



## **Erdene Provides 2018 Project and Financial Review and Announces 2019 Khundii Gold Project Plan**

**Halifax, Nova Scotia – April 1, 2019 - Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company")** is pleased to announce financial and operating results for the year ended December 31, 2018 and to provide an update on progress and plans for its Khundii Gold Project. This release should be read in conjunction with the Company's 2018 Financial Statements, MD&A and Annual Information Form, available on the Company's website or on SEDAR.

“Our objectives are clear, complete the various studies and permitting to advance the Khundii Gold Project to development for a minimum 50,000 ounce per year high-grade open pit mining operation while continuing our exploration and acquisition efforts to expand the operation to more than 100,000 ounces per year,” said Peter Akerley, Erdene’s President and CEO. “The past year has been very productive in advancing us towards these goals led by the September maiden mineral resource estimate followed by the December announcement of the Khundii Gold Project Preliminary Economic Assessment (“PEA”), which demonstrated the robust economics of the modest, low-risk development that anchors our Khundii Gold District.”

Mr. Akerley added, “Continuing on this path we recently awarded the Khundii Gold Project Pre-Feasibility Study (“PFS”) contract to Tetra-Tech, Inc. and the mining license applications are underway. We will also commence drilling in April to support the PFS and explore high-priority targets within the Khundii District. Over the past five years, Erdene has discovered and defined two, near surface, high-grade gold deposits, within a portion of one of the world’s most fertile gold belts that has received little modern exploration. We see significant potential for further discoveries, and we will continue our extensive exploration in the region in an effort to build our resource base.”

### **2018 Project and Financial Highlights and Subsequent Events**

#### Khundii Gold Project – 100% Erdene

- Delivered the National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) PEA in December 2018:
  - After-tax Net Present Value at a 5% discount rate (“NPV5%”) and a US\$1,200/oz gold price of US\$99 million and an Internal Rate of Return (“IRR”) of 56%.
  - Pre-tax NPV5% of US\$135 million and IRR of 70%.
  - Initial capital expenditure of US\$32 million, using a contract mining fleet.
  - All-in sustaining cash cost (“AISC”) of US\$714/ounce for gold recovered.
  - Life of mine head grade of 3.42 g/t gold.
  - Average annual gold production of 51,200 ounces (“oz”).
  - Eight-year mine life plus one-year pre-production and two-year mine closure periods.

- Payback period of 1.8 years.
- Reported the Project's maiden mineral resource estimate:
  - At a cut-off grade of 0.7 g/t gold, Measured and Indicated ("M&I") resource of 751,000 oz gold at an average grade of 2.3 g/t gold and Inferred resource of 291,000 oz gold at an average grade of 1.8 g/t gold.
  - At a 1.4 g/t gold cut-off, M&I resource of 642,000 oz of gold at an average grade of 3.7 g/t gold, and an Inferred resource total of 250,000 oz at 2.3 g/t gold.
- Drilled 4,900 metres at the Bayan Khundii license to support the maiden mineral resource:
  - Extended gold mineralization north with the intersection of 81.4 metres of 2.6 g/t gold and 17 metres of 9.2 g/t gold at hole BKD-254 in the North Midfield Zone.
- Received independent recognition for stakeholder engagement excellence:
  - Researchers from the University of British Columbia ("UBC") confirmed Erdene's community engagement as best practice for the stage of development ([link to report](#)).

### Regional Exploration

- Drilled 25 holes over 3,452 metres at seven targets along the 11.4 kilometre Bayan Khundii license, focused at Altan Arrow and Khundii North prospects:
  - Approximately 70% of the regional drill holes on the Bayan Khundii license intersected anomalous gold (>0.1 g/t), with three intersecting over 20 g/t gold over 1 to 2 metre intervals.
  - Extended Altan Arrow 500 metres west over a 1.2 kilometre trend (open along strike).
- Concluded a scout drill program at the 51% owned Ulaan license totalling 1,050 metres in three widely spaced holes over a 1.3 kilometre area in the central portion of the license:
  - Intersected volcanic rocks hosting sheeted to stockwork quartz-pyrite veining.
- Assembled the largest proprietary geologic database in southwest Mongolia and have identified 22 high-priority targets for acquisition that the Company will pursue aggressively:
  - Participated in the first land tender in southwest Mongolia in almost a decade.

### Financial Performance - Year-End Financial Results Summary

- Recognized a net loss of \$3,656,990, or \$0.02 per share for the year ended December 31, 2018, compared to a loss of \$4,027,465, or \$0.03 per share in 2017.
- Incurred exploration expenditures, including capitalized costs, of \$5,958,692 in 2018 compared to \$10,244,775 in 2017, as Erdene focused on the NI 43-101 PEA and resource estimates for the Khundii Gold Project in 2018.
- Corporate and administrative expenses, excluding non-cash share-based compensation and depreciation were \$1,401,342 for the year ended December 31, 2018, largely in line with expenses of \$1,495,106 in 2017.

### Financial Position and Financing

- Became the first company to cross-list on the Mongolian Stock Exchange in June 2018:
  - Approximately 6,000 Mongolian shareholders added to registry.
  - More than 1,500,000 shares traded in Mongolia since the listing.
  - Erdene raised \$4.12 million in a concurrent June Private Placement.

- Raised \$2.53 million in February 2019 to fund the NI 43-101 PFS, mining license applications, potential acquisitions and general working capital:
  - Erdene has current working capital of \$3.20 million.
- Notified Sandstorm Gold Ltd. of intention to buy-back 50% of the NSR Royalty (1%) on March 26, 2019 for \$1.2 million:
  - The transaction is expected to close by April 14, 2019.

## **2019 Operating Plans**

Erdene is focused on two strategic priorities – advancing the Khundii Gold Project toward production and expanding precious and base metal resources in the Khundii Gold District through exploration and acquisition. The development of the Khundii Gold Project reached a significant milestone in March with the commencement of the NI 43-101 Prefeasibility Study (“PFS”) with Tetra-Tech, Inc. a global engineering firm, engaged to lead the project. Erdene has also contracted Blue Coast Research to perform metallurgical testing to support the PFS and Sustainability East Asia LLC to conduct the Environmental and Social Impact Assessment. The Company continues to advance the process to convert the Khundii Gold Project exploration licenses to mining licenses with the submission of all necessary reports and documents for the Bayan Khundii license, including the registration of the mineral resources and a preliminary economic evaluation, to the Ministry of Mining and Heavy Industry. This process is expected to be finalized in Q2 2019.

Erdene will commence two drill programs in April; a 2,000 metre exploratory and infill program, including 1,400 metres at the Khundii Gold Project and a water resource drilling program. Tetra-Tech, Inc. will incorporate these results in an updated mineral resource estimate supporting the PFS for the Khundii Gold Project. The remaining 600 metres of the April 2019 drill program will be focused on exploratory holes on the Bayan Khundii license to follow-up and expand gold mineralization identified to date as well as some geotechnical drilling.

The water resource program will include 11 drill holes (1,375 metres) within approximately 5 kilometres of the Bayan Khundii deposit following geophysical and hydrogeological mapping programs that identified high-priority targets. While sufficient water resources have been identified in the nearby basin, 25 kilometres to the northwest of the Bayan Khundii deposit, the current water exploration program is designed to identify sufficient resources closer to the proposed Khundii Gold Project processing plant.

Researchers from UBC will partner with Erdene on the next phase of their research to ensure effective stakeholder engagement during the mine design process. As well, the Company is working with stakeholders to support local economic participation enhancement, including scholarships, vocational training and early supply chain development work in the local community.

Over the past decade Erdene has developed a proprietary geologic database of southwest Mongolia’s precious and base mineralization that has led to the identification of 22 high-priority targets for acquisition. Mongolia’s Ministry of Mining and Heavy Industry re-opened the region to tenders in 2018 and Erdene intends to be active in the tender process for these high-priority targets in 2019.

## **Background on the Khundii Gold Project**

Erdene's deposits are located in the Edren Terrane, within the Central Asian Orogenic Belt, host to some of the world's largest gold and copper-gold deposits. Although epithermal gold and porphyry copper-gold deposits are well documented across the border in China and along the Belt's westward trend, exploration in Mongolia was limited until the mid-1990s, when the country opened its lands to foreign exploration. Exploration since that time in southeast Mongolia led to the discovery of the world-class Oyu Tolgoi gold-copper deposit. Erdene has been the leader in exploration in southwestern Mongolia over the past decade and is responsible for the discovery of the Khundii Gold District. The District is comprised of multiple high-grade gold and gold/base metal prospects, two of which are being evaluated for development: Bayan Khundii and Altan Nar. The Company has to date invested US\$17 million in exploration and resource development on the Bayan Khundii and Altan Nar projects which are referred to collectively as the Khundii Gold Project.

## **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 on behalf of Erdene. 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, field and laboratory duplicates, and blanks.

## **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 four exploration licenses and a mining license 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 Mongolia stock exchanges. Further information is available at [www.erdene.com](http://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 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**

**Erdene Contact Information**

Peter C. Akerley, President and CEO, or

Ken W. MacDonald, Vice President and CFO

Phone: (902) 423-6419

E-mail: [info@erdene.com](mailto:info@erdene.com)

Website: [www.erdene.com](http://www.erdene.com)

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

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

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

YouTube: <https://www.youtube.com/channel/UCILs5s9j3SLmya9vo2-KXoA>