

ERDENE ANNOUNCES Q1 2021 FINANCIAL RESULTS AND PROVIDES KHUNDII GOLD PROJECT UPDATE

Press Release

Halifax, Nova Scotia
2021.05.17

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) ("Erdene" or the "Company") is pleased to announce operating and financial results for the three months ended March 31, 2021 and to provide an update on its Bayan Khundii Gold Project ("Bayan Khundii" or "BK"). This release should be read in conjunction with the Company's Q1-2021 Financial Statements and MD&A, available on the Company's website or SEDAR.

Highlights:

- Advancing Bayan Khundii Gold Project towards construction
 - Completed detailed design and engineering
 - Received regulatory approval for major non-process facilities
 - Executed contract for comminution circuit
 - Developed project and operations documentation and organizational structure
- Progressed EDC Project Finance due diligence with consultant site visits completed
- Discovered high-grade gold, near-surface, at the new Dark Horse gold prospect
 - Gold mineralization traced over 1.4 kilometre strike
 - High-grade gold zone discovered within 10 metres of surface
 - Two holes spaced at 100 metres returned 45 metres of 5.97 g/t gold (AAD-58) and 35 metres of 2.67 g/t gold (AAD-81)
- Scheduled major drill program to commence in late Q2, targeting Dark Horse, the southeast corner of the Ulaan license and Altan Nar

Quotes from the Company:

"During the first quarter we made significant progress on our two core objectives of advancing Bayan Khundii towards development and expanding high-grade gold resources in the Khundii Gold District," said Peter Akerley, Erdene's President and CEO.

"We progressed construction readiness and permitting work for our Bayan Khundii Gold Project and conducted an employment orientation program in Bayankhongor Province, our host community," continued Mr. Akerley. "Due diligence by Export Development Canada for the Project Finance debt is well underway."

"Concurrently, drilling and exploration work during the quarter confirmed the Dark Horse prospect as the most significant zone of gold mineralization in our Khundii Gold District

since our discovery of the Bayan Khundii gold deposit,” said Mr. Akerley. “We have traced mineralization over a 1.4 kilometre trend that remains open along strike and at depth. We are finalizing plans for further drilling at Dark Horse, alongside maiden drilling of Ulaan targets and expansion of the 2020 high-grade Gap Zone at Altan Nar beginning in late Q2.”

“Although fieldwork has continued with minimal disruption, Mongolia has seen increasing spread of COVID-19, including cases in our host province of Bayankhongor,” concluded Mr. Akerley. “We are taking all precautions to maintain a safe work environment, and are closely monitoring the COVID situation in the country and its potential impact on the construction schedule for our Bayan Khundii Gold Project.”

Q1 2021 Highlights and Subsequent Events:

Bayan Khundii Gold Project – 100% Erdene

- Progressed construction readiness activities for the Bayan Khundii Gold Project
 - Detailed design and engineering for the Carbon-in-Pulp (“CIP”) processing plant was completed in Q1 2021 – regulatory review will commence in Q2 2021
 - Contract for SAG and Ball mills awarded to CITIC in March 2021
 - Detailed drawings for major non-process facilities received regulatory approval, pending issuance of final documentation
 - Balance of facilities is expected to be ready for regulatory submission by Q3 2021
 - Construction, procurement, health and safety manuals, and job descriptions for key roles drafted in advance of the launch of construction
- Launched an Employment Orientation program at the Bayan Khundii Project camp for local residents
 - Two cohorts of 36 received training from Erdene’s HSEC team, with a further 140 residents registered for upcoming sessions
 - Topics included Project development plans, environmental management, and opportunities for local participation in the Project
 - Future programs planned to support local residents to attain the skills to earn employment with the Project, including internship and trades certification programs
- Obtained key permits and advanced regulatory approvals for mine development
 - Received key regulatory approvals for five key non-process facilities
 - Granted an extension for the Detailed Environmental Impact Assessment until September 30, 2021 due to COVID-19 restrictions preventing travel and public gatherings

Exploration

- Discovered high-grade gold, near surface, at the new Dark Horse gold prospect
 - Gold mineralization traced over 1.4 kilometre strike length

- Near surface, intensely oxidized, high-grade gold zone discovered beginning within 10 metres of surface, defined by two holes spaced at 100 metres
 - AAD-58 – 45 metres of 5.97 g/t gold, beginning 10 metres downhole, including 1 metre of 82.5 g/t gold within 8 metres of 27.1 g/t gold
 - AAD-81 – 35 metres of 2.65 g/t gold, beginning 4 metres from surface, including 12 metres of 5.1 g/t gold with separate one-metre intervals of 14 g/t and 19 g/t gold
- Wide zones of gold mineralization beginning near surface
 - AAD-61 – 130 metres of 0.53 g/t gold, beginning 10 metres downhole, located 670 metres north of AAD-58
 - AAD-66 – 14 metres of 1.31 g/t gold, beginning 53 metres downhole, as well as 20 metres of 1.74 g/t gold, beginning 112 metres downhole, located 150 metres northeast of AAD-61
- Open at depths of up to 220 metres
 - AAD-57 – 30 metres of 1.7 g/t gold, from 192 metres downhole
- Engaged technical experts to assist in the interpretation of the Khundii-Ulaan geologic model and prospective mineralizing systems of the Khundii Gold District which includes Erdene's 100% owned Altan Nar project
 - Results from geologic, structural, and geophysical modelling, spectral alteration, and clay mineralogy analysis, petrographic analysis will be incorporated into drill targeting as part of the 2021 exploration program

Corporate

- Progressed due diligence for the Bayan Khundii Project Finance with EDC
 - Site visits completed in Q1 and draft diligence reports received
 - EDC mandate letter contemplates a senior secured debt facility of up to US\$55 million, subject to the satisfactory completion of due diligence and documentation
- Recorded a net loss of \$617,084 for the three months ended March 31, 2021, compared to a net loss of \$1,041,990 for the three months ended March 31, 2020
 - Exploration and evaluation expenditures, including capitalized expenditures, totaled \$2,523,968 for the three months ended March 31, 2021, compared to \$1,511,929 for the three months ended March 31, 2020, primarily due to increased exploration as Erdene drilled 3,100 metres in the current period, while no drilling was undertaken in the comparative prior year quarter. Additionally, expenditures on construction readiness activities in the current quarter exceeded costs associated with the Bayan Khundii Feasibility Study and Detailed Engineering and Design in the prior year quarter.
 - Corporate and administrative expenses totaled \$394,604 for the three months ended March 31, 2021, compared to \$374,074 for the three months ended March 31, 2020, due to higher professional fees, regulatory costs, and share-based compensation costs, partially offset by reduced directors' fees and investor relations costs.

COVID-19 Update

In late January 2020, the Government of Mongolia instituted limitations on public gatherings, suspended in-person classroom learning, and implemented international border controls in response to COVID-19. The Canadian Government adopted similar measures in March 2020, as have most governments globally during 2020. With the first community transmission of COVID-19 in November 2020, the Government of Mongolia has further restricted the movement of people and the delivery of goods and services. While restrictions were eased in mid-Q1 2021, preventive measures were reintroduced in early Q2 2021 following an increase in the number of reported cases. Additionally, in March 2021, Bayankhongor Province, where Erdene's Projects are located, reported its first confirmed case of community transmission of COVID-19, imposing restrictions on the movement of people within and to and from the province. In response, Erdene provided emergency funding and supplied personal protective equipment to the Bayankhongor Emergency Commission to support its efforts to contain the spread of COVID-19 within the Company's host province.

Although the impact of COVID-19 on the Company's operations has been modest to date, the pandemic continues to evolve. The Company is monitoring the situation and assessing potential disruptions to the Bayan Khundii Gold Project construction schedule. Concurrently, the Company continues construction readiness work, including detailed engineering and design, procurement, negotiation of a local co-operation agreement with Bayankhongor provincial government, and project finance due diligence with Export Development Canada. Additionally, the Company's Mongolian exploration team has been able to continue field exploration without significant disruption, while adopting enhanced health and safety protocols. Erdene's Corporate and Administrative teams in Canada and Mongolia have worked remotely throughout the pandemic with minimal disruption.

It is expected that a relaxation of government restrictions and widespread vaccine distribution will allow the Mongolian economy to gradually reopen beginning in late Q2 2021, allowing the Company's Canadian staff and consultants to travel to Mongolia. With re-opening, activity in our local communities can resume, including employee safety and, job training and, consultative stakeholder meetings required as part of the Company's Detailed Environmental Impact Assessment ("DEIA") submission. Approval of the DEIA is a key milestone in the permitting process, is required to commence construction, and is currently expected in Q3 2021.

Assuming approval of the DEIA in Q3 2021, the Company expects to commence early works, including establishing a permanent camp, warehousing facility, bore-field and basic road works as early as the second half of 2021. Given Mongolian winter conditions, significant concrete and steel works are not expected until 2022, resulting in a first pour of gold in H1 2023. During this period, exploration results from both the Dark Horse and

Ulaan prospects will be evaluated to determine possible adjustments to the development plans.

The Company will provide further details on the impact of COVID-19 on its operations and the Bayan Khundii Gold Project schedule as they become available.

About Erdene

Erdene Resource Development Corp. is a Canada-based resource company focused on the acquisition, exploration, and development of precious and base metals in underexplored and highly prospective Mongolia. Erdene's deposits are located in southwestern Mongolia's Edren Terrane, within the Central Asian Orogenic Belt, host to some of the world's largest gold and copper-gold deposits. The Company has been the leader in exploration in the region over the past decade and is responsible for the discovery of the Khundii Gold District with interests in three mining licenses and two exploration licenses hosting multiple high-grade gold and gold/base metal prospects, two of which are being considered for development: the 100%-owned Bayan Khundii and Altan Nar gold deposits.

Erdene Resource Development Corp. is listed on the Toronto and the Mongolian stock exchanges. Further information is available at www.erdene.com. Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

Qualified Person

Peter Dalton, P.Geo. (Nova Scotia), Senior Geologist for Erdene, is the Qualified Person as that term is defined in National Instrument 43-101 and has reviewed and approved the technical information contained in this news release.

Forward-Looking Statements

Certain information regarding Erdene contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Erdene believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Erdene cautions that actual performance will be affected by a number of factors, most of which are beyond its control, and that future events and results may vary substantially from what Erdene currently foresees. Factors that could cause actual results to differ materially from those in forward-looking statements include the ability to obtain required third party approvals, market prices, exploitation and exploration results, continued availability of capital and

financing and general economic, market or business conditions. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and is subject to change after that date. The Company does not assume the obligation to revise or update these forward-looking statements, except as may be required under applicable securities laws.

NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENTS OF THIS RELEASE

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