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TSX:LYD



LYDIAN  
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# Amulsar Gold Project: Armenia

Investor Presentation

March 2014



# Forward Looking Statement



This presentation contains projections and forward looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company. These risks and uncertainties could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information. Actual results and future events could differ materially from anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice.

The Company assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change. This presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company within the United States or otherwise.

## **Information concerning estimates of minerals reserves and resources**

The mineral reserve and resource estimates reported in this presentation were prepared in accordance with Canadian National Instrument 43-101 standards of disclosure for mineral projects ('NI 43-101'), as required by Canadian Securities Regulatory Authorities. For United States reporting purposes, the United States Securities and Exchange Commission ('SEC') applies different standards in order to classify mineralization as a reserve. In particular, while the terms 'measured', 'indicated' and 'inferred' mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, 'inferred' mineral resources have a greater amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of any inferred mineral resource will ever be upgraded to a higher category. Under Canadian Securities laws, issuers must not make any disclosure of results of an economic analysis that included inferred mineral resources, except in rare cases.

Mr. G. David, Keller, P. Geo , of AMC Mining Consultants, has responsibility for all matters relating to geology and the CIM compliant resource update, March 2013.

Qualified Persons as defined by the CIM Definition Standards November 22, 2005 and Section 5.1 of National Instrument 43-101 Standards of Disclosure for Mineral Projects, Form 43-101F1 and Companion Policy 43-101CP.

# Investment Highlights

Amulsar is one of only a few large-scale, low-cost, heap-leach gold projects which when fully ramped-up will be one of the world's top gold mines on an annual production and all-in cost basis ....



- **100% Lydian owned, open-pit, heap leach gold project**
- **Current resource (March 2013):**
  - 52.4 Mt at 1.1 g/t gold (1.8Moz) Measured category
  - 18.1 Mt at 1.0 g/t gold (0.6Moz) Indicated category
  - 58.0 Mt at 0.9 g/t gold (1.7Moz) Inferred category
- **Feasibility study Sept 2012 – NPV US\$646, IRR 28% (at US\$1200/oz gold)**
- **10Mtpa, 150-250k ounce gold producer**
- **Roads, power, water, electricity, gas and fibre optic cable all transect the license area, labour sourced from local communities**
- **Metallurgical testing +90% recoveries including 'cold climate' testing**
- **Oxide resource; open in all direction**
- **Supportive global shareholder base including IFC/EBRD**
- **Strong community support in Armenia**

# Corporate Snapshot



<b>SYMBOL</b>	<b>TSX:LYD</b>
<b>Shares in Issue</b>	<b>147.42m</b>
<b>Directors and Employees Options</b>	<b>5.75m</b>
<b>Warrants</b>	<b>Nil</b>
<b>Fully diluted shares</b>	<b>153.17m</b>
<b>Market Cap (at C\$1.10)</b>	<b>C\$162.2m</b>
<b>Cash at bank and in hand (21/02/14)</b>	<b>C\$25.25m</b>
<b>Debt</b>	<b>C\$0m</b>

#### **Capital Payments:**

- Newmont pre-production payments paid
- On production Lydian has the option of paying Newmont: a 3% NSR; 20 quarterly payments of US\$1m; or, a one off payment of ~US\$15.6m.

# Government Relations

Lydian has pressed the “reset button”: The Company is taking advantage of the current cost environment, optimising the mine design, and making significant corporate and managerial changes and also engaging more with the Armenian Government

- Improved government engagement after HL relocation Working Group leveraging a positive outcome
- Framework Agreement for project investment being discussed with Ministry of Economy
- Constant communication with Ministry of Energy & Natural Resources including Mining Rights Application
- Government meetings held regularly to discuss social programs implemented by Geoteam and the development of local communities
- Support from US/UK Ambassadors
- Involvement of IFC/EBRD and consultants
- Armenian Government open to international investment (Contour Energy deal)

# New Heap Leach Upside

“We consider the results achieved by the Working Group as an important milestone in the full-scale development of the Amulsar project. We are hopeful that the mode of cooperation achieved in the working group will induce the Amulsar project to pick up further steam.”

Minister Vache Gabrielyan,  
Armenian Chief of Staff

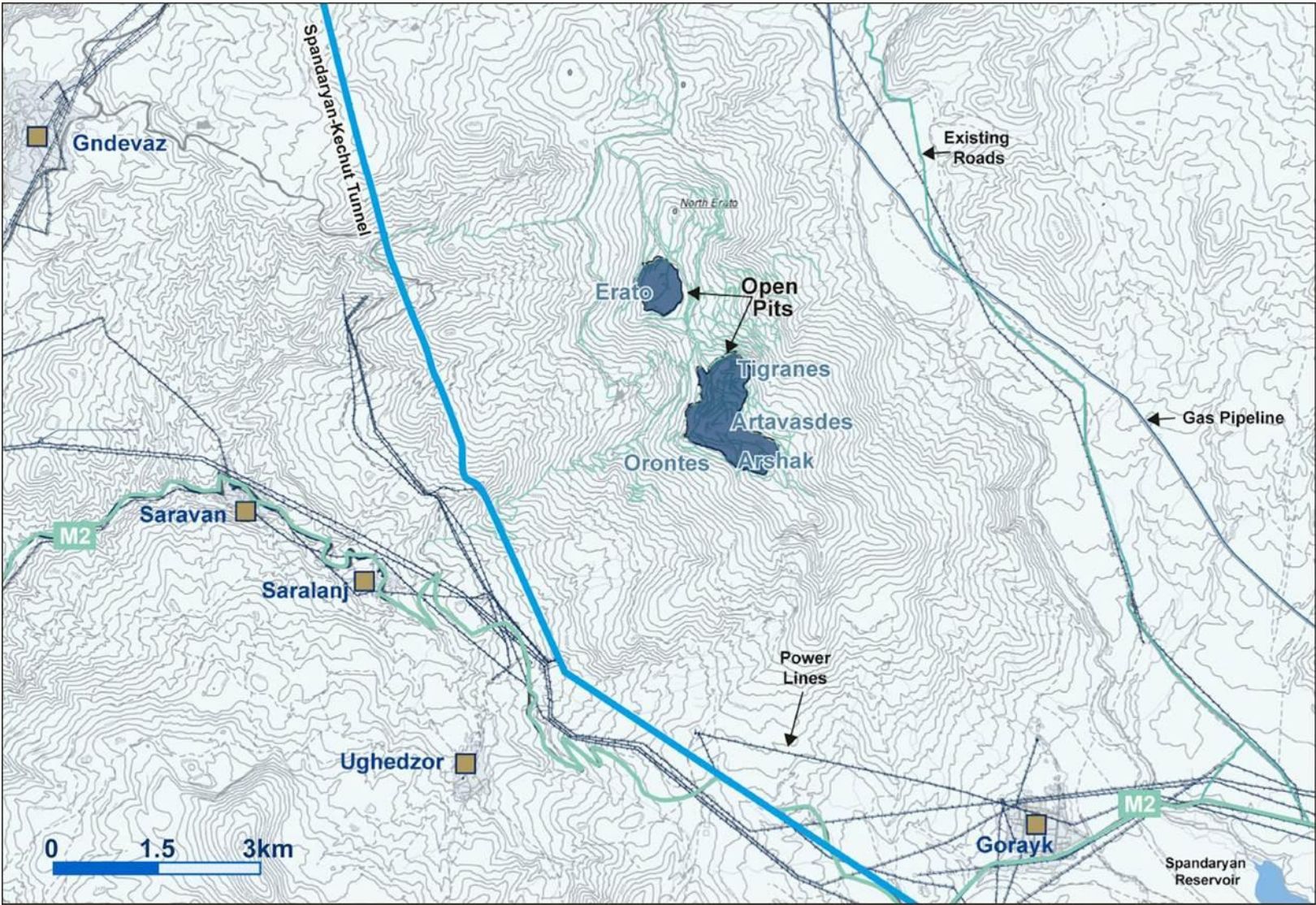
- **New identified HLF deemed suitable by the joint working group; Sept 13**
- **Extension to production deadline to September 2018**
- **H2/13: all needed field investigations for the FS and environmental impact studies completed**
- **Removal of expensive stacking system and less earth works**
- **Lower elevation, less effect from winter weather**
- **Less potential to affect current water users**
- **Reduced area of disturbance**
- **Operation pond contained within heap reducing potential for affects on wildlife**
- **Closer to existing infrastructure**

# Trade-off/ Optimization Studies

Potential cost-saving initiatives & Operational flexibility; new market environment providing advantages for equipment supplies and engineering studies

- Designing mining infrastructure with Blue-sky potential in mind
- Straight into larger operation production rate still optimal
- Reduction of haulage cost initiatives:
  - Waste dump and primary crusher closer to the mine
  - Maximizing the length of the overland conveyor
  - Locating the primary crusher closer to the mining pits
- New block model including 2013 drilling; no significant change to open pits or FS
- Possible use of electric-drive haul trucks; better for loaded downhill hauls
- Crusher operations being studied to reduce costs but keep excellent gold recovery
- Exploration rehabilitation work in progress

# Amulsar Infrastructure





# Armenia



- Over 1000-year mining history
- Independence 1991
- Member of WTO since 2003
- Mineral resources:
  - 60% by value of exports
- New World Bank guided Mining Law, Jan 2012
- Democratic presidential republic
- Presidential election Feb 2018
- Parliamentary election May 2017
- Population – 3.2 million

# Amulsar, Armenia



- Amulsar will be the largest gold mine in Armenia
- Located 170km from the capital, Yerevan
- Taxes\*:
  - 4% Tax Deductible Royalty 'Top Line'
  - 12.5% Tax Deductible Royalty 'On profit before interest charges'
  - 20% Corporate Tax

\*Please see [www.lydianinternational.co.uk](http://www.lydianinternational.co.uk) for a detailed explanation on Armenian mining taxes

## Other mining companies in Armenia

**Kapan** – DPM (Canadian Public), Copper Moly

**Kajaran** – Cronimet (German Private), Copper Moly

**Agarak** – GeoProMining (Russian Private), Copper Moly

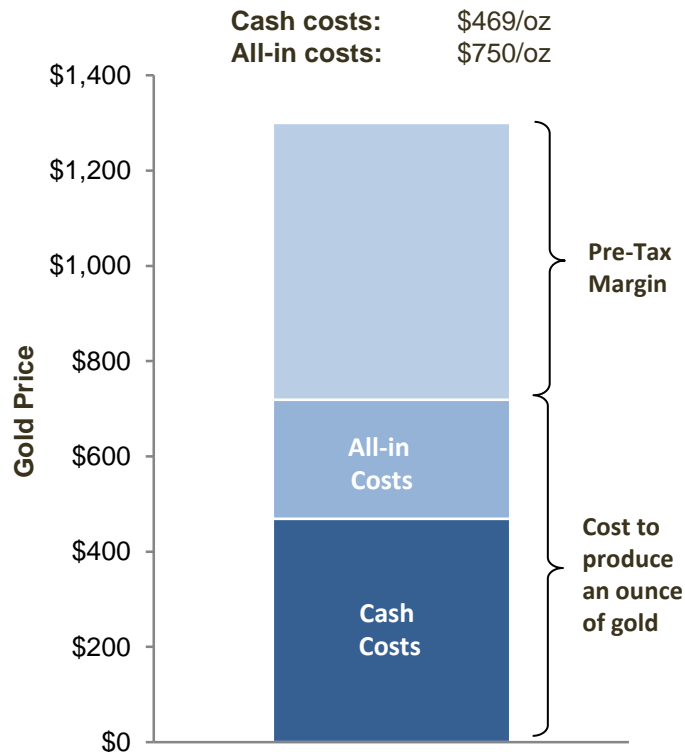
**Zod** – GeoProMining (Russian Private), Gold

**Tikhmanuk** – Global Gold Corp (US Public), Gold/Silver

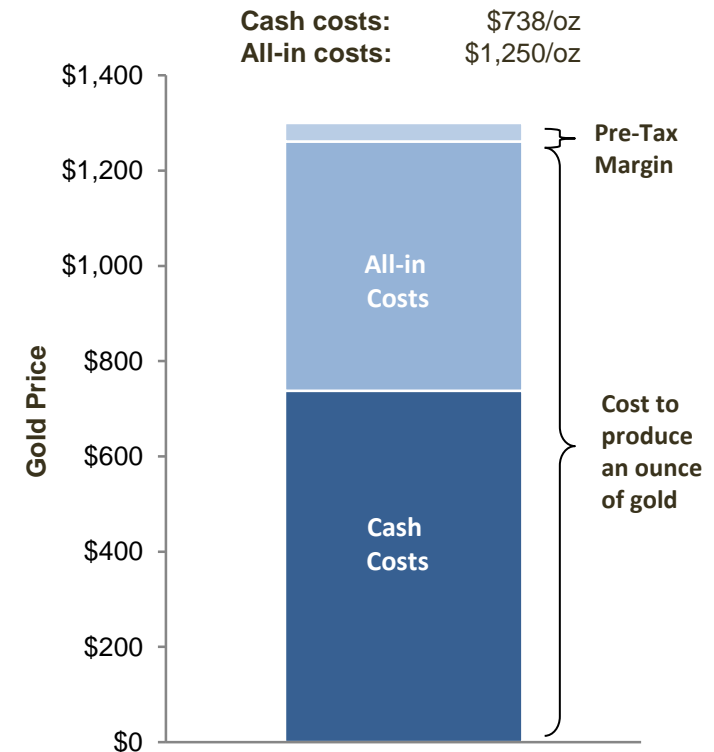
**Teghut** – Vallex Group (Armenia Private), Copper Moly

# Amulsar All-in Costs

- Lydian cash costs were done using an estimated \$1,200 Gold price as assumed in Sept 2012 FS
- Global average all-in costs estimated from Sept 2013
- Cash costs pre tax and royalties



## Global Producers Average



- Total cash cost per ounce for Lydian as reported in the Feasibility Study on September 7, 2012. Global Average 2012 cash costs estimated by GFMS. Cash costs are costs of production, at site level, to produce an ounce of gold (transport, mining and admin. All-in cash costs include corporate and administrative costs, sustaining capex, exploration costs, and royalties.)
- Information sourced from the GMFS report Sept 2013 and RBC.

# Achievements To Date



**Feb 2012**

EIA approved for original Heap Leach location, crushing and Conveying facility and ADR Plant.

**July 2012**

EIA approval for open-pit mining and location of waste dump facility.

**Sept 2012**

Mining Licence and Rock Allocation Area (RAA) granted.  
Mining Licence valid until 2034 with extensions permitted as new resources are approved.

**July 2013**

Baseline studies and Impact Analysis & Management Plans

**Aug 2013**

To the Armenian Government/ Ministries.  
Stakeholder Engagement Plan, Executive Summary, Completed Document

**Q3 2013**

Government/ Working Group & Lydian representatives conclude HL location is suitable

**Q3 2013**

Until September 2018

# Development Process

- 

**Q1 2014** **Mine Design lock down**  
submission of FS design to impact assessment consultants
- 

**Q1 2014** **Sustainable Mining Conference**  
Including all members of the Government/Ministries, also UK/US Ambassadors and guest speakers
- 

**Q2 2014** **Framework Agreement executed with Government**
- 

**Q2 2014** **Submission of Mining Right application to Government**  
included project description, mine plan, EIA and technical safety documents
- 

**Q2 2014** **Updated Feasibility Study**
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**Q3 2014** **Revision to ESIA addressing new HL location**  
Incorporating new baseline studies; Biodiversity, visual and Social impacts
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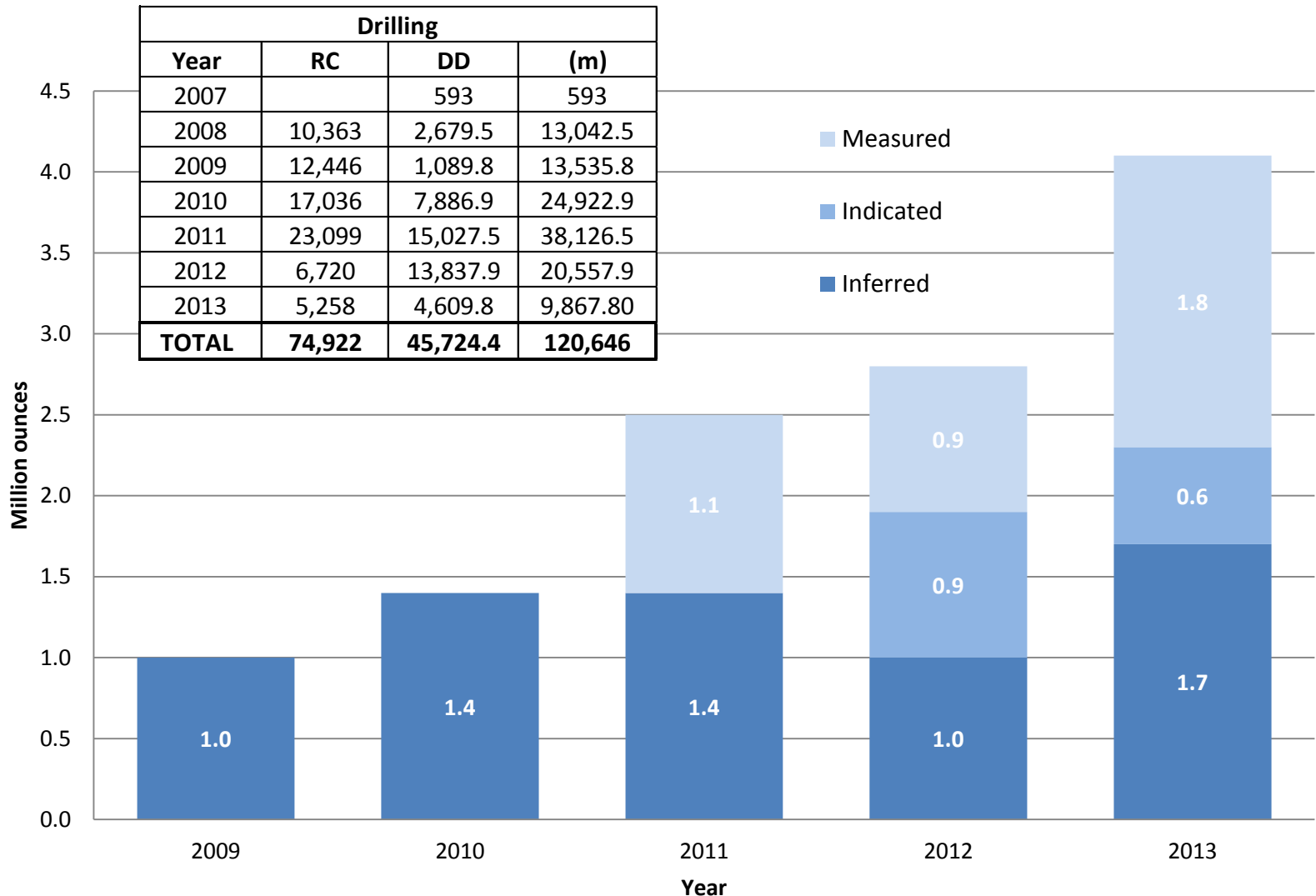
**Q4 2014** **Permitting completed**
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**Q3 2014** **Detailed Engineering**  
With updated FS plans
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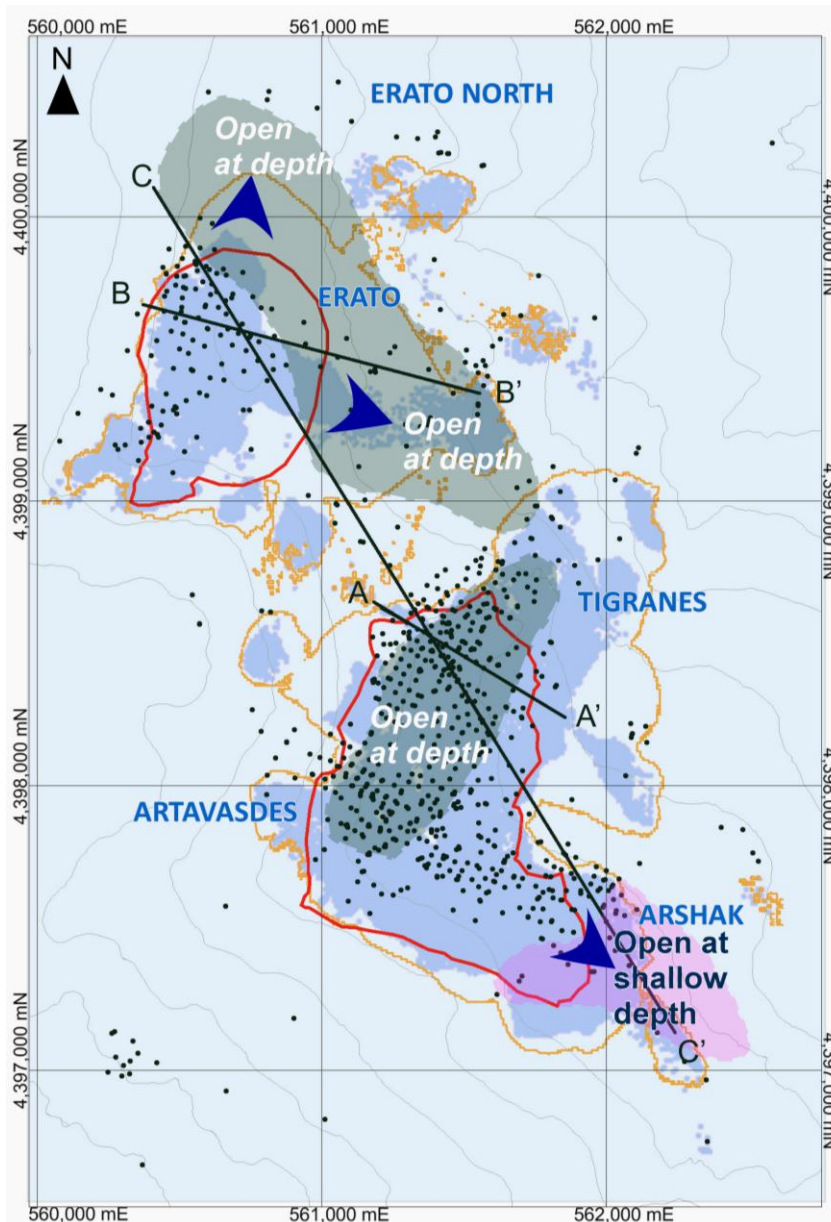
**Q1 2015** **Construction Permits Granted**  
Construction phase begins – build over 2 summer

**PRODUCTION  
Best Case  
late 2016**

# Amulsar Resource Growth



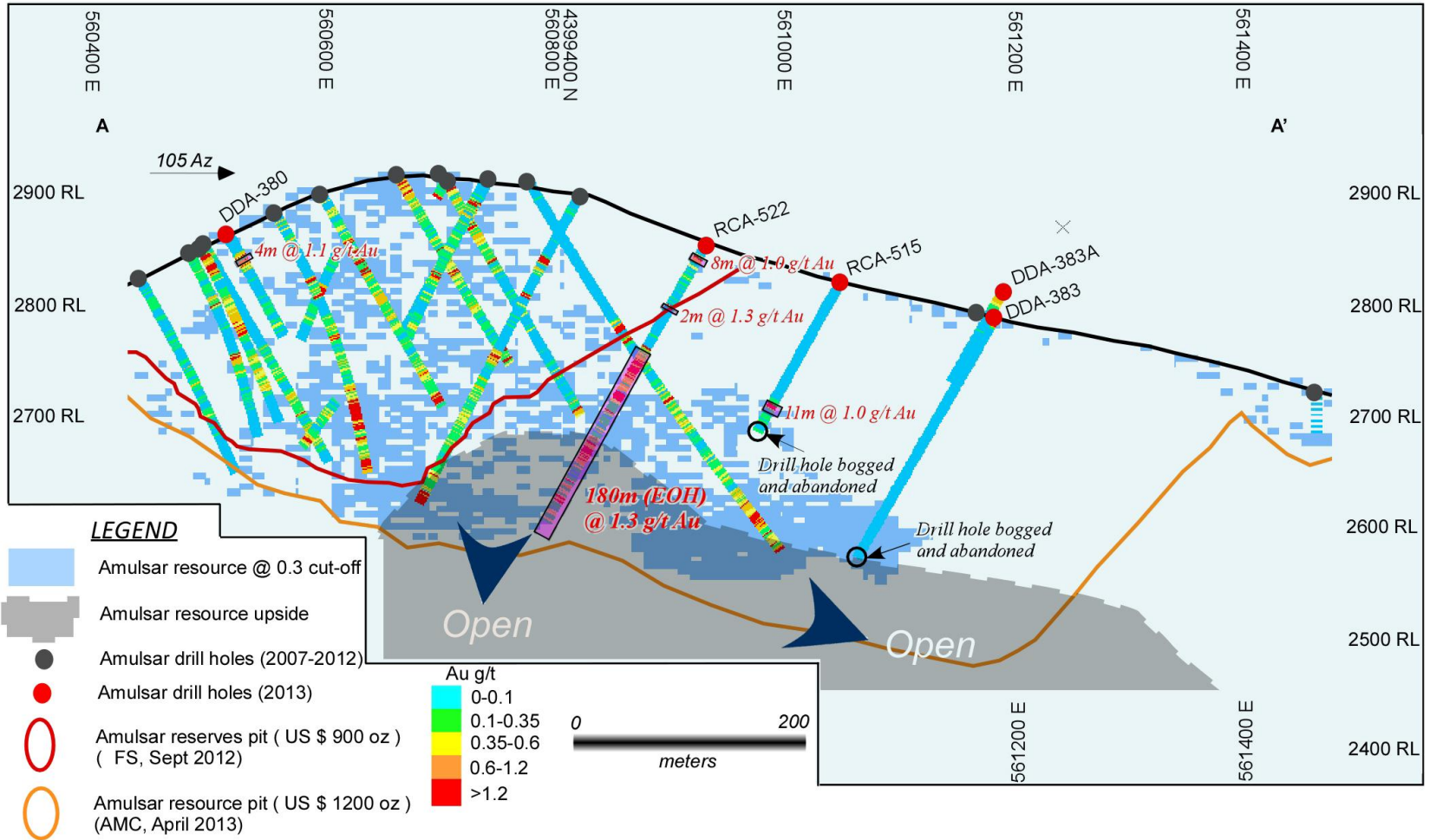
# Potential Growth



- Resource remains open with potential upside along-strike and particularly at depth

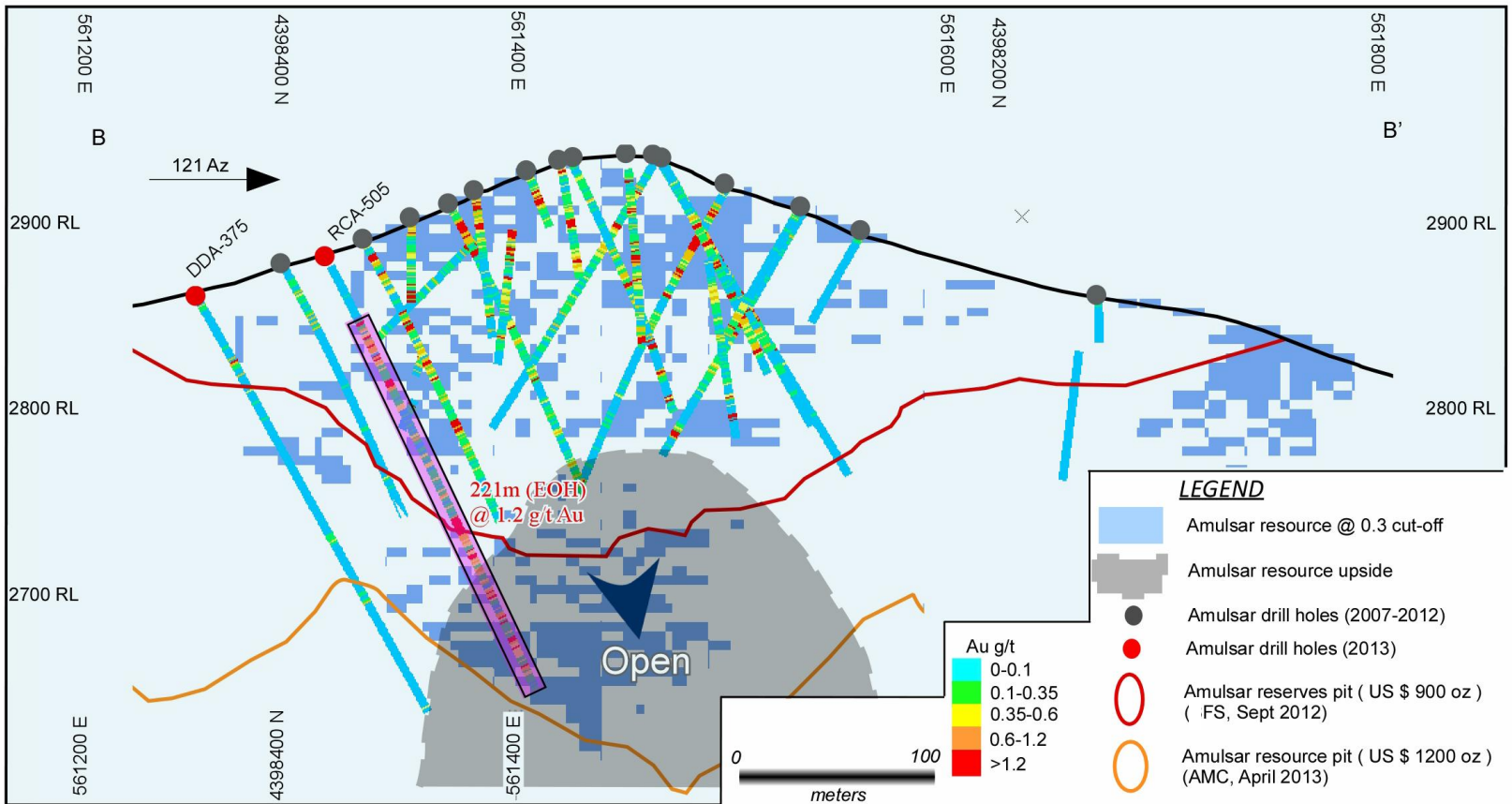


# Cross Section - Erato

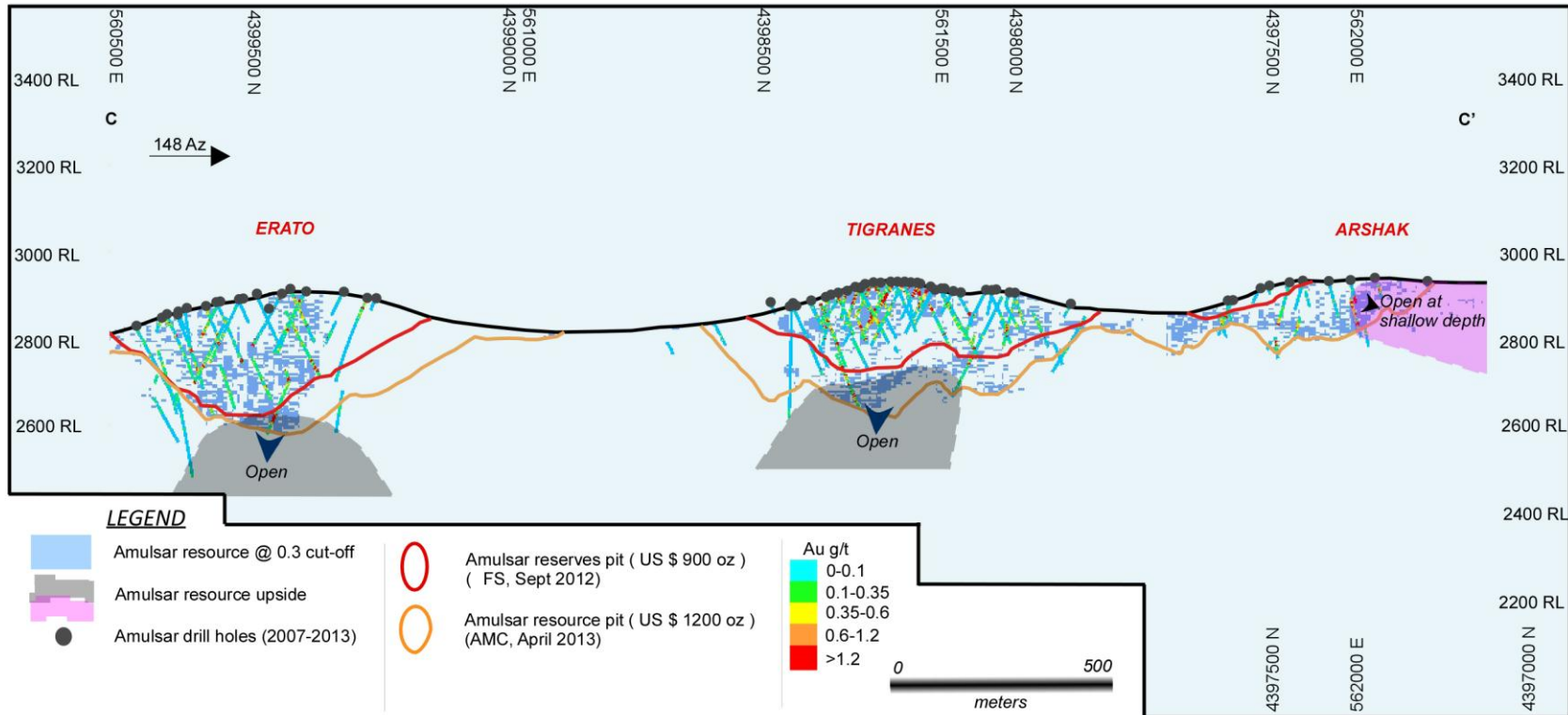




# Cross Section - Tigranes



# Long Section



# Sustainable Development

- Income generation - capacity building and community development projects
- Local employment & development training - optimise for construction and production
- Improve livelihood - better standards of living and a sustainable development approach beyond operation and closure



## Social Programs within the local communities continuing through 2013:

- “Schools for Sport & Peace” program: for 180 children and Summer Camp for 90 children on sport, education, team work and leadership
- Improved livelihood in Gorayk by introducing new gardening technologies for 50 households (230 persons) benefiting from increased yield & income
- Garbage collection in 3 rural communities with improved sanitation
- Renovation of Jermuk Art School, Sport Complex & Kindergarten with interior and roof repair, new equipment and modern facilities benefiting 150 children & youth
- Student support program for 12 students to study mining engineering

# Financing

Working assumption continues to be two-thirds debt and one-third equity

**Estimated cost for FS and ESIA updates – US\$3m, low burn rate for H1/14**

## **Debt solutions:**

- **16 Banks have conducted site visits to Amulsar including IFI and Commercial**
- **Management continues to have dialogue with interested lending banks and IFIs**
- **Recent studies suggest the Project will support significant commercial debt**

## **Equity financing:**

- **will depend on share price and could include a quasi-equity component e.g. silver streams, royalty or convertibles**

# Experienced Management/ Development Team



**Mr Howard Stevenson (Chief Executive Officer)**

MBA Executive Degree; 25-yrs of global mining experience in corporate strategy, engineering, mine development/operations, mineral economics, business development and mergers & acquisitions on projects around the world. He has held senior management positions supervising the construction of the Çöpler gold mine, building a successful heap leach operation and overseeing the commencement of production and ongoing operations at the mine.



**Mr Marc Leduc (Chief Operating Officer)**

B.Sc. (Honors) Mining Engineering; 24-yrs experience as a mining engineer and geologist involving all aspects of the development, operations, planning and evaluation of mining projects. He has experience working in Peru, Brazil, Chile and Canada where he has led technical teams in the design and construction of large mines, heap leach and tailings facilities, whilst working in the area of complex metallurgy, site water management and heap planning.



**Mr Roderick Corrie (Chief Finance Officer)**

BA Cambridge, MA (Cantab), Associate member of the Chartered Institute of Bankers, Member of the Securities Institute.



**Mr Didier Fohlen (Executive Vice President)**

Engineering Degree School of Geology and Mines of Nancy; 33-yrs experience in exploration, mining operations and mine closure, with focus on environmental, social and governance. 15-yrs in the World Bank Group working on mining investments, interacting with major mining companies. Significant experience in Europe and the Former Soviet Union.



**Dr Hayk Aloyan (Managing Director, Armenia)**

PhD Ore Deposit Geology; 17-yrs experience, formerly Deputy Chief of Geological Survey in Armenian Mining and Metallurgical Institute, widely published on Armenian metallogenesis, specialist in resource estimation.









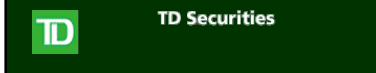


**Mr Alan Turner (Manager of Technical Services, Amulsar)**

BSc (Hons) Applied Geology, MSc Mining Engineering (Camborne School of Mines), member of the Institute of Materials, Minerals & Mining; 10-yrs experience in both operations and consulting in gold and base metal mining across Europe, Asia, Africa and the Former Soviet Union. Specialises in mine optimisation and planning.

# Strong Support

MAJOR SHAREHOLDERS	Country
Sprott Asset Management	Canada
Van Eck	US
Amber Capital	US
IFC (part of World Bank)	US
EBRD	UK
Invesco Canada	Canada
Franklin Advisors	US
First Eagle Investment Mgmt	US
RBC Global Asset Mangment	Canada
Mackenzie Financial	Canada
Fidelity Mgmt & Research	US
AGF Investments	Canada
Amundi Asset Management	France

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