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Xstrata Coal Seeks Operating Partner for Donkin Coal Interest

HALIFAX, NOVA SCOTIA--(Marketwire - April 26, 2012) - Xstrata Coal Donkin Management Limited ("Xstrata Coal") and Erdene Resource Development Corp. ("Erdene") (TSX:ERD) today announced that Xstrata Coal is seeking an operating coal company to assume its interest in the Donkin Coal project ("**Project**").

Xstrata Coal holds a 75 per cent interest and Erdene holds a 25 per cent interest in the Donkin Coal project joint venture, a proposed multi-continuous miner underground operation at the site of the existing Donkin Mine located in Cape Breton, Nova Scotia, Canada.

"Over the past decade, Xstrata Coal has evolved, as has our business strategy, and core to that is a focus on larger volume mining complexes," said Peter Freyberg, Chief Executive, Xstrata Coal. "We believe the Donkin Coal project is a valuable asset to a qualified partner and remain positive about its viability. We will continue to work closely with Erdene and the Province of Nova Scotia to secure an operating partner to advance the project to production".

Erdene President and CEO, Peter Akerley said "We would like to thank Xstrata for their contribution to the project and look forward to working with a new operating partner that will continue to advance the project towards production," said Mr Akerley. "The Donkin Coal project has unique attributes including its location on tidewater, its production readiness and its ability to deliver both a very high energy thermal coal and metallurgical grade coal with a proven track record of use in global steel manufacturing."

It is anticipated that the sale process will be concluded during 2012, with the selection of an entity with the mining experience, technical expertise and financial capability to operate this underground mine safely and efficiently. Erdene has a 60-day right of first refusal on the sale by Xstrata Coal of its interest in the Donkin project.

During this process the project timelines will be maintained with the planned completion of the environmental assessment, progression of engineering work and obtaining the necessary approvals for commencement of the underground exploration phase. The Canadian Environmental Assessment Agency ("CEAA") approval process, which is required for project permission, is on track and full environmental approval is anticipated in early 2013. It's estimated the Donkin mine will produce 2.75 million washed product tonnes per year and will directly employ about 300 people, targeting commencement of coal production by mid-2014.

Xstrata Coal, under the joint venture agreement, is committed to fund the first \$10 million of Erdene's development funding requirement. Xstrata Coal will bring forward up to \$1 million of this to cover Erdene's share of expenditure on the project during the sales process.

Donkin Coal Project Overview

An independent NI 43-101 Technical Report (Marston & Marston, Inc. of St. Louis, Missouri) was completed in June 2011, indicating a \$1.06 billion Net Present Value ("NPV") at an 8% discount rate and a 36% Internal Rate of Return. This equates to an NPV of \$265 million for Erdene's 25% interest in the Project. The Report confirms the technical and economic viability of the Project and supports advancing the project to the next phase. The Donkin project is based on a multiple continuous miner underground operation with potential to advance to a longwall operation. Mine infrastructure includes twin 3.6 kilometre tunnels to the coal face with plans for a coal processing plant and marine or rail

transportation options that allow for loading of Cape Size vessels proximal to the project site. The Harbour Seam coal has previously been marketed to domestic power utilities and steel manufacturers as well as steel plants in Europe, Brazil and Asia while regional electrical utilities consume greater than 2.5 million tonnes, largely imported.

Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement

About Xstrata plc

We are a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. We are one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and we also produce silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, we operate in over 20 countries and employ over 70,000 people at more than 100 operations and projects around the world. We work in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit www.xstrata.com.

About Xstrata Coal

We are the world's largest seaborne exporter of high energy thermal coal used to generate electricity and a significant producer of coal used to make steel. Headquartered in Sydney, Australia, we have interests in over 30 operating coal mines in Australia, South Africa and Colombia, as well as development projects in Canada. For the fifth consecutive year, Xstrata retains its position as Mining Sector Leader in the annual Dow Jones Sustainability Index review 2011/12.

For more information on Xstrata Coal, visit www.xstratacoal.com.

About Erdene

Erdene Resource Development Corp. is a diversified resource company with multiple projects at various stages of development from exploration to production; all focused on high-growth commodities. Erdene is a TSX listed company with headquarters in Halifax, Nova Scotia and an office in Ulaanbaatar, Mongolia. In addition to its interest in the Donkin Coal Project, the Company is very active in Mongolia where Erdene's management have over 15 years of experience in the country's resource sector. A dedicated technical and management team has assembled a strong portfolio of molybdenum-copper, copper-gold, and coal projects throughout the country. In addition, the company is active in industrial mineral projects in North America through a royalty interest in an operating quarry, equity in a TSX-V listed producer, and direct interests in early stage projects. Erdene has 95,802,901 common shares issued and outstanding and a fully diluted position of 103,410,901 common shares.

For more information on Erdene, visit www.erdene.com.

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 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 subject to change after that date.

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

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