

Erdene Announces 2021 Results and Provides Khundii Gold District Update

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HALIFAX, March 10, 2022 - [Erdene Resource Development Corp.](#) (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce operating and financial results for the year ended December 31, 2021 and to provide an update on its Khundii Gold District, including its Bayan Khundii Gold Project ("Bayan Khundii" or "BK"). This release should be read in conjunction with the Company's 2021 Financial Statements and MD&A, available on the Company's website or SEDAR.

Quotes from the Company:

"During 2021, we executed upon our strategic objectives of expanding the Khundii Gold District, while advancing the Bayan Khundii Gold Project towards development," said Peter Akerley, Erdene's President and CEO. "Our blind-top discovery at the Ulaan Southeast gold prospect and the expansion of the 1.5-kilometre Dark Horse Mane gold mineralized trend demonstrate the scale potential of the Khundii-Ulaan system within the Khundii Gold District. We are well on our way to confirming our two million ounce gold equivalent resource target in 2022, and see the potential to add resources beyond this target."

"We also made solid progress advancing Bayan Khundii towards a construction decision, despite the continued impact of COVID-19," concluded Mr. Akerley. "Over the past twelve months we completed 90% of the project's design, secured several key permits, including the Mongolian Detailed Environmental Impact Assessment, and advanced project finance with Export Development Canada and other financiers. The Company plans to commence preparatory site works in the coming months, with full construction ramping up in mid-2022. However, the Company is monitoring the impact of COVID-19 on the availability and costs of key inputs and will provide a more fulsome update on schedule and budget in the coming months."

2021 Highlights and Significant Subsequent Events:

Bayan Khundii Gold Project - 100% Erdene

- Progressed construction readiness activities for the Bayan Khundii Gold Project:
 - Detailed design and engineering for process and non-process infrastructure 90% complete
 - Contracts awarded for SAG and Ball mills and Gold Room and Elution plant
 - Began recruitment of key personnel and developed project execution plans and manuals in advance of a construction decision
 - Issued requests for proposal for all major mechanical and construction work packages
 - Initiated confirmatory studies for mine water supply, with results expected in Q2 2022
- Advanced local community programs:
 - Executed a Cooperation Agreement with the local government in Q3 2021, supporting development measures in the local communities, including pandemic response support
 - Undertook employment orientation and readiness training with over 120 local residents to prepare individuals for employment during construction and operations
 - Launched local vegetation program in January 2022
- Obtained key permits and advanced regulatory approvals required for mine development:
 - Project Detailed Environmental Impact Assessment ("DEIA") approved by Ministry of Environment and Tourism in November 2021
 - Regulatory review of detailed drawings well advanced, with nine facilities fully approved, including those planned during the site establishment and initial construction - received construction permits for eight of these facilities in February 2022

- Prepared updated Bayan Khundii Resource Estimate, incorporating 2020 drilling at Striker West, Striker, Midfield and Midfield North, and reflecting current gold prices:
 - 2021 BK Mineral Resource Estimate contains 61,700 more ounces gold (36%) in the Measured category and 2,700 more ounces of gold (1%) in the Indicated category
 - Measured mineral resources within the minable pit, as defined by the 2020 Feasibility Study increased by 47,500 ounces (28%)
 - Confirmed the high-grade nature of the BK deposit with an average grade of 6.59 g/t gold for combined Measured and Indicated Resources, at a cut-off grade of 1.0 g/t gold
 - Additional near surface gold mineralization was identified at Midfield and at Midfield North, results from 2020 drilling allowed for the localized extension of the modeled mineralized domains

Exploration

- Completed 2021 exploration program, drilling 19,706 metres over 154 holes at the new Dark Horse Mane prospect and the Ulaan Southeast discovery, adjacent Bayan Khundii:
 - Provides further support to the Company's thesis that the broader Khundii-Ulaan hydrothermal alteration trend hosts a multi-million ounce gold deposit
 - Targeting a total resource inventory of 2 million ounces gold equivalent by the end of 2022
- Defined a 1.5-kilometre trend of alteration within the Dark Horse Mane characterized by near-surface, high-grade gold mineralization, that remains open to the north, south and at depth:
 - Demonstrates potential for additional near-surface, high-grade oxide gold mineralization across the Khundii Gold District
 - Notable intersections from the 11,608-metre, 126-hole, 2021 Dark Horse Mane program include:
 - AAD-126: 30 metres of 5.63 g/t gold, beginning 10 metres downhole, including 24.12 g/t over six metres, starting 26 metres downhole
 - AAD-137: 24.5 metres of 9.4 g/t gold beginning 1.5 metres downhole, including 13.5 metres of 16.1 g/t gold
 - AAD-138: 25 metres of 6.1 g/t gold beginning 18 metres downhole, including 8 metres of 17.1 g/t gold
 - AAD-177: 23 metres of 11.4 g/t gold beginning 1 metre downhole, including 4 metres of 59.8 g/t gold within 8 metres of 32.2 g/t gold
 - AAD-178: 15 metres of 42.8 g/t gold beginning 11 metres downhole, including 3 metres of 160.4 g/t gold within 5 metres of 123.5 g/t gold
 - 106 of 126 holes in 2021 program intersected anomalous gold mineralization (<0.1 g/t gold) with the remaining 20 holes returning anomalous indicator elements, including antimony, molybdenum and arsenic
- Intersected some of the thickest intervals of gold in the Khundii Gold District at the Ulaan Southeast discovery, 300 metres west of the Bayan Khundii deposit:
 - Gold mineralization has been traced over a 200 x 250 metre area, to a maximum depth of 460 metres, that remains open at depth and to the north and west
 - Multiple holes returned wide zones (30 to 75 metres) averaging over 3 g/t gold
 - Highlights from 8,098 metre, 28 hole 2021 Ulaan program include:
 - UDH-10: 258 metres of 0.98 g/t gold beginning at 92 metres downhole, including 3.77 g/t gold over 40 metres, starting at 99 metres downhole
 - UDH-14: 217 metres of 1.07 g/t gold beginning 188 metres downhole, including 3.55 g/t gold over 53 metres
 - UDH-15: 364 metres of 0.79 g/t gold beginning 97 metres downhole, including 1.98 g/t gold over 91 metres
 - UDH-21: 77 metres of 3.19 g/t gold beginning 115 metres downhole, including 8.74 g/t gold over 27 metres
 - UDH-22: 152 metres of 1.71 g/t gold beginning 85 metres downhole, including 3.11 g/t gold over 65 metres

Corporate

- Progressed due diligence for the Bayan Khundii Project Finance with EDC and Mongolian financiers
 - EDC mandate letter contemplates a senior secured debt facility of up to US\$55 million
 - EDC technical diligence report received in January 2022 and environmental and social diligence report finalized in August 2021
 - Loan term negotiation and drafting underway in advance of anticipated mid-2022 financial close
 - Due diligence is proceeding in parallel with Mongolian financial institutions on subordinated debt
- Received Mongolian Tax Stabilization Certificate for Bayan Khundii in December 2021
 - Guarantees the taxes applicable to the Bayan Khundii Gold Project are the more favourable of those currently in effect and prevailing future tax rates

- Closed Mongolian Stock Exchange offering in October 2021 for gross proceeds of approximately US\$5 million
 - Received subscriptions from 1,867 institutional and retail Mongolian investors
 - Offering was 46% over-subscribed and filled pro-rata to orders as is required by Mongolian regulations
 - Company remains the only firm cross-listed on the Mongolian and Toronto Stock Exchanges
 - Further C\$2.3 million raised in 2021 through the exercise of 7,544,750 warrants
- Advanced technical and strategic review of the Zuun Mod/Khuvyn Khar molybdenum-copper project
 - RPMGlobal delivered updated technical and economic analysis in December
 - Strategic discussions ongoing to optimize the Project's value, through options including sale, joint venture partnership, or spinout
- Recorded a net loss of \$5,570,523 for the year ended December 31, 2021, compared to a net loss of \$13,116,358 for the year ended December 31, 2020:
 - Exploration and evaluation expenditures, including capitalized expenditures, totaled \$12,391,867 for the year ended December 31, 2021, compared to \$9,276,028 for the prior year, due to increased exploration work as the Company drilled nearly 20,000 metres in the current year, compared to approximately 15,000 metres in the prior year, as well as incremental expenditures on the Bayan Khundii Gold Project Detailed Engineering & Design work and Construction Readiness activities (including deposits on long-lead time items), that exceeded costs associated with the Feasibility Study and Detailed Engineering & Design work in the prior year. Additionally, Stakeholder relations costs were greater in the current year following the execution of a Local Co-operation Agreement ("LCA") for the Bayan Khundii Gold Project
 - Corporate and administrative expenses totaled \$1,973,800 for the year ended December 31, 2021, compared to \$1,868,905 for the year ended December 31, 2020, with the year on year variance largely due to higher administrative salaries and professional fees in support of pre-development and financing work for the Bayan Khundii Gold Project
 - Non-cash, change in fair value expenses of \$8,412,081 and interest expenses of \$1,661,960 in the prior year were attributable to a convertible loan held by the European Bank for Reconstruction and Development ("EBRD"), which was converted in October 2020, resulting in EBRD becoming one of Erdene's largest shareholders

COVID-19 Update

In late January 2020, the Government of Mongolia instituted limitations on public gatherings, suspended in-person classroom learning, and implemented international border controls in response to COVID-19. The Canadian Government adopted similar measures in March 2020, as did most governments globally during 2020. With the first confirmed cases of community transmission of COVID-19 in November 2020, the Government of Mongolia further restricted the movement of people and the delivery of goods and services. While restrictions were eased in early 2021, precautionary measures were subsequently reintroduced in late Q1 2021 following an increase in the number of reported cases in Mongolia.

In March 2021, Bayankhongor Province, where Erdene's projects are located, reported its first confirmed case of community transmission of COVID-19, leading to the imposition of restrictions on the movement of people within and to/from the province. Furthermore, in late June 2021, Bayankhongor province and the sub-province of Shinejinst, the communities in which Erdene operates, imposed states of emergency due to worsening community spread of COVID-19 in the area. Although the Company temporarily halted field work in late June in response, Company staff and contractors returned to site in early August 2021 to commence follow-up exploration work, which has continued without interruption due to COVID since this date. Additionally, Canadian and International staff and consultants resumed travel to Mongolia in Q3 2021. On February 14, 2022, the Government of Mongolia fully reopened its borders to vaccinated international travelers, allowing the Company's staff and key contractors to travel to the Country with minimal disruption.

However, Mongolia continues to see disruptions at its land borders with China, given the latter's zero COVID policies. These disruptions have impacted the availability and prices of industrial and consumer goods required for the construction of the Bayan Khundii Gold Project. Although the impact of COVID-19 on the Company's operations has been modest to date, COVID-19 has the potential to further delay or increase the costs of the Bayan Khundii Development. The Company is monitoring the situation and assessing the impact on the Bayan Khundii Gold Project construction schedule and budget. Erdene does not intend to ramp up to full construction until there is certainty that supplies can readily be imported to Mongolia. The Company will provide further details on the impact of COVID-19 on its operations and the Bayan Khundii Gold Project as they become available.

Erdene is working with Mongolian and Canadian authorities to implement and maintain controls to protect the health and well-being of its workers as well as the communities in which the Company operates.

Qualified Person

Peter Dalton, P.Geo. (Nova Scotia), Senior Geologist 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 precious and base metals in underexplored and highly prospective Mongolia. The Company has interests in three mining licenses and two exploration 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 the Mongolian 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.

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 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.

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Erdene Contact Information

Peter C. Akerley, President and CEO, or
Robert Jenkins, CFO

Phone: (902) 423-6419

Email: info@erdene.com

Twitter: <https://twitter.com/ErdeneRes>

Facebook: <https://www.facebook.com/ErdeneResource>

LinkedIn: <https://www.linkedin.com/company/erdene-resource-development-corp/>

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