-2018, Erdene became the first foreign-listed company to cross-list its shares on the Mongolian Stock Exchange and closed an oversubscribed Mongolian financing for gross proceeds of \$1.36 million. Concurrent with the cross-listing, Erdene completed a private placement with gross proceeds of \$4.12 million.
- For the six months ended June 30, 2018, the Company recognized a net loss of \$2,141,134, or \$0.01 per share, compared to a loss of \$2,664,797, or \$0.02 per share for the same period in 2017.
- Exploration expenditures, including capitalized costs, totalled \$3,180,081 for the first six months of 2018 compared with \$4,799,360 for the same period in 2017, a decrease of 34%. Together, the Bayan Khundii and Altan Nar projects represented \$2,208,354 or 69% of the 2018 exploration expenditures compared with \$3,753,946 or 78% of the 2017 exploration expenditures for the same period in 2017.
- Excluding non-cash share-based compensation and depreciation, the cash corporate and administrative expenses for the first six months of 2018 were \$738,017 compared with \$904,207 for the same period in 2017, a decrease of \$166,190 or 18%. Total corporate and administrative expenses were \$1,278,047 for the six months ended June 30, 2018 compared to \$1,725,192 in 2017.
- The corresponding cash exploration expenditures for the first six months of 2018 were \$2,825,044, compared with \$4,209,544 for the same period in 2017. The cash corporate and administrative expenses represented 26% of cash exploration expenditures incurred the first six months of 2018 compared with 21% for the same period in 2017.

#### Outlook

- With the Q2-2018 Bayan Khundii drill program complete, the Company has delivered all Bayan Khundii drill results to RPMGlobal who have commenced work on a maiden independent NI 43-101 mineral resource estimate for Bayan Khundii to accompany the Company's updated mineral resource estimate prepared by RPMGlobal for Altan Nar announced in Q2-2018.
- The Bayan Khundii resource estimate is expected to be announced in Q3-2018.
- Following the definition of resources, the Company has commissioned RPMGlobal to complete a preliminary economic assessment for Bayan Khundii and Altan Nar, anticipated to be announced in Q4-2018.
- It is expected that the Company will progress through a series of increasingly more detailed and rigorous assessments through 2019. It is anticipated that these assessments will lead to a feasibility decision that will potentially lead into mine and plant development and construction and onto initial commercial production.
- Regional exploration within the Tian Shan Belt will continue, however the Company's immediate focus will continue to be the advancement of Bayan Khundii and Altan Nar, and evaluation and potentially acquisition of prospects in the surrounding Khundii District.

#### Qualified Person

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.

#### 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. The Company has interests in four exploration licenses and a mining license in southwest Mongolia, where exploration success has led to the discovery and definition of several prospects and deposits including: Bayan Khundii – the Company’s flagship and newly discovered (Q2-2015), high-grade, near-surface gold project; Altan Nar – an extensive, high-grade, near-surface, gold-polymetallic project located 16 kilometres northwest of Bayan Khundii; Altan Arrow – an early-stage, high-grade gold-silver project 3.5 kilometres north of Bayan Khundii; Ulaan – a recently-acquired copper-gold porphyry prospect adjacent to Bayan Khundii; Khuvyn Khar – an early-stage, copper-silver porphyry project; Nomin Tal – a narrow, high-grade copper-gold discovery; and Zuun Mod – a large molybdenum-copper porphyry deposit. In addition to the above projects, Erdene has an Alliance with [Teck Resources Ltd.](#) on regional copper-gold exploration in the prospective Trans Altai region of southwest Mongolia. The Bayan Khundii and Altan Nar licenses have 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%. For further information on the Company, please visit [www.erdene.com](http://www.erdene.com). Erdene has 161,775,791 issued and outstanding common shares and a fully diluted position of 185,951,320 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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