

# Lydian Provides Corporate Updates

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TORONTO, Nov. 01, 2018 - [Lydian International Ltd.](#) (TSX:LYD) ("Lydian" or the "Company") today announced the following corporate updates.

## Forbearance Agreement

The Company has entered into a forbearance agreement with its senior lenders, stream financing providers, and equipment financiers (the "Forbearance Agreement"), pursuant to which the Company's senior lenders, stream financing providers, and equipment financiers have agreed to: (a) temporarily suspend all principal and interest payments due and payable to each of them under such creditor's financing agreement, and (b) forbear from declaring or acting upon, or exercising default-related rights or remedies under such creditor's financing agreement with respect to certain events of default, in each case, until the earlier of December 31, 2018, the occurrence of an additional event of default under such creditor's financing agreement or any breach by the Company of the Forbearance Agreement. The Forbearance Agreement was necessitated as a result of the previously announced illegal blockades that have prevented Lydian and its contractors from entering the Amulsar site since late June. During the period of forbearance, Lydian and other stakeholders will continue to petition local and national government officials to enforce the law by removing the illegal blockades and pursue additional options that allow Lydian to resume construction activities. Lydian will continue to engage in discussions with its lenders to address the issues resulting from the illegal blockades and is evaluating a range of financing and strategic alternatives.

## Cost Reductions

To mitigate costs during the ongoing illegal blockades, Lydian has reduced personnel, terminated certain construction-related contracts, and placed other contractors on standby through October 31, 2018. Additional cost reductions are in process and will continue during the period of forbearance. To date, 130 employees have been dismissed and approximately 115 additional dismissals are expected by year end. This will represent a total reduction in the Company's workforce of approximately 87%. Retained employees represent Lydian's core competencies necessary to effectively support a construction restart. In addition, an estimated 1,100 contracted jobs have been lost. Certain construction contractors were maintained on standby to best support a resumption of construction, but these contracts have been terminated to further reduce costs. Re-issuances of construction contracts will be possible upon the removal of the illegal blockades. The extent of a construction restart will be dependent upon weather conditions once access is re-established at Amulsar and the availability of funding.

João Carrêlo, President and Chief Executive Officer of Lydian, stated, "Our position and request of the Armenian government has been simple and consistent; we support the government's audits and investigation initiatives, but Lydian should be allowed to continue construction during these processes. Lydian has a decade-long record of performing to international best practices, and we are confident our commitment to these standards will make Amulsar the most exemplary model in Armenia for environmentally sound mining practices. Yet we are prevented from legally resuming our construction activities."

Mr. Carrêlo added, "Our most immediate commercial objective is to best protect the interests of our shareholders, lenders, stream providers, equipment financiers, and other stakeholders. We remain hopeful this results from a near-term resumption of construction and ultimately seeing Amulsar become Armenia's largest gold producing mine. However, the reality of the situation caused by inaction to remove the illegal blockades requires us to evaluate a number of alternatives, which range from sourcing additional funding to complete construction at Amulsar to considering various strategic alternatives."

## Director Changes

In connection with the 2016 agreement between Lydian and its largest shareholder, Resource Capital Fund VI L.P. ("RCF"), which owns approximately 32% of the Company's outstanding shares, is entitled to nominate two directors of the Company. RCF's nominees, Mr. John Stubbs and Mr. Joshua Parrill have resigned from the Company's board of directors and have been replaced on the Company's board of directors by new nominees, Mr. Gene Davis and Mr. Edward Sellers. The resignations and appointments are effective immediately.

Gordon Wylie, Chairman of Lydian, commented on behalf of the Board, "We thank John and Joshua for their contributions to Lydian over the past two years and their dedicated service that has been instrumental in bringing Lydian's Amulsar Gold Project into the final stages of construction. The Board wishes John and Joshua well in their future endeavors."

Gordon Wylie added, "My colleagues and I would like to welcome Gene and Edward to the board of directors. We believe their professional experience will strengthen the board to support the range of current financing and strategic options being pursued by management."

Mr. Davis is Chairman and Chief Executive Officer of PIRINATE Consulting Group, LLC, a private consulting firm specializing in turnaround management, merger and acquisition consulting, hostile and friendly takeovers, proxy contests and strategic planning. Before forming PIRINATE, Mr. Davis served as President, Vice Chairman, and Director of Emerson Radio Corporation from 1990 to 1997. He also served as Chief Executive Officer and Vice Chairman of Sport Supply Group, Inc. from 1996 to 1997. Mr. Davis currently serves as a Director of Seadrill Limited, VICI Properties Inc., Verso Corporation and Sanchez Energy. Mr. Davis holds a bachelor's degree from Columbia College, a Master of International Affairs degree in international law and organization from the School of International Affairs of Columbia University, and a Juris Doctorate from Columbia University School of Law.

Mr. Sellers is one of Canada's leading restructuring advisors, with recognized expertise in related governance, finance, acquisitions and divestitures. Mr. Sellers currently serves as President & Managing Director of Black Swan Advisors Inc., providing independent interim governance support and leadership to enterprises in transition, decline or distress. He has served as a director, advisor and lawyer to large public and private enterprises for over 30 years.

Prior to establishing Black Swan in 2016, Mr. Sellers served as a partner and Chair of the national restructuring practice at Osler, Hoskin & Harcourt LLP, developing a leading multidisciplinary team focused on stakeholder engagement, multi-party negotiation, process management, and transaction implementation. Prior to joining Osler in 1997, Mr. Sellers was a partner with another national law firm, with recognized expertise leading complex commercial transactions of all types.

Mr. Sellers has acted for issuers, lenders and governments in connection with a variety of domestic and foreign mining assets, including one of Canada's largest open pit copper and zinc mines in Faro, Yukon, and the expropriated mining rights of Crystallex International in Venezuela. Prior to his career in law, Mr. Sellers worked underground at the Stall Lake mine in Northern Manitoba for Hudson's Bay Mining & Smelting.

#### About Lydian International Limited

Lydian is a gold developer focusing on construction at its 100%-owned Amulsar Gold Project, located in south-central Armenia. However, illegal blockades have prevented access to Amulsar since late June 2018. Amulsar will be a large-scale, low-cost operation with production targeted to average approximately 225,000 ounces annually over an initial 10-year mine life. Open pit mining and conventional heap leach processing contribute to excellent scale and economic potential. Estimated mineral resources contain 3.5 million measured and indicated gold ounces and 1.3 million inferred gold ounces as outlined in the Q1 2017 Technical Report. Existing mineral resources beyond current reserves and open extensions provide opportunities to improve average annual production and extend the mine life. Lydian is committed to good international industry practices in all aspects of its operations including production, sustainability, and corporate social responsibility. For more information and to directly contact us, please visit [www.lydianinternational.co.uk](http://www.lydianinternational.co.uk).

For further information, please contact:

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#### Caution regarding forward-looking information

Certain information contained in this news release is "forward looking". All statements in this news release, other than statements of historical fact, that address events, results, outcomes or developments that the Company expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "intends", "anticipates" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "will", "would", "should", or "occur" or the negative or other variations of such terms. Forward-looking statements in this news release include, among others, statements with respect to: the illegal blockades at the Amulsar site, the potential alternative for dealing with the blockades and potential further cost reductions as a result, including further employee dismissals; the Company's assessment and implementation (and the corresponding success) of all alternatives (including financing and strategic options) being evaluated; the realization of mineral resource estimates and the timing of development of the Amulsar Gold Project; the commitment to and implementation of good international industry practices; the expected gold production from, and life of mine of, the Amulsar Gold Project; the magnitude or impact of historical and future (if any) protests or blockades affecting Amulsar and the success of the Company's ongoing attempts to mitigate such risks; the resumption of construction activities and the possible re-issuance of construction contracts; and the expected mining methods at the Amulsar Gold Project. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered when the property is developed.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, without limitation: changes in gold and silver prices; adverse general economic, political, market or business conditions; unwillingness of the Company's creditor's to amend the senior credit, stream, and offtake agreements; failure to achieve the objectives of the future exploration and drilling programs; regulatory changes; as well as "Risk Factors" included in the disclosure documents filed on and available at [www.sedar.com](http://www.sedar.com). Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

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