

Erdene Announces Year-End Results and Provides Bayan Khundii Project Update

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HALIFAX, April 02, 2024 - [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, 2023, and to provide an update on progress at its Bayan Khundii Gold Project ("BK" or "Project"). This release should be read in conjunction with the Company's 2023 Financial Statements and MD&A, available on the Company's website and SEDAR+.

Peter Akerley, Erdene's President and CEO stated, "The past year was a transformative period for Erdene with the striking of our Strategic Alliance with Mongolian Mining Corporation ("MMC"), Mongolia's leading publicly traded mining company, the commencement of construction at the Bayan Khundii gold project and continued exploration success across the Khundii Minerals District."

He continued, "The Bayan Khundii gold mine is one of the highest grade, open pit gold mines under development globally and will be Mongolia's largest primary gold producer when it reaches full production. With early works complete, project finance secured, long-lead orders now arriving to site and the 2024 construction season underway, we are on track to produce first gold at Bayan Khundii in Q2 2025."

Mr. Akerley concluded, "Exploration during the 2023 field season further expanded mineralization in our Khundii Minerals District, located in an under-explored, world-class gold and copper belt. We have established a pipeline of high-quality projects, including high-grade gold satellite deposits to Bayan Khundii, the large Altan Nar gold-polymetallic deposit and the vast Zuun Mod molybdenum-copper porphyry resource. We plan to work with our strategic partner MMC to build upon our exploration success to unlock new opportunities for the Mongolian mining sector, increase the industry's contribution to the national economy and create long-term value for Erdene shareholders."

2023 Highlights and Significant Subsequent Events:

Image: Bayan Khundii Gold Project Construction Site

A photo accompanying this announcement is available at

<https://www.globenewswire.com/NewsRoom/AttachmentNg/698e9208-68d0-44db-a80c-4e923fefcf54>

Bayan Khundii Gold Project

- Announced formal construction decision for Bayan Khundii on January 15, 2024
 - Awarded the Project's Engineering, Procurement and Construction ("EPC") services contract to MCS Property LLC ("MCSP"), a leading Mongolian construction firm and affiliate of MMC
 - Entered a power purchase agreement ("PPA") with MCS International LLC ("MCSI"), a long-standing energy services and power generation company and affiliate of MMC
 - Construction ramp-up starting in February 2024 with substantial completion scheduled for end of 2024 - commissioning scheduled for Q1 2025 and first gold planned in Q2 2025
- Completed early works, site establishment and major procurement for the Bayan Khundii Gold Mine
 - Early works and site establishment, including installation of temporary facilities and process plant civils and footings complete - represents ~12% of total project construction
 - Approximately 330 employees and contractors on site during peak - no lost time incidents
 - Long lead and critical equipment orders on track with first deliveries received in late Q4 2023

- Delivered Bayan Khundii NI 43-101 Feasibility Study Update (US\$1,800/oz gold price, unless noted)
 - Base Case after-tax NPV5% of US\$170 million and Internal Rate of Return ("IRR") of 35% increasing to US\$223 million and 42%, respectively, at gold price of US\$2,000/oz
 - Life of Mine Earnings Before Interest, Taxes and Depreciation of US\$451 million, increasing to US\$540 million at a US\$2,000/oz gold price
 - Total recovered gold of 476,000 ounces, a 25% increase compared to the 2020 FS with an average gold recovery rate of 93%
 - All-in sustaining cost ("AISC") of US\$869 per ounce and upfront capital costs of US\$88 million, plus a 12% contingency, and pre-production costs of US\$2 million
 - Measured and Indicated Resources of 674,700 ounces gold at an average grade of 2.6 g/t gold, and 319,000 ounces silver at an average grade of 1.38 g/t silver
 - Proven and Probable Reserves of 513,700 ounces gold at an average grade 4.0 g/t gold, and 220,500 ounces silver at an average grade of 1.7 g/t silver
 - Average annual gold production of 86,900 ounces during years 2 through 5 - Life of Mine annual average production of 74,200 ounces gold
 - Adjacent high-grade resources and recent discoveries provide high probability growth options
- Delivered on increased community and stakeholder commitments
 - Conducted equipment operator training for 80 residents of Bayankhongor province, the majority of who entered full-time operator employment at MMC to gain further experience before deploying to Bayan Khundii for the start of operations planned in 2025
 - Completed community support projects, including the installation of a municipal potable water treatment facility, public education sanitation facilities and herder livelihoods support initiatives
 - Remitted 2023 annual planned donations to local government development programs, in accordance with the statutory Local Cooperation Agreement

Khundii Minerals District Exploration

- Conducted 2023 gold exploration program at the Greater Dark Horse prospect
 - Drilled 1,040 metres intersecting anomalous gold and/or indicator elements in 16 of 18 holes
 - Executed IP survey over 9 km² area identifying several targets for follow-up
- Completed ~500 metre trenching program testing near surface supergene oxide targets similar to those intersected at Dark Horse Mane, returning anomalous mineralization in several areas
- Completed 4,100 metre drill program at Zuun Mod Moly-Copper deposit
 - Expanded mineralization on periphery of current NI 43-101 mineral resource
 - Intersected high-grade mineralization in a step-out hole, located 1.7km north of the deposit, demonstrating the potential to expand resources

Corporate

- Closed strategic alliance with MMC on January 23, 2024 to advance construction of the BK Project
 - MMC invested US\$40 million for a 50% equity interest in EM, the company holding the BK Project
 - Erdene retains a 50% equity interest in EM as well as a 5% NSR royalty on production from the Khundii District after the first 400,00 ounces of gold production and a 100% interest in Zuun Mod
- Secured BK Finance from strategic partner MMC
 - Up to US\$80 million shareholder loan to EM
 - Five-year bullet maturity, bearing interest at 13.8%, payable in arrears

- Recorded a net income of \$522,043 for the year ended December 31, 2023, compared to a net loss of \$5,986,237 for the year ended December 31, 2022
 - Exploration and evaluation expenses totaled \$847,010 for the year ended December 31, 2023, compared to \$3,798,676, with the year-on-year change primarily due to the reporting of EM's activity as an Investment in Associate in the current year due to the loss of the control of the subsidiary following the Strategic Alliance with MMC, partially offset by regional exploration work incurred by Erdene
 - Exploration and evaluation expenditures, including capitalized expenditures, totaled \$7,266,375 for the year ended December 31, 2023, compared to \$11,770,631 for the prior year primarily due lower drilling activity during the current year as well as reduced spending on engineering and design work for the Bayan Khundii Gold Project following the commencement of early construction works
 - Corporate and administrative expenses totaled \$3,137,736 for the year ended December 31, 2023, compared to \$2,218,984 for the year ended December 31, 2022, with the year-on-year change primarily due to an increase in the allocation of management effort to corporate activities following the strategic alliance with MMC, inflationary salary adjustments, and increased marketing, professional fees, non-cash share-based compensation and travel costs
 - Non-cash gain on loss of control of subsidiary of \$6,544,863 and loss from investment in associate of \$2,278,370 due to the change in the basis of accounting for Erdene's investment in EM to equity accounting following the signing of the Strategic Alliance and Investment Agreements with MMC in January 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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