



# DEVELOPING A NEW HIGH-GRADE GOLD DISTRICT

Annual General Meeting June 20th 2019

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#### FORWARD LOOKING STATEMENTS

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This presentation contains certain forward-looking information and statements which may not be based on fact, including without limitation, statements regarding the Company's expectations in respect of its future financial position, business strategy, future exploration and production, mineral resource potential, exploration drilling, permitting, access to capital, events or developments that the Company expects to take place in the future. All statements, other than statements of historical facts, are forward-looking information and statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will" and similar expressions identify forward-looking information and statements. In addition to the forward-looking information and statements noted above, this presentation includes those that relate to: the expected results of exploration activities; the estimation of mineral resources; the ability to identify new mineral resources and convert mineral resources into mineral reserves; ability to raise additional capital and complete future financings; capital expenditures and costs, including forecasted costs; the ability of the Company to comply with environmental, safety and other regulatory requirements; future prices of precious metals; the ability of the Company to obtain all necessary approvals and permits in connection with the development of the Khundii Project.

Such forward-looking information and statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such information and statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking information and statements. Such factors include, but are not limited to, fluctuations in the price of gold and other commodities, the inability of the Company to raise sufficient monies to carry out its business plan, changes in government legislation, taxation, controls, regulations and political or economic developments in Mongolia, the accuracy of the Company's current estimates of mineral resources and mineral grades and its preliminary economic assessment, the accuracy of the geology and vein structures at the Khundii Project, risks associated with mining or development activities, including the ability to procure equipment and supplies, including, without limitation, drill rigs, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits. Many of these uncertainties and contingencies can affect the Company's actual performance and could cause actual performance to differ materially from those expressed or implied in any forward-looking information and statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking information and statements are not guarantees of future performance. There can be no assurance that such information and statements will prove to be accurate and actual results and future events could differ materially from those presented in such information and statements. Forward-looking information and statements is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information and statements. Such risks include, but are not limited to, the volatility of the price of gold, uncertainty of mineral resources, exploration potential, mineral grades and mineral recovery estimates, delays in exploration and development plans, insufficient capital to complete development and exploration plans, risks inherent with mineral acquisitions, delays in obtaining government approvals or permits, financing of additional capital requirements, commercial viability of mineral deposits, cost of exploration and development programs, risks associated with competition in the mining industry, risks associated with the ability to retain key executives and personnel, title disputes and other claims, changes in governmental and environmental regulation that results in increased costs, cost of environmental expenditures and potential environmental liabilities, accidents and labour disputes. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information and statements. Please see the Company's Annual Information Form dated March 27, 2019 available on the Company's website at www.erdene.com or on the Company's Sedar profile at www.sedar.com, for details of other risks facing the Company. The Company disclaims any intention or obligation to update or revise any forward-looking information and statements whether as a result of new information, future events or otherwise

Michael MacDonald, P.Geo. (Nova Scotia), Vice President of Exploration for Erdene and a "Qualified Person" under National Instrument 43-101, has reviewed and approved the scientific and technical information in this presentation. All currencies are reported in Canadian dollars unless otherwise specified.

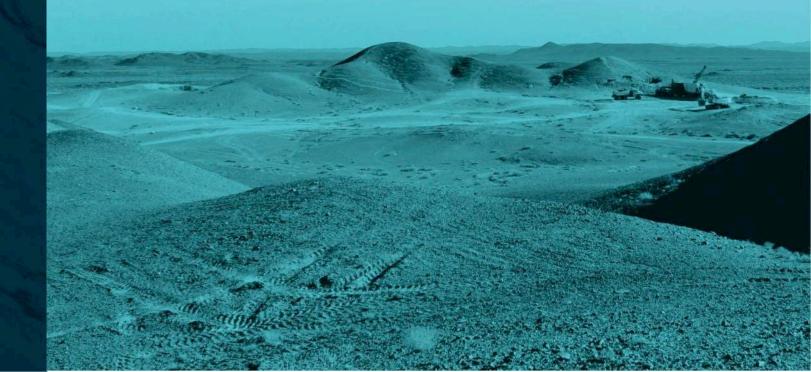


MISSION

"Our objectives are clear - complete the studies and permitting to advance the Khundii Gold Project to development for a minimum 50,000 ounce per year, high-grade, open-pit mining operation while continuing exploration and acquisition efforts to expand the operation to more than 100,000 ounces per year."

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#### DISCOVERY AND DEVELOPMENT OF A HIGH-GRADE GOLD DISTRICT

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#### **COMPELLING INVESTMENT OPPORTUNITY IN AN EMERGING GOLD DISTRICT**

#### Value

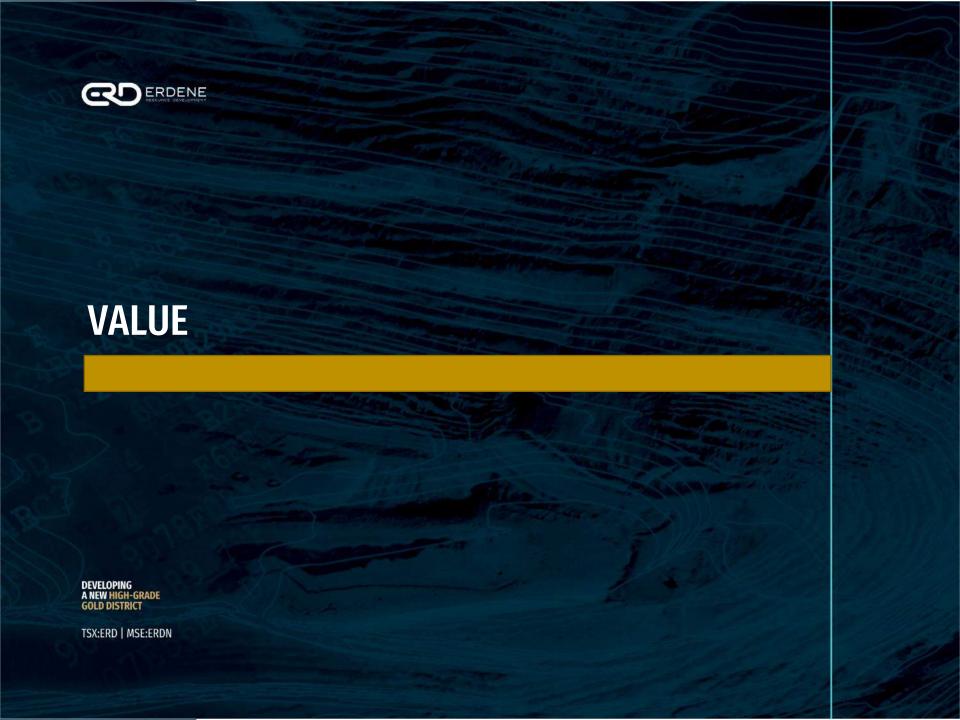
- Two high-grade gold deposits exposed at surface
- Triple the average grade of open-pit gold mines
- Near term, low capex, high return project with rapid payback

#### Growth

- Significant expansion potential on existing gold deposits
- Multiple untested prospects on licence
- Experts in an under-explored portion of one of the worlds great gold belts

## **People**

- Pioneers in Mongolia's modern exploration period
- Strong social licence
- Experienced team in all aspects of development





#### MONGOLIA'S EMERGING MINING DISTRICT

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## Rapidly expanding infrastructure in southern Mongolia





# DISTRICT SCALE POTENTIAL

Greater than 90% of drilling at Bayan Khundii and Altan Nar is within 150 metres of surface

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Two high-grade gold deposits and multiple prospects Nomin Tal **Union North** Altan Nar Prospects Union South Altan Nar Proposed Pit Maggie Road to Shinejinst Altan Nar Altan Nar Licensed Area Proposed Waste dump Discovery Zone Proposed Haulroad **Zuun Mod Project 25 km East** Oyut Khundii Altan Arrow North Bayan Khundii Bayan Khundii Licensed Area **Proposed Camp** Altan Arrow Ulaan (Gold) Khundii North Ulaan (Copper) Bayan Khundii Khundii West Proposed ROM Bayan Khundii Bayan Khundii ERD liænse **Proposed Water Proposed Processing Exploration Area ERD** project Plant and Officies Mineralized trend Bayan Khundii Bayan Khundii Proposed Waste dump **Proposed Pit** 5km



ERDENE'S KHUNDII DISTRICT DEPOSITS

642,000 ounces gold @ 3.7 g/t gold in Measured and Indicated

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## Erdene's Q3 2018 Khundii gold district resource estimate <sup>1</sup>

Cut-off grade (2)	Resource classification	Quantity (Mt)	Gold grade (g/t)	Gold ounces (000)
0.6 / 0.7 (3)	Measured & Indicated	10.1	2.3	751
0.0 / 0.7	Inferred	5.2	1.8	291
1.0	Measured & Indicated	6.8	3.1	678
1.0	Inferred	3.9	2.1	261
1 /	Measured & Indicated	5.5	3.7	642
1.4	Inferred	3.4	2.3	250

- 1. Combined resources from Bayan Khundii and Altan Nar.
- 2. Cut-off grades for Altan Nar are AuEq and for Bayan Khundii are gold only.
- 3. RPMGlobal recommended cut-off grade for Bayan Khundii is 0.6 g/t gold and Altan Nar is 0.7 g/t AuEq above a pit and 1.4 g/t AuEq below the same pit shell.



#### KHUNDII GOLD PROJECT PEA HIGHLIGHTS

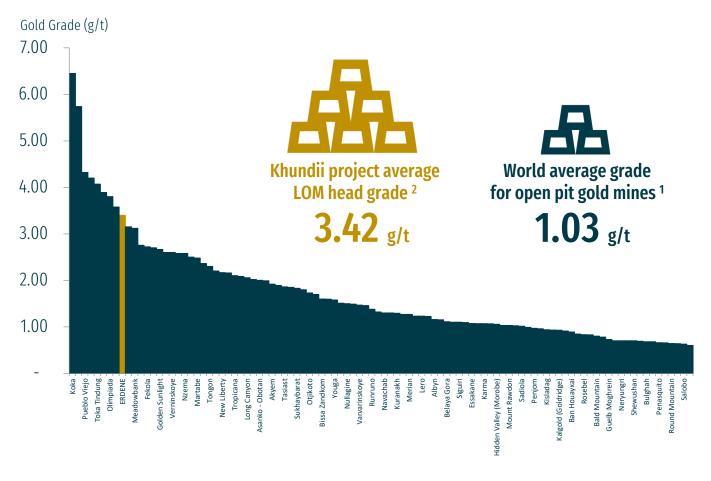
LOM gold grade is in the top decile of active open pit gold mines 2

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## Triple the average grade for open-pit gold mines

#### Top 100 global open pit gold mines 1



- 1. Source: Wood MacKenzie Global Gold Mine Cost database for open pit gold mines, August 2018
- . Refer to Erdene's news release dated December 18, 2018 for additional information on the results of the Preliminary Economic Assessment.







#### KHUNDII GOLD PROJECT PEA HIGHLIGHTS KEY TECHNICAL ASSUMPTIONS

**600 kpta** mine open pit mine

Carbon in pulp processing

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#### **Open-pit mining and conventional processing**

#### **Open-pit operation**

Beginning at Bayan Khundii before incorporating resources from Altan Nar or elsewhere in district

## **Conventional processing**

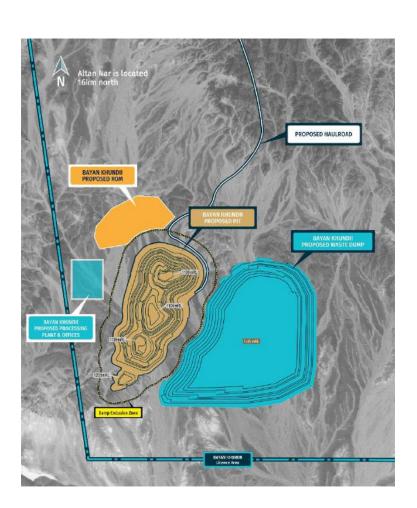
600 ktpa throughput of freemilling ore

Simple carbon in pulp processing plant

## Low capital costs – US\$32m

Proximal to China and its mining industry manufacturing and servicing centres

Readily available fleet leasing and contract miner capability in Mongolia







## Preliminary economic assessment Q4 2018 - results summary

#### KHUNDII GOLD PROJECT PEA HIGHLIGHTS

Low capital intensity

**Low** operating cost

**Rapid** payback

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## ASSUMPTIONS

Gold price - base case US \$1200/oz

#### **PRODUCTION PROFILE**

**Head grade** 3.42 g/t Au Operating mine life 8 years **Production rate per day 1.800 tonnes** Avg annual gold production 51,200 oz Peak annual gold production 68,100 oz **Total gold production LOM** 412,000 oz **Strip ratio** 10.5 Avg life of mine gold recovery rate 82% **LOM cash cost plus sustaining cost (AISC) US \$714/oz** 





#### KHUNDII GOLD PROJECT PEA HIGHLIGHTS

70% Pre-tax IRR

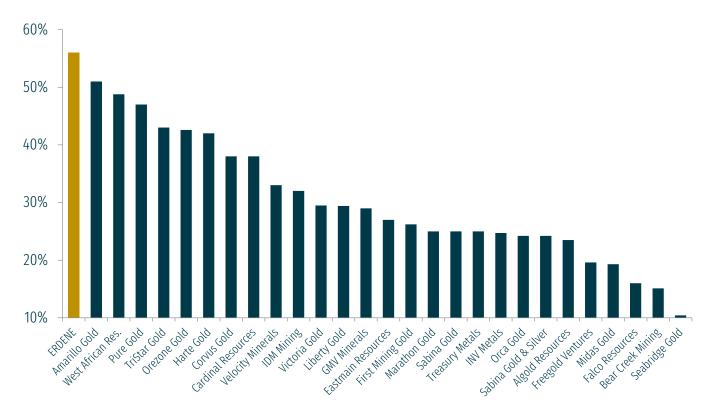
56% After-tax IRR

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## **Highest IRR project in peer group**

#### After-tax IRR for pre-development stage, TSX/TSXV listed gold companies 1



1. Source: Public company filings



#### KHUNDII GOLD PROJECT PEA HIGHLIGHTS

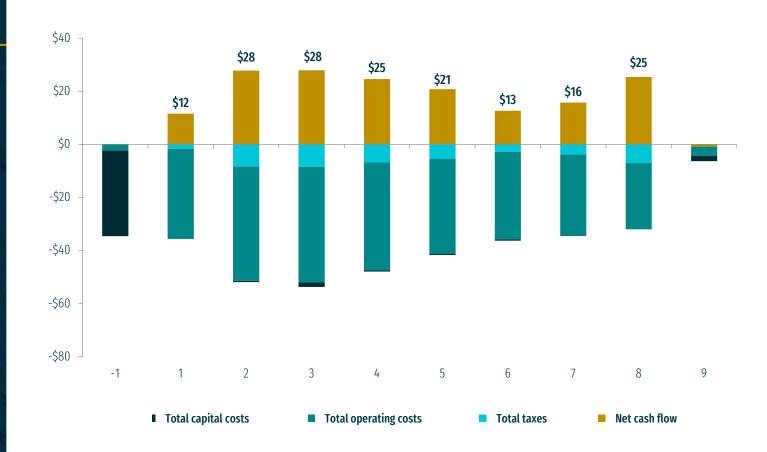
# PEA demonstrates attractive economics

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## Cash flow profile - US\$1200 gold

- Payback period: 2 years after US\$32M Capital Cost
- Average LOM free cash flow: US\$20M





#### KHUNDII GOLD PROJECT PEA HIGHLIGHTS ROADMAP

Refine economics and engineering and acquire key permits in 2019

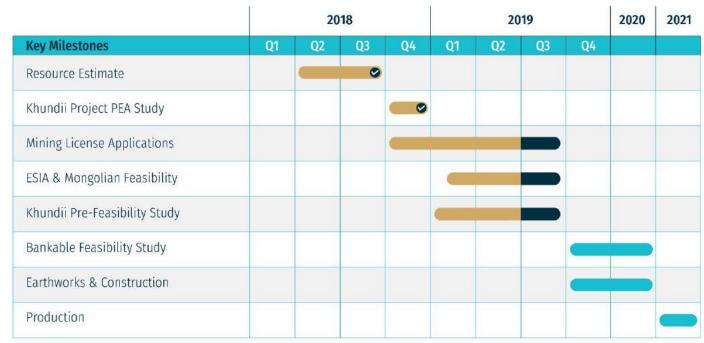
Construction in 2020

First gold pour in 2021

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## **Near-term production**









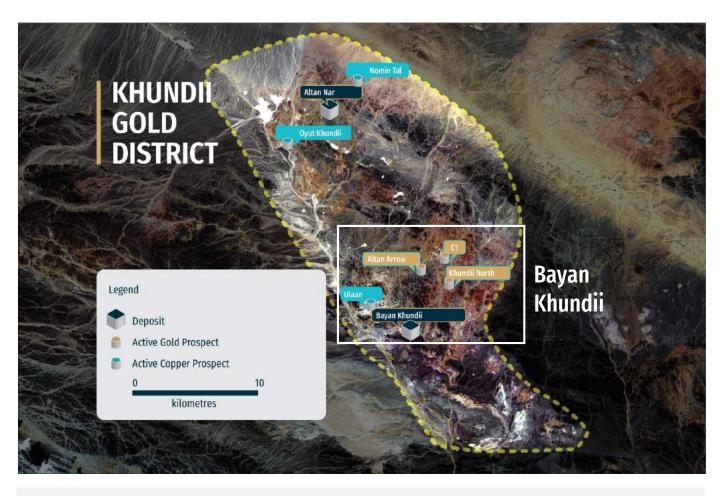
# DISTRICT SCALE POTENTIAL

Greater than 90% of drilling at Bayan Khundii and Altan Nar is within 150 metres of surface

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## The Khundii District – 25 x 10 km mineralized trend



#### **EXPLORATION POTENTIAL:**

Deposits are in highly prospective region subjected to limited exploration with priority areas expected to come to tender in 2019



## Shallow, broad Au mineralized envelope around stacked high-grade quartz-adularia veins

#### BAYAN KHUNDII GOLD DEPOSIT

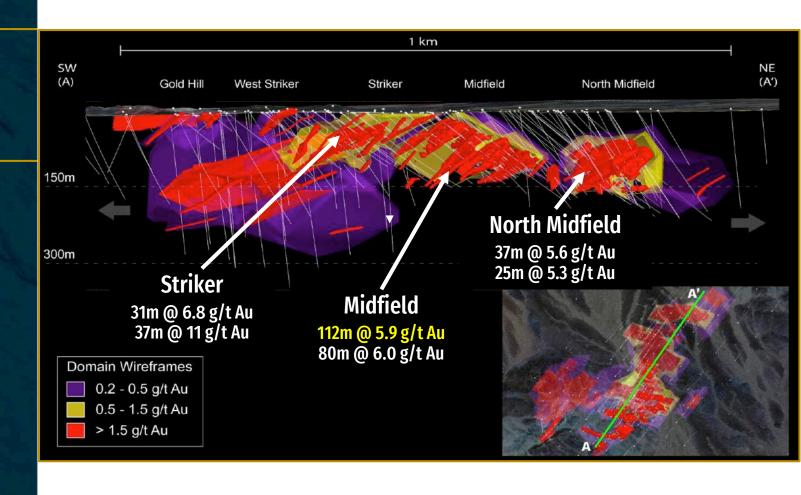
System Size: 1.5 km by 0.4 km

Average of 162 m Drill Depth (60 Degree Dip)

266 Diamond Drill Holes With >18% Intersecting >30 g/t Gold

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#### DISTRICT **SCALE POTENTIAL**

**Higher Grade Upside: Block model** is capped at 55 g/t compared to intersections up to 2,200 g/t

**Additional Resources: 130,000** oz of indicated resources grading over 4 g/t are outside the PEA pit walls

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## **BAYAN KHUNDII DEPOSIT: DEVELOPMENT OPPORTUNITIES BEYOND PROJECTED PEA OPEN PIT**

BK Resource @ 1.4g/t cut-off 357,000 ounces of M&I @ 5.2g/t ULTIMATE PEA PIT SHELL 74,000 ounces of Inferred @ 4.4g/t BKD-118: 10m @ 12.8g/t BKD-220: 35m @ 4.1g/t Multiple >20g/t 1m incl. 2m 60.3g/t incl. 3m @ 54.9g/t intersections: BKD-235/BKD-236/BKD-145

**Domain Legend** Red >1.5g/t Purple >0.5g/t Green >0.2g/t

In-pit Resource Feed Material: 306,000 ounces @ 3.6g/t 98% M&I

> Plunge +13 Azimuth 325

100 200



# DISTRICT SCALE POTENTIAL

Low sulphidation epithermal gold deposit discovered by ERD in 2015

High-grade and exposed at surface

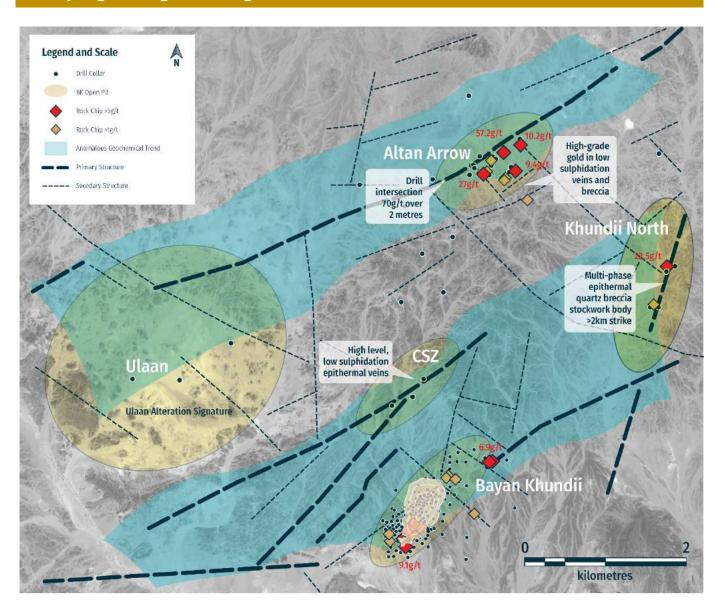
43 km of drilling in two years

92-99% recovery and free milling

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## Multiple gold targets throughout the Khundii license





#### ALTAN NAR LICENSE PROSPECTS

## Altan Nar Gold Polymetallic Project Resource

Project	Category	Au Oz (1.9g/t)	Ag Oz (~10g/t)	Pb lbs (~0.6%)	Zn lbs (~0.6g/t)
Altan Nar	Indicated	318,000	2,350,000	63,800,000	69,520,000
0.7g/t AuEq cut-off	Inferred	186,000	866,000	49,060,000	52,140,000



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## **ALTAN NAR GOLD PROJECT**

**Intermediate** sulphidation epithermal goldsilver-lead-zinc

**Discovered in 2011** 

18 targets over 5.6 km trend

19 km of drilling

**Discovery Zone & Union North most** advanced targets

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## 5.6 km trend, high-grade, Au-Ag-Pb-Zn system

#### **High probability of** further discovery at **Altan Nar**

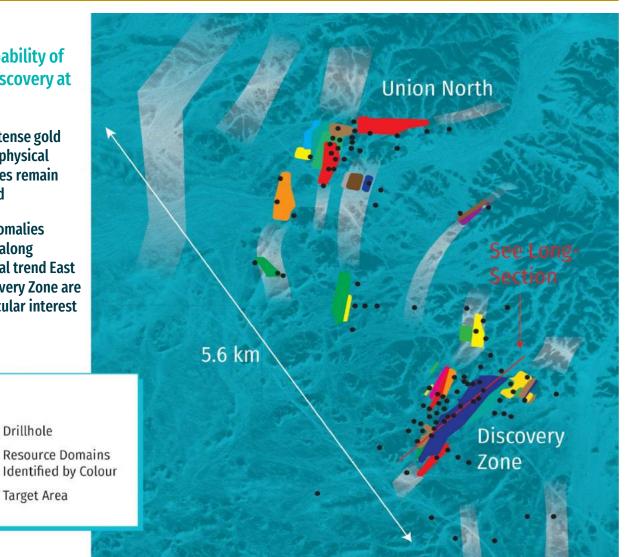
Many intense gold and geophysical anomalies remain untested

**Gold anomalies** located along structural trend East of Discovery Zone are of particular interest

Drillhole

Target Area

Legend



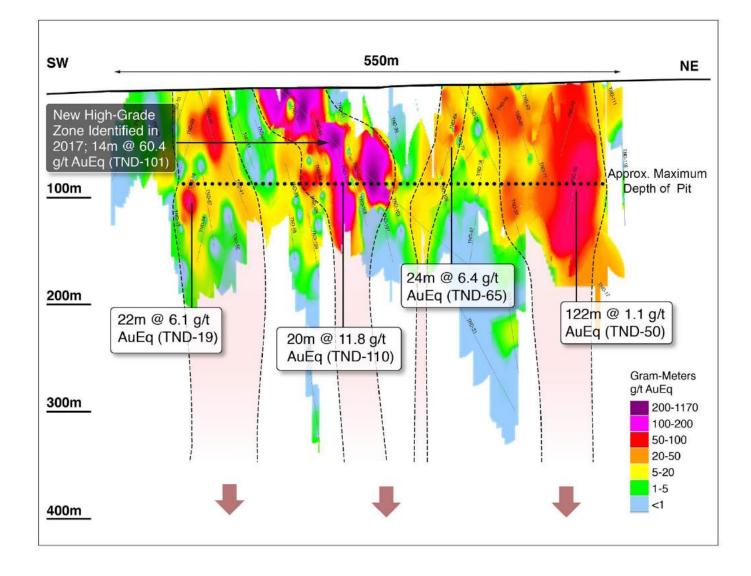


## ALTAN NAR GOLD PROJECT

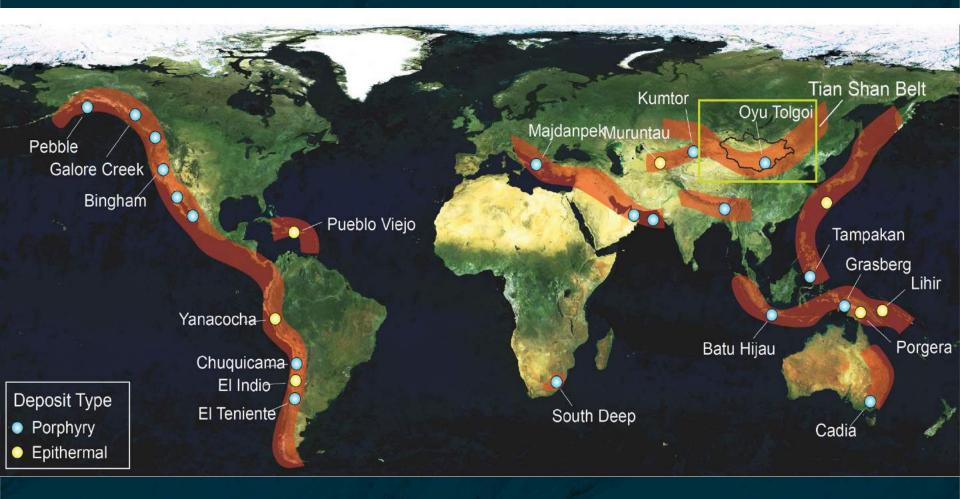
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## **Exploration upside at depth**



## **IN SEARCH OF GIANTS**



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#### SOUTHERN MONGOLIA METALS DISTRICT

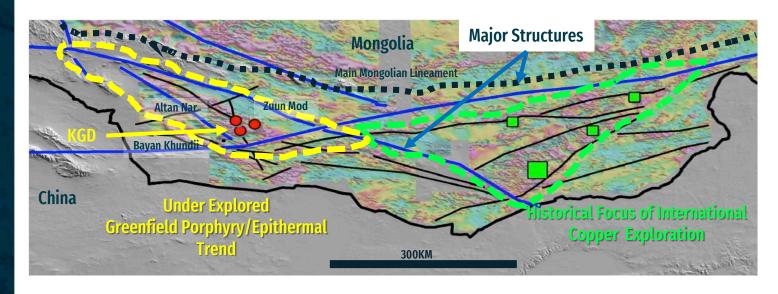
High Fertility District

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## New metal deposits in a previously unexplored fertile Au-Cu district

- Late Paleozoic Island Arcs in southeast Mongolia part of CAOB
- Limited exploration to date has produced multiple significant copper and gold discoveries including Rio Tinto's Oyu Tolgoi deposit
- Erdene activities since Oyu Tolgoi discovery have focused efforts on similar geologic terranes in under-explored southwest Mongolia
- New U/Pb geochronological data indicates Late Carboniferous age of mineralization in ET (ca. 310-335 Ma) similar to orogenic and intrusion-related deposits in Tien Shan Gold Belt to west

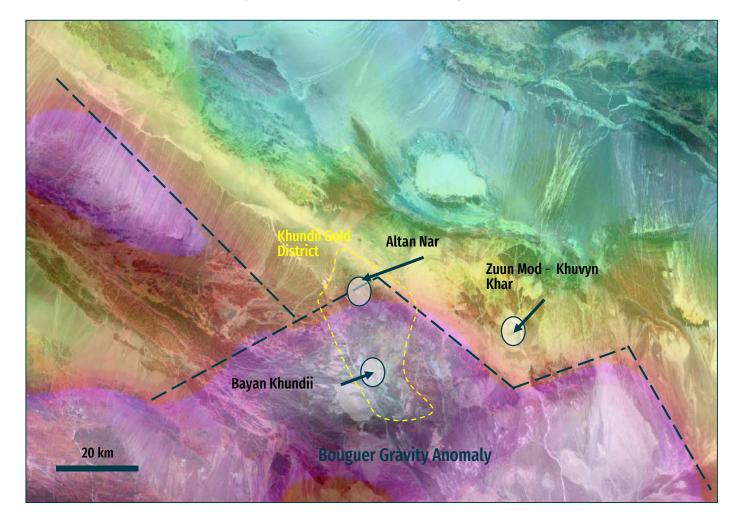




#### GRAVITY DATA SE EDREN TERRANE

## **Major structures and deposits**

- Strong correlation between large structures and deposits in Tien Shan Gold Belt West of Edren within the CAOB
- Khundii Gold District overlaps major NE- and NW-trending faults



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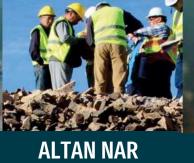
ERDENE'S **RESOURCE BASE** 



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# THE PROJECTS







## **BAYAN KHUNDII**

TH	E R	ES0	UR	CES

	Project	Category	Au Oz	Ag Oz (~10g/t)	Pb lbs (~0.6%)	Zn lbs (~0.6%g/t)	Mo lbs (0.063%)	Cu lbs (0.07%)
	Zuun Mod	Measured					35,000,000	38,000,000
	0.05% Mo cut-off	Indicated					153,000,000	171,000,000
		Inferred					103,000,000	116,000,000
đ	Altan Nar Avg grade 1.9g/t	Indicated	318,000	2,350,000	63,800,000	69,520,000		
	0.7 AuEq cut-off	Inferred	186,000	866,000	49,060,000	52,140,000		
	Bayan Khundii	Measured	161,000					
	Avg grade 2.46 g/t	Indicated	272,000					
	0.6g/t cut-off	Inferred	105,000					
	Total	M&I	751,000	2,350,000	63,800,000	69,520,000	188,000,000	209,000,000
	Total	Inferred	291,000	866,000	49,060,000	52,140,000	103,000,000	116,000,000









## BOARD OF DIRECTORS

#### Pioneers in Mongolia's modern exploration period

## Peter Akerley President & CEO



Mining executive/geologist with 25 years experience in exploration, corporate finance, project development & management of public resource companies.

## Chris Cowan



Mining executive/engineer with 40+ years experience, including 28 years with Falconbridge in a series of senior management and board positions.

#### Dr. Anna Biolik Director



One of the foremost Canadian experts on Central Asian business and diplomacy. Former Canadian Ambassador to Mongolia, Kazakhstan, Kyrgyzstan & Tajikistan.

**David Mosher Director** 



Geologist/mining
executive with 35 years
international
experience. Former
President & CEO of High
River Gold Mines where
he developed gold
mines in Burkina Faso
and Russia.

#### John Byrne Director



Finance professional with 30+ years experience in the Canadian banking industry. President of Petroleum Corp of Canada Exploration since 1997.

**Layton Croft Director** 



Executive with 25 years Mongolia experience and 15 years in the mining sector. President & CEO of Pancontinental Resources (TSXV: PUC) since 2017.

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Director

**Cameron McRae** 

Mining executive, with 28 years at Rio Tinto, including President of Oyu Tolgoi LLC where he led the construction of the US\$6 billion Oyu Tolgoi copper-gold mine in southern Mongolia.



## Strong technical and social license to operate

ERDENE AND MONGOLIA

Active in Mongolia since 2002; its principals since 1997

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Principals in Mongolia since 1997

Largest proprietary technical database







First company cross - listed on the MSE

Over 6,800 Mongolian shareholders





MINING STUDIES GROUP

**Experienced in Construction** 

Built Four Major Mines in the Region

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#### OUR VALUES

Strong Social License to Operate

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## **OUR VALUES**

#### **SAFETY**

Working safely and securely in a healthy environment is a corporate obligation and an individual responsibility.

# ENVIRONMENTAL MANAGEMENT

Erdene is committed to sustainable development, including systematic, proactive management of environmental risks.

#### **COMMUNITIES**

We work to create and share value with all stakeholders through mutual responsibility, participation, and transparency.

## **OUR ACCOMPLISHMENTS**

**0** Lost Time Injuries recorded in 2018 to date; At least 24 hours per annum health and safety training for all personnel.



Restored 6 remote rural water wells



Initiated ERD's first biological reclamation trials at 4x100m<sup>2</sup> plots



Conceptual mine energy plan to supply ~30% from solar power



At least 15 local residents employed during field seasons



Supported 43 students from the local schools with annual merit based scholarships to attend university



# **SUMMARY**

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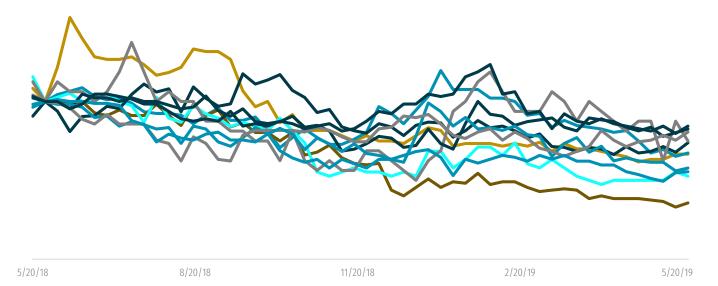


# ONE-YEAR SHARE PRICE PERFORMANCE – ERDENE PEERS

#### Markets

Erdene's entire peer set has provided negative returns over the past year





Source: TSX Infosuite, May 31, 2019

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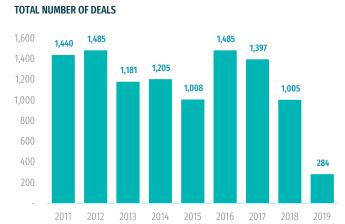


### CANADIAN MINING MARKET OVERVIEW

#### **Markets**

- Canadian miners continued to see capital flow to Cannabis companies in 2018
  - According to Oreninc, cannabis companies raised \$4 billion in 2018 compared to \$217 million by mining companies
  - Nine of the top ten companies by trading value on the TSXV were Cannabis in 2016 those figures were reversed





Source: State of Junior Mining and Finance, Mines and Money, New York, 2019

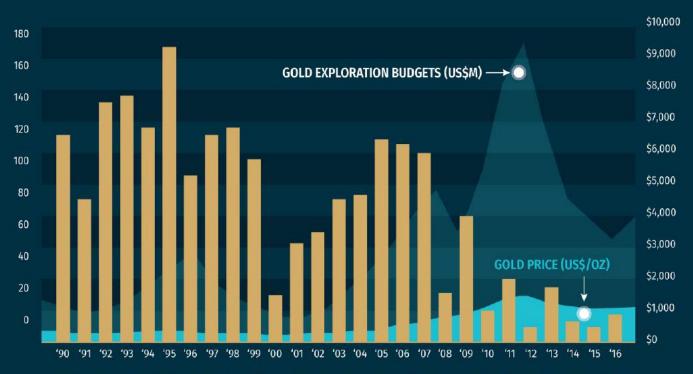
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#### **Gold market update**

### PACE OF DISCOVERIES

Despite increasing exploration budgets, there has been a marked decline in the number of deposits discovered exceeding 2Moz during the past decade



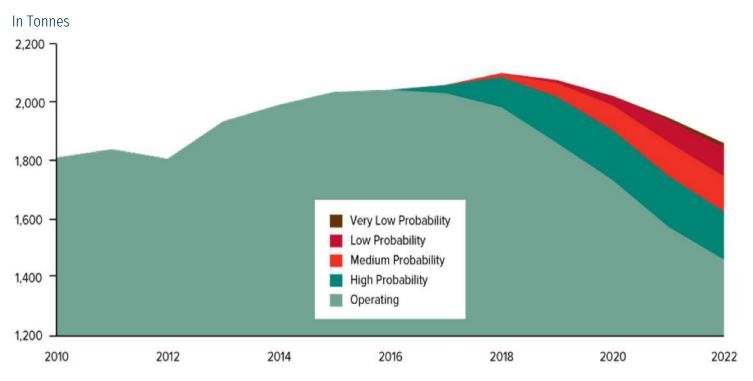
Source: SNL Metals & Mining, an offering of S&P Global Maket. Number of gold discoveries comprises deposits with over 2 million ounces of gold. Newly found deposits may reach this threshold with further drilling. Gold exploration budget based on grassroots +75% of late-stage gold budets.

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#### Mine production likely to drop beyond 2018 as the project pipeline is squeezed

### DECLINING GOLD PRODUCTION



Probability weighting is as follows: operating (99.5%), high (95%), medium (50%), low (25%) and very low (15%). This chart comprises data for 700 mines and projects, collectively accounting for around 60-65% of global mine supply between 2010 and 2016. Unidentified and informal/artisanal gold production is excluded

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Source: Metals Focus, World Gold Council, U.S. Global Investors

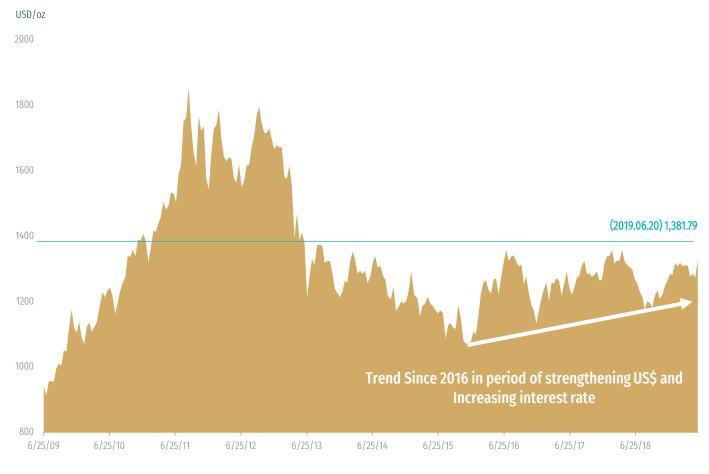


### 10 YEAR GOLD PRICE

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#### Erdene positioning to move quickly into production in period of rising gold prices



Source: goldprice.org

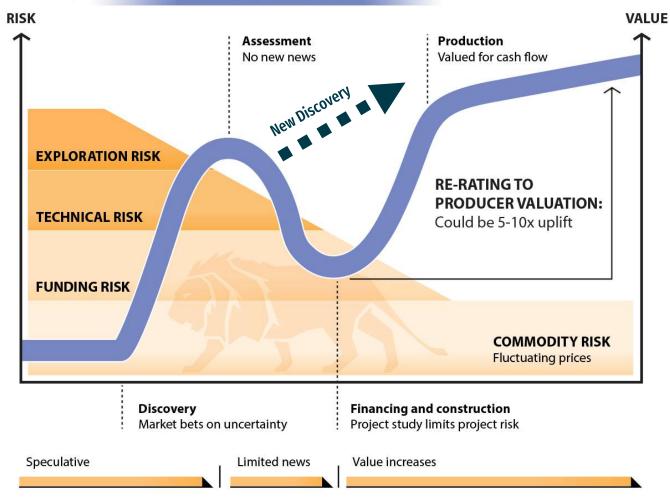


## MINING PROJECT LIFE-CYCLE

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#### **INVESTMENT TARGET ZONE**



**Source: Lion Selection Pty** 

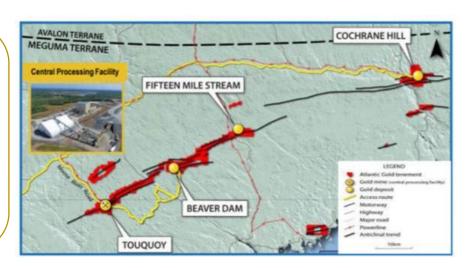


### PEER CASE STUDY - ATLANTIC GOLD

#### Gold mining sector M&A

- Atlantic Gold is a NS producer, located approximately one-hour NE Halifax
  - 1.9M ozs of reserves at the Moose River Consolidated Project

Total Mineral Reserves
~1.9 million ounces
MRC Mine Life now
10+ years
CAGR in production 21%
Low average waste to
ore ratio of ~2.9



The "Aussie Model" - Reserves added to on an ongoing basis funded from cashflow - generates optimal NAV over time - "quality long term producer"

\*Touquoy @ 0.30 g/t cut-off grade - 119,000 oz. (Proven), 295,000 oz. (Probable) + 44,000 oz. (Existing Stockpile Reserves), Beaver Dam@ 0.50 g/t cut-off: 188,000 oz. (Proven), 142,000 oz. (Probable). Fifteen Mile Stream @ 0.30 g/t cut-off grade - 196,000 oz. (Proven), 380,000 oz. (Probable)\*

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### PEER CASE STUDY - ATLANTIC GOLD

### Gold mining sector M&A

Highlights of Altantic Gold's Moose River Project and a comparison to Erdene are below

Metric	Atlantic Gold	Erdene
Deposits	Touquoy, Beaver Dam, Fifteen Mile and Cochrane Hill	Bayan Khundii and Atlan Nar
Resource(Au Eq)	1.9 Moz (P&P)	1Moz (Including M&I) 0.5Moz (Inferred)
Grade (AuEq)	1.1 - 1.4 g/t Au	1.0 to 1.4 g/t Au
Mine Type	Open Pit (1.2g/t)	Open Pit (3.42g/t)
Recovery	92-94%	92%
Planned Production	~100,000 targeting >200,000 oz/yr	51,200 oz/yr targeting >100,000 oz/yr
LOM	10+ years	8 years

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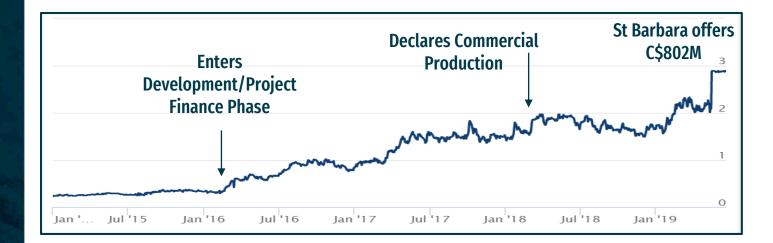
### PEER CASE STUDY - ATLANTIC GOLD

#### **Gold Mining Sector M&A**

- St. Barbara, an ASX producer, has offered to purchase Atlantic for C\$802M
  - All cash offer at a 41% premium to 30-day VWAP preceding the offer

#### **Atlantic Buyout Analysis**

Total Implied Enterprise Value - Atlantic Gold	802,000,000
Implied Equity Value - Atlantic Gold	722,000,000
Total Atlantic Reserves (Proven & Probable)	1,900,000
Value Per Ounce of AGB Reserves	380



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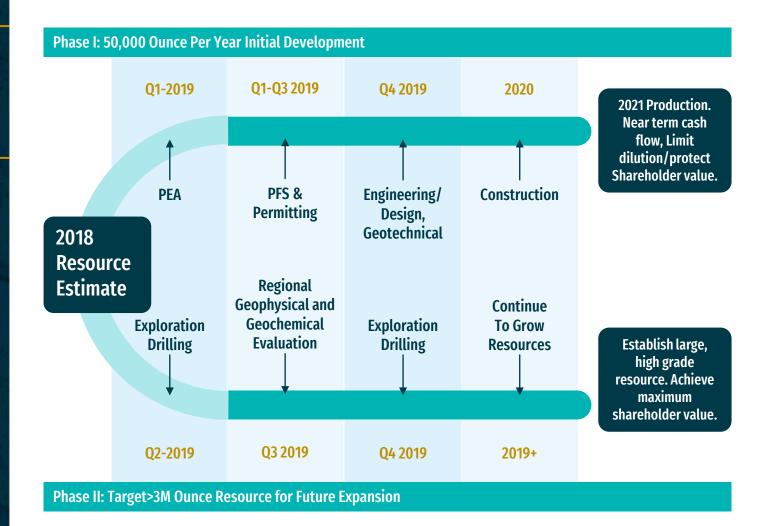
### VALUE ACCRETION ROADMAP

Cash flows from Khundii to support further exploration

DEVELOPING A NEW HIGH-GRADE GOLD DISTRICT

TSX:ERD | MSE:ERDN

#### Balancing mine development and exploration upside

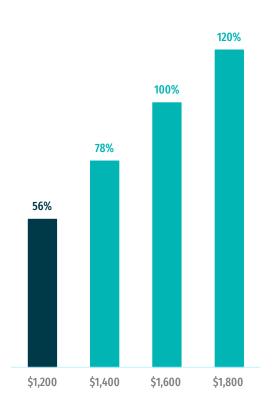




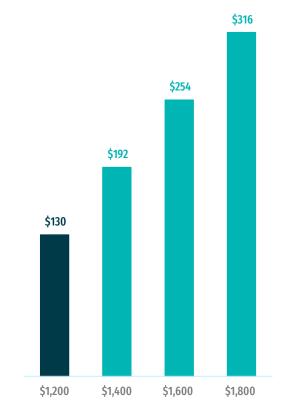
#### Financial sensitivity - strongly benefits from higher gold price

KHUNDII GOLD PROJECT PEA HIGHLIGHTS After-tax IRR (%)

After-tax LOM Cash Flow (million USD)







Gold price per ounce (\$US)

DEVELOPING A NEW HIGH-GRADE GOLD DISTRICT



### CENTRAL ASIA OROGENIC BELT

#### Experts in an under-explored portion of a prolific metal belt

- Central Asia Orogenic Belt includes the largest known economic gold accumulations after South Africa
- Southeast Mongolia hosts significant copper and gold deposits including Oyu Tolgoi
- Focussed on southwest Mongolia for over a decade; defined three deposits, several prospects and a number of targets



DEVELOPING A NEW HIGH-GRADI GOLD DISTRICT



### CAPITAL STRUCTURE

TSX:ERD | MSE:ERDN

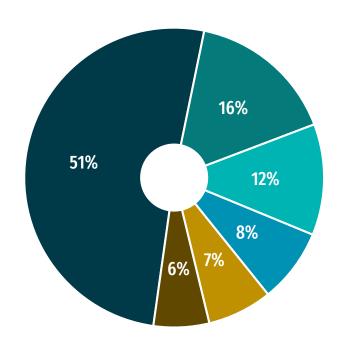
#### **Share & capital structure**

	CAD	USD
Share price	\$0.20	\$0.15
52-Wk range	\$0.18-\$0.53	\$0.13-\$0.39
Market cap	\$34.8 mln	\$26 mln
Shares O/S	174.1 mln	-
Shares F/D	207.6 mln	-
Cash	\$1.0 mln	\$1.2 mln
Debt	nil	-

As of May 31, 2019

Stock Exchanges	
Toronto Stock Exchange	ERD
Mongolian Stock Exchange	ERDN

#### **Shareholder summary**

















#### DISCOVERY AND DEVELOPMENT OF A HIGH-GRADE GOLD DISTRICT

DEVELOPING A NEW HIGH-GRADE GOLD DISTRICT

TSX:ERD | MSE:ERDN

#### **COMPELLING INVESTMENT OPPORTUNITY IN AN EMERGING GOLD DISTRICT**

#### Value

- Two high-grade gold deposits exposed at surface
- Triple the average grade of open-pit gold mines
- Near term, low capex, high return project with rapid payback

#### Growth

- Significant expansion potential on existing gold deposits
- Multiple untested prospects on licence
- Experts in an under-explored portion of one of the worlds great gold belts

#### **People**

- Pioneers in Mongolia's modern exploration period
- Strong social licence
- Experienced team in all aspects of development



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