

Erdene Closes Second Stage of Strategic Alliance With Mongolian Mining Corporation and Reports Q1 2023 Results

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HALIFAX, May 04, 2023 - [Erdene Resource Development Corp.](#) (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce the close of the second stage of the Strategic Alliance with Mongolian Mining Corporation ("MMC"), to provide an update on the Bayan Khundii ("BK") Gold Project development and exploration in the Khundii Minerals District ("KMD"), and to report operating and financial results for the quarter ended March 31, 2023. This release should be read in conjunction with the Company's Q1 2023 Condensed Consolidated Interim Financial Statements and MD&A, available on the Company's website and SEDAR.

Quotes from the Company:

"The first quarter of 2023 was another productive period for Erdene as we made significant progress advancing our Bayan Khundii ("BK") Gold Project towards construction," said Peter Akerley, Erdene's President and CEO. "With the recent close of the second stage of our MMC Strategic Alliance, we are launching early construction works and expect to make a full construction decision in mid-2023."

"In Q1 we also ramped up exploration in the KMD, with three rigs currently conducting mineral exploration, hydrogeological reserve exploration, and geotechnical drilling, including exploratory drilling at our Zuun Mod molybdenum-copper project," continued Mr. Akerley. "With robust molybdenum prices and a strong outlook for copper demand supporting the green energy transition, we plan to continue to unlock the value of the Zuun Mod. Following the completion of the first phase of work at Zuun Mod, expansion and exploration drilling will test for high-grade gold, targeting resource extensions and new prospects near the planned BK open pits."

Q1-2023 Highlights and Significant Subsequent Events:

Bayan Khundii Gold Project

- Progressed construction readiness and engineering for the BK Gold Project
 - Completed detailed design and engineering for 12 of 14 facilities
 - Conducted construction, mine planning and gold processing optimization studies with MMC
 - Engaged with preferred vendors and received updated quotations for major construction works and mining equipment, leveraging MMC relationships
- Completed internal Feasibility Study ("FS") update and advanced NI 43-101 FS update
 - Worked with MMC and Glogex Consulting to update resource and mine plans, fleet optimization, and capital & operating costs for the internal study
 - Advanced hydrogeological, metallurgy and geotechnical work for NI 43-101 FS update
 - Updated NI 43-101 scheduled to be delivered in mid-2023
- Advanced regulatory approvals and secured key permits for mine development
 - Obtained approval for 12 project facilities and received construction permits for eight facilities
 - Received regulatory approval of the Project's 2023 operational plans
- Launched 2023 community engagement program
 - Established Bayankhongor province branch office in early Q2
 - Held community open house information sessions in advance of construction

Khundii Minerals District Exploration

- Commenced 4,000-metre drill program at ZM in April 2023
 - 2,500-metre first phase will test areas adjacent current resource to assess expansion potential
 - Results expected to be announced in late Q2
- Carried out desktop and field orientation work in advance of a 11,000-metre gold exploration program
 - Program will prioritize the greater Dark Horse area
 - Drilling will test high priority targets to expand resources and conduct infill drilling to increase confidence in currently reported inferred resources

Corporate

- Entered Strategic Alliance with MMC and closed the first two tranches receiving US\$10 million of funding
 - MMC to invest US\$40 million for a 50% equity interest in Erdene's Mongolian subsidiary that holds the Khundii and Altan Nar mining licenses and the Ulaan exploration license
 - Erdene retains 50% of EM and a 5.0% NSR royalty on production from the Khundii, Altan Nar and Ulaan licenses, as well as any properties acquired within 5 kilometres, beyond the first 400,000 ounces of gold recovered, as well as 100% interest in ZM
 - Closed the first stage of the Alliance in January 2023 and the second stage in early May 2023
- Progressed BK Project Finance with EDC and other international financial institutions
 - EDC due diligence complete pending review of 2023 FS update, anticipated in mid-2023 and key loan terms agreed
 - Discussions are proceeding in parallel with Mongolian and International financiers for the balance of capital
- Recorded a net loss of \$1,138,937 for the three months ended March 31, 2023, compared to a net loss of \$1,231,156 for the three months ended March 31, 2022
 - Exploration and evaluation expenditures, including capitalized expenditures, totaled \$1,437,182 for the three months ended March 31, 2023, compared to \$2,904,572 for the comparative prior year period as reduced field activity and design and engineering work, as well as the payment of a deposit on the elution circuit in early 2022, and the timing of payments under the local cooperation agreement more than offset current period expenditures to update the FS
 - Corporate and administrative expenses totaled \$580,111 for the three months ended March 31, 2023, compared to \$445,446 for the three months ended March 31, 2022, with the year on year increase primarily due to expenditures associated with the negotiation and announcement of the MMC Strategic Alliance as well as higher administrative salaries due to cost of living adjustments

Update on Strategic Alliance with MMC

In January 2023, the Company announced a Strategic Alliance with MMC to develop BK. MMC is the largest, private producer and exporter of high-quality washed hard coking coal in Mongolia. MMC owns and operates the Ukhua Khudag and the Baruun Naran open pit coking coal mines, both located in Umnugovi Aimag (South Gobi Province), Mongolia. The shares of MMC are listed on the main board of the Hong Kong Stock Exchange (HKEx: 975), and the company has a current market capitalization of approximately US\$400 million.

MMC's largest beneficial shareholder is MCS Group, one of Mongolia's leading conglomerates. MCS has operated in Mongolia for 30 years, and has operations in engineering, energy, communications, property, mining, consumer goods, health, and hospitality. MCS employs approximately 10,000 staff in Mongolia and is one of the Country's largest private taxpayers.

Erdene's exploration and pre-development capabilities, MMC's mining and operational expertise and the ability of MCS Group companies to provide complimentary infrastructure and energy solutions creates the ideal platform to develop the KMD for the benefit for all stakeholders.

Under the terms of the Strategic Alliance, MMC will invest US\$40 million for a 50% interest in Erdene's Mongolian subsidiary, Erdene Mongol LLC ("EM"), which holds the Khundii and Altan Nar mining licenses and the Ulaan exploration license through a three-stage transaction. Erdene will retain a 50% equity interest in EM as well as a 5% Net Smelter Return royalty on all production from the Khundii, Altan Nar and Ulaan licenses, as well as any properties acquired within five kilometres of these licenses, after the first 400,000 ounces of gold recovered. Erdene maintains a 100% interest in the Zuun Mod copper-molybdenum project.

The first stage of the Strategic Alliance was completed in mid-January 2023, with MMC advancing US\$5 million by way of a convertible promissory note to finance an updated Feasibility Study and Life of Mine Plan for the BK Gold Project. Since this time, Glogex Consulting, a leading Mongolian geology and mining consulting firm, has assisted Erdene and MMC in preparing an internal update of the BK Feasibility Study completed in mid 2020.

With the completion of the internal update study in late April, MMC advanced the second tranche of US\$5 million to EM on May 2, completing the second stage. These funds will be used to complete the 2023 FS and to undertake early construction works and exploration.

The third stage of the partnership will see MMC invest a further US\$30 million once EM has reached a construction decision, providing equity capital for the BK Gold Project, expected in Q3 2023.

Qualified Person

Peter Dalton, P.Geo. (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.

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 three mining licenses and an exploration 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 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.

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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