

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAWS

ERDENE PROVIDES UPDATE ON PRIVATE PLACEMENT

Press Release

Halifax, Nova Scotia
2020.07.30

Erdene Resource Development Corporation (TSX:ERD | MSE:ERDN) (“**Erdene**” or the “**Company**”) is providing an update on its previously announced non-brokered private placement of approximately C\$20 million (“**Private Placement**”).

As announced on July 23, 2020, the Private Placement will consist of the sale of 33,333,333 subscription receipts (“**Subscription Receipts**”) at a price of \$0.45 per Subscription Receipt, to an entity controlled by Mr. Eric Sprott (“**Sprott**”) and the concurrent sale of up to 11,111,111 units of the Company (“**Units**”) at a price of \$0.45 per Unit. Each Unit will consist of one common share of the Company (“**Common Share**”) and one Common Share purchase warrant (“**Warrant**”), with each Warrant exercisable into one Common Share within two years of the closing date, at a price of \$0.60 per Common Share. Each Subscription Receipt will convert into a Unit immediately and for no additional consideration upon certain release conditions being satisfied.

The directors and officers of the Company and its subsidiaries are expected to subscribe for up to 1,111,111 Units in the Private Placement resulting in up to an aggregate of 2,222,222 Common Shares being issued and issuable, representing 1.2% of the issued and outstanding Common Shares as of the date hereof. In addition, up to 555,555 Warrants may be issued to certain finders in connection with the offering of Units (“**Finder Warrants**”).

The terms of the Private Placement were negotiated at arm’s length and the price of the Units and the Subscription Receipts represents a discount of approximately 12.4% to the volume-weighted average trading price of the Common Shares on the TSX for the five trading days ended July 23, 2020.

As of the date of this press release, there are 192,937,702 Common Shares issued and outstanding on a non-diluted basis. Up to an aggregate of 89,444,443 Common Shares will be issued and issuable pursuant to the Private Placement (including Common Shares issuable upon the exercise of Warrants and Finder Warrants), representing 46.4% of the currently issued and outstanding Common Shares.

Sprott currently holds no Common Shares. After the closing of the Private Placement and the conversion of all Subscription Receipts into Units, Sprott will own 33,333,333 Common Shares, representing 14.0% of 237,382,146 Common Shares issued on a non-diluted basis. If the Warrants issued upon conversion of the Subscription Receipts were exercised in full, Sprott would own 66,666,666 Common Shares, representing 24.6% of 270,715,479 Common Shares issued on a non-diluted basis.

Sections 604(a) and 607(g)(i) of the TSX Company Manual provide that shareholder approval must be obtained for transactions involving the issuance or potential issuance of any securities that will materially affect control of the Company, and for private placements for an aggregate number of Common Shares issuable greater than 25% of the number of Common Shares outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price. Erdene is seeking the required shareholder approval by way of written consent of holders of more than 50% of the Common Shares in reliance on the exemption in Section 604(d) of the TSX Company Manual.

This news release does not constitute an offer to sell or a solicitation of an offer to purchase any securities in the United States. The securities being offered in the Private Placement have not been and will not be registered under the U.S. Securities Act, or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is 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 projects in underexplored and highly prospective Mongolia. The Company is advancing the high-grade, low-cost and low capital intensity Bayan Khundii Gold Project targeting first gold production in early 2022. The Project is located in Southwest Mongolia where the Company has interests in three mining licenses and three exploration licenses in the highly prospective Khundii Gold District. Erdene Resource Development Corp. is listed on the Toronto and the Mongolian stock exchanges. Further information is available at www.erdene.com. Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

Forward-Looking Statements

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

Erdene Contact Information

Peter C. Akerley, President and CEO, or
Robert Jenkins, CFO

Phone: (902) 423-6419

Email: info@erdene.com

Twitter: <https://twitter.com/ErdeneRes>

Facebook: <https://www.facebook.com/ErdeneResource>

LinkedIn: <https://www.linkedin.com/company/erdene-resource-development-corp-/>

YouTube: <https://www.youtube.com/channel/UCILs5s9j3SLmya9vo2-KXoA>