



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Announces Updated NI 43-101 Compliant Resource Estimate for the Zuun Mod Molybdenum-Copper Project**

For Immediate Release

**Halifax, Nova Scotia – June 2, 2011 – Erdene Resource Development Corp. ("Erdene") (TSX:ERD)**, is pleased to report an updated National Instrument 43-101 ("NI 43-101") compliant resource estimate for the Company's Zuun Mod molybdenum-copper project in Mongolia. The new resource estimate was prepared by Minarco-MineConsult, part of Runge Limited, ("Minarco") following 4,331 metres of additional drilling (15 drill holes) completed in late 2010.

"We are very pleased with the results of the new resource estimate for Zuun Mod which has exceeded our initial expectations and increased the size, grade, and our confidence in this significant resource", stated Peter Akerley, President and CEO. "In addition, the 2011 drilling has identified a new high-grade zone at depth, which is expected to enhance the value of the project."

**Highlights** (based on a 0.04% Mo cut-off-grade)

- **Measured and Indicated resources increased by 38 million tonnes or 21% to 218 million tonnes**
- **Contained molybdenum metal in the Measured and Indicated resource increased by 27% from 215 million pounds to 274 million pounds**
- **Contained copper metal in the Measured and Indicated resource increased by 30% from 255 million pounds to 331 million pounds**
- **The average grade for the Measured and Indicated resources increased 5.6% for molybdenum and 7.8% for copper, to 0.057% molybdenum and 0.069% copper**

#### **Resource Estimate**

The updated Zuun Mod molybdenum-copper deposit NI 43-101 compliant resource estimate has a Measured and Indicated ("M&I") resource of 218 million tonnes ("Mt") at an average grade of 0.057% molybdenum ("Mo"), and 0.069% copper ("Cu") at a cut-off grade ("cog") of 0.04% Mo. This equates to 273.5 million pounds ("M lbs") of contained Mo metal and 330.7 M lbs of contained Cu metal. In addition, there is a 168 Mt Inferred Resource at an average grade of 0.052% Mo and 0.065% Cu, equating to a further 191.8 M lbs of contained Mo metal and 240.5 M lbs of contained Cu metal.

All of the Measured and Indicated resources and 82.2% of the Inferred resource, at a 0.04% Mo cog, included in this new resource estimate, are located on the recently issued Zuun Mod Mining License (see press release dated May 31, 2011). The Mining License covers 6,041 hectares and

is valid for an initial 30-year term with provision to renew the license for two additional 20-year terms. The remainder of the Inferred resource (17.8% or 30 Mt) is located on a contiguous property south of the Zuun Mod Mining License. An application for a second Mining License for this property is awaiting a final decision by the Government of Mongolia on the definition of the boundaries of a water protection area overlapping with the license area. This license application covers 358 hectares.

Minarco has prepared the Zuun Mod mineral resource estimate and will complete, within 45 days of this release, a Technical Report, as an independent technical review of the geological model, methodologies and the resource estimate for the Zuun Mod project consistent with Canada's National Instrument 43-101, Standards of Disclosure for Mineral Projects. The table below provides a summary of the Mo and Cu mineralization for the Zuun Mod deposit by mineral resource category using a range of cut-off grades.

Cut-off Grade Mo%	Resource Category	Resources Mt	Mo %	Contained Mo Metal Mlbs	Cu %	Contained Cu Metal Mlbs
<b>0.03%</b>	Measured	55	0.050	61.1	0.060	73
	Indicated	260	0.050	287	0.065	373.6
	<b>M&amp;I</b>	<b>315</b>	<b>0.050</b>	<b>348.1</b>	<b>0.064</b>	<b>446.6</b>
	Inferred	335	0.043	318.8	0.061	454.6
<b>0.04%</b>	Measured	40	0.056	49.5	0.064	57
	Indicated	178	0.057	224	0.070	273.7
	<b>M&amp;I</b>	<b>218</b>	<b>0.057</b>	<b>273.5</b>	<b>0.069</b>	<b>330.7</b>
	Inferred	168	0.052	191.8	0.065	240.5
<b>0.05%</b>	Measured	25	0.063	34.5	0.068	37.5
	Indicated	105	0.066	152.5	0.074	171
	<b>M&amp;I</b>	<b>130</b>	<b>0.065</b>	<b>187</b>	<b>0.073</b>	<b>208.5</b>
	Inferred	78	0.060	103.4	0.067	115.5

*Resources Estimate Notes:*

- *Effective Date: May 2011.*
- *1 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.*
- *A detailed NI 43-101 compliant Technical Report for the May 2011 estimate will be filed on SEDAR within 45 days of this release.*

## Resource Estimate Discussion

The drilling programs carried out at Zuun Mod since the release of the previous resource estimate in June 2009 were designed to increase the confidence in the classification of the resources within the Zuun Mod deposits and to extend the resource at depth, in particular the higher grade zones.

Compared with the June 2009 resource estimate, the May 2011 resource estimate shows that the Measured and Indicated resource increased significantly to 218 Mt from 180 Mt at a 0.04% Mo cog, a 21% increase. Much of the drilling was concentrated in the South Racetrack deposit where the high-grade zone was extended to 500 metres depth. The contained metal within the Measured and Indicated resource of both the South Racetrack deposit and the North Racetrack deposit high-grade zones (0.04% cog) increased by 25% for molybdenum (grading 0.058% Mo) and 26% for copper (grading 0.071% Cu) to 245 M lbs and 300 M lbs respectively.

### **Ongoing Technical Studies**

The Company has completed or has commenced a number of pre-feasibility level study components. In 2011, Erdene will be carrying out additional technical and economic studies, components of an overall project economic evaluation study. The following is a brief summary of the key components of this study:

Pit Optimization Study: In 2010, Minarco carried out work on a pit-optimization study designed to maximize the potential of the Zuun Mod resource and determine intermediate and potential final pit outlines. With the increased grade and tonnage of the resource at Zuun Mod, Erdene has engaged Minarco to update the pit optimization study which is a key component of the economic evaluation of the project.

Hydro-geologic Study: In 2010, Erdene carried out a water exploration program to identify a source of water that will eventually be needed to process ore at Zuun Mod. This program successfully identified, drill tested and registered a water resource with the Water Authority of Mongolia for a basin 35 kilometres north of Zuun Mod. Additional work is required to further define this water resource. Process-water requirements will be better defined as the project advances to the pre-feasibility and feasibility stages.

Environmental Impact Study: Further to an environmental base-line study carried out as part of the Zuun Mod mineral resource registration, Erdene has contracted Eco Trade LLC, a Mongolian environmental consulting company, to carry out an environmental impact study for the Zuun Mod project. This study will be based on screening documents issued by the Mongolian Ministry of the Environment.

Metallurgical Studies: Initial metallurgical studies have been carried out on Zuun Mod drill core samples by AMMTEC Limited of Perth Australia including flotation and comminution testwork. These preliminary studies showed that the mineralization at Zuun Mod is amenable to standard processing techniques, recoveries of molybdenum and copper are expected to be 85% and 82%, respectively, and marketable concentrates for molybdenum (>50% Mo) and copper (>25% Cu) can be produced. Additional metallurgical testing will be carried out in 2011 to better determine the reagent scheme and flowsheet parameters as the project advances towards the pre-feasibility stage.

Marketing Study: A molybdenum marketing study was completed in 2011 by Metallurgical Consultants and Analysts LLC of Massachusetts, USA. This study will be updated for use in future economic evaluation reports.

## **Qualified Person**

The Mineral Resource estimates were prepared under the supervision and based on information compiled by Philippe Baudry, who is an employee of Minarco-MineConsult. Philippe Baudry is also a Qualified Person within the meaning of such term under NI 43-101 and a Member of the Australian Institute of Geoscientists (Membership No 3721). Philippe Baudry consents to the inclusion in this release of the matters based on his information in the form and context in which it appears. The grade model was prepared using Surpac software, with a regular block model. Molybdenum (Mo) and copper (Cu) grades were estimated using ordinary kriging. Independent geological data verification and QA/QC of the drill-hole results has been completed and will be included in the NI 43-101 compliant Technical Report prepared by Minarco-MineConsult.

## **About Erdene**

Erdene Resource Development Corp. is a diversified resource company with multiple projects in Mongolia, Canada, and the USA, at various stages of development, from exploration to production; all projects are focused on high-growth commodities. In Mongolia, Erdene's principals have over 14 years of experience in the country's resource sector. A dedicated technical and management team have assembled a strong portfolio of molybdenum-copper, copper-gold, and coal projects throughout the country. These projects, and our in-country experience, provide the Company with a unique opportunity to participate in this period of unprecedented economic growth in Mongolia. This growth is fuelled by the discovery and development of a number of World-class mineral projects that are transforming the country into one of Asia's natural resource capitals.

Erdene has a current working capital position of approximately \$6.0 million, including that of its controlled subsidiary Advanced Primary Minerals Corp., with 90,323,377 common shares issued and outstanding and a fully diluted position of 97,841,377 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 subject to change after that date.

**NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENTS OF THIS RELEASE**

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