

# Erdene Reports Q3 2018 Financial and Operating Results

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HALIFAX, Nov. 15, 2018 - [Erdene Resource Development Corp.](#) (TSX:ERD) ("Erdene" or "Company"), is pleased to announce financial and operating results for the three and nine months ended September 30, 2018. This release should be read in conjunction with the Company's Q3 2018 Financial Statements and MD&A, available on the Company's website or SEDAR at [www.sedar.com](http://www.sedar.com).

"The third quarter was a very active period for our Company. Following the announcement of the maiden resource estimate for the Khundii Gold Project in September, we engaged RPM Global to prepare the Project's Preliminary Economic Assessment, scheduled to be delivered in the fourth quarter," said Peter Akerley, Erdene's President and CEO. "Concurrently, we launched technical studies in preparation of mining license applications, to be submitted by year-end."

"Outside of this detailed pre-development work, we see regional exploration as a key value driver for our Company, as our exploration teams advance our early-stage gold targets on the Bayan Khundii license. On the acquisition front, Mongolia's Ministry of Mining and Heavy Industry released tender blocks in southwest Mongolia in November, the first land released in this area in several years. We have developed the largest proprietary geologic database in the region which will assist our team in evaluating these properties for acquisition."

## Operational Highlights

- Commenced the Preliminary Economic Assessment ("PEA") for the Khundii Gold Project, the first economic study on the project, scheduled to be completed in late Q4 2018.

- Filed the NI 43-101 Mineral Resource Technical Report for the Khundii Gold Project on November 1, 2018<sup>1</sup>:

- Gold-only resource at 0.6 to 0.7 g/t gold cut-off <sup>1</sup>: 751,000 ounces gold at an average grade of 2.3 g/t gold, Measured and Indicated, and 291,000 ounces gold at an average grade of 1.8 g/t gold, Inferred (0.6 to 0.7 g/t gold cut-off <sup>1</sup>).
- Gold-only resource at 1.4 g/t gold cut-off: 642,000 ounces gold at an average grade of 3.7 g/t gold, Measured and Indicated, including 357,000 ounces gold at an average grade of 5.2 g/t gold at the Bayan Khundii deposit.
- Gold-Equivalent ("AuEq") resource at 0.6 to 0.7 g/t gold cut-off <sup>1</sup>: 886,000 ounces AuEq at an average grade of 2.7 g/t AuEq, Measured and Indicated, and 382,000 ounces AuEq at an average grade of 2.3 g/t AuEq, Inferred.

*1. See the technical report, titled "Bayan Khundii Gold Project, Bayankhongor Aimag, Southwest Mongolia, National Instrument 43- 101 Mineral Resource Technical Report", dated November 1, 2018, prepared by RPMGlobal Asia Limited. The report is available under the Company's profile at [sedar.com](http://sedar.com) and is also available on the Company's website at [www.erdene.com](http://www.erdene.com). RPMGlobal recommended cut-off grade for Bayan Khundii is 0.6 g/t gold and Altan Nar is 0.7 g/t AuEq above a pit and 1.4 g/t AuEq below the same pit shell.*

- Initiated technical studies in support of the registration of the Khundii Gold Project resources ahead of mining license applications for Bayan Khundii and Altan Nar planned for Q4 2018.

- Drilled 25 holes totaling 3,452 metres, testing 7 targets focused on the Altan Arrow and Khundii North

prospects within the Bayan Khundii license.

- Approximately 70% of the holes at Altan Arrow have intersected anomalous gold, with three holes intersecting greater than 20 g/t gold over 1 to 2 metre intervals.
- Three holes in the southern portion of Khundii North intersected wide zones of intense multi-phase, epithermal quartz stockwork and breccia, with associated anomalous gold mineralization up to 2.1 g/t gold.

● Submitted a bid for a tender license on November 14, one of the first parcels of properties released by Mongolia's Ministry of Mining and Heavy Industry in the last decade.

- Erdene has assembled the largest proprietary geologic database in southwest Mongolia, including 22 high-priority targets.

#### Financial and Corporate Update

● The Company had a working capital position of \$2.3 million as at November 9, 2018. Current working capital is expected to fund the Company's budgeted expenditures through Q1 2019.

● Erdene's Q3 2018 Financial Statements and Management Discussion & Analysis were filed with regulatory authorities on November 14, 2018 and are available on the Company's website and SEDAR.

● For the nine months ended September 30, 2018, the Company recognized a net loss of \$2.9 million, or \$0.02 per share, compared to a net loss of \$3.4 million, or \$0.02 per share for the same period in 2017.

● Exploration expenditures, including capitalized costs, totalled \$4.8 million for the first nine months of 2018, compared with \$8.3 million for the same period in 2017, a decrease of 42%. Together, the Bayan Khundii and Altan Nar projects represented \$3.2 million or 66% of the exploration expenditures compared with \$7.4 million or 89% of exploration expenditures for the same period in 2017.

● Cash exploration expenditures for the first nine months of 2018 were \$4.4 million, compared with \$7.7 million for the same period in 2017.

● Excluding non-cash share-based compensation and depreciation, cash corporate and administrative expenses for the first nine months of 2018 were \$1.0 million compared with \$1.3 million for the same period in 2017, a decrease of 17%.

#### Background on the Khundii Gold Project

Erdene's deposits are located in the Edren Terrane, within the Central Asian Orogenic Belt, host to some of the world's largest gold and copper-gold deposits. Although epithermal gold and porphyry copper-gold deposits are well documented across the border in China and along the Belt's westward trend, exploration in Mongolia was limited until the mid-1990's, when the country opened its doors to foreign exploration. Exploration since that time in southeast Mongolia led to the discovery of the world-class Oyu Tolgoi gold-copper deposit. Erdene has been the leader in exploration in Mongolia's southwest over the past decade and is responsible for the discovery of the Khundii Gold District with multiple high-grade gold and base metal prospects. The Khundii Gold Project is comprised of two deposit areas, approximately 16 kilometres apart, which are being considered for development; Bayan Khundii and Altan Nar. In addition, the Company has defined a large molybdenum-copper resource on the 100%-owned Zuun Mod project, 40 kilometres to the east of the Khundii Gold Project. These deposits are located in southwest Mongolia, approximately 200 kilometers from the major coal mining centre and rail hub at the Ceke border crossing with China.

Over the past two years, drilling at the Altan Nar and Bayan Khundii projects has revealed very high gold grades, including intercepts up to 2,200 g/t gold over 1 metre within 14 metres of 158 g/t gold at Bayan Khundii, and intercepts up to 101 g/t gold over 1 metre within 20 metres of 10.3 g/t gold at Altan Nar. Outside

of these two deposits, which will be the focus of a Preliminary Economic Assessment study in Q4-2018, the Company continues its regional, district-scale exploration program. The broader district, although still in its infancy, hosts the full spectrum of arc-related base and precious metal systems, including copper-gold porphyries, intermediate sulphidation / carbonate base metal gold deposits, and low sulphidation epithermal gold and gold-silver systems.

#### 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 on behalf of Erdene. 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, field and laboratory duplicates, and blanks.

#### About Erdene

[Erdene Resource Development Corp.](#) is a Canada-based resource company focused on the acquisition, exploration, and development of precious and base 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 the Khundii Gold District. [Erdene Resource Development Corp.](#) is listed on the Toronto and Mongolia stock exchanges. Further information is available at [www.erdene.com](http://www.erdene.com). Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

#### 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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