

ERDENE INTERSECTS HIGH-GRADE GOLD IN MAIDEN DRILLING AT DARK HORSE PROSPECT

Press Release

Halifax, Nova Scotia
2020.10.26

Erdene Resource Development Corporation (TSX:ERD | MSE:ERDN) (“**Erdene**” or the “**Company**”) is pleased to provide exploration results for its Dark Horse gold prospect, as part of the first phase of its 18,000-metre Khundii Gold District drill program. To date, the Company has received assay results for approximately 3,600 metres of the 10,000 metres drilled in the first phase.

Highlights:

- Eleven hole, 1,574-metre reconnaissance diamond drill program completed at 100% owned Dark Horse prospect, discovered in Q4 2019, 3.5 kilometres north of the Bayan Khundii Gold Deposit
- High-grade gold intersected in two holes at shallow depths, less than 30 metres vertically from surface:
 - AAD-48 – returned 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 the surface
 - AAD-41 – intersected 10.8 g/t gold over 1 metre, below trench KMD-03 at a vertical depth of 29 metres, 1.25 kilometres east of AAD-48
- All holes intersected elevated to anomalous gold and/or broad zones anomalous in pathfinder elements (arsenic, molybdenum and antimony)
- Mineralization is associated with epithermal quartz ± adularia veins, similar to Bayan Khundii, open at depth and mapped over 1.5 kilometres of strike
 - The interpreted strike length is supported by rock chip sampling, geological mapping, interpretation of geophysical data and recent drill results
- Drilling confirmed the association of gold mineralization with magnetic-low and gold in soil anomalies along a major northeast trending structure and associated splays
- Phase II drilling is scheduled to commence on the Dark Horse prospect in early November

Quotes from the Company:

“We are excited by the maiden drill results from the Dark Horse gold prospect,” said Peter Akerley, Erdene’s President and CEO. “With the intersection of high-grade gold in two targets, and anomalous gold or broad zones of pathfinder elements in the remaining holes, we have confirmed this prospect, identified in Q4 2019, as one of our highest priority targets within the larger Khundii Gold District. We have identified multiple structures with associated gold mineralization that have significant upside potential along strike and at depth. This first pass has provided excellent information on which to carry out a more fulsome exploration program.”

“The second, 8,000-metre phase of the Khundii Gold District program will be launched by the end of October,” continued Mr. Akerley. “This drill program will include further resource expansion work at Bayan Khundii and Altan

¹ Reported intervals in this release are downhole apparent widths. Continued exploration is required to confirm anisotropy of mineralization and true thicknesses

Nar, follow up drilling at Dark Horse, and exploratory drilling on our Ulaan license, immediately west of Bayan Khundii.”

“Results are still pending for approximately 6,400 metres of the 10,000-metre first phase of our 18,000-metre drill program,” concluded Mr. Akerley. “This includes samples from the Midfield Southeast and Striker West zones adjacent to the Bayan Khundii pit, where visible gold was reported in nine holes. These results, as well as those from the second phase of drilling, have the potential to expand our Khundii Gold District mineral resources.”

Dark Horse (Khar Mori)

The Dark Horse prospect is located 3.5 kilometres north of the Bayan Khundii Gold deposit and adjacent to the early stage Altan Arrow prospect on Erdene’s 100% owned Khundii Mining license. The combined Dark Horse and Altan Arrow prospects cover an area approximately 1.5 by 3-kilometres. The area is characterized by argillic alteration and locally advanced argillic alteration along with intense tourmalinization and silicification, including the presence of residual quartz bodies most pronounced along the major northeast trending structures with gold-bearing quartz-adularia veins and stockwork breccia zones locally. Previous drilling along the subsidiary structures south of Altan Arrow (within 300 metres of the Dark Horse target area) provided the highest-grade intersections to date in the area, including 24 g/t gold and 70 g/t gold over 2 metres (AAD-03 and AAD-12) within 75 metres of surface. Additionally, drilling of the main Altan Arrow structure has returned broad (greater than 20 metres) highly anomalous gold (greater than 0.2 g/t gold) mineralized zones. In addition, trenching and rock chip sampling programs carried out between Q4 2019 and Q3 2020 at Dark Horse returned very high gold grades over a large target area, predominantly along the main structure and associated splays to the south.

Drilling Summary & Plans [See plan view maps and sections below]

Phase I drill testing at the Dark Horse prospect consisted of 11 drill holes totalling 1,574.5 metres. Target depths were relatively shallow during this first pass, ranging from 25 to 100 metres, with an average hole length of 143 metres. High-grade gold mineralization was intersected in two holes (AAD-41 and AAD-48) located 1,250 metres apart. All holes intersected elevated to anomalous gold and/or broad zones of pathfinder elements (As, Mo, Sb) and results confirmed the association of gold mineralization with magnetic-low and gold in soil anomalies along the major structure and associated splays.

AAD-48 targeted an intense magnetic low coincident with, and in the centre of, a prominent northeast-trending structure and gold in soil anomaly. This magnetic low has been interpreted as an area of intense fluid flow resulting in magnetite destruction. Drilling intersected a broad 17-metre zone of abundant open-spaced, comb quartz stockwork veining hosted within an envelope of intense silica and white mica altered andesite. Anomalous gold mineralization over 7 metres (metres 37 to 44) included a 1-metre interval containing visible gold (30.6 g/t gold) at a vertical depth of 27 metres. This wider alteration envelope is characterized by elevated gold and anomalous, strongly correlated indicator elements, including arsenic, molybdenum, and antimony. Geophysical analysis indicates that the gold mineralization within AAD-48 is located within an intense, steeply inclined magnetic-low, which extends and broadens considerably at depth, continues along strike and is proximal to an untested intense IP chargeability signature. This magnetic low remains untested at depth but will be followed up as part of the second phase of the current drill program (see section below).

Within this central area of the Dark Horse prospect, four additional holes (AAD-43 to AAD-45, AAD-47) were completed along a 500-metre trend, within 200 metres of the main structure and along interpreted splays within areas of gold anomalism, silicification and white mica alteration associated with a magnetic low signature. Geology in this location is dominated by a volcanic package consisting of altered tuffs, andesite and dacite porphyry. Anomalous gold grades

in holes AAD-43, AAD-45, and AAD-47 ranged from 0.3 g/t gold to 1.3 g/t gold over 2-metre intervals. AAD-44 intersected several intervals with elevated gold concentrations and ended within a broad zone of combined indicator element geochemistry. Gold mineralization in all of these holes shows a direct correlation with a suite of indicator elements (arsenic, molybdenum and antimony) and association with comb quartz, epithermal style veining. All holes show good correlation between white mica alteration and magnetic low anomalies reflecting magnetic destruction. Open spaced quartz comb veining and the most intense alteration zones appear to be coincident with intervals of structural complexity.

AAD-40 and AAD-41 were drilled 1.25 kilometre west of AAD-48, located along the main northeast trending structural corridor and targeted high-grade gold in rock chip and trench samples. Gold mineralization is associated with quartz-adularia veins within zones of intense white mica alteration, silicification and tourmaline stockwork veining within a monzodiorite. AAD-41 was drilled as a follow up to trench KMT-03, which contained a previously reported interval containing 4 metres of 14 g/t gold and visible gold mineralization. AAD-41 intersected high-grade gold mineralization at a vertical depth of 29 metres, with a one-metre intersection of 10.8 g/t gold hosted within a brecciated quartz-adularia vein, crosscutting an intensely sericite (white mica) altered monzodiorite. As with AAD-48, this high-grade intersection at 41 to 42 metres is surrounded (39 to 47 metres) by elevated gold, arsenic and molybdenum mineralization. The thick and intense degree of white mica alteration of this zone associated with high-grade gold mineralization provides a strong follow-up target at depth and along strike. Drill hole AAD-40 intersected 0.38 g/t gold from 35 to 36 metres.

Holes AAD-42 and AAD-46 were drilled north and south of the main structural target designed to test surface alteration and magnetic low features. These holes returned weak indicator element concentrations and low gold values.

Both AAD-49 and AAD-50 were drilled in the western portion of the Dark Horse prospect. Silicification in both of these holes is intense with lesser evidence of pervasive white mica alteration but stronger degrees of propylitic alteration. Gold mineralization within AAD-49 is associated with open spaced quartz-white mica veins. AAD-50 ended within a residual silica body interpreted to represent the complete replacement of the host rock by silica rich fluids.

The maiden Dark Horse drill program successfully demonstrated the presence of high-grade gold mineralization within epithermal style quartz veining and alteration at shallow depths within the large Dark Horse prospect area. Preliminary geologic interpretations suggest the gold mineralization and alteration at Dark Horse may be related to ascending fluids along structure and zones of dilation. These zones appear to be further defined by magnetic-low geophysical anomalies and indicator element geochemistry anomalous in arsenic, antimony and molybdenum. These initial observations will focus the next phase of drilling at the target-rich Dark Horse prospect by testing many of these anomalous zones at depth and along structural trends.

Dark Horse Phase I Drilling Results (>0.1 g/t gold)

Hole	From	To	Interval	g/t Au
AAD-40	35	36	1	0.38
AAD-41	41	42	1	10.80
AAD-42	4	5	1	0.17
	13	14	1	0.75
	40	44	4	0.32
	110	111	1	0.14
AAD-43	30	32	2	0.14
AAD-45	34	36	2	0.11

	40	42	2	0.95
	80	82	2	0.16
AAD-47	70	72	2	1.26
	94	96	2	0.22
AAD-48	32	33	1	0.22
	37	38	1	0.19
	38	39	1	30.59
	41	44	3	0.19
	69	70	1	0.15
AAD-49	38	39	1	0.10
	106	108	2	0.34

Khundii Gold District

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. The Company has been the leader in exploration in southwest Mongolia over the past decade and is responsible for the discovery of the Khundii Gold District comprised of 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 projects. Together, these deposits comprise the Khundii Gold Project.

The Bayan Khundii Gold Resource² includes 521,000 ounces of 3.16 g/t gold Measured and Indicated (“M&I”)³ and 103,000 ounces of Inferred resources at 3.68 g/t gold. Within the M&I resource, a proven and probable open-pit reserve totals 409,000 ounces at 3.7 g/t (see the full press release [here](#)), providing significant potential growth of reserves with the development of the remaining M&I and Inferred resources².

In July 2020, Erdene announced the results of an independent Feasibility Study for the Bayan Khundii Gold Project ([press release here](#)). The Feasibility Study results include an after-tax Net Present Value at a 5% discount rate and a US\$1,400/oz gold price of US\$100 million and Internal Rate of Return (“IRR”) of 42%. The Feasibility Study envisions an open-pit mine at Bayan Khundii, producing an average of 63,500 oz gold per year, for seven years, at a head grade of 3.71 g/t gold, utilizing a conventional carbon in pulp processing plant. Production is expected to commence in early 2022 based on the current project schedule.

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 two exploration licenses 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.

² For details of the Mineral Resources see Khundii Gold Project NI 43-101 Technical Report, Tetra Tech December 4, 2019 – SEDAR

³ M&I: 171,000 ounces of 3.77 g/t gold Measured, and 349,700 ounces of 2.93 g/t gold Indicated

Qualified Person and Sample Protocol

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. 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 and blanks. All samples undergo standard fire assay analysis for gold and ICP-OES (Inductively Coupled Plasma Optical Emission Spectroscopy) analysis for 33 additional elements. For samples that initially return a grade greater than 5 g/t gold, additional screen-metallic gold analysis is carried out which provides a weighted average gold grade from fire assay analysis of the entire +75 micron fraction and three 30-gram samples of the -75 micron fraction from a 500 gram sample.

Erdene's drill core sampling protocol consisted of collection of samples over 1 or 2 metre intervals (depending on the lithology and style of mineralization) over the entire length of the drill hole, excluding minor post-mineral lithologies and un-mineralized granitoids. Sample intervals were based on meterage, not geological controls or mineralization. All drill core was cut in half with a diamond saw, with half of the core placed in sample bags and the remaining half securely retained in core boxes at Erdene's Bayan Khundii exploration camp. All samples were organized into batches of 30 including a commercially prepared standard, blank and either a field duplicate, consisting of two quarter-core intervals, or a laboratory duplicate. Sample batches were periodically shipped directly to SGS in Ulaanbaatar via Erdene's logistical contractor, Monrud Co. Ltd.

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

Erdene Contact Information

Peter C. Akerley, President and CEO, or
Robert Jenkins, CFO

Phone: (902) 423-6419

Email: info@erdene.com

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

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

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

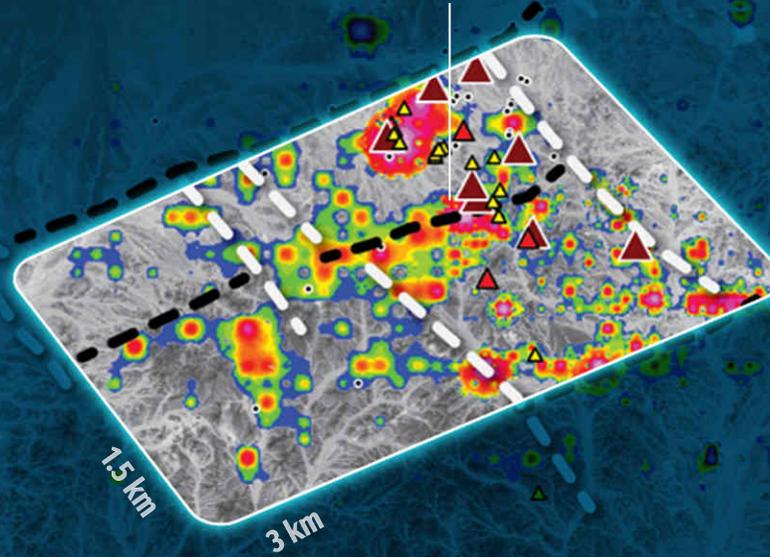
YouTube: <https://www.youtube.com/channel/UCILs5s9j3SLmya9vo2-KXoA>

BAYAN KHUNDII

Multiple Prospects On License

Fast tracking to production

DARK HORSE (KHAR MORI) PROSPECT



BAYAN KHUNDII GOLD DEPOSIT

Midfield SE Gold Zone
Striker SW Gold Zone



ROCK CHIP SAMPLE

- > 10 g/t
- > 5-10 g/t
- 1-5 g/t
- Drill collar
- Structure



www.erdene.com

DARK HORSE GOLD PROSPECT ALTERATION MAP AND HIGH GRADE GOLD OCCURRENCES

Alteration mapping has identified several zones of intense silica and pervasive white mica alteration in conjunction with high-grade gold in rock chip surface sampling

Rock Chip Gold g/t

- >10.0 g/t
- 2.0 – 10.0 g/t
- 0.5 – 2.0 g/t
- 0.05 – 0.5 g/t
- 0.01 – 0.05 g/t
- * less than 0.01

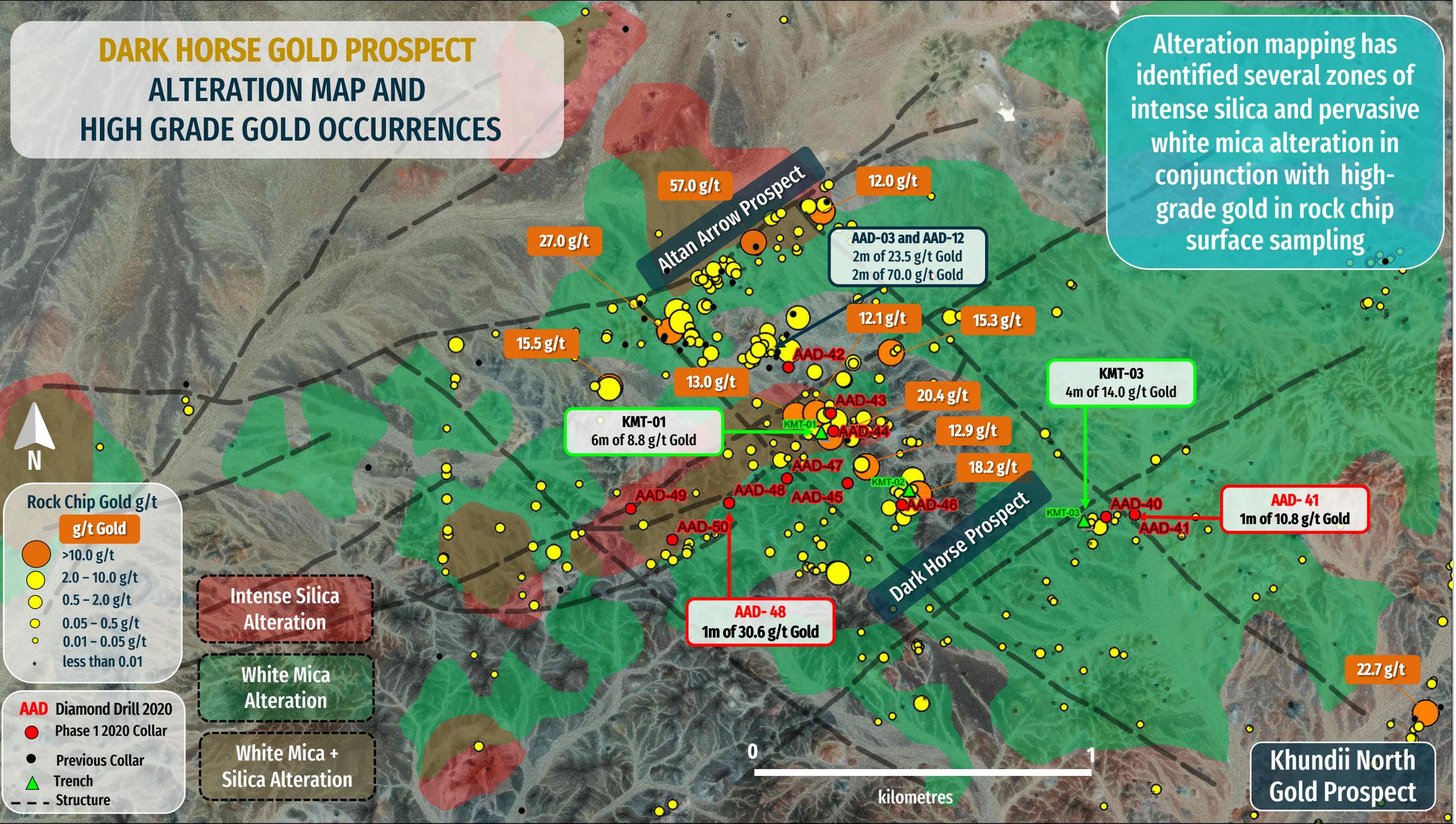
AAD Diamond Drill 2020

- Phase 1 2020 Collar
- Previous Collar
- ▲ Trench
- - - Structure

Intense Silica Alteration

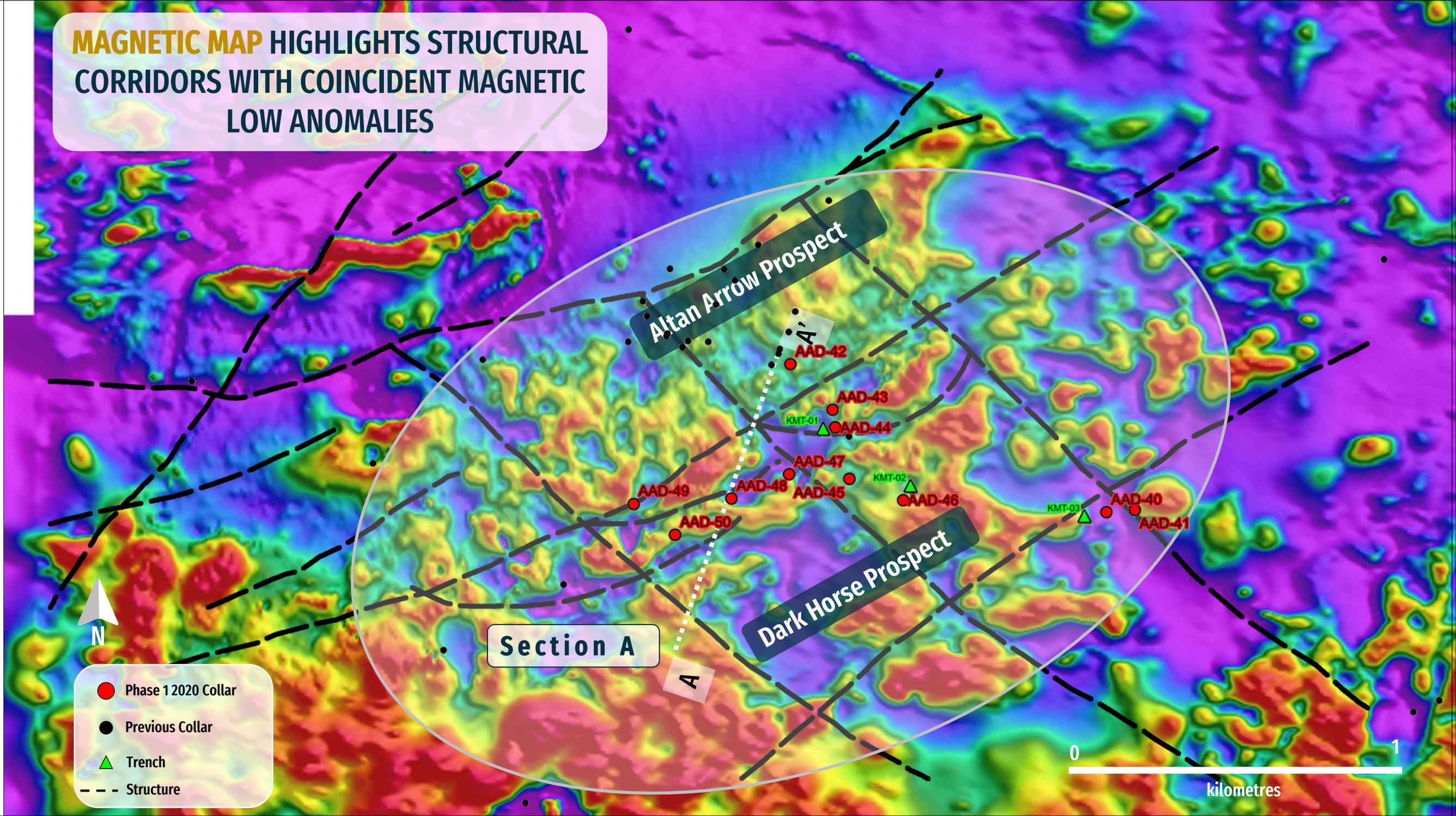
White Mica Alteration

White Mica + Silica Alteration



**Khundii North
Gold Prospect**

MAGNETIC MAP HIGHLIGHTS STRUCTURAL CORRIDORS WITH COINCIDENT MAGNETIC LOW ANOMALIES



Altan Arrow Prospect

Dark Horse Prospect

Section A

- Phase 1 2020 Collar
- Previous Collar
- ▲ Trench
- - - Structure

0 1
kilometres



AAD-48
(38.4m); VG in Qtz Breccia;
30.6 g/t Au, 5 g/t Ag over 1m

AAD-41
(41.1m); VG in Quartz Adularia Veins
Monzodiorite host; 10.8 g/t over 1 metre

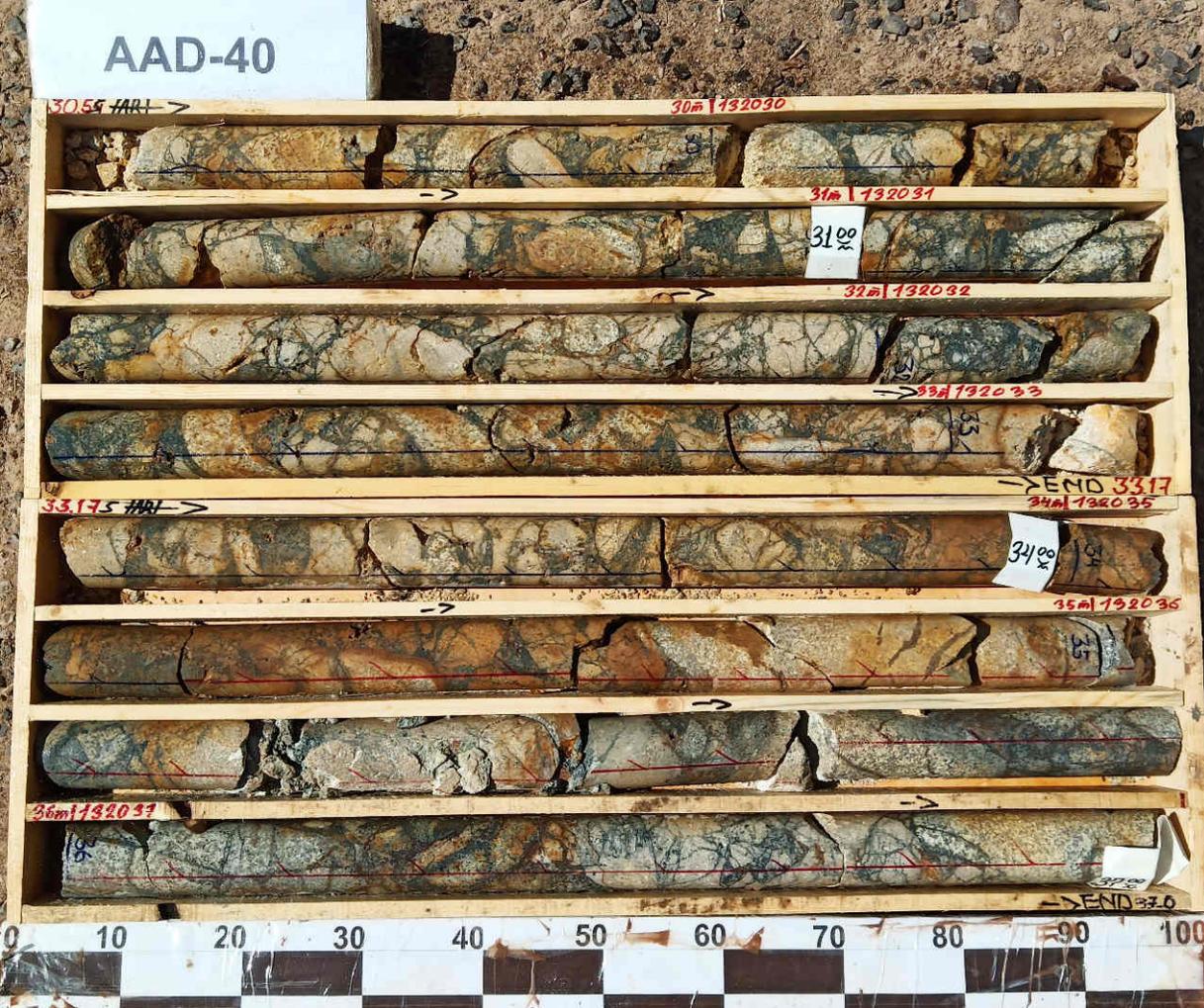
AAD-48
(69.9m); 0.15 g/t anomalous Au, As, Sb



BKD-41: Quartz Adularia Vein with Fluorite



BKD-41: Quartz Tourmaline Stockwork Breccia



AAD-41:

Southeast area of Dark Horse; Quartz-Tourmaline Stockwork Breccia with intense white mica alteration in Monzodiorite host, anomalous gold up to 0.34 g/t gold over 1m intervals associated with open spaced epithermal comb quartz veins.



AAD-47:

Central Dark Horse Structure; Strongly altered (silica, white mica, limonite/pyrite) andesite volcanic with up to 1.2 g/t gold over 1m intervals and elevated Au, As, Mo and Sb