

ERDENE PROVIDES THIRD QUARTER FINANCIAL AND BAYAN KHUNDII GOLD PROJECT UPDATE

Press Release

Halifax, Nova Scotia
2020.11.09

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce operating and financial results for the three and nine months ended September 30, 2020 and to provide an update on the Bayan Khundii Gold Project. This release should be read in conjunction with the Company's Q3-2020 Financial Statements, MD&A and Annual Information Form, available on the Company's website or SEDAR.

Quotes from the Company:

"We made significant progress during the third quarter on our two core objectives of advancing the Bayan Khundii Gold Project ("Bayan Khundii" or "BK") towards development and expanding high-grade gold resources in the Khundii Gold District," said Peter Akerley, Erdene's President and CEO.

"The recently announced BK Feasibility Study results demonstrate the strong economics of the high-grade Project, employing conventional mining and processing techniques," continued Mr. Akerley. "With the proceeds from the August 2020, C\$20 million equity raise and the execution of a debt financing mandate letter with Export Development Canada, we have visibility to the funding required for development. Construction readiness activities are underway as we fast track to production on this foundational project."

"On the resource expansion front, the first results from the 18,000 metre Khundii District Gold drill program launched in August were very positive," concluded Mr. Akerley. "We intersected multiple zones of high-grade gold around the BK economic pit and at the Dark Horse prospect identified in late 2019. The second, 8,000 metre phase of this program kicked off last week and is scheduled to run through to the end of the year. We see the potential to meaningfully add resources in our Khundii Gold District through exploration given the multitude of high-potential targets on license and results to date."

Q3-2020 Highlights and Subsequent Events:

Bayan Khundii Gold Project – 100% Erdene

- Announced positive results of the BK BFS on July 20 (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 of the processing plant and mine support infrastructure is underway and will be submitted for regulatory approval in Q4 2020
 - 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 in Q2 2021
 - Tender and contracting for critical facilities and services has been initiated
 - Environmental monitoring stations have been purchased, are in transport and scheduled for construction in Q4
 - 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
 - Local public consultations and development awareness sessions are ongoing
 - Obtained 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

- Reported results from the first phase of the 18,000-metre Khundii Gold District exploration program:
 - 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)
 - 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-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
- 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-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
- Results pending for 37 holes, totaling 6,370 metres
 - Visible gold reported in nine of the pending holes from the first phase of drilling
 - 8,000 metre second phase initiated on October 27

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
- Recorded a net loss of \$3,871,340 for the three months ended September 30, 2020, compared to a net loss of \$638,379 for the comparative 2019 period:
 - Exploration and Evaluation expenditures, including capitalized costs of \$3,547,221 in Q3 2020 exceeded expenditures of \$1,745,752 for Q3 2019 largely due to increased exploration work
 - Corporate and administrative expenses, excluding non-cash, share-based compensation and depreciation were \$422,166 for the three months ended September 30, 2020 versus \$216,372 in the prior year quarter due to project finance consultant fees and higher administrative services salary costs.
 - Non-cash, fair value adjustments of \$2,030,963 and accrued interest expense of \$498,035 in the current quarter relate to the EBRD convertible loan

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.

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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