

Erdene Announces C\$8 Million Financing Package Led by the European Bank for Reconstruction and Development

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HALIFAX, Oct. 15, 2019 - [Erdene Resource Development Corp.](#) (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce a C\$8 million financing package, led by the European Bank for Reconstruction and Development (the "EBRD"). Erdene has entered into a definitive Loan Agreement ("Loan Agreement") for a US\$5 million (C\$6.6 million) Convertible Loan ("Loan") with the EBRD. Additionally, Erdene intends to complete a coincident non-brokered private placement of units of the Company for maximum proceeds of C\$1.6 million. Proceeds of the financing package will be used to fund the independent Feasibility Study ("FS") and Front-end Engineering and Design ("FEED") of the Company's Khundii Gold Project (the "Project"), exploration, acquisition, and for general working capital purposes.

Quotes from the Company and EBRD:

"We are excited to work with the EBRD, one of the largest investors in Mongolia. We view their investment as an endorsement of our team, the economic viability of the Khundii Gold Project, and our approach to the social and environmental aspects of development," said Peter Akerley, Erdene's President and CEO. "Proceeds from this financing package will be used to advance the Khundii Gold Project toward production, while continuing efforts to add resources through exploration and acquisition."

"We are pleased to support Erdene's development of the Khundii Gold Project in southwest Mongolia," said Eric Rasmussen, the EBRD Director for Natural Resources. "Erdene has a long history of operating responsibly in the region and we appreciate their commitment to see this valuable resource developed in the best interests of all stakeholders."

EBRD's Commitment to Mongolia

The EBRD is one of the largest investors in Mongolia. To date, the EBRD has invested over â,1.7 billion in various sectors of Mongolia's economy, with almost all investments in the private sector. The EBRD works in Mongolia to support building a diverse economy by developing the private sector and supporting infrastructure improvements.

Convertible Loan Details

Under the terms of the Loan Agreement, the EBRD will provide up to US\$5.0 million of financing to the Company. The Loan will be funded by way of an initial advance of US\$2.5 million, with the remaining US\$2.5 million available at Erdene's option within 45 days of the date of the Loan Agreement, in each case upon satisfaction of certain conditions precedent. The Loan carries an interest rate of 10% per annum, which may be capitalized at the Company's option, and will mature 36 months after the date of the Loan Agreement. The Loan can be prepaid following the earliest of 24 months from the date of the initial advance, delivery of a NI 43-101 Bankable Feasibility Study, or a change of control of Erdene, subject to a 25% premium. The Loan is convertible in whole or in part at the election of the EBRD into common shares of the Company at a conversion price (in respect of the principal amount drawn down under the Loan) of C\$0.20 per share, subject to a conversion premium of 10%, 20% or 30%, respectively, if EBRD exercises its conversion option prior to or on the first, second, or third anniversary, respectively, of the date of the Loan Agreement, provided that certain other conditions have been met. Any capitalized interest on the date of the conversion will be payable, at EBRD's option, in cash or shares of the Company at the prevailing market price of the common shares of the Company (5 day Volume Weighted Average Price). The Loan will be secured by a pledge over the shares of Erdene's Mongolian subsidiary that holds the Project.

The Loan is subject to regulatory and other third-party approvals (including the approval of the Toronto Stock Exchange), and normal and customary conditions precedent. Unless otherwise agreed by the Company and the EBRD, the first tranche of funding under the Loan is expected to be drawn down by October 31, 2019.

Private Placement Details

The Company intends to issue, by way of a non-brokered private placement, up to 8,000,000 units of the Company (the "Units") at a price of C\$0.20 per Unit (the "Private Placement"), for gross proceeds of up to C\$1,600,000. Each Unit will consist of one common share and one-half (½) of one common share purchase warrant (each whole warrant, a "Warrant"). Warrants are exercisable by the holder into one common share of the Company within two years of the closing date, at a price of C\$0.30.

The Private Placement is expected to close on or about October 25, 2019 and is subject to the Company receiving all necessary regulatory approvals, including approval of the Toronto Stock Exchange. Securities issued under the Private Placement will be subject to a hold period which will expire four months plus one day from the closing date of the Private Placement.

Background on the Khundii Gold Project Development

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. The Company has been the leader in exploration in southwest Mongolia over the past decade and is responsible for the discovery of the Khundii Gold District comprised of multiple high-grade gold and gold/base metal prospects, two of which are being considered for development: the 100%-owned Bayan Khundii and Altan Nar projects. Together, these deposits comprise the Khundii Gold Project.

The Company delivered the Project's maiden mineral resource estimate in Q3 2018 with a combined Measured and Indicated resource of 751,000 ounces ("oz") gold within 10.1 million tonnes ("Mt") at an average grade of 2.3 g/t gold (Table 1). This was followed by a Preliminary Economic Assessment dated February 4, 2019 ("PEA") which returned an after-tax Net Present Value of US\$99 million, based on a 5% discount rate and a US\$1,200/oz gold price, and an Internal Rate of Return of 56%. The initial development has a life of mine head grade of 3.42 g/t gold with an average annual gold production of 51,200 oz over an eight- year mine life. Based on the potential for additional discovery and expansion on the current license areas, the planned development is considered as a foundation for growth.

Table 1 – Khundii Gold Project Resources

Cut-off Grade	Resource Classification	Quantity (Mt)	Grade (Au g/t)	Gold (oz)
	Measured	1.4	3.6	161,000
	Indicated	8.7	2.1	590,000
Recommended ⁽¹⁾	Measured + Indicated	10.1	2.3	751,000
	Inferred	5.2	1.8	291,000

(1) RPM Global recommended cut-off grade for Bayan Khundii is 0.6 g/t gold and Altan Nar is 0.7 g/t AuEq in pit and 1.4 g/t AuEq below the same pit shell.

The PEA is by nature, a preliminary economic study, based in part on Inferred Resources. Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves which is required for a prefeasibility or feasibility study. Mineral resources that are not mineral reserves do not have demonstrated economic viability and there is no certainty that the PEA will be realized. The PEA, entitled "NI 43-101 Technical Report for the Preliminary Economic Assessment of the Khundii Gold Project", is available on SEDAR under Erdene's profile.

Peter Dalton, P.Geo. (Nova Scotia), Senior Geologist for Erdene, 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 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 two mining licenses 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. Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

Early Warning Disclosure

The EBRD currently holds no common shares of the Company. Assuming US\$5.0 million of funds are drawn down by the Company, the EBRD would be able to acquire ownership of and control over 33,077,694 common shares of the Company, representing 15% of the Company's post conversion issued and outstanding common shares (using a conversion price of C\$0.1995 and assuming an exchange rate of US\$1 = C\$1.3198, Bank of Canada closing rate on October 11, 2019), excluding any interest which may accrue (and be converted) on the Loan and without taking into account the proposed private placement contemplated herein.

The EBRD has entered into the Loan Agreement for investment purposes. Depending on market conditions and other factors, the EBRD may from time to time acquire and/or dispose of securities of the Company or continue to hold its current position.

A copy of the early warning report required to be filed with the applicable Canadian securities commissions in connection the transaction will be available under the Company's profile on SEDAR at www.sedar.com and can be obtained by contacting Khangai Tserenraash at +976 11 317 974. EBRD's head office is at One Exchange Square, London EC2A 2JN, United Kingdom.

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, including statements concerning the Loan, the anticipated size of the Private Placement, the projected closing dates of the Loan and the Private Placement, and the intended use of proceeds from the Loan and the Private Placement. 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 the ability to obtain required third party approvals, 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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