



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Provides Project Review and Year-End Financial Results; Announces 24,000 Metre Drill Program for Bayan Khundii and Altan Nar Gold Projects**

**Halifax, Nova Scotia – March 28, 2017 - Erdene Resource Development Corp. (TSX:ERD)** ("**Erdene**" or "**Company**"), is pleased to provide a review of its 2016 activities and an outlook for 2017, including plans for the Company's principal gold projects in southwest Mongolia. This release should be read in conjunction with the Company's 2016 Financial Statements, MD&A and AIF on the Company's website or on SEDAR.

"We are very pleased with our achievements over the past several years in a very difficult commodity market. During that period, our team's disciplined spending and optimization of limited financial resources enabled the funding of high quality exploration, which led to discovery. We now enter Q2-2017 with a very strong cash position to complement the highest quality portfolio of mineral projects amassed in the Company's history. These projects, particularly Bayan Khundii and Altan Nar, have strong growth potential in the known areas of gold mineralization and tremendous exploration upside outside of those core areas within our current license boundaries," stated Peter Akerley, Erdene's President and CEO.

"With the \$14.3 million of proceeds from our Q1-2017 financings, our technical team will now commence a comprehensive exploration and drilling program within this significant new gold district, covering an approximate area of 20 km by 10 km," added Mr. Akerley. "We envision a productive 2017, starting with an initial 24,000 metre drill program, balancing our dual objectives of resource definition and expansion drilling within the current target resource areas, while continuing to build up the district-scale potential at neighboring gold targets."

#### **Project and Financial Highlights**

##### Exploration Performance

##### Bayan Khundii Gold Project – 100% Erdene

- Since discovery in 2015, extensive geologic mapping and geophysical and geochemical surveys at Bayan Khundii have outlined a minimum target area of 1.7 km by 0.7 km.
- The volcanic host rocks are only observed at surface in two erosional windows through the overlying units. These exposed areas include the Striker and Gold Hill Zones to the south and an area referred to as the Northeast Zone 600 m north. Drilling within the main Striker Zone in

2016 continued to define high-grade gold zones with good continuity and extended the boundaries of the gold system; mineralization remains open in all directions with 30% of holes ending in mineralization.

- Highlights of Striker Zone drilling in 2016 included <sup>(1)</sup>;
  - 63 m of 5.3 g/t gold starting at 50 m; BKD-17; May 9, 2016
  - 24 m of 7.5 g/t gold starting at 74 m BKD-49; October 4, 2016
  - 31 m of 6.8 g/t gold starting at 62 m; BKD-57; October 18, 2016
  - 65 m of 6.3 g/t gold starting at 71 m; BKD-77; November 28, 2016
- Drill testing of a “blind” target, through overlying cover, approximately 200 m northeast of the Striker Zone, resulted in the discovery of the Midfield Zone in Q4-2016, which has returned some of the highest grades and the longest mineralized intervals intersected to date, including:
  - 149 m of 2.1 g/t gold starting at 23 m, including 41 m of 5.2 g/t gold and 15 m of 6.5 g/t gold; BKD-90; January 10, 2017
  - 72 m of 4.0 g/t gold starting at 108 m; BKD-92; January 10, 2017
  - 30 m of 3.0 g/t gold starting at 29 m; BKD-60; October 18, 2016
- During 2016, the Company completed 81 drill holes, totalling 10,644 m, bringing the total drilled since the discovery hole in Q4-2015 to 96 diamond drill holes, totalling 11,340 m (average vertical drill depth of 91 m). Of the 96 holes, 95 have intersected anomalous gold mineralization.
- Sulfide minerals are largely absent within the widespread alteration zone, thus benefitting gold recovery, as observed in preliminary metallurgical test work from the initial near-surface drill program, which indicated 99% recovery (gravity followed by cyanide leach of the tails) in a high-grade (24.9 g/t gold) composite, and 92% recovery from a low-grade (0.7 g/t gold) composite.
- A 20,000 m drill program will commence at Bayan Khundii in early Q2-2017, with two drill rigs operating; one focussed on delineation and expansion in the known target areas (Striker, Midfield and Gold Hill Zones) and the second rig exploring multiple exploration targets throughout the 1.7 km Bayan Khundii trend and elsewhere in the district.
- In 2017, the Company will also initiate additional metallurgical testing, hydrogeological, environmental, geotechnical and preliminary economic studies related to the Bayan Khundii project.
- A decision regarding when to commence an independent, maiden resource estimate will be influenced by drilling results in 2017, although it is anticipated that a resource study could be underway in the Q4-2017 to Q2-2018 period.

<sup>(1)</sup> Reported intervals at Bayan Khundii are not true width. At this time, there is insufficient data with respect to the shape of the new mineralized zones to calculate true orientations in space.

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

- The Company’s Altan Nar project, located approximately 16 km northwest of Bayan Khundii, consists of 18 gold-silver-base metal target areas within a 5.6 km by 1.5 km mineralized

corridor. Two of the early discoveries, Discovery Zone (“DZ”) and Union North (“UN”), are the most advanced targets, hosting wide zones of high-grade, near-surface mineralization. These discoveries were the focus of 2016 drilling and an initial NI 43-101 resource estimate released by Erdene in Q1-2015. The remaining 16 targets are either undrilled or scout-drilled and are considered by Erdene to have good potential for hosting additional high-grade mineralized zones.

- The 2016 Altan Nar drill program resulted in a new, high-grade zone identified in the DZ. This significantly increased the Company’s confidence in the potential to expand the areas of known gold-polymetallic mineralization outside of current Altan Nar resource boundaries.
- The new discovery hole, TND-101, announced in December 2016, is located at the intersection of major structures within the DZ. It was consistently mineralized from surface to 170 m depth, with high gold grades not previously observed at Altan Nar, including 110 m of 10.5 g/t AuEq<sup>(2)</sup> (9.3 g/t gold, 32.0 g/t silver, and 1.42% combined lead-zinc) from 32 to 142 m depth, including 14 m of 60.4 g/t AuEq (55.6 g/t gold, 131.1 g/t silver, and 5.65% combined lead-zinc). True width of the zone reported in TND-101 is assumed to be in the range of 25 to 35 m.
- Altan Nar is interpreted to be an intermediate sulfidation, carbonate base-metal gold system. This style of deposit has close magmatic relationships, and is often base metal rich and locally associated with porphyry deposits. This type of deposit is typically associated with breccia pipes (diatremes) and can extend vertically for greater than 1 km. The Kelian open pit, for example, was developed to a depth of 500 m.
- Upcoming exploration at Altan Nar will include 3,000 m of additional drilling to focus on establishing continuity of the new high-grade zone at DZ, delineation and expansion of known deposits, and exploration of areas where zones of structural dilation, or offset, may have provided a favorable setting for the concentration of metal-rich solutions over wider intervals. A high-resolution magnetic survey is also planned for Altan Nar in 2017. Those results will be used to evaluate the potential for similar cross-cutting structures, such as observed at DZ, at the 17 remaining target areas within the mineralized corridor.

(2) Reference to “gold equivalent” above has been used to express the combined value of gold, silver, lead and zinc as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US \$1200/oz gold, \$18/oz silver, and \$0.90/lb for lead and zinc.

#### Altan Arrow Gold-Silver Project – 100% Erdene (3.5 km north of Bayan Khundii)

- Erdene’s Altan Arrow gold-silver project, located 3.5 km north of Erdene’s Bayan Khundii project, is an epithermal-style, gold-silver discovery at an early exploration stage. In Q4-2016, the Company completed a maiden drill program at Altan Arrow, consisting of 590 m in seven holes at an average hole spacing of 200 m, completed to an average vertical depth of 58 m. Drill results confirmed the presence of high-grade gold and silver veins, and broad structurally controlled lower-grade zones with similar style to the Company’s Bayan Khundii gold project. A 2017 follow-up program is expected to include additional exploration with 1,000 m of drilling, including follow-up to a previously identified, large gold-in-soil anomaly in the area.

## Teck-Erdene Alliance

- Separate from its 100%-owned gold projects, Erdene continued to be active through its Alliance with Teck Resources Limited (“Teck”) in assessing regional base and precious metal opportunities in southwest Mongolia’s prolific Tian Shan copper-gold belt.
- With the completion of a \$500,000 private placement by Teck and the renewal of the Alliance agreement on March 21, 2017, the Alliance’s 2017 exploration program is expected to commence in Q2, and will consist of follow-up work to assess anomalous targets identified during the 2016 program.
- The Company’s Bayan Khundii, Altan Nar, Altan Arrow, and Zuun Mod projects are excluded from the Alliance.

## Corporate Update

- In 2016, the Company strengthened its Board with the addition of Dr. Anna Biolik, Canada's first resident Ambassador in Mongolia, and David Mosher, a gold mining executive with more than 35 years of international experience.

## Financial Performance - Year-End Financial Results Summary

Erdene's year-end 2016 Financial Statements, Management Discussion & Analysis and Annual Information Form were filed with regulatory authorities on March 27, 2017 and are available on the Company's website [here](#), and on [SEDAR](#).

For the year ended December 31, 2016, the Company recognized a net loss of \$2,499,739, or \$0.02 per share, compared to a loss of \$12,607,625, or \$0.14 per share in 2015.

Exploration expenditures, including capitalized costs, totaled \$4,664,490 in 2016 compared with \$2,404,213 in 2015, an increase of 94%. It represented the Company’s largest exploration expenditure program since 2008. The Bayan Khundii project represented \$3,081,269 or 66% of total 2016 exploration expenditures compared with \$404,813 or 17% of the 2015 total. Together, the Bayan Khundii and Altan Nar projects represented \$3,716,232 or 80% of total 2016 exploration expenditures compared with \$1,169,583 or 49% of the 2015 total.

Corporate and administrative expenses were \$1,446,888 for the year ended December 31, 2016 compared to \$745,448 in 2015, a \$701,440 increase. Excluding non-cash share-based compensation and depreciation, the 2016 corporate and administrative expenses were \$1,093,111 compared with \$551,986 in 2015 and the corresponding cash exploration expenditures were \$4,475,355 in 2016 and \$2,314,214 in 2015. The corporate and administrative cash expenses represented 24% of cash exploration expenditures incurred in both 2016 and 2015, which compares favorably with our peers. Additional management services were required to manage the significant increase in exploration and evaluation

programs in 2016. The Company also accordingly increased the level of its investor relations activities in order to communicate ongoing results to investors.

### Financial Position and Financing

The Company funded its 2016 operations as follows:

- Private placements with Sandstorm Gold Ltd. (“Sandstorm”) and Teck for net proceeds of \$1,478,858;
- Proceeds on the exercise of warrants and options of \$2,556,988;
- The granting of a 2% Net Smelter Returns (“NSR”) royalty on Altan Nar and Bayan Khundii to Sandstorm for gross proceeds of \$1,500,000 received in the form of common shares of Sandstorm that were sold during 2016 with the Company realizing a gain on the sale of the Sandstorm shares of \$481,064. The Company has the option to reduce the NSR royalty to 1% by paying Sandstorm \$1.2 million anytime before April 21, 2019;
- Subsequent to year-end, on February 23, 2017 Erdene closed a bought deal private placement financing for gross proceeds of \$13.8 million, and on March 21, 2017 closed a non-brokered private placement with Teck for gross proceeds of \$500,000, representing total gross financing proceeds of \$14.3 million;
- The Company has a current working capital position of \$13.5 million.

### **Mongolia Update**

- On March 7, 2017, the Canadian and Mongolian governments formally announced their joint ratification of the landmark Canada-Mongolia Foreign Investment Promotion and Protection Agreement (“FIPA”). The FIPA is a bilateral agreement to protect and promote foreign investment in Mongolia through legally binding rights and obligations designed to strengthen the economic and commercial relationship between Canada and Mongolia. The FIPA protects Canadian investors and bolsters the predictability of Mongolia’s policy framework: managing issues surrounding non-discriminatory treatment, expropriation, transfer of funds, transparency, due process and dispute settlement. The Canada-Mongolia FIPA closely follows the finalization in January 2017 the Agreement on Transparency in Matters Related to International Trade and Investment between the United States of America and Mongolia.
- The region hosting the Bayan Khundii and Altan Nar gold projects is one of the least densely populated areas in the world. However, infrastructure to access and develop southwest Mongolia’s natural resources from China is advancing rapidly. The Company’s metal projects are approximately 200 km northwest of the Nariin Sukhait/Ovoot Tolgoi coal mining district near the Mongolia-China border. . South Gobi Resources Ltd. (TSX:SGS), TerraCom Limited (ASX:TER) and Mongolyn Alt LLC (MAK) all produce coal in this region of southwest Mongolia and transport their coal through the Ceke (China) / Shivee Khuren (Mongolia) border, which includes a paved eight-lane highway and an automated railcar loading facility with three railway terminals. Coal trucked in from Mongolia can be loaded on train and shipped out over

either the Jiayuguan–Ceke Railway, Ejin–Hami Railway or Linhe–Ceke Railway. Plans are underway to extend the standard gauge rail into Mongolia’s coal mining districts.

- In May 2016, Rio Tinto, the Government of Mongolia, and Turquoise Hill Resources approved the US\$5.3 billion development of the underground portion of the world-class Oyu Tolgoi copper and gold mine in southeast Mongolia, one of the largest project financing facilities in the industry. The investment decision followed the December 2015 signing of a US\$4.4 billion project financing agreement with international financial institutions and export credit agencies representing the Governments of the United States, Canada and Australia, along with 15 commercial banks, for the development of Oyu Tolgoi’s underground mine.

## **Outlook**

The Company has discovered a series of gold prospects and deposits that are at a relatively early stage of exploration. Based on the very encouraging results to date, and the relatively limited exploration that has taken place in the broader district and through continued exploration and evaluation, the Company aims to demonstrate that these projects have the size and grade potential to be further developed. In addition, because of their proximity, the Company will be evaluating the possibility of a large-scale, centralized gold production complex. These discoveries include Bayan Khundii, Altan Nar and other, earlier-stage, neighboring gold prospects. Determining the size potential of these targets, to a reasonable extent, is the primary, near-term objective of the Company. Once that aspect is relatively well understood, the next stage will be to define to a high confidence level the potential mineral resource area.

Following the definition of resources and characterization of the deposits based on ore type and amenability to different mining and processing methods, it is anticipated that preliminary economic assessments will be carried out. This would progress through a series of increasingly more detailed assessments leading to an eventual feasibility decision which then could potentially lead to mine and plant development, construction and initial commercial production.

Coincident with the resource definition and economic assessment studies, a series of studies will be completed to support a mining license application. The timeline for these studies will be better defined following the 2017 exploration program, which includes a 24,000 m drill program at Bayan Khundii, Altan Nar and Altan Arrow, with the majority of the drilling dedicated to Bayan Khundii. Quarter-end reviews of technical information will be undertaken to determine whether to expand drill programs, commence the resource estimate work leading to economic studies, or a combination of both. Further details are available in the Company’s recently filed MD&A and Annual Information Form.

## **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. 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 and blanks.

Erdene's sampling protocol for drill core consisted of collection of samples over 1 m or 2 m intervals (depending on the lithology and style of mineralization) over the entire length of the drill hole, excluding minor post-mineral lithologies and un-mineralized granitoids. Sample intervals were based on meterage, not geological controls or mineralization. All drill core was cut in half with a diamond saw, with half of the core placed in sample bags and the remaining half securely retained in core boxes at Erdene's Bayan Khundii exploration camp. All samples were organized into batches of 20 samples including a commercially prepared standard and blank. Sample batches were periodically shipped directly to SGS in Ulaanbaatar via Erdene's logistical contractor, Monrud Co. Ltd.

### **About Erdene**

Erdene Resource Development Corp. is a Canada-based resource company focused on the acquisition, exploration, and development of precious and base metal prospects in underexplored and highly prospective southwest Mongolia. Exploration success has led to the discovery and definition of several 100%-owned prospects and deposits including the Company's flagship and newly discovered, high-grade, near-surface Bayan Khundii gold project; the 5.6 km long Altan Nar gold-polymetallic mineralized trend that is host to 18 targets; the Altan Arrow gold-silver prospect and the Zuun Mod molybdenum-copper deposit. For further information on the Company, please visit [www.erdene.com](http://www.erdene.com). Erdene has a working capital position of approximately \$13.5 million, 145,390,586 issued and outstanding common shares and a fully diluted position of 153,972,160 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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