# Erdene Secures Debt Financing for Bayan Khundii Gold Project From Strategic Partner

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HALIFAX, Feb. 08, 2024 - Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce the execution of debt finance agreements for up to US$80 million with Mongolian Mining Corporation ("MMC") to fund construction of the high-grade, open-pit Bayan Khundii Gold Project ("Bayan Khundii", "BK" or "Project") in southwestern Mongolia.

Peter Akerley, Erdene's President and CEO stated, "We are very pleased to close the financing for the Bayan Khundii Gold Project with our strategic partner MMC, Mongolia's leading publicly traded mining company. With first gold scheduled in 2025, Bayan Khundii will be one of the highest grade, open pit gold mines globally and Mongolia's largest primary gold producer when it reaches full production."

Mr. Akerley continued, "The strengthening of our relationship with MMC through this financing supports our goal of creating a major new mining district in southwestern Mongolia. With MMC's experience in large scale mining, expertise in construction, power supply, transportation and logistics, and national and international relationships, the Bayan Khundii Gold Project will form a strong foundation for future growth in the Khundii Minerals District. Together we will grow the Mongolian mining sector, increase the industry's contribution to the national economy and create value for our shareholders."

Bayan Khundii Financing

On February 8, 2024, Erdene executed financing documents with MMC to develop the Bayan Khundii Gold Project. The financing has been structured as a shareholder loan from MMC to Erdene Mongol LLC ("EM"), the entity co-owned by Erdene and MMC that holds the Bayan Khundii mining license, as well as the Altan Nar mining license and highly prospective Ulaan exploration license.

The shareholder loan is for US$50 million providing the funding for construction of the Bayan Khundii gold mine and processing complex. The loan may be drawn in up to five tranches, in multiples of at least US$5 million. The loan will mature five years from the date of first draw, and accrue interest at a rate of 13.8%, paid quarterly in arrears. EM has the option to capitalize the first four interest payments. The loan will be repayable in full upon maturity. A further US$30 million, under the same terms, is available at MMC's discretion. EM is also in discussions with Mongolian commercial banks on financing for up to $30 million.

The shareholder loan will be secured by a 50% guarantee by Erdene and Erdene's interests in the Project, including its shares of EM and NSR interest, as well as preferential rights over the Khundii, Altan Nar and Ulaan licenses. For so long as the loan is outstanding, MMC will be granted priority voting rights under the Strategic Alliance agreement between the parties and a right of first refusal over Erdene's Zuun Mod project. Additionally, Erdene has the right to purchase 50% of the loan and participate as a lending shareholder on the same terms as MMC.

This financing follows the investment of US$40 million by MMC for a 50% equity interest in EM as part of the Strategic Alliance Agreement (see press release here). In total, MMC will fund up to US$120 million into the development of the Bayan Khundii Gold Project. Highlights of the Strategic Alliance include:

- MMC is Mongolia's largest internationally traded mining company, listed on the main board of the Hong Kong Stock Exchange (HKEx: 975).
- MMC has invested US$40 million in EM, Erdene's Mongolian subsidiary holding the Khundii and Altan Nar mining licenses and the Ulaan exploration license.
- Erdene retains a 50% equity interest in EM and a 5.0% Net Smelter Return ("NSR") royalty on production from the Khundii, Altan Nar and Ulaan licenses, as well as any properties acquired within a 700km$^2$ area of interest beyond the first 400,000 ounces gold recovered.

- Erdene maintains a 100% interest in its large Zuun Mod Molybdenum-Copper deposit and Khuvyn Khar Copper project, located approximately 30 kilometres east of Bayan Khundii, and adjacent to a planned railway development.

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 an exploration license in Southwest Mongolia, where exploration success has led to the discovery and definition of the Khundii Minerals 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, including statements concerning the timing of production at Bayan Khundii and expectations as to the size and impact of Bayan Khundii and other mineral projects in Mongolia, 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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