



ERDENE
RESOURCE DEVELOPMENT

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2018 and 2017

(Canadian dollars)
(Unaudited)

Prepared by management – See Notice to Reader

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice to this effect. These unaudited condensed interim consolidated financial statements have been prepared by management of the Corporation. Management have compiled the unaudited condensed interim consolidated statements of financial position of Erdene Resource Development Corporation as at June 30, 2018 and December 31, 2017 and the unaudited condensed interim consolidated statements comprehensive loss, changes in equity and cash flows for the six months ended June 30, 2018 and 2017. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the June 30, 2018 and 2017 condensed interim consolidated financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Condensed Interim Consolidated Statements of Financial Position

(Canadian dollars)

(Unaudited)

	Notes	June 30, 2018	December 31, 2017
ASSETS			
Current assets:			
Cash		\$ 5,146,759	\$ 3,225,202
Receivables		155,343	148,069
Prepaid expenses		94,666	47,479
		5,396,768	3,420,750
Non-current assets:			
Exploration and evaluation assets	4	13,970,434	11,394,843
Property, plant and equipment		133,258	130,283
		14,103,692	11,525,126
TOTAL ASSETS		\$ 19,500,460	\$ 14,945,876
LIABILITIES & EQUITY			
Current liabilities:			
Trade and other payables		\$ 507,973	\$ 191,600
TOTAL LIABILITIES		\$ 507,973	\$ 191,600
SHAREHOLDERS' EQUITY			
Share capital	6	\$ 103,815,481	\$ 99,890,270
Contributed surplus		15,924,450	13,775,386
Accumulated other comprehensive loss		(589,785)	(894,855)
Deficit		(100,157,659)	(98,016,525)
		18,992,487	14,754,276
TOTAL LIABILITIES AND EQUITY		\$ 19,500,460	\$ 14,945,876

Commitments (Note 5)

Comparative figures (Note 9)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Board:

Signed "Peter C. Akerley"

_____ Director

Signed "John P. Byrne"

_____ Director

ERDENE RESOURCE DEVELOPMENT CORPORATION

Consolidated Statements of Comprehensive Loss

(Canadian dollars)

(Unaudited)

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2018	2017	2018	2017
Exploration expenses		\$ 673,015	\$ 820,435	\$ 899,602	\$ 970,977
Corporate and administration	7	791,439	1,264,294	1,278,047	1,725,192
Foreign exchange loss (gain)		(15,579)	19,008	(15,301)	17,781
Loss from operating activities		1,448,875	2,103,737	2,162,348	2,713,950
Finance income		9,404	34,540	21,214	49,153
Net loss		\$ 1,439,471	\$ 2,069,197	\$ 2,141,134	\$ 2,664,797
Other comprehensive income (loss):					
Foreign currency translation difference					
arising on translation of foreign subsidiaries		79,379	41,067	(305,070)	(44,575)
Other comprehensive income (loss)		79,379	41,067	(305,070)	(44,575)
Total comprehensive loss		\$ 1,518,850	\$ 2,110,264	\$ 1,836,064	\$ 2,620,222
Basic and diluted loss per share		\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02
Basic and diluted weighted average number of shares outstanding		149,901,990	145,478,251	147,008,699	139,830,791

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Consolidated Statements of Changes in Equity

(Canadian dollars)

(Unaudited)

	Notes	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance at January 1, 2017		126,810,031	\$ 86,783,669	\$ 11,952,465	\$ (636,283)	\$ (93,989,060)	\$ 4,110,791
Total comprehensive loss for the period:							
Net loss		-	-	-	-	(2,664,797)	(2,664,797)
Other comprehensive loss		-	-	-	44,575	-	44,575
Private placements, net of share issue costs	6	18,465,555	12,925,316	322,597	-	-	13,247,913
Options exercised	6	275,000	71,305	(21,055)	-	-	50,250
Share-based compensation		-	-	1,407,437	-	-	1,407,437
Total transactions with owners		18,740,555	12,996,621	1,708,979	-	-	14,705,600
Balance at June 30, 2017		145,550,586	\$ 99,780,290	\$ 13,661,444	\$ (591,708)	\$ (96,653,857)	\$ 16,196,169
Balance at January 1, 2018		145,963,086	\$ 99,890,270	\$ 13,775,386	\$ (894,855)	\$ (98,016,525)	\$ 14,754,276
Total comprehensive loss for the period:							
Net loss		-	-	-	-	(2,141,134)	(2,141,134)
Other comprehensive income		-	-	-	305,070	-	305,070
Private placements, net of share issue costs		14,834,580	3,650,261	1,357,750	-	-	5,008,011
Options exercised	6	978,125	274,950	(100,700)	-	-	174,250
Share-based compensation		-	-	892,014	-	-	892,014
Total transactions with owners		15,812,705	3,925,211	2,149,064	-	-	6,074,275
Balance at June 30, 2018		161,775,791	\$ 103,815,481	\$ 15,924,450	\$ (589,785)	\$ (100,157,659)	\$ 18,992,487

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ERDENE RESOURCE DEVELOPMENT CORPORATION

Consolidated Statements of Cash Flows

(Canadian dollars)

(Unaudited)

	Notes	For the period ended June 30,	
		2018	2017
Cash flows from operating activities:			
Net loss		\$ (2,141,134)	\$ (2,664,797)
Items not involving cash:			
Depreciation and amortization		10,424	7,175
Share-based compensation		892,014	1,407,437
Finance income		(21,214)	(49,153)
Foreign exchange loss (gain)		(15,301)	17,781
Change in non-cash working capital		261,428	220,296
Cash flows from operating activities		(1,013,783)	(1,061,261)
Cash flows from financing activities:			
Issue of common shares for cash, net of issue costs	6	5,008,011	13,247,913
Proceeds on exercise of stock options	6	174,250	50,250
Cash flows from financing activities		5,182,261	13,298,163
Cash flows from investing activities:			
Expenditures on exploration and evaluation assets		(2,280,479)	(3,828,383)
Expenditures on property, plant and equipment		(9,748)	(71,988)
Interest received		21,214	49,153
Cash flows from investing activities		(2,269,013)	(3,851,218)
Effect of exchange rate changes on cash and cash equivalents		22,092	(30,307)
Increase (decrease) in cash and cash equivalents		1,921,557	8,355,377
Cash and cash equivalents, beginning of period		3,225,202	1,071,209
Cash and cash equivalents, end of period		\$ 5,146,759	\$ 9,426,586

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

1. Nature of operations

Erdene Resource Development Corporation (the "Corporation") is a corporation domiciled in Canada. The address of the Corporation's registered office is 1300-1969 Upper Water Street, Halifax, Nova Scotia, B3J 2V1. The condensed interim consolidated financial statements of the Corporation as at and for the six months ended June 30, 2018 and 2017 comprise the Corporation and its subsidiaries. The principal business of the Corporation is the exploration and development of mineral deposits. The Corporation is primarily focused on the exploration of precious and base metal deposits in Mongolia.

2. Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. However, in making its assessment, management is aware of material uncertainties related to events or conditions that cast significant doubt upon the Corporation's ability to continue as a going concern, as described in the following paragraphs.

The Corporation is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, dependence on key individuals, successful exploration results and the ability to secure adequate financing to meet the minimum capital required to successfully advance the projects and continue as a going concern.

The Corporation experienced significant losses and negative cash flows from operations for the interim period ended June 30, 2018 and for the years ended December 31, 2017 and 2016 and had a deficit of \$100,157,659 at June 30, 2018. The Corporation had working capital of \$4,888,795 at June 30, 2018, compared to \$3,229,150 at December 31, 2017, representing a \$1,659,645 increase. Management estimates current working capital is sufficient to fund the Corporation's planned expenditures until the first quarter of 2019; which could be extended with the deferral of planned expenditures if deemed necessary. The ability of the Corporation to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and continue with, or expand upon its exploration programs is contingent upon securing equity financing, entering joint venture agreements or monetizing assets. The timing and availability of additional financing will be determined largely by market conditions and the results of the Corporation's ongoing exploration programs. There is no certainty that the Corporation will be able to raise funds as they are required in the future.

These condensed interim consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate, then adjustments would be necessary to the carrying amounts of the assets, the reported revenues and expenses, and the statement of financial position classifications used.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”).

These financial statements were prepared using the same accounting policies and methods of computation and are subject to the same use of estimates and judgments, as the Corporation's consolidated financial statements for the year ended December 31, 2017. They do not include all the disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Corporation's 2017 annual consolidated financial statements which have been prepared in accordance with IFRS.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 10, 2018.

4. Exploration and evaluation assets

	Khundii Gold	Tsenkher Nomin Gold	Zuun Mod Moly/Copper	Ulaan & Other	Total
Balance, January 1, 2017	\$ 1,786,195	\$ 551,271	\$ 728,164	\$ 581	\$ 3,066,211
Additions	6,109,190	1,480,569	74,062	949,326	8,613,147
Effect of movements in exchange rates	(179,997)	(46,396)	(36,431)	(21,691)	(284,515)
Balance, December 31, 2017	\$ 7,715,388	\$ 1,985,444	\$ 765,795	\$ 928,216	\$ 11,394,843
Balance, January 1, 2018	\$ 7,715,388	\$ 1,985,444	\$ 765,795	\$ 928,216	\$ 11,394,843
Additions	1,881,332	327,022	70,074	2,051	2,280,479
Effect of movements in exchange rates	202,000	48,675	24,866	19,571	295,112
Balance, June 30, 2018	\$ 9,798,720	\$ 2,361,141	\$ 860,735	\$ 949,838	\$ 13,970,434

The Corporation's mineral exploration and mining licenses in Mongolia are held by its subsidiaries, Erdene Mongol LLC, Anian Resources LLC and Leader Exploration LLC. Mineral exploration licenses are valid for a period of three years and, through renewals, can be extended to a maximum of twelve years, subject to minimum work requirements. Mining licenses are issued for an initial term of 30 years with two 20-year extensions possible. These rights are held in good standing through the payment of an annual license fee.

Khundii

The license is located in Bayankhongor province in Mongolia. The 4,514 hectare Khundii license includes the Bayan Khundii and Altan Arrow gold prospects. The license is in its ninth year of a maximum 12-year term and can be converted to a mining license at any time prior to the end of the twelfth year by meeting the requirements prescribed under the Minerals Law of Mongolia. On July 1, 2016, the Corporation began capitalizing exploration costs on the property in accordance with its capitalization policy. Prior to this, the Corporation only capitalized the license costs associated with Khundii.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)
(Unaudited)

For the three and six months ended June 30, 2018 and 2017

4. Exploration and evaluation assets (continued)

Tsenkher Nomin

The license is located in Bayankhongor province in Mongolia. The 4,669 hectare Tsenkher Nomin license includes the Altan Nar gold, silver, lead, zinc prospect and has an annual renewal in December. The exploration license is in its ninth year of a maximum 12-year term and can be converted to a mining license at any time prior to the end of the twelfth year by meeting the requirements prescribed under the Minerals Law of Mongolia. On January 1, 2015, having received the initial resource estimate for the Altan Nar prospect, the Corporation began capitalizing exploration costs on the property in accordance with its capitalization policy. Prior to 2015, the Corporation only capitalized the license costs associated with Altan Nar.

Zuun Mod/Khuvyn Khar

The Zuun Mod property contains a molybdenum-copper resource. The property is located in Bayankhongor Province southwest of Ulaanbaatar. The mining license was issued in 2011 (consisting of 6,041 hectares). The Mining License is valid for an initial 30-year term with provision to renew the license for two additional 20-year terms.

Ulaan & Other

On August 30, 2017 the Corporation acquired a 51% interest in the Ulaan exploration license, situated immediately adjacent to its high-grade Bayan Khundii gold project, with the option to acquire up to 100%. The Ulaan exploration license covers an area of approximately 1,780 hectares. The exploration license is in its third year of a maximum 12-year term and can be converted to a mining license at any time prior to the end of the twelfth year by meeting the requirements prescribed under the Minerals Law of Mongolia. Erdene acquired 51% of the outstanding shares of Leader Exploration LLC, a private Mongolian company that currently owns the property, for US\$750,000. Provided Erdene spends a minimum of US\$600,000 on work expenditures on the property over three years, it has the right to acquire the remaining 49% of the shares of Leader or, at Erdene's option, a portion of the property, for the then fair market value of the property or the portion to be acquired. Erdene may extend the option beyond three years by spending a minimum of US\$100,000 per annum on work expenditures.

Teck Alliance

In April 2013, the Corporation entered into an agreement with Teck Resources Limited ("Teck"), to fund and explore the Corporation's mineral tenements in the Trans Altai region of southwest Mongolia. Following the March 2017 acquisition of 543,478 shares for \$500,000, Teck has invested a total of \$3.0 million to December 31, 2017, thus fulfilling its investment commitment; and owned 7.9% of the outstanding shares of the Corporation at June 30, 2018 (2017 – 8.7%). Under the Teck Alliance, two licenses were staked in early 2015. Both are located in Govi-Altai province and total 1,552 hectares and both have June annual renewal dates. No major exploration work has been completed on these licenses to date.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

4. Exploration and evaluation assets (continued)

Sandstorm Gold Ltd. Royalty Agreement

On April 21, 2016 the Corporation closed concurrent transactions with Sandstorm Gold Ltd. (“Sandstorm”) for total consideration of \$2,500,000. In the first transaction Sandstorm was granted a 2% net smelter returns royalty (“NSR Royalty”) on Erdene’s Tsenkher Nomin and Khundii licenses in Exchange for 321,888 shares of Sandstorm with a value of \$1,500,000, the price being based on the 10 day volume weighted average price as at April 14, 2016. The second transaction was the issuance of 5 million Erdene shares from treasury to Sandstorm at \$0.20 per share for \$1,000,000 in cash consideration. The shares issued to Sandstorm were subject to an 18 month hold period that expired October 14, 2017. Erdene has a 3-year option to buy-back 50% of the NSR Royalty for \$1.2 million, to reduce the NSR Royalty to 1.0% which expires April 21, 2019. Sandstorm has been given a right of first refusal on future stream and/or royalty financings related to the Khundii and/or Tsenkher Nomin licenses.

The Corporation sold the shares in Sandstorm in 2016 realizing gross proceeds of \$1,981,064 and recognized a gain of \$481,064.

5. Commitments

Operating lease rentals are payable as follows:

	June 30, 2018	December 31, 2017
Less than 1 year	62,936	62,936
Between 1 and 5 years	10,489	41,957
Total	\$ 73,425	\$ 104,893

The Corporation has an operating lease for office space in Dartmouth, Nova Scotia that expires August 31, 2019.

In 2018, minimum exploration expenditures of USD\$1.50 per hectare are required on the Corporation’s Tsenkher Nomin and Khundii licenses (USD\$7,004 and USD\$6,771 respectively).

The Corporation must spend a total of USD\$600,000 over three years in order to have the right to purchase any or all of the remaining 49% of Leader (Ulaan). The Corporation can extend the option period beyond three years by spending an additional USD\$100,000 per year on exploration work (see Note 4).

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

6. Share Capital

2018

On June 8, 2018, the Corporation closed a non-brokered common share private placement for gross proceeds of \$4.12 million. The Corporation issued an aggregate of 10,834,580 units at a price of \$0.38 per unit. Each unit consisted of one common share of the Corporation and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.60 for 30 months from the closing date. The Corporation paid finder's fees in the aggregate of \$182,400 and issued 480,000 finder's warrants in connection with the private placement. Each finder's warrant is exercisable into one common share of the corporation at \$0.60 per share, for a period of 30 months from the closing date and had a fair value on the grant date of \$1,357,750 (\$0.12 per warrant). All securities issued pursuant to the private placement are subject to a four-month hold period from the closing date.

On June 14, 2018, the Corporation closed a financing in connection with a secondary listing of its common shares on the Mongolian Stock Exchange (MSE) for gross proceeds of \$1.36 million. This makes the Corporation the first cross-listed company on the MSE. In this transaction, the Corporation issued 4,000,000 common shares at a price of \$0.34 per share. The Corporation paid a cash commission of 7% of the gross proceeds to the underwriters of \$95,200. The shares issued under the Mongolia offering commenced trading on the MSE on June 19, 2018. Under current Mongolian regulations, the shares listed on the MSE may only be traded through facilities of the MSE until de-listed or until cross-border trades are permitted by Mongolian authorities. In addition, all shares issued pursuant to the Mongolia offering are subject to a four-month hold period in Canada from the closing date of the Mongolia Offering.

During the six months ended June 30, 2018, the Corporation issued 978,125 shares on the exercise of options, generating gross proceeds of \$174,250.

In the first and second quarters of 2018, 3,060,000 options were granted to certain officers, directors and employees of the Corporation at a weighted average exercise price of \$0.40. The fair value of each option granted is estimated at the time of grant using the Black-Scholes option pricing model and resulted in a charge of \$804,600 (2017 – \$1,341,800) to share based compensation included in exploration expenses and in corporate and administration expenses.

During the six ended June 30, 2018, the Corporation granted 218,814 DSUs with a fair value of \$0.40 per DSU (2017 - 69,540 DSUs with fair value of \$0.95 per DSU). The fair value of \$87,414 (2017 – \$65,637) was charged to share based compensation included in exploration expenses and corporate and administration expenses.

2017

On February 23, 2017, the Corporation closed a bought deal common share private placement financing for gross proceeds to the Corporation of \$13.8 million. The offering was led by Paradigm Capital Inc., with a syndicate including Canaccord Genuity Corp. (collectively, the "Underwriters"). The Corporation issued an aggregate of 17,922,077 common shares at a price of \$0.77 per share, including the full exercise of the Underwriters 15% over-allotment option. In consideration for their services, the Underwriters received a cash commission of \$828,000 representing 6% of the gross proceeds and 1,075,324 compensation options representing 6% of the shares issued pursuant to the offering. Each compensation option entitles the holder to

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

6. Share Capital (continued)

purchase one share for \$1.20 per share until February 22, 2019 and had a fair value on the grant date of \$322,597 (\$0.30 per compensation option).

On March 20, 2017 the Corporation closed a non-brokered private placement with Teck by issuing 543,478 shares at a price of \$0.92 for gross proceeds of \$500,000. This fulfills Teck's annual equity investment obligation pursuant to the agreement outlined in Note 4.

7. Corporate and administration

	For the three months ended June 30		For the six months ended June 30	
	2018	2017	2018	2017
Administrative services	\$ 149,359	\$ 239,872	\$ 270,652	\$ 343,274
Depreciation and amortization	1,554	1,665	3,053	3,364
Directors fees and expenses	51,107	43,729	75,142	84,962
Investor relations and marketing	24,978	67,199	90,149	190,670
Office and sundry	34,783	27,575	64,166	57,637
Professional fees	55,676	40,015	117,978	74,238
Regulatory compliance	26,481	30,587	86,803	76,928
Share-based compensation	430,823	790,456	536,977	817,621
Travel and accommodations	16,678	23,196	33,127	76,498
	\$ 791,439	\$ 1,264,294	\$ 1,278,047	\$ 1,725,192

8. Financial instruments

Credit Risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	June 30, 2018	December 31, 2017
Cash	\$ 5,146,759	\$ 3,225,202
Receivables	155,343	148,069
	\$ 5,302,102	\$ 3,373,271

The Corporation manages credit risk by holding the majority of its cash with a Canadian Schedule I bank, where management believes the risk of loss to be low. At June 30, 2018, \$29,711 or approximately 1% of the balance of cash was held in banks outside Canada (December 31, 2017 - \$113,555 or 4%).

Receivables include an amount from Morien Resources Corp ("Morien"). The Corporation has an agreement to provide management services to Morien, invoiced monthly. Morien accounted for 14% of receivables at June 30, 2018 (December 31, 2017 – 18%). Management believes the credit risk on amounts receivable is low.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

8. Financial instruments (continued)

Liquidity Risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. As of June 30, 2018, the Corporation had a cash balance of \$5,146,759 (December 31, 2017 - \$3,225,202) to settle current liabilities of \$507,973 (December 31, 2017 - \$191,600).

Market Risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

As of June 30, 2018, the Corporation has no interest-bearing debt and is not exposed to any significant interest rate risk.

b) Foreign currency risk

The Corporation operates in Mongolia, giving rise to foreign currency risk. To limit the Corporation's exposure to this risk, cash balances are primarily held with high quality financial institutions in Canada. Based on the timing of the Corporation's exploration programs, foreign currencies may be purchased in advance of expenditures to lock in favourable rates in line with the Corporation's budgets, otherwise the Corporation does not use any form of hedging against fluctuations in foreign exchange.

The Corporation's exposure to US dollar currency risk was as follows:

	June 30, 2018	December 31, 2017
Cash	\$ 1,105,694	\$ 212,116
Trade and other receivables	\$ -	\$ 7,424
Trade and other payables	(35,543)	(13,767)
	\$ 1,070,151	\$ 205,773

Sensitivity to a plus or minus 10% change in the US dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately \$107,000 (December 31, 2017 - \$20,600).

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Canadian dollars)

(Unaudited)

For the three and six months ended June 30, 2018 and 2017

8. Financial instruments (continued)

The Corporation's exposure to Mongolian Tugrik currency risk was as follows:

	June 30, 2018	December 31, 2017
Cash	\$ 9,400	\$ 25,328
Trade and other receivables	13,424	7,158
Trade and other payables	(306,621)	(71,012)
	\$ (283,797)	\$ (38,526)

Sensitivity to a plus or minus 10% change in the Mongolian Tugrik would affect net loss and comprehensive loss and deficit by approximately \$28,400 (December 31, 2017 - \$3,900).

b) Price risk

The Corporation's financial instruments are not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Corporation has no significant revenues.

Fair Value:

The fair value hierarchy of assets and liabilities measured at fair value on the consolidated statements of financial position or disclosed in the notes to the financial statements is as follows:

	June 30, 2018 Level 1	December 31, 2017 Level 1
Assets measured at fair value:		
Cash	\$ 5,146,759	\$ 3,225,202

9. Comparative figures

Certain comparative information for 2017 has been reclassified to conform to the presentation adopted in the 2018 financial statements.