

AMULSAR GOLD PROJECT



LYDIAN
ARMENIA

January, 2017

Lydian Armenia is a leading Armenian mineral development company with a broad international investor base



- **Lydian International** (UK registered) is the 100% shareholder of **Lydian Armenia** and listed at Toronto Stock Exchange
- **Howard Stevenson** is the president of Lydian International, and **Hayk Aloyan** – Managing Director of Lydian Armenia
- Capitalization of the Company is **USD 300 million**
- Company's policy is compliant with Equator Principles, international best practice, which commits to be **a responsible company** in terms of environmental, social and other aspects

Amulsar will be a modern exemplary mine with a modern technology for gold extraction

- Amulsar gold deposit is located on the borderline of Vayots Dzor and Syunik Regions of Armenia
- The first gold deposit discovered after the independence of the Republic of Armenia with three sites: ***Tigranes, Artavazdes and Erato***
- Amulsar Project will be developed by open pit mining. This is the only deposit in Armenia to use ***heap leaching technology***. Heap leaching does not allow for a tailings dam.
- Annual capacity of the mine is anticipated to be ***10 Mt of ore***, with a gold recovery of 85%



AMULSAR PROJECT

The Project Executive Summary



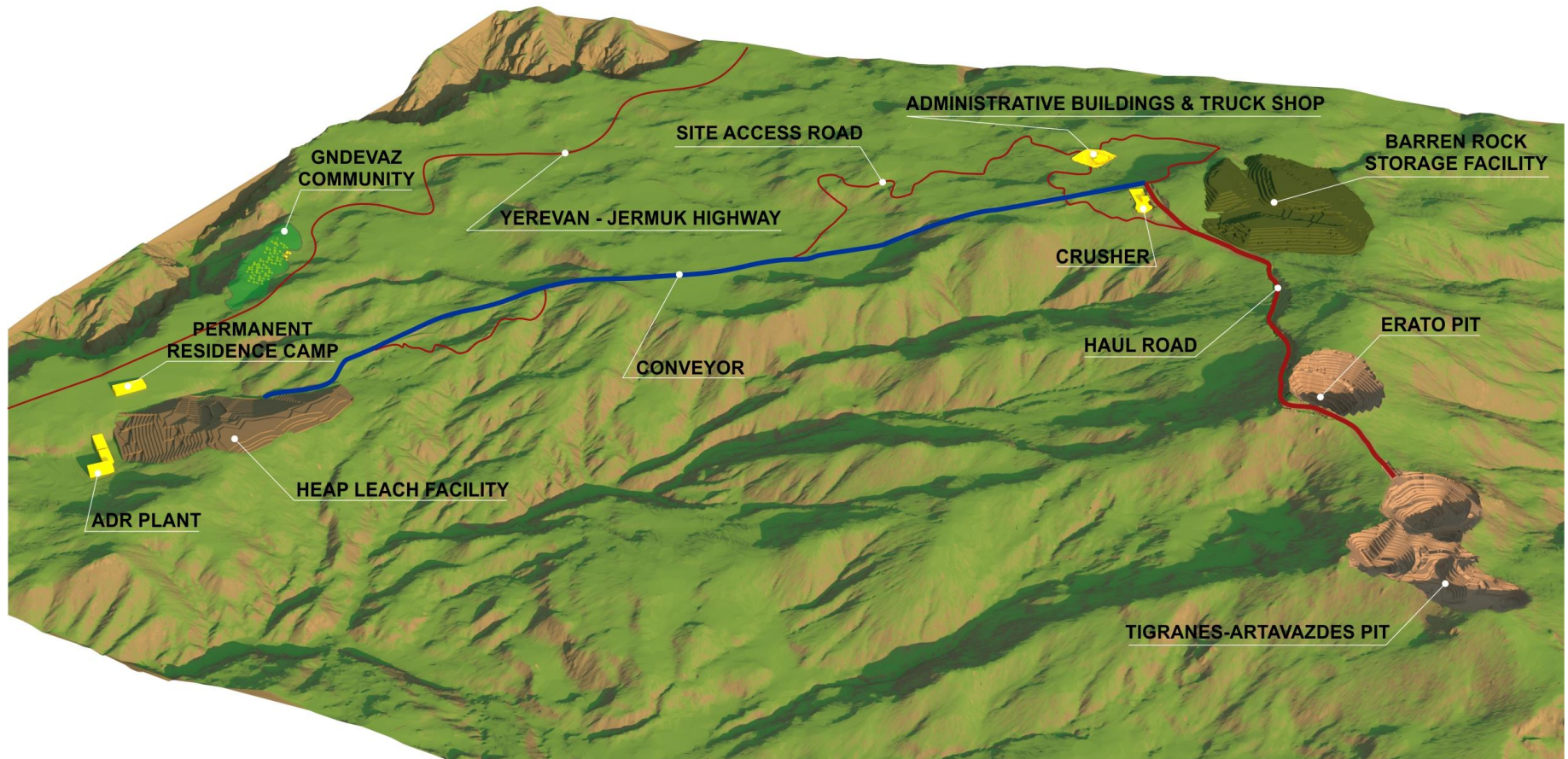
Amulsar is the only deposit discovered, explored and being developed by an international company and using their financial resources



- The deposit was discovered in **2006**, explored more than 10 years and received all the mining rights in accordance with the procedures established by Armenian legislation
- Company's Mining license validity term is until January 1st **2034**. Capital mining, ore processing, gold extraction infrastructure construction activities will be carried out during the coming 2 years; mining operations will be conducted during the next 10 years, and mine closure operations within the next 5.5 years.
- The Project design was amended in 2015-2016 in accordance with the **value engineering and optimization plan** proposed by international experts for the mine operation and ore processing technology solutions. The amended design was subject to Environmental Impact Assessment, State Technical Safety expertises in accordance with the procedures established by Armenian legislation, as well as to Environmental and Social Impacts Assessment in compliance with the requirements of international financial organizations, and they were given a positive conclusion.
- Reserves amounting to **89 Mt of ore**, 73.7 tons of gold (with average grade of 0.825 g/t), 294.3 tons of silver (average grade of 9.29 g/t)

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Site Layout



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Investments, Economic Effect



Amulsar Project will contribute to economic development of the Republic of Armenia and have a positive effect on the GDP

- Company has invested about **USD 90 million** to date in exploration activities
- Capital construction costs will amount to **USD 370 million**
- Annual turnover from exports of gold will amount to **USD 250 million**
- Taxes and royalties payable from the Amulsar Project will amount to **USD 40-50 million** per annum
- Project will contribute to economic development of the region creating **1300** jobs in the construction phase and **700** jobs in the operation phase
- Rental fees for the lands of the affected communities of Gorayk, Gndevaz and Saravan will amount to approximately **USD 1 million**
- Direct foreign investments will promote reputation of the Republic of Armenia as a favorable international investment destination



One direct job will create five indirect jobs

Private lands are acquired in compliance with international best practice

- Land acquisition completed in **2015**
- Company has acquired **278 private plots** with about 150 ha from 145 landowners
- More than **USD 2.8 million** invested for land acquisition
- Company applied RA Government for **expropriation** of only 4 plots



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Social programs in the communities



Close cooperation with and special focus on local Communities, more than 90 social programs in the region

- Starting from 2007 the Company has implemented social programs in ***Jermuk, Gndevaz, Gorayk and Saravan***
- More than **90** social program implemented so far
 - *Construction of gas pipeline in Saravan*
 - *Renovation of Gorayk school, library and medical post*
 - *Renovation of Gndevaz kindergarten*
 - *Reconstruction of a kindergarten and the art school in Jermuk*
 - *Company has financed the university tuition fees for 12 students*

and numerous other programs in agriculture, animal husbandry, education and health

In total USD 3 million invested in social programs to date



Environmental management is priority for Lydian Armenia

- Since 2008 the Company has conducted environmental baseline studies
- The following surveys were undertaken:
land, water (surface and groundwater), air quality, flora and fauna, biodiversity assessment, collection of social and social-economic baseline, as well as other large-scale studies, in particular, archaeological, skills of the population, landuse and livelihoods
- More than **USD 6 million** has been spent also engaging Armenian organizations
- Reclamation after exploration activities and decommissioning of all mine infrastructures



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Construction Works



Mine construction is consistent with high international safety standards

- Construction commenced on **August 19th 2016**
- Mine construction will last until **spring of 2018**

At the moment:

- Company has rented **2 hotels** in Jermuk
- **A construction camp** is being developed for 1,000 people
- **Power supply infrastructure** is being built
- **Earthworks** are underway
- **Roads** are being repaired and built



In construction preference is given to local contractors and vendors



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