Runge Pincock Minarco

ALTAN NAR GOLD PROJECT

Bayankhongor Aimag, Southwest Mongolia

National Instrument 43-101 Mineral Resource Technical Report

Erdene Resource Development Corporation (ERD).

Report No: ADV-HK-00072

Date: 24th March, 2015

Final Report

Qualified Persons:

Mr. Jeremy Clark, Principal Consulting Geologist (MAIG)

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I, Jeremy Lee Clark, am working as a Principal Geologist for RungePincockMinarco, Level 13, 68 Yee Woo Street, Hong Kong. This certificate applies to the Technical Report on the Altan Nar Gold Project, Bayankhongor Aimag, Southwest Mongolia, prepared for Erdene Resource Development Corporation, dated 24th March, 2015 (the "Technical Report"), do hereby certify that:

1. I am a registered member of the Australian Institute of Geoscientists ("AIG") member number 3567.

2. I am a graduate of the Queensland University of Technology and hold a B App Sc in Geology, which was awarded in 2001. In addition, I am a graduate of Edith Cowan University in Australia and hold a Graduate Certificate in Geostatistics, which was awarded in 2006.

3. I have been continuously and actively engaged in the assessment, development, and operation of mineral Projects since my graduation from university in 2001.

4. I am a Qualified Person for the purposes of the National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101").

6. I am responsible for the preparation or the responsible for reviewing, coordinating and final editing of all portions of the Technical Report.

7. I have had no prior involvement with the properties that are the subject of the Technical Report.

8. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading as of the effective date of the report, 24th March, 2015.

9. I am independent of Erdene Resource Development Corporation in accordance with the application of Section 1.5 of NI 43-101.

10. I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the filing of the Technical Report with any stock exchange or any other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their website and accessible by the public, of the Technical Report.

Dated at Brisbane, Australia, this 24th March, 2015

"Jeremy Lee Clark" (QP)

Stewart Ward Coates

RungePincockMinarco
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I, Stewart Ward Coates, am working as a Geologist for RungePincockMinarco, of Room #802, L8, Monnis Tower, Sukhbaatar district, 1st khoroo, Ulaanbaatar 14240, Mongolia.

This certificate applies to the Technical Report on the Altan Nar Gold Project, Bayankhongor Aimag, Southwest Mongolia, prepared for Erdene Resource Development Corporation, dated 24th March, 2015 (the "Technical Report"), do hereby certify that:

1. I am a registered member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia ("APEGBC"), Registration No. 36146

2. I am a graduate of the James Cook University of North Queensland and hold a B.Sc in Geology, which was awarded in 1987.

3. I have been continuously and actively engaged in the assessment, development, and operation of mineral Projects since my graduation from university in 1987.

4. I am a Qualified Person for the purposes of the National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101").

5. I made a four day visited the Altan Nar Project site between the 18th and 21st of November, 2014.

6. I am responsible for the preparation of Sections 1.2, 2.4 and Section 11 of the Technical Report.

7. I have had no prior involvement with the properties that are the subject of the Technical Report.

8. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading as of the effective date of the report, 24th March, 2015.

9. I am independent of Erdene Resource Development Corporation in accordance with the application of Section 1.5 of NI 43-101.

10. I have read NI 43-101 and Form 43-101F1 and Sections 1.2, 2.4 and 11 of the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the filing of the Technical Report with any stock exchange or any other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their website and accessible by the public, of the Technical Report.

Dated at Ulaanbaatar, Mongolia, this 24th March, 2015

"Stewart Ward Coates" (QP)

Andrew James Haigh Newell

Level 12, 333 Ann Street
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Australia, 4000
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I, Andrew James Haigh Newell, am working as a Processing Engineer (Executive Consultant) for RungePincockMinarco, of Level 12, 333 Ann Street, Brisbane, Queensland, Australia, 4000. This certificate applies to the Mineral Resource Technical Report for the Altan Nar Gold Project, Bayankhongor Aimag, Southwest Mongolia, prepared for Erdene Resource Development Corporation, dated 24th March 2015 (the "Technical Report"), do hereby certify that:

1. I am a Chartered Professional with the Australasian Institute of Mining and Metallurgy ("CP(Met)") and a Chartered Professional of the Institute of Engineers, Australasia ("CP(Eng)").

2. I am a graduate of the University of Melbourne (Australia) and hold a B.E. (1st Class Honours) in Metallurgical Engineering, which was awarded in 1976. Additionally, I am a post graduate of the same institution in M.Eng.Sc. (Mineral Processing), which was awarded in 1985 and hold a doctorate (PhD, Mineral Processing) from the University of Cape Town (South Africa), which was awarded in 2008.

3. I have been continuously and actively engaged in the assessment, development, and operation of mineral processing projects since 1978.

4. I have worked on a large number of relevant projects in various technical and review capacities over this period in gold and silver along with various polymetallic mineralisation assemblages.

5. I am a Qualified Person for the purposes of the National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101").

6. I am responsible for the preparation and the supervision and final editing of sections 13 of the Technical Report.

7. I have limited involvement with the properties that are the subject of the Technical Report, namely discussions on processing options as well as recommendations on mineralogy and subsequent diagnostic leaching analysis for an arsenic rich ore sample.

8. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading as of the effective date of the report, 24th March, 2015..

9. I am independent of Erdene Resource Development Corporation in accordance with the application of Section 1.5 of NI 43-101.

10. I have read NI 43-101 and Form 43-101F1 and Section 13 of the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the filing of the Technical Report with any stock exchange or any other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their website and accessible by the public, of the Technical Report.

Dated at Brisbane, Australia, this 24th March, 2015

Andrew James Haigh Newell" (QP)

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1 Executive Summary

1.1 Introduction

Runge Asia Limited ("RAL"), trading as RungePincockMinarco ("RPM"), was requested by Erdene Resource Development Corporation (ERD, Erdene, the "Company" or the "Client") to complete a Mineral Resource Technical Report ("MRTR or the "Report"") of the Altan Nar Project ("Project" or "Relevant Asset") which is contained within the Tsenkher Nomin Exploration License located in Bayankhongor Aimag, Southwest Mongolia. The Report is based on a CIM Resource estimate which meets the requirements of Canadian National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators.

ERD holds its Tsenkher Nomin exploration license which includes the Altan Nar mineralisation directly. ERD is a Canadian based resource company with over 15 years' experience in precious and base metal exploration in Mongolia.

1.2 Scope and Terms of Reference

This Report includes a mineral estimate for the Project completed by RPM and a review of the potential processing options. RPM considers an initial open cut mining method is suitable for any future mining operation based on the deposit characteristics. Due to the greenfields status of the Project and assumptions, there is no certainty that any economic value will be realised from this Project.

RPM's technical team ("the Team") consisted of geologists and process engineers. Mr Stewart Coates undertook a site visit to the Project to familiarise himself with site conditions and had open discussions with the Company personnel on technical aspects relating to the Project. RPM found the personnel to be cooperative and open in facilitating RPM's work.

In addition to work undertaken to generate an estimate of Mineral Resources, this Report relies largely on information provided by the Company, either directly from the site and other offices, or from reports by other organisations whose work is the property of the Company. The data relied upon for the Mineral Resource estimate completed by RPM and contained in this Report, have been compiled primarily by the Company and validated where possible by RPM. It specifically excludes all aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements/contracts that the Company may have entered into.

RPM does not warrant the completeness or accuracy of information provided by ERD or the Company which has been used in the preparation of this Report.

In RPM's opinion, the information provided by ERD was reasonable and nothing was discovered during the preparation of the Report that indicated there was any significant error or misrepresentation in respect of that information.

RPM has independently assessed the Relevant Asset by reviewing historical technical reports, drill hole databases, original sampling data, sampling methodology, engineering studies, future resource development plans, development potential, potential mining issues and metallurgical test work resulting in a Mineral Resource estimate. All opinions, findings and conclusions expressed in the report are those of RPM and its specialist advisors.

1.3 Project Summary

- The Altan Nar prospect is contained within the Tsenkher Nomin exploration license in Bayankhongor Aimag in south-western Mongolia, approximately 980 km south-west of Ulaanbaatar and 300 km south of the Aimag capital, Bayankhongor City. The nearest towns (soum centres) are Shinejinst, located 70 km to the northeast and Bayan Undur, located 80 km to the north. The property is also located 40 km west of Erdene's Zuun Mod molybdenum-copper deposit which includes a semi-permanent exploration camp.

- The Tsenkher Nomin exploration license was first acquired in December of 2009 and is currently in its sixth year of issue. Exploration licenses in Mongolia are renewed annually with a maximum tenure of

12 years. At any time during the 12 year tenure, an exploration license can be converted into a mining license by meeting the requirements as set out in the Minerals Law of Mongolia.

- Exploration works undertaken within the Tsenkher Nomin license by ERD during the past four years has established Altan Nar as a significant new epithermal intermediate-sulphidation gold-silver-lead-zinc mineralized system. Exploration, specifically the 2013 trenching program and 2014 surface mapping, geochemical and geophysical surveys, trenching and drilling, has greatly expanded the areas of known mineralization with 20 targets now documented over a 6 km x 10 km area with the main structural trend and primary location of gold mineralization being approximately 5.6 km x 1.5 km. Following this ERD completed 1,676 m of resource delineation drilling which has culminated in the reporting of a Mineral Resource estimate in the Report.

- There has been no previous production from the area. Since acquisition, ERD has drilled 71 surface holes (total of 10,819 m) and excavated 39 trenches (total of 2,927m) from 2011 to 2014. Each subsequent drill program has been conducted with the aim of infilling and expanding the defined mineralisation.

- The geology of the property is dominated by two separate sequences of volcanic rocks, both assumed to be Devonian to Carboniferous in age. A package of trachy-andesite and minor rhyolite flows dominate the east-central part of the license area. These volcanic rocks (referred to as 'Sequence A') have pronounced NW-SE trending linear features that are evident on satellite images. These rocks are interpreted to be a steeply dipping volcanic sequence that was intruded by sub-parallel, NW-trending granite porphyry and fine grained granite intrusions interpreted to be sills, or possibly laccoliths. The geology of the central and western portion of the Tsenkher Nomin license area (Altan Nar prospect) consists predominately of a sequence of andesite and tuffaceous rocks of intermediate composition, with subordinate rhyolite, rhyodacite and andesite tuff. The Altan Nar Au-Ag-Zn-Pb prospect is hosted by a series of Devonian to Carboniferous shallow-dipping trachy-andesite and andesite tuff units that were intruded by several but volumetrically minor, late stage porphyritic dykes. Based on the available exploration data the gold-polymetallic mineralisation appears to be structurally controlled within a large (5.6 km by 1.5 km) NNW-trending zone. The presence of NE/SW-trending and lesser N/S-trending quartz breccia zones with associated phyllic alteration within this zone, suggests the principal factor controlling the distribution of mineralisation was structure, with steeply-dipping breccia zones providing locii or conduits for fluids. Depth of burial during the mineralizing event is presumed to also be a controlling factor for deposition of gold and base metals

- The Altan Nar prospect hosts multi-phase epithermal gold-silver-lead-zinc mineralisation dominated by an intermediate carbonate, base metal gold phase within Late Paleozoic (Devonian-Carboniferous) andesitic volcanic rocks. Mineralisation is associated with quartz breccias and breccia zones with locally comb quartz and chalcedony veins often as brecciated fragments,with associated phyllic alteration zones (quartz-sericite-pyrite), within widespread propyllitic (epidote-chlorite-montmorillonite/illite) alteration of host trachy-andesite and andesite tuff units. Gold mineralisation is generally hosted within broad zones of polymetallic (silver-zinc-lead) mineralisation.

- RPM reviewed documentation for the sampling procedures, preparation, analysis, and security during their site visit from 18th to 21st November, 2014. From the desktop review of the literature and documentation on the Project, RPM finds acceptable results from analytical work completed by ERD.

- The processing testwork to date has generally shown a good response to leaching with average gold recoveries of 80% for the low arsenic material. Higher arsenic samples, which appear to make up only a relatively small portion of the deposit, would require a more intensive, though nonetheless proven, processing method with high gold recoveries (95%).

1.4 Statement of Mineral Resources

Table 1-1 shows the Indicated and Inferred Mineral Resource estimate for the Project as at 19th February 2015, which was completed by RPM in accordance with the recommended guidelines of the CIM Definition Standards references in the NI 43-101. The Mineral Resources are reported at a number of gold equivalent (AuEq) cut-offs, however RPM suggests reporting the Mineral Resource estimate at a 1.0 g/t Au eq cut-off.

Table 1-1 Altan Nar Project –Mineral Resource Estimate Summary as at 19th February 2015

AuEq g/t Cut-off	Classification	Tonnes Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	Au kOz	Ag kOz	Zn Mlbs	Pb Mlbs	AuEq kOz
0.6	**Indicated**	3.4	1.0	9.4	0.57	0.47	1.7	112	1,014	42.4	34.8	185
0.6	**Inferred**	3.0	0.8	9.4	0.51	0.35	1.4	83	913	33.9	23.5	139
1.0	**Indicated**	**1.8**	**1.7**	**11.1**	**0.61**	**0.54**	**2.5**	**102**	**657**	**24.7**	**22.1**	**147**
1.0	**Inferred**	**1.5**	**1.5**	**10.4**	**0.54**	**0.39**	**2.1**	**72**	**498**	**17.7**	**12.8**	**102**
1.4	**Indicated**	1.3	2.3	12.1	0.61	0.58	3.1	92	486	16.8	15.9	124
1.4	**Inferred**	1.0	2.0	10.8	0.53	0.40	2.6	63	342	11.5	8.6	**83**

Note:
1. The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a Member of the Australian Institute of Geoscientists. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Qualified Person as defined in the CIM Standards of Disclosure.
2. All Mineral Resources figures reported in the table above represent estimates as at 19th February, 2015. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
3. Mineral Resource grades are reported in accordance with the CIM Standards.
4. Mineral Resources reported on a dry in-situ basis.
5. Totals may differ due to rounding

RPM have considered the costs, recoveries and dilutions expected by comparing with other similar deposits in the region and adjusted these by considering the location of the Project and the deposit characteristics. RPM has concluded that the mineralisation is potentially economically extractable via typical open cut mining methods, with a the LOM (life of mine) mining cutoff grade estimated to be approximately 1.0 g/t Au equivalent which is based on a high level evaluation of expected mining / process and cost parameters. RPM considers a cutoff grade, which is appropriate for the Mineral Resources for the Project that could be economically extractable sometime in the future, to be of 1.0 g/t Au equivalent.

To assist in reporting the Mineral Resources in a transparent manner, ERD requested that RPM report a gold equivalent value for the block model using the following formula;

*Au Eq (g/t)=(Au_ppb/1000)+((((Ag_ppm/31.103)*18)/1200)*31.103)+(((((Pb_ppm+Zn_ppm)/453.59)*0.9)/1200)*31.103)*

ERD requested the AuEq values in an effort to report the combined value of gold, silver, lead and zinc as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US $1,200/oz gold, $18/oz silver, and $0.90/lb for lead and zinc.

1.5 Recommendations

The recommendations provided are based on observations made during the site visit and subsequent geological and metallurgical reviews and Mineral Resource estimate detailed in ***Sections 13, and 14***.

- Additional exploration and in-fill drilling, including:
  - In-fill drilling to increase the Mineral Resource confidence categorisation of areas currently defined as Inferred to Indicated and to target extensions of higher grade areas of the Project.
  - Additional extensional exploration drilling is recommended in the Discovery Zone and Union North areas of the current resource.
  - Additional scout exploration drilling in un-drilled and partly drilled parts of the Project.
  - RPM estimates that the recommended drilling and associated works for 2015 is estimated to cost approximately USD 0.9 M.

- Following on from the increased geological understanding of the mineralisation styles and likely run of mine feed grades of any operation, RPM recommends processing testwork on samples that are representative of the deposit. This testwork would identify the grinding requirements, as well as gold recoveries and processing requirements based on conventional flowsheets as well as the potential for recovering the base metals into marketable products. RPM estimates that the cost of this testwork and associated works would be approximately 0.4 M USD and would include:
    - Mineralogy,
    - Potential for pre-concentration,
    - Comminution testing,
    - Potential for gravity gold recovery,
    - Optimisation of leaching conditions,
    - Viscosity and oxygen uptake studies,
    - Tailings dewatering properties,
    - Establish detoxification requirements, and
    - Treatment strategies for processing high arsenic bearing ores.
- At the successful completion of the exploration works and metallurgical testwork program RPM recommends a preliminary economic assessment ("PEA") which should consider the various opportunities with the Projects development.

1.6 Opportunities and Risks

The key opportunities for the Project include:

- RPM considers there is good potential to expand the currently defined resource with further drilling. Mineralisation is open north and south of the currently defined Mineral Resource, with several medium to high grade intersections occurring which are not included in the current resource due to the sample spacing. RPM recommends targeting near surface medium to high grade mineralisation, which if successfully delineated will potentially have a positive impact on any additional mining study undertaken on the Project.
- There may be potential to extract zinc and lead as marketable products, which would enhance the economics of the project.

The key risks to the Project include:

- The Union North mineralisation is cut by numerous dykes which are barren. The geometry and continuity of these structures has been interpreted based on the current drill spacing but may change once infill drilling is completed. Understanding the geometry of these dykes is important as they may cut into the mineralised lodes to a greater degree than currently interpreted.
- Further testwork, based on the mineralisation styles, is required to consolidate the flowsheet and determine strategies for handling high arsenic mineralisation.

The illustrations supporting the various sections of the report are located within the relevant sections immediately following the references to the illustrations. For ease of reference, an index of tables and illustrations is provided at the beginning of the Report.

The opinions and conclusions presented in this report are based largely on the data provided to RPM during the site visit, during meetings with the Company, and in reports supplied by ERD. RPM considers that the

information and estimates contained herein are reliable under the conditions, and subject to the qualifications set forth.

RPM operates as an independent technical consultant providing resource evaluation, mining engineering and mine valuation services to the resources and financial services industries. This Report was prepared on behalf of RPM by technical specialists, details of whose qualifications and experience are set out in ***Annexure A***.

RPM has been paid, and has agreed to be paid, professional fees for its preparation of this report. However, none of RPM staff or sub-consultants who contributed to this Report has any interest in:

- the Company, securities of the Company or companies associated with the Company; or
- the Relevant Asset;

Drafts of the Report were provided to the Company, for the purpose of confirming the accuracy of factual material and the reasonableness of assumptions relied upon in the report. This Report is mainly based on information provided by ERD, either directly from the Project site and other associated offices or from reports by other organisations whose work is the property of the Company. The Report is based on information made available to RPM before March 2014.

The title of this report does not pass onto the client until all consideration has been paid in full.

2 Introduction and Terms of Reference

2.1 Background

Runge Asia Limited ("RAL"), trading as RungePincockMinarco ("RPM"), was requested by Erdene Resource Development Corporation ("ERD", the "Company" or the "Client") to complete a Mineral Resource Technical Report ("Report") of the Altan Nar ("Project" or "Relevant Asset") in Bayankhongor Aimag, Southwest Mongolia. The Report is based on a CIM Mineral Resource estimate which meets the requirements of Canadian National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators.

ERD holds its mineral properties directly. ERD Canada holds a 100% interest in the Tsenkher Nomin license.

2.2 Terms of Reference

The following terms of reference are used in the Technical Report:

- ERD, the Company and the Client refer to Erdene Resource Development Corporation,
- RPM refers to RungePincockMinarco and its representatives.
- Project refers to the Altan Nar deposit located in south-western Mongolia.
- Gold and silver grades are described in terms of grams per dry metric tonne (g/t), zinc and lead grades as a percent (%) with tonnage stated in dry metric tonnes.
- Resource definitions are as set forth in the "Canadian Institute of Mining, Metallurgy and Petroleum, CIM Standards on Mineral Resource and Mineral Reserves – Definitions and Guidelines" adopted by CIM Counsel on 30th June, 2011.
- DZ refers to the Discovery Zone.
- UN refers to Union North Zone.

2.3 Source of Information

The primary source document for this report was:

- "Altan Nar Gold Project", (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, NI 43-101 Technical Report, J. C. Cowan, Erdene Resource Development Corporation, February 2014.

2.4 Participants

The Project site was visited by Mr. Stewart Coates, Manager – Mongolia, RPM, from 18th to 21st November, 2014. Mr. Jeremy Clark prepared or supervised the preparation of the Resource estimate reported in this Report and is a Qualified Person under National Instrument 43-101 for the Resource estimate. Mr. Clark supervised the work of RPM staff and edited or reviewed all portions of the final report.

Other Project participants included:

- Robert Dennis, Executive Consultant, Geology and Mining, (Brisbane),
- Graham de la Mare, Principal Consultant Geologist, (Perth),
- Andrew Newell, Principal Processing Consultant, (Brisbane),

Details of the participants' relevant experience is outlined in ***Annexure A***.

2.5 Limitations and Exclusions

The review was based on various reports, plans and tabulations provided by the Client either directly from the mine sites and other offices, or from reports by other organisations whose work is the property of the Client. The Client has not advised RPM of any material change, or event likely to cause material change, to the operations or forecasts since the date of asset inspections.

The work undertaken for this report is that required for a technical review of the information, coupled with such inspections as the Team considered appropriate to prepare this report.

RPM has specifically excluded making any comments on the competitive position of the Relevant Asset compared with other similar and competing gold producers around the world. RPM strongly advises that any potential investors make their own comprehensive assessment of both the competitive position of the Relevant Asset in the market, and the fundamentals of the gold market at large.

2.5.1 Responsibility and Context of this Report

The contents of this report have been created using data and information provided by or on behalf of the Company. RPM accepts no liability for the accuracy or completeness of data and information provided to it by, or obtained by it from, the Company, the Client or any third parties, even if that data and information has been incorporated into or relied upon in creating this report. The report has been produced by RPM using information that is available to RPM as at the date stated on the cover page. This report cannot be relied upon in any way if the information provided to RPM changes. RPM is under no obligation to update the information contained in the report at any time.

2.5.2 Indemnification

The Company has indemnified and held harmless RPM and its subcontractors, consultants, agents, officers, directors, and employees from and against any and all claims, liabilities, damages, losses, and expenses (including lawyers' fees and other costs of litigation, arbitration or mediation) arising out of or in any way related to :

- RPM's reliance on any information provided by the Company; or
- RPM's services or Materials; or
- Any use of or reliance on these services; and in all cases, save and except in cases of wilful misconduct (including fraud) or gross negligence on the part of RPM and regardless of any breach of contract or strict liability by RPM.

2.5.3 Intellectual Property

All copyright and other intellectual property rights in this report are owned by and are the property of RPM.

RPM grants the Client a non-transferable, perpetual and royalty-free Licence to use this report for its internal business purposes and to make as many copies of this report as it requires for those purposes.

2.5.4 Mining Unknown Factors

The findings and opinions presented herein are not warranted in any manner, expressed or implied. The ability of the operator, or any other related business unit, to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond the control of RPM and cannot be fully anticipated by RPM. These factors included site-specific mining and geological conditions, the capabilities of management and employees, availability of funding to properly operate and capitalise the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, etc. Unforeseen changes in legislation and new industry developments could substantially alter the performance of any mining operation.

2.6 Capability and Independence

RPM provides advisory services to the mining and finance sectors. Within its core expertise it provides independent technical reviews, resource evaluation, mining engineering and mine valuation services to the resources and financial services industries.

All opinions, findings and conclusions expressed in this Technical Report are those of RPM and its specialist advisors as outlined in ***Section 2.4*****.**

Drafts of this report were provided to ERD, but only for the purpose of confirming the accuracy of factual material and the reasonableness of assumptions relied upon in this Technical Report.

RPM has been paid, and has agreed to be paid, professional fees based on a fixed fee estimate for its preparation of this Report.

This Technical Report was prepared on behalf of RPM by the signatory to this Technical Report. The specialists who contributed to the findings within this Report have each consented to the matters based on their information in the form and context in which it appears.

3 Reliance on Other Experts

During the preparation of the Report RPM has relied on the report "Altan Nar Gold Project", (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, NI 43-101 Technical Report, prepared for ERD, by Mr J. C. Cowan, Erdene Resource Development Corporation, February 2014, for the Project background information provided in ***Sections 4, 5, 6, 7*** and ***8***. All other Sections of this report, with the exception of ***Section 3*** were prepared using information provided by ERD or other qualified person's and verified by RPM where applicable or based on observations made by RPM during the site visit.

RPM has specifically excluded all aspects of legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence technical, operational or cost issues. RPM has not conducted land status evaluations.

4 Property Description and Location

The Altan Nar prospect is located within the Tsenkher Nomin exploration license in Bayankhongor Aimag in south-western Mongolia. The UTM license centre coordinates are:

- Easting: 475,716.5 m, and
- Northing: 4,878,958.2 m (Zone 47N, WGS84).

The general location of the Project is shown in ***Figure 4-2***.

The Project is located approximately 980 km south-west of Ulaanbaatar and 300 km south of the Aimag capital, Bayankhongor City. The nearest towns (soum centres) are Shinejinst and Bayan Undur, located 70 km northeast and 80 km to the north respectively. The property is also located 40 km west of Erdene's Zuun Mod molybdenum-copper deposit which includes a semi-permanent exploration camp previously used as a base of operations for the exploration work carried out in 2011 and 2014. Access is primarily by 4WD on sealed road from Ulaanbaatar to Bayanhongor (8hours). It typically takes 5 hours on regional Mongolian roads from Bayanhongor to Shiinjinst and then another 2 hours to site. The area is sparsely populated with nomadic pastoral activity being the main industry.

4.1 Property Ownership

RPM provides this information for reference only and recommends that land titles and ownership rights be reviewed by legal experts.

The Tsenkher Nomin license is 100% held by Erdene Mongol LLC, which is a wholly owned subsidiary of Erdene Resource Development Corporation RPM understands the Project is not subject to any royalty agreements. RPM is not aware of any environmental liabilities to which the property is subject to.

The original license (XV-015356) named Tsenkher Nomin was issued in 2009 and covered an area extending westward from the current license location. In 2012, ERD split the original license into two separate licenses, the larger part was to the west of the Altan Nar property and retained the original license number while the second (smaller part) is the current license (also called Tsenkher Nomin, number XV-016956). RPM notes the Report is solely for the XV-016956 license. The estimated Mineral Resource reported within this Report lies within the Altan Nar Prospect which is within the Tsenkher Nomin exploration license. A summary of the license status is provided in ***Table 4-1*** and the location of the license and Altan Nar prospect are shown in ***Figure 4-2*** and ***Figure 4-3***.

Table 4-1. Altan Nar Project - Mining Licence Details

Property Name	License Number	Province	Date of Issue dd/mm/yy	Hectares	2015 Renewal Fees	Minimum 2015 Work Requirement
Tsenkher Nomin	XV-015956	Bayankhongor	11/12/09	4,669	$4,669	$4,669

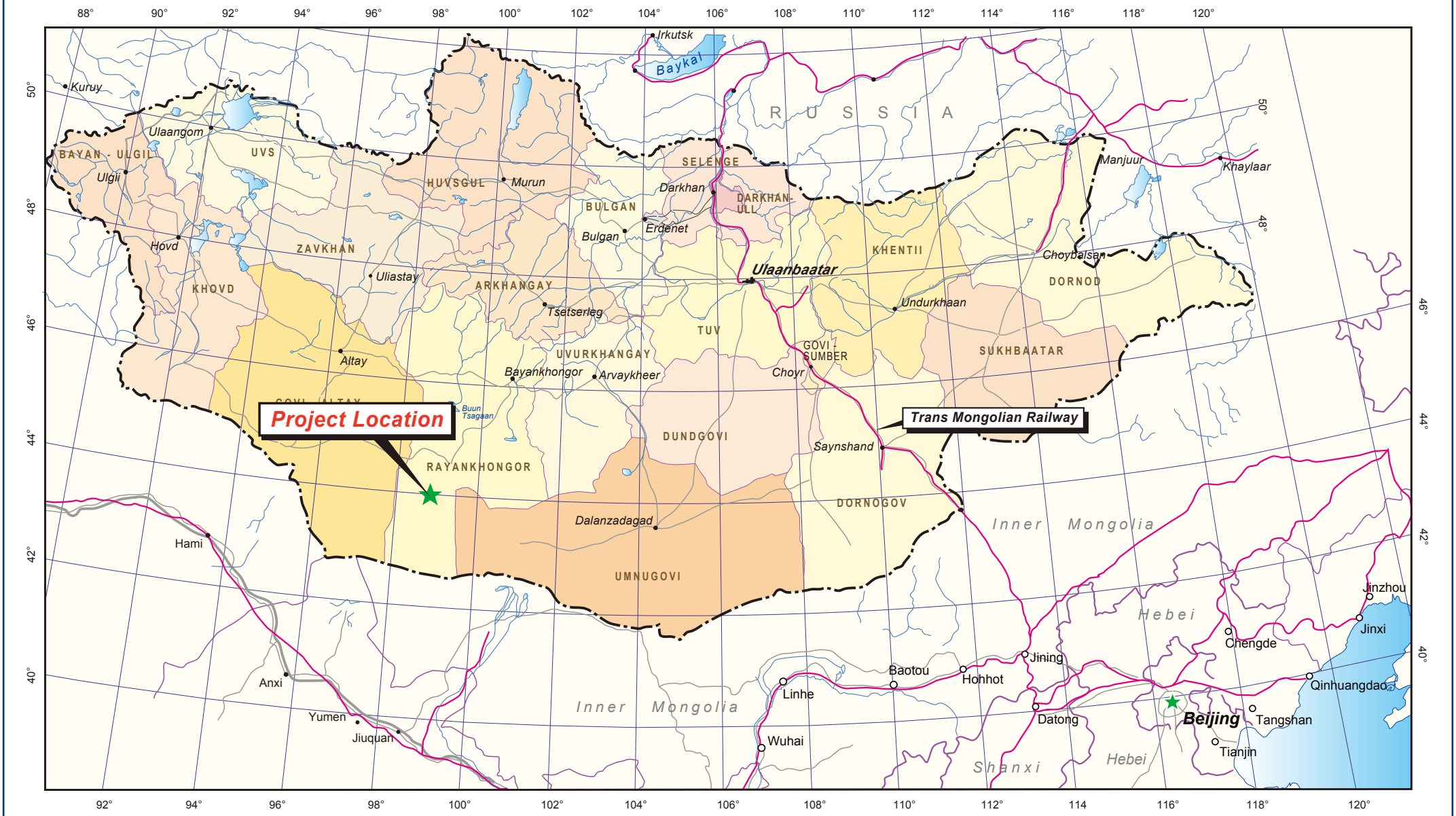
Source: Annual License Document, MRAM, Mongolia

4.1.1 Review of Ownership Documents

RPM was supplied with the MRAM Annual Licence Document which indicates ERD's ownership of the exploration licence for the Project. RPM reviewed these license details against MRAM data which appears to be currently valid. RPM checked the described license corner points and were found to correspond to the position on the maps provided by ERD. To the best of RPM's knowledge, the applicable agreements are in good standing, and the representations and warranties given by the parties in each of them remain in effect and are still valid.

As detailed in ***Section 24***, ERD has not commenced baseline environmental studies. Permits required to carry out planned exploration work on the Tsenkher Nomin licenses include annual environmental bonds and water use permits. Similar permits have been obtained in previous years and ERD does not anticipate any issues with obtaining these permits for the 2015 exploration season.

In addition, RPM is not aware of any other issues or liabilities (including surface rights or access) which could impact the future mining operations. RPM notes that ERD will need to obtain additional and separate licenses for water use to support any future mining operation.



SOURCE

LEGEND

- International Boundaries
- Provincial Boundaries
- Railway
- Main Road
- Rivers
- Provincial Capital
- N

0 200 400 km

DO NOT SCALE THIS DRAWING - USE FIGURED DIMENSIONS ONLY. VERIFY ALL DIMENSIONS ON SITE

CLIENT

Erdene Resource Development

PROJECT

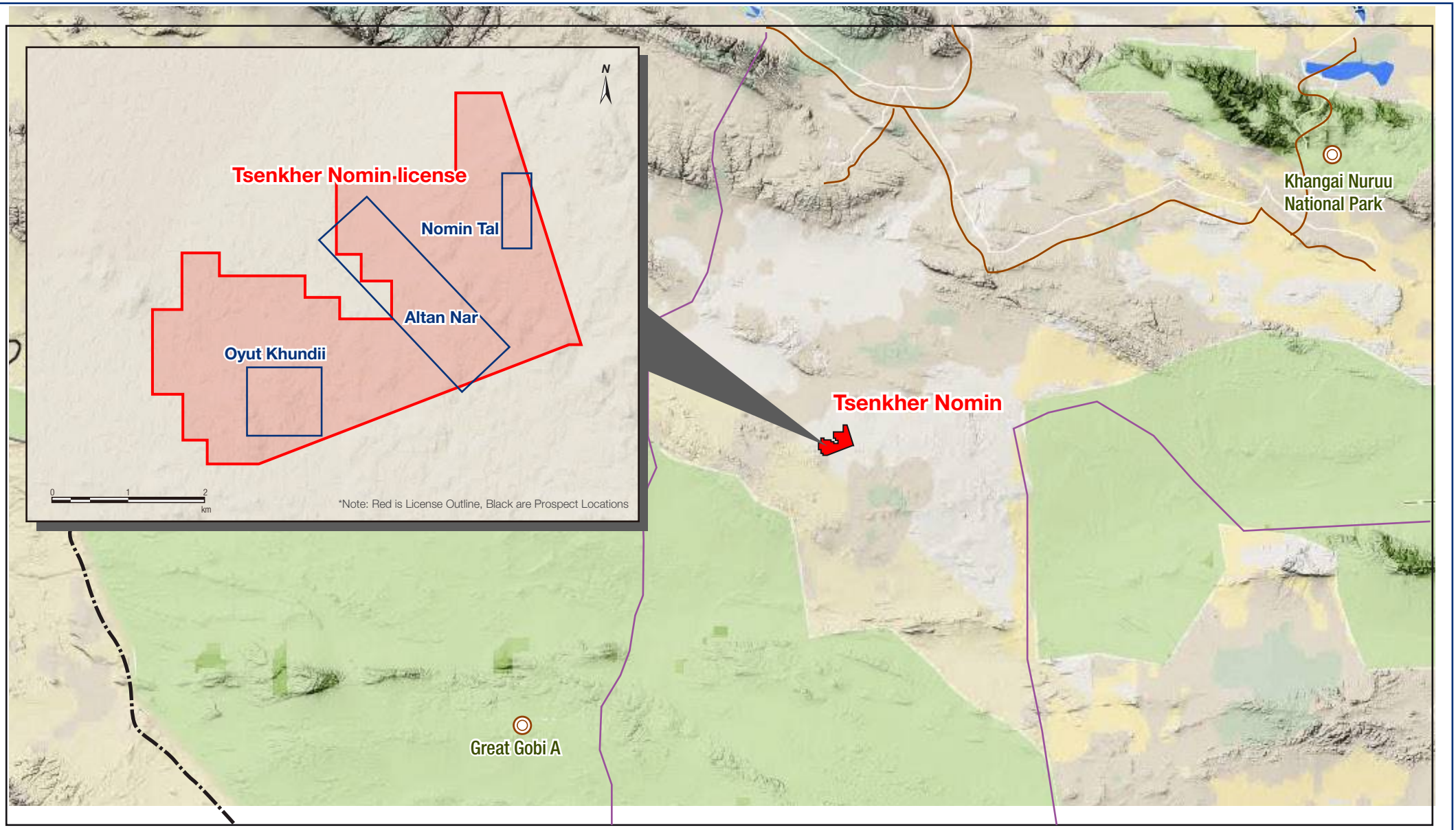
NAME

ALTAN NAR GOLD PROJECT

DRAWING

Altan Nar Project - General Location Plan

FIGURE No.	PROJECT No.	DATE	PREPARED BY
4-1	ADV-HK-00072	March.2015	Runge Pincock Minarco



SOURCE

LEGEND

- International Boundaries
- Provincial Boundaries
- Road
- Rivers

N

0 25 50 km

DO NOT SCALE THIS DRAWING - USE FIGURED DIMENSIONS ONLY. VERIFY ALL DIMENSIONS ON SITE

CLIENT

Erdene Resource Development

PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Altan Nar Project - Mining Area Asset Location Plan

FIGURE No.	PROJECT No.	DATE	PREPARED BY
4-2	ADV-HK-00072	March.2015	Runge Pincock Minarco

5 Accessibility, Climate, Local Resources, Infrastructure and Physiography

5.1 Accessibility and Infrastructure

The Project is accessible on sealed road from Ulaanbaatar to Bayanhongor (8hours), followed by unsealed regional Mongolian roads from Bayankhongor to Shiinjinst (5 hours), then another 2 hours on to site.

The Project is located approximately 160km from the Chinese Mongolian border.

Bayankhongor is the Provincial capital of the Bayankhongor Aimag. Bayankhongor city has a population of approximately 30,000 while the Aimag has a population of approximately 84,000 over an area of 116,000 sq.km.

Due to the early stage of the Project, limited infrastructure is on site however an exploration camp has been establish to provide short term exploration support. To date, power has been generated locally and water has been sourced from local bores. These sources are sufficient to carry out planned exploration work in 2015.

5.2 Climate and Physiography

The area surrounding the Project is characterized by low hills of exposed rock and lower plains of unconsolidated sediments. There is very little to no soil profile developed, with fresh rock generally occurring from or very near to surface. The elevation of the undulating low hills ranges from 1,300 m to 1,350 m above sea level. Vegetation is sparse and restricted to grasses, saxaul bushes (Haloxylon ammodendron - a local low shrub to small tree) and shrubs.

The regional climate is characterized by extreme seasonal variations in temperature (-40°C to +40°C) and has an average of 250 sunny days a year. The Project area, much like all of Mongolia is subject to high wind conditions and can result in extreme wind chill during the winter. Average annual precipitation is less than 100 mm, and most rain falls during the summer months of July and August, producing localized flash flooding. Exploration and mining activities can be conducted all year round, only requiring proper preparation with respect to working in a remote location during extreme cold and hot weather.

6 History

With the exception of regional geological mapping and prospecting projects carried out at a scale of 1:200,000 under the direction of the Mongolian government, no recorded exploration work is known to have taken place on the property other than that completed by ERD since acquisition in 2009.

The licence was covered by ERD's 2009 SW Porphyry evaluation program which included a regional stream sediment survey and limited prospecting over the license area. The regional stream sediment results identified an area of highly anomalous base metal and gold in the area of the Altan Nar prospect.

In 2010, as a follow-up to the 2009 SW Porphyry evaluation program, prospecting was carried out on the eastern part of the Tsenkher Nomin license. Previously undocumented ancient workings (shallow pits) were found on the property in an area referred to as the Nomin Tal prospect. Based on vegetation characteristics, these pits are estimated to be in excess of 200 years old.

Magnetic and induced polarization (IP) dipole-dipole surveys were carried out in the autumn of 2010. The results of these surveys, which have since been expanded, are discussed below in **Section 9.3 Geophysical Surveys**.

Encouraging results from exploration at Nomin Tal, led to additional geological mapping, prospecting, geochemical and geophysical surveys over the central part of the Tsenkher Nomin license during the 2011 field season. The soil sampling program (400 m grid) outlined a 3km by 2km area with highly anomalous values for gold (up to 1.5 g/t) and lead (up to 2.6%) and associated anomalies for zinc, molybdenum, silver and copper. This prospect is referred to as Altan Nar. Geological mapping and prospecting confirmed the presence of multiple prospects containing gold-bearing epithermal-style quartz veins within the large soil anomaly at Altan Nar.

Subsequent exploration work carried out to date including the surface diamond drilling completed in 2014 on the Tsenkher Nomin license by ERD is summarized in appropriate sections of this Report.

6.1 Historical Production

No historic mining apart from undocumented ancient shallow pits have been completed on the Project area.

7 Geological Setting and Mineralisation

The majority of the regional geology information presented below has been summarised from the Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, NI43-101 internal report dated March 2014.

7.1 Regional Geology and Tectonic Setting

The Tsenkher Nomin exploration license is located within the Trans Altai Terrane ("TAT"). The TAT forms part of the western end of the large, composite, arcuate-shaped Carboniferous-Permian New Kazak-Mongol Arc terrain ("NKMA") as described by Yakubchuk (2002). The NKMA extends along the southern margin of Mongolia, including the border region with China, and is host to the Oyu Tolgoi copper-gold porphyry mine (see ***Figure 7-1***).

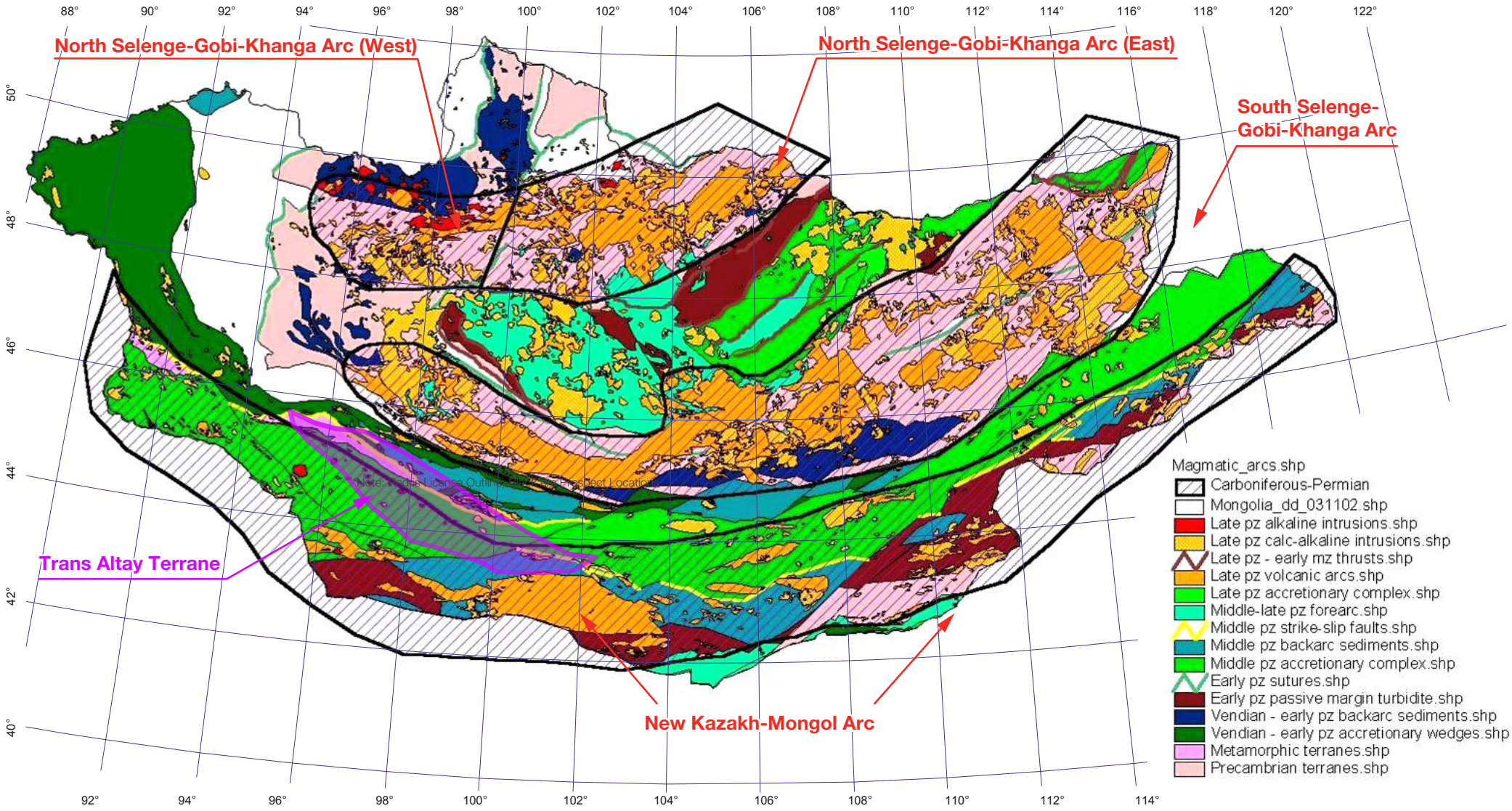
The TAT is located immediately south of the Main Mongolian Lineament (Badarch et. al., 2002) that separates the dominantly PreCambrian and Lower Paleozoic terranes to the north from the dominantly Upper Palaeozoic terrains to the south. The TAT consists mostly of Middle Paleozoic volcanic, sedimentary and meta-sedimentary rocks that were intruded by Middle Paleozoic calc-alkaline plutons. The TAT is comprised of three tectono-stratigraphic terrains (***Figure 7-2***) as defined by Badarch et. al. (2002). These include:

- **Zoolen Accretionary Wedge**, consisting of a lowermost ophiolite sequence of mafic and ultramafic intrusive rocks that are overlain by a sequence of greenschist rocks, pillow lavas, intermediate volcanic and shallow marine sedimentary rocks. The middle stratigraphic portion of the Zoolen Wedge is dominated by intermediate volcanic rocks and rhyolite flows which are overlain by the uppermost sequence of non-marine sedimentary rocks.

- Baraan **Back-arc/Fore-arc Terrane**, is dominated by a lower sequence of intermediate volcanic and volcaniclastic rocks with interbedded shallow marine sedimentary rocks. The upper portion of the Baraan terrane consists of non-marine sedimentary rocks.

- Edren **Island Arc Terrane**, consists of a lowermost minor sequence of mafic volcanic rocks that are overlain by an interbedded sequence of intermediate volcanic and volcaniclastic rocks, shallow marine clastic deposits, and minor turbidite sedimentary rocks. This sequence is overlain by rhyolite and alkaline volcanic and volcaniclastic rocks. The uppermost portion of the Edren terrane is dominated by non-marine sedimentary deposits.

All three tectono-stratigraphic terrains were intruded by Middle Paleozoic calc-alkaline intrusions and overlain by Late Paleozoic, Mesozoic and Cenozoic sedimentary rocks within a series of NW trending sedimentary basins. The geological setting of the TAT, especially the presence of Middle Paleozoic (Silurian-Devonian) island arc rocks intruded by calc-alkaline intrusions, is very similar to the geological setting for the Oyu Tolgoi mine, located approximately 670 km east of Zuun Mod-Altan Nar.



SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

LEGEND

N

0 200 400 km

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CLIENT

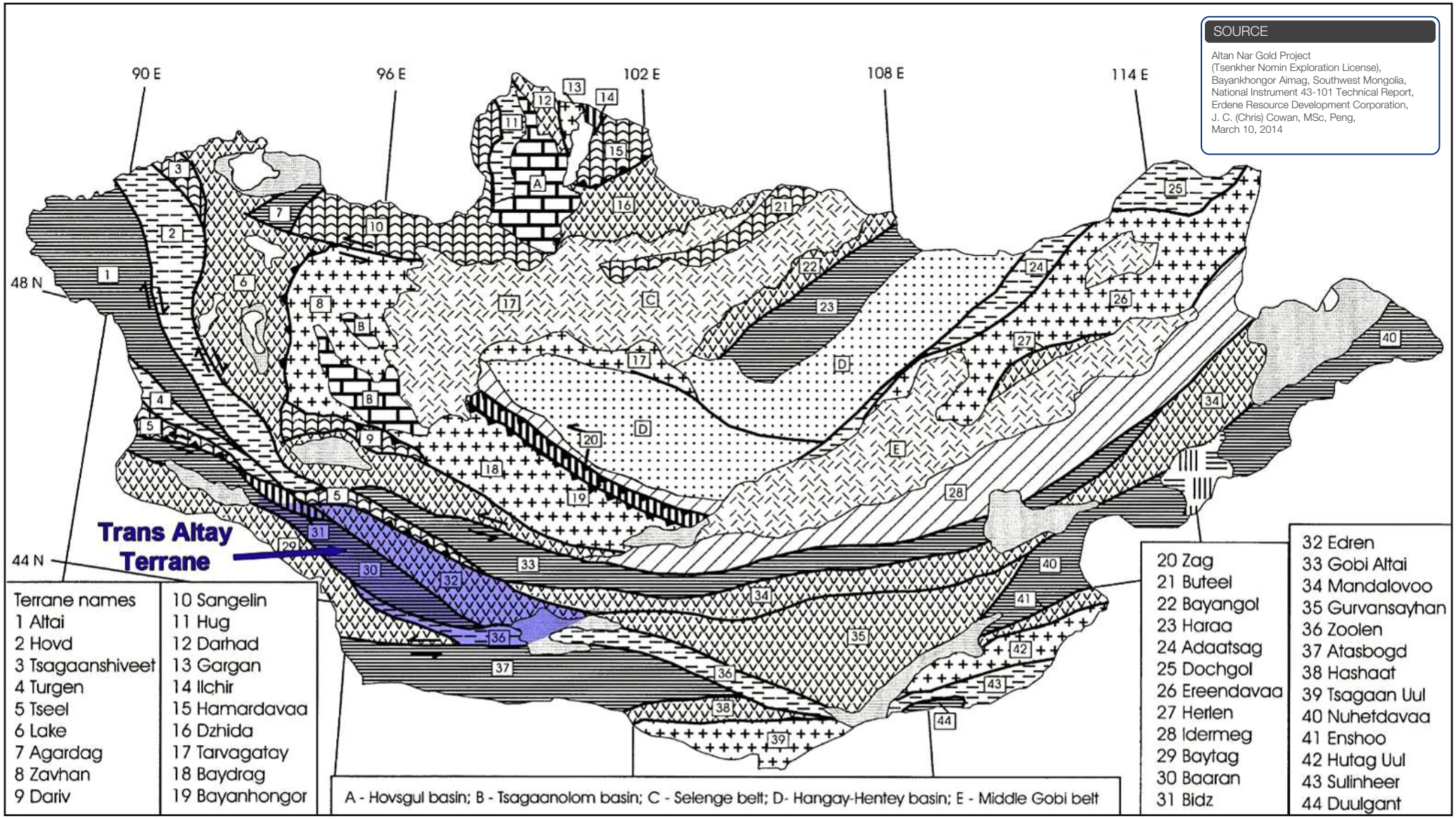
Erdene Resource Development

PROJECT

NAME: **ALTAN NAR GOLD PROJECT**

DRAWING: Carboniferous-Permian Arcs of Mongolia showing the location of the Trans Altai Terrain (TAT)

FIGURE No.	PROJECT No.	DATE	PREPARED BY
7-1	ADV-HK-00072	March.2015	Runge Pincock Minarco



SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

LEGEND

- Cenozoic alluvial basin
- Cenozoic plateau basalt
- Devonian-Carboniferous turbidite basin
- Permian-Triassic volcanic-plutonic belt
- Cambrian shelf carbonate rocks
- Cratonal block
- Metamorphic rocks of uncertain tectonic affinity
- Passive continental margin
- Island arc
- Backarc/forearc basin
- Accretionary wedge
- Right-lateral strike-slip faults
- Left-lateral strike-slip faults
- Thrust faults
- Faults: kinematics uncertain
- Ophiolite

N

0 200 400 km

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CLIENT

Erdene Resource Development

PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Tectonic-stratigraphic terrane map for Mongolia
(Badarch et al 2002) with location of Trans Altai Terrain

FIGURE No.	PROJECT No.	DATE	PREPARED BY
7-2	ADV-HK-00072	March.2015	Runge Pincock Minarco

7.2 General Geology of Eastern Trans Altai Terrain

The regional geology of the Project is outlined in a series of 1:200,000 scale geology maps available through the Mineral Resource Authority of Mongolia (MRAM). The specific maps for the eastern TAT include L-47-XXXII, L-47-XXXIII, L-47-XXXIV, K-47-II, K-47-III, and K-47-IV.

The oldest rocks in the eastern TAT comprise a series of Devonian to Early Carboniferous intermediate volcanic and volcaniclastic rocks, minor felsic (rhyolite) volcanic and volcaniclastic rocks, and sedimentary units including sandstone, conglomerate and minor limestone. Bedding orientations in sedimentary and volcanic map units are predominantly northwest trending throughout the eastern TAT, thus paralleling the overall regional scale faults and structural trends. Primary bedding orientations on MRAM maps were interpreted from lineaments derived from air photograph interpretation, and from regional mapping.

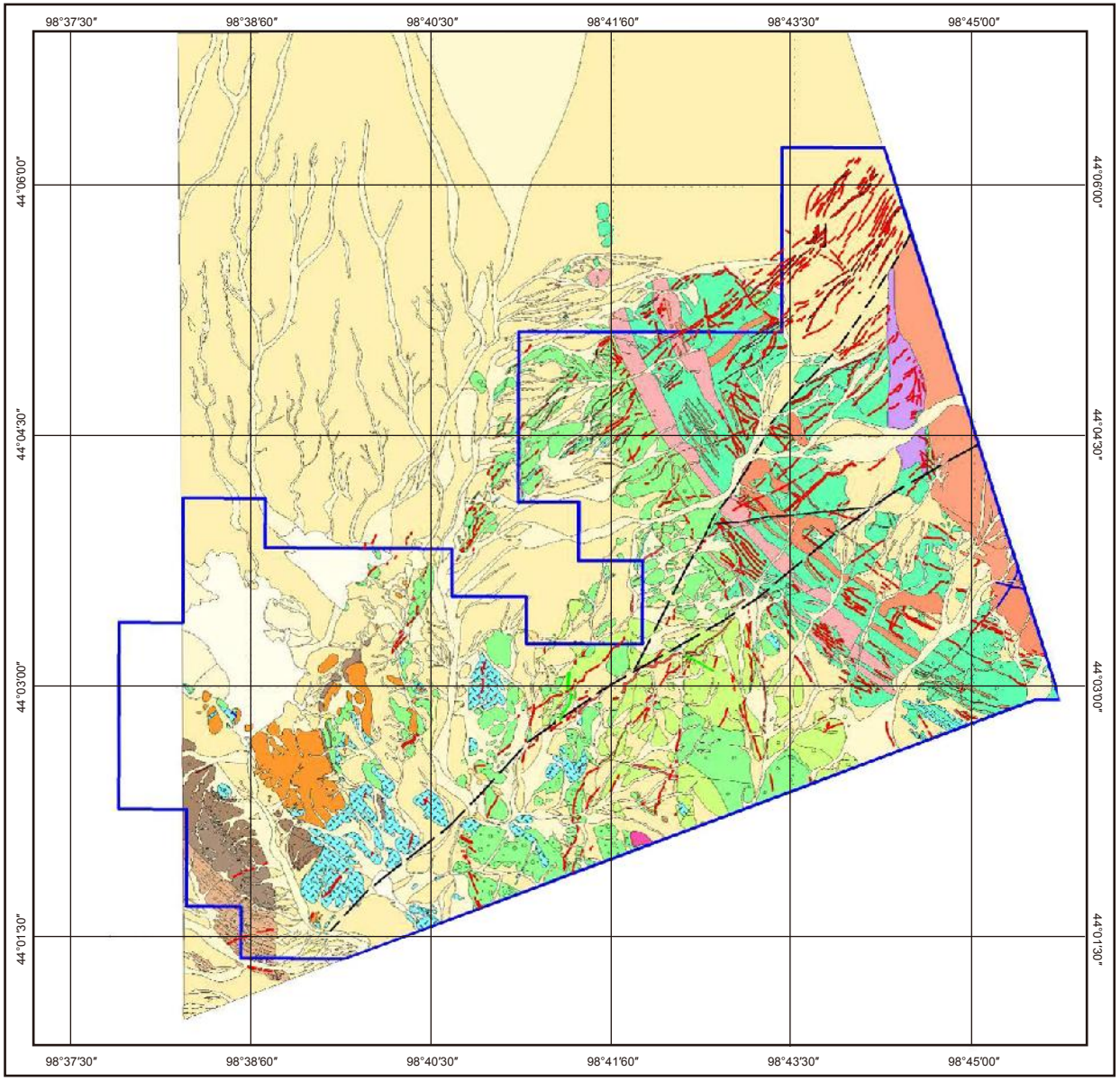
The volcanic and sedimentary rocks were intruded by a series of Devonian and Carboniferous calc-alkaline, granitoid plutons that range in composition from granodiorite and granite, to plagiogranite and syenite, and range in texture from fine- to coarse-grained seriate to equigranular and minor pegmatite. A few small (<5 km^2) Carboniferous age gabbro intrusions are exposed in the study area and are thought to represent the most mafic end-members of intrusive suites. Late-stage dykes cross-cut both granitic intrusions and volcanic-sedimentary country rocks and range in composition from microdiorite to granite, syenite and lamprophyre. Dyke orientations may be quite variable on a local scale, as noted in the Altan Nar prospect area, however, most dykes are oriented NE-SW, especially within and near larger granite intrusions.

7.3 Project Geology

The Tsenkher Nomin license area was mapped in detail during the 2011 field season, with field data collected along east-west oriented foot-traverse lines. The geology map for the license area is shown in **Figure 7-3**. The geology of the license area is dominated by two separate sequences of volcanic rocks, both assumed to be Devonian to Carboniferous in age, based on the 1:200,000 scale MRAM map L-47-XXXIII. These include:

a) A package of trachy-andesite and minor rhyolite flows dominate the east-central part of the license area. These volcanic rocks (referred to as 'Sequence A') have pronounced NW-SE trending linear features that are evident on satellite images. These rocks are interpreted to be a steeply dipping volcanic sequence that was intruded by sub-parallel, NW-trending granite porphyry and fine grained granite intrusions interpreted to be sills, or possibly laccoliths. These intrusions are up to 250 m in width with maximum length of 6 km. Several narrow, NW-trending granitic dykes (<100 m in width) that are similar in composition to the large granite intrusion along the eastern margin of the license, intrude the trachy-andesite rocks near the Altan Nar prospect area. A few isolated, narrow (10-100 m wide), NW-SE and NE-SW trending trachy dykes intrude the trachy-andesite rocks. Widespread development of hornfels textures was noted in the trachy-andesite rocks, presumably resulting from contact metamorphism related to the large granite sills or laccoliths. The wedge-shaped package of extrusive-intrusive rocks has a pronounced NW-trending series of linear topographical features that are clearly visible on satellite images. A ground magnetic survey was completed over most of the license in 2011 (**Figure 7-4**). The wedge-shaped Sequence A volcanic rocks and associated granite intrusions were noted to have a much higher magnetic response than the Sequence B volcanic rocks to the west and the granite intrusion situated along the eastern margin of the Tsenkher Nomin license. Areas of low magnetic response within the wedge-shaped sequence correspond to granite sills.

b) The geology of the central and western portion of the Tsenkher Nomin license area consists mostly of a sequence of andesite and tuffaceous rocks of intermediate composition, with subordinate rhyolite, rhyodacite, andesite tuff, and green-coloured andesite. Satellite images for this portion of the license indicate Sequence B volcanic rocks lack the well-developed lineaments and topographical features noted above for the Sequence A rocks. These features, coupled with outcrop patterns suggest the Sequence B volcanic rocks are shallow-dipping to flat-lying. Intrusive rocks are much less abundant in the west and central parts of the license and include a small granodiorite plug (approximately 200 by 300 m) near the southern license boundary, and several variably-oriented trachy and rhyolite dykes (generally < 50 m wide and up to 1 km in length). The magnetic response of Sequence B volcanic rocks is generally lower than for Sequence A (**Figure 7-4**) and lacks linear orientations, which supports the shallow-dip interpretation for these rocks.



LEGEND

Modern quarternary-upper quarternary cover.

Lower Devonian Ulgii formation (D_1ul)

Moderate to pervasive strong biotite-hornfelsed andesite, rarely dacite and rhyolite. Strong magnetic. Locally potassic altered.

Propylitic altered green, dark green trachyandesite, andesite.

Light green andesitic fall tuff, tuff sandstone, tuff breccia, rare tuffisite. Pervasive propylitic altered, locally strong silica, phyllic and epidote altered.

Dark green andesite, andesite ash flow-tuff. Greenstone metamorphosed.

Dark green andesitic graystone, sandstone, argillite, siltstone, very fine banded. Greenstone metamorphosed.

Early carboniferous(λC_1)

Rhyolite, rarely dacite, pervasive phyllic alterated.

Early-middle Carboniferous granitoids($qm_{2\gamma3}C_{1\text{-}2}bb$)

Coarse-middle grained quartz monzodiorite, quartz monzonite. Locally potassic altered.

Riebeckite-arfvedsonite fine-medium grained granite granite porphyry intrusions and sills. Weak to moderate phyllic and K-spar altered.

Subvolcanic stock of Rhyodacite. Pervasive phyllic altered, weathered.

Dacite porphyry dykes and sills. Pervasive silica and selective K-spar altered.

Trachyrhyodacite, trachydacite porphyry dykes, rarely sienite dykes. Pervasive phyllic and selective K-spar altered.

Quartz-Fluorite veins

License boundary

Granite porphyry dykes, aplite dykes.

Faults.

SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

LEGEND

N

0 1 2 km

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CLIENT

Erdene Resource Development

PROJECT

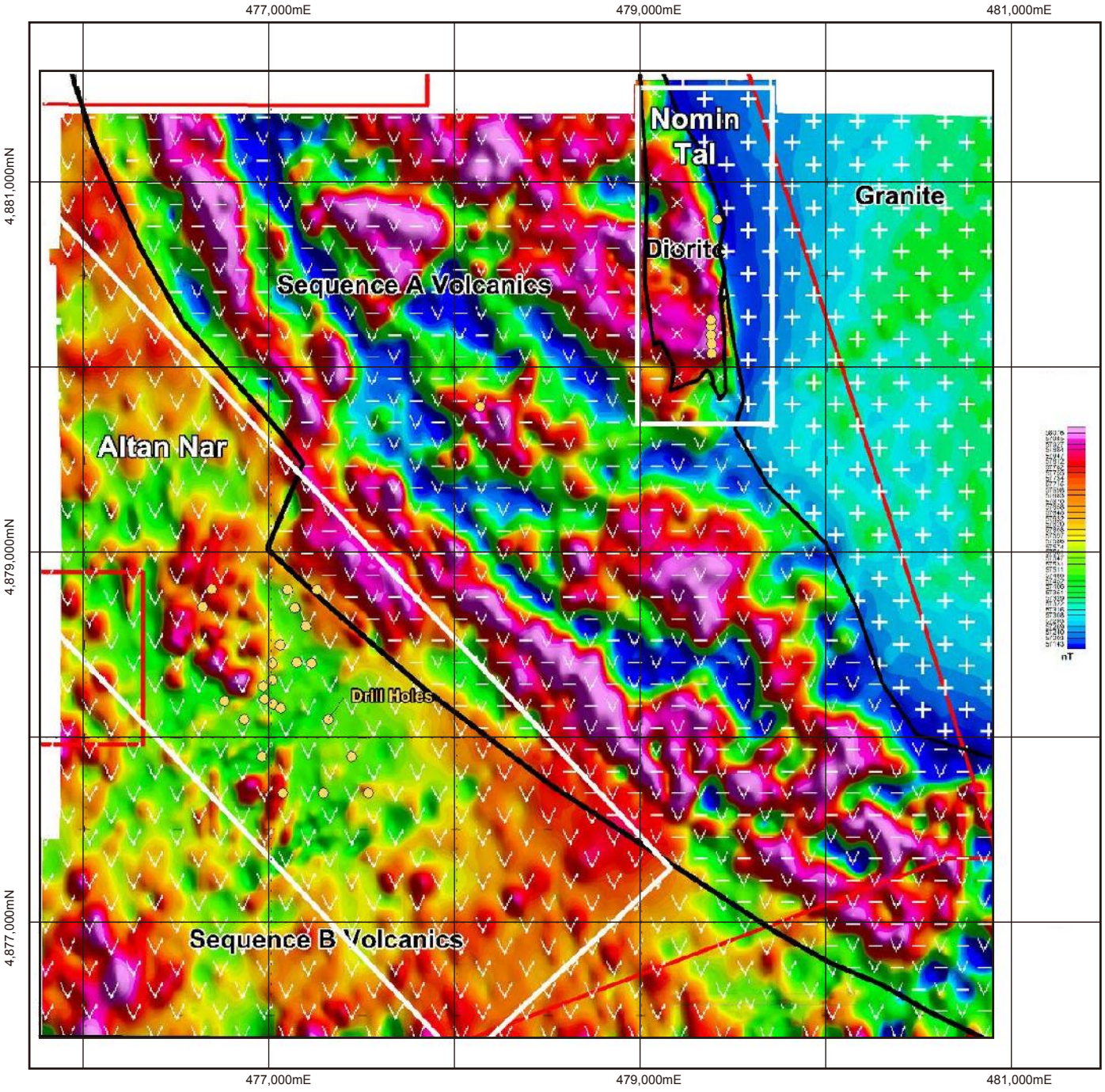
NAME

ALTAN NAR GOLD PROJECT

DRAWING

Tsenkher Nomin Geology Map

FIGURE No.	PROJECT No.	DATE	PREPARED BY
7-3	ADV-HK-00072	March.2015	Runge Pincock Minarco



SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

LEGEND

Drill Holes

N

0 0.5 1 km

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CLIENT

Erdene Resource Development

PROJECT

NAME: **ALTAN NAR GOLD PROJECT**

DRAWING: Tsenkher Nomin property: Reduced to pole (RTP) ground magnetic with generalized geology

FIGURE No.	PROJECT No.	DATE	PREPARED BY
7-4	ADV-HK-00072	March.2015	Runge Pincock Minarco

Topographic low areas throughout the Tsenkher Nomin license area are underlain by unconsolidated Quaternary sediments. The pattern and distribution of various facies of Quaternary deposits reflects paleo-drainage systems that were developed along bedrock features including faults and lineament ridges. The abundance and patterns of distribution of Quaternary sediments differs significantly over the Sequence a) and b) volcanic rocks.

Sequence a) andesite and granite rocks are cross-cut by a series of narrow (generally 50 to 200 m wide) regularly spaced (approximately 0.5 to 1.0 km) paleo-drainage valleys that are interpreted to reflect sub-parallel, NE-trending bedrock faults.

Minor north-south and east-west oriented Quaternary valleys may reflect localized structural offsets along some NE faults. Several NE- and ENE-trending faults were mapped in bedrock in the eastern portion of the license. These faults were noted to offset both andesite and later granite dykes and sills, suggesting these structures were developed late in the geological history of this area.

Quaternary deposits and paleo-drainage patterns over Sequence b) rocks in the western and central parts of the license are much more abundant than over Sequence a) rocks and have more randomly oriented drainage systems. A few narrow NE-SW and N-S oriented Quaternary deposits in the east-central part of the license may reflect extensions of bedrock structures developed over Sequence a) rocks.

7.4 Mineralisation Style

The Altan Nar Au-Ag-Zn-Pb prospect is hosted by a series of Devonian to Carboniferous shallow-dipping trachy-andesite and andesite tuff units that were intruded by several, late stage, volumetrically minor, biotite-feldspar porphyry, quartz-feldspar porphyry and andesite dykes. The gold-polymetallic mineralisation appears to be structurally controlled within a large (5.6 km by 1.5 km) NNW-trending zone. The presence of NE/SW-trending and lesser N/S-trending quartz breccia zones with associated phyllic alteration within this zone, suggests that structure is a major factor controlling the distribution of mineralisation. Steeply-dipping breccia zones provide locii or conduits for fluids. Depth of burial during the mineralizing event is presumed to also be a controlling factor for deposition of gold and base metals (See "**Section 8 - Deposits Types**").

The following description of the mineralisation at Altan Nar is based on field observations by ERD which was confirmed during the RPM site visit and by a series of petrographic studies on mineralised and un-mineralised samples taken from across the Altan Nar prospect area. Petrographic studies include the analysis of polished-thin-sections and standard-thin-sections with selected samples undergoing a comprehensive QEMSCAN analysis, coupled with X-ray diffraction and electron microscope analysis to determine gangue and ore mineralogy.

Host lithologies are principally intermediate (andesitic) volcanic and volcaniclastic units that have been pervasively altered (propylitic alteration with chlorite, epidote, carbonate). The presence of Cu-Pb-Zn sulphides and Ag-bearing minerals throughout the volcanic rocks at Altan Nar demonstrates widespread alteration of the volcanic pile by metal-rich epithermal fluids. In addition, widespread evidence for magnetite destruction ('martitization') was noted in the host lithologies. This feature is thought by ERD to reflect widespread epithermal fluid alteration.

There is clear evidence of multi-stage quartz veining, brecciation and gold-silver-base metal mineralisation at Altan Nar. Based on petrographic observations, coupled with other field and mineralogical data, the following preliminary paragenetic sequence is proposed for Altan Nar:

- Early stage massive quartz veining and brecciation.
- Brecciation, silicification and comb quartz veining and associated phyllic alteration (sericite-pyrite-quartz) and deposition of galena-sphalerite-chalcopyrite-gold ±arsenopyrite (low-arsenopyrite gold mineralisation).
- Localized arsenopyrite-pyrite-gold overprint on above sequences, with some associated chalcedony veining and silicification (high-arsenopyrite gold mineralisation).
- Mn-Ca carbonate veining (rhodochrosite, calcite, etc.) – late hypogene

- Late-stage (supergene) oxidation – limonite, Mn oxides, malachite.

Zones of high-arsenopyrite gold mineralisation were initially reported and tested. However, additional drilling and trenching across the Altan Nar property has shown that this type of mineralisation is a localized, later stage overprint of the more volumetrically extensive low-arsenopyrite gold mineralisation.

Six low-arsenic samples (averaging 6.3 g/t Au, 18.7 g/t Ag, 1.8% Pb, 1.2% Zn, 0.2% As) were submitted for both transmitted and reflected light petrographic analysis. Visible gold was observed in three of the six samples, in contrast to previous analysis of high-arsenic samples where very fine grained gold was only noted in two of 20 mineralised samples. In addition, arsenopyrite was absent in four of the six low-arsenic samples, and only present in trace amounts in the other two samples. This is in contrast to previous work on high-arsenic samples where arsenopyrite was observed, in varying amounts, in all samples and constituted up to 1% of the mode.

Preliminary metallurgical testing on both low and high arsenic samples indicate high gold recovery rates (80-90%) can be achieved for both ore types using conventional gold extraction technologies. See '**Section 13 - Mineral Processing and Metallurgical Testing**' of this report for further details.

Within the Discovery Zone, gold mineralisation appears to be structurally controlled within NNE to NE trending sub-parallel shear zones that are steeply dipping to sub-vertical. Gold-bearing zones are associated with multi-phase mineralisation related to epithermal quartz veins and breccia in a northeast-southwest trending, steeply northwest dipping, fault / breccia zone. Preliminary evidence suggests that andesite units, particularly near the contact with more competent silicified volcanic breccia units, act as a favourable host for mineralisation.

There are multiple phases of quartz veins / breccia (+/- mineralisation) including:

- Un-mineralised epithermal quartz veins
    - Chalcedony, comb quartz, quartz breccia
- Epithermal quartz veining and breccia with base metal (galena and sphalerite) mineralisation with and without associated gold/silver mineralisation
    - Base metal mineralisation ranges from very fine to very coarse grained
- Later stage gold-arsenopyrite mineralisation (+ manganese carbonate/silicate)
- Distinctive banded coliform crustiform (CC) quartz veining with associated high Au values (>1 g/t over 1 m) (see Figure 9).

7.5 Mineralised Prospects

Systematic, increasingly more refined, exploration (including geological mapping, geochemical sampling, geophysical surveys, trenching and drilling) has been carried out on the Tsenkher Nomin property by ERD over the past four years. The characterisation of high-grade gold, silver, lead and zinc mineralisation in drill holes and trenches has provided an improved understanding of mineralisation at Altan Nar and therefore improved targeting utilizing mapping, geochemical and geophysical data. Higher-grade zones are typically associated with broad zones of hydrothermal and sulfide matrix breccia with intense phyllic alteration (quartz-sericite-pyrite) that result in IP chargeability highs and magnetic lows. These zones of alteration are mostly preferentially weathered, resulting in little or no surface expression. Even the remnants of highly resistive quartz breccia zones may be reduced to rubble. The combination of detailed surface mapping, geochemical analysis of soil and rock samples, along with IP and magnetic geophysical surveys has resulted in the identification of 20 highly prospective targets within the Tsenkher Nomin license, 18 of which are within the main Altan Nar trend. With the exception of the Discovery Zone and Union North these targets remain relatively un-tested. These target zones have the potential to significantly expand the areas of known gold-polymetallic mineralisation at Altan Nar. A total of 71 diamond drill holes and 39 trenches have been completed across the Altan Nar Prospect (see 'Section 10 – Drilling' and 'Section 9.4 – Trenching Program' for further details'). Closer spaced delineation drilling and closer spaced trenching was carried out on two

prospects, Discovery Zone and Union North, while wider spaced scout drilling and trenching has been carried out on 14 of the 16 remaining prospects identified within the Altan Nar mineralised trend.

7.5.1 Discovery Zone

Drilling to date at the Discovery Zone ("DZ") has identified a minimum strike length of 500 m. Thirty-one, mostly shallow (<150 m vertical extent) drill holes, generally at 50 m to 100 m intervals, but including some single infill holes at 25m spacing, along with five trenches across zones of surface mineralization, have demonstrated vertical and lateral continuity of gold, silver, lead and zinc mineralization. Exploration work has identified north-northeast trending, sub-vertical zones of gold and silver mineralization over variable widths (up to 50 m apparent width) averaging in excess of 1 g/t gold, including drill intervals up to 29 m averaging 4.3 g/t gold and 24-1 g/t silver in Discovery Zone South. Infilling drilling in 2014, returned the highest grade intersection to date in drill hole TND-70, 30 m of 4.2 g/t gold, 21 g/t silver and 1.2% combined lead and zinc including 8 m of 11.4 g/t gold with 63 g/t silver and 1.5% lead and zinc.

Within the DZ, gold mineralization appears to be both structurally controlled and related to an andesite porphyry stock with associated hydrothermal breccia zones that are steeply dipping to sub-vertical. The DZ remains open along strike to the north and at depth. Drilling has tested the mineralization to a vertical depth of 175 m (Discovery Zone South) to 230 m (Discovery Zone North). The deepest hole on the Altan Nar property (TND-58) intersected 6 m of 4.8 g/t gold, 9.3 g/t silver and 1.4% combined lead and zinc near the bottom of the hole.

In the Discovery Zone, trench results confirmed that mineralisation begins within 1 to 2 metre of surface, is structurally controlled and is associated with quartz veins and breccias within zone of intense phyllic alteration. Trench results, in conjunction with previous drill results, indicate the presence of a potential shallow, bulk-tonnage, gold-silver-lead-zinc mineralised system (see 'Section 9.4 Trenching Program' for more details).

The majority of the Mineral Resources reported in the Report are from the DZ.

7.5.2 Union North

At Union North, located 1.3 km northwest of the Discovery Zone (see **Figure 7.*5***), a series of six trenches and 10 drill holes, at 50 m to 100 m spacing, have identified mineralization associated with a structural dilation zone on a large northeast-southwest trending structure, that hosts wide, parallel zones of intensely altered and mineralized breccias. Previous drilling (2012) included a single hole (TND-46) at Union North which intersected 47 m of 1.3 g/t gold, including 9 m of 4.3 g/t gold, 12 g/t silver, and 1.7% combined lead-zinc. Drilling in Q2 2014 returned the widest zone of higher grade mineralization to date and an indication of intensifying grades at depth, including 22 m of 2.1 g/t and 25 m vertically below expanding to 24 m of similar grade with a high grade core of 12 m of 4 g/t gold, 10 g/t silver and 2.5% combined lead and zinc. Trenching results from 2013 (ANT-14) included 45m of 4.59 g/t Au, 29 g/t Ag, and 4.56% combined Pb-Zn, including 20.2 g/t gold, 138 g/t silver, 17% lead and 5.3% zinc over 7 metres (see '**Section 9.4 Trenching Program**' for more details). Trenching in Q3 2014, designed to test a geophysical anomaly located 170 m southeast of the main Union North target returned multiple mineralized zones. Trench ANT-37, positioned over the eastern-most portion of the geophysical anomaly, where soil geochemistry returned high gold and base metal values, uncovered multiple zones of alteration and mineralization averaging greater than 1 g/t gold equivalent over a combined length of 22 m, with one section returning 12 m of 3.7 g/t gold. The western portion of the anomaly trends under a deeper drainage basin and bedrock is beyond the depth accessible through trenching. Union North remains open to the north, south (Union South prospect) and at depth.

Outside of the DZ and Union North, scout drilling (2011-2012), trenching (2013, Q3 2014) and target drilling (Q2 and Q4 2014) have been carried out over a 5.0 km portion of the Altan Nar property to test a number of high priority targets, including the following.

7.5.3 Maggie Prospect

Located 1 km north of the Discovery Zone and 700 m east of the Union North prospect, the Maggie prospect area is a 500 m x 400 m triangular shaped area along a major NE structure and bounded to the east by a large granite sill/stock. This target is characterized by a 10 to 40 m wide linear phyllic alteration zone with gold, silver, lead and zinc mineralization traced for over 300 m on a NE trend through the center of the target. Trenching uncovered a well mineralized zone, 38 m wide and hosted by an altered andesite cut by two barren

post-mineral dykes (7 m and 2 m wide). Excluding the 9 m of post mineralization dyke, the central mineralized zone returned 17 m of 3.4 g/t gold, 4.9 g/t silver and 1.41% combined lead-zinc. Drilling of this target in Q2 2014 returned two narrower zones with mineralization apparently displaced by a post-mineral porphyry dyke. These two zones, 3 m and 5 m wide and located on either side of the dyke, returned greater than 1 g/t gold, and up to 36 g/t silver and 1.5% combined lead and zinc. Two trenches completed in Q3 2014 tested soil and IP anomalism northeast and southwest of the previous trench and drill hole and established a 120 m strike length that remains open. Trench results included 8 m of 2 g/t gold equivalent to the northeast and 5 m of 1.2 g/t gold equivalent to the southwest.

7.5.4 Northbow Prospect

The North Bow prospect is located 600 m to the west of Union North. Northbow, extends 600 m on a NE trend and adjoining the South Bow prospect located to the south. The target is characterized by two or more parallel zones of phyllic-altered volcanics/hydrothermal breccias traced over a strike length of 400 m and open. The main alteration zone has been tested by two trenches which are approximately 100 m apart along the NE trend testing an area of quartz vein rubble at surface returning up to 9 m of 1.3 g/t gold and 1.3% combined lead and zinc. Large portions of the target area are under cover. The priority area remaining to be tested is the NE extension from the trenched areas over a strike length of approximately 200 m. A large soil anomaly, up to 200 m wide, is present in this area with high gold, up to 0.2 g/t, and highly anomalous molybdenum (up to 0.7%). Molybdenum has proven to be a good pathfinder element for the highest intensity gold mineralization. In addition, evidence of phyllic alteration and quartz veining in the surface rubble and evidence of a structural flexure support the high priority assigned to this target area. The recently completed induced polarization study displays moderate chargeability and resistivity anomalies coming to surface through low resistivity cover and broadening and intensifying significantly moving north and at depth. A magnetic low anomaly is located on the east side of the target area. Trenching in Q3 2014 in the North Bow area, identified broad zones of mineralization, with four zones, totaling 34 m, returning an average of 0.4 g/t gold equivalent, while approximately 300 m to the south, a second trench returned 10 m of 0.75 g/t gold equivalent.

7.5.5 Junction Prospect

The Junction Prospect is located adjacent and to the northeast of the DZ. This 400 m by 400 m area has been largely defined by very intense soil anomalism including gold, lead, zinc and locally molybdenum. It is also characterized by a complex dyke swarm. In the center of the target area multiple quartz veins and vein-rubble areas are evident and, at the southernmost extent, rock samples have returned up to 11.2 g/t gold. However, much of the area is in low relief with recent sedimentary cover. Geophysical surveys indicate a structural break near the centre of the target area with a coincident magnetic low, gradient resistivity high and moderate chargeability high. In the western portion of the target, under recent sedimentary cover, the Q2 IP dipole study identified a vertically plunging resistivity low with adjacent high chargeability with lower chargeability at depth, similar in nature to the cupola feature identified at DZ North. Quartz/breccia rubble is present in an area of gold, lead, zinc soil anomalism along the eastern side of the covered drainage area. Trenching in Q3 tested the northeast portion of this target area and intersected a broad zone of base metal mineralization that included 4 m of 3.7% zinc, 1.2% lead, 16 g/t silver, and 0.1 g/t gold, within a 26 m interval of 0.8% zinc and 0.5% lead. This target has not been drill tested.

7.5.6 South Bow Prospect

South Bow is a 600 m long prospect extending south from North Bow where the most southerly trench returned 9 m of 1.3 g/t gold, 6.6 g/t silver and 1.32% combined lead-zinc. Continuing south from the trench, the North Bow / South Bow targets are overlain by recent sedimentary cover which buries the most intense chargeability anomaly on the property. One area of minor quartz rubble in the central portion of the South Bow target area is coincident with zinc soil anomalism. Although soil values are very low in this area of thick cover, there are still a few gold, molybdenum and zinc anomalies along the trend of the gradient chargeability high anomaly. Given the intensity of chargeability anomaly and known relationship between high chargeability and areas of mineralization, the subtle geochemical anomaly's poking through cover and evidence of a structural break, the South Bow target is highly ranked. Trenching will be attempted along the entire trend; however, the depth to bedrock is unknown at this point.

7.5.7 Union South Prospect

This prospect is a largely a linear N-S feature which continues over 700 m from just south of TND-30 to the north banks of the E-W drainage adjoining the Union North target. Underlying the main trend there are zones

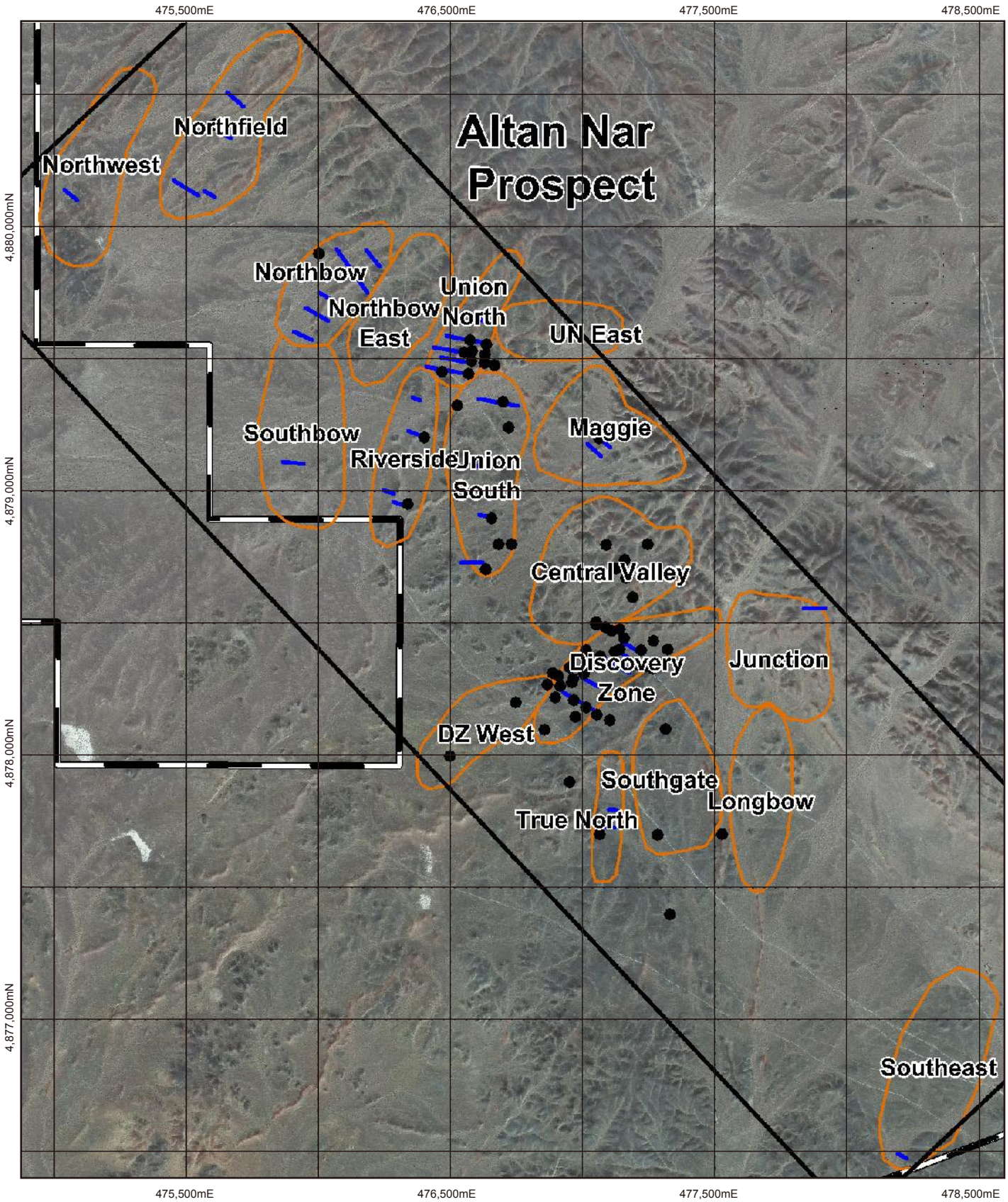
of intense dipole chargeability highs extending to surface that are most pronounced in the north portion of the target area (near the south end of the Union North target) where there is evidence of a structural offset. Gold values up to 15.4 g/t have been returned from rock samples from this area associated with an area of strong phyllic alteration. In the southern portion, drilling has identified two parallel, 10 m wide zones, with 1.5 g/t and 2.3 g/t gold equivalent ($1250 per ounce gold/$18 per ounce silver and $0.85 per pound lead and zinc). High grade mineralization was also discovered in trenching (ANT-24) in the southern area with 10 m of 4.46 g/t gold, 8.9 g/t silver and 2.2% lead. However, continuity has not been well established albeit with limited drilling (four holes in south and one in north). Although one hole (TND-52) has tested the eastern portion of the northern part of the target area, it was targeting a parallel zone of near surface mineralization which did not extend to depth and this drill hole was not long enough to reach the main Union South target located further west. Trenching is planned for both the southern and northern portions of the target area.

7.5.8 Riverside Prospect

This target is characterized by an 800 m long gradient IP and geochemical anomaly that follows the trend of phyllic alteration, quartz/breccia rubble fields and porphyry dykes which follow the same structural pathway. The northern portion exhibits multiple quartz veins in andesite although much of the target area is covered by recent sediments. Trenching in this area, located approximately 200 m south of Union North, returned 6 m of 3 g/t gold. A single hole (TND-51) tested this area of the target and returned anomalous gold and base metals in multiple zones (32 m of 0.3 g/t gold equivalent). At the southern end of the target, drill hole TND-45 returned 19 m of 1 g/t gold equivalent. The induced polarization study completed during the second quarter indicates moderate chargeability at depth although increasing in the northern portion of the target area and an intense magnetic low feature in the northern half trending into Union North. Although exploration to date has failed to confirm continuity of higher grade mineralization, the target still ranks in the top eight of the 20 identified to date and additional trenching work is expected to be completed in 2015.

7.5.9 Other Prospects

Of the remaining 12 prospects, two are outside the main mineralized trend and are of a different styles of mineralization albeit with high grades of copper and gold mineralization over narrow widths. Within the main Altan Nar mineralized trend, a number of other prospects are at a low level of understanding and may improve in ranking as additional data is generated; however, all display evidence of gold and base metal mineralization at surface.



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Erdene Resource Development

PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Altan Nar Prospect Location Map

FIGURE No.	PROJECT No.	DATE	PREPARED BY
7-5	ADV-HK-00072	March.2015	Runge Pincock Minarco

8 Deposit Types

The Altan Nar Property is located in the Tian Shan Gold Belt, part of the Central Asian Orogeny,and host to some of the world's largest gold deposits. Although epithermal gold and porphyry copper deposits are well documented across the border in China and along the westward trend, limited exploration has taken place in southwestern Mongolia due to its isolation geographically and politically until the early 1990's. Exploration since that time in southeastern Mongolia has resulted in the discovery of the world-class Oyu Tolgoi gold-copper deposit containing over 60 million ounces of gold. However, systematic regional exploration in the southwest part of Mongolia has been largely absent with the exception of the work undertaken by Erdene over the past five years which has resulted in the discovery of multiple gold and copper occurrences including the grassroots discovery at Altan Nar.

Altan Nar is predominantly an intermediate sulfidation, carbonate base metal gold system, a style of deposit which has close magmatic relationships often being base metal rich and locally associated with porphyry deposits. This style of gold mineralization represents the most prolific style of gold mineralization in the southeast Asia region and includes Kelian, Porgera and Anatok, and elsewhere in the world, Fruta del Norte, Cripple Creek & Montana Tunnels and Rosia Montana and in Mexico five of the world's top silver producers including Penasquito. They are often associated with breccia pipes (diatremes) and can extend vertically for greater than 1 kilometre. The Kelian open pit, for example, is 500 metres deep.

SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

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CLIENT

Erdene Resource Development

PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Mineralized epithermal coliform crustiform (CC) quartz vein from TND-18; 61.5 m; part of a 1 m interval that assayed 1.3 g/t Au

FIGURE No.	PROJECT No.	DATE	PREPARED BY
8-1	ADV-HK-00072	March.2015	Runge Pincock Minarco

9 Exploration

A summary of the activity, including methodologies and results, for the exploration work carried out between March 2010 and December 2014 on the Tsenkher Nomin Licence is outlined below.

9.1 Geological Mapping

ERD has carried out progressively more detailed and extensive geological mapping on the Tsenkher Nomin exploration license since discovery of the historic working and associated mineralisation at Nomin Tal in the eastern portion of the license in 2010. This work has been principally carried out by ERD geologists over an area of ~50 sq km. The results of this work are discussed in **Section 6.3 - Property Geology** and a detailed geological map for the property is included as ***Figure 7-3***.

9.2 Geochemical Surveys

ERD carried out a series of geochemical surveys including rock and soil surveys which are detailed below.

9.2.1 Soil Geochemical Survey

All soil surveys were supervised and carried out by Erdene's field geologists in 2011, 2012 and 2014. Because the Tsenkher Nomin property is located within the Gobi region of virtually no organic, A (depleted), or B (enriched) soil horizons exist. The soil samples in the regions consist, for the most part, of residual weathered bedrock along with Aeolian sediments. Samples were taken from shallow hand-dug pits (average depth 25 cm) to minimize Aeolian contamination. Samples were dry sieved in the field with the -2 mm size fraction bagged and sent for analysis. See "**Section 11.0 – Sample Preparation, Analyses, and Security**" for more details. All sample locations were determined by hand-held GPS devices with a location accuracy of approximately 3 m.

Analysis of samples was carried out at SGS Laboratories in Ulaanbaatar. All samples from 2011 were assayed for Au, Ag, Cu, Pb, Zn, As and Mo. Samples from 2012 were assayed for Au and a suite of 45 elements (SGS Code ICP40B). Samples from 2014 were analyzed for Au and a suite of 33 elements (SGS Code ICP40B-2014). See "**Section 11.0 - Sample Preparation, Analyses and Security**" for more details.

In 2011, soil sampling was carried out initially on a 400 m square grid with subsequent infill sampling carried out at 200 m and 100 m spacing along similarly spaced lines (i.e. square grid pattern). The initial 2011 soil sampling program identified a wide zone (2 km by 3 km) of anomalous base-metal-in-soil (Pb and Zn) mineralisation with coincident gold-in-soil mineralisation (Altan Nar prospect). Assays returned values ranging from back-ground to highly anomalous values including; Au - 1.43g/t; Pb - 2.57%; and Zn - 0.24%. The 2011 in-fill sampling helped to better define the zones of anomalous soil geochemistry and were used as a guide, along with rock geochemistry and geophysics, to identify drill targets in 2011 and early 2012.

In the vicinity of the Nomin Tal prospect in the eastern part of the Tsenkher Nomin license there is a zone of anomalous Cu-in-soil over the area of the historic pits. This anomaly is 800 m in width and extends to the northwest ~2.3 km. There is some associated Au-in-soil anomalies but to a lesser extent. There is also a weakly defined zone of anomalous Cu in the south-western portion of the Tsenkher Nomin license coincident with the Oyut Khundii Cu prospect. In part, this anomaly is poorly defined due to limited soil sampling because the area includes a wide zone (400 m) of alluvial material that was not sampled as part of the soil sampling program. Maps showing the results for Au, Cu, Pb and Zn from the 2011 soil geochemical survey are included as ***Figure 9-1 - A, B, C & D***.

In 2012, an area of approximately 9 sq.km was selected for detailed soil sampling with samples taken at 25 m intervals along 100 m spaced E-W lines. This more detailed soil sampling program was carried out over the area of the Altan Nar prospect. Sample analysis included Au and 45 additional elements, including Cu, Pb, Zn, As, Mo and Mn. All of these elements have anomalous signatures coincident with zones of known epithermal mineralisation identified through surface mapping and drilling. Maps showing the results for Au, As, Pb, Zn, Cu, Mo and Mn from the 2011-2012 soil geochemical survey over Altan Nar are included as ***Figure 9-2 – A thru G***.

The geochemical signature shown on the Altan Nar soil geochemistry maps (***Figures 9-1 & 9-2***) clearly show an extensive zone of base metal mineralisation across the large (~ 1.5 km by 5 km) area of the Altan Nar prospect. A significant portion is also covered by coincident Au-Mn-As (and to a lesser extent Mo) anomaly. These results reflect the types of mineralisation intersected in drilling. This includes widespread epithermal Pb-Zn mineralisation and gold mineralisation associated both Pb-Zn epithermal veins as well as gold associated with later stage, arsenopyrite rich mineralisation. Manganese (Mn) bearing minerals have been identified in high Au samples through petrographic analysis and there is a strong correlation between Au and Mn soil geochemical anomalies.

In Q2 2014, a total of 858 soil samples were collected at 12.5 m intervals along 50 m spaced infill lines over select prospect areas at Altan Nar. The objective of this detailed soil program was to provide greater definition of gold, base-metal and associated alteration-element soil anomalies, which have proven to be very effective in identifying mineralized trends. Approximately 15% of the samples collected (128 samples) returned values greater than 10 ppb gold and are considered to be anomalous based on a regional average of 2.3 ppb gold. One soil sample collected over the Maggie prospect returned a highly anomalous value of 1.04 g/t (1,040 ppb) gold.

The soil sampling program on the Tsenkher Nomin license has proven to be an effective exploration tool and has resulted in the location of a number of mineralised zones. There is also a correlation between IP gradient array chargeability highs and geochemical anomalies. Geochemical, geophysical and geological data sets have been used to identify a large number of drill and trenching targets, a number of which remain untested.

9.2.2 Rock Geochemical Survey

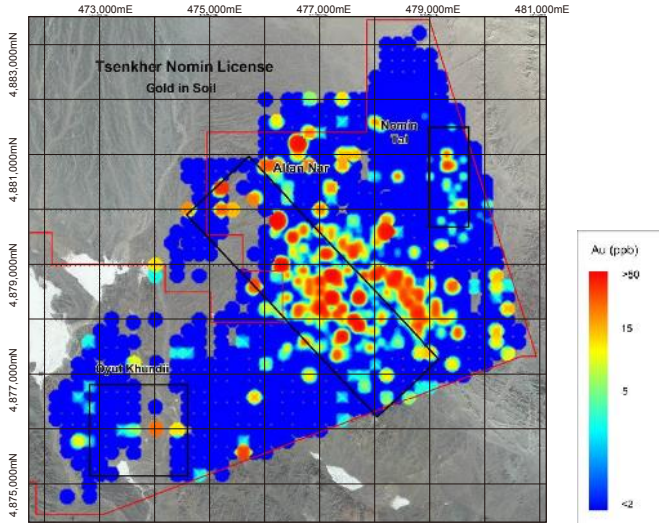
Rock-chip (outcrop) and rock-grab (float) samples were collected from across the Tsenkher Nomin license as part of the geological mapping and prospecting programs that have been carried out intermittently as work on the property and various prospects has advanced. No grid-based rock sampling programs have been carried out to date although geological mapping has been carried out. Results from all rock samples taken from 2009 to 2014 are included herein.

All rock sample locations were determined by hand-held GPS units with approximate 3 m location accuracy. All samples were sent to SGS Laboratory in Ulaanbaatar for analysis. All samples were assayed for Au, Ag, Cu, Pb, Zn, As and Mo. See "**Section 10.0 - Sample Preparation, Analyses and Security**" for more details.

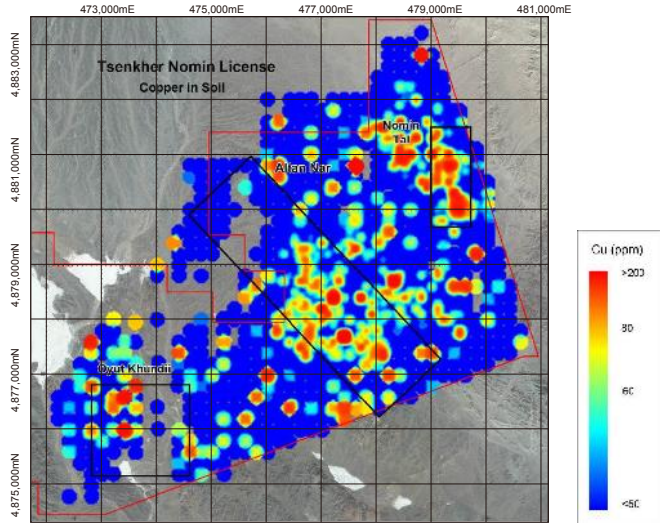
Results to date from the rock geochemical sampling program have identified a number of areas with anomalous zones of Au(As)-Ag-Pb-Zn ±Mo (Altan Nar); Cu-Ag-Au (Nomin Tal) and Cu-As (Oyut Khundii) mineralisation. The rock geochemistry has been used in conjunction with the soil geochemistry and the geophysical data, to identify drill targets on the Nomin Tal and Altan Nar prospects.

Graduated bubble plots of each of Au, Ag, As, Mo, Cu, Pb and Zn are presented in Figure 13 A to G. These plots indicate the rock data is similar to soil geochemistry, that is, the mineralisation associated with each of the three prospects identified to date, Nomin Tal, Altan Nar and Oyut Khundii each have unique geochemical signatures. For example, Nomin Tal has high Cu-Ag-Au values while Altan Nar has high Au-Ag-Pb-Zn (±As-Mo) but low Cu and Oyut Khundii has high Cu and As values. These differences are likely related to different modes of emplacement of the mineralisation and may represent metal zonation within the mineralised system.

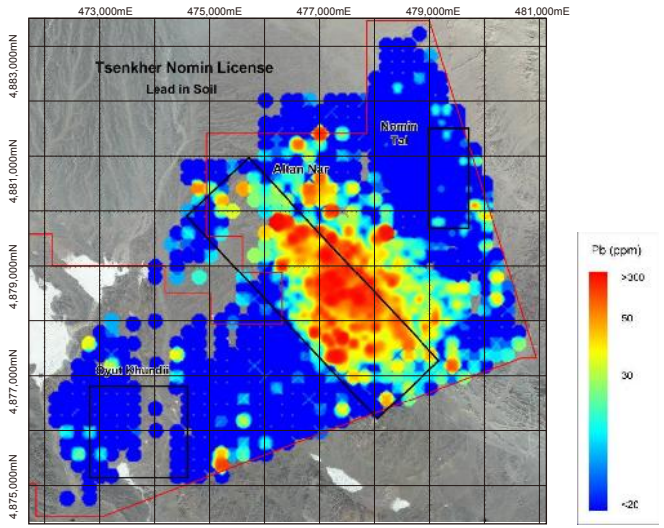
A – Gold



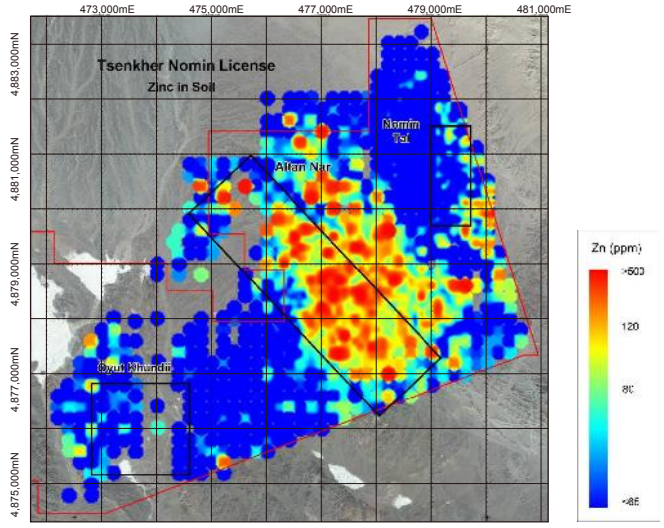
B – Copper



C – Lead



D – Zinc



SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

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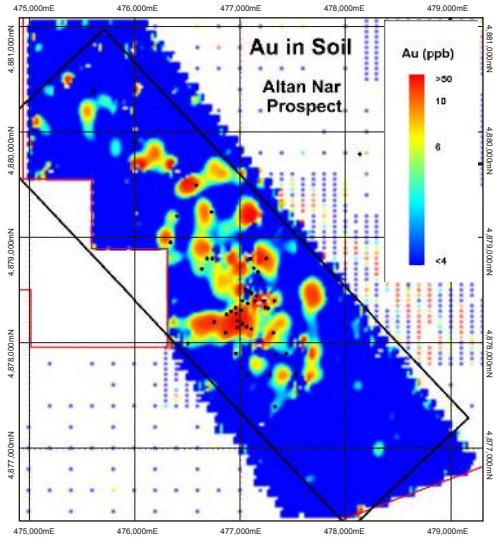
PROJECT

NAME: ALTAN NAR GOLD PROJECT

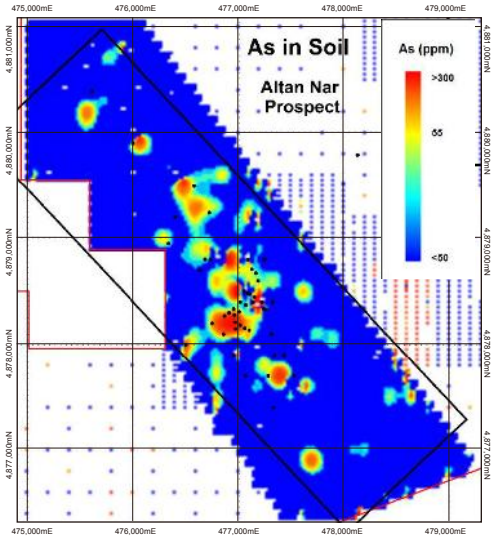
DRAWING: 2011 Soil Geochemistry

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-1	ADV-HK-00072	March.2015	Runge Pincock Minarco

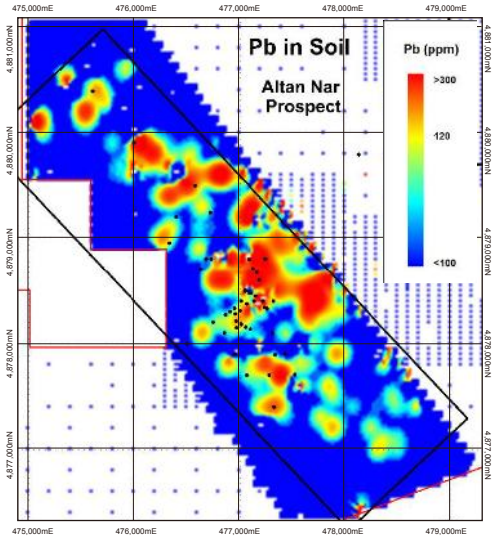
A – Gold



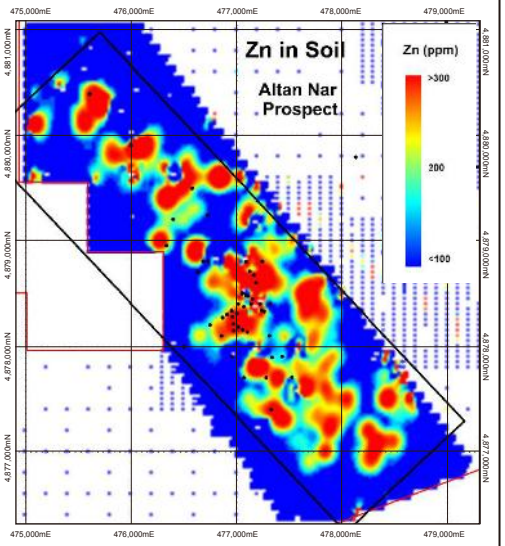
B – Arsenic



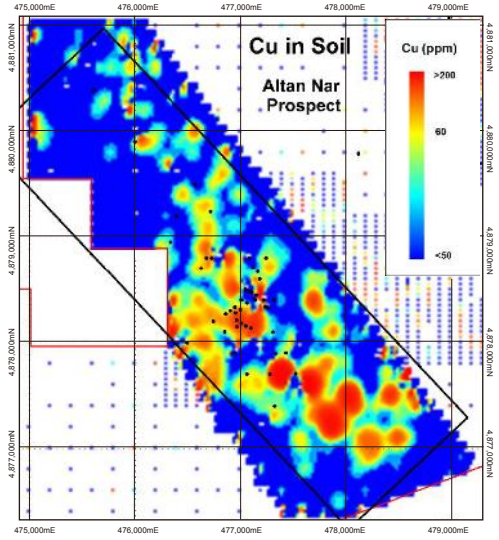
C – Lead



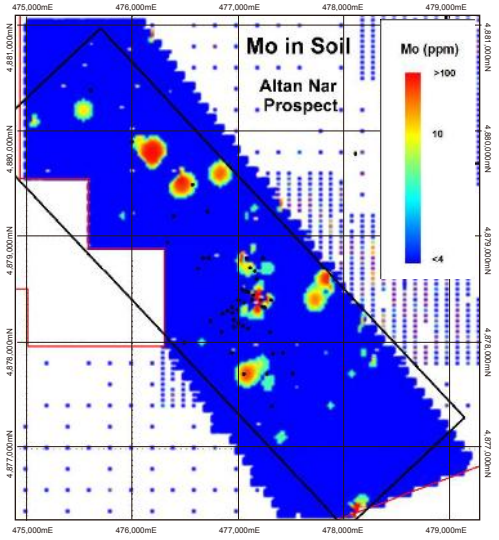
D – Zinc



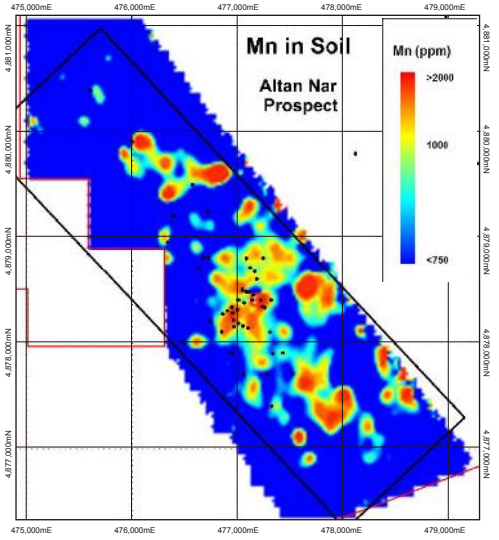
E – Copper



F – Molybdenum



G – Manganese



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Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

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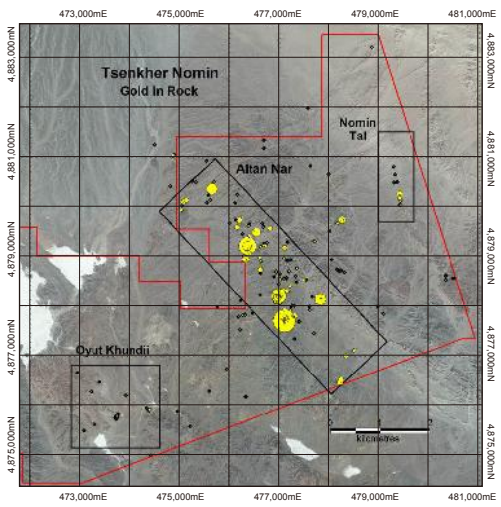
PROJECT

NAME: **ALTAN NAR GOLD PROJECT**

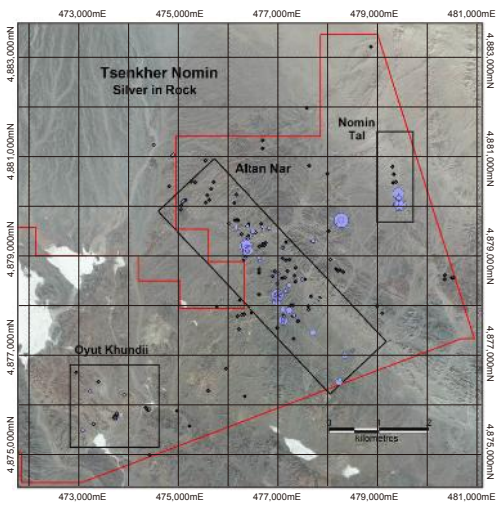
DRAWING: 2011 and 2012 Soil Geochemistry – Altan Nar Prospect

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-2	ADV-HK-00072	March.2015	Runge Pincock Minarco

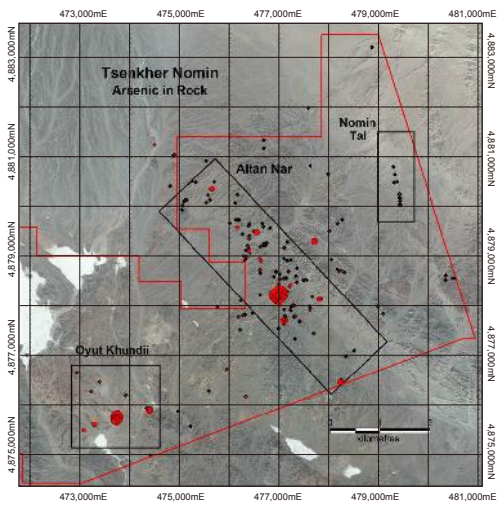
A – Gold



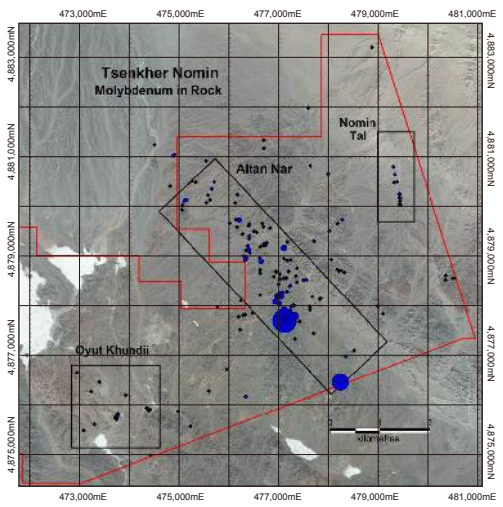
B – Silver



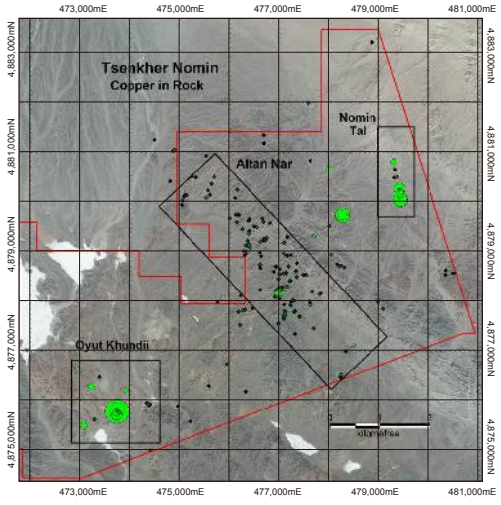
C – Arsenic



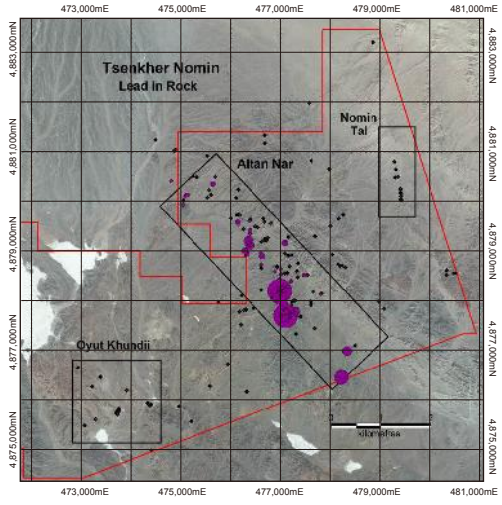
D – Molybdenum



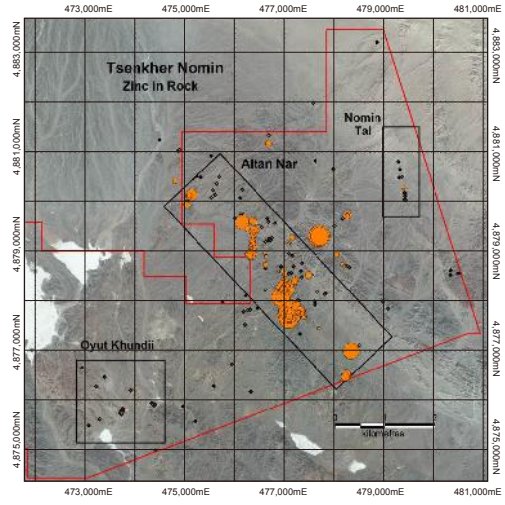
E – Copper



F – Lead



G – Zinc



SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

LEGEND

◆ Rock sample location

Au in Rock (ppb)	Ag in Rock (ppm)	Cu in Rock (ppm)	Pb in Rock (ppm)	Zn in Rock (ppm)	Mo in Rock (ppm)	As in Rock (ppm)
20,000	100	50,000	50,000	15,000	1,000	5,000
10,000	50	25,000	25,000	7,500	500	2,500
2,000	10	5,000	5,000	1,500	100	500

N

0 2 4
km

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CLIENT

Erdene Resource Development

PROJECT

NAME
ALTAN NAR GOLD PROJECT

DRAWING
Rock Geochemistry

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-3	ADV-HK-00072	March.2015	Runge Pincock Minarco

9.3 Geophysical Surveys

9.3.1 Magnetic Survey

A regional magnetic survey (100 m line spacing) has been completed over a 41 km^2 area covering most of the Tsenkher Nomin exploration license. In addition, within the area of the regional magnetic survey, two areas have been surveyed in more detail (25 m line spacing), including the Nomin Tal (1.4 km^2 area) and Altan Nar (14.5 km^2 area) prospects (see ***Figure 9-4***). The regional magnetic survey was initiated in 2010 and expanded in 2011 and 2012. The detailed surveys were carried out in 2011 with the Altan Nar area expanded in 2012. All of the magnetic surveys have been conducted by Erdenyn Erel LLC, a Mongolian geophysical consulting firm based in Ulaanbaatar.

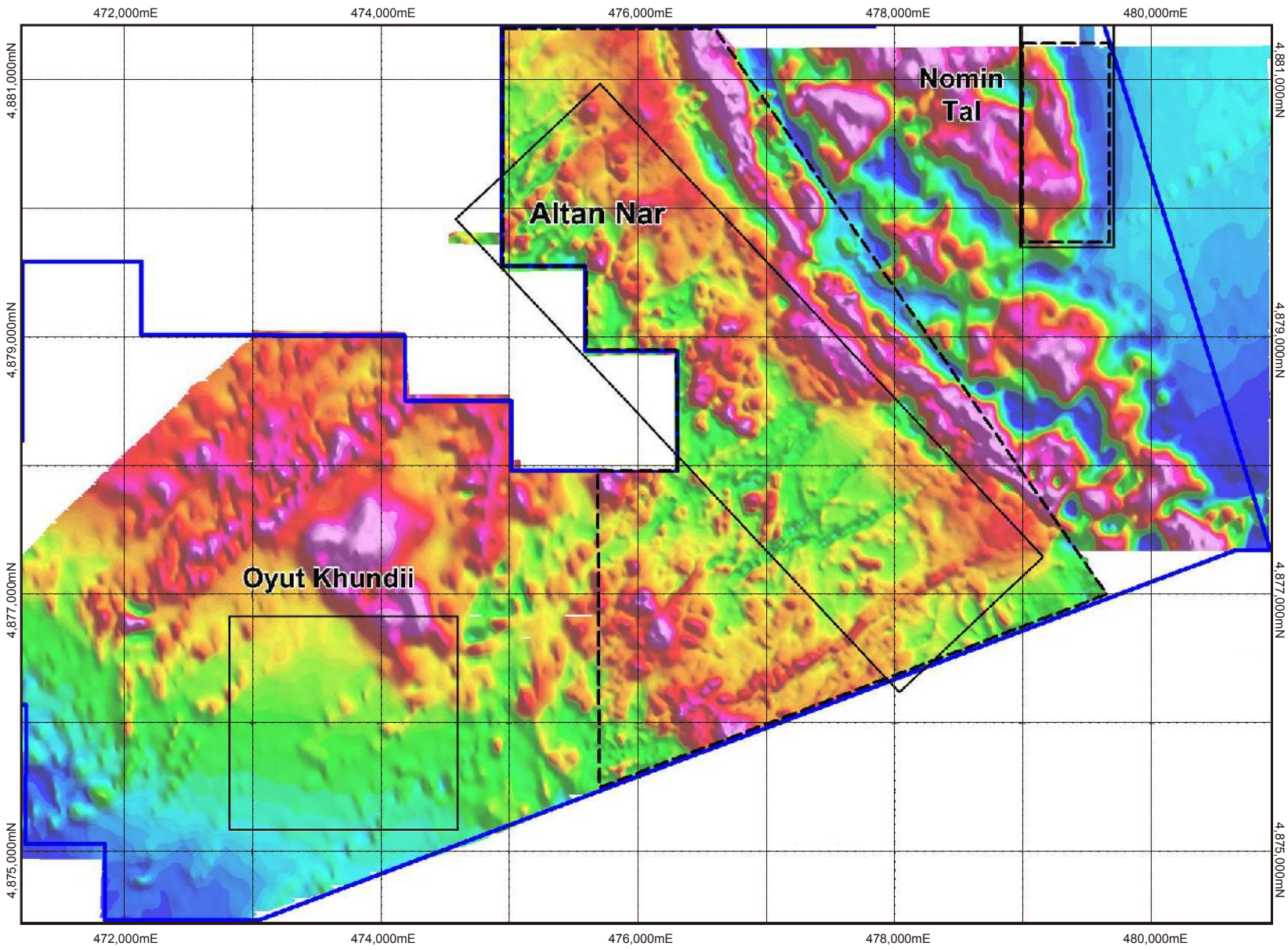
Following completion of the expanded regional and detailed magnetic surveys in 2012, all data was processed by Chet Lide of Zonge Geosciences Inc. of Sparks NV, USA. Mr. Lide compiled all magnetic datasets and produced the following magnetic map products for the regional-scale survey area and the Altan Nar detailed map area: 1) Total Magnetic Field; 2) Calculated First Vertical Derivative; 3) Total Field, Reduced to Magnetic North Pole (RTP); 4) Analytical Signal of the Total Magnetic Field; 5) Pseudo-Gravity of Total Magnetic Field; and 6) Pseudo-Gravity Horizontal Gradient Magnitude.

The results of the magnetic survey show distinct magnetic signatures for the main lithological units within the Tsenkher Nomin license area. The large granite pluton on the eastern edge of the license area has a low magnetic signature and shows the sharp, steeply dipping (fault?) contact with the higher magnetic response Sequence A volcanic unit to the west. This unit consists of a wedge-shaped package of trachy-andesite and minor rhyolite flows dominating the east-central part of the license area. These volcanic rocks have pronounced NW-SE trending linear features that are evident on the magnetic maps and on satellite images. These rocks are interpreted to be a steeply dipping volcanic sequence that was intruded by sub-parallel, NW-trending granite porphyry and fine grained granite intrusions interpreted to be sills, or possibly laccoliths.

As noted above, the central portion of the magnetic survey area (Altan Nar) is underlain by Sequence B volcanic rocks consisting mostly of andesite and tuffaceous rocks of intermediate composition, with subordinate rhyolite, rhyodacite, andesite tuff, and green-coloured andesite. The magnetic response of Sequence B volcanic rocks is generally lower than for Sequence A and lacks linear orientations, which supports the shallow-dip interpretation for these rocks. Several NE-trending linear magnetic low features and one magnetic high feature near the southern edge of the license are attributed to late stage dykes cross cutting the Sequence B volcanic units.

The western portion of the magnetic survey is underlain by trachy-andesite, pervasive phyllic altered rhyolite and sub-volcanic rhyodacite. The magnetic high located just north of the Oyut Khundii prospect may represent a buried intrusive and the magnetic signatures of the lithologies to the north of this feature appear to wrap-around the central magnetic high.

The detailed magnetic survey carried out over the Altan Nar and Nomin Tal prospects has been helpful in identifying possible structural features and lithologic contacts and has been incorporated into the dataset used to interpret and extrapolate the results from the drilling program. There appears to be a correlation between magnetic low features and zones of epithermal mineralisation, which is supported by petrographic studies which show evidence of widespread magnetite destruction (‘martitization’) in the host lithologies. This feature is thought to reflect widespread epithermal fluid alteration; however, this relationship needs to be investigated further.



SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

LEGEND

Licence Boundary

Area of 25m Coverage

N

0 1 2 km

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CLIENT

Erdene Resource Development

PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

MAGNETIC SURVEY COVERAGE,
TSENKHER NOMIN LICENSE (SHOWING RTP)

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-4	ADV-HK-00072	March.2015	Runge Pincock Minarco

9.3.2 Induced Polarization (IP) Surveys

To date, both IP dipole-dipole ("Dp-Dp") and IP gradient array surveys have been completed on the Tsenkher Nomin property over, and in the vicinity of, the Nomin Tal and Altan Nar prospects. All of the IP surveys were carried out by Erdenyn Erel LLC, a Mongolian geophysical contractor based in Ulaanbaatar. The 2011 and 2012 IP surveys were also conducted under the direction of geophysicist Chet Lide of Zonge Geosciences Inc. of Sparks NV, USA, who also completed all of the post-acquisition data processing, quality control and interpretation.

Dipole-Dipole Surveys

A series of 31, east-west oriented, IP Dp-Dp line, spaced from 100 m to 400 m apart, have been completed for a total of 55 line-km. These lines were run at four different times, October 2010, August 2011, October 2011 and April 2014. ***Figure 9-5*** shows the location, spacing and extent of the various IP Dp-Dp surveys carried out to date.

The IP Dp-Dp survey over the Nomin Tal prospect successfully identified the structural contact between the Granite (to the east) and volcanic units (to the west), which hosts the mineralisation identified on surface and in drill core at Nomin Tal. The zone of mineralisation is too narrow and too steeply dipping to be clearly defined by the IP Dp-Dp survey.

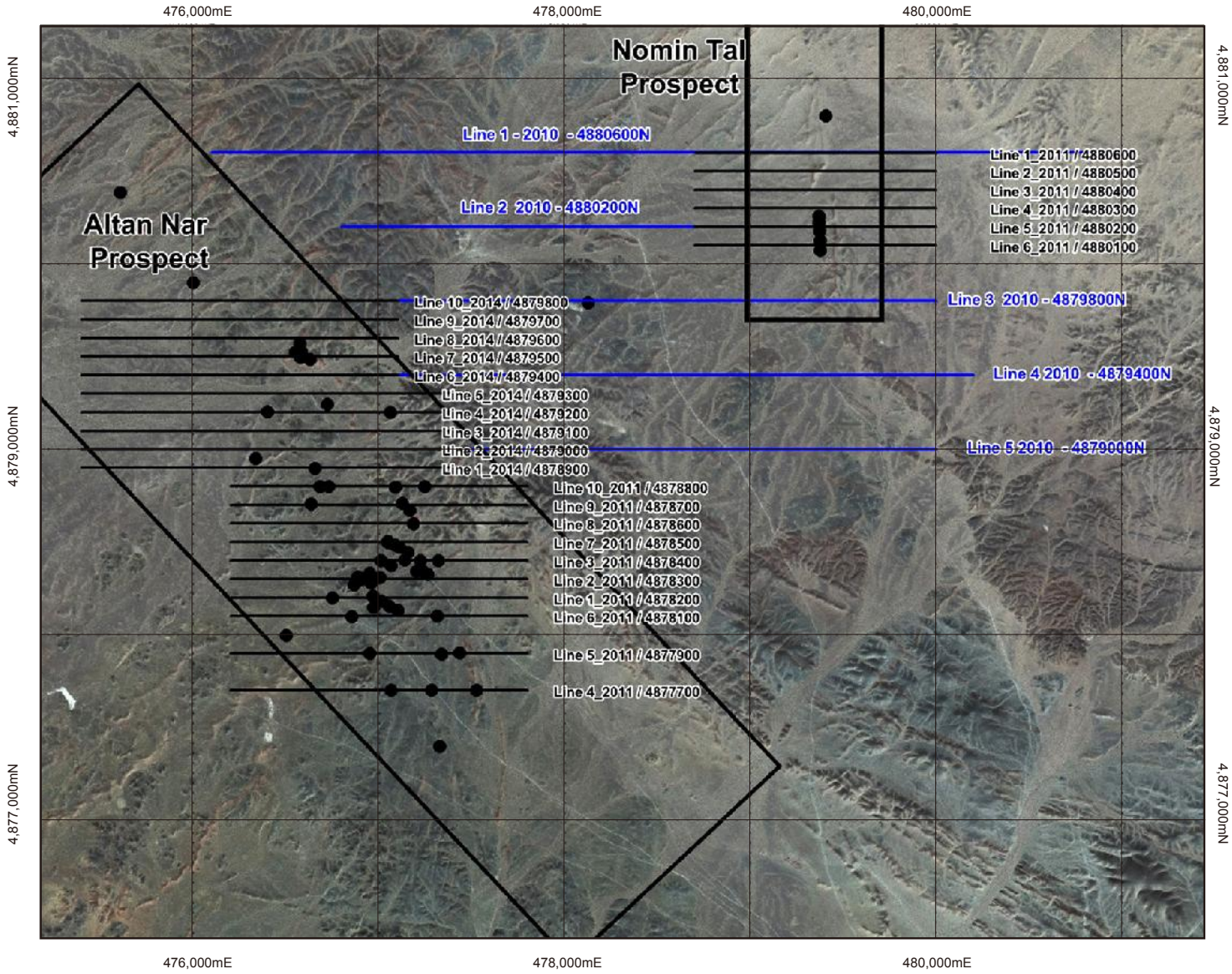
In 2011, a series of 10 Dp-Dp lines, spaced 100 m to 200 m apart and totalling 16 line-km, were run over the Altan Nar prospect. Dp-Dp chargeability anomalies were used in conjunction with rock and soil geochemical anomalies to identify drill targets for the 2011 scout drilling program.

In 2014, the aerial extent of ground geophysical surveys at Altan Nar was expanded with 20 line kilometres of IP dipole surveys completed along 100 m spaced lines over an area covering the North Bow, South Bow, Riverside, Union North, Union South and Maggie prospect areas. To date, high chargeability anomalism has been an important guide for successful targeting of the gold mineralized zones. The 2011 IP gradient-array survey (see below) identified a series of high chargeability anomalies, up to 190 m wide that are interpreted as representing broad zones of sulphide mineralization. The 2014 IP Dp-Dp survey results show the presence of multiple, locally intense, chargeability high anomalies, extending from near-surface to depth, often continuing below the IP survey detection limit of approximately 150 m. Anomalies beneath the North Bow/South Bow and Union North, Union South target areas are particularly intense. The majority of these geophysical targets have yet to be drill tested.

Gradient Array Survey

In addition to the IP Dp-Dp surveys, an IP gradient array survey was completed in 2011 over both the Nomin Tal prospect (an area 500 m by 700 m) and the Altan Nar prospect (an area 1.8 by 3.6 km) for a total coverage area of 6.83 km^2. In 2012, the gradient array survey at Altan Nar was expanded, for a total area of coverage at Altan Nar of 16 km^2. Line spacing for the gradient array surveys was 100m. The results of the IP gradient array survey for Altan Nar are shown in ***Figures 9-6*** (chargeability) and ***9-7*** (resistivity).

The expanded IP gradient-array survey corresponds to an area of anomalous soil geochemistry at Altan Nar. Results from the IP gradient-array survey identified a series of high chargeability anomalies, up to 190 m wide that are interpreted as representing broad zones of sulphide mineralisation. The morphology of these IP anomalies, coupled with the geometry of the lineaments evident on satellite imagery, suggests the sulphide mineralisation may intensify within dilation zones along a NNW trending dextral fault system over a distance of approximately 5 km. A review of drill and trenching data to date shows a strong, positive correlation between mineralised intersections and IP gradient array chargeability highs.



SOURCE

provided by ERD

LEGEND

2010 Dipole-Dipole Line

2011 Dipole-Dipole Line

N

0 500 1000 m

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CLIENT

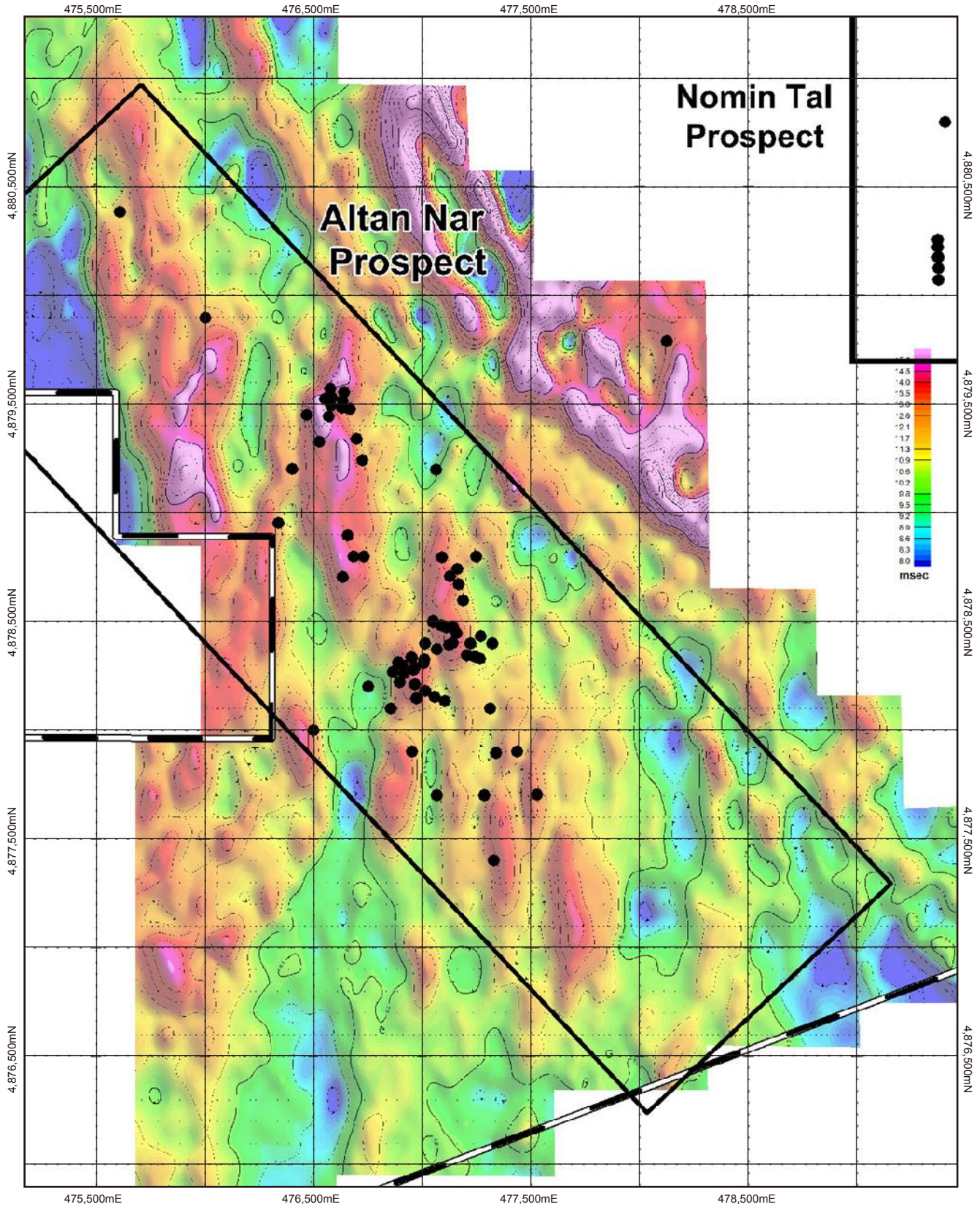
Erdene Resource Development

PROJECT

NAME: **ALTAN NAR GOLD PROJECT**

DRAWING: IP DIPOLE-DIPOLE (2010 & 2011) COVERAGE, TSENKHER NOMIN LICENSE

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-5	ADV-HK-00072	March.2015	Runge Pincock Minarco



SOURCE

Provided by ERD

LEGEND

Drill Holes

N

0 0.5 1 km

DO NOT SCALE THIS DRAWING - USE FIGURED DIMENSIONS ONLY VERIFY ALL DIMENSIONS ON SITE

CLIENT

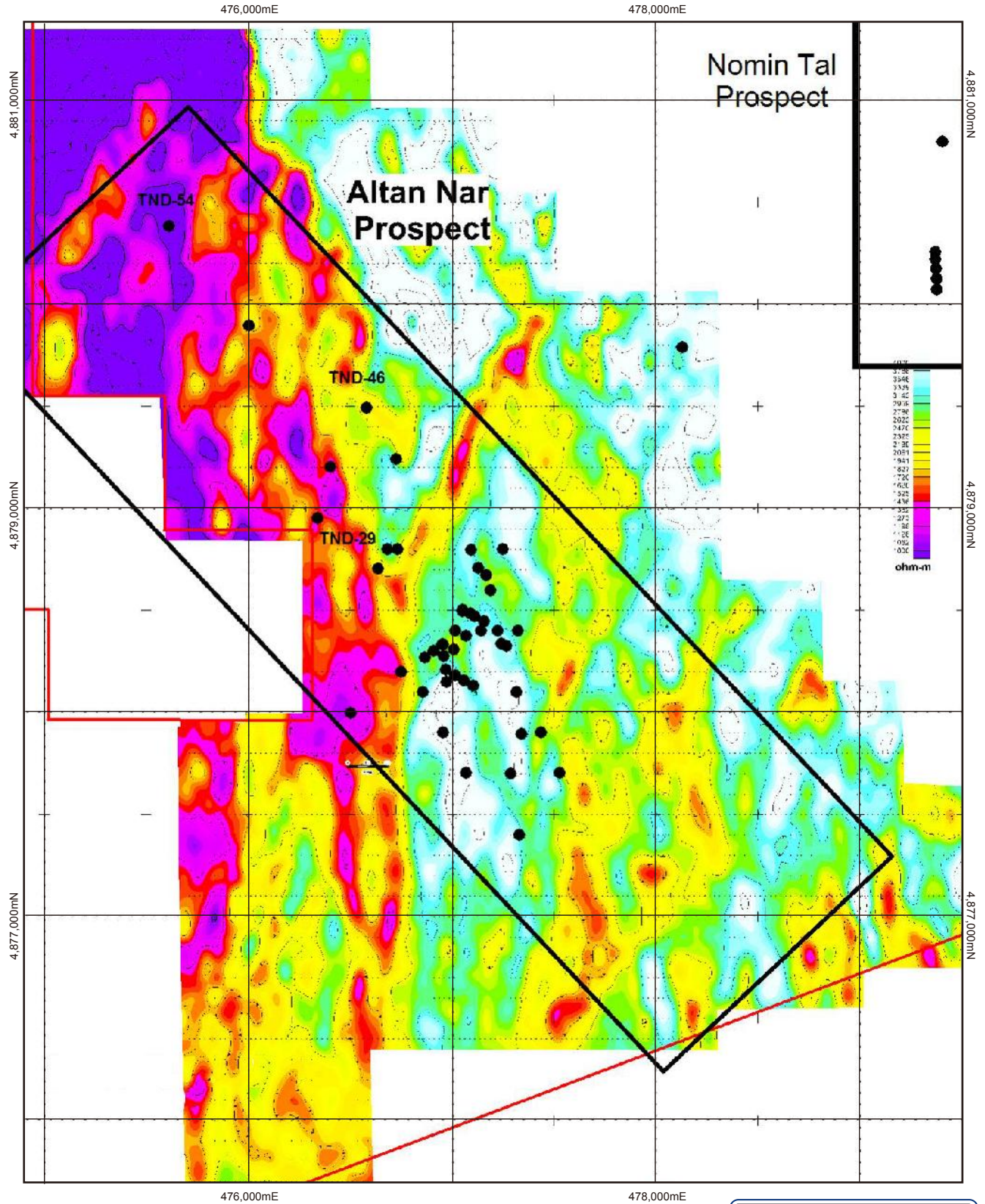
Erdene Resource Development

PROJECT

NAME: ALTAN NAR GOLD PROJECT

DRAWING: IP Gradient Array Chargeability (2011-2012) with location of drill holes

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-6	ADV-HK-00072	March.2015	Runge Pincock Minarco



SOURCE

Altan Nar Gold Project
(Tsenkher Nomin Exploration License),
Bayankhongor Aimag, Southwest Mongolia,
National Instrument 43-101 Technical Report,
Erdene Resource Development Corporation,
J. C. (Chris) Cowan, MSc, Peng,
March 10, 2014

LEGEND

Drill Holes

N

0 0.5 1 km

DO NOT SCALE THIS DRAWING - USE FIGURED DIMENSIONS ONLY VERIFY ALL DIMENSIONS ON SITE

CLIENT

Erdene Resource Development

PROJECT

NAME: **ALTAN NAR GOLD PROJECT**

DRAWING: IP Gradient Array Resistivity (2011-2012) with location of drill holes

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-7	ADV-HK-00072	March.2015	Runge Pincock Minarco

9.4 Trenching Program

In October 2013, ERD carried out an initial trenching program across the Altan Nar prospect that included a series of 28 trenches, totalling 1,877 m and ranging in length from 14 m to 142 m. A second trenching program was carried out in September 2014 that included 10 trenches totalling 1,050 m and ranging in length from 66 m to 154 m. The principal objectives of the trenching programs were to further define the near-surface mineralisation identified to date, improve the understanding of the gold mineralised system and prioritize areas for the next phase of delineation drilling.

Trenching was carried out over a 19 day period in October, 2013, and a 7 day period in September 2014 with Falcon Drilling supplying the excavator (Hyundai 290), operator and assistants. Trench locations were selected by Erdene's exploration team, oriented normal to the projected trend of mineralisation. Trenches were excavated to a depth of between 1 and 3m. Trench samples were collected at 1m or 2m intervals, as determined by the senior project geologist, based on the lithology and mineralisation. Samples were chipped from the bottom of the trenches and care was taken to ensure each sample was representative of the entire interval being sampled. Representative hand samples for each interval were also collected for reference.

All trench samples were organized into batches of 30 and included a commercially prepared certified reference standard and an analytical blank. Each batch was stored in the field camp in sealed bags. Sample batches were periodically shipped directly to SGS in Ulaanbaatar via Erdene's logistical contractor, Monrud Co. Ltd.

All trench samples from 2013 and select samples from 2014 are analysed for gold (fire assay) and a multi-element suite (45 elements in 2013, 33 elements in 2014) using 4 acid digestions with ICP-OES finish (SGS analytical code ICP40B). For details of analytical protocols and detection limits please refer to "**Section 11 – Sample Preparation, Analysis and Security**".

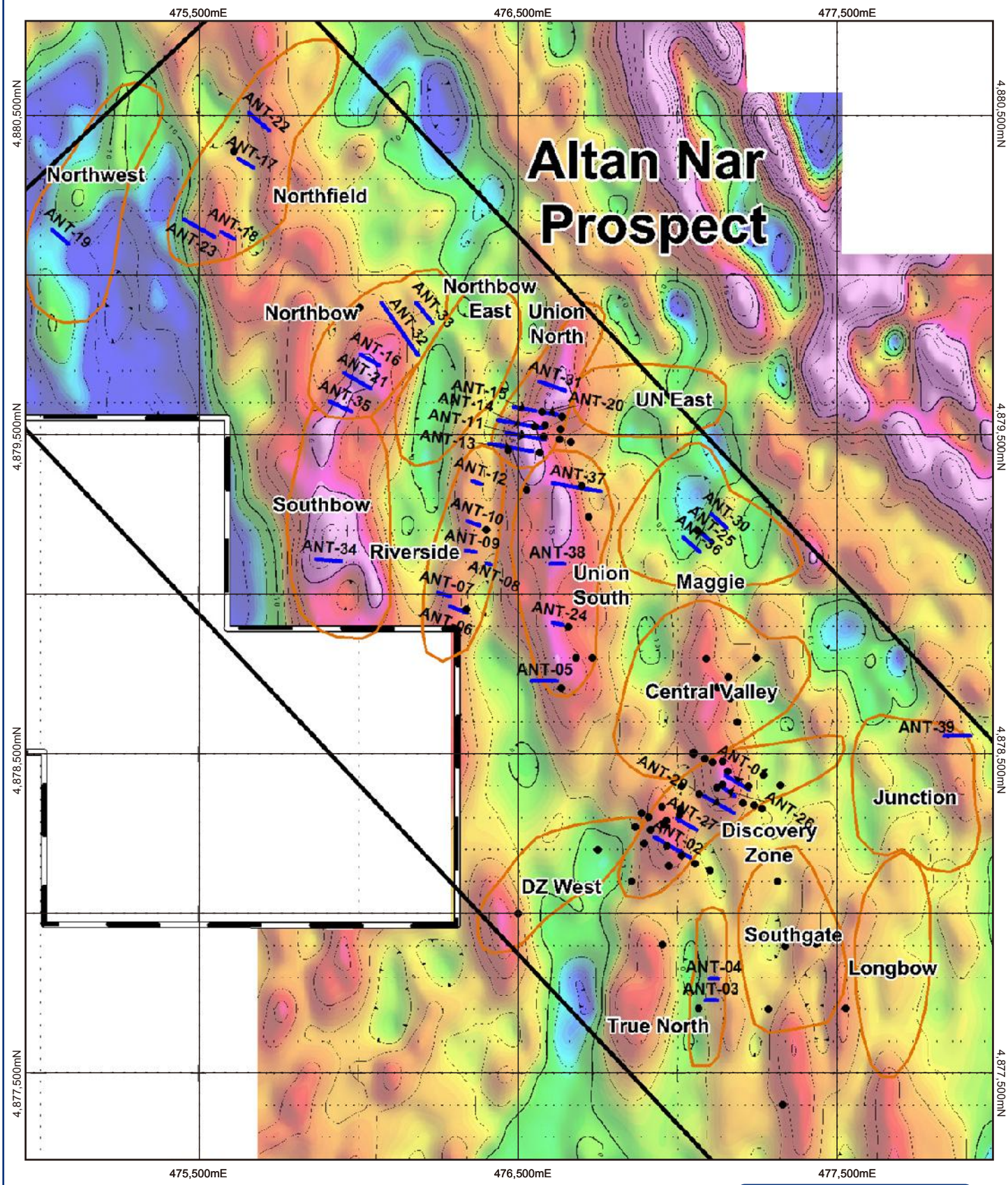
The trenching programs including five trenches within the Discovery Zone and six trenches at Union North. An additional 27 trenches that tested nine additional targets across the 5.6 km length of the Altan Nar prospect (see Figure 17). Outside the Discovery Zone and Union North, five of the prospects were previously tested by scout drill holes that intersected anomalous gold-silver-polymetallic mineralisation (Union South, Riverside, Northfield and True North). The remaining four targets (Maggie, Northbow, Northwest and Far South) included areas that have yet to be tested by drilling but had coincident geochemical anomalies (soil and/or rock) and geophysical anomalies (IP gradient chargeability highs and/or magnetic lows). The following sections provide a summary of the trenching results from each prospect.

9.4.1 Discovery Zone

In the Discovery Zone, trench results confirmed that mineralisation begins within 1 to 2 metre of surface, is structurally controlled and is associates with quartz veins and breccia within a zone of intense phyllic alteration.

Three of five trenches returned excellent results. Gold-silver mineralised stockwork breccia zones were uncovered over wide intervals of 44 to 50 m in each of the three trenches, all containing an average Au content of greater than 1.0 g/t. Each contain wide, higher grade, intervals of 11 to 15 m grading 2.4 to 3.0 g/t Au accompanied by 8 to 20 g/t Ag, see **Table 9-1**.

Trench results from the Discovery Zone, in conjunction with drilling results, indentified the presence of a shallow, potential bulk-tonnage, gold-silver-lead-zinc mineralised system. .



SOURCE

Altan Nar Gold Project
provided by ERD

LEGEND

Drill Holes

N

0 250 500 m

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CLIENT

Erdene Resource Development

PROJECT

NAME: ALTAN NAR GOLD PROJECT

DRAWING: Altan Nar prospect and trench location map on IP gradient chargeability

FIGURE No.	PROJECT No.	DATE	PREPARED BY
9-8	ADV-HK-00072	March.2015	Runge Pincock Minarco

Table 9-1. Summary of Trench Results – Discover Zone, Altan Nar

Trench	From (m)	To (m)	Length (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)
ANT-2	44	94	50	1.1	5.4	0.4	0.35
Including	63	78	15	2.4	8	0.93	0.4
Including	69	73	4	6.5	10.8	2.16	0.37
And	117	122	5	0.6	1	0.16	0.2
ANT-26	4	48	44	1.1	11.3	0.54	0.28
Including	16	27	11	3	33.7	1.63	0.46
Including	23	27	4	6.4	67	4.2	0.4
ANT-27	22	68	46	1.2	7.6	0.27	0.26
Including	38	53	15	3	19.6	0.33	0.32
Including	39	44	5	5.2	32	0.4	0.31
Including	50	53	3	5.1	12.7	0.49	0.3

Source: Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report, Erdene Resource Development Corporation, J. C. (Chris) Cowan, MSc, Peng, March 10, 2014

9.4.2 Union North

The Union North prospect is located 1.3 kilometres northwest of the Discovery Zone. A series of six trenches and 10 drill holes, at 50 m to 100 m spacing, have identified mineralization associated with a structural dilation zone on a large northeast-southwest trending structure, that hosts wide, parallel zones of intensely altered and mineralized breccias. Initial drilling (TND-46) returned 47 metres of 1.3 g/t gold, including 9 metres of 4.3 g/t gold, 12 g/t silver, and 1.7% combined lead-zinc.

Trenching results from 2013 included multiple mineralised intervals included 45 m from ANT-14 averaging 4.59 g/t Au, 29 g/t Ag, and 4.56% combined Pb-Zn, including 20.2 g/t gold, 138 g/t silver, 17% lead and 5.3% zinc over 7 m. See **Table 9-2** for significant results. Trenching in September 2014 (TND-37), designed to test a geophysical anomaly located 170 m southeast of the main Union North target, uncovered multiple zones of alteration and mineralization averaging greater than 1 g/t gold equivalent over a combined length of 22 m, with one section returning 12 m of 3.7 g/t gold.

The mineralised zone at Union North is characterized by multiple, sub-vertical stockwork breccia shoots, 2 to 20 metres wide, hosted by an andesite volcanic package subsequently cut by porphyritic dykes. Mineralisation and alteration are characterized by iron oxides, black quartz and very fine black sulphide material, massive galena, quartz breccia and veins in the higher grade zones, and stockwork stringer veinlets in the lower grade zones. The entire mineralised package is hosted in zones of intense phyllic (sericite-quartz-pyrite) alteration Union North remains open to the north, south (Union South prospect) and at depth.

Table 9-2. Summary of Trench Results – Union North Prospect, Altan Nar

Trench	From (m)	To (m)	Length (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)
ANT-11*	30	66	36	2.2	0.9	0.63	0.27
incl.	30	45	15	1.01	nil	0.42	0.31
incl.	54	66	12	5.32	2.6	1.35	0.35
And*	86	118	32	1.11	9.3	1.83	0.35
incl.	107	115	8	4.05	35	6.94	0.52
ANT-13	22	30	8	1.03	1.4	0.65	0.33
And	46	48	2	2.03	3.5	0.43	0.38
And	84	85	1	1.14	10	1.31	0.34
And	110	117	7	2.51	2.7	0.86	0.78
ANT-14*	54	99	45	4.59	29.4	3.47	1.18
incl.	54	73	19	8.93	65.9	7.69	2.49
incl.	58	65	7	20.25	137.6	17.29	5.31
incl.	92	99	7	5.02	7.6	1.22	0.19
incl.	96	99	3	10.34	9	2.19	0.22
ANT-15*	2	20	18	1.77	1.4	0.75	0.63
incl.	11	16	5	6	4	2.38	1.06
ANT-20	5	16	11	0.8	2.1	0.42	0.22
incl.	5	9	4	1.52	4	0.54	0.13
And	26	30	4	0.51	2	0.57	0.3
ANT-37	52	64	12	3.75	nil	0.08	0.16

** includes 5 to 11m of <100 ppb Au*
Source: Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report, Erdene Resource Development Corporation, J. C. (Chris) Cowan, MSc, Peng, March 10, 2014

9.4.3 Union South Prospect

Approximately 550 metres south of Union North, is trench ANT-24, which tested a small area of quartz float, and a single multi-element geochemical anomaly, coincident with a magnetic low and IP high anomaly under shallow cover. Again, a covered, high grade zone was discovered within 1 m of surface that returned 10 m of 4.46 g/t Au, 8.9 g/t Ag and 2.2% Pb characterized by intense alteration with significant quartz breccia, veining and stockwork and was well mineralised with galena, trace turquoise, iron oxides, and manganese oxides. This trench is 100 m north of drill hole TND-29 which intersected 18 m of 1.0 g/t Au including 4 m of 3.7 g/t gold. These results demonstrate good potential in this area. See **Table 9-3** for significant results.

In Central Union South (180 m north of ANT-24) trench ANT-38 (2014) returned a narrow zone of 2.3 m of 1.5 g/t gold equivalent while a surface rock sample from this area returned 3.2 g/t gold, 55 g/t silver, 9.9% lead and 1.2% zinc indicating the high-grade potential of the zone.

Union South and Union North represent a combined 1.3 kilometre long target.

Table 9-3. Summary of Trench Results – Union South Prospect, Altan Nar

Trench	From (m)	To (m)	Length (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)
ANT-24	6	16	10	4.46	8.9	2.21	0.53
incl.	10	12	2	11.25	6.5	3.16	0.73

Source: Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report, Erdene Resource Development Corporation, J. C. (Chris) Cowan, MSc, Peng, March 10, 2014

9.4.4 Riverside Prospect

The Riverside Prospect is characterized by an 800 m long gradient IP chargeability high and geochemical anomaly that is less intense than the adjacent Union North – Union South IP anomaly located 200 m to the east and Northbow / Southbow IP anomaly located 400 m to the west, the Riverside target was tested by six relatively short trenches. As indicated by previous drilling the Riverside prospect is well mineralised but tends to average less than 1 g/t gold in the southern portion (Trenches ANT-06,07,08,09) increasing in grade moving north (Trenches ANT-10 and ANT-12) to the point where it potentially merges into the Union North target. ANT-10, located approximately 250 metres south of ANT-13 (south end of Union North) returned 14 metres of 1.4 g/t gold. See Table 9-4 for significant results.

Table 9-4. Summary of Trench Results – Riverside Prospect, Altan Nar

Trench	From (m)	To (m)	Length (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)
ANT-10	9	11	2	0.7	2.5	0.05	0.23
And	24	38	14	1.38	8.8	0.33	0.24
incl.	24	30	6	3.04	17.5	0.65	0.38
ANT-12	4	16	12	0.53	0.3	0.11	0.43
incl.	7	10	3	1.54	1.3	0.2	0.62

Source: Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report, Erdene Resource Development Corporation, J. C. (Chris) Cowan, MSc, Peng, March 10, 2014

9.4.5 Maggie Prospect

The Maggie Prospect is located 1 km north of the Discovery Zone and 700m east of the Union North prospect. Maggie is a 500 m x 400 m triangular shaped area along a major NE structure and bounded to the east by a large granite sill/stock. This target is characterized by a 10 to 40 m wide linear phyllic alteration zone with gold, silver, lead and zinc mineralization traced for over 300 m on a NE trend through the center of the target. Trenching (ANT-25) uncovered a well mineralised zone, 38m wide and hosted by an altered andesite cut by two barren post-mineral dykes (7m and 2m wide). The mineralised zone is characterized by black quartz veins and breccia with strong to intense sericite alteration with abundant iron and manganese oxide. Excluding the 9m of post mineralisation dyke, the central mineralised zone returned 17m of 3.4 g/t gold, 4.9 g/t silver and 1.41% combined lead-zinc. The magnetic low feature, a common characteristic of Altan Nar mineralised zones, intensifies north of the trench and may represent an area of intensifying alteration. See **Table 9-5** for significant results. Trenching in 2014 on the Maggie target included two trenches that tested northeast and southwest of trench ANT-25 and established a 120 m strike length that remains open. Results from 2014 included 8 m of 2 g/t gold equivalent to the northeast and 5 m of 1.2 g/t gold equivalent to the southwest.

Table 9-5. Summary of Trench Results – Maggie Prospect, Altan Nar

Trench	From (m)	To (m)	Length (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)
ANT-25	1	39	38	1.6	2.6	0.54	0.21
incl	13	17	4	6.2	6	0.96	0.3
incl	19	22	3	3.7	10	1.51	0.24
incl	29	36	7	2.8	4	1.15	0.28

Source: Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report, Erdene Resource Development Corporation, J. C. (Chris) Cowan, MSc, Peng, March 10, 2014

9.4.6 Northbow Prospect

The five Northbow trenches targeted anomalous geochemistry along a 400 m section of this prospect characterised by a north-south trending, strong gradient-IP chargeability anomaly. Similar gradient IP anomalies are commonly associated with gold-bearing sulfide mineralisation at Altan Nar. The IP anomaly at Northbow extends 700m south where it widens and intensifies. This area, known as Southbow, is covered by younger sediments making detection of geochemical anomalies more difficult. Northbow trenches uncovered wide mineralised zones of moderate to intense phyllic alteration characterized by significant amounts of finely disseminated pyrite, a common cause of high chargeability anomalism. The results from the Northbow trenches are significant in that they are the first confirmation that gold mineralisation is associated with the Northbow-Southbow geophysical anomaly, the largest and most intense identified to date on the Altan Nar property. See **Table 9-6** for significant results.

Table 9-6. Summary Trenching Results – Northbow Prospect, Altan Nar

Trench	From (m)	To (m)	Length (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)
ANT-16	28	30	2	0.8	5	0.62	0.15
ANT-16	37	39	2	0.6	4	1.2	0.27
ANT-21	43	52	9	1.3	6.6	0.87	0.45
Incl	43	45	2	2.4	18	2.4	0.58
Incl	50	52	2	3.2	5.5	0.88	0.57

Source: Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report, Erdene Resource Development Corporation, J. C. (Chris) Cowan, MSc, Peng, March 10, 2014

9.4.7 Junction Prospect

A single 82 m long trench (ANT-39) that was positioned over a new target area, referred to as Junction, located 600 m east of the Discovery Zone. The Junction target is characterized by anomalous rock (up to 11.2 g/t gold) and soil geochemistry within a 350 m by 450 m area overlying a large gradient IP chargeability anomaly. Trench ANT-39 tested the northeast portion of this target area and intersected a broad zone of base metal mineralization that included 4 m of 3.7% zinc, 1.2% lead, 16 g/t silver, and 0.1 g/t gold, within a 26 m interval of 0.8% zinc and 0.5% lead. This target has not been drill tested.

9.4.8 Northwest, Northfield, True North and Far South Prospects

A single trench tested the Northwestern-most target area (ANT-19; Northwest prospect) and uncovered strong propylitically altered andesite cut by narrow quartz veins. The zone returned 3 m of 2.5 g/t Au and over 1% Pb.

At Northfield, four trenches (ANT-17, ANT-18, ANT-22, and ANT-23) tested 400 m of strike length and uncovered multiple, often broad, zones of phyllic alteration with mineralised stockwork veining and quartz breccia. The broadest zone intersected on the Northfield prospect was 19 m of 0.6 g/t Au in trench ANT-17 while the highest grade zone was 3.8 g/t Au over 4 m in trench ANT-18.

The True North prospect, located 200 m south of the Discovery Zone, returned significant results from one of the two trenches excavated on this prospect. Results from trench ANT-03 returned a 4 m zone of 1.3 g/t Au and a high combined lead-zinc content of 3.8%. These results reflect what was intersected in a shallow hole drilled on the True North prospect in 2012 which returned 2 m of 2.07 g/t Au, 15.5 g/t Ag, and 10.1% lead-zinc.

The Far South prospect is located a further 1.5 km to the southeast of True North and the single trench (ANT-28) is the only sub-surface work completed to date on this portion of the Altan Nar property. ANT-28 returned 3 m of 2.3 g/t Au, 12.0 g/t Ag and 4.9% lead-zinc, confirming the widespread nature of the gold-silver-base metal mineralisation at Altan Nar.

9.4.9 Discussion of Trench Results

The trenching program met the planned objectives, to further define the near-surface mineralisation identified to date, improve the understanding of the gold mineralised system and prioritize new areas for the next phase of exploration.

The surface expression of the Altan Nar project area is one of low relief with thin Quaternary cover over much of the area, interspersed with low rolling hills. The intense weathering of the altered, sulfide-rich, stockwork breccia zones leaves little surface expression of the targets and little indication of their size other than remnant quartz rubble. As a result, the extent of alteration and mineralisation observed in the trenches commonly exceeded that indicated by surface expression. A combination of mapping, geochemical and geophysical surveys has been successful in guiding exploration to date; however, results from the trenching program would suggest that even the subtlest of anomalies may indicate significant mineralisation under shallow cover.

The trench results, in conjunction with previous drill results, confirm the potential for a series of gold-silver-lead-zinc mineralised systems at Altan Nar outside of the Discovery Zone and Union North. .

10 Drilling

All drilling on the Tsenkher Nomin license was carried out by independent drilling contractor, Falcon Drilling Limited. All holes were diamond drilled using a truck mounted Longyear 44 wireline drilling rig with all core NQ sized. Down-hole orientation surveys were carried out by Falcon at 100 m intervals and/or at the bottom of each hole. Down-hole readings included both dip and azimuth of the hole at the recorded depths. Core recovery averaged greater than 95%.

A scout drilling program totalling 32 holes (5,089.5 m) was carried out at both the Nomin Tal (8 holes) and Altan Nar (24 holes) prospects in 2011. Additional drilling consisting of 26 holes (5,170 m) was carried out at Altan Nar in 2012 consisting of both scout and delineation drill holes.

Following review of the trenching and drilling result ERD completed a further 21 holes (2,424 m) within the Discovery and Union Zones in 2014 as outlined in ***Table 10-1***. This drilling was primarily infill drilling however also included some extensional drilling.

The drilling programs were designed and carried out under the direction of ERD's senior technical staff. In the field, the drilling program was under the supervision of Erdene geologists who were responsible for communicating and confirming the program's technical details with the drilling contractor as well as logging and sampling the drill core.

10.1 Altan Nar Drilling

Since the discovery of mineralised epithermal quartz veins on surface and widespread soil geochemical anomalism across the Altan Nar prospect in August 2011, six rounds of drilling have been carried out (see **Table 10-1**). The initial four holes were drilled in September 2011 to test one of a number of the coincident geochemical and geophysical anomalies within the Altan Nar prospect. The holes were located approximately 50m apart and all four holes intersected zones of epithermal quartz breccia and comb-quartz veining with associated phyllic and propylitic alteration of host andesite and andesitic tuff. Gold mineralisation was associated with zones of quartz breccia and comb-quartz and chalcedony veins within a broader mineralised alteration zone with widespread galena and sphalerite (up to 1.50% Zn and 0.39% Pb over 21 m in TND-12).

Table 10-1. Altan Nar Drilling Summary

Date	No. of Holes	Hole ID's	Meterage
September 2011	4	TND-09 to TND-12	406m
Nov-Dec 2011	20	TND-13 to TND-32	3,307m
April 2012	9	TND-33 to TND-41	2,030m
October 2012	17	TND-42 to TND-58	2,465m
Apr-May 2014	7	TND-59 to TND-65	748m
Nov-Dec 2014	14	TND-66 to TND-80	1,676m
TOTAL	**71**		**10,632m**

Source: Internal Company Information supplied by Erdene Resource Development Corporation

In November-December 2011 an expanded drilling program was carried out over an area of approximately 1 km^2 within the Altan Nar prospect, a larger 5 km by 1.5 km area hosting numerous coincident geochemical and geophysical anomalies and gold bearing epithermal veining at surface.

The presence of anomalous gold-bearing mineralised zones in 15 of the 24 holes drilled at Altan Nar in 2011, many within wider zones of lead and zinc mineralisation, confirmed the widespread nature of the Altan Nar mineralised system.

The 2011 drilling also identified an area referred to as the 'Discovery Zone' ("DZ"), where multiple shallow holes intersected mineralisation over a 300 m strike length. Within the DZ gold-bearing zones are associated with quartz veins and breccias. Mineralisation appears to be structurally controlled within multiple sub-parallel, steeply dipping to sub-vertical shear zones. (See also "**Section 7.4 - Mineralisation**" for more details)

The April 2012 drilling program at Altan Nar included more closely spaced drilling within the DZ and a reconnaissance drill hole (TND-39) that was drilled to follow-up encouraging drill-results in holes TND-29 and 30. The nine-hole, 2,029-metre drilling program confirmed lateral and vertical continuity of gold, silver and base metal mineralisation within the DZ and anomalous gold mineralisation in the vicinity of TND-29, -30 and -39, located 500 m NW of the DZ.

In October 2012, a drilling program was carried with the primary objective of testing a number of targets identified across the Altan Nar prospect area, outside of the DZ (11 holes) and to further test the lateral and vertical extension of the DZ (6 holes). The targets outside the DZ were identified through analysis of surface exploration work carried out in 2011 and 2012 including close spaced soil sampling, detailed geophysical surveys (magnetic and gradient array IP), detailed geological mapping and rock chip geochemical sampling. An analysis of these data sets resulted in the identification of approximately 30 potential drill targets. Eleven (11) of these targets were tested with shallow (<90 m vertical depth) drill holes in October 2012.

In 2014 a further 21 holes were drilled in the Discovery Zone and Union North to further define mineralised in preparation for the Resource estimate presented in ***Section 14*** of this Report.

10.1.1 Discovery Zone Drilling Results

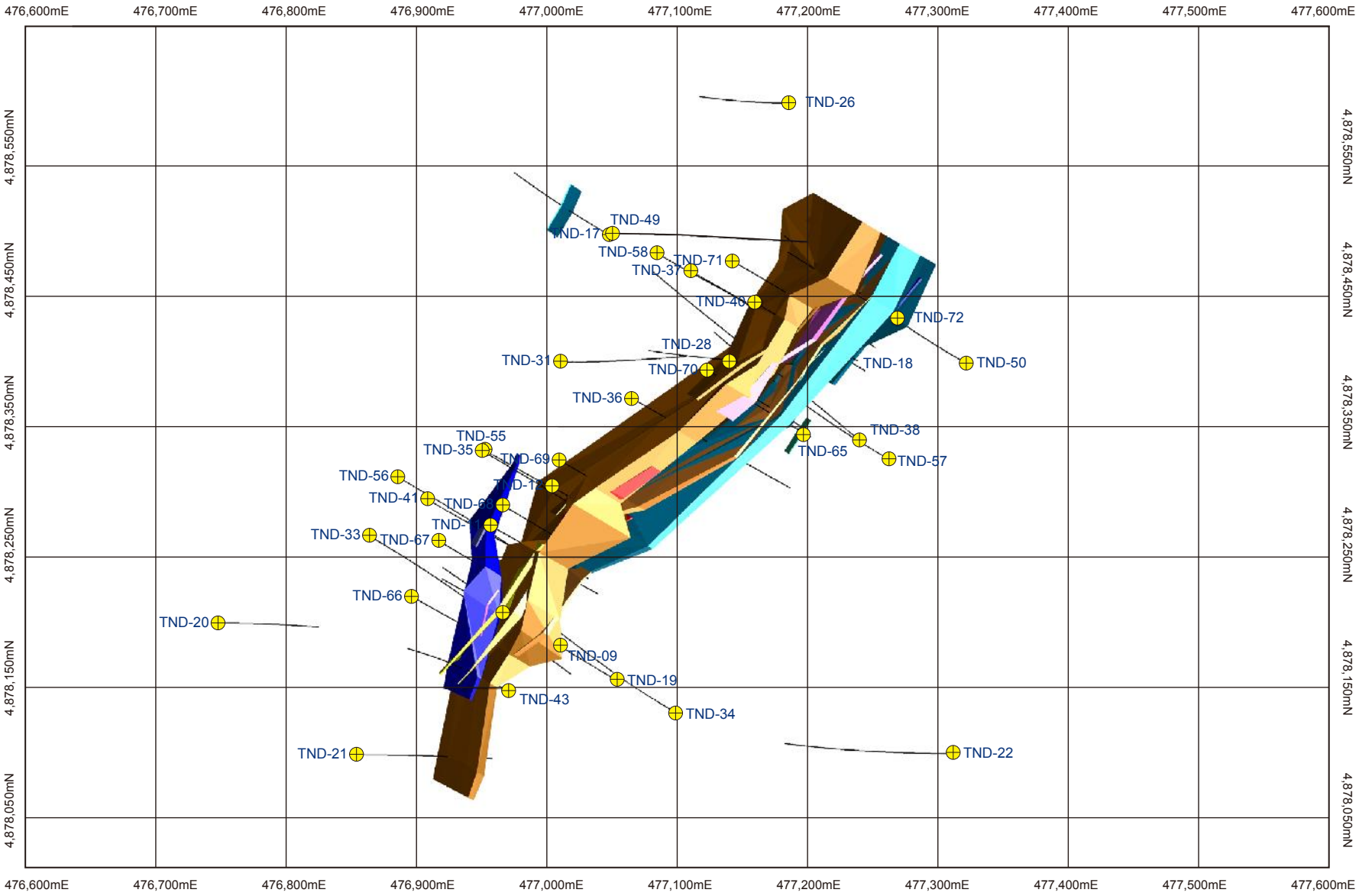
To date, a series of 31 holes (9 in 2011 and 14 in 2012, the remainder in 2014) have been drilled within an area referred to as the Discovery Zone ("DZ"), principally along 50 to 100-metre spaced lines, together with several single holes on 25 m spaced infill lines, over a 400 m strike length (see ***Figure 10-1***). The DZ is located in the central part of the Altan Nar prospect. Within the DZ, gold mineralisation appears to be structurally controlled within NNE to NE trending sub-parallel shear zones that are steeply dipping to sub-vertical. Gold-bearing zones are associated with epithermal quartz veins and breccias in a northeast-southwest trending fault/breccia zone. Preliminary evidence suggests that andesite units, particularly near the contact with more competent silicified volcanic breccia units, act as a favourable host for mineralisation.

The DZ has been split for ease of representation into two zones; DZ South with most significant intersections given in **Table 10-2** and DZ North with most significant intersections given in **Table 10-3**.

DZ results to date have included 29 m averaging 4.3 g/t gold and 24-1 g/t silver from drill hole TND-19 which was drilled to intersect a zone 50 m below the mineralisation intersected in TND-09 (23 m of 2.1 g/t gold and 23 g/t silver). These holes are located in the southwestern end of the Discovery Zone and displayed in ***Figure 10-1*** along with the mineralised interpretations. The mineralised lodes have been coloured in order to distinguish the individual lodes. RPM notes that the colouring of the objects has no other significance and is a relfection of the software object colouring only. Results from two additional holes (TND-33 and -34) extended the depth of the mineralisation in this area to 150 m; however, gold-silver mineralisation in these holes was narrower and lower grade than previously encountered in TND-09 and 19, and may represent pinching or faulting of this portion of the zone, or perhaps truncation by fluid breccias (see Section A in ***Figure 10-2***). This conclusion is supported by the results of a 50 m step-out hole (to the southwest) where TND-43 intersected low grade gold mineralisation (three, 2 m zones of 0.53 g/t to 0.60 g/t Au).

Drilling in the northeastern part of the DZ (TND-40) intersected a broad mineralised zone that included 27 m of 1.8 g/t gold, 11 g/t silver, 0.47% lead and 0.62% zinc and higher grade zones including 4 m of 4.5 g/t gold, 56 g/t silver, 2.5% lead and 1.2% zinc. A 50-metre step-out hole (TND-50) confirmed the lateral extension of the DZ to the northeast, with the intersection of a broad zone of gold-polymetallic mineralisation over a 94 m interval. This zone averaged 0.45 g/t gold and was bounded by higher grade gold zones, including a 5 m interval averaging 2.7 g/t gold (111 to 116 m) and a 4.5 m interval at the bottom of the hole (200 to 204.5 m) averaging 2.4 g/t gold, 18.8 g/t silver, 2.8% lead and 0.86% zinc. Hole TND-58, one of the deepest holes drilled to date (~230 vertical metres), terminated in 5 m of 4.8 g/t Au, 6.0 g/t Ag and 1.1% combined Pb-Zn (see ***Figure 10-2***). This intersection demonstrating that significant potential remains to intersect high-grade mineralisation at depth and that the true vertical extent of the mineralisation within the Discovery Zone is yet to be determined.

Drilling to date has confirmed lateral and vertical continuity of gold-silver mineralisation within the Discovery Zone. The DZ remains open along strike to the north and additional drilling will be required to determine the true vertical extent of the gold mineralisation. Drilling to date has tested to a vertical depth of 175 m (south) to 230 m (north). ***Figure 10-2*** shows schematic sections across the DZ from southwest (Section A) to northeast (Section E) that display the extent of gold mineralisation intersected by the DZ drilling program.



LEGEND

Drill Holes

N

0 100 200 m

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PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Drill hole location map with Interpretation of Mineralised Bodies, Discovery Zone

FIGURE No.	PROJECT No.	DATE	PREPARED BY
10-1	ADV-HK-00072	March.2015	Runge Pincock Minarco

Table 10-2. Summary of Intersections of >5m (downhole) and ≥ 1.0 g/t Au Equivalent, Discovery Zone South, Altan Nar Prospect

	Hole ID	From (m)	To (m)	Interval	Gold g/t	Silver g/t	Lead %	Zinc %	AuEq g/t *
Line 50	TND-43	45	50	5	0.33	3.8	0.72	1.37	1.46
Line 75	TND-66	89	104	15	1.34	32.3	0.44	0.77	2.45
Line 100	TND-09	37	75	38	1.37	16.2	0.35	0.60	2.10
	TND-10	15	32	17	0.49	5.6	0.80	0.31	1.14
	TND-19	129	135	6	3.15	60.0	0.15	0.50	4.38
	TND-19	141	157	16	6.50	17.2	0.15	0.53	7.11
	TND-33	170	176	6	0.83	29.0	0.04	0.09	1.34
	TND-34	226	236	10	0.46	19.2	0.56	1.67	1.89
Line 125	TND-67	112	142	30	1.09	11.7	0.12	0.43	1.54
Line 150	TND-11	37.6	43	5.4	0.23	0.5	0.35	1.30	1.08
	TND-11	48	64	16	0.59	5.7	0.28	0.54	1.09
	TND-11	69	74	5	0.17	8.4	0.29	1.30	1.11
	TND-41	63	75	12	0.71	3.3	0.98	0.66	1.60
	TND-41	116	128	12	1.24	9.3	0.44	0.79	2.01
	TND-41	146	151	5	0.91	32.2	0.06	0.19	1.52
	TND-56	176	186	10	1.06	15.1	0.11	0.32	1.50
Line 175	TND-68	70	82	12	0.49	16.3	0.16	0.37	1.01
Line 200	TND-12	28	46.5	18.5	0.88	11.9	0.13	0.33	1.29
	TND-12	54	76	22	0.31	8.0	0.36	1.35	1.31
	TND-35	112	128	16	1.01	22.6	0.32	1.54	2.31
	TND-35	134	141	7	1.05	22.6	0.03	0.17	1.49
	TND-55	132	139	7	0.53	6.0	0.60	1.51	1.71
	TND-55	148	160	12	0.75	3.8	0.13	0.27	1.01
Line 225	TND-69	47	98	51	1.75	20.6	0.32	0.50	2.48

Note: *All drill holes were drilled at a dip between -70 to -45 degrees and intersected zones interpreted to be steeply-dipping to vertical. Additional information is required to determine true widths.*

**AuEq. ("gold equivalent") has been used to express the combined value of gold, silver, lead and zinc as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US $1200/oz gold, $18/oz silver, and $0.90/lb for lead and zinc.*

Source: Internal Company Information supplied by Erdene Resource Development Corporation

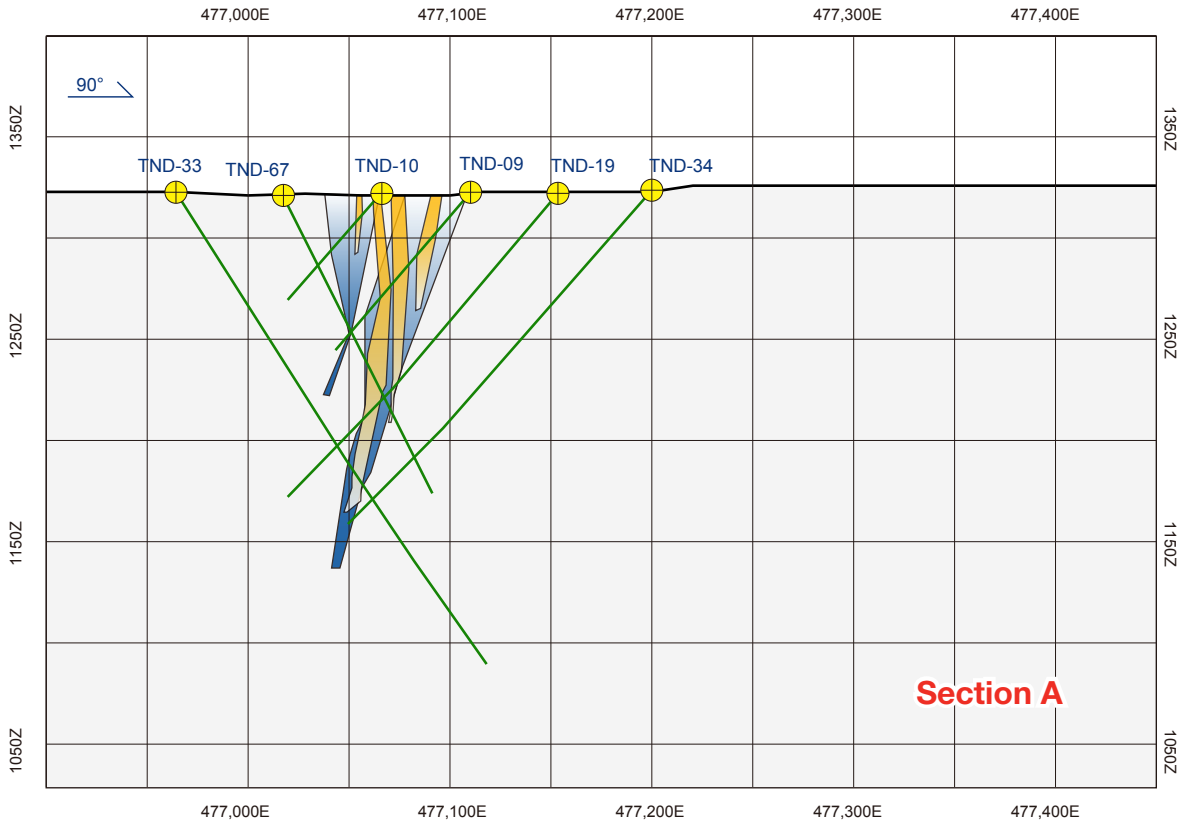
Table 10-3. Summary of Intersections of >5m (downhole) and ≥ 1.0 g/t Au Equivalent, Discovery Zone North, Altan Nar Prospect

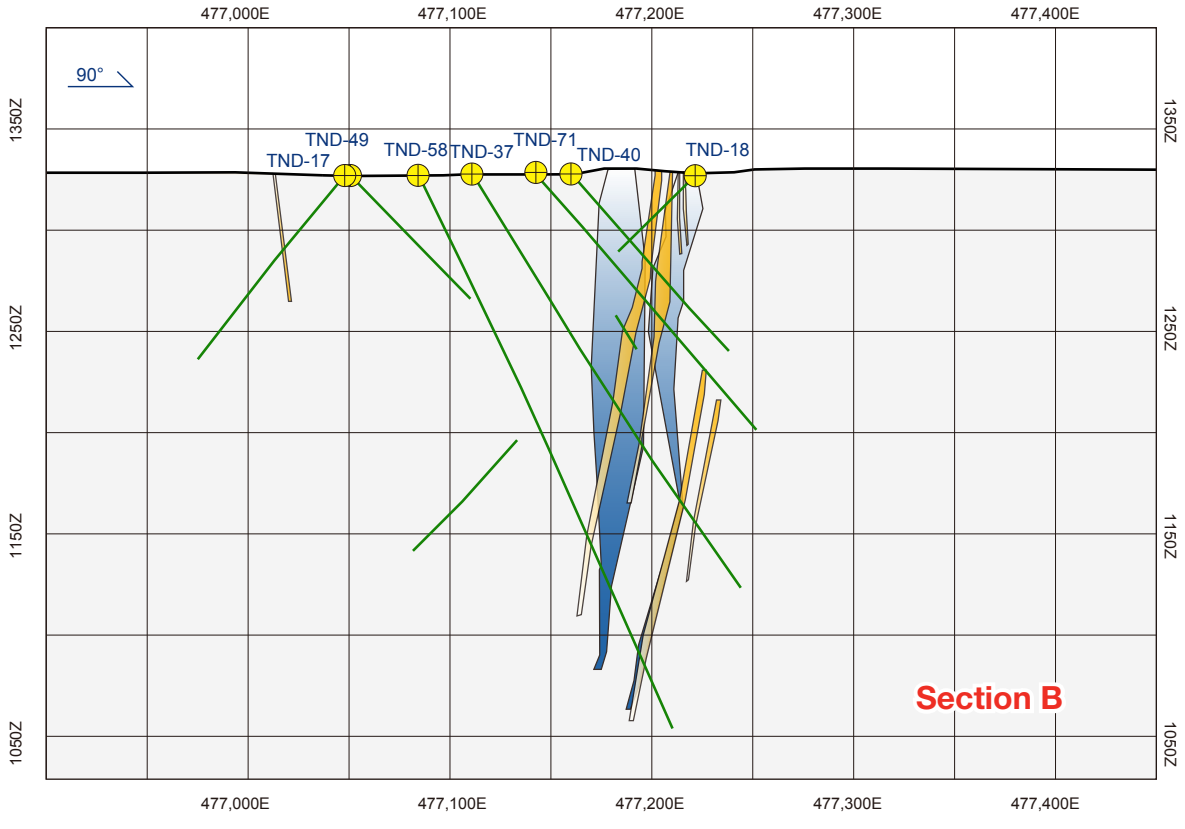
	Hole_ID	From_m	To_m	Interval	Gold g/t	Silver g/t	Lead %	Zinc %	AuEq g/t *
Line 300	TND-36	93	102	9	1.02	3.9	0.04	0.17	1.19
Line 350	TND-28	11	19	8	2.98	41.8	0.14	0.38	3.87
	TND-28	72	99	27	0.74	8.4	0.20	0.19	1.06
	TND-38	119	134	15	3.26	19.6	0.84	0.49	4.23
	TND-65	9	14	5	2.15	8.0	0.26	0.15	2.48
	TND-65	82	106	24	4.78	30.6	1.03	1.15	6.36
	TND-70	36	63	27	4.62	23.6	0.85	0.46	5.65
Line 400	TND-18	18	23	5	2.77	5.2	0.53	0.63	3.44
	TND-18	26	37	11	0.35	14.7	1.64	1.05	1.95
	TND-18	39	46	7	0.77	7.3	0.35	0.28	1.20
	TND-18	51	63	12	0.80	9.2	0.88	0.88	1.84
	TND-37	94	108	14	0.74	5.0	0.13	0.36	1.06
	TND-37	135	168	33	0.93	10.1	0.64	0.65	1.75
	TND-37	200	205	5	1.21	4.0	0.13	0.21	1.44
	TND-37	212	218	6	1.15	1.3	0.06	0.12	1.26
	TND-40	59	64	5	0.66	2.6	0.18	0.82	1.22
	TND-40	71	90	19	2.26	14.4	0.63	0.68	3.15
	TND-58	202	208	6	0.80	4.0	0.08	0.22	1.01
	TND-58	266	272	6	4.79	9.3	0.59	0.78	5.64
Line 425	TND-71	66	104	38	0.77	7.6	0.32	0.48	1.30
	TND-71	152	158	6	1.11	6.7	0.15	0.40	1.43
	TND-71	164	170	6	0.88	4.0	0.02	0.10	1.00
Line 450	TND-17	216	244	28	0.84	13.0	0.34	0.77	1.60
	TND-50	110	115	5	2.68	11.0	0.70	0.37	3.40
	TND-50	144	149	5	0.23	19.2	1.23	0.29	1.30
	TND-50	163	180	17	0.28	3.3	0.66	1.02	1.19
	TND-50	187	224	37	0.87	9.6	0.84	0.41	1.66
	TND-72	8	102	94	0.69	6.3	0.18	0.25	1.00

Note: All drill holes were drilled at a dip between -70 to -45 degrees and intersected zones interpreted to be steeply-dipping to vertical. Additional information is required to determine true widths.

**AuEq. ("gold equivalent") has been used to express the combined value of gold, silver, lead and zinc as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US $1200/oz gold, $18/oz silver, and $0.90/lb for lead and zinc.*

Source: Internal Company Information supplied by Erdene Resource Development Corporation





LEGEND

Drill Holes
Topography
Base Metal Lodes
Gold Lodes

N

0 50 100 m

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PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Schematic Sections showing zones of gold and base metal mineralization intersected in drill holes within the Discovery Zone; Section A – Southwest DZ; Section B – Northeast DZ

FIGURE No.	PROJECT No.	DATE	PREPARED BY
10-2	ADV-HK-00072	March.2015	Runge Pincock Minarco

10.1.2 Union North Prospect Drilling Results

Union North ("UN") is located 1.3 km northwest of the Discovery Zone. During 2014 the drilling density of the Prospect has been increased. The Prospect has been tested by 13 holes to date. Significant drill intercepts have been included in **Table 10-4** below.

Stronger co-incidence of gold and base metal mineralisation compared to the Discovery Zone was noted. Strong development of porphyry dyke development is also a characteristic of this area.

Table 10-4. Summary of Intersections of >5m (downhole) and ≥ 1.0 g/t Au Equivalent, Union North, Altan Nar Prospect

	Hole_ID	From_m	To_m	Interval	Gold g/t	Silver g/t	Lead %	Zinc %	AuEq g/t *
Line 100	TND-79	23	29	6	0.69	9.7	0.18	0.2	1.03
Line 150	TND-78	36	42	6	0.53	8.8	0.25	0.83	1.22
Line 225	TND-76	30	62	32	1.05	3.9	0.45	0.38	1.54
Line 275	TND-46	20	30	10	0.91	3.2	0.05	0.14	1.05
	TND-46**	41	43	2	5.36	20	1.14	1.15	6.84
	TND-46	58	68	10	3.94	10.6	0.89	0.71	4.92
	TND-59	57	71	14	0.84	8.36	0.77	0.85	1.8
	TND-59	102	109	7	2.25	5.71	0.67	1.01	3.2
	TND-75	115.8	121.1	5.3	1.27	7	1.02	0.86	2.35
Line 300	TND-60	22	34	12	2.11	6.42	0.49	1	2.98
	TND-60	38	47	9	2.35	5.89	0.79	0.63	3.17
	TND-60	69	74	5	2.14	5.6	0.64	0.66	2.89
	TND-61	45	69	24	2.09	5.8	0.59	0.84	2.91
	TND-74	69	75.4	6.4	0.25	10.2	1.76	3.42	3.07
	TND-74	152	160	8	0.46	11.4	0.91	1.25	1.74
Line 350	TND-62	20	34	14	0.43	3.3	0.46	0.57	1.01
	TND-73	8.2	38	29.8	1.22	0.7	0.18	0.22	1.44

Note: All drill holes were drilled at a dip between -70 to -45 degrees and intersected zones interpreted to be steeply-dipping to vertical. Additional information is required to determine true widths.
**AuEq. ("gold equivalent") has been used to express the combined value of gold, silver, lead and zinc as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US $1200/oz gold, $18/oz silver, and $0.90/lb for lead and zinc.*
*** This 2m interval is considered to be part of a wider zone of mineralization (20m-68m) cut by late dykes*
Source: Internal Company Information supplied by Erdene Resource Development Corporation

10.1.3 Altan Nar Prospect - Scout Drilling

To date, exploration programs at Altan Nar have included close-spaced-soil and rock geochemical sampling as well as detailed IP gradient array and magnetic geophysical surveys. This work has resulted in the identification of numerous exploration drill targets along the 5.6 km strike length of the Altan Nar prospect, outside the area of the DZ and UN. This work significantly expanded the identified gold-bearing epithermal mineralisation on the Altan Nar property. To date, 29 scout holes (15 in 2011, 12 in 2012 and 2 in 2014) have been drilled across the Altan Nar prospect, outside of the DZ (see ***Figure 10-3***). Twelve of these holes returned intervals greater than 3 m with Au Eq value ⩾ 0.75 g/t (see Table below for Equivalence explanation) confirming the widespread nature of the Altan Nar mineralised epithermal system (see **Table 10-5**).

Union South

Union South is located directly south of Union North and represents the possible continuation of the Union North mineralization, slightly offset to the east as suggested by the IP gradient chargeability anomaly in the area. A serried of widely spaced drill holes (100m spacing) returned from 6 to 13 m intervals with 1.2 g/t to 3.4 g/t Au Eq values indicating the significant potential of this area which as also returned rock chip samples up to 15.4 g/t Au and trench intervals up to 10 m of 4.46 g/t Au.

Riverside

Riverside is located 300 m to the west and is sub parallel to Union South and at the northern end it appears to merge with Union North. Two widely spaced drill holes (250 m) returned significantly anomalous results. TND-45 to the south, returned 18 m of 1.0 g/t Au Eq while THD-51 to the north, returned 8 m of 0.84 g/t Au Eq. This prospect is characterized by an 800 m long gradient IP and geochemical anomaly that follows the trend of phyllic alteration and quartz/breccia rubble fields. This target requires additional follow up exploration.

Maggie

Located 1 km north of the Discovery Zone and 700 m east of the Union North prospect, the Maggie prospect area is a 500 m x 400 m triangular shaped area. This target is characterized by a 10 to 40 m wide linear phyllic alteration zone with gold, silver, lead and zinc mineralization traced for over 300 m on a NE trend through the center of the target. A single drill hole, TND-64, returned two narrower zones with mineralization apparently displaced by a post-mineral porphyry dyke. These two zones, 4 m and 5.35 m wide returned 2.2 g/t Au Eq and 1.64 g/t Au Eq, respectively. Trenching completed to test soil and IP anomalism northeast and southwest of the drill established a 120 m strike length that remains open.

Central Valley

Holes TND-15 and 16 were drilled within the Central Valley prospect, 300 m north of the DZ. These holes were drilled at the same collar location, one oriented east and the other west. When combined, these holes intersected a very wide zone of mineralisation; greater than 200 m of 0.2% zinc with multiple anomalous gold zones including six widely spaced 1-metre samples of 0.5 g/t to 1.9 g/t gold. Two other holes in this prospect, TND-14 and TND-49 returned anomalous intersections of 3 m with 0.76 and 1.95 g/t Au Eq, respectively.

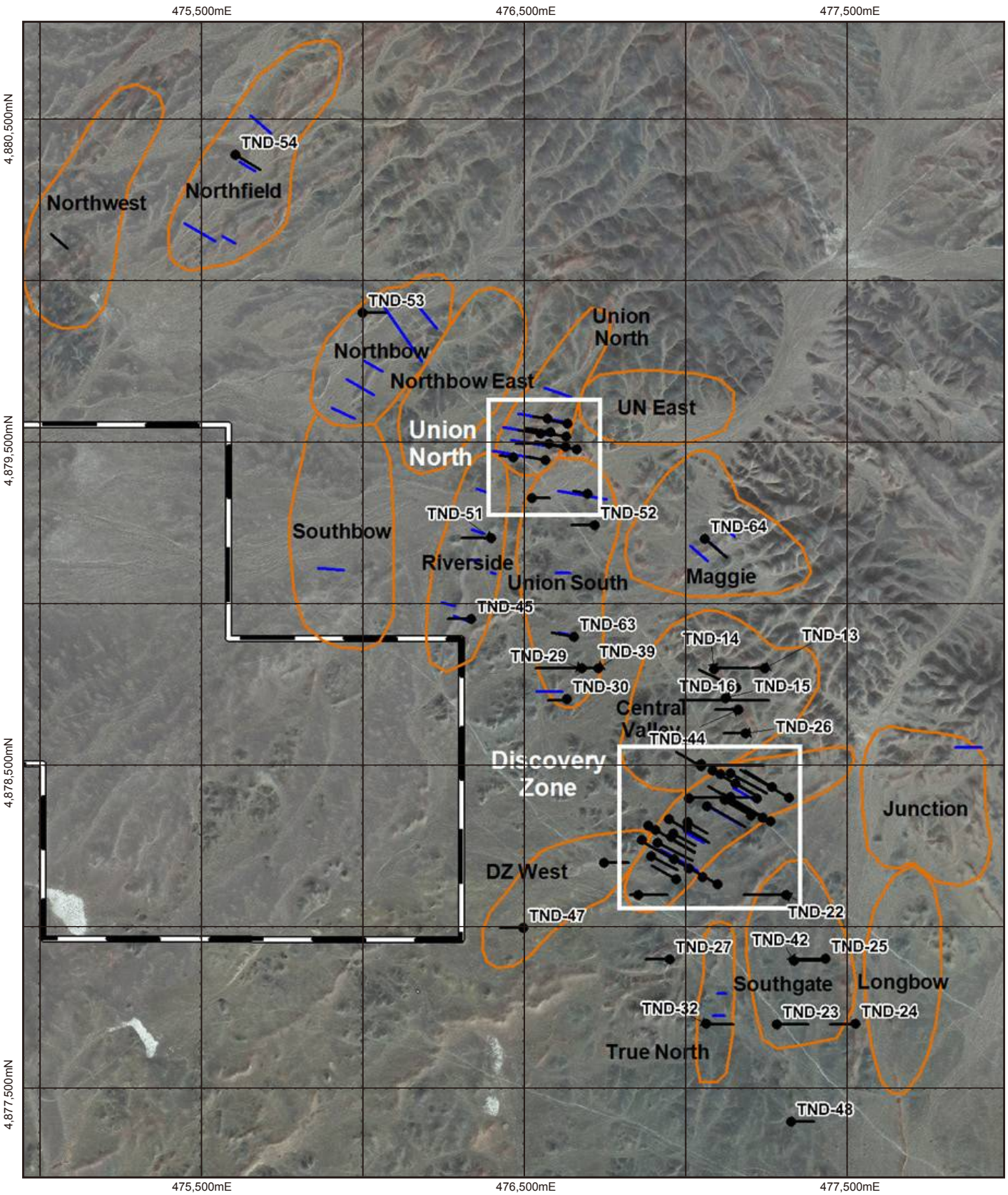
True North

The True North prospect, located 200m south of the Discovery Zone, returned significant results from a single drill hole, TND-32, that returned 3 m of 1.42 g/t Au and a combined pb-zn value of 6.9%. This result was reflected at surface by a subsequent trench that returned a 4 m zone of 1.3 g/t Au and a high combined Pb-Zn content of 3.8%.

Southgate

At the Southgate prospect, located 500 m southeast of the DZ, hole TND-25 intersected 7 m averaging 0.75 g/t gold or 1.04 g/t gold equivalent. The mineralised intersection in TND-25, consisting of gold bearing epithermal quartz breccia with associated sulphide mineralisation (galena, sphalerite, and arsenopyrite) within a zone of pervasive phyllic alteration and is the same as the mineralisation within the DZ.

These prospects, along with a number of un-drilled high priority prospects, with strong geochemical and geophysical anomalies, require additional exploration, including trenching and drilling, to determine their mineral potential. Exploration work to date has concentrated on DZ and Union North but a significant portion of the 5.6 km long Altan Nar mineralized trend has been tested by very limited (shallow) drilling or no drilling.



LEGEND

Drill Holes

Target Areas

N

0 250 500 m

DO NOT SCALE THIS DRAWING - USE FIGURED DIMENSIONS ONLY. VERIFY ALL DIMENSIONS ON SITE

CLIENT

Erdene Resource Development

PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Drill Hole Location Map, Scout Drilling, Altan Nar Prospect

FIGURE No.	PROJECT No.	DATE	PREPARED BY
10-3	ADV-HK-00072	March.2015	Runge Pincock Minarco

Table 10-5. Significant Au and Ag Intersections, Scout Drilling, Altan Nar Prospect

	Hole_ID	From_m	To_m	Interval	Gold g/t	Silver g/t	Lead %	Zinc %	AuEq g/t *
Union South	TND-29	63	76	13	0.68	2.8	0.5	0.86	1.42
	TND-29	119	129	10	1.74	2.9	0.37	0.73	2.35
	TND-30	65	68	3	2.23	1.3	0.16	0.3	2.49
	TND-39	124	130	6	0.54	4.2	0.83	1.57	1.84
	TND-39	200	203	3	0.54	4.3	0.33	0.85	1.21
	TND-63	67	78	11	0.77	1.7	0.23	0.62	1.23
Riverside	TND-45	20	38	18	0.46	2.2	0.42	0.59	1.01
	TND-51	8	14	6	0.1	1	0.94	0.47	0.84
Maggie	TND-64	39	43	4	1.04	28	1.12	0.14	2.1
	TND-64	46	49	3	0.15	5.7	0.94	0.06	0.75
	TND-64	62.65	68	5.35	1.04	6.9	0.69	0.28	1.64
Central Valley	TND-14	47	50	3	0.07	5	0.55	0.63	0.76
	TND-16	34	39	5	0.66	2.4	0.17	0.25	0.91
	TND-16	61	70	9	0.02	3.7	0.92	0.7	0.92
	TND-16	167	171	4	0.41	2.3	0.58	0.27	0.88
	TND-49	52	55	3	1.83	3.7	0.04	0.08	1.95
True North	TND-32	51	54	3	1.42	10.3	2.6	4.32	5.13
Southgate	TND-25	29	36	7	0.75	4	0.07	0.36	1.04

Note: All drill holes were drilled at a dip between -70 to -45 degrees and intersected zones interpreted to be steeply-dipping to vertical. Additional information is required to determine true widths.

**AuEq. ("gold equivalent") has been used to express the combined value of gold, silver, lead and zinc as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US $1200/oz gold, $18/oz silver, and $0.90/lb for lead and zinc. Only intercepts greater than 3m down hole have been listed.*

Source: Internal Company Information supplied by Erdene Resource Development Corporation

11 Sample Preparation, Analyses and Security

The details of the sample preparation, analytical methodology and sample security protocols in place for soil, rock, trench and drill-core samples from the exploration programs carried out to date on the Tsenkher Nomin exploration license are included in this section.

11.1 Primary Sample Protocols

Soil samples were taken at regular intervals on a grid varying between 400 m intervals on 400 m spaced lines to 12.5 m intervals along 50 m spaced lines. Sample locations were determined by hand-held GPS devices with a precision of approximately 3 m in lateral directions. All samples were taken using a consistent sampling methodology which included digging shallow holes (avg. 25 cm) and dry sieving to -2 mm.

Rock chip and rock grab samples were taken from outcrop / sub-crop, respectively, by Erdene's geologist with locations determined by hand-held GPS devices (also ±3 m lateral precision). Samples were taken from mineralised and un-mineralised surface rocks that are, as much as possible, representative of the lithological unit identified while in the field. No grid-based rock chip sampling was carried out over the prospect areas.

All trenches were excavated to bedrock, although zones of intense alteration and deep weathering were encountered and therefore the term 'bedrock' is used loosely. Trench samples were collected at 1 m or 2 m intervals, as determined by the senior project geologist, based on the lithology and mineralisation. Samples were chipped from the bottom of the trenches and care was taken to ensure each sample was representative of the entire interval being sampled. Representative hand samples for each interval were also collected for reference.

Erdene's sampling protocol for drill core consisted of routine collection of samples at 1 m, 2 m or 3 m intervals (depending on the lithology and style of mineralisation) over the entire length of the drill hole, with the exception of more recent drilling where late stage dykes were not sampled. Sample intervals were generally based on meterage, not geological controls or mineralisation. However, in the case of early stage or scout drilling programs, samples were sometimes selected based on geological controls to get a better understanding of the distribution of mineralisation. At Altan Nar, a few mineralised zones were selectively sampled in the initial drill holes (TND-09 to 12). However, subsequent drill holes (TND-13 to 80) were all sampled at 1 m, 2 m or 3 m intervals, depending on the lithology and intensity of mineralisation. For example, all clearly mineralised zones were sampled at 1 m intervals while late-stage, un-mineralised dykes were sampled at 3 m intervals, or not at all. All other drill-hole sections were sampled at 2 m intervals. Drill core recovery was excellent and did not impact the accuracy and reliability of the assay results. All drill-core was sawn in half using a rock saw and it is RPM's opinion that the samples assayed are representative and that it is unlikely there has been sampling bias.

11.2 Sample Handling Protocols and Security

Drill core was delivered directly from the drill site to the Company's exploration camp at the end of every shift. All logging and sampling was done in camp by Erdene geologists. Drill core was logged for geology and RQD, and sample intervals were marked. Core was then photographed before being sawn in half with a core saw after which half-core samples were bagged. Magnetic susceptibly readings were taken for each sample interval. The remaining half-core is securely stored at the Company's Zuun Mod exploration camp.

All samples (soil, rock, trench and drill core) were organized into batches of 30 and included a commercially prepared certified reference standard and an analytical blank. Each batch was stored in the field camp in sealed bags. Sample batches were periodically shipped directly to SGS in Ulaanbaatar via Erdene's logistical contractor, Monrud Co. Ltd.

11.3 Assay Laboratory Sample Preparation and Analysis Protocols

All first assay samples have been prepared and assayed at the Ulaanbaatar laboratory of SGS Mongolia LLC ("SGS"). The laboratory is one of largest commercial laboratories in Mongolia and operated to ISO17025 specifications.

Analytic methods are summarised in **Table 11-1**.

At SGS, all rock samples (drill core, chip and grab) are handled as follows:

- Samples as received are initially sorted and verified against the client Sample Submission Form.
- Samples are air dried at 90°C.
- All samples are crushed to 3.35 mm using a jaw crusher and Boyd crusher in a two-stage process.
- Sample split by rotary sample divider to 600-700 g, with reject retained.
- Whole sample is pulverised to 90% <75 µm
- The pulverised sample is mixed and divided manually, with approximately 200 g retained for the client and 300 g retained for laboratory analysis
- Gold by fire assay 30 g, other metals by AAS21R 300 mg
- If any metals are over range on the AAS21R analysis (eg. Cu>10,000 ppm) then they are rerun using either AAS22S (eg. Cu range 0.01-5%) or AAS43B (eg. Cu range 0.01-40%) using the laboratory split (AAS22S – 400 mg, AAS43B – 250 mg used)

At SGS, all soil samples taken in 2011 were handled as follows:

- Samples are air dried at 110°C
- Sample is sieved to 180 µm to yield a +180 and -180 fraction
- The -180 µm fraction is then pulverised to 90% <75 µm
- The pulverised sample is mixed and divided manually, with approximately 200 g retained for the client and 300 g retained for laboratory analysis
- Fire Assay 30 g, base metals by AAS21R 300mg
- Soil sample taken in 2012 were handled in a similar manner to the 2011 samples with the following exceptions
- Sample were not sieved to 180 µm, a portion of the whole sample was pulverized to 90% <75 µm
- Fire Assay 30 g, 45-element analysis by ICP40B 300 mg

With the exception of trench samples taken in 2013, all other rock samples were assayed for Au, Ag, Cu, Pb, Zn, As and Mo. Samples from TND-09 to 12 were also analyzed for Bi and Sb. Trench samples were analyzed for Au and a suite of 45 elements using a four-acid digest and ICO-OES finish with 'ore-grade' analysis completed on over detection limit samples (see table 12 for details).

All soil samples from 2011 were assayed for Au, Ag, Cu, Pb, Zn, As and Mo, however, soil samples from 2012 were assayed for Au and a suite of 45 elements. Table 12 provides a summary of the analytical methods used by SGS to analyze all of the samples. All drill core sample rejects are saved and stored at a secure facility and are available to carry out check-analyses as necessary.

Standard and blank analyses were monitored by Erdene and if SGS analysis varied from the determined assay value by more than 15% then Erdene's protocol is to request that the entire batch be re-analyzed. The average variance for the Altan Nar drilling program was 1.6 %. No re-analysis has been required to date.

At SGS, all client-submitted material is retained under cover in the secure Ulaanbaatar facility where 24 hour security is maintained. Sample integrity is maintained during the analysis process by laboratory LIMS generated sample labeling throughout the analytical process. SGS's QA/QC protocols included a 10%

internal QC run on analysis; so that each 50 sample batch consists of 45 samples, two duplicates, two standards and one blank.

RPM is of the opinion that adequate procedures for sample preparation, security and analysis are in place, and were used, to ensure accuracy of analytical results.

Table 11-1. SGS Analytical Methods and Detection Limits

Gold Analysis			**Detection Limits**	
SGS Code	**Description**	**Element**	**LDL**	**UDL**
FAE303	Fire Assay, Solvent Extraction, AAS[1] finish, 30g sample	Au	1 ppb	10000 ppb
FAA303	Fire Assay, AAS[1] finish, 30g sample	Au	0.01 ppm	100 ppm
Multi-Element Analysis				
SGS Code	**Description**	**Element**	**LDL**	**UDL**
AAS21R	DIG21R (3 acid digest[2]) with AAS[1] finish	Cu	2 ppm	10000 ppm
		Ag	1 ppm	100 ppm
		Pb	3 ppm	5000 ppm
		Zn	2 ppm	10000 ppm
		As	50 ppm	5000 ppm
		Mo	5 ppm	10000 ppm
Multi-Element Ore-Grade Analysis				
SGS Code	**Description**	**Element**	**LDL**	**UDL**
AAS22S	DIG22S (3 acid digest[2]) with AAS[1] finish	Cu	10 ppm	5000 ppm
		Ag	5 ppm	500 ppm
		Pb	10 ppm	2%
		Zn	10 ppm	2%
		As	0.01%	2.50%
		Mo	20 ppm	5%
Multi-Element Ore-Grade Analysis - Higher Detection Limits				
SGS Code	**Description**	**Element**	**LDL**	**UDL**
AAS43B	DIG43B (4 acid digest[3]) with AAS[1] finish	Ag	500 ppm	2%
		Pb	0.01%	20%
		Zn	0.01%	40%
		As	0.02%	40%
		Mo	0.02%	40%
45-Element Analysis				
SGS Code	**Description**	**Element: LDL-UDL;**		
ICP40B	4 acid digestion[3] with ICP OES[4] finish	Ag: 2 ppm – 10 ppm; Al: 0.01% - 15%; As: 3 ppm - 1%; Ba: 1 ppm - 1%; Be: 0.5 ppm - 0.25%; Bi: 5ppm - 1%; Ca: 0.01% - 15%; Cd: 1 ppm - 1%; Ce: 0.05 ppm-1000 ppm, Co: 1 ppm - 1%; Cr: 1 ppm - 1%; Cu: 0.5 ppm - 1%; Eu: 0.05 ppm -1000 ppm, Ga: 0.05 ppm – 500 ppm, Ho: 0.05 ppm – 1000 ppm, Fe: 0.01% - 15%; K: 0.01% - 15%; K2O: 0.01% - 35%; La: 0.5 ppm - 1%; Li: 1 ppm - 1%; Mg: 0.01% - 15%; Mn: 2 ppm - 1%; Mo: 1 ppm - 1%; Na: 0.01% - 15%; Na2O: 0.01% - 35%; Nb: 3 ppm – 1%; Nd: 0.05 ppm to 1%; Ni: 1 ppm - 1%; P: 0.01% - 15%; P2O5: 0.01% - 35%; Pb: 2 ppm - 1%; S: 0.01% - 5%; Sb: 5 ppm - 1%; Sc: 0.5 ppm - 1%; Se: 2 ppm to 1000 ppm; Sn: 10 ppm - 1%; Sr: 0.5 ppm - 1%; Ta: 0.05 ppm to 1%; Te: 0.05 ppm – 500 ppm; Th: 2 ppm to 1%; Ti: 0.01% - 15%; U: 3 ppm to 1%; V: 2 ppm - 1%; W: 10 ppm - 1%; Y: 0.5 ppm - 1%; Yb: 0.5 ppm to 1000 ppm; Zn: 1 ppm - 1%; Zr: 0.5 ppm - 1%		

33-Element Analysis		
SGS Code	**Description**	**Element: LDL-UDL;**
ICP40B (2014)	4 acid digestion[3] with ICP OES[4] finish	Ag: 2 ppm – 50 ppm; Al: 0.03% - 15%; As: 5 ppm - 1%; Ba: 5 ppm - 1%; Be: 0.5 ppm - 0.25%; Bi: 5ppm - 1%; Ca: 0.01% - 15%; Cd: 1 ppm - 1%; Co: 1 ppm - 1%; Cr: 10 ppm - 1%; Cu: 2 ppm - 1%; Fe: 0.1% - 15%; K: 0.01% - 15%; La: 1 ppm - 1%; Li: 1 ppm - 1%; Mg: 0.02% - 15%; Mn: 5 ppm - 1%; Mo: 2 ppm - 1%; Na: 0.01% - 15%; Ni: 2 ppm - 1%; P: 0.01% - 15%; Pb: 2 ppm - 1%; S: 0.01% - 5%; Sb: 5 ppm - 1%; Sc: 0.5 ppm - 1%; Sn: 10 ppm - 1%; Sr: 5 ppm - 1%; Ti: 0.01% - 15%; V: 2 ppm - 1%; W: 10 ppm - 1%; Y: 1 ppm - 1%; Yb: 0.5 ppm to 1000 ppm; Zn: 5 ppm - 1%; Zr: 3 ppm - 1%

1 *AAS: Atomic Absorption Spectrophotometer*
2 *3-Acid Digest: Perchloric (HClO4), Hydrochloric (HCl) and Nitric (HNO3)*
3 *4-Acid Digest: Same as 3-acid plus Hydrofluoric (HF)*
4 *ICP OES: Inductively Coupled Plasma Optical Emission Spectrometry*
LDL *Lower Detection Limit*
UDL *Upper Detection Limit*
Source: Altan Nar Gold Project (Tsenkher Nomin Exploration License), Bayankhongor Aimag, Southwest Mongolia, National Instrument 43-101 Technical Report, Erdene Resource Development Corporation, J. C. (Chris) Cowan, MSc, Peng, March 10, 2014

11.4 Petrographic Work

A suite of 34 representative samples from the Altan Nar epithermal gold-silver deposit in south-western Mongolia, including volcanic and volcaniclastic host rocks, nearby granite and granodiorite intrusive rocks and a suite of late-stage intrusive dykes were submitted to the Mongolian University of Science and Technology ("MUST"). In addition, eight samples of high-arsenic ("high-As") and six samples of low-arsenic ("low-As") 'ore-grade' drill core were submitted to MUST. Polished thin sections and standard thin sections were prepared for each of the 48 samples and submitted for reflected light and transmitted light petrographic analysis. The eight high-As samples submitted to MUST, which represented mineralised samples from the south end of the Discovery Zone (TND-09, -12, -19), were also submitted to SGS Lakefield laboratory for a comprehensive QEMSCAN analysis, coupled with X-ray Diffraction and electron microscope analysis to determine gangue and ore mineralogy.

While zones of high-As gold mineralisation were initially reported and tested, additional drilling and trenching across the Altan Nar property has shown that this type of mineralisation is a localized (e.g. approximately 75% of Discover Zone south), later-staged overprint on the more volumetrically extensive low-As gold mineralisation.

The results from the MUST and SGS studies yield several important insights into the Altan Nar gold-silver-base metal deposit, including:

- Free gold grains were detected in the reflected light examination at MUST in three of the six samples of low-As samples and in two of the eight polished high-As samples from the Discovery Zone. In addition, arsenopyrite was absent in four of the six low-As samples, and only present in trace amounts in the other two samples. This is in contrast to the high-As samples where arsenopyrite was observed in varying amounts in all samples.

- Ore minerals at Altan Nar, as defined by SGS QEMSCAN analysis, include: arsenopyrite, galena, sphalerite, chalcopyrite, pyrite, pyrrhotite, tetrahedrite and a silver-antimony sulphosalt (pyrargyrite?), a silver-copper sulphosalt (polybasite? or pearceite?). In addition to gold, reflected light petrography indicated the presence of additional copper minerals in the Altan Nar mineralised zones, including: chalcocite, covellite, bornite and malachite.

    - Iron (Fe) content in sphalerite ranges from 1.5 – 4.9%, and is consistent with the 'honey sphalerite' observed in drill core. This may reflect a low Fe fugacity in the mineralizing fluids.

    - Manganese (Mn) content in sphalerite is relatively low, ranging from 0.1 – 0.7%, and is somewhat surprising in light of the high Mn concentrations encountered in geochemical

analysis of some mineralised samples (up to >20 weight % Mn). One possible explanation is that sphalerite may have crystallized separately from Mn-rich gold-silver mineralisation.

- Silver as Ag-Sb and Ag-Cu sulfosalts were detected with QEMSCAN analysis (SGS Lakefield), and is tentatively identified as pyrargyrite (Ag_3SbS_3). Ag-Cu sulphides were identified also identified by SGS, and is tentatively identified as polybasite or pearceite (Ag-Cu-Sb-As sulphides).

- Gangue minerals at Altan Nar include: quartz, mica, calcite, kutnohrite (Ca-Mn carbonate), an un-named Mn-Cr oxide, pyroxmangite, rhodochrosite (Mn-carbonate), jacobsite (Mn-Fe oxide), ankerite (Fe carbonate), chlorite, K-feldspar, amphibole, Mn-silicates, phosphate minerals, titanite, and Fe oxides.

- K-feldspar is pseudomorphed by sericite/muscovite and therefore it was not possible, using X-ray Diffraction techniques (XRD), to determine if adularia (a crystal form of K-spar that, along with sericite, is characteristic of low-sulphidation systems) was present at Altan Nar

- Manganese in ore zones at Altan Nar – Altan Nar mineralisation in the Discovery Zone south contains a complex mineral assemblage including manganese carbonate, manganese oxides and manganese silicates. Identified Mn-bearing minerals include rhodochrosite (Mn-carbonate), jacobsite (Mn-Fe-oxide), manganite (Mn-oxide-hydroxide), kutnohorite (Ca-Mn-carbonate), pyroxmanganite (Mn-silicate) and an unidentified Mn-Cr-oxides mineral.

Based on petrographic observations, coupled with other field and mineralogical data, the following paragenetic sequence is proposed for Altan Nar:

- Early stage massive quartz veining and brecciation.

- Brecciation, silicification and comb quartz veining and associated phyllic alteration (sericite-pyrite-quartz) and deposition of galena-sphalerite-chalcopyrite-arsenopyrite (Au?). Note: some replacement of chalcopyrite by covellite and chalcocite may be later, but part of this mineralizing phase.

- Arsenopyrite-pyrite (+Au?) overprint on above sequences, with some associated (?) chalcedony veining and silicification.

- Mn-Ca carbonate veining (rhodochrosite, calcite, etc.) – late hypogene

- Late-stage (supergene) oxidation – limonite, Mn oxides, malachite.

With respect to depth of formation, several mineralogical features at Altan Nar are consistent with deep (i.e. sub-boiling point) portions of epithermal deposits, including the presence of massive and comb quartz veins, whereas other features, such as chalcedony veins and replacement/silicification features, are consistent with shallow parts of epithermal deposits.

- The juxtaposition of both deep and shallow epithermal features within the same zones at Altan Nar can be explained by early formed (i.e. deep) epithermal mineralisation, followed by progressive exhumation (erosion) during a long-lived epithermal fluid event, ending with the deposition of late (i.e. shallow) epithermal mineralisation.

In general, mineralogical and geological features of Altan Nar are consistent with intermediate sulphidation deposits, including:

- mineralization occurs mostly in veins and breccias (with evidence of multiple brecciation events);

- veins with quartz and manganiferous carbonates host the Au mineralization;

- Au is present as native metal with a variety of base metal sulfides and sulfosalts (e.g. Pb- and Sb sulphosalts identified by SGS);

- low-Fe sphalerite, tetrahedrite-tennantite (tentatively identified optically at MUST) and galena often dominate in base metal assemblages;

- Au-bearing veins can show classical banded crustiform-colloform textures; and

- phyllic alteration associated with mineralized zones, consisting of quartz-sericite (i.e. illite)-pyrite.

Additionallly, a few features are consistent with low-sulphidation epithermal mineral deposits (e.g. sharp-boundary quartz veins, chalcedony, common sphalerite and galena and potassic alteration). In contrast a few features suggest high-sulphidation affinities, including ubiquitous presence, albeit in low modal concentrations, of Cu-sulphide minerals and high concentrations of Mo in a few samples. Tennantite-tetrahedrite are diagnostic of high-sulphidation epithermal deposits and was identified in the MUST study, however, the identification of only Ag-Sb and Ag-Cu sulphide minerals by SGS places uncertainty on the optical mineralogy observations.

- Altan Nar is interpreted to be an intermediate-sulphidation epithermal deposit with some minor low and high-sulphidation affinities.

Widespread evidence for magnetite destruction ('martitization') was documented in volcanic and volcaniclastic rock samples. In these samples, magnetite is replaced by non-magnetic Fe oxide minerals and this feature is thought to reflect widespread epithermal fluid alteration, and deposition of gold-silver mineralisation. Fresh magnetite, along with altered magnetite, was observed in the andesite sample from the high magnetite response area, as predicted.

Petrographic data provides insight into geology of the volcanic and volcaniclastic host rocks at Altan Nar, including:

- These rocks are pervasively altered (propylitic alteration with chlorite, epidote, carbonate), however, based on a consistent plagioclase composition and mafic mineral assemblage of biotite and amphibole most samples are interpreted to be andesite.

- Some volcaniclastic samples contain felsic rock fragments including rhyodacite and rhyolite, suggesting minor bi-modal (i.e. intermediate-felsic) volcanism at Altan Nar, or possibly pyroclasitic origin.

- Most volcanic rocks are pervasively altered and contain complex intergrowths of copper minerals (chalcopyrite, covellite, chalcocite and malachite) +/- sphalerite and galena indicating widespread metasomatism by metal-bearing fluids at Altan Nar.

The presence of Cu-Pb-Zn sulphides and Ag-bearing minerals throughout the volcanic rocks at Altan Nar demonstrates widespread alteration of the volcanic pile by metal-rich epithermal fluids.

Additional petrographic and mineralogical studies of the Altan Nar epithermal gold-silver-base metal mineralisation are recommended including more detailed analysis of low-As ore-grade samples. Further analysis of clay and other hydrous minerals is also recommended to better assess the dynamics of the epithermal system evident at Altan Nar. Clay minerals, which dominate alteration in intermediate-sulphidation environments, are among the best indicators of paleo-temperature. The progression of thermally stable minerals commonly results in a clear upward and outward zonation of minerals from intermediate-sulfidation ore bodies.

11.5 Sample and Assaying Methods

RPM accepts that the sampling and assaying methods and approach were reasonable for this style of mineralisation. The samples are representative and there appears to be no discernible sample biases introduced during sampling.

11.6 Quality Control Data

The Quality Assurance and Quality Control (QA/QC) data provided to RPM consist of 14 types of commercial standards, laboratory internal standards as well as internal repeats. In addition, RPM arranged for 53 independent coarse reject samples from all phase of drilling program to be re-submitted these samples for check analysis to ALS Lab in Ulaanbaatar, Mongolia.

The QA/QC samples for the Project are summarised in ***Table 11-2.***

Table 11-2 –Summary of QA/QC samples for the Project.

2014 diamond drilling program	
QA/QC Sample Type	**Number of Samples**
SGS internal standards	568
SGS internal repeats	185
External standards	157
External checks	31
Subtotal	**941**
2012 diamond drilling program	
SGS internal standards	214
SGS internal repeats	250
External standards	383
External checks	12
Subtotal	**859**
2011 diamond drilling program	
SGS internal standards	301
SGS internal repeats	135
External standards	315
External checks	10
Subtotal	
Total	**761**

Internal repeats were selected randomly by the laboratory while no check sampling was routinely carried out by the company. Subsequent to the end of the program, 51 external repeats were selected from reject material and assayed by Erdene.

For the all phase of drilling, standards were inserted at a rate of approximately 1:20 and blank standards were inserted at a rate of approximately 1:20. Monitoring of standards was undertaken by ERD geologists.

11.6.1 Internal Laboratory Standards

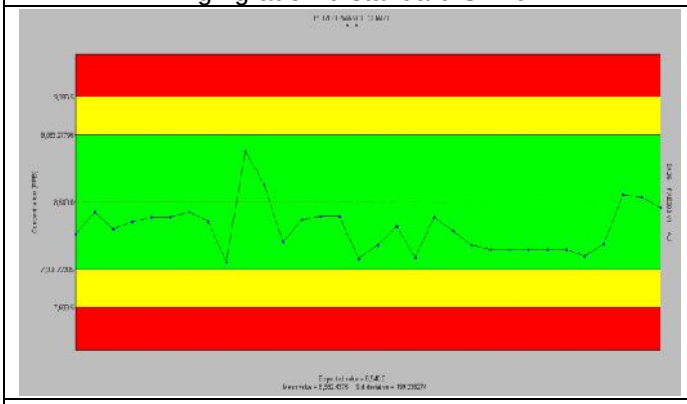
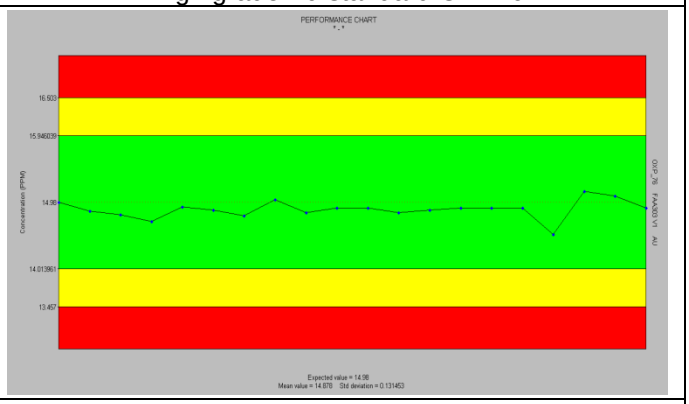
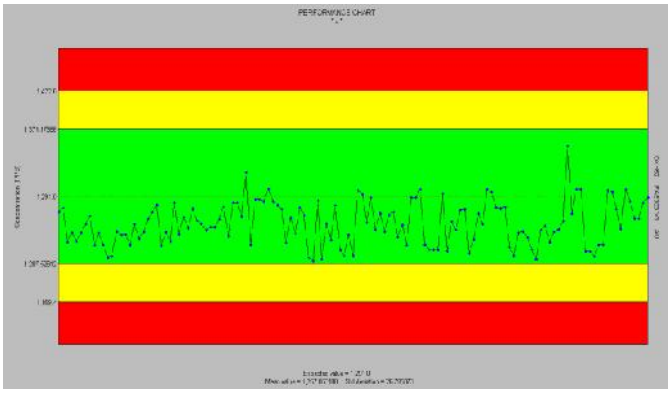
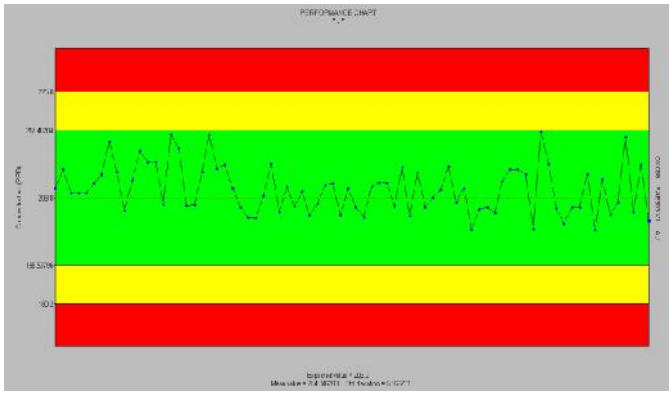
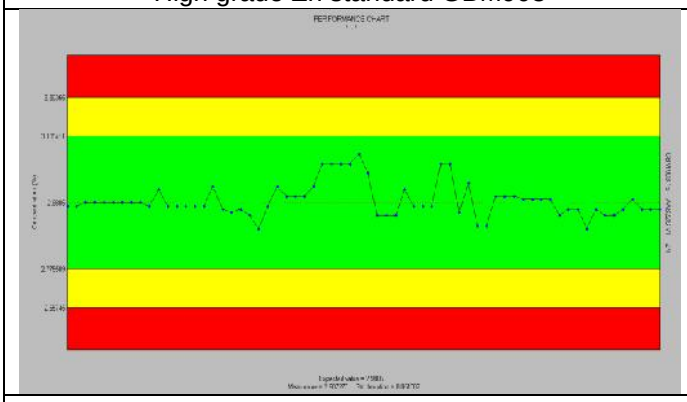
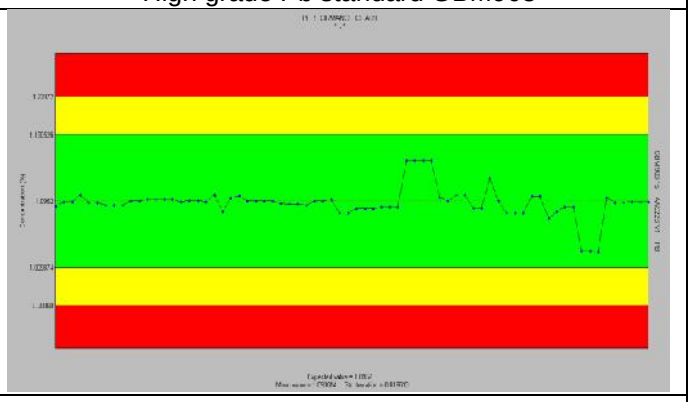
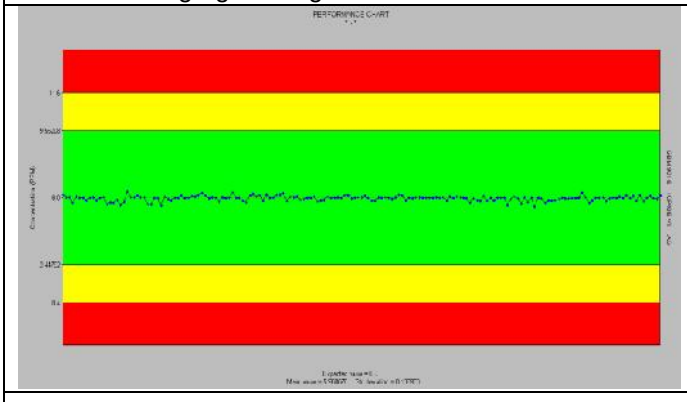
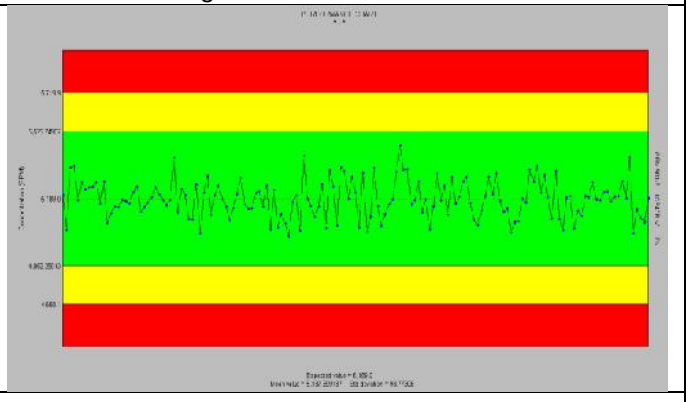
SGS provided RPM with 1083 results (12% of all assays) for the 20 Certified Reference Materials ("CRM") used for internal laboratory QA/QC for the Project (***Table 11-3***). The results of the SGS internal standards for Au, Zn, Pb and Ag are shown in ***Figure 11-1.***

Table 11-3. Numbers of internal SGS standards used for the Project

Standard ID	Elements	2011	2012	2014	Description
GBM302	Ag, Cu, Pb, Zn	50			Low grade
GBM304	Ag, Cu, Pb, Zn	42			Low grade
GBM903	Ag, Cu, Pb, Zn	21	7	33	High grade
GBM996	Ag, Cu, Pb, Zn	2	3	6	High grade
GXR-1	Ag, Cu, Pb, Zn, As, Mo	2			Low grade
OXA45	Au	144	46	127	Low grade
OXH52	Au	38	37	39	medium grade
OXP76	Au	2	6	11	High grade
OXL51	Au		10	24	Low grade
OXC102	Au		3		Low grade
OXC88	Au		28	37	Low grade
GXR4	Ag, Cu, Pb, Zn, As		17	51	Low grade
GBM901	Ag, Cu, Pb, Zn, As		28	184	Low grade
GBM301	Ag, Cu, Pb, Zn, As		19		Low grade
AUOE	Au		10	5	medium grade
SN26	Au			19	High grade
GBM399	Pb			21	high grade
GBM398-4c	Ag			6	high grade
CGL108	Ag			3	high grade
AUOI	Au			2	high grade
Total		**301**	**214**	**568**	

Analysis of the plots indicate that the results show an acceptable range of variability over time and between sample batches for Au, Zn, Pb and Ag with all analysis occurring within the upper and lower warning limits (two standard deviations). In addition, RPM notes that no material assay bias can be observed and as such the results highlight the good performance of the SGS laboratory.

Figure 11-1. SGS internal standards results for Au, Zn, Pb, Ag, Cu

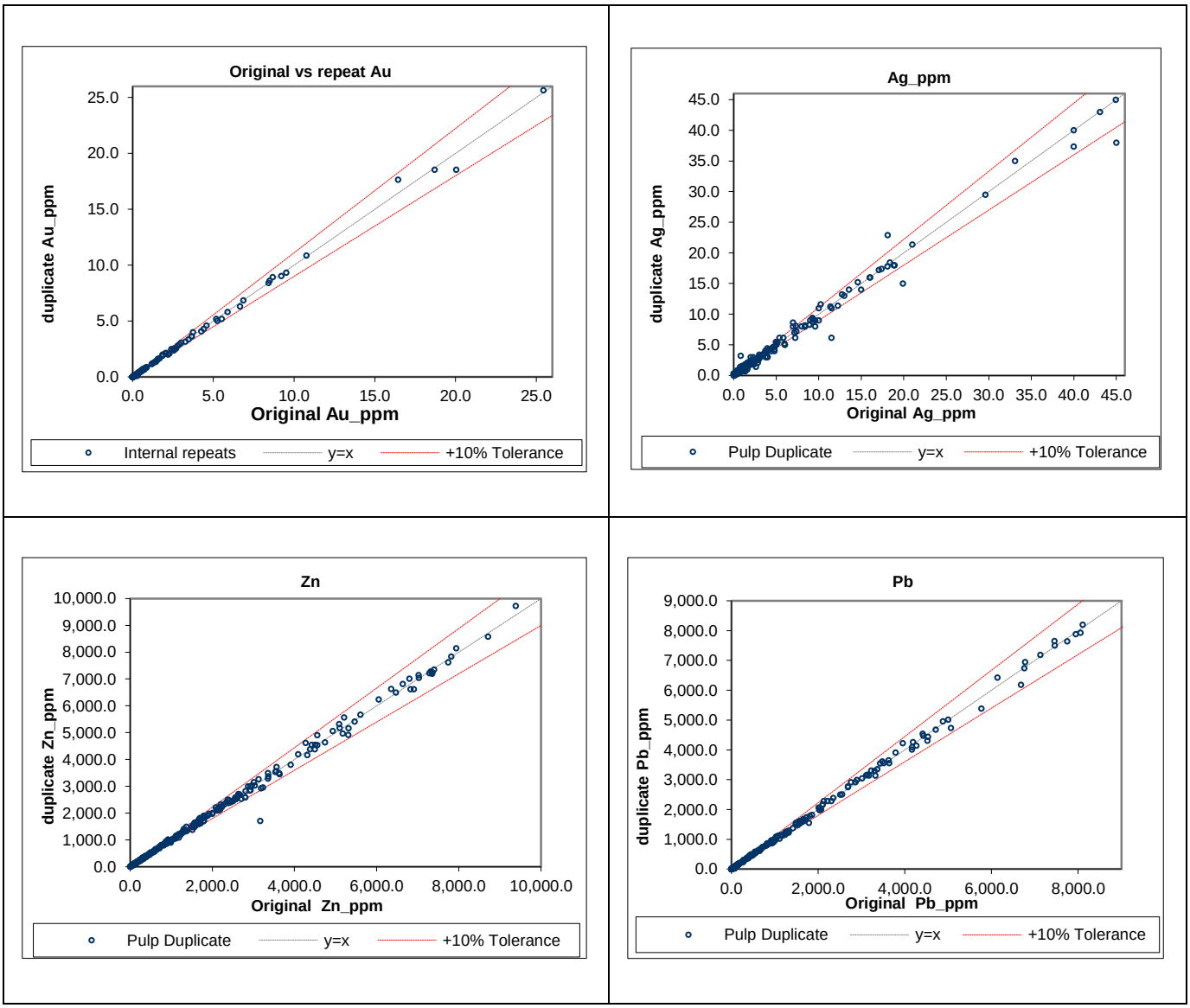
High grade Au standard SN26	High grade Au standard OXP76
	
Low grade Au standard OXH52	**Low grade Au standard OXC88**
	
High grade Zn standard GBM903	**High grade Pb standard GBM903**
	
High grade Ag standard GBM901	**Low grade Zn standard GBM901**
	
Green - 1SD, Yellow - 2SD, Red – 3SD	

11.6.2 SGS Internal Repeats

A total of 570 internal laboratory repeats (6% of all drill hole assays) were analysed for Au, Zn, Pb, As and Ag. The scatterplots of these results are shown in ***Figure 11-2***.

Analysis of these plots indicates that the majority of the results for Au, Zn, Pb and Ag are within the 10 % error limits. This indicates good repeatability of the primary pulverized samples and that the pulps appear to be homogenous. In addition, no assay bias can be observed in the data highlighting the precision of the sample preparation and analysis by SGS.

Figure 11-2 SGS internal repeats for Au, Zn, Pb and Ag



11.6.3 ERD CRM Standards and Blanks

Commercial standards were used during the ERD drill programs and were obtained and certified by OREAS Pty. A total of 855 external standards (10% of all drill assays) were analysed at SGS Mongolia. A summary table of standards used is shown in ***Table 11-4.*** Blank standards were sourced from silica sand and barren basalt (OREAS 26a).

Table 11-4. External standards details

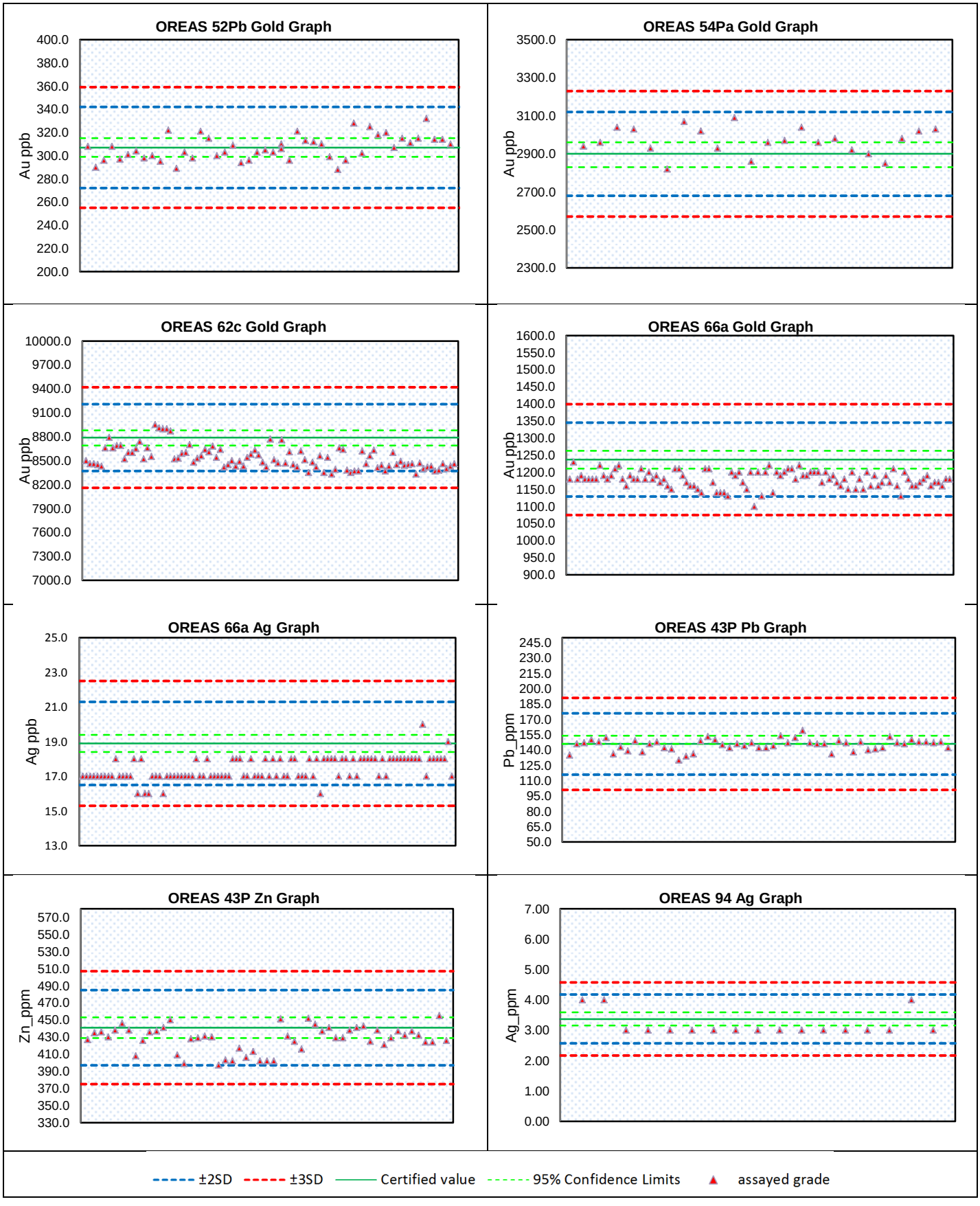
Std_ID	Elements	Count	Std Min	Std Max	Certified value	Actual Ave. Assay	1SD	Outside Expected Range (2SD)
OREAS13P	Au_ppb	41	49	63	47	53.82	3.5	14
	Cu_ppm	41	2530	2680	2504	2598.3	106	-
OREAS42P	Au_ppb	2	94	95	91	94.5	3	-
	Zn_ppm	2	602	633	615	617.5	18	-
	Pb_ppm	2	147	153	150	150	10	-
	Cu_ppm	2	392	398	389	395	13	-
OREAS43P	Au_ppb	53	68	83	73	74.3	5	-
	Zn_ppm	53	397	455	441	427.9	22	2
	Pb_ppm	53	130	159	146	145	15	-
	Cu_ppm	53	396	434	438	413.1	27	-
OREAS44P	Au_ppb	16	65	74	67	68.75	5.8	-
	Cu_ppm	16	387	399	423	392.7	30	-
OREAS4Pa	Au_ppb	8	53	57	52	55.375	4	-
OREAS52Pb	Au_ppb	46	288	332	307	306.8	17	-
	Cu_ppm	46	3380	3560	3338	3449	76	4
OREAS54Pa	Au_ppb	22	2820	3090	2900	2968	110	-
	Cu_ppm	22	15300	16000	15500	15709	233	-
OREAS62c	Au_ppb	97	8330	8950	8790	8534	210	-
	Ag_ppm	97	6	9	8.76	7.9	0.49	13
OREAS66a	Au_ppb	102	1100	1230	1237	1179.6	54	4
	Ag_ppm	102	16	20	18.9	17.4	1.2	5
	Cu_ppm	102	113	129	121	121.8	7	-
OREAS94	Zn_ppm	17	156	169	171	162.64	15	-
	Pb_ppm	17	27	35	30.9	30.35	3.7	-
	Ag_ppm	17	3	4	3.37	3.17	0.4	-
	Cu_ppm	17	11700	11900	11400	11805	433	-
Silica sand	Au_ppb	391	0	306	<2	1.65	-	-
	Cu_ppm	391	0	64	<5	12.7	-	-
OREAS26a	Au_ppb	49	0	22	<1	0.48		1
	Zn_ppm	49	86	155	107	114	4.8	22
	Pb_ppm	49	2	32	2.73	11.3	0.35	-
	Cu_ppm	49	38	65	50	49.44	4.6	12
5Pa	Au_ppb	11	94	106	98	100.9	3.3	1

The 2011 drilling used 8 types of CRM totalling 315 samples (10% of all core samples from 2011 drilling) certified standards inserted at a rate of approximately 1:20. The 2012 drilling used 11 types of CRM totalling 383 samples (10% of all core samples from 2012 drilling) certified standards inserted at a rate of approximately 1:20 while 2014 drilling used 4 types of CRM totalling 157 samples (10% of all core samples from 2014 drilling).

Control charts of the standards are shown in detail in Shewhart plots for ore grade standards are shown on ***Figure 11-3.*** Analysis of these plots indicates that most results are within the upper and lower warning limits. The results again indicate the acceptable performance of the SGS laboratory.

The blank standards of silica sand have all reported below 0.018g/t Au.

Figure 11-3 External standard results from SGS

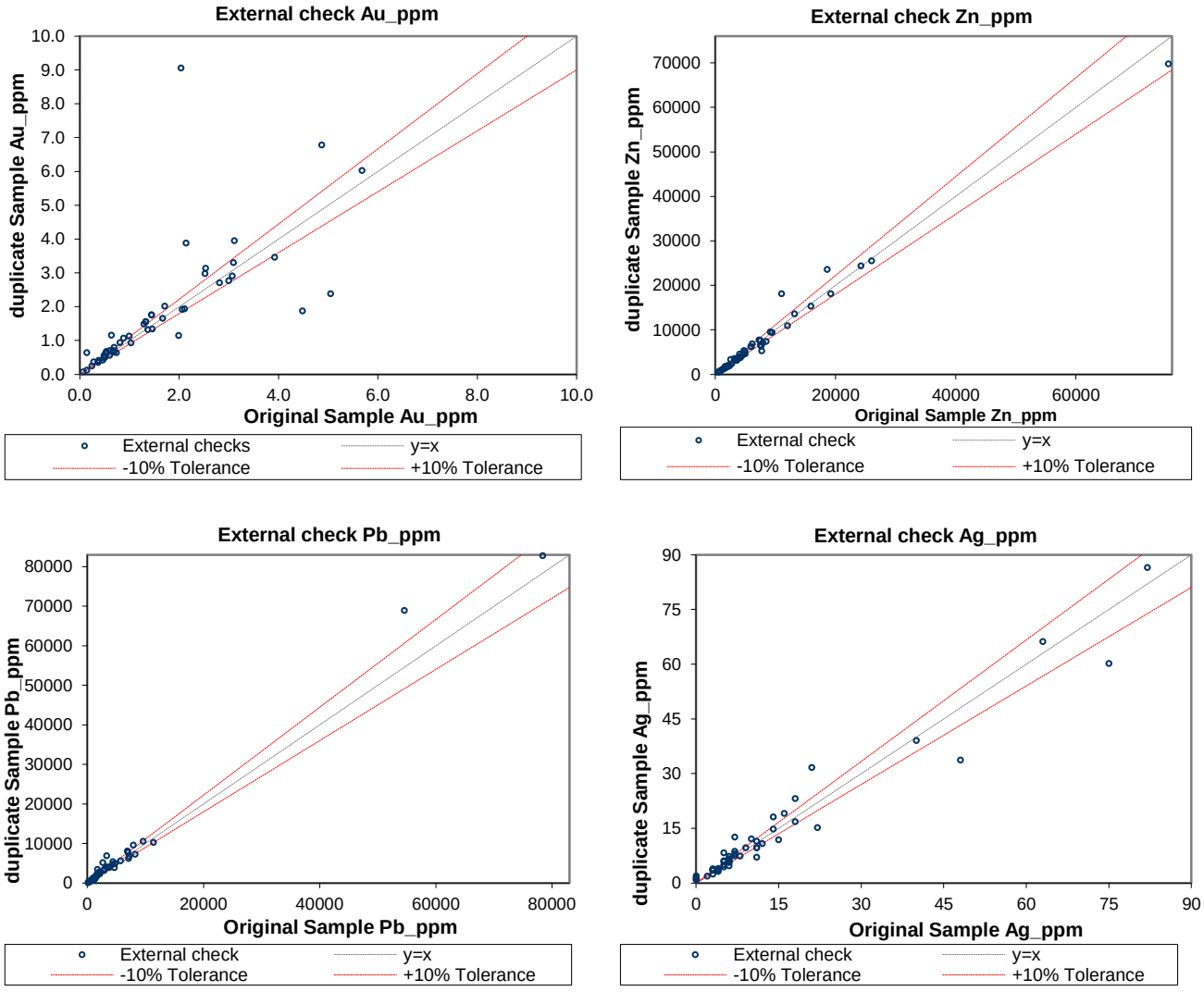


11.6.4 External Checks

External checks haven't been routinely carried out by the Company however RPM selected 53 samples from all phase of drilling and these are sourced from coarse rejects. Samples were used to determine if any assay bias exists between the two laboratories. Samples were analyzed at ALS Lab in Ulaanbaatar, Mongolia.

The results of the external repeats for Au, Zn, Pb and Ag are shown in the scatterplots in ***Figure 11-4***. The results indicate that the external check samples have negligible bias relative to the original assays especially for coarse reject samples. Base metal shows less scatter while gold shows more variability as would be expected from coarse reject material.

Figure 11-4 External repeats for Au, Zn, Pb and Ag

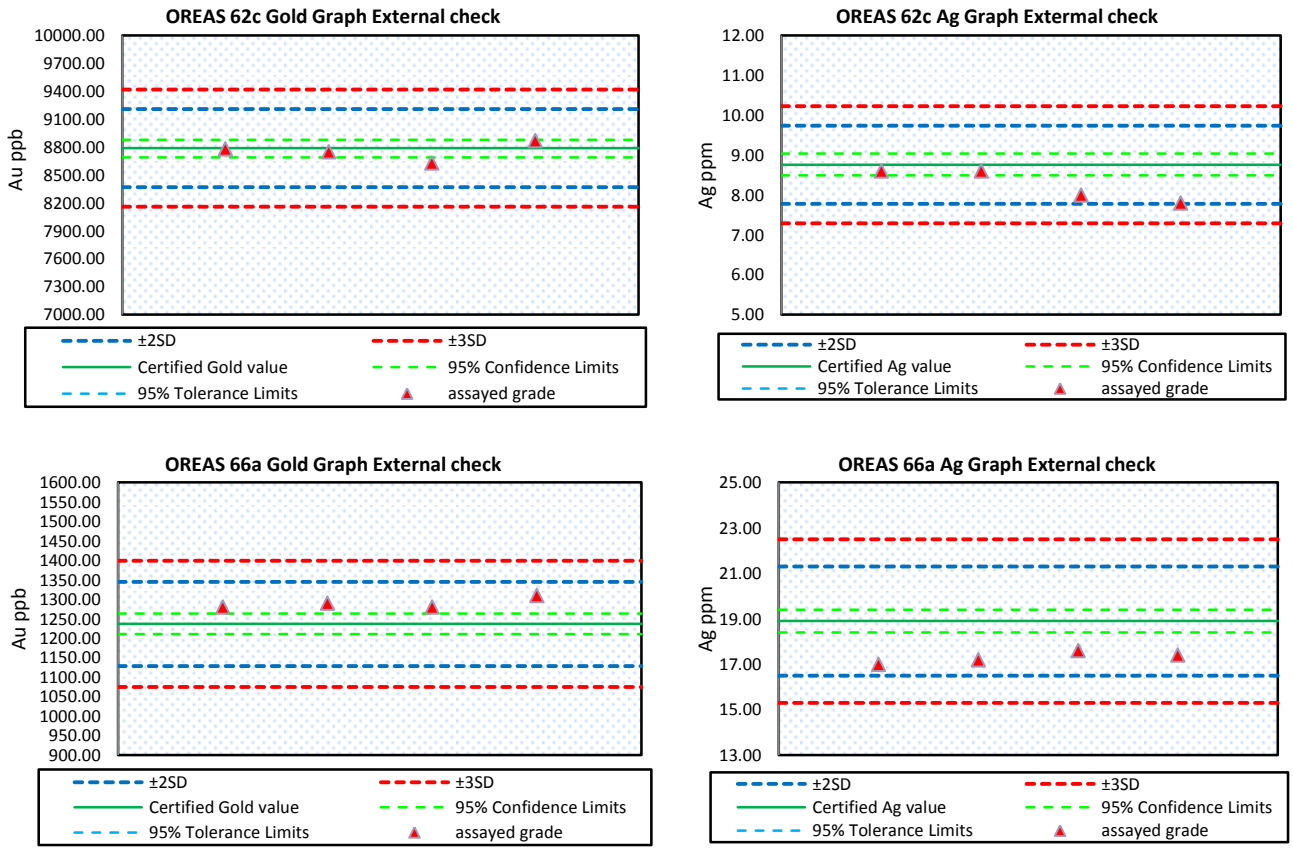


ERD inserted 3 types (Oreas62c, Oreas 66a and Oreas 26a -barren basalt) of standards for a total of 12 standards into the external checks and results are shown on ***Figure 11-5***.

Scatterplot indicates that all results were inside 2SD and this indicates that the ALS assaying procedures are of a high standard with good assay repeatability.

Barren basalts were also inserted and all reported below 0.01g/t.

Figure 11-5 External standard results from ALS



11.6.5 QA/QC Summary

ERD has carried out a program of QAQC for all phases of the drill program at the Altan Nar deposit. Industry CRMs were inserted at regular intervals and the results have, in the main, accurately reflected the original assays and expected values. Blank standards were sourced from silica sand and have all reported below 0.018g/t Au.

RPM's analysis of the internal repeat results for Au, Zn, Pb and Ag, show an acceptable correlation (most results within the 10 % error limits) with the original sample results. This indicates the sample pulps were reasonably homogenous after sample preparation resulting in high precision and repeatable sample assays. The results for the internal standards for Au, Zn, Pb and Ag were acceptable, as were the CRM results for Au, Zn, Pb and Ag. A recognised laboratory has been used for analysis of samples.

External checks by the company haven't been carried out routinely however RPM independently selected 53 samples from all phases of drilling and the results show scatter in gold but less scatter for base metals. Given the style of mineralisation and type of coarse reject sample taken RPM considers the result to within the acceptable range. As such RPM considers that the QAQC data indicates that primary laboratory and External lab showed no evidence of systematic bias and the samples are representative.

Overall, the QAQC data does not indicate any bias and supports the assay data used in the Mineral Resource estimate.

12 Data Verification

RPM conducted a review of the geological digital data supplied by ERD for the Altan Nar Project to ensure no material issues could be found and there was no cause to consider that the data was not accurate. RPM's review included a site visit undertaken from the 18th to 21st November 2014, and a desktop analysis.

ERD supplied RPM with a digital Access database with collar, survey, general lithology, RQD and sampling data. In addition, PDF files of original assay certificates from the SGS Laboratory were supplied along with cross sections of the drilling plotted with assay grades and interpretations. RPM checked all grades and orientation of the drilling against the original assay certificates and cross sections and found no inconsistencies. Hard copy logs were not supplied to RPM.

During this review RPM noted only minor inconsistencies in the provided data which were subsequently corrected in the digital database. The inconsistencies included mislabelled intervals of QA/QC data as well as lithology intervals.

RPM reviewed all QA/QC procedures carried out by ERD including a review of logging, sampling and sample preparation procedures; reviewed all technical data including geophysical and geochemical data; carried out an analysis of the analytical QA/QC results; and compared data sets with observations made in the field. RPM is satisfied that QA/QC procedures carried out by ERD conform to generally accepted industry standards and that the data used in this report is reliable.

The reviewed drilling database formed the underlying data for the independent NI43-101 Statement of Mineral Resources completed by RPM.

12.1 Database validation

RPM conducted a review of the geological digital data supplied by ERD for the Project to ensure no material issues could be found and there was no cause to consider that the data was not accurate.

RPM completed systematic data validation steps after receiving the database. Checks completed by RPM included:

- Down hole survey depths did not exceed the hole depth as reported in the collar table;
- Assay values did not extend beyond the hole depth quoted in the collar table; and
- Assay and survey information was checked for duplicate records.

No errors were noted by RPM.

12.2 Assessment of Database

The database review conducted by RPM shows that ERD has supplied a digital database that is largely supported by verified certified assay certificates, original interpreted sections, and sample books.

Based on the data supplied, RPM considers that the analytical data has sufficient accuracy to enable a Mineral Resource estimate for the Altan Nar Project.

13 Mineral Processing and Metallurgical Testing

Initially zones of high-As gold mineralisation were reported and tested at Altan Nar. However, additional drilling and trenching across the property has shown that this type of mineralisation is principally localised to the Discovery Zone south zone and is a later stage overprint of the more volumetrically extensive low - As gold mineralisation.

Two series of metallurgical testing have been carried out on drill core from the Altan Nar property. The first was a gold deportment testing program carried out in 2012 on a 3 m composite sample of Altan Nar drill core from hole TND-19 (Discovery Zone south). The sample contained very high concentrations of Au (17.9 g/t), Ag (14.0 g/t), Pb (0.30%), Zn (0.72%) and As (8.7%). This sample represents the highest grade mineralisation intersected to date and is not representative of the Altan Nar gold mineralisation as a whole. The analysis was carried out by ALS Ammtec in Perth, Australia. The sample underwent five separate sample preparation / acid digestion procedures designed to characterize the gold mineralisation and identify processing options.

The second phase of metallurgical testing (bottle roll cyanide leach) was completed in 2013 on a series of two to four metre drill core composites that were collected from drill holes from across the Altan Nar property. These samples represent mineralisation from the majority of the DZ and three additional prominent discoveries outside of the DZ - namely Union North, Union South and Riverside. The samples testwork was conducted by Actlabs Asia LLC.

13.1 Bottle Roll Testing

For the bottle roll metallurgical testing program, a number of core samples were composited with grades ranging from 0.7 to 11.6 g/t Au, containing varying amounts of associated sulphides. For the bottle roll test work, each core sample was crushed to minus 2 mm and ground to 95% passing 74 microns. Duplicate samples were analysed by fire assay to determine the average head grade of each sample. A 400 gram ground drill core composite sample was then bottle rolled at 50% solids in a dilute cyanide solution for 48 hours to extract the gold. Gold analyses were then undertaken on the solution samples taken after 24, 36 and 48 hours as well as the leached solids after 48 hours. Maximum or near maximum gold recoveries for these composites were typically reached within 24 hours.

The results indicate that, with the exception of localized overprinting gold-arsenopyrite breccia zones (high-As samples), the majority of the gold mineralisation tested by Actlabs is highly amenable to cyanidation. Excluding two samples from the over-printing high-As zone, 12 samples from across the Altan Nar property returned an average gold recovery of 81%. The 24 hour bottle roll results for this style of mineralisation are summarised in **Table 13-1**.

An analysis of the head assays versus the tailings assays, used as a check of the solution assays, demonstrated that on average 77% of the gold went into solution, indicating the solution assays are statistically accurate. Future projects will be designed to maximise recoveries through additional metallurgical testwork which would consider finer grind sizes, longer retention times and the use of lead nitrate.

The high-As breccia intersected in two holes in the southern part of the Discovery Zone, and the subject of testing by ALS Ammtec in 2012, also returned low gold recoveries when tested by Actlabs. These recoveries did not increase over time, and the maximum recovery was achieved within 24 hours. The results are reported in **Table 13-2**.

While the characterisation work completed by ALS Ammtec indicated that these ore types could be pre-treated with nitric acid (HNO_3) followed by cyanidation process to recover the gold locked within arsenopyrite, the more cost-effective ferric leaching route employing bacteria followed by cyanidation would also deliver high gold recoveries (>91%).

Table 13-1 24 Hour bottle roll results, low-As content samples

Target Zone	Composite – Drill Hole	Au g/t Fire Assay Average	24 Hour Recovery
Union South	Comp-TND29-03	6.97	97%
Central Discovery Zone	Comp-TND35-04	2.47	40%
North Discovery Zone	Comp-TND38-05	11.19	43%
North Discovery Zone	Comp-TND40-06	8.94	91%
North Discovery Zone	Comp-TND40-07	1.21	79%
South Discovery Zone	Comp-TND41-08	2.07	89%
Riverside	Comp-TND45-09	0.72	100%
Union North	Comp-TND46-10	5.43	86%
Union North	Comp-TND46-11	2.18	75%
North Discovery Zone	Comp-TND50-12	2.24	100%
North Discovery Zone	Comp-TND50-13	2.95	85%
North Discovery Zone	Comp-TND58-14	4.59	89%
		Average	81%

Source: Spreadsheet Summary of ActLab Bottle Roll Results, supplied by ERD (ActLab assay sheet and procedure were sighted and support this table)

Table 13-2. Hour bottle roll results, high-As content samples

Target Zone	Composite – Drill Hole	Au g/t Fire Assay Average	24 Hour Recovery
South Discovery Zone	Comp-TND09-01	2.79	28%
South Discovery Zone	Comp-TND09-02	8.90	10%

Source: Spreadsheet Summary of ActLab Bottle Roll Results, supplied by ERD (ActLab assay sheet and procedure were sighted and support this table)

13.2 Gold Deportment Study

A gold deportment characterisation program was carried out in 2012 on a 3 m composite sample of Altan Nar drill core from hole TND-19 (Discovery Zone south) that contained very high concentrations of Au (17.9 g/t), Ag (14.0 g/t), Pb (0.30%), Zn (0.72%) and As (8.7%). This sample represents the highest grade mineralisation intersected to that point in time and is not representative of the Altan Nar gold mineralisation as a whole. The analysis was carried out by ALS Ammtec in Perth, Australia. The sample underwent five separate sample preparation / acid digestion procedures designed to characterise the gold mineralisation and identify processing options.

The analysis indicated that this type of gold mineralisation is mostly associated with arsenopyrite (91.6%) with minor amounts as free grains (3.7%), or tied up in carbonate (1.7%), pyrite (1.2%) and silicate minerals (1.8%).

Preliminary assessment of Altan Nar metallurgy indicates several processing options, including:

- Bio-hydrometallurgical (BIOX) Processing – Biox is a well-known process that is used to treat arsenic bearing ores, where bacteria assist in the ferric leaching process that releases the contained gold for leaching. High As concentrations are problematic for BIOX processing (>4% As). However high As ores could be blended with lower grade As material to achieve an acceptable upper As limit. A possible flow sheet could consist of milling-Biox leach-cyanide leach. A feature of the process is the capture of arsenic as the environmentally benign scorodite.

- Pre-concentration by flotation or gravity would reduce the volume of material to be processed (possibly 5% of the plant feed) and reduce both capital and operating costs. The concentrate would undergo Pressure Oxidation (POX) Processing which would also release the carbonate hosted gold, thus adding 1.7% to the overall gold recovery (i.e. up to 98%). POX requires an oxygen source, such as a PSA (Pressure Swing Adsorption) unit. The resulting 'POX' flow sheet process would therefore be milling-pre-concentration-POX-cyanide leach. Arsenic is also tied up as scorodite.

13.3 Reasonable Expectation of Acceptable Metallurgical Recovery

RPM has concluded that recovery rates of greater than 80% are likely achievable for the low arsenic material using a CIL plant, with up to 95% achievable for the high-gold/high-arsenic mineralisation from using proven pressure oxidation processing techniques.

Metallurgical test work carried out to date on both low and high-As samples from the Altan Nar property have returned encouraging results. However, additional metallurgical test work, on samples representative of both ore-types, should be carried out to determine the optimum recoveries for not only gold but also potentially significant by-product silver, lead and zinc. Improving the gold recoveries of samples Comp-TND35-04 and Comp-TND38-05 would also be on the test work agenda. This information is critical in determining resource potential and production costs associated with future resources estimates, feasibility studies and mine planning.

14 Mineral Resource Estimates

A Mineral Resource estimate has been independently completed by RPM in accordance with the guidelines CIM Definition Standards. Information contained in this Report is based on information provided to RPM by ERD and verified where possible by RPM. All statistical analysis and mineral resource estimations were carried out by RPM. RPM developed three dimensional digital resources for the concentration of the Au, Ag, Zn, and Pb metal and developed the resource estimates based on the statistical analysis of the data provided. RPM considers the Mineral Resource estimate meets general guidelines for CIM Definition Standards compliant resources for the Measured, Indicated and Inferred confidence levels.

14.1 Data

14.1.1 Sample Data

An Access drill hole database was compiled by RPM and included tabulated information for collar, assay, survey, and lithology. All Mineral Resource estimation work conducted by RPM was based on data received as at 19th February, 2015. RPM received Excel spreadsheets containing information on the location and sampling carried out for 39 trenches across the deposit. This information was loaded into the Access database and used by RPM as additional information to that of the drill holes.

The ERD database contains the records from 71 diamond drill holes ("DD") for a total of 10,819 m and 39 trenches for a total of 2,927 m. A summary of the drill hole database is shown in ***Table 14-1***.

Table 14-1. Altan Nar Project - Summary of Data Used in Resource Estimate

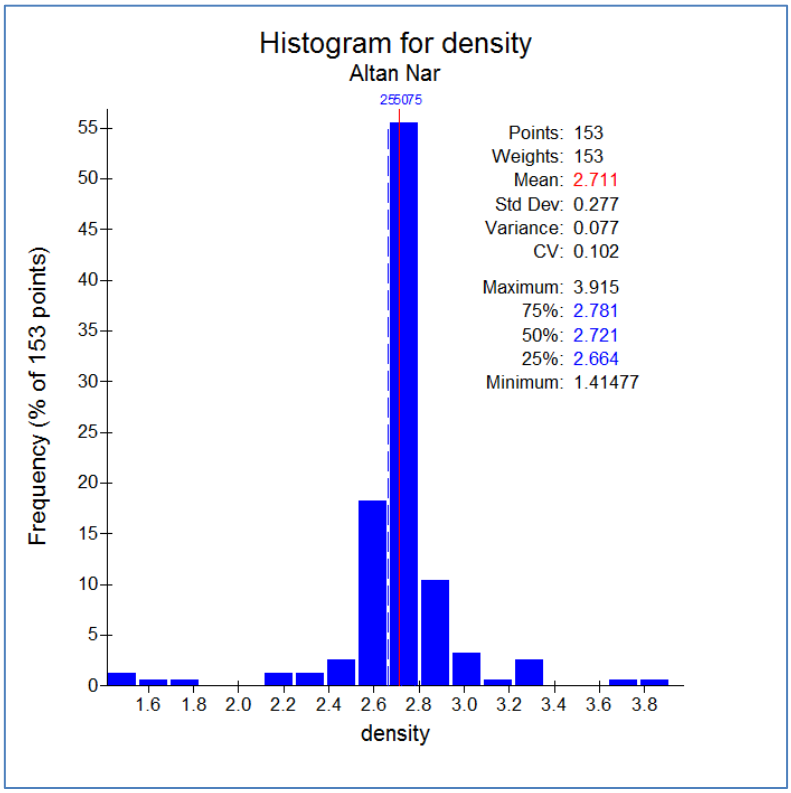
Hole Type	In Database		
	Number	Total Length (m)	Un-sampled Intervals (m)
Surface DD	71	10,819	866
Trench	39	2,927	0
Total	110	13,746	866

No data was excluded from the model, however a number of intervals were un-sampled during sample processing. ERD has indicated that the majority of these intervals occur where barren dykes are encountered and no assaying is conducted on those samples. These un-sampled intervals were all assigned zero grade.

14.1.2 Bulk Density Data

A total of 153 bulk density determinations have been completed by ERD with the determinations ranging from 1.42 t/cu.m to 3.92 t/cu.m normally distributed about a mean of 2.7 t/cu.m (***Figure 14-1***). RPM considers these determinations are representative of the underlying geology and, as a result, are representative of the deposit.

Figure 14-1. Altan Nar Project - Histogram of Bulk Density.



14.2 Geology and Resource Interpretation

As noted previously, host lithologies are principally intermediate (andesitic) volcanic and volcaniclastic units that have been pervasively altered (propylitic alteration with chlorite, epidote, carbonate). The presence of Cu-Pb-Zn sulphides and Ag-bearing minerals throughout the volcanic rocks at the Project demonstrates widespread alteration of the volcanic pile by metal-rich epithermal fluids. In addition, widespread evidence for magnetite destruction ('martitization') was noted in the host lithologies. This feature is thought by ERD to reflect widespread epithermal fluid alteration. There is clear evidence of multi-stage quartz veining, brecciation and gold-silver-base metal mineralisation at the Project.

Altan Nar is interpreted to be an intermediate-sulphidation epithermal deposit with some minor low- and high-sulphidation affinities. Mineralogical and geological features of Altan Nar that are consistent with intermediate sulphidation deposits, include:

- mineralisation occurs mostly in veins and breccias (with evidence of multiple brecciation events);
- veins with quartz and manganiferous carbonates host the Au mineralization;
- Au is present as native metal with a variety of base metal sulfides and sulfosalts (e.g. Pb- and Sb sulphosalts identified by SGS);
- low-Fe sphalerite, tetrahedrite-tennantite (tentatively identified optically at MUST) and galena often dominate in base metal assemblages;
- Au-bearing veins can show classical banded crustiform-colloform textures; and
- phyllic alteration associated with mineralized zones, consisting of quartz-sericite (i.e. illite)-pyrite.

Additionally, a few features are consistent with low-sulphidation epithermal mineral deposits (e.g. sharp-boundary quartz veins, chalcedony, common sphalerite and galena and potassic alteration). In contrast, a few features suggest high-sulphidation affinities, including, such as the ubiquitous presence, albeit in low modal concentrations, of Cu-sulphide minerals and high concentrations of Mo in a few samples.

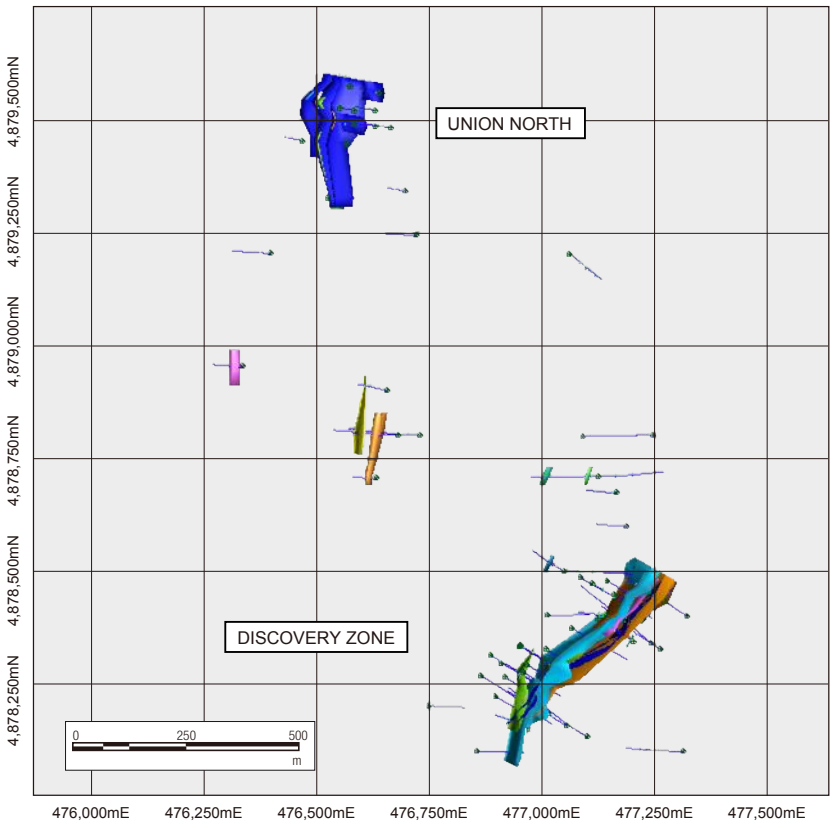
Exploration to date has been targeting gold-silver-zinc-lead mineralisation associated with comb quartz and chalcedony veins, quartz breccias and breccia zones with associated phyllic alteration zones (quartz-sericite-pyrite) within widespread propylitic (epidote-chlorite-montmorillonite/illite) alteration of host andesite and andesite tuff units. Gold-polymetallic mineralisation has been intersected in drilling and trenching within broad zones of zinc-lead mineralisation.

RPM used a 0.3 g/t Au cut-off to delineate the gold mineralised lodes at Altan Nar, based on statistical analysis of all samples at the Project. A minimum width of 2m was applied. In addition, zinc/lead mineralised lodes were interpreted using a 1,200 ppm Zn cut-off, again based on statistical analysis, in conjunction with observed down hole logging of alteration zones. At Union North, the gold lodes were wholly confined within the base metal lodes, however, at Discovery Zone the gold mineralisation appears to be independent of the zinc/lead enriched zones. Individual gold lodes tend to cut across zinc/lead lodes, and in some cases are completely outside and independent of base metal enriched areas.

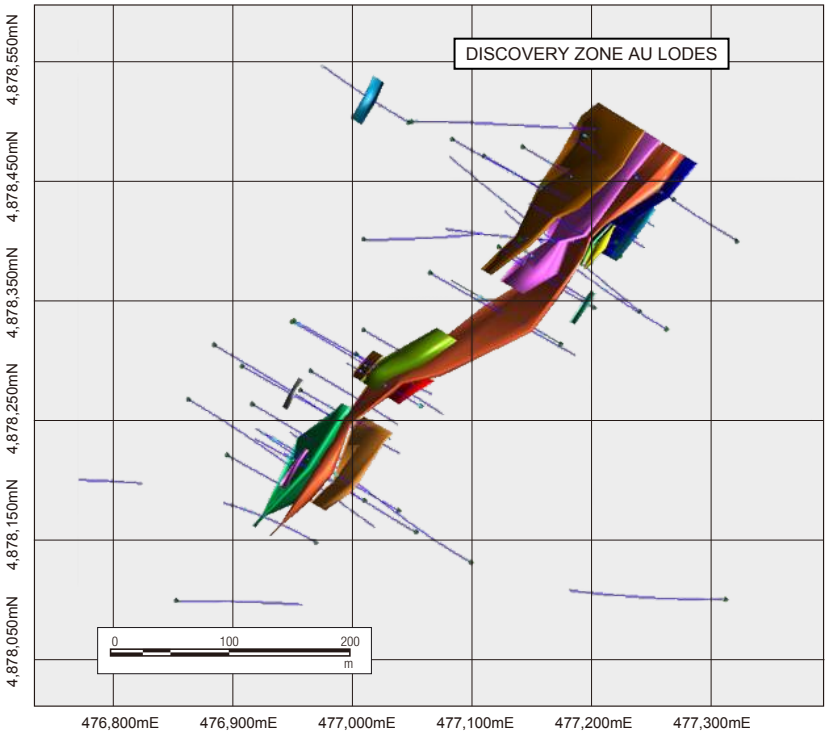
The extent of the interpreted domains, and drilling at Altan Nar are shown in ***Figure 14-2*** to ***Figure 14-5***. The mineralised lodes have been depicted in different colours to distinguish individual lodes. The colouring has no other significance and is a reflection of the software utilised (Surpac).

Representative sections at each of the prospects are shown in ***Figure 14-6*** to ***14-7.***

Altan Nar Mineralised Lodes and Drilling – Plan View



Gold Lodes and Drilling at Discovery Zone Prospect – Plan View



LEGEND

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CLIENT

Erdene Resource Development

PROJECT

NAME

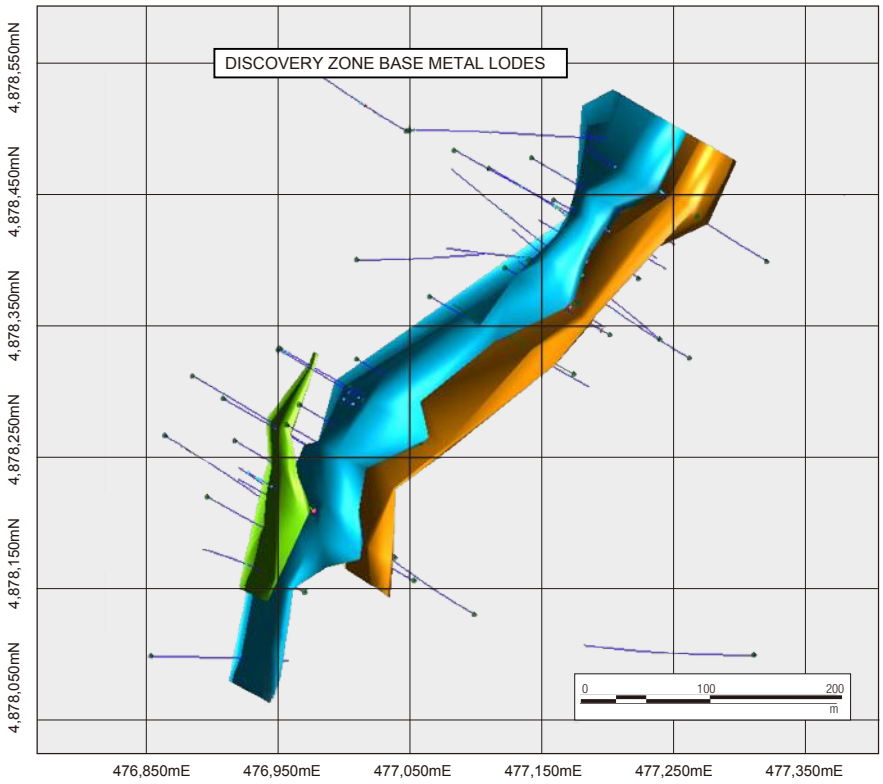
ALTAN NAR GOLD PROJECT

DRAWING

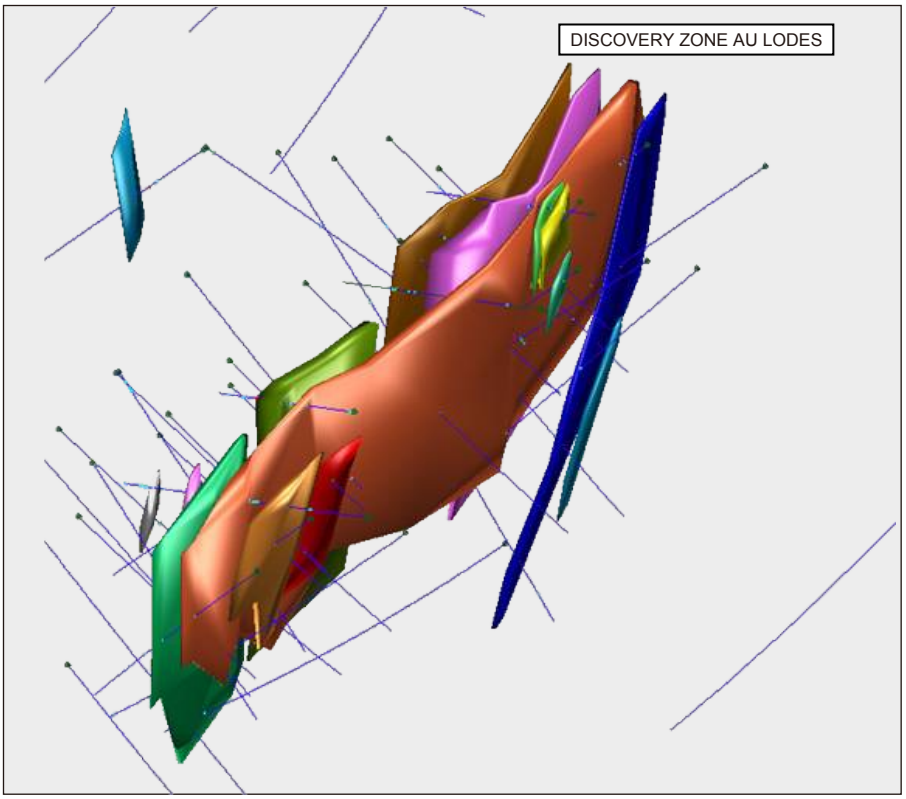
Altan Nar Mineralised Lodes and Drilling

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-2	ADV-HK-00072	March.2015	Runge Pincock Minarco

Base Metal Lodes and Drilling at Discovery Zone Prospect – Plan View



Gold Lodes and Drilling at Discovery Zone Prospect – Oblique View Looking NW



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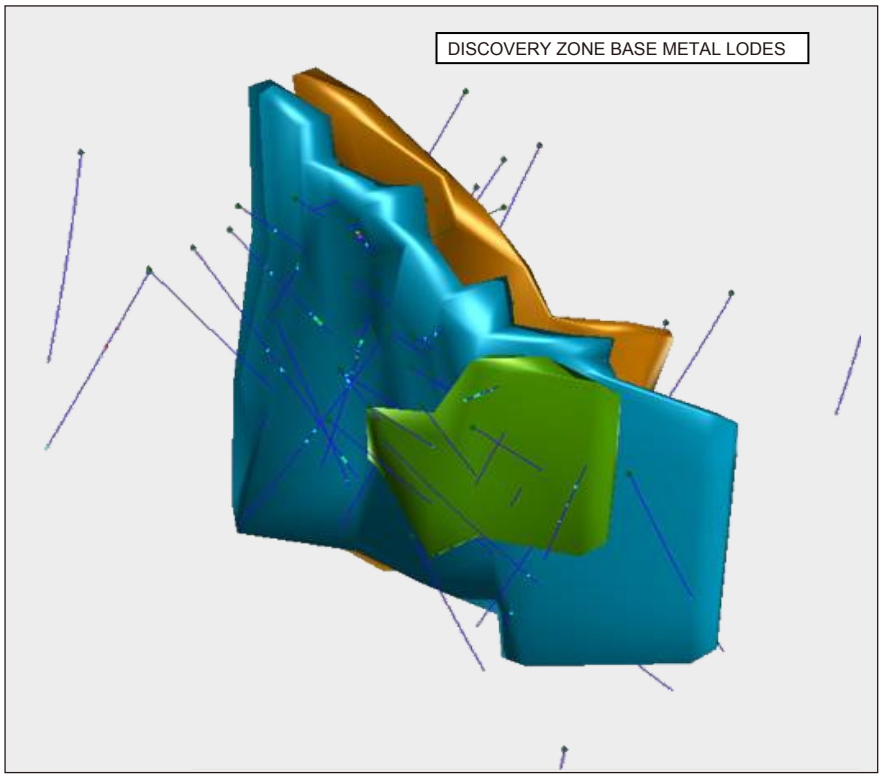
NAME: ALTAN NAR GOLD PROJECT

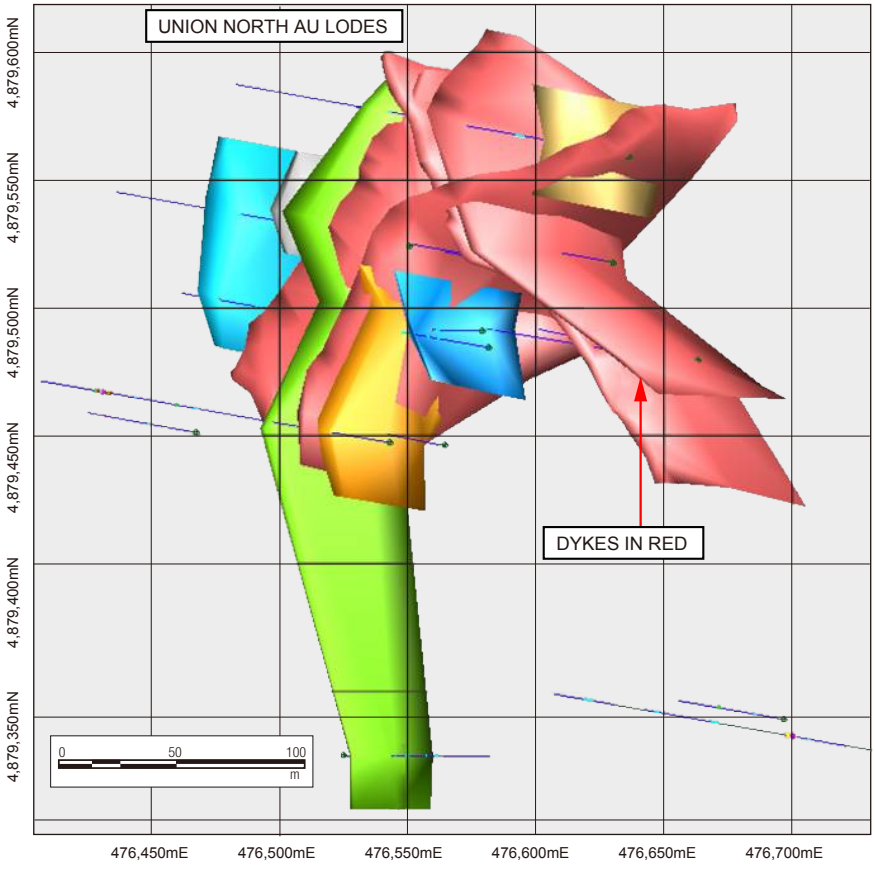
DRAWING: Base Metal Lodes and Drilling at Discovery Zone Prospect

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-3	ADV-HK-00072	March.2015	Runge Pincock Minarco

Base Metal Lodes and Drilling at Discovery Zone Prospect – Oblique View Looking NE



Gold Lodes, Dykes, and Drilling at Union North Prospect – Plan View



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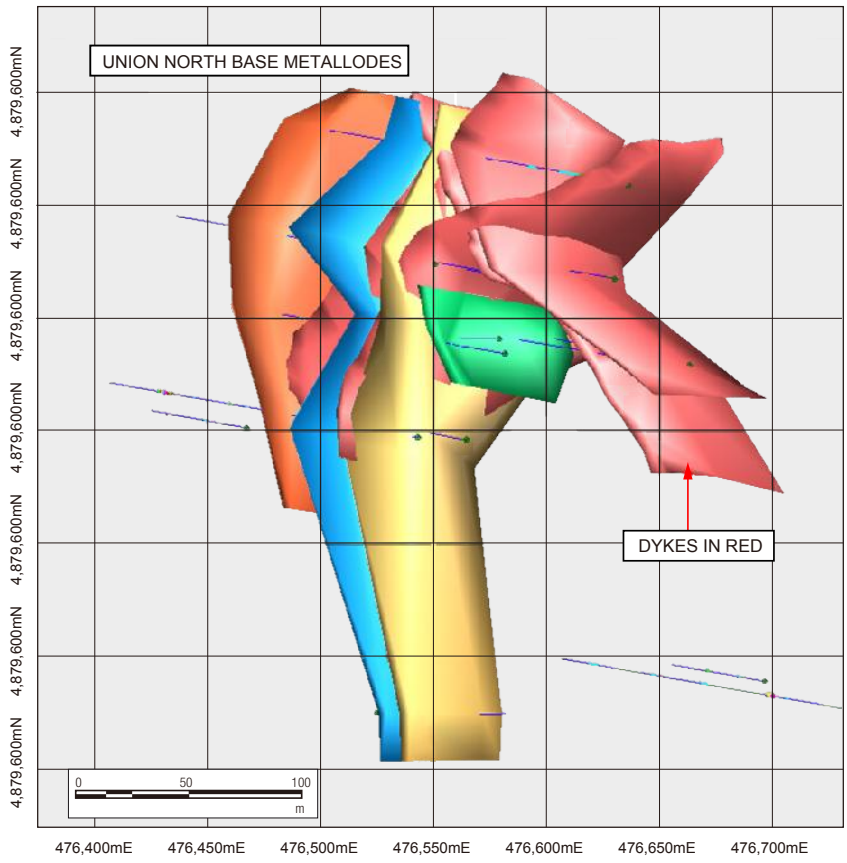
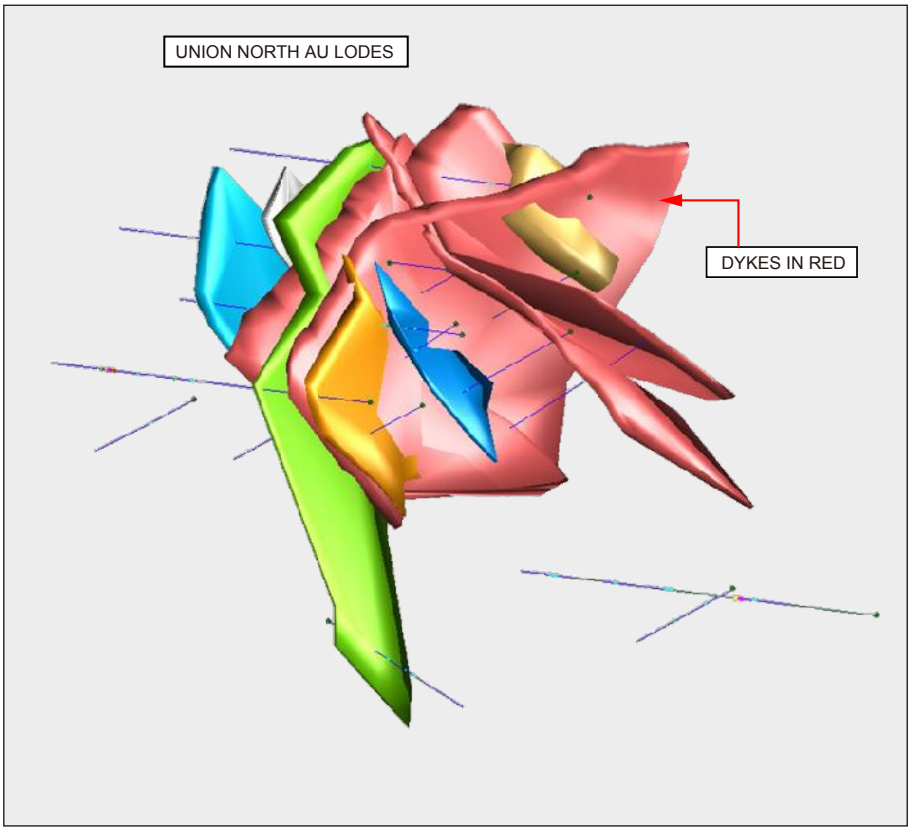
Base Metal Lodes and Drilling at Discovery Zone and Union North Prospect

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-4	ADV-HK-00072	March.2015	Runge Pincock Minarco

Base Metal Lodes, Dykes, and Drilling at Union North Prospect – Plan View



Gold Lodes, Dykes, and Drilling at Union North Prospect – Oblique View Looking North



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ALTAN NAR GOLD PROJECT

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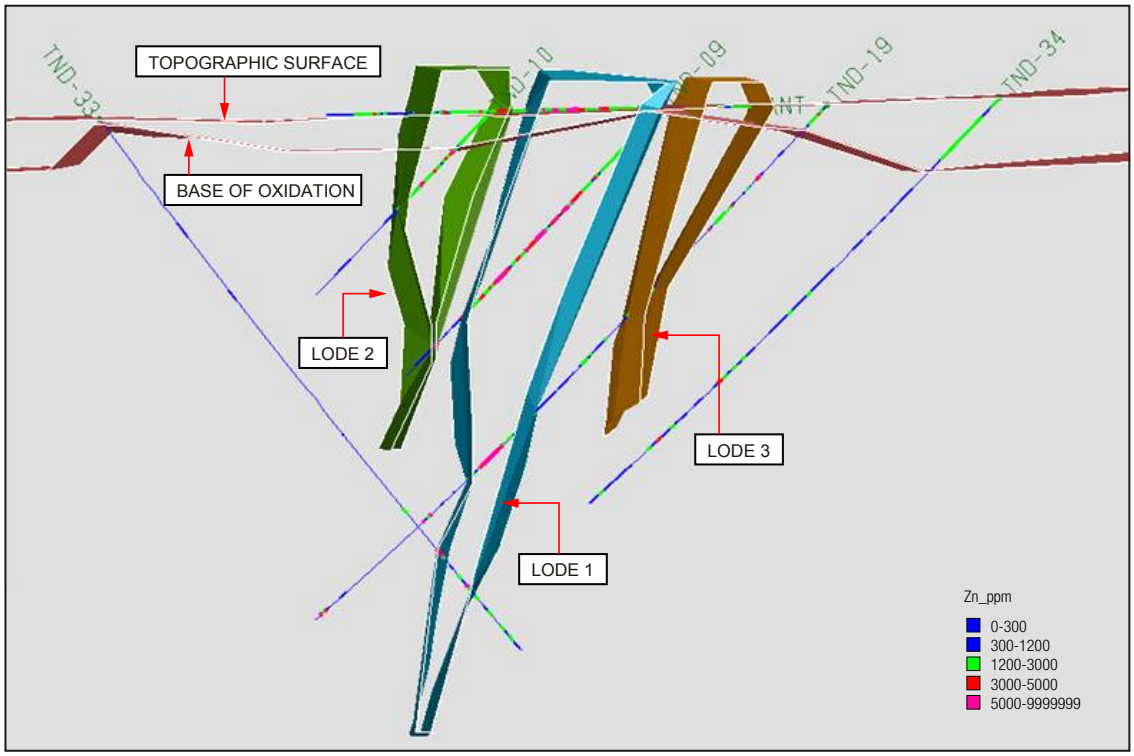
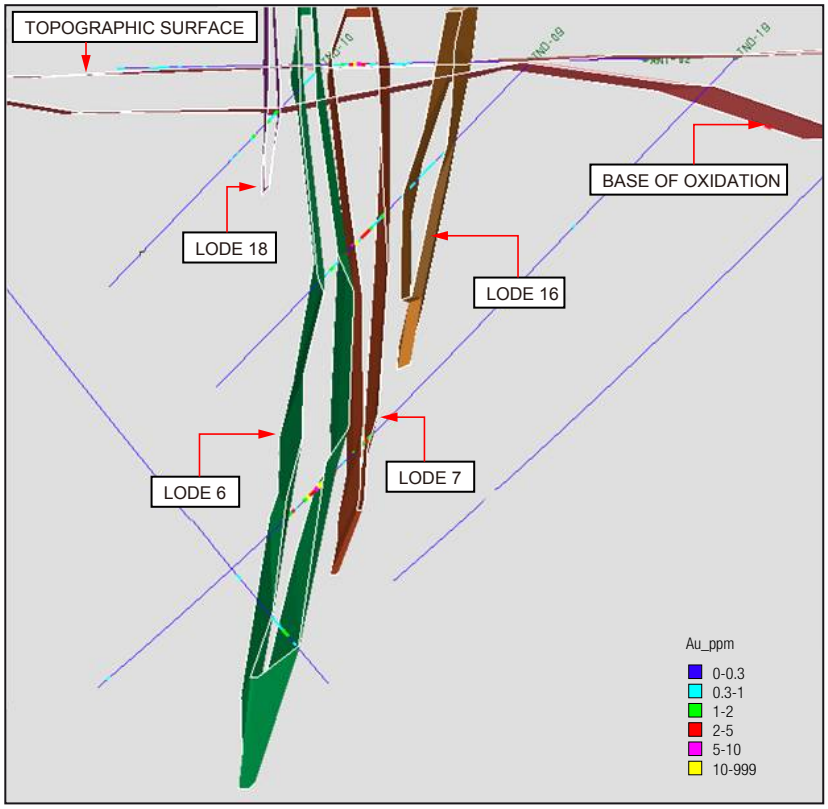
Gold and Base Metal Lodes, Dykes, and Drilling at Union North Prospect

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-5	ADV-HK-00072	March.2015	Runge Pincock Minarco

Typical Section at Discovery Zone – Base Metal Lodes



Typical Section at Discovery Zone – Gold Lodes



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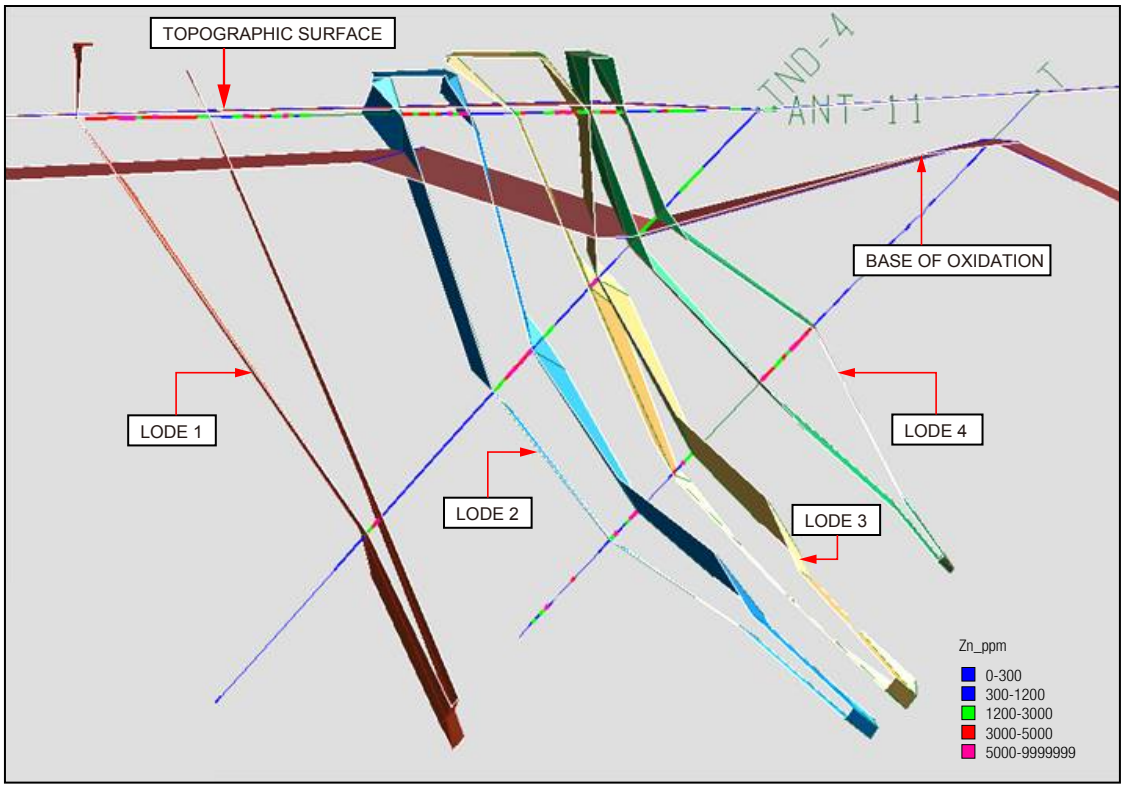
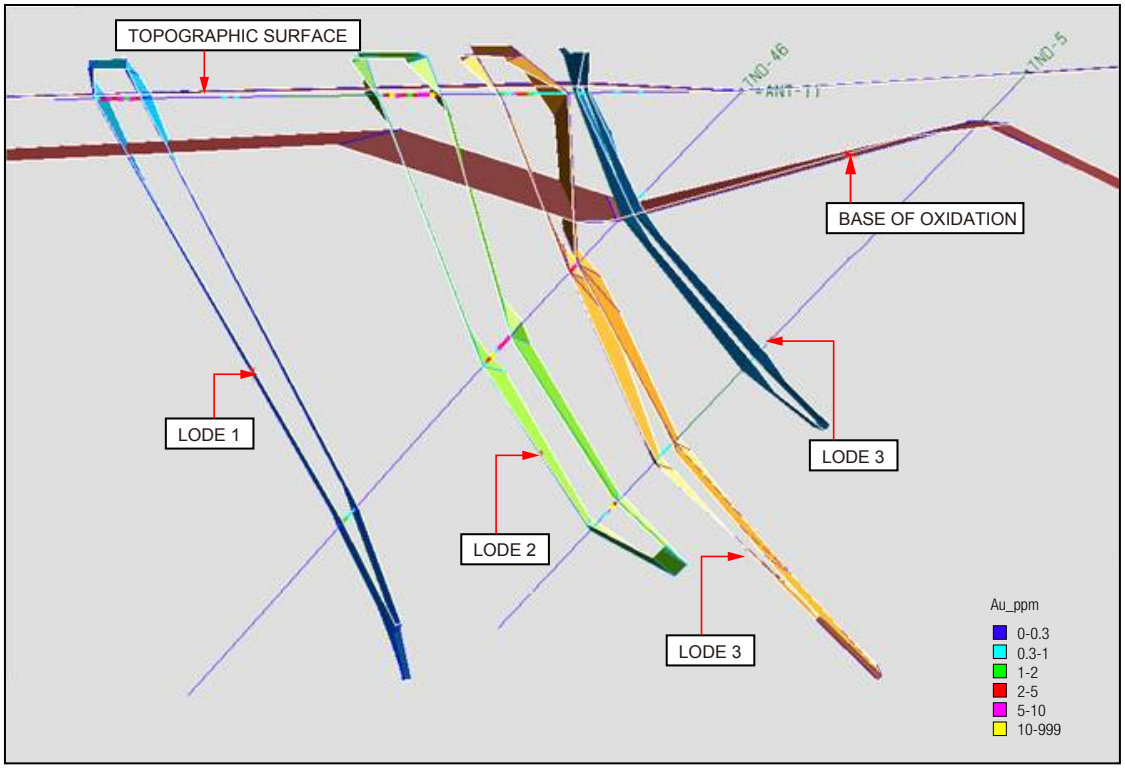
Typical Section at Discovery Zone

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-6	ADV-HK-00072	March.2015	Runge Pincock Minarco

Main Section at Union North – Base Metal Lodes



Main Section at Union North – Gold Lodes



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Main Section at Union North

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-7	ADV-HK-00072	March.2015	Runge Pincock Minarco

RPM interpreted the base of weathering from the supplied lithological logs and constructed a Surpac digital surface representing the base of oxidation (BOX).

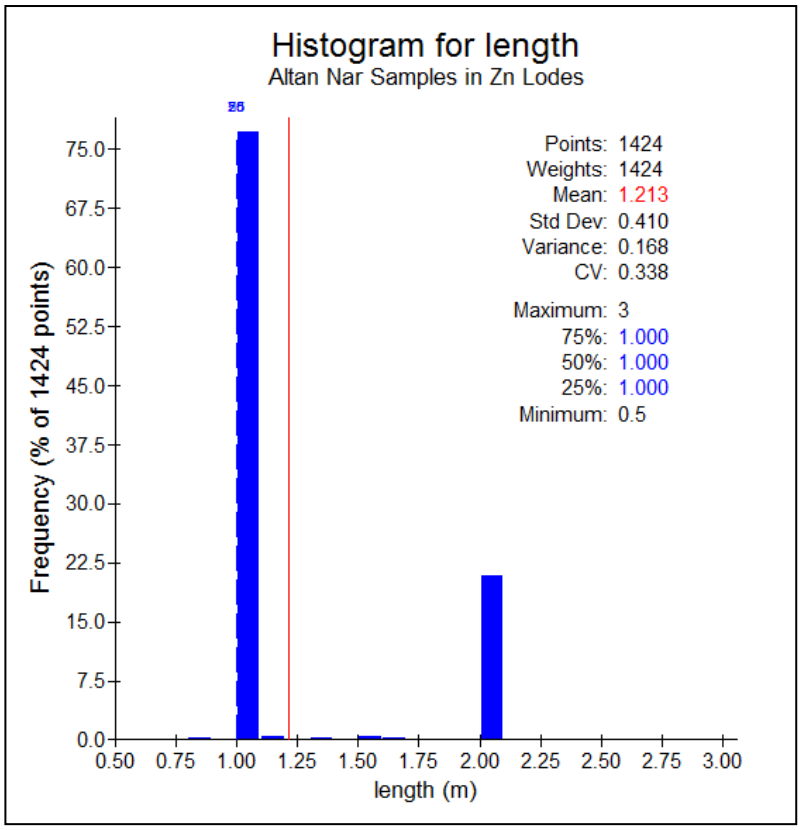
14.3 Sample Statistics

14.3.1 General

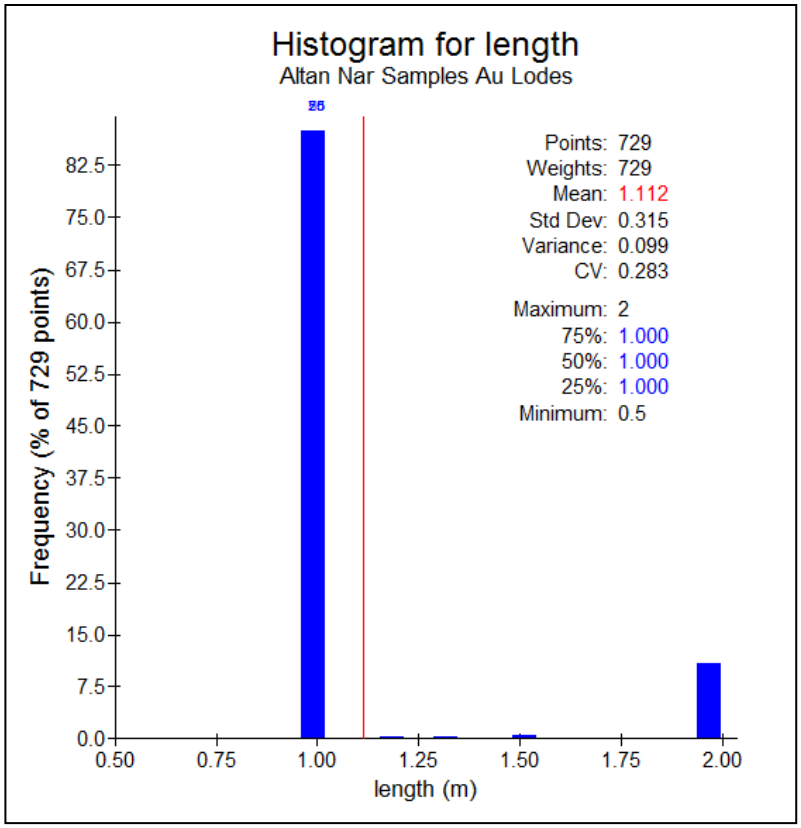
The mineralised lode interpretations were used to code the drill hole database to allow identification of the resource domains. Separate intersection files were generated for each resource domain. A review of sample length within these files was carried out to determine the optimal composite length. This review determined that a variety of sample lengths were used during the sampling, these lengths ranged from less than 0.5 m to 3 m. The majority of sample lengths within the gold lodes were 1 m whilst 22% of the samples within the base metal lodes were taken at 2m lengths. RPM decided upon a 1 m composite length for the gold domains, and a 2m composite length for the base metal lodes. Composites were generated using the 'best fit' method in Surpac software.

The composites were checked for spatial correlation with the surfaces, the location of the rejected composites and zero composite values. The range of lengths lying inside the resource lodes is shown in ***Figure 14-8***.

Histogram of Sample Lengths Within Altan Nar Base Metal Lodes



Histogram of Sample Lengths Within Altan Nar Gold Lodes



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ALTAN NAR GOLD PROJECT

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Histogram of Sample Lengths

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-8	ADV-HK-00072	March.2015	Runge Pincock Minarco

14.3.2 Deposit Statistics

All composite sample data for the Project were imported into Supervisor Software for analysis. Statistics were produced for the Au, As, Ag, Cu, Zn and Pb composites within each domain at each prospect (Union North and Discovery Zone), as shown in ***Tables 14-2*** to ***14-6*** Summary statistics were produced for 1 m composites in the gold lodes and for 2 m composites within the base metal lodes. The majority of gold lodes occur within the base metal lodes so separate summary statistics were produced for Au and As within the base metal lodes exclusive of the gold lodes.

Table 14-2. Altan Nar Project - Summary of Data Used in Resource Estimate

Statistic	Au Cut g/t	Ag Cut g/t	As Cut ppm	Cu Cut ppm	Zn Cut ppm	Pb Cut ppm
Number	793	793	793	793	793	793
Minimum	0.01	0.00	0	0	77	11
Maximum	50.40	334.00	119,000	11,900	170,000	126,000
Mean	1.72	13.87	4,839	272	5,559	4,331
Std Dev	3.33	26.88	10,833	722	10,442	9,118
Coeff Var	1.94	1.94	2.2	2.7	1.9	2.1
Percentiles						
10%	0.2	0.0	100	43	976	286
20%	0.3	2.0	161	61	1,460	568
30%	0.4	3.0	280	79	1,950	888
40%	0.5	5.0	517	96	2,476	1,180
50%	0.7	6.0	1,030	113	3,060	1,540
60%	1.0	8.0	2,210	142	3,710	2,050
70%	1.3	11.0	4,230	185	4,880	3,180
80%	2.1	16.0	7,040	274	6,100	5,200
90%	3.9	30.0	12,900	518	9,880	9,400
95%	6.5	57.0	18,400	883	17,900	18,300
97.50%	11.0	79.0	25,100	1,370	29,000	28,200
99%	15.1	123.0	53,000	2,860	52,700	45,800

Table 14-3. Descriptive Statistics for Gold Domain – Union North

Statistic	Au Cut g/t	Ag Cut g/t	As Cut ppm	Cu Cut ppm	Zn Cut ppm	Pb Cut ppm
Number	206	206	206	206	206	206
Minimum	0.08	0.00	34	2	436	141
Maximum	46.00	349.00	34,100	1,700	112,000	326,000
Mean	3.16	12.57	1,804	190	8,145	16,571
Std Dev	5.33	37.80	3,564	263	13,924	41,686
Coeff Var	1.7	3.0	2.0	1.4	1.7	2.5
Percentiles						
10%	0.3	0.0	53	4	1,100	600
20%	0.5	0.0	70	13	1,500	980
30%	0.5	2.0	182	38	2,100	1,357
40%	0.7	3.0	277	61	2,660	1,980
50%	1.0	4.0	336	76	4,040	2,680
60%	1.6	5.0	520	112	5,630	4,010
70%	2.3	8.0	1,060	147	7,550	5,986
80%	3.4	13.0	2,250	180	9,570	9,320
90%	5.2	23.0	5,170	444	21,600	22,500
95%	9.1	28.0	6,210	599	30,100	29,600
97.50%	12.5	34.0	9,086	1,030	31,900	34,000
99%	15.3	44.0	14,744	1,310	49,600	50,300

Table 14-4. Descriptive Statistics for Base Metal Domain – Discovery Zone

Statistic	As Cut ppm	Cu Cut ppm	Zn Cut ppm	Pb Cut ppm
Number	890	890	890	890
Minimum	0	10	140	9
Maximum	95,966	6,057	58,427	68,946
Mean	2,207	193	4,114	2,822
Std Dev	6,973	416	5,460	5,335
Coeff Var	3.2	2.2	1.3	1.9
Percentiles				
10%	60	44	1,252	283
20%	81	59	1,490	470
30%	104	74	1,780	681
40%	152	89	2,178	900
50%	245	104	2,606	1,175
60%	444	124	3,120	1,570
70%	825	153	3,860	2,155
80%	2,005	205	5,012	3,550
90%	5,769	338	7,718	6,390
95%	10,800	549	12,150	10,550
97.50%	15,000	855	16,705	16,210
99%	32,050	1,850	32,295	29,565

Table 14-5. Descriptive Statistics for Base Metal Domain – Union North

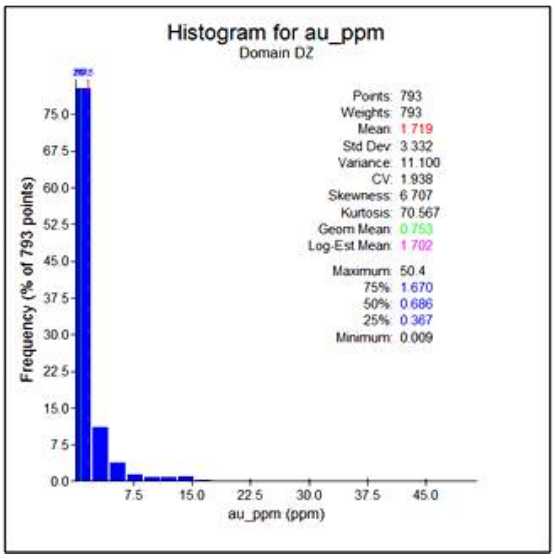
Statistic	As Cut ppm	Cu Cut ppm	Zn Cut ppm	Pb Cut ppm
Number	252	252	252	252
Minimum	19	10	285	0
Maximum	21,125	1,150	95,000	242,000
Mean	884	143	5,694	7,808
Std Dev	2,111	156	9,493	25,240
Coeff Var	2.4	1.1	1.7	3.2
Percentiles				
10%	72	49	1,480	314
20%	105	60	1,860	551
30%	147	71	2,165	870
40%	187	80	2,630	1,229
50%	229	93	3,200	1,776
60%	323	111	3,730	2,910
70%	457	134	4,691	3,905
80%	870	173	6,430	6,130
90%	2,078	279	12,041	18,395
95%	3,705	495	17,488	25,350
97.50%	5,940	663	25,700	44,550
99%	11,920	872	62,150	169,500

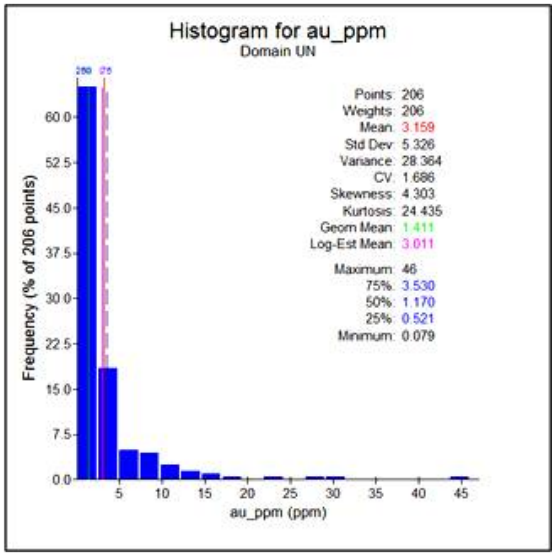
Table 14-6. Descriptive Statistics for Base Metal Domain Exclusive of Gold Lodes

Statistic	DZ Base lodes		UN Base lodes	
	Au Cut g/t	As Cut ppm	Au Cut g/t	As Cut ppm
Number	558	558	158	158
Minimum	0	0	0	19
Maximum	4.87	9,258	3.25	2,007
Mean	0.15	408	0.14	254
Std Dev	0.33	875	0.3	320
Coeff Var	2.27	2.1	2.2	1.3
Percentiles				
10%	0	46	0	60
20%	0	65	0	78
30%	0	81	0	108
40%	0.1	96	0.1	131
50%	0.1	118	0.1	173
60%	0.1	175	0.1	197
70%	0.1	260	0.1	227
80%	0.2	465	0.2	284
90%	0.3	921	0.2	497
95%	0.4	1,694	0.6	870
97.50%	0.6	3,066	0.8	1,620
99%	1.1	5,152	1.4	1,920

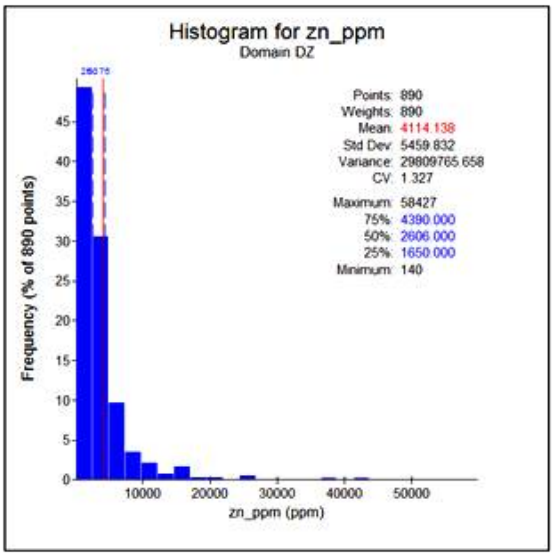
Analysis of the descriptive statistics indicates that the elements within each domain appear to have a log normal distribution with moderate to high variability. A large range, coefficient of variation and variance is seen in the base elements. This interpretation is further supported when the log probability plots and histograms are analysed (***Figure 14-9*** to ***14-10***), resulting in the interpretation that all elements have a relatively lognormal distribution and a highly positively skewed distribution as would be expected with the style of mineralisation observed within the deposit. The distribution for the Zn and Pb elements appear to have a long upper tail which varies slightly from the Au dataset.

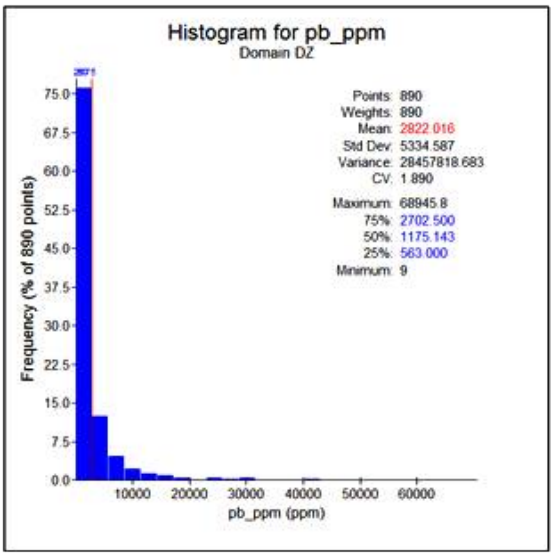
Histograms for Au Within Gold Lodes

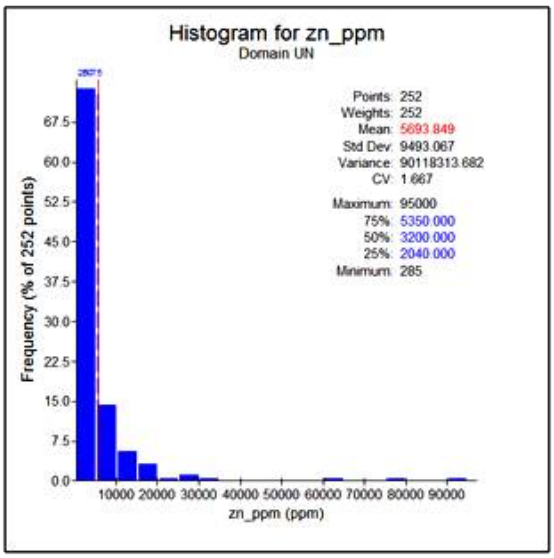


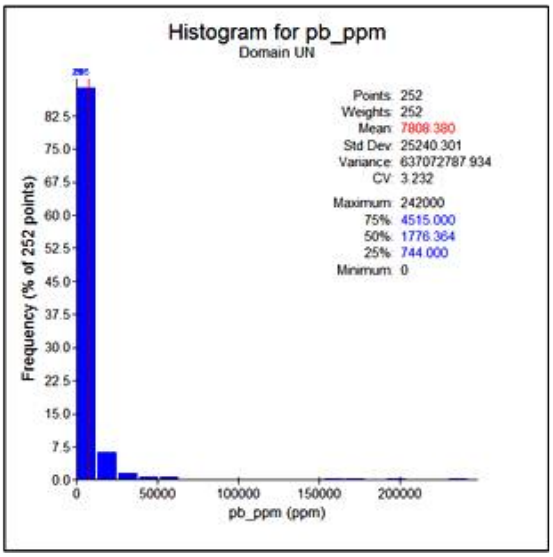


Histograms for Zn and Pb Composites Within Base Metal Lodes









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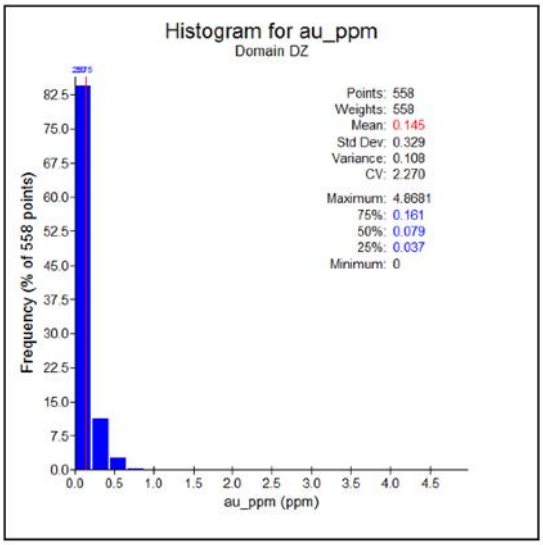
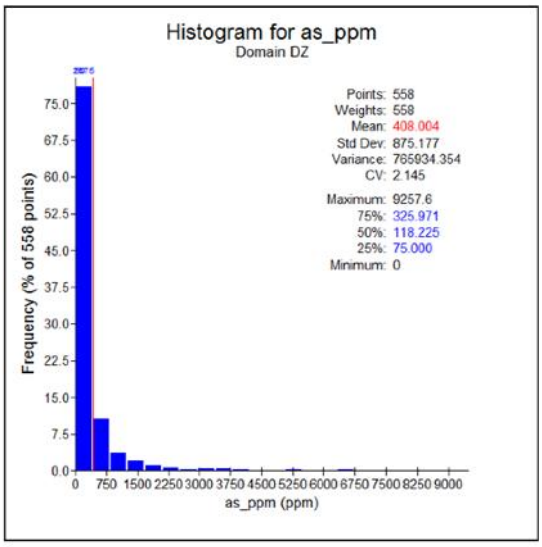
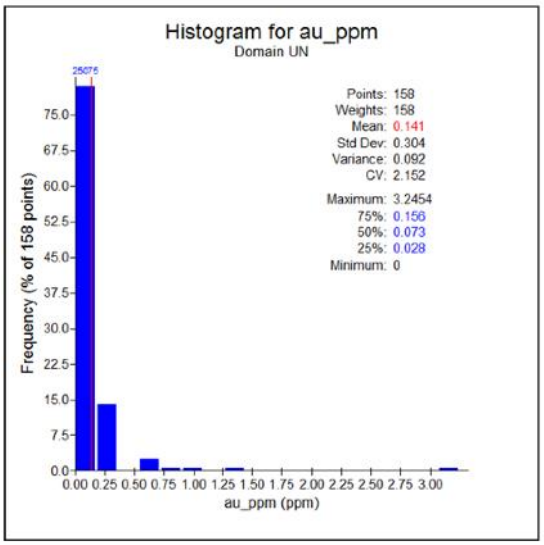
Histograms for Au and Base Metals

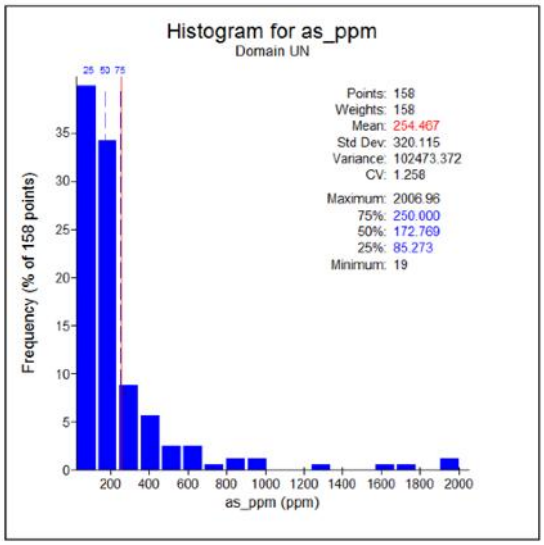
FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-9	ADV-HK-00072	March.2015	Runge Pincock Minarco

Histograms for Au and As Composites Within Base Metal Lodes – Excludes Gold Lodes

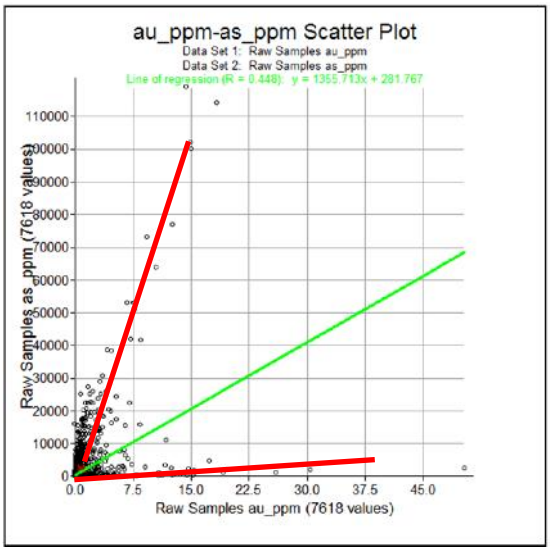


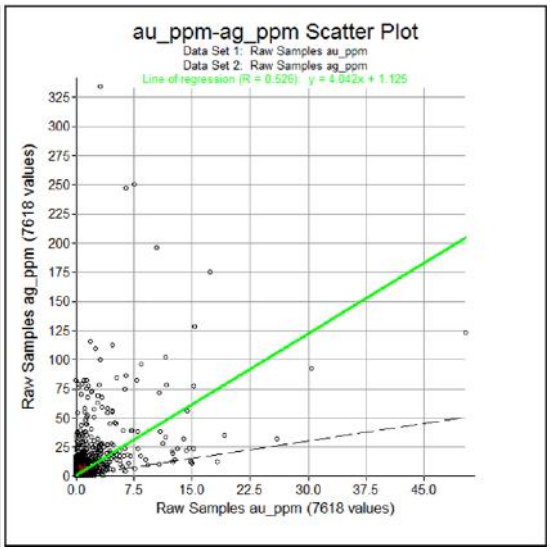






Altan Nar Project - Correlation Scatter Plots for Au, As, and Ag





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Histograms for Au and As Composites Within Base Metal Lodes – Excludes Gold Lodes

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-10	ADV-HK-00072	March.2015	Runge Pincock Minarco

RPM interprets these statistics to be representative of the style and tenure of mineralisation observed at the Project. Gold mineralisation occurs as distinct zones within the broader base metal mineralisation. This interpretation is further supported by the metals correlation analysis.

14.3.3 Metals Correlation

The correlation of the metals within the deposit are typical of epithermal style systems, with a reasonable correlation between Au and Ag and Au and As, as shown in the scatter plots in ***Figure 14-10.*** RPM notes that a bi-modal distribution can be interpreted the Au-As plots. Scatter plots were generated for these two elements for the domained data at each of Discovery Zone and Union North, and these are shown in ***Figure 14-10***. The bi-modal distribution remains for the base lode data, and the gold lodes at DZ but is no longer evident for the gold lode data at UN. The plots suggest that As is often associated with Au in both the gold and base metal domains, however, the highest Au grades observed at DZ do not have high concentrations of As. This is likely the result of separate mineralised events and overprinting however this needs to be confirmed with additional analysis.

Further supporting the association of the mineralisation within the deposit with sulphide minerals is the good correlation of Pb and Zn. The correlation of Zn and Pb is commonly found in sulphide hosted base metals deposits. Although the correlation coefficients are not good, given the style of mineralisation, and the likely occurrence of native gold, and high levels of non-gold bearing sulphide minerals within the veins, RPM considers this correlation to be reasonable although there is evidence for additional domianing requirements. The correlation matrix is shown in ***Table 14-7***.

Table 14-7. Altan Nar Project – Metals Correlation Matrix

	Au ppm	As ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
Au ppm	1					
As ppm	0.4	1				
Ag ppm	0.5	0.4	1			
Cu ppm	0.2	0.0	0.3	1		
Pb ppm	0.4	0.1	0.4	0.1	1	
Zn ppm	0.3	0.2	0.4	0.1	0.6	1

14.3.4 Top-Cuts

Visual analysis of the grade distributions within drill holes indicates that the high grade gold mineralisation occurs as narrow, near vertical semi-parallel lodes within a broader base metal enriched zone. At Discovery Zone, a number of gold lodes occur independent of base metal mineralisation.

The top-cut analysis completed by RPM included evaluation of histograms, log probability plots and descriptive statistics for the data distributions within each interpreted gold and base metal lode. An analysis of correlation coefficients and observed breaks in the log probability plots was used to determine appropriate top-cuts. Visual analysis of the drill holes was used to determine if the high grades were isolated or part of continuous zones of high grades.

Top-cuts applied to the various domains are shown in ***Table 14-8*** to ***14-10***.

Table 14-8. Altan Nar Project – Top-Cuts Applied to Composites – Gold Lodes

Prospect	Au Lode	Au g/t	Ag g/t	As ppm	Cu ppm
Union North	1		22	7,000	
	2	20		20,000	
	29	10			
Discovery Zone	6	12	120	60,000	
	7	10	100	40,000	
	8		120		1,500
	9	22	150	12,000	6,000
	10		60	12,000	1,200
	15	5			

Table 14-9. Altan Nar Project – Top-Cuts Applied to Composites – Base Metal Lodes

Prospect	Zn Lode	Ag g/t	As ppm	Cu ppm	Zn ppm	Pb ppm
Union North	4	120	7,500		50,000	100,000
	5				50,000	30,000
	6				20,000	20,000
	7	50	800			100,000
Discovery Zone	1	100	25,000	2,000		
	2		3,000			
	3	50	7,500	1,200		20,000

Table 14-10. Altan Nar Project – Top-Cuts Applied to Au and As Composites – Base Metal Lodes

Prospect	Base Lode	Au g/t	As ppm
Union North	7	2	
Discovery Zone	1	2	7,000

14.4 Geospatial Analysis

Due to the style of mineralisation found within the deposit, geospatial analysis was completed for composites within the base metal lodes, and for composites within the gold lodes. Due to the narrow gold lodes with limited composites for each lode, a geospatial analysis could not be conducted for the composites within the gold lodes at Discovery Zone.

Understanding the grade continuity and determining its extent and orientation is achieved through interpreting and modelling the experimental variogram. The experimental variogram requires sufficient sample data to provide a reliable measure of the grade continuity. RPM has calculated experimental variograms for base metal Lode 1 at Discovery Zone and Lode 4 at Union North. In addition, variograms were calculated for Au and As within Au Lode 2 at Union North. All variography was completed using Supervisor software.

The composite sample data was transformed into a normal distribution using a normal scores transformation to help identify the main directions of mineralisation continuity from slightly skewed data. The experimental variograms are normalised against the sample variance so that the sill value is 1 and the structures are viewed as ratios or proportions of the sill.

A two structured nested spherical model was found to model the experimental variograms well. The down hole variogram provides the best estimate of the true nugget value which is 0.47 for Au within Au Lode 2, and ranged from 0.07 to 0.52 for the base metal lodes.

The orientation of the plane of mineralisation was aligned with the interpreted lodes. The experimental variograms were calculated with the first aligned along the main mineralisation continuity while the second is aligned in the plane of mineralisation at 90° to the first orientation. The third is orientated perpendicular to the mineralisation plane, across the width of the mineralisation.

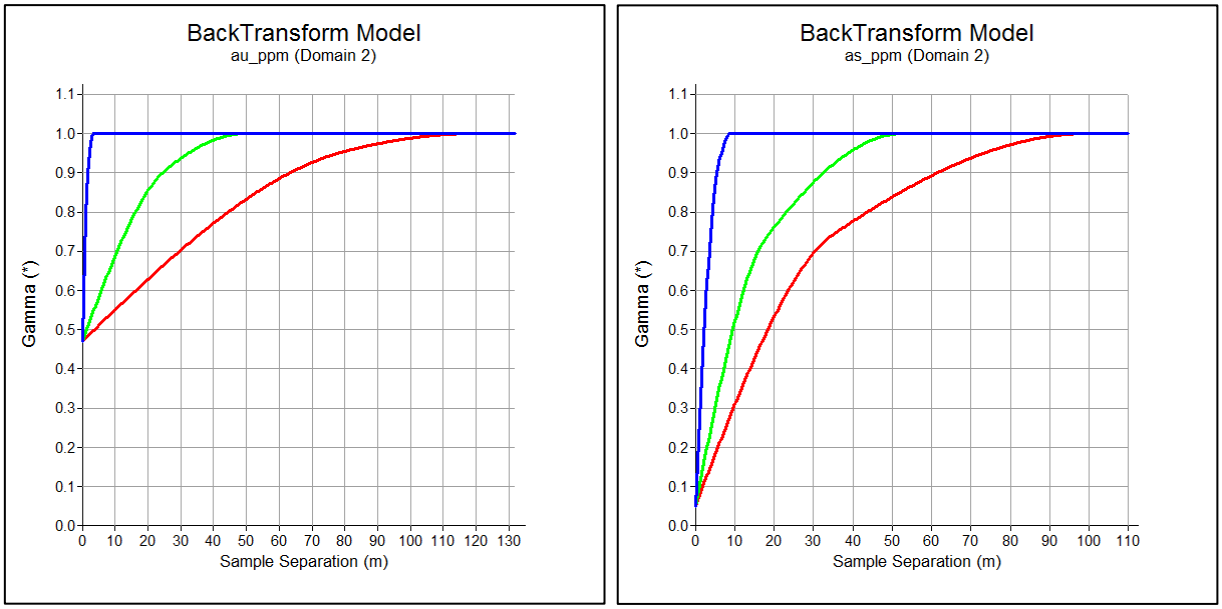
RPM modelled the down hole and three orthogonal variograms for each of the main lodes.

The interpreted major directions were consistent with the interpreted geology of the deposit. The interpreted variogram parameters are shown in ***Table 14-11*** and the variogram models are shown graphically in ***Figure 14-11*** to ***14-13***.

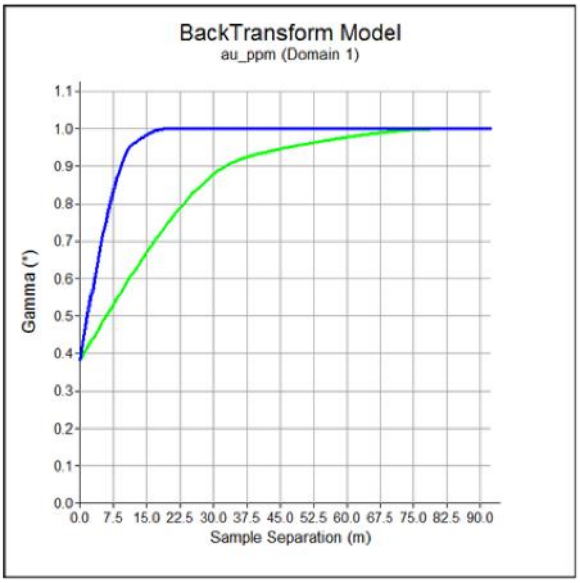
Table 14-11. Altan Nar Project – Interpreted Variogram Analysis

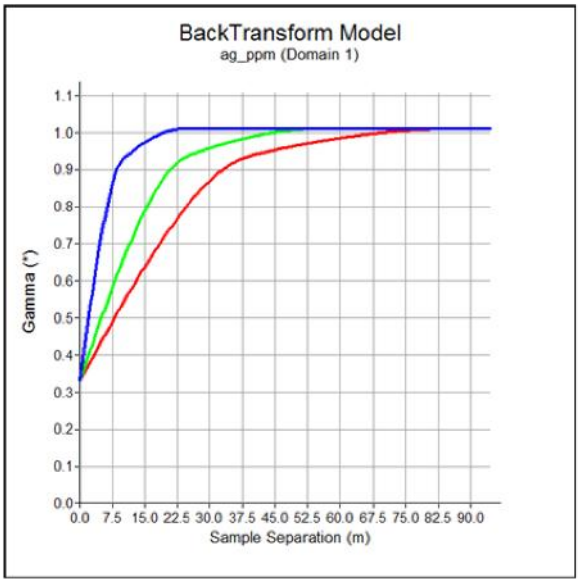
Domain	Element	Nugget	C1	A1	Semi	Minor	C2	A2	Semi	Minor
Gold	Au_ppm	0.47	0.22	80	3.2	53.3	0.31	120	2.4	34.3
Lode 2	As_ppm	0.05	0.43	35	1.9	6.4	0.52	100	1.9	11.1
	Ag_ppm	0.33	0.48	40	1.6	4.0	0.2	86	1.6	3.6
Base	As_ppm	0.12	0.63	60	0.9	6.0	0.25	100	0.9	3.3
	Cu_ppm	0.35	0.48	76	1.0	19.0	0.17	142	1.3	11.4
	Zn_ppm	0.48	0.24	45	2.6	15.0	0.28	90	2.0	9.5
Lode 1	Pb_ppm	0.52	0.21	40.5	1.0	6.8	0.27	151.5	2.4	5.8
	Au_ppm	0.38	0.42	38	1.0	3.2	0.2	84	1.0	4.2
	Ag_ppm	0.27	0.5	75	3.8	18.8	0.23	140	3.2	12.7
Base	As_ppm	0.07	0.63	62	4-1	7.3	0.3	95	1.9	4.8
	Cu_ppm	0.29	0.35	55	1.8	15.7	0.37	75	1.1	10.7
	Zn_ppm	0.3	0.56	53	1.5	13.3	0.14	77	1.3	9.6
Lode 4	Pb_ppm	0.38	0.46	63	1.6	6.0	0.16	94	1.3	5.4
	Au_ppm	0.11	0.59	54	3.2	8.3	0.3	100	2.2	11.1

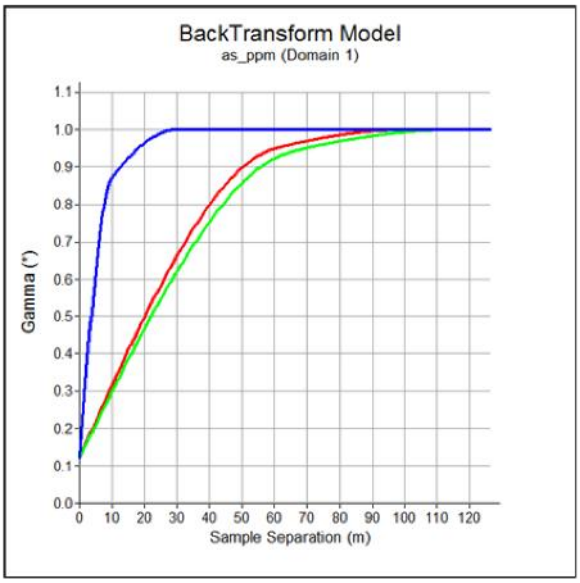
Figure 14-11 Back Transformed Variogram Model – Gold Lode 2

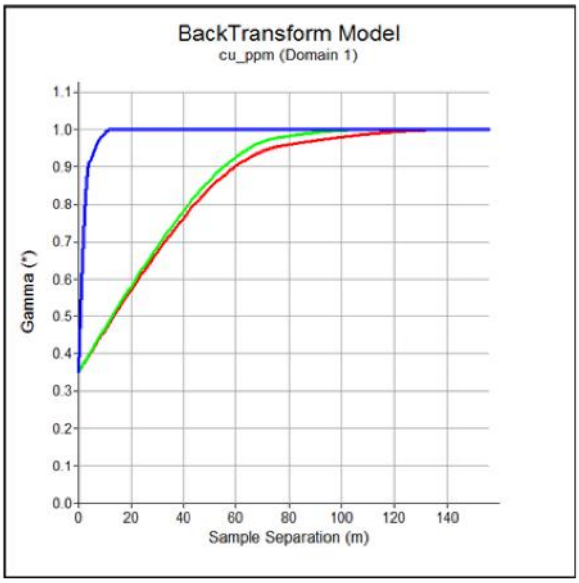


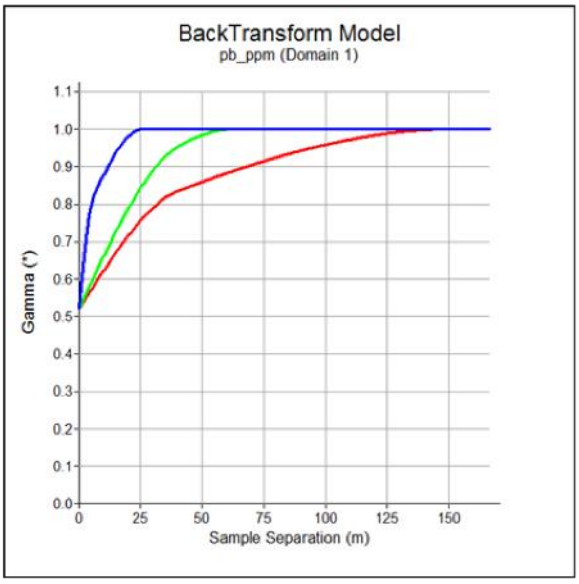
Back Transformed Variogram Model – Base Metal Lode 1











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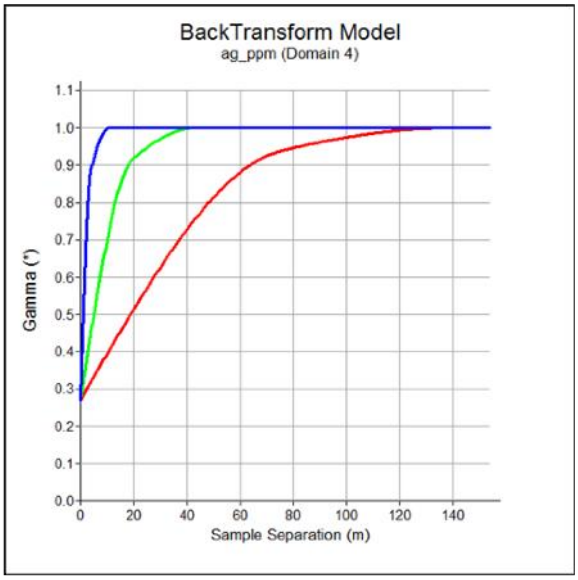
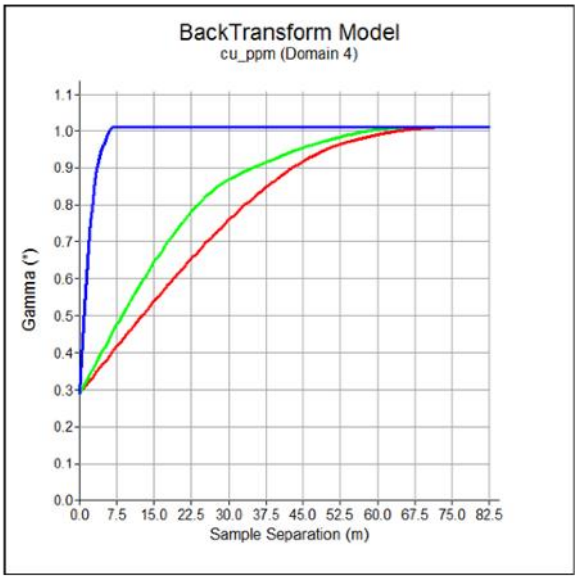
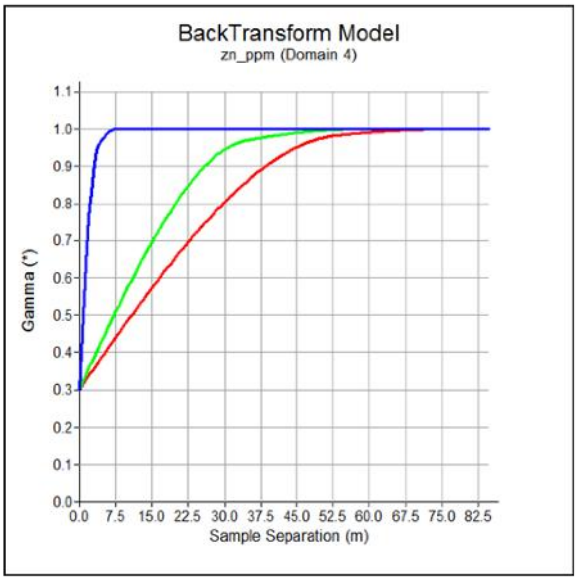
Back Transformed Variogram Model and Metal Correlations

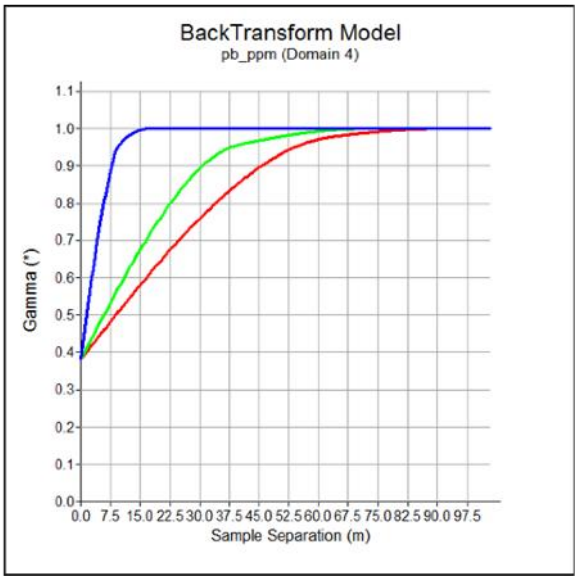
FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-12	ADV-HK-00072	March.2015	Runge Pincock Minarco

Back Transformed Variogram Model – Base Metal Lode 4









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Back Transformed Variogram Model – Base Metal Lode 4

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-13	ADV-HK-00072	March.2015	Runge Pincock Minarco

14.5 Mineral Resource estimation

14.5.1 Block Model

A separate Surpac block model was created to encompass the full extent of the mineralisation at each of the Union North and Discovery Zone Prospects at the Altan Nar deposit. The block model origin and extents and attributes are listed in ***Table 14-12***.

Table 14-12. Altan Nar Project - Block Model Parameters

Model Names	**altan_nar_bm_dz_20150310.mdl**		
	Northing	**Easting**	**Elevation**
Minimum Coordinates	4,878,150	476,560	1,000
Extent (m)	900	500	400
Block Size (m) (Sub-blocks)	25 (3.125)	5 (1.25)	5 (1.25)
Rotation (degrees)		40	
Model Names	**altan_nar_bm_un_20150310.mdl**		
	Northing	**Easting**	**Elevation**
Minimum Coordinates	4,879,225	476,350	1,140
Maximum Coordinates	4,879,675	476,800	1,380
Block Size (m) (Sub-blocks)	25 (3.125)	5 (1.25)	5 (1.25)
Rotation (degrees)		0	
Block Attributes:			
au_cut	Au grade estimate using top-cut composites - Reportable		
as_cut	As grade estimate using top-cut composites - Reportable		
ag_cut	Ag grade estimate using top-cut composites - Reportable		
cu_cut	Cu grade estimate using top-cut composites - Reportable		
zn_cut	Zn grade estimate using top-cut composites - Reportable		
pb_cut	Pb grade estimate using top-cut composites - Reportable		
au_uncut	Au grade estimate using uncut composites - Reportable		
as_uncut	As grade estimate using uncut composites - Reportable		
ag_uncut	Ag grade estimate using uncut composites - Reportable		
cu_uncut	Cu grade estimate using uncut composites - Reportable		
zn_uncut	Zn grade estimate using uncut composites - Reportable		
pb_uncut	Pb grade estimate using uncut composites - Reportable		
Lode_au	Wireframe object number - Au lodes		
Lode_zn	Wireframe object number - Zn lodes		
pass_au	Estimation pass number for Au lodes		
pass_zn	Estimation pass number for Zn lodes		
class_au	JORC classification code (mes, ind, inf) - Au lodes		
class_zn	JORC classification code (mes, ind, inf) - Zn lodes		
class_code_au	JORC classification code (1 = mes, 2 = ind, 3 = inf) - Au lodes		
class_code_zn	JORC classification code (1 = mes, 2 = ind, 3 = inf) - Zn lodes		
bd	bulk density (t/cu.m)		
zone_au	Estimation zone for Au lodes		
zone_zn	Estimation zone for Zn lodes		
type	air, ox, fr		
type_code	air=0, ox=1, fr=3		
dyke	y or n (yes or no) - Union North only		
prospect	Prospect name - Union North=UN, Discovery Zone=DZ		

14.5.2 Block Size

The parent block size was determined based on the drill spacing and geological variability of the deposit. The Prospects have been drilled at spacing varying from 50m to 100m along strike, and at 30m to 50m on section. Drilling has been conducted along oblique lines to intersect the mineralised lodes as close to perpendicular as

possible. In order to best represent the narrow Au lodes which have variable dips with depth, and variable strike orientation at the local scale, RPM has used a parent block size of 25m (Y), 5m (X), and 5m (Z), with sub-cells to 3.125m by 1.25m by 1.25m.

14.5.3 Estimation Parameters

For all Au domains within the deposit, the wireframe interpretations were used as hard boundaries in the interpolation. That is, only grades inside each Au lode were used to interpolate the blocks inside the lode. The base metal (Zn) lodes were used as hard boundaries for the estimation of Ag, Cu, Zn, and Pb. Where Au lodes occurred within the base metal lodes, a hard boundary was applied for the estimation of Au and As.

The Ordinary Kriging (OK) algorithm was selected for grade interpolation and utilized the parameters from the geospatial analysis. The OK algorithm was utilised to minimise over smoothing within the estimate which would result due to the clustered nature of the sample density. Due to the lack of any useful variograms being generated from limited composites within individual Au lodes at Discovery Zone, the Inverse Distance Squared (ID2) interpolation was used to estimate the Au lodes.

An orientated 'ellipsoid' search was used to select data for interpolation. The ellipse was oriented to the average strike and dip of the mineralised lodes. For the Au lodes at Discovery Zone, a first pass radius of 50m and a second pass of 100m were used with a minimum number of samples of 10 and 6 respectively. A third pass search radius of 250m was used with a minimum of 2 samples to ensure all blocks within the mineralisation lodes were estimated. The same parameters were applied to the base lodes at Union North. For the estimation of base lodes at Discovery Zone, and the Au lodes at Union North, a first pass radius of 60m was used with a minimum of 10 samples, and this was increased to 120m and 250m for each successive pass with the minimum number of samples reduced to 6 and then 2 respectively. In all estimations, a maximum of five samples was used from each drill hole. The maximum number of samples used in each pass was set to a constant of 32.

The search parameters are shown in ***Table 14-13*** to ***14-14***.

Table 14-13. Altan Nar Project – OK Estimation Parameters

Parameter	Pass 1	Pass 2	Pass 3
Search Type	Ellipsoid	Ellipsoid	Ellipsoid
Bearing		0° to 355°	
Dip		-88° to 80°	
Plunge		0°	
Major-Semi Major Ratio	1	1	1
Major-Minor Ratio	3 or 6	3 or 6	3 or 6
Search Radius	50m to 60m	100m to 120m	250m
Max Vertical Search	999	999	999
Minimum Samples	10	6	2
Maximum Samples	32	32	32
Block Discretisation	4X by 4Y by 4Z	4X by 4Y by 4Z	4X by 4Y by 4Z

Table 14-14. Altan Nar Project – ID^2 Estimation Parameters

Parameter	Pass 1	Pass 2	Pass 3
Search Type	Ellipsoid	Ellipsoid	Ellipsoid
Bearing		33° to 60°	
Dip		-88° to -76°	
Plunge		0°	
Major-Semi Major Ratio	1	1	1
Major-Minor Ratio	4	4	4
Search Radius	50m	100m	250m
Max Vertical Search	999	999	999
Minimum Samples	10	6	2
Maximum Samples	32	32	32
Block Discretisation	4X by 4Y by 4Z	4X by 4Y by 4Z	4X by 4Y by 4Z

14.5.4 Density

A total of 153 density analyses have been completed across the deposit by ERD. RPM conducted an analysis of density values within oxide and fresh material at the Union North and Discovery Zone Prospects, both within mineralised lodes, and within waste rock. The results are summarized in ***Table 14-15***.

Table 14-15. Altan Nar Project – Summary of Density Values Applied to the Block Models

Prospect	Domain	Density t/cu.m
Discovery Zone	Waste	2.71
	Oxide	2.63
	Au Lode	2.72
	Base Metal Lode	2.68
Union North	Waste	2.75
	Oxide	2.63
	Au Lode	2.82
	Base Metal Lode	2.82

The density values were applied as constants to the models, and no estimation of values was undertaken. RPM notes that some variation occurs throughout the deposit, and when additional data becomes available with additional exploration it is recommended estimation methods be reviewed to better define the local variations prior to incorporation into any mining study.

14.5.5 Mineral Resource Classification

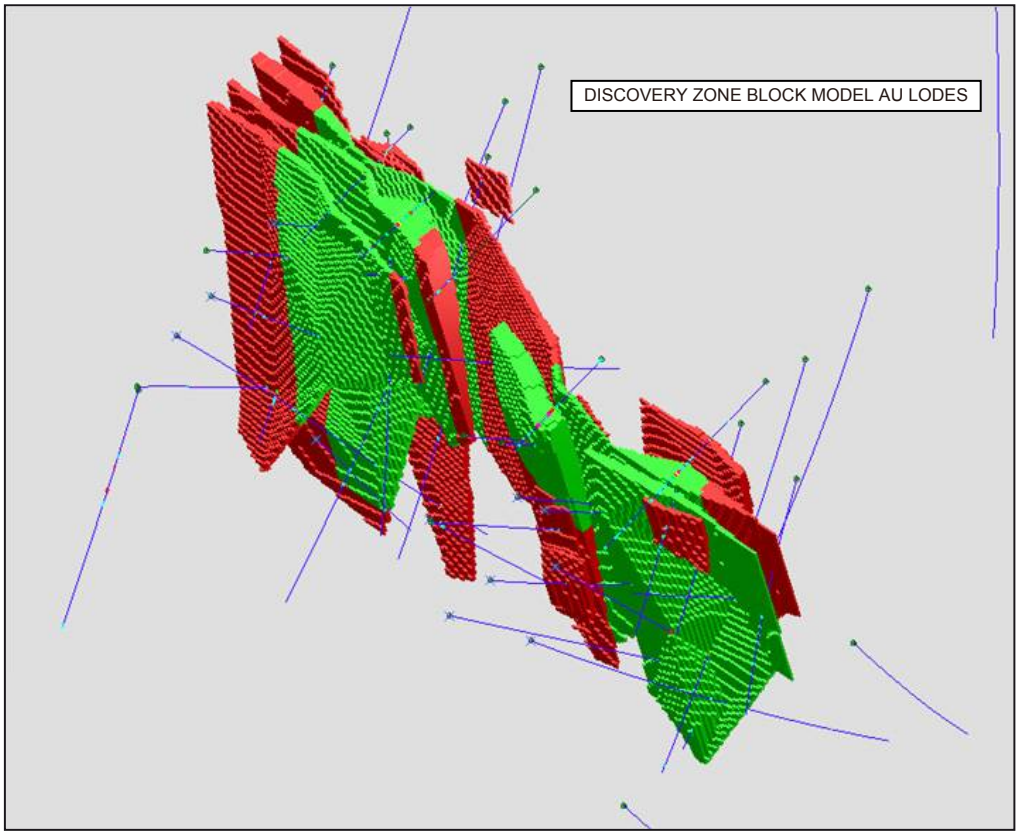
The Altan Nar deposit has been drilled using diamond drilling methods, on nominal 100m spacing along strike with some local areas drilled on 50m sections and infilled with single hole per section line at 25m. Drilling on each section is on average at 30m spacing with holes orientated either east or west. Trench sampling has been conducted across the main lodes to verify outcropping of the lodes. ERD has conducted a suitable program of QAQC and has used certified laboratories for analysis of samples.

The Mineral Resource was classified on the basis of sample quality, sample spacing, and continuity of the interpreted lodes as modelled during the geostatistical analysis. The classification was applied to each of the Au and Zn lodes independently due to the more robust continuity of the broad base metal mineralisation in comparison to the narrow Au mineralisation.

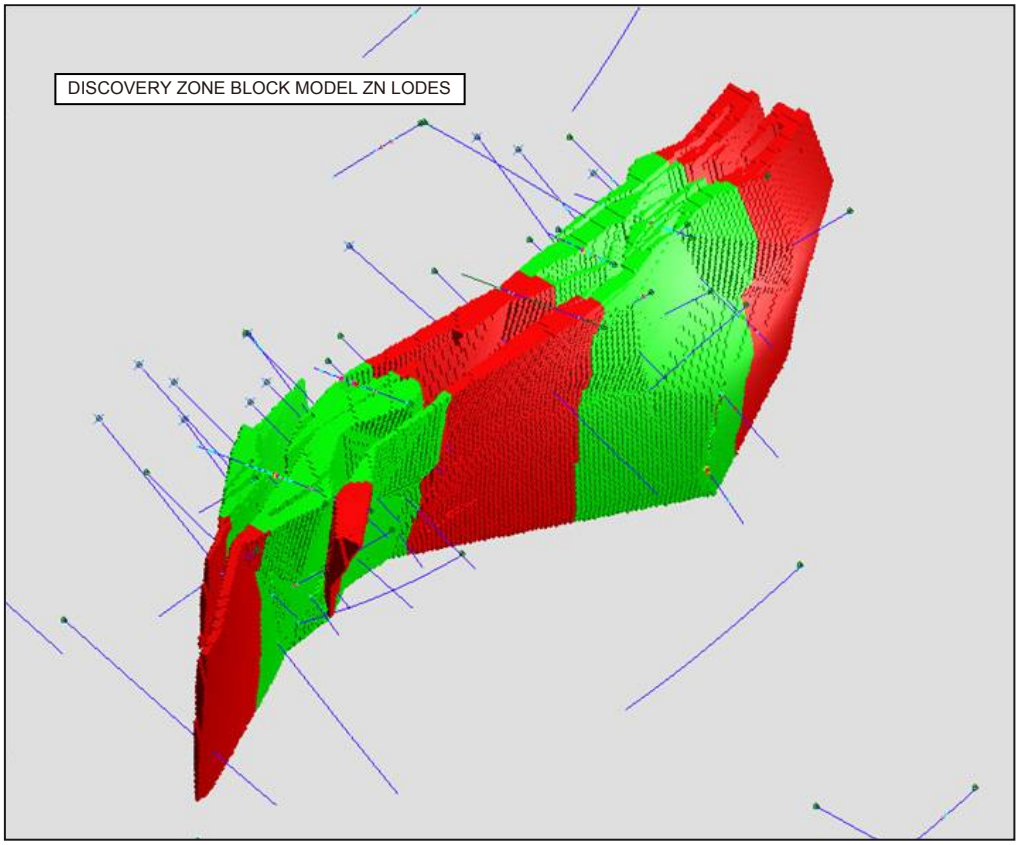
The Indicated Mineral Resource was defined within the main lodes where sample spacing was at a maximum of 35m and the lodes were intersected by at least two drill holes along strike, and one drill hole down dip. The determined sample spacing was a reflection of the variogram ranges modelled during the geospatial analysis.

The Mineral Resource classifications are shown in ***Figure 14-14*** to ***14-15***.

Mineral Resource Classification – Au Lodes at DZ (Oblique View Looking NE)



Mineral Resource Classification – Zn Lodes at DZ (Oblique View Looking NW)



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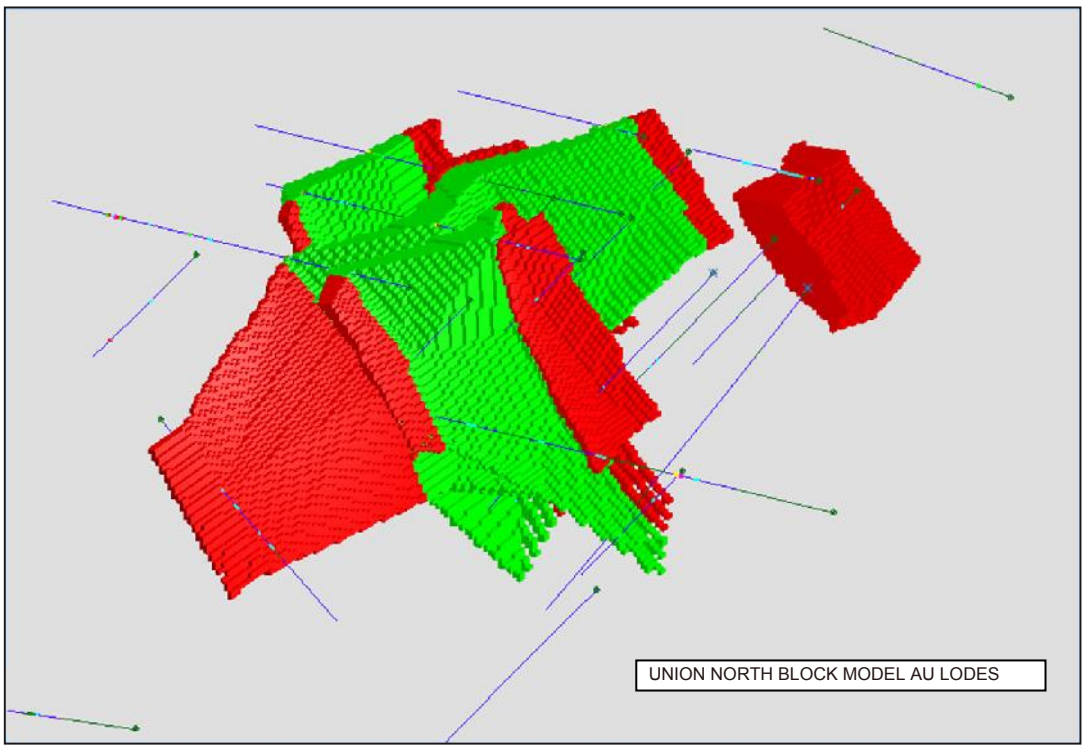
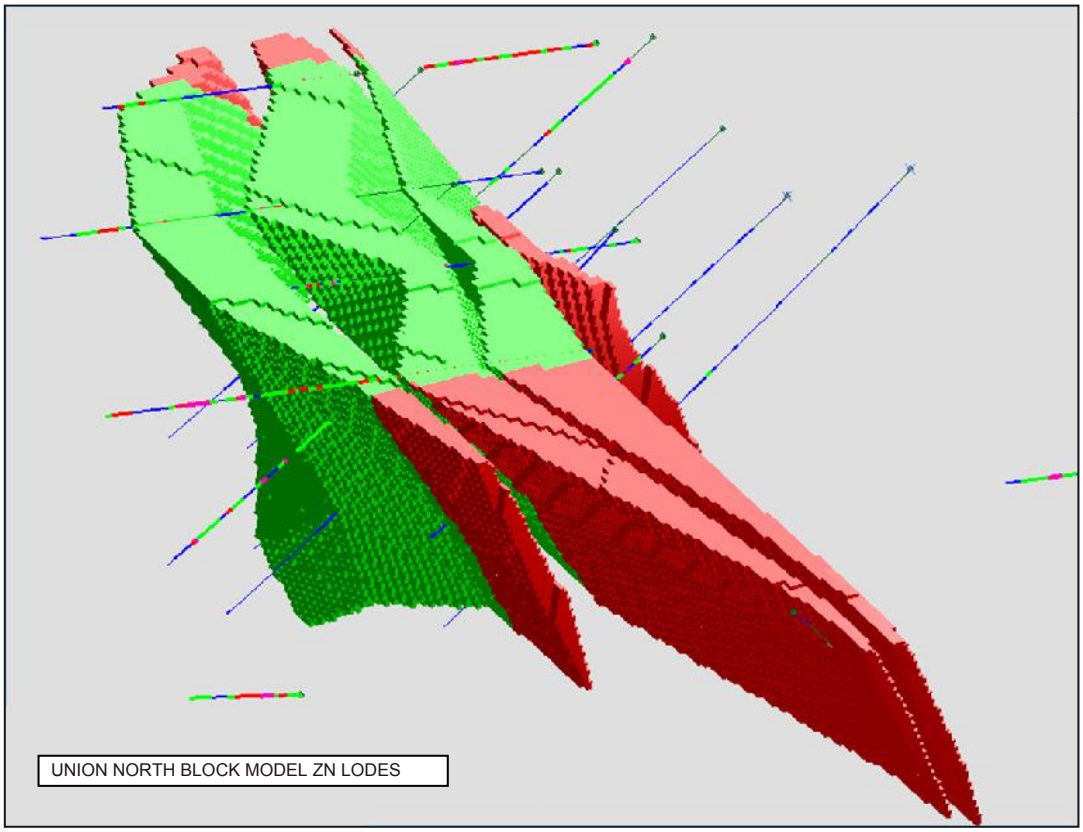
Mineral Resource Classification – Au Lodes at DZ (Oblique View Looking NE)

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-14	ADV-HK-00072	March.2015	Runge Pincock Minarco

Mineral Resource Classification – Au Lodes at UN (Oblique View Looking NW)



Mineral Resource Classification – Zn Lodes at UN (Oblique View Looking NE)



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Mineral Resource Classification – Au Lodes at UN (Oblique View Looking NW)

FIGURE No.	PROJECT No.	DATE	PREPARED BY
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14.5.6 Model Validation

A three step process was used to validate the estimates at each prospect. Firstly a qualitative assessment was completed by slicing sections through the block model in positions coincident with drilling. Overall the assessment indicated that the trend of the modelled grade was consistent with the drill hole grades.

A quantitative assessment of the estimate was completed by comparing the average grades of the top-cut composite file input against the block model output for all the lodes. The comparative results are tabulated in ***Table 14-16*** to ***14-19***.

Table 14-16. Average Composite Input v Block Model Output – Au Lodes UN

Wireframe		Block Model			Composites		
Lode Number	Lode Volume	Resource Volume	Au ppm	As ppm	Number of Comps	Au ppm	As ppm
1	39,570	39,595	3.0	1046	30	2.9	1314
2	117,868	117,930	3.5	2988	90	4.2	2964
3	24,805	24,858	1.9	946	30	1.4	900
4	6,082	6,040	2.6	284	7	2.7	286
5	38,593	38,662	1.2	113	37	1.2	120
29	10,449	10,527	2.9	1282	12	2.3	1153
Total	**237,367**	**237,612**	**2.8**	**1839**	**206**	**2.9**	**1716**

Table 14-17. Average Composite Input v Block Model Output – Zn Lodes UN (Base Elements)

Wireframe		Block Model					Composites				
Lode Number	Lode Volume	Resource Volume	Ag ppm	Cu ppm	Zn ppm	Pb ppm	Number of Comps	Ag ppm	Cu ppm	Zn ppm	Pb ppm
4	347,313	347,529	6.9	152	6,467	7,805	120	7.1	129	6,351	8,149
5	179,971	180,068	2.4	101	4,466	3,874	54	2.0	98	4,550	3,877
6	29,078	28,979	4.9	209	4,816	3,478	15	5.0	210	4,870	3,368
7	210,915	210,952	4.7	204	4,198	5,829	63	4.1	191	4,057	5,444
Total	**767,277**	**767,528**	**5.2**	**156**	**5,312**	**6,176**	**252**	**5.2**	**143**	**5,303**	**6,273**

Table 14-18. Average Composite Input v Block Model Output – Au Lodes DZ

Wireframe		Block Model			Composites		
Lode Number	Lode Volume	Resource Volume	Au ppm	As ppm	Number of Comps	Au ppm	As ppm
6	114,693	114,629	1.5	9,043	111	1.8	9,563
7	265,509	265,654	1.7	4,933	153	1.6	5,150
8	99,208	99,219	1.9	9,541	71	1.9	9,520
9	221,842	222,197	1.9	1,630	163	2.3	1,659
10	171,734	172,178	0.9	2,361	113	1.0	2,496
11	42,748	42,651	2.4	175	21	2.7	233
12	9,351	9,497	2.1	321	6	2.0	288
13	1,610	1,504	2.6	15,443	4	2.7	15,633
14	2,949	3,008	0.6	1,223	5	0.6	1,155
15	3,588	3,589	1.1	597	11	0.9	669
16	30,705	30,703	0.9	5,649	26	0.8	4,779
17	8,127	8,149	1.3	12,344	8	1.2	12,129
18	3,994	4,019	0.9	4,399	8	0.8	4,475
19	3,540	3,574	1.1	105	7	1.0	100
20	2,603	2,642	1.1	8,985	4	1.2	9,543
Total	**982,201**	**983,213**	**1.6**	**4,493**	**711**	**1.7**	**4,861**

Table 14-19. Average Composite Input v Block Model Output – Zn Lodes UN (Base Elements)

	Wireframe	Block Model					Composites				
Lode Number	Lode Volume	Resource Volume	Ag ppm	Cu ppm	Zn ppm	Pb ppm	Number of Comps	Ag ppm	Cu ppm	Zn ppm	Pb ppm
1	2,087,078	2,087,397	8.4	189	4,787	3,076	610	8.1	185	4,552	3,028
2	129,177	129,287	2	96	3,906	3,410	68	2.1	97	3,783	3,458
3	978,761	978,687	5.9	203	2,857	1,710	212	5.3	174	2,959	1,947
Total	**3,195,016**	**3,195,371**	**7.4**	**190**	**4,160**	**2,671**	**890**	**7**	**176**	**4,114**	**2,803**

There is a good comparison between model volume and block estimated grades with those of the wireframe volumes and composite averages for each lode at each Prospect.

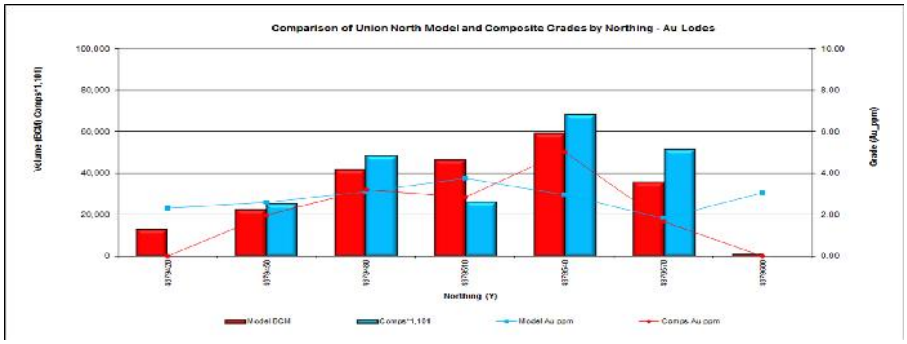
To check that the interpolation of the block model correctly honoured the drilling data, validation was carried out by comparing the interpolated blocks to the sample composite data for the combined lodes at each Prospect. The trend analysis was completed by comparing the interpolated blocks to the sample composite data for elevation in 20m bench heights, and 30m northing sections at Union North. The strike orientation of the lodes at Discovery Zone, and the use of a rotated block model required the use of 30m wide panels to conduct the swath analysis across this prospect. The trend analysis results for Au and Zn are shown in ***Figure 14-16*** to ***14-17***.

The validation plots show good correlation between the composite grades and the block model grades for the comparison by northing (or panel) and elevation. The trends shown by the composite data are honoured by the block model. As expected the validation plots by elevation are not as good due to the limited number of composites at each RL and the degree of smoothing is greater than that observed by sectional comparison. The direct observation of sections on screen show that the model estimate has honoured the drill hole data at the local scale.

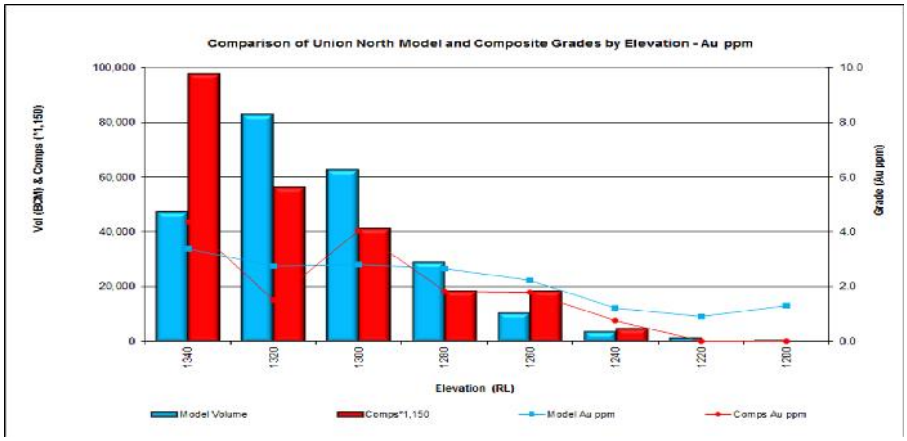
The comparisons show the effect of the interpolation, which results in smoothing of the block grades compared to the composite grades.

RPM believes the estimate is representative of the composites and is indicative of the known controls of mineralisation and the underlying data.

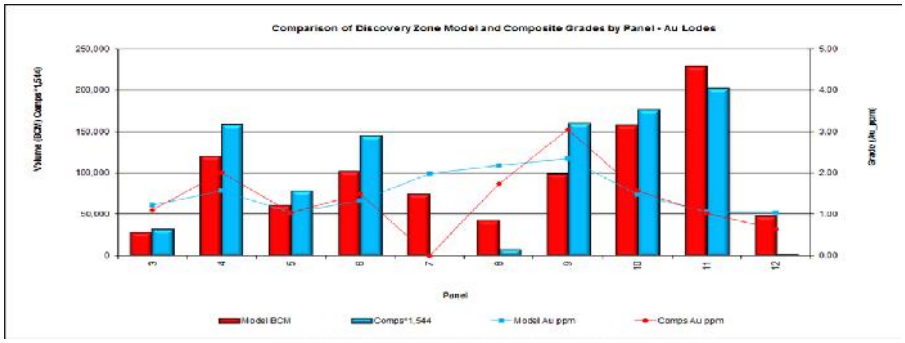
Mineral Resource Classification – Au Lodes at UN (Oblique View Looking NW)



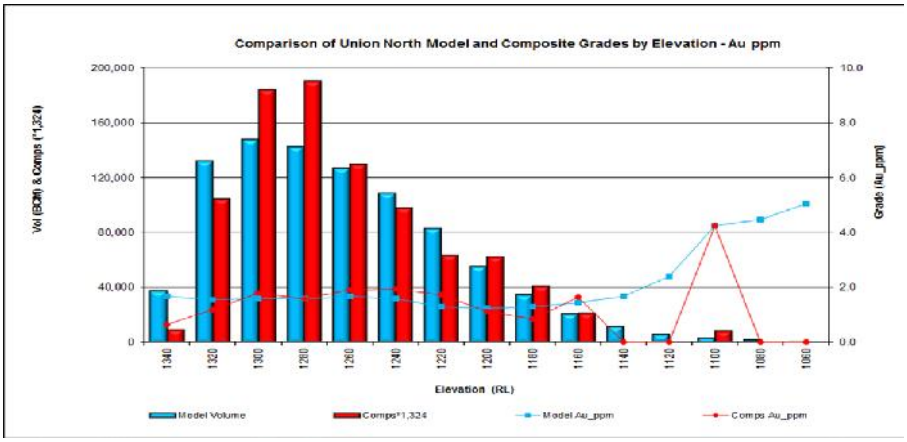
Block Model Validation by Elevation – Au Lodes at Union North



Block Model Validation by Panel – Au Lodes at Discovery Zone



Block Model Validation by Elevation – Au Lodes at Discovery Zone



LEGEND

DO NOT SCALE THIS DRAWING - USE FIGURED DIMENSIONS ONLY. VERIFY ALL DIMENSIONS ON SITE

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Erdene Resource Development

PROJECT

NAME

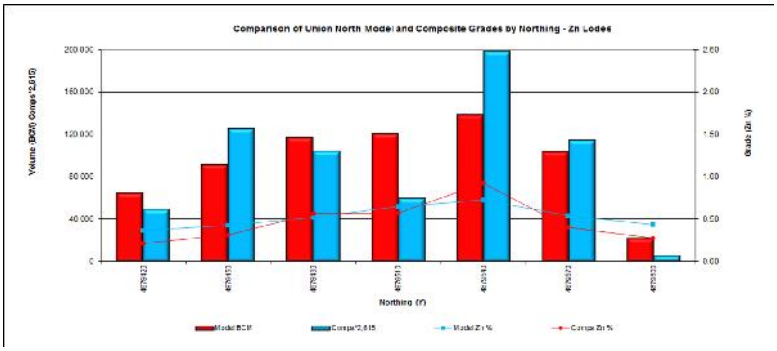
ALTAN NAR GOLD PROJECT

DRAWING

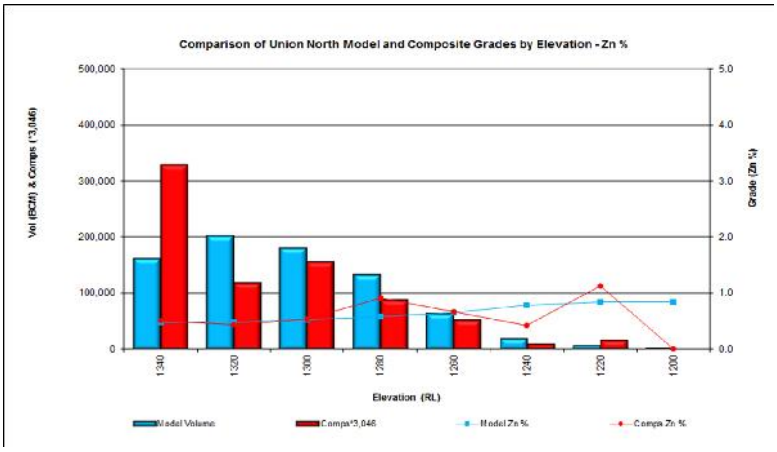
Block Model Validation by Northing – Au Lodes at Union North

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-16	ADV-HK-00072	March.2015	Runge Pincock Minarco

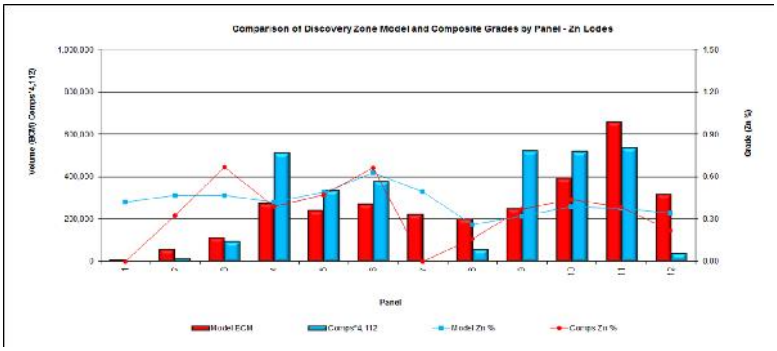
Block Model Validation by Northing – Zn Lodes at Union North



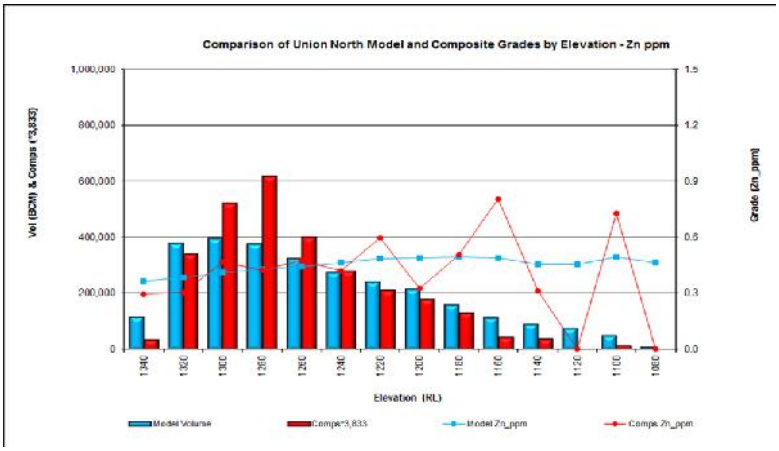
Block Model Validation by Elevation – Zn Lodes at Union North



Block Model Validation by Panel – Zn Lodes at Discovery Zone



Block Model Validation by Elevation – Zn Lodes at Discovery Zone



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CLIENT

Erdene Resource Development

PROJECT

NAME

ALTAN NAR GOLD PROJECT

DRAWING

Block Model Validation by Northing – Zn Lodes at Union North

FIGURE No.	PROJECT No.	DATE	PREPARED BY
14-17	ADV-HK-00072	March.2015	Runge Pincock Minarco

14.5.7 Mineral Resource Statement

RPM has independently estimated the Mineral Resources contained within the Project, based on the data collected by ERD as at 19th February, 2015. The Mineral Resource estimate and underlying data complies with the guidelines provided in the CIM Definition Standards under NI 43-101. Therefore RPM believes it is suitable for public reporting. The Mineral Resources were completed by Mr. Graham de la Mare of RPM and under the supervision of Mr. Jeremy Clark of RPM. The Mineral Resources are reported at a number of Au Equivalent cut-off values. The results of the Mineral Resource estimate for the Altan Nar deposit are presented in ***Table 14-21*** and ***Table 14-22.*** RPM suggests using a 1 g/t Au reporting cut-off based on a high level evaluation of expected mining / process and cost parameters for the project as given in ***Table 14-20***.

RPM have considered the costs, recoveries and dilutions expected by comparing with other similar deposits in the region and adjusted these by considering the location of the Project and the deposit characteristics. RPM has concluded that the mineralisation is potentially economically extractable via typical open cut mining methods, with a the LOM (life of mine) mining cutoff grade estimated to be approximately 1.0 g/t Au equivalent which is based on a high level evaluation of expected mining / process and cost parameters. RPM considers a cutoff grade, which is appropriate for the Mineral Resources for the Project that could be economically extractable sometime in the future, to be of 1.0 g/t Au equivalent.

Table 14-20. Indicated Resources by Au Equivalent Cut Off Grade – Au Lodes

Parameter	Units	Amount
Ore Loss	%	10.0
Dilution	%	10.0
Metal Recovery	%	80.0
Incremental Ore Cost	$/t feed	1.00
Processing Cost	$/t feed	22.00
Admin / Other Cost	$/t feed	3.00
Transport and Refining Cost	$/kg metal	300.00
Royalty	%	5.00
Gold Price	USD/ Troy Oz	$1,200
Cut-Off	**g/t**	**1.0**

RPM highlights that the parameters utilised for the verification of the '*Reasonable Prospects for Economic Extraction*' as required by the NI 43-101 in ***Table 14-20*** are not Mineral Reserve parameters and are not supported by mining studies, designs, plans or schedules and are highly conceptual. Furthermore if a mining study was to be undertaken to increase the accuracy of the parameters, the result of any economic model could vary greatly which could have a material impact on the economic viability on portions or all of the resources. RPM notes that some variation may occur between these parameters and those utilised to estimate the Ore Reserve. Were variations occur RPM has been conservative in the parameters used for the justification of the Mineral Resources due to the inherent inaccuracies in the resource estimates without supporting mining studies being completed.

Table 14-21 Mineral Resource Estimate as at 19th February 2015

AuEq g/t	Classification	Tonnes	Au	Ag	Zn	Pb	AuEq	Au	Ag	Zn	Pb	AuEq
Cut-ff		Mt	g/t	g/t	%	%	g/t	kOz	kOz	Mlbs	Mlbs	kOz
0	Indicated	5.3	0.7	7.4	0.47	0.36	1.2	119	1,259	55.1	42.3	211
0	Inferred	5.1	0.6	7.3	0.41	0.28	1.0	91	1,201	46.5	31.1	167
0.2	Indicated	5.2	0.7	7.5	0.48	0.37	1.3	119	1,257	54.9	42.2	211
0.2	Inferred	5.0	0.6	7.4	0.42	0.28	1.0	91	1,200	46.3	31.1	167
0.4	Indicated	4.6	0.8	8.2	0.51	0.40	1.4	117	1,198	51.4	40.4	204
0.4	Inferred	4.2	0.6	8.3	0.45	0.31	1.2	88	1,124	42.4	29.1	159
0.6	Indicated	3.4	1.0	9.4	0.57	0.47	1.7	112	1,014	42..4	34.8	185
0.6	Inferred	3.0	0.8	9.4	0.51	0.35	1.4	83	913	33.9	23.5	139
0.8	Indicated	2.5	1.3	10.4	0.6	0.51	2.1	107	833	33.1	28.3	165
0.8	Inferred	2.0	1.2	10.1	0.54	0.38	1.8	76	651	23.8	16.8	117
1.0	**Indicated**	**1.8**	**1.7**	**11.1**	**0.61**	**0.54**	**2.5**	**102**	**657**	**24.7**	**22.1**	**147**
1.0	**Inferred**	**1.5**	**1.5**	**10.4**	**0.54**	**0.39**	**2.1**	**72**	**498**	**17.7**	**12.8**	**102**
1.2	Indicated	1.5	2.0	11.5	0.60	0.56	2.8	97	553	19.8	18.4	134
1.2	Inferred	1.2	1.8	10.7	0.53	0.39	2.4	67	402	13.7	10.1	91
1.4	Indicated	1.3	2.3	12.1	0.61	0.58	3.1	92	486	16.8	15.9	124
1.4	Inferred	1.0	2.0	10.8	0.53	0.40	2.6	63	342	11.5	8.6	83
1.6	Indicated	1.1	2.5	12.6	0.61	0.60	3.3	88	437	14.6	14.2	116
1.6	Inferred	0.9	2.1	10.8	0.53	0.40	2.8	59	298	10.0	7.6	77
1.8	Indicated	0.9	2.8	13.0	0.62	0.61	3.6	83	391	12.8	12.6	108
1.8	Inferred	0.7	2.3	11.2	0.55	0.41	2.9	55	270	9.0	6.8	71
2.0	Indicated	0.8	3.0	13.5	0.63	0.63	3.8	79	356	11.3	11.4	101
2.0	Inferred	0.6	2.5	11.8	0.58	0.45	3.2	49	233	7.9	6.1	63

Note:
1. The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a Member of the Australian Institute of Geoscientists. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Qualified Person as defined in the CIM Standards of Disclosure.
2. All Mineral Resources figures reported in the table above represent estimates as at 19th February, 2015. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
3. Mineral Resource grades are reported in accordance with the CIM Standards.
4. Mineral Resources reported on a dry in-situ basis.
5. Totals may differ due to rounding

14.5.8 Gold Equivalent Calculation

ERD requested that RPM report the Mineral Resources using a Gold Equivalent (AuEq) value due to the nature of the deposit. ERD supplied the formula;

*Au Eq=(Au_ppb/1000)+((((Ag_ppm/31.103)*18)/1200)*31.103)+(((((Pb_ppm+Zn_ppm)/453.59)*0.9)/1200)*31.103)*

ERD requested the AuEq values in an effort to report the combined value of gold, silver, lead and zinc as a percentage of gold, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of USD 1,200/oz gold, USD 18/oz silver, and $0.90/lb for lead and zinc.

Table 14-22. Mineral Resource Estimate Reported by Area as at 19th February 2015

AuEq g/t Cut-off	Classification	Prospect	Tonnes Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	Au kOz	Ag kOz	Zn Mlbs	Pb Mlbs	AuEq kOz
0.0	Indicated	DZ	4.2	0.6	7.8	0.44	0.29	1.1	83	1,062	41.0	26.5	150
		UN	1.1	1.0	5.7	0.60	0.67	1.8	36	196	14.1	15.8	61
		Total	**5.3**	**0.7**	**7.4**	**0.47**	**0.36**	**1.2**	**119**	**1,259**	**55.1**	**42.3**	**211**
	Inferred	DZ	4.4	0.5	8.0	0.42	0.26	1.0	74	1,121	40.3	24.8	139
		UN	0.7	0.7	3.4	0.38	0.39	1.2	17	80	6.3	6.3	28
		Total	**5.1**	**0.6**	**7.3**	**0.41**	**0.28**	**1.0**	**91**	**1,201**	**46.5**	**31.1**	**167**
0.2	Indicated	DZ	4.2	0.6	7.9	0.45	0.29	1.1	83	1,061	40.8	26.4	150
		UN	1.1	1.0	5.7	0.60	0.67	1.8	36	196	14.1	15.8	61
		Total	**5.2**	**0.7**	**7.5**	**0.48**	**0.37**	**1.3**	**119**	**1,257**	**54.9**	**42.2**	**211**
	Inferred	DZ	4.3	0.5	8.1	0.42	0.26	1.0	74	1,120	40.1	24.8	139
		UN	0.7	0.7	3.4	0.39	0.39	1.2	17	80	6.2	6.3	28
		Total	**5.0**	**0.6**	**7.4**	**0.42**	**0.28**	**1.0**	**91**	**1,200**	**46.3**	**31.1**	**167**
0.4	Indicated	DZ	3.5	0.7	8.8	0.48	0.32	1.3	81	1,004	37.7	24.8	143
		UN	1.0	1.1	5.9	0.62	0.70	1.9	36	194	13.8	15.6	61
		Total	**4.6**	**0.8**	**8.2**	**0.51**	**0.40**	**1.4**	**117**	**1,198**	**51.4**	**40.4**	**204**
	Inferred	DZ	3.6	0.6	8.9	0.46	0.29	1.1	72	1,049	36.8	23.4	132
		UN	0.6	0.9	4.0	0.43	0.44	1.4	17	76	5.5	5.7	26
		Total	**4.2**	**0.6**	**8.3**	**0.45**	**0.31**	**1.2**	**88**	**1,124**	**42.4**	**29.1**	**159**
0.6	Indicated	DZ	2.5	1.0	10.4	0.54	0.37	1.6	77	828	29.5	20.0	126
		UN	0.9	1.2	6.4	0.65	0.74	2.0	35	186	12.9	14.8	59
		Total	**3.4**	**1.0**	**9.4**	**0.57**	**0.47**	**1.7**	**112**	**1,014**	**42.4**	**34.8**	**185**
	Inferred	DZ	2.6	0.8	10.2	0.52	0.33	1.4	66	853	29.5	18.9	115
		UN	0.4	1.2	4.3	0.45	0.49	1.7	16	60	4.4	4.7	24
		Total	**3.0**	**0.8**	**9.4**	**0.51**	**0.35**	**1.4**	**83**	**913**	**33.9**	**23.5**	**139**
0.8	Indicated	DZ	1.8	1.3	11.6	0.57	0.39	1.9	73	671	22.4	15.3	111
		UN	0.7	1.5	7.2	0.70	0.84	2.4	34	162	10.7	13.0	54
		Total	**2.5**	**1.3**	**10.4**	**0.60**	**0.51**	**2.1**	**107**	**833**	**33.1**	**28.3**	**165**
	Inferred	DZ	1.7	1.1	11.0	0.55	0.36	1.7	61	612	21.1	13.7	96
		UN	0.3	1.8	4.6	0.45	0.52	2.3	15	40	2.7	3.1	20
		Total	**2.0**	**1.2**	**10.1**	**0.54**	**0.38**	**1.8**	**76**	**651**	**23.8**	**16.8**	**117**
1.0	**Indicated**	**DZ**	**1.4**	**1.6**	**12.2**	**0.56**	**0.39**	**2.3**	**69**	**529**	**16.8**	**11.6**	**99**
		UN	**0.5**	**2.0**	**8.0**	**0.73**	**0.96**	**3.0**	**32**	**128**	**7.9**	**10.5**	**48**
		Total	**1.8**	**1.7**	**11.1**	**0.61**	**0.54**	**2.5**	**102**	**657**	**24.7**	**22.1**	**147**
	Inferred	**DZ**	**1.3**	**1.4**	**11.4**	**0.55**	**0.36**	**2.0**	**57**	**463**	**15.4**	**10.1**	**83**
		UN	**0.2**	**2.0**	**4.8**	**0.45**	**0.54**	**2.6**	**15**	**35**	**2.3**	**2.7**	**19**
		Total	**1.5**	**1.5**	**10.4**	**0.54**	**0.39**	**2.1**	**72**	**498**	**17.7**	**12.8**	**102**
1.2	Indicated	DZ	1.1	1.9	12.6	0.55	0.39	2.5	66	447	13.5	9.5	90
		UN	0.4	2.5	8.4	0.74	1.02	3.5	32	106	6.4	8.8	45
		Total	**1.5**	**2.0**	**11.5**	**0.60**	**0.56**	**2.8**	**98**	**553**	**19.8**	**18.4**	**134**
	Inferred	DZ	1.0	1.7	12.0	0.55	0.36	2.3	52	369	11.6	7.5	72
		UN	0.2	2.1	4.8	0.45	0.54	2.7	15	33	2.1	2.6	19
		Total	**1.2**	**1.8**	**10.7**	**0.53**	**0.39**	**2.4**	**67**	**402**	**13.7**	**10.1**	**91**
1.4	Indicated	DZ	0.9	2.1	13.4	0.56	0.40	2.8	61	394	11.4	8.1	82
		UN	0.3	2.9	8.6	0.73	1.05	3.9	31	93	5.4	7.8	42
		Total	**1.3**	**2.3**	**12.1**	**0.61**	**0.58**	**3.1**	**92**	**486**	**16.8**	**15.9**	**124**
	Inferred	DZ	0.8	1.9	12.3	0.55	0.36	2.6	48	311	9.5	6.2	65
		UN	0.2	2.2	4.9	0.46	0.55	2.8	14	31	2.0	2.4	18
		Total	**1.0**	**2.0**	**10.8**	**0.53**	**0.40**	**2.6**	**63**	**342**	**11.5**	**8.6**	**83**
1.6	Indicated	DZ	0.8	2.3	14.2	0.57	0.42	3.0	57	351	9.7	7.1	75
		UN	0.3	3.1	8.6	0.72	1.04	4-1	31	85	4.9	7.1	41
		Total	**1.1**	**2.5**	**12.6**	**0.61**	**0.60**	**3.3**	**88**	**437**	**14.6**	**14.2**	**116**
	Inferred	DZ	0.7	2.1	12.6	0.55	0.36	2.8	45	268	8.0	5.3	59
		UN	0.2	2.3	4.9	0.46	0.55	2.9	14	31	1.9	2.3	18
		Total	**0.9**	**2.1**	**10.8**	**0.53**	**0.40**	**2.8**	**59**	**298**	**10.0**	**7.6**	**77**

AuEq g/t	Classification	Prospect	Tonnes	Au	Ag	Zn	Pb	AuEq	Au	Ag	Zn	Pb	AuEq
Cut-off			Mt	g/t	g/t	%	%	g/t	kOz	kOz	Mlbs	Mlbs	kOz
1.8	Indicated	DZ	0.6	2.5	15	0.57	0.43	3.3	53	311	8.2	6.1	68
		UN	0.3	3.3	8.5	0.72	1	4.3	31	80	4.6	6.5	40
		Total	**0.9**	**2.8**	**13**	**0.62**	**0.61**	**3.6**	**83**	**391**	**12.8**	**12.6**	**108**
	Inferred	DZ	0.6	2.3	13.1	0.57	0.37	2.9	42	240	7.1	4.6	54
		UN	0.2	2.3	5.2	0.48	0.57	3	13	29	1.9	2.2	17
		Total	**0.7**	**2.3**	**11.2**	**0.55**	**0.41**	**2.9**	**55**	**270**	**9.0**	**6.8**	**71**
2.0	Indicated	DZ	0.6	2.8	16	0.59	0.45	3.5	49	282	7.1	5.4	62
		UN	0.3	3.5	8.6	0.72	1.01	4.5	30	74	4.2	6.0	39
		Total	**0.8**	**3.0**	**13.5**	**0.63**	**0.63**	**3.8**	**79**	**356**	**11.3**	**11.4**	**101**
	Inferred	DZ	0.5	2.5	14	0.61	0.39	3.2	36	205	6.1	4.0	47
		UN	0.2	2.4	5.6	0.5	0.61	3.1	12	28	1.7	2.1	16
		Total	**0.6**	**2.5**	**11.8**	**0.58**	**0.45**	**3.2**	**49**	**233**	**7.9**	**6.1**	**63**

14.5.9 Risks

Several risks are associated with the estimate of the Altan Nar Mineral Resource, these include:

- The current drill density at the deposit has enabled Au and base metal lodes to be interpreted. These interpretations are based on limited composites on each drill section. Whilst the base metal lodes form continuous zones of alteration, the Au lodes are less robust in continuity. The modelled Au lodes at DZ are not all contained within the encompassing Zn lodes. A better understanding of the controls on mineralisation is required to determine how the Au mineralisation relates to the base metal alteration. Alternate Au interpretations could be modelled by constraining them within the base lodes. Whilst this is not likely to change the global tonnage it would affect the Au interpretations at the local scale. Infill drilling is required to improve the confidence in the controls on mineralisation and subsequent interpretations.

- A number of significant barren dykes have been mapped and logged at the Union North Prospect. These dykes have been modelled by RPM and no grade estimates have been populated within these units. The interpretation of these dykes is, at present, based on generally wide spaced 100m sections. A better understanding of the dyke geometry will be gained through closer spaced drilling. There is a minor risk that the dykes could actually be much larger than currently modelled as there is no information between sections at depth. Alternately, the dykes could also be smaller.

14.5.10 Dilution and Ore Losses

The block model is undiluted with no ore loss factors applied; as a result appropriate dilution and ore loss factors must be applied for any economic reserve calculation.

14.5.11 Other Information

RPM is not aware of any other factors, including environmental, permitting, legal, title, taxation, socio-economic, marketing and political or other relevant factors, which could materially affect the Mineral Resource.

15 Mineral Reserve Estimates

Not included in this NI43-101 Report because of the early stage of Project investigation.

16 Mining Methods

Not included in this NI43-101 Report because of the early stage of Project investigation.

17 Recovery Methods

Not included in this NI43-101 Report because of the early stage of Project investigation.

18 Project Infrastructure

Not included in this NI43-101 Report because of the early stage of Project investigation.

19 Market Studies and Contracts

Not included in this NI43-101 Report because of the early stage of Project investigation.

20 Environmental Studies, Permitting and Social and Community Impact

Not included in this NI43-101 Report because of the early stage of Project investigation.

21 Capital and Operating Costs

Not included in this NI43-101 Report because of the early stage of Project investigation.

22 Economic Analysis

Not included in this NI43-101 Report because of the early stage of Project investigation.

23 Adjacent Properties

There are no adjacent properties with similar publically well-known mineralisation to provide comparative mineralisation characteristics. However, the Project is situated in a well mineralised belt with the ERD owned Zuun Mod porphyry molybdenum / copper deposit situated 40km east of the Project. The Project was described in the NI43-101 Report titled “Erdene Resource Development Corp., Zuun Mod Porphyry Molybdenum Copper Project, by Minarco Mine Consult, June 2011”. The heat and fluid involved in formation of the Altan Nar mineralisation may be derived from similar intrusion related hydrothermal systems at depth under the Altan Nar area, however further analysis is required to confirm this interpretation.

24 Other Relevant Data and Information

24.1 Project Development

ERD have developed plans to continue investigation of the Project. The Company's near-term objective is to enhance the confidence of and expand this initial, independently reported, near surface, high grade, open pit minable resources at both Discovery Zone and Union North in 2015. Simultaneously the Company will be completing additional evaluation of the remaining targets to assist in determining the highest priority areas and assessing the potential of property-wide near-surface resources.

This initial resource will support a scoping study in 2015 which would consider options for development including evaluating the concept of producing a potentially high value gold, silver, lead and zinc concentrate(s) sold into China (rail link 175 km to the south) for final processing. This option has the potential to have low capital and operating costs during start up and early cash flow.

The next phase of exploration and technical study for the Altan Nar project will include programs to:

1. Further characterize the mineralisation and establish a metallurgical and process framework.

2. Improve understanding of the structural setting of the greater Altan Nar with a focus on the DZ and UN areas improving drill targeting

3. Improve our understanding of the style of mineralisation (depth of emplacement etc) providing insight into focussing exploration

4. Compile and interpret all data producing a recommended expansion and regional exploration program

The completion of this initial work will lead to decisions on the next phase that could include one or both of preliminary development work and/or the exploration expansion phase. Estimated costs for the remainder of 2015 are outlined in the table below. Costs associated with the Expansion phase would be dictated by results from the studies above.

24.2 Exploration Program

A previous IP gradient-array survey identified a series of high chargeability anomalies, up to 190 m wide that are interpreted as representing broad zones of sulphide mineralisation. Many of these IP anomalies have corresponding surface geochemical anomalies (in both rock and soil). The morphology of these IP anomalies, coupled with the geometry of the lineaments evident on satellite imagery, suggests mineralisation may be associated with dilation zones. The second quarter 2014 survey results show the presence of multiple, locally intense, chargeability high anomalies, extending from near-surface to depth, often continuing below the IP survey detection limit of approximately 150 m. Anomalies beneath the North Bow/South Bow and Union North, Union South target areas are particularly intense. The majority of these geophysical targets have yet to be drill tested. Zonge International Inc., a geophysical consulting firm based in Reno Nevada, reviewed the data and completed an interpretation and compilation to further define existing targets and generate additional targets for drill testing.

For 2015 the following exploration works are planned by ERD:

1. The DZ requires additional extension drilling to determine whether there is additional mineralisation that can be included in the possible development.

2. Extensional drilling is also planned for UN.

3. Further scout drilling will be completed on un-drilled areas indicated by previous works.

24.3 Development Programs

ERD developed plans to continue investigation of the Project for remainder of 2015 includes:

1. Metallurgical Study: Floatation (base and precious metal concentrate) and leaching.
2. Infill drilling with 35m spacing to move the Inferred material into Indicated.
3. High level Scoping Study following infill and exploration works.
4. Environmental and Permitting Programs.

A budget and schedule for these activities is given in ***Table 24-1*** below.

Table 24-1 Altan Nar Project - 2015 Development Program Budget and Schedule

2015 Budget Allocation	Cost (k USD)	May	June	July	Aug	Sept	Oct	Nov	Dec
2015 General and G&A	240								
Community	50								
Structural/Epithermal Assessment	30								
Metallurgy	100								
Field Program /Technical Support	180								
Licence Renewals	25								
Drilling Program	700								
Scoping Level Study	75								
Environmental/Permitting	150								
Contingency	310								
Total	1,860								

Source: Internal Company Information supplied by Erdene Resource Development Corporation

25 Interpretation and Conclusions

The following interpretations and conclusions have been made on the Altan Nar Gold Project from the findings of the Technical Report:

- The Project represents a promising intermediate sulphidation epithermal gold-silver-polymetallic Project, and has resources of sufficient quality to warrant additional investigation. No Measured Resources have been classified but Indicated Mineral Resources consists of gold lode Mineral Resources of 1.5Mt at 2.8 g/t Au eq (at 1.0 g/t Au eq cut-off grade) and 0.4 Mt at 1.3 g/t Au eq within the base metal lode Mineral Resources (at 1.0 g/t Au eq cut-off grade).

- A Mineral Resource estimate, using ordinary kriging and inverse distance squared interpolation methods, was completed by RPM. The Mineral Resource estimate in this Technical Report is reported using cut-off grades which are deemed appropriate for the style of mineralisation and the current state of the Mineral Resources.

- RPM considers the estimated Mineral Resources to be compliant with CIM Guidelines for Resource Estimates under NI 43-101. Of importance for mine planning, the model accommodates in situ and contact dilution but excludes mining dilution. Block size is similar (25 x 5 x 5 meters, sub-blocked to 3.25 x 1.25 x 1.25) to the expected small-mining units conventionally used in this type of deposit, and appropriate for an open pit mine.

- Potential for increasing of the Mineral Resources are good, with the DZ and UN areas along strike and also down dip, which requires further drilling to investigate potential. In addition, previously undrilled and scout drilled areas have potential which will need drill investigation.

- Metallurgical testwork is at an early stage but samples tested to date have generally shown a good response to leaching with average gold recoveries of 80% for the low arsenic material. Higher arsenic samples, which appear to make up only a relatively small part of the deposit, would require a more intensive, though nonetheless proven, processing method with high gold recoveries (95%).

- The proposed processing circuit has not yet been defined for the Project. This will be completed based on ongoing metallurgical studies.

26 Recommendations

The recommendations provided are based on observations made in conjunction with the preparation of the Mineral Resource estimate and the metallurgical review detailed in ***Sections 14, and 13 respectively***. Support and contingencies for the testwork, studies and drilling (as outlined in ***Section 24***) is expected to total approximately USD 1.9 M for the 2015 year.

Mineral Resource Estimation and Geology

RPM recommend the following be undertaken:

- Structural/Epithermal Assessment to optimise the drilling programme;
- In-fill drilling to potentially increase the Mineral Resource confidence categorisation of areas currently defined as Inferred to Indicated and to target extensions of higher grade areas of the Project.
- Additional extensional exploration drilling is recommended in the Discovery Zone and Union North areas of the current resource.
- Additional scout exploration drilling in un-drilled and partly drilled parts of the Project particularly the higher grade near surface areas.

The above recommended 2015 work program is estimated to cost approximately USD 0.9 M.

Metallurgy and Processing

The Project is supported by a preliminary metallurgical test work basis which would require some level of confirmation and investigation to progress to a Pre-feasibility Study status. The planned work for 2015 includes additional metallurgical testwork, community liaison work, environmental and permitting and a Scoping level study. The additional work (including sampling and field costs etc) is estimated to cost approximately USD 0.4 M.

Following on from the increased geological understanding of the mineralisation styles and likely run of mine feed grades of any operation, RPM recommends processing testwork on samples that are representative of the deposit. This testwork would identify the grinding requirements, as well as gold recoveries and processing requirements based on conventional flowsheets as well as the potential for recovering the base metals into marketable products. RPM estimates that the cost of this testwork would cost approximately 0.4M USD and would include:

- Mineralogy,
- Potential for pre-concentration,
- Comminution testing,
- Potential for gravity gold recovery,
- Optimisation of leaching conditions,
- Viscosity and oxygen uptake studies,
- Tailings dewatering properties,
- Establish detoxification requirements, and
- Treatment strategies for processing arsenic bearing ores.

27 References

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28 Annexure A - Glossary

The key terms used in this report include:

- **Company** means ERD Resources Inc. "ERD" or "the Client".
- **concentrate** a powdery product containing higher concentrations of minerals resulting from initial processing of mined ore to remove some waste materials; a concentrate is a semi-finished product, which would still be subject to further processing, such as smelting, to effect recovery of metal
- **contained metal** refers to the amount of pure metal equivalent estimated to be contained in the material based on the metal grade of the material.
- **element** Chemical symbols used in this report

  Au – Gold; Ag – Silver; As – Arsenic; Cu – Copper; Pb – Lead; Zn – Zinc
- **exploration** activity to identify the location, volume and quality of a mineral occurrence
- **Exploration Target/Results** includes data and information generated by exploration programmes that may be of use to investors. The reporting of such information is common in the **early** stages of exploration and is usually based on limited surface chip sampling, geochemical and geophysical surveys. Discussion of target size and type must be expressed so that it cannot be misrepresented as an estimate of Mineral Resources or Ore Reserves.
- **exploration right** the licensed right to identify the location, volume and quality of a mineral occurrence
- **flotation** is a separation method for to the recovery of minerals using reagents to create a froth that collects target minerals
- **gangue** is a mining term for waste rock
- **grade** any physical or chemical measurement of the concentration of the material of interest in samples or product. The units of measurement should be stated when figures are reported
- **grind** means to crush, pulverize, or reduce to powder by friction, especially by rubbing between two hard surfaces
- **In situ** means rock or mineralisation in place in the ground
- **In Situ Quantities** estimates of total in ground tonnes and grade which meet the requirements of the PRC Code or other international codes for reserves but do not meet either NI 43-101 or Joint Ore Reserves Committee's recommendations
- **Indicated Mineral Resource** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
- **Inferred Mineral Resource** is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
- **ITR** stands for Independent Technical Review
- **ITRR** stands for Independent Technical Review Report

Km	stands for kilometre
Kt	stands for thousand tonnes
Lb	stands for pound, a unit of weight equal to 453.592 grams
m	stands for metres
M	stands for million
Measured Mineral Resource	is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
metallurgy	Physical and/or chemical separation of constituents of interest from a larger mass of material. Methods employed to prepare a final marketable product from material as mined. Examples include screening, flotation, magnetic separation, leaching, washing, roasting etc.
mine production	is the total raw production from any particular mine
Mineable Quantities	Estimates of in ground tonnes and grades which are recoverable by mining
Mineral Reserves	is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
mineral right	for purposes of this Prospectus, mineral right includes exploration right, mining right, and leasehold exploration or mining right
mineralisation	any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition
mining rights	means the rights to mine mineral resources and obtain mineral products in areas where mining activities are licensed
RPM	refers to RungePincockMinarco
mRL	means meters above sea level
Mt	stands for million tonnes
Mtpa	means million tonnes per annum
NI 43-101	National Instrument 43-101
OC	open cut mining which is mining from a pit open to surface and usually carried out by stripping of overburden materials
Ore	is the portion of a reserve from which a metal or valuable mineral can be extracted profitably under current or immediately foreseeable economic conditions
ore processing	is the process through which physical or chemical properties, such as density, surface reactivity, magnetism and colour, are utilized to separate and capture the useful components of ore, which are then concentrated or purified by means of flotation, magnetic selection, electric selection, physical selection, chemical selection, reselection, and combined methods

• **ore selection**	the process used during mining to separate valuable ore from waste material or barren rock residue
• **ore t**	stands for ore tonne
• **preliminary feasibility study**	is a comprehensive study of the viability of a mineral Project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.
• **primary mineral deposits**	are mineral deposits formed directly from magmas or hydrothermal processes
• **Probable Mineral Reserve**	is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
• **Project**	means a deposit which is in the pre-operating phase of development and, subject to capital investment, feasibility investigations, statutory and management approvals and business considerations, may be commissioned as a mine
• **Proven Mineral Reserve**	is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
• **raw ore**	is ore that has been mined and crushed in an in-pit crusher, but has not been processed further
• **recovery**	The percentage of material of initial interest that is extracted during mining and/or processing. A measure of mining or processing efficiency
• **regolith**	is a geological term for a cover of soil and rock fragments overlying bedrock
• **reserves**	the [economically] mineable part of a Measured and/or Indicated Mineral Resource, including diluting materials and allowances for losses which may occur when the material is mined
• **resources**	a concentration or occurrence of a material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity such that there are reasonable prospects for eventual economic extraction
• **Resources**	Resources which have been estimated in accordance with the recommendations of the guidelines provided in the JORC or NI 43-101 Standards of Disclosure for Mineral Projects.
• **RL**	means Reduced Level, an elevation above sea level
• **RMB**	stands for Chinese Renminbi Currency Unit;
• **RMB/t**	stands for Chinese Renminbi per material tonne
• **ROM**	stands for run-of-mine, being material as mined before beneficiation
• **saprolite**	is a geological term for weathered bedrock
• **secondary mineral deposits**	are mineral deposits formed or modified as a result of weathering or erosion of primary mineral deposits
• **shaft**	a vertical excavation from the surface to provide access to the underground mine workings

- **sq.km** square Kilometre
- **t** stands for tonne
- **t/bcm** stands for tonnes per bank cubic metre (i.e. tonnes in situ) a unit of density
- **tonnage** An expression of the amount of material of interest irrespective of the units of measurement (which should be stated when figures are reported)
- **tonne** refers to metric tonne
- **tpa** stands for tonnes per annum
- **tpd** stands for tonnes per day
- **UG** underground mining which is an opening in the earth accessed via shafts, declines or adits below the land surface to extract minerals
- **upgrade ratio** is a processing factor meaning ROM Grade% / Product Grade %
- **USD** stands for United States dollars
- **$** refers to United States dollar currency Unit

END OF REPORT