

ERDENE ANNOUNCES 2020 FINANCIAL RESULTS AND PROVIDES BAYAN KHUNDII GOLD PROJECT & EXPLORATION UPDATES

Press Release

Halifax, Nova Scotia
2021.03.15

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce operating and financial results for the year ended December 31, 2020 and to provide an update on its Bayan Khundii Gold Project ("Bayan Khundii" or "BK"). This release should be read in conjunction with the Company's 2020 Financial Statements and MD&A, available on the Company's website or SEDAR.

Quotes from the Company:

"Despite the impact of COVID-19 on the global economy over the past year, our Company made significant progress executing on our two-pronged strategy of advancing the Bayan Khundii Gold Project towards development while expanding high-grade gold resources in our Khundii Gold District," said Peter Akerley, Erdene's President and CEO.

"Based on the strong economics of the high-grade, open-pit, BK Gold Project, outlined in the Feasibility Study delivered in August, we have commenced project finance and construction readiness," continued Mr. Akerley. "In October we signed a mandate letter with Export Development Canada ("EDC") to provide the majority of the capital required to build the mine and due diligence is progressing well. Construction readiness activities including detailed engineering continues as we seek to fast track this foundational project. A construction decision is expected in mid-2021, contingent upon the impact of the COVID-19 pandemic."

"Exploration results from our 2020 Khundii District Gold drill program were very positive," added Mr. Akerley. "We intersected multiple zones of high-grade gold around the BK economic pit that are being incorporated into an updated resource, scheduled to be finalized in Q2 2021."

"Most importantly, drilling at our newly defined Dark Horse prospect in late 2020 intersected broad zones of gold mineralization in a previously untested portion of the Khundii Mining License," concluded Mr. Akerley. "We have traced mineralization along a 1.2 kilometre north-south trending structure, confirming Dark Horse as the most significant zone of gold mineralization in the Khundii Gold District since the discovery of Bayan Khundii. We completed a 1,900-metre scout drilling program at Dark Horse in late February 2021 and are scheduled to launch a much larger exploration program at Dark Horse in the coming weeks as we seek to further unlock the mineral potential in the Khundii Gold District."

2020 Highlights and Subsequent Events:

Bayan Khundii Gold Project – 100% Erdene

- Announced positive results of the BK BFS in July 2020 (results at US\$1,400/oz gold price, unless noted):
 - After-tax Net Present Value of US\$100 million (NPV5%) and 42% Internal Rate of Return (IRR), increasing to US\$216 million and 77% IRR, respectively, at a gold price of US\$1,800/oz
 - Life of Mine Earnings Before Interest, Taxes and Depreciation of US\$257 million, increasing to US\$400M at a US\$1,800/oz gold price
 - 381,700 ounces gold recovered over the initial phase of the Khundii Gold District development
 - All-in sustaining cost (“AISC”) of US\$733/oz and upfront capital expenditure of US\$59 million
 - Measured and Indicated Resources of 521,000 ounces gold at an average grade of 3.16 g/t gold
 - Proven and Probable Reserves of 409,000 ounces gold at an average grade of 3.71 g/t gold
 - Average annual gold production of 63,500 ounces, including 77,600 ounces in Year 2
 - Eight-year project, including one-year pre-production, six-year operating life and one-year closure
 - Payback period of less than 2 years
 - Adjacent high-grade resources and recent discoveries provide excellent growth opportunities
 - Significant benefits to Mongolia, including Life of Mine royalties and taxes of US\$103 million and approximately 400 new direct jobs in Bayankhongor Province
- Commenced construction readiness activities for the Bayan Khundii Gold Project:
 - Detailed design and engineering for the Carbon-in-Pulp (“CIP”) processing plant and mine support infrastructure is underway and expected to be submitted for approval in Q1 2021
 - The balance of the technical drawings for site infrastructure are expected to be submitted for approval by Q1 2021, allowing for a rapid construction ramp up beginning mid-2021
 - Tender and contracting for critical facilities and services has been initiated
 - Environmental monitoring stations were installed in Q4 2020 and are currently operating
 - Constructability review, value engineering, and HAZOPS development are also underway
- Continued stakeholder engagement for the ESIA and the Mongolian statutory Detailed Environmental Impact Assessment (“DEIA”):
 - European Bank for Reconstruction and Development (“EBRD”) ESIA public disclosure period satisfactorily completed in Q3 2020
 - Additional baseline studies are ongoing, collecting targeted social and environmental data in line with the ESIA commitments
 - Public consultations are ongoing for the Mongolian DEIA
- Obtained certain key permits and advanced regulatory approvals required for mine development:
 - Land use permits issued, granting access to an initial approximately 100-hectare area required to construct the BK open-pit and associated surface infrastructure
 - Completed regulatory review of the site general arrangement

Exploration

- Completed the 2020 exploration campaign, drilling 109 holes totaling 14,391 metres at Bayan Khundii and the new Dark Horse prospect:
 - BK-Midfield North: Expansion drilling on the western and eastern sides of the proposed Bayan Khundii economic pit returned high-grade mineralized intersections:
 - BKD-302 – Eastern flank extension: 3.9 g/t gold over 22.4 metres, including 2 metres of 27.5 g/t gold beginning 127 metres down hole (vertical 115m)
 - BKD-304 – Western flank extension: 3.9 g/t gold over 12 metres, including 1 metre of 38.9 g/t gold beginning 206 metres down hole (vertical 144m)
 - BK-Midfield SE: Discovered a very high-grade gold zone starting at surface, in an area classified as waste or low-grade stockpile material in the current resource model:
 - BKD-288 – 5.5 metres of 125.9 g/t, including 1 metre of 581.6 g/t gold, beginning 11.5 metres down hole
 - BKD-274 – 15 metres of 25.6 g/t, including 1 metre of 338 g/t gold, beginning at 14.9 metres, 40 metres north of BKD-288
 - Intersected anomalous mineralization in 16 of 18 holes, all within 25 metres from the surface
 - BK-Striker SW: At the southern end of the Bayan Khundii economic pit, expanded shallow areas of high-grade mineralization beyond the economic pit and outside of the current resource:
 - BKD-292 – 15 metres of 29 g/t gold, beginning 0.9 metres from drill collar, including one metre of 353 g/t gold
 - BKD-310 – 4.0 g/t gold over 10 metres, including 1 metre of 24.5 g/t gold beginning 14 metres down hole, and 44 metres of 1.0 g/t gold, including 1 metre of 16.2 g/t starting 64 metres down hole
 - BKD-312 – 20.8 g/t gold over 3 metres, including 1 metre of 51.7 g/t gold beginning 13 metres down hole
- Results from Bayan Khundii drilling in 2020 are being incorporated into an updated resource estimate, expected to be completed in Q2 2021
- Dark Horse: Maiden drilling at 100% owned prospect, discovered in Q4 2019, 3.5 kilometres north of the Bayan Khundii Gold Deposit, intersecting high-grade gold in two of eleven holes:
 - AAD-41 – 10.8 g/t gold over 1 metre, at 29 metres vertical depth
 - AAD-48 – 30.6 g/t gold over 1 metre, within a 7-metre zone of highly anomalous gold (up to 0.2 g/t), beginning 27 metres from surface
 - AAD-51 – 3 metres of 5.6 g/t gold, beginning 138 metres downhole and 10 metres of 0.9 g/t gold, starting 222 metres downhole
 - AAD-57 – 16 metres of 0.6 g/t gold, beginning 52 metres downhole, and 48 metres of 1.2 g/t gold, beginning 194 metres downhole, including 30 metres of 1.7 g/t gold
 - AAD-58 – 45 metres of 5.97 g/t gold, beginning 10 metres downhole, including 1 metre of 82.5 g/t gold within 8 metres of 27.1 g/t gold

- AAD-61 – 130 metres of 0.53 g/t gold, beginning 10 metres downhole, located 500 metres north of AAD-58
- An evaluation and interpretation program is underway, including geophysics, clay mineral analysis, petrography, mineralogy, fluid inclusion work and 3-D modelling

Corporate

- Closed \$20 million financing led by \$15 million strategic investment from Eric Sprott on August 11, 2020:
 - Proceeds will be used to advance exploration of the Khundii Gold District and development of the Bayan Khundii Gold Project, and for working capital and general corporate purposes
- Announced conversion of US\$5 million convertible loan held by the EBRD on October 9, 2020:
 - EBRD, one of the largest foreign investors in Mongolia, now holds a significant equity interest
- Executed a mandate letter with EDC for the Bayan Khundii Project Finance:
 - Contemplates a senior secured debt facility of up to US\$55 million, subject to satisfactory completion of due diligence and documentation
 - Diligence is well underway and progressing largely to schedule
- Acquired 100% interest in the Ulaan license, adjacent to Bayan Khundii, in December 2020:
 - Consolidates 100% interest in the majority of the Khundii-Ulaan alteration system hosting multiple epithermal gold and porphyry copper-gold targets
- Recorded a net loss of \$13,116,358 for the year ended December 31, 2020, compared to a net loss of \$2,683,292 for the year ended December 31, 2019:
 - Exploration and evaluation expenditures, including capitalized expenditures, totaled \$9,276,028 for the year ended December 31, 2020, compared to \$6,694,914 for the year ended December 31, 2019, largely due to increased exploration work as the Company drilled over 15,000 metres in the current year, compared to approximately 5,000 metres in the prior year. Additionally, expenditures on the Bayan Khundii Feasibility Study, Detailed Engineering and Design and Construction Readiness activities exceeded those on the Prefeasibility Study in the prior year
 - Corporate and administrative expenses totaled \$1,868,905 for the year ended December 31, 2020, compared to \$1,615,724 for the year ended December 31, 2019 due to higher administrative salaries, expanded investor relations costs and increased non-cash, share-based compensation costs
 - Non-cash, change in fair value expenses of \$8,412,081 and interest expense of \$1,661,960 in the current year related to the EBRD convertible loan, which was converted in October 2020

COVID-19

In late January 2020, the Government of Mongolia instituted limitations on public gatherings, suspended in-person classroom learning, and implemented international border controls in response to COVID-19. The Canadian Government adopted similar measures in March 2020, as have most governments globally during 2020. Furthermore, on November 12, 2020, following the first instances of community spread of COVID-19, the Mongolian Government announced restrictions on the movement of people within the country.

In response, Erdene implemented operational changes to ensure the safety and productivity of its people. In the field, daily health and safety briefings, body temperature checks, enhanced hygiene protocols, and additional personal protective equipment have been instituted. With these measures, our team delivered an injury-free field exploration and technical program, completing approximately 15,000 metres of drilling in 2020. The Company's corporate and administrative teams adopted remote working practices and enhanced hygiene measures during 2020 that allowed operations to continue without significant disruption.

Though the impact of COVID-19 on the Company's operations has been modest to date, the COVID-19 pandemic continues to evolve. The Company will monitor the impact of COVID-19 on its operations in 2021, particularly potential disruptions to the Bayan Khundii Gold Project schedule or budget prior to reaching a construction decision, which is expected in mid-2021.

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. Erdene's deposits are located in southwestern Mongolia's Edren Terrane, within the Central Asian Orogenic Belt, host to some of the world's largest gold and copper-gold deposits. The Company has been the leader in exploration in the region over the past decade and is responsible for the discovery of the Khundii Gold District with interests in three mining licenses and two exploration licenses hosting multiple high-grade gold and gold/base metal prospects, two of which are being considered for development: the 100%-owned Bayan Khundii and Altan Nar gold deposits.

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.

Qualified Person

Peter Dalton, P.Geol. (Nova Scotia), Senior Geologist 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.

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 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.

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

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