
Erdene Resource Development Corp (the “Company”)

Code of Business Conduct and Ethics

Erdene Resource Development Corp. and all its subsidiaries (collectively “**Erdene**”) are committed to maintaining a high standard of legal and ethical business conduct.

This Code of Business Conduct and Ethics (the “**Code**”) summarizes the legal, ethical and regulatory standards that Erdene must follow. Compliance with this Code is mandatory for every Erdene director, officer and employee. Erdene places a high value on the integrity of its directors, its officers and its employees and demands this level of integrity in all the corporation’s dealings. Accordingly, the standards for business conduct and ethical behavior described below have been adopted.

Erdene expects each of its directors, officers and employees to read and become familiar with the standards described in this Code and to affirm his or her agreement to adhere to these standards by signing the Acknowledgment Form that appears at the end of this Code. Violations of the law, Erdene’s corporate policies, or this Code may lead to disciplinary action, including dismissal.

STANDARDS OF CONDUCT

1. Conflicts of Interest

All employees, officers and directors have an obligation to act in the best interests of Erdene. Erdene’s directors, officers and employees should not be involved in any activity that creates or gives the appearance of a conflict of interest between their personal interests and the interests of Erdene. In particular, unless prior specific permission has been provided by the Chair of the Audit Committee or, in the case of the Chair of the Audit Committee to the Board as a whole, no employee, director or officer shall:

- (a) be a consultant to, or a director, officer or employee of, or otherwise operate an outside business that:
 - (i) competes with Erdene;
 - (ii) supplies products or services to Erdene; or
 - (iii) purchases products or services from Erdene;

- (b) have any financial interest, including significant stock ownership, which means 10% or more of the common stock, in any entity with which Erdene does business that might create or give the appearance of a conflict of interest;
- (c) seek or accept any personal loan or services from any entity with which Erdene does business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- (d) be a consultant to, or a director, officer or employee of, or otherwise operate an outside business if the demands of the outside business would interfere with the director's, officer's or employee's responsibilities to Erdene (if in doubt, consult the Chair of our Audit Committee);
- (e) accept any personal loan or guarantee of obligations from Erdene, except to the extent that such arrangements are legally permissible;
or
- (f) conduct business on behalf of Erdene with immediate family members, which include spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives.

A director, officer or employee must report a conflict, or potential conflict, immediately to the Chair of the Audit Committee or, in the case of the Chair of the Audit Committee, to the Board as a whole.

Only the Chair of the Audit Committee (or the Board of Directors as a whole, if the potential conflict involves the Chair of the Audit Committee) shall have the authority to grant such permission to a director, officer or employee.

2. Protection And Proper Use Of Corporate Assets

Erdene's assets may only be used for legitimate business purposes and may never be used for illegal purposes. A director, officer or employee should not use Erdene property or resources for any personal benefit or the personal benefit of anyone else.

3. Confidentiality

Erdene's directors, officers and employees are entrusted with the corporation's confidential information and with the confidential information of Erdene's business partners. This information may include (i) technical or scientific information about current and future projects, (ii) business or marketing plans or projections, (iii) earnings and other internal financial data, (iv) personnel information, (v) supply and customer lists and (vi) other non-public information that, if disclosed, might be of use to Erdene's competitors, or harmful to our business partners. This information is Erdene's property, or the property of our business partners and in many cases was developed at great expense. Erdene's directors, officers and employees shall:

- (a) not discuss confidential information with or in the presence of any unauthorized persons, including family members and friends;
- (b) use confidential information only for our legitimate business purposes and not for personal gain; and
- (c) not disclose confidential information to third parties.

4. Fair Dealing

Directors, officers and employees are required to deal honestly and fairly with Erdene's business partners, competitors and other third parties. In our dealings with these parties, Erdene:

- (a) prohibits the making or offering of bribes, kickbacks or any other form of improper payment, directly or indirectly, to any representative of a government, business partner or other third party in order to obtain a contract, some other commercial benefit or government action;
- (b) prohibits our directors, officers and employees from accepting any bribe, kickback or improper payment from anyone;
- (c) prohibits gifts or favors of more than nominal value to or from Erdene's business partners;

- (d) limits marketing and entertainment expenditures to those that are reasonable, necessary, prudent, job-related and consistent with Erdene's policies;
- (e) requires clear and precise communication in Erdene's contracts, advertising, literature, and other public statements and seek to eliminate misstatement of fact or misleading impressions;
- (f) protects all proprietary data provided to Erdene by third parties as reflected in Erdene's agreements with them; and
- (g) prohibits our representatives from otherwise taking unfair advantage of Erdene's business partners or other third parties, through inaccurate billing, manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

5. Compliance With Laws, Rules And Regulations

Erdene shall comply with all laws and governmental regulations that are applicable to Erdene's activities, and Erdene expects all of its directors, officers and employees to obey the law. Specifically, Erdene is committed to:

- (a) maintaining a safe and healthy work environment;
- (b) promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex, age, national origin, disability or other factors that are unrelated to the Erdene's business interests;
- (c) supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- (d) conducting its activities in full compliance with all applicable environmental laws;
- (e) keeping the political activities of its directors, officers and employees separate from our business;
- (f) prohibiting any illegal payments, gifts, or gratuities to any government officials or political party;



- (g) prohibiting the unauthorized use, reproduction, or distribution of any third party's trade secrets, copyrighted information or confidential information;
- (h) prohibiting the sale or export, either directly or through our representatives, of its products to countries where technology related goods such as Erdene's may not be sold; and
- (i) complying with all applicable securities laws.

Adopted by the Erdene Board of Directors on March 14, 2007.