



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Enters Agreement with Tian Poh Resources Ltd to Exchange Interest in Zuun Mod Molybdenum-Copper Project for Cash and Equity**

Halifax, Nova Scotia, February 12, 2015 - **Erdene Resource Development Corp. (TSX:ERD)** ("**Erdene**" or "**Company**") is pleased to announce it has granted Tian Poh Resources Limited ("**Tian Poh**"), a period of exclusivity to exercise an option to acquire an interest in Erdene's Zuun Mod molybdenum-copper project ("**ZM Project**" or the "**Project**") in southwest Mongolia.

Tian Poh can acquire and retain a 51% interest in the Project for US\$4.8 million in cash and equity in Tian Poh, and by meeting certain work commitments (the "**Transaction**"). If Tian Poh exercises its option and meets milestones to retain its 51% interest (details discussed below), it will have the right to increase its interest to up to 100% through additional cash and/or equity payments. Erdene will retain a 1% net smelter return royalty, which will be subject to certain buy-down provisions. An option payment of US\$50,000 plus US\$200,000 in the form of a non-interest bearing debenture has been paid to Erdene. In the event Tian Poh does not exercise its option, the debenture will be convertible into Erdene shares. If Tian Poh exercises its option, the debenture proceeds will form part of the total purchase consideration. The exclusivity and option period expires on June 9, 2015. The Transaction is subject to approval from the Toronto Stock Exchange, the Australian Stock Exchange and Tian Poh's shareholders.

Tian Poh is an Australian listed (ASX), Singapore-based resource development company with a 100% interest in 10 coal and copper mineral concessions in Mongolia near the Chinese border. Tian Poh is part of the Poh Group Pte Ltd ("**Poh Group**" or the "**Group**") established by Singaporean businessman Mr Poh Kay Ping. Through a combination of strategic partnerships and joint ventures, Poh Group is made up of a dynamic group of companies involved in diverse industries across key developing and emerging markets throughout Asia. Two key areas of focus for Poh Group are resources and engineering. The Group's mineral resource investments in Mongolia are held under Tian Poh. These assets are mainly located in southern and southwestern Mongolia in close proximity to the Chinese border, giving Tian Poh ready access to China, the largest consumer of copper, molybdenum and coal. Poh Group has grown its engineering business segment through establishing successful strategic alliances with large state-owned companies.

Erdene management has considered this Transaction carefully in view of the overall strategic direction of the Company. Management recognizes that the Zuun Mod molybdenum-copper deposit offers significant long-term opportunity, however, in the current environment capital is scarce for major mining projects, like Zuun Mod. Management believes the best way to maximize shareholder value is by focusing on the advancement of its 100% owned Altan Nar gold – polymetallic project (see recent results, released

February 9, 2015, [click here](#)) which management believes is nearer-term and will require a smaller capital investment. This Transaction provides an immediate injection of capital into Erdene with no dilution and, if Tian Poh elects to proceed following the exclusive option period, has the potential for significant cash and equity payments as the ZM Project advances. Furthermore, the structure of the Transaction provides considerable upside to Erdene through a sizeable equity interest in Tian Poh.

Khan Investment Management Ltd. ("**Khan**") was instrumental in identifying the opportunity and introducing the two parties. "We're delighted to have played a role in what is a tremendous value creating opportunity for two of our portfolio companies, and secure new, much-needed FDI [foreign direct investment] for Mongolia," said Travis Hamilton, Khan's Founder and Chairman. "Thanks to strong bi-partisan support for economic growth and FDI under Prime Minister Saikhanbileg, Mongolia appears set for a rebound. Tian Poh and Erdene are well positioned to benefit."

### **Significant Terms of the Transaction**

#### **Consideration for Exclusivity Period**

1. Non-refundable exclusivity fee of US\$50,000.
2. Acquisition of a US\$200,000 non-interest bearing debenture ("**Debenture**") issued by Erdene. If Tian Poh does not exercise its option by June 9, 2015, the principal amount will be converted into common shares of the Company at CDN\$0.14/share. If Tian Poh exercises its option, the Debenture will be deemed to be redeemed and the funds applied to the amount due on closing, which is expected to be on or about June 11, 2015 ("**Closing**").

#### **Additional Consideration to Retain 51% Interest**

In order to retain its 51% interest, Tian Poh must make further cash payments and issue shares of Tian Poh to Erdene and incur certain work expenditures on the Project as follows:

##### *Cash Payments and Share Issuances*

- On Closing, US\$200,000 cash (by way of the redemption of the Debenture) and US\$250,000 of shares;
- On the 1st anniversary of the Closing, US\$200,000 cash and US\$500,000 of shares;
- On the 2nd anniversary of the Closing, US\$200,000 cash and US\$500,000 of shares;
- On the 3rd anniversary of the Closing, US\$200,000 cash and US\$750,000 of shares;
- On the 4th anniversary of the Closing, US\$200,000 cash and US\$750,000 of shares; and
- On the 5th anniversary of the Closing, US\$1,000,000 of shares.

##### *Work Expenditures*

- Total Work Expenditures of US\$1,500,000 within 30 months of Closing or an additional payment of US\$250,000 is due.
- Total Work Expenditures of US\$10,000,000 on or before the 6th anniversary of the Closing.

If Tian Poh does not meet these obligations, its interest in the Project will be diluted pro rata to the value of the cash paid, shares issued and expenditures incurred and Erdene will have the option to buy back Tian Poh's interest in the Project for an amount equal to 50% of Tian Poh's total consideration paid and work expenditures incurred.

### Additional Terms

1. Tian Poh will have the right;
  - (a) to secure a 70% interest in the Project by incurring work expenditures totalling US\$20,000,000.
  - (b) to secure a 90% interest in the Project by incurring work expenditures totalling US\$30,000,000; and
  - (c) to increase its interests in the Project to 100% at any time by paying to the Company the amount of US\$10,000,000, payable in cash and/or shares of Tian Poh plus 50% of any remaining amount of the 51% earn-in consideration;
2. If Tian Poh exercises its option, Erdene shall be granted a 1% net smelter return royalty (“NSR”), payable after Tian Poh receives a return of the value of its consideration paid and work expenditures made. Once Tian Poh has fulfilled all of its obligations to retain its 51% interest, it shall have the right to reduce Erdene’s NSR:
  - (i) from 1.0% to 0.5% for consideration of US\$1,500,000 of cash and/or shares of Tian Poh, at any time; and
  - (ii) from 0.5% to 0 for consideration of US\$2,000,000 of cash and/or shares of Tian Poh, at any time.
3. Tian Poh is required to maintain the Project licences in good standing.
4. Tian Poh will assume responsibility to pay the royalty payable to Gallant Minerals Limited in connection with the Project.

### Background on Zuun Mod Mineral Resource

In June 2011, Erdene received an updated National Instrument 43-101 (“**NI-43-101**”) compliant resource for the Project from Minarco MineConsult of Sydney Australia. The June 2011 Zuun Mod mineral resource report can be viewed by clicking [here](#).

### Zuun Mod Mineral Resource Table

| Cut-off Grade Mo% | Resource Category | Resources Mt | Mo%   | Contained Mo Metal Milbs | Cu%   | Contained Cu Metal Milbs |
|-------------------|-------------------|--------------|-------|--------------------------|-------|--------------------------|
| 0.03%             | Measured          | 55           | 0.050 | 61.1                     | 0.060 | 73                       |
|                   | Indicated         | 260          | 0.050 | 287                      | 0.065 | 373.6                    |
|                   | M&I               | 315          | 0.050 | 348.1                    | 0.064 | 446.6                    |
|                   | Inferred          | 335          | 0.043 | 318.8                    | 0.061 | 454.6                    |
| 0.04%             | Measured          | 40           | 0.056 | 49.5                     | 0.064 | 57                       |
|                   | Indicated         | 178          | 0.057 | 224                      | 0.070 | 273.7                    |
|                   | M&I               | 218          | 0.057 | 273.5                    | 0.069 | 330.7                    |
|                   | Inferred          | 168          | 0.052 | 191.8                    | 0.065 | 240.5                    |

| <b>Cut-off Grade Mo%</b> | <b>Resource Category</b> | <b>Resources Mt</b> | <b>Mo%</b> | <b>Contained Mo Metal Mlbs</b> | <b>Cu%</b> | <b>Contained Cu Metal Mlbs</b> |
|--------------------------|--------------------------|---------------------|------------|--------------------------------|------------|--------------------------------|
| 0.05%                    | Measured                 | 25                  | 0.063      | 34.5                           | 0.068      | 37.5                           |
|                          | Indicated                | 105                 | 0.066      | 152.5                          | 0.074      | 171                            |
|                          | M&I                      | 130                 | 0.065      | 187                            | 0.073      | 208.5                          |
|                          | Inferred                 | 78                  | 0.060      | 103.4                          | 0.067      | 115.5                          |

*Minarco MineConsult Resources Estimate Notes:*

*Effective Date: May 2011. tonne = 2204.64 lbs.*

*Mineral resource estimates are not precise calculations.*

*Estimates are rounded to appropriate significant figures.*

*M&I means the sum of Measured and Indicated Resources. Contained Metal for Ore Reserves will be less due to application of modifying factors.*

*Grade modeling using ordinary kriging methodology within resource wireframes based on geology and veining intensity as well as variable cut off grades.*

The Mineral Resource estimate was prepared under the supervision and based on information compiled by Philippe Baudry, who is an employee of Minarco-MineConsult. Philippe Baudry is a Qualified Person within the meaning of such term under NI 43-101.

#### **About Khan Investment Management Ltd (“Khan”)**

Khan is a Mongolia focused Investment House with offices in Singapore and Ulaanbaatar. In 2011, Khan launched the Khan Mongolia Equity Fund (KMEF). For more information, please visit [www.khan-management.com](http://www.khan-management.com). Disclaimer: The KMEF is a shareholder of both TPO and ERD.

#### **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. For further information on the Company, please visit [www.erdene.com](http://www.erdene.com). Erdene has 82,636,233 issued and outstanding common shares and, a fully diluted position of 93,317,283 common shares, after giving effect to the announced financings.

#### **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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