

Lydian Announces Third Quarter 2019 Results and Corporate Update

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TORONTO, Nov. 11, 2019 - [Lydian International Ltd.](#) (TSX: LYD) (“Lydian” or the “Company”) announced today its results for the three and nine months ended September 30, 2019. All dollar amounts referenced in this news release are, unless otherwise indicated, in United States dollars.

Third Quarter 2019 and recent developments include:

Illegal Blockades – The blockades continue at the Amulsar Project site, having been in place since June 22, 2018. As a result, on March 11, 2019, two of Lydian’s subsidiaries formally notified the Government of Armenia of the existence of disputes with the Government of Armenia under the UK BIT and the Canada BIT. Starting on August 19, 2019, the Prime Minister has made repeated statements that Lydian’s access to the Amulsar Project site should be restored.

Third Audit – In March 2019, the Government of Armenia commenced its third-party assessment (“Third Audit”) of the Amulsar Project’s environmental impact on water resources, geology, biodiversity, and water quality. On August 7, 2019, Earth Link and Advanced Resources Development (“ELARD”) provided the final conclusions of its audit to the Government of Armenia. ELARD’s conclusions were generally favorable, subject to relatively minor technical recommendations most of which Lydian had previously met.

Technical Water Supply – On June 28, 2019, a letter from the Republic of Armenia’s Ministry of Environment (“Ministry”) was received informing Lydian that its application for approval to extract water from the Arpa River, using the Kechut-Zaritap (Gndevaz) irrigation pipeline, was declined. An appeal of the ruling is in process. Consistent with its mitigation plan, on July 4, 2019, Lydian applied for a water abstraction permit for the Darb River. On October 31, 2019, Lydian received written notification that the Darb River water permit was rejected by the Ministry’s order dated October 25, 2019. Lydian is investigating all options including a resubmission of the application or an appeal of the decision through the court. Lydian considers that it has a strong legal basis for the Ministry to provide the water permit.

New Feasibility Study – On September 16, 2019, Lydian announced the results of its Feasibility Study which shows an increase in reserves from 102.6 million tonnes to 119.3 million tonnes and an increase of 192,000 ounces in recoverable gold.

Financing – Lydian entered into the Fourth A&R Forbearance Agreement on October 14, 2019 with its senior lenders, stream financing providers and equipment financiers, pursuant to which they have agreed to continue to forbear until the earlier of (a) December 20, 2019, (b) the occurrence of an additional event of default under such creditor’s financing agreement, or (c) any breach by the Company of the Fourth A&R Forbearance Agreement. Advances from Term Facility B are subject to Lydian’s progression in implementing certain strategic alternatives.

Going Concern Implications

Following a change in the Government of Armenia in May 2018, demonstrations and road blockades occurred sporadically throughout the country. These initial protests primarily targeted the mining sector, including the Amulsar Project. Despite court rulings in favor of Lydian, a continuous illegal blockade at the Amulsar Project has been in place since June 22, 2018 causing construction activities to be suspended. Lydian has been dislocated from the Amulsar Project site and its access has been limited to contractor demobilization and winterization during the fourth quarter of 2018, and one day of limited Police escorted

access in the second quarter of 2019.

The Government of Armenia has not enforced the rule of law to remove the illegal blockades at the Amulsar Project site and prosecute other illegal acts carried out against Lydian. Furthermore, the Government of Armenia has taken certain actions and failed to act on other matters. The Government of Armenia's actions and inactions have substantially restricted Lydian's access to capital and caused conditions to occur that were deemed events of default by its senior lenders, stream financing providers, and equipment financiers. As a result, Lydian entered into several agreements with its senior lenders, stream financing providers, and equipment financiers. For additional information on the agreements, see Note 7 and Note 20 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019. As a result of these circumstances, Lydian has incurred significant dislocation-related expense. For additional information see Note 13 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

Lydian's ability to continue as a going concern is dependent upon the Government of Armenia resolving the disputes it has created with Lydian and making Lydian whole. It will also be necessary for Lydian to continue to receive forbearance under the Fourth A&R Forbearance Agreement and funding under the Fifteenth Amending Agreement. Dislocation-related expenses will continue to be incurred until the illegal blockades are removed and unrestricted access for all purposes is available to Lydian. Thereafter, Lydian anticipates additional time and funding will be needed for site restoration, sourcing of financing, if available, for completing construction and working capital until positive cash flows from operations can be achieved. Alternatively, funding will be required until a strategic alternative can be arranged, if at all, or to support Lydian's legal alternatives.

While Lydian has entered into the Fourth A&R Forbearance Agreement with its senior lenders, stream financing providers, and equipment financiers, as a result of the actions and inactions of the Government of Armenia there is no assurance that Lydian will be able to meet its obligations under the applicable credit or loan agreements with its senior lenders, stream financing providers, and equipment financiers and that Lydian will avoid further events of default as contemplated under such agreements. As a result, Lydian may not be able to receive forbearance and continuing funding from the same parties under the Fourth A&R Forbearance Agreement, the Fifteenth Amending Agreement, and the A&R Stream Agreement. Therefore, there is a risk that Lydian will be in default under its agreements with its senior lenders, stream financing providers, and equipment financiers, which may ultimately result in one or more secured parties exercising rights to demand repayment and enforcing security rights, that may result in partial or full loss of the assets of Lydian. During this forbearance period, Lydian will continue to engage with its senior lenders, stream financing providers, and equipment financiers to address the issues resulting from the illegal blockades and seek continuing forbearance and funding, while at the same time evaluating a range of strategic, financing, and legal alternatives.

Although Lydian has obtained sufficient financing to date, including during the period of the illegal blockades and as provided in the Fourth A&R Forbearance Agreement, the Fifteenth Amending Agreement, and the A&R Stream Agreement, as a result of the actions and inactions of the Government of Armenia there can be no assurance that adequate financing will be available when needed at commercially acceptable terms and that Lydian will ultimately be able to generate sufficient positive cash flow from operations, find an acceptable strategic alternative, or fund legal alternatives. Furthermore, there are no assurances of future forbearances or lenders not demanding repayment and exercising security rights under the respective credit agreements. These circumstances indicate the existence of material uncertainties that create significant doubt as to Lydian's ability to meet its obligations when due, and accordingly continue as a going concern. Changes in future conditions could require additional material write downs of the carrying values of certain assets.

At March 31, 2019, Lydian recognized an additional non-cash impairment loss of \$28.0 million. More detailed financial and other information can be found in the Company's unaudited interim condensed consolidated financial statements and management's discussion and analysis for the three and nine months ended September 30, 2019, which are available on SEDAR under the Company's profile (www.sedar.com).

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 is expected to be a large-scale, low-cost operation with production targeted to average approximately 204,000 ounces over a 12-year mine life. Estimated mineral resources contain 3.65 million measured and indicated gold ounces and 1.38 million inferred gold ounces. 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.

For further information, please contact:

Edward Sellers, Interim President & CEO Bill Dean, Chief Financial Officer

+3 741-054-6037

+1 720-307-5089

Or: moreinfo@Lydianinternational.co.uk

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 Company's commitment to continue discussions with the Government of Armenia with respect to the disputes; the Company's ability to continue as a going concern; the disputes with the Government of Armenia being resolved; the Feasibility Study; the Corporation's subsequent actions in connection with and the outcome of the court rulings; the ability of the Company to resume construction; the third audit and the outcome and timing of completion of such audit; the impact of protests, blockades or similar disruptions on the Company's construction, operations and financial performance; the Company's ability to successfully fund cash obligations and/or meeting obligations; the Company's ability to avoid being in default under its agreements; the realization of mineral resource estimates and the timing of development of the Amulsar Gold Project; adequate financing being available to the Company; and the Company's ability to find an acceptable strategic alternative. 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; 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. 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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