

Lydian Announces Fourth Quarter and Year Ended December 31, 2019 Results

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TORONTO, March 04, 2020 - [Lydian International Ltd.](#) (TSX: LYD) (“Lydian” or the “Company”) announced today its results for the three-month period and year ended December 31, 2019. All dollar amounts referenced in this news release are, unless otherwise indicated, in United States dollars.

In the Company’s filed financial statements and management’s discussion and analysis for the three-month period and year ended December 31, 2019, the Company has disclosed that the blockades continue at the Amulsar Project site, having been in place since June 22, 2018. The Company continues to face challenges in obtaining operational support from the Government of Armenia in the form of permits and the enforcement of court orders. Please refer to the Company’s most recently filed Annual Information Form, Financial Statements and MD&A and other filings on SEDAR for additional details.

Lydian’s Fourth Amended and Restated Forbearance Agreement dated October 14, 2019 (the “Fourth A&R Forbearance Agreement”) expired on December 20, 2019. On December 20, 2019 Lydian was unable to reach a consensus on terms with all of its lenders to extend the forbearance period, so the lenders’ obligation to forbear from declaring or acting upon, or exercising default related rights or remedies under such creditor’s financing agreements with respect to certain events of default came to an end. To protect the assets and interests of the Company and its stakeholders, Lydian filed for protection under Canadian Companies’ Creditors Arrangement Act (“CCAA”) on December 23, 2019. While under CCAA protection, creditors and others are stayed from enforcing any rights against the Company, Lydian Canada Ventures Corporation, Lydian UK Corporation Limited and a number of their direct subsidiaries including Lydian Armenia CJSC. The supervising court has extended the stay period to March 11, 2020. Subsequent to the CCAA filing, trading in Lydian’s ordinary shares on the TSX was halted and a de-listing review was initiated. This review resulted in the TSX deciding to delist Lydian’s ordinary shares on February 5, 2020.

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 to 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 Gold Project and prosecute other illegal acts carried out against the Company. 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 the Company’s access to capital and caused conditions to occur that were deemed events of default by the senior lenders, stream financing providers, and equipment financiers. As a result, the Company entered into four successive forbearance agreements with its senior lenders, stream financing providers and equipment financiers. The ultimate agreement, the Fourth A&R Forbearance Agreement, expired on December 20, 2019 and Lydian filed for protection under the CCAA on December 23, 2019. The Company will operate under court protection until a defined course of action is approved by its lenders and the supervising court. It is not possible to predict the outcome of matters related to the CCAA proceedings. As a result of the CCAA proceedings and other factors outlined below, a material uncertainty exists that may cast significant doubt on Lydian’s ability to continue as a going concern.

As a result of the actions and inactions of the Government of Armenia, the Company has fully written off the

carrying value of its investment in development assets at Amulsar. See the Consolidated Financial Statements for the years ended December 31, 2019 and 2018.

The Company's ability to continue as a going concern is dependent upon the Government of Armenia resolving the disputes it has created with the Company and making the Company whole. It will also be necessary for the Company to obtain additional funding from its senior lenders, or other lenders until a strategic alternative can be arranged, if at all, or to support the Company's legal alternatives. Dislocation-related expenses will continue to be incurred until the illegal blockades are removed and unrestricted access for all purposes is available to the Company. Should the Company gain access to the Amulsar site, it anticipates that 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.

There is no assurance that the Company will be able to meet its obligations with its current funding or when a defined course of action will be approved by its senior lenders and the CCAA court. There is a significant risk that the Company's default of its agreements with its senior lenders, stream financing providers, and equipment financiers, 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 the Company. While under CCAA protection, Lydian continues to engage with its senior lenders, stream financing providers, and equipment financiers to seek continuing funding for a range of strategic, financing, and legal alternatives.

Although in the past the Company was able to obtain sufficient financing through most of 2019 as provided in the Fourth A&R Forbearance Agreement, the Fifteenth Amending Agreement, and the A&R Stream Agreement, there can be no assurance that adequate financing will be available when needed at commercially acceptable terms and that the Company will ultimately be able to generate sufficient positive cash flow from operations, find an acceptable strategic alternative, or fund a legal alternative. 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 the Company's ability to meet its obligations when due, and accordingly, continue as a going concern.

At December 31, 2019, Lydian impaired the full carrying value of its Amulsar development asset and substantially all of its plant and equipment, besides its fleet of mining equipment and vehicles. For additional information, see the Consolidated Financial Statements for the years ended December 31, 2019 and 2018. In addition to the impairment loss, as of December 31, 2019, Lydian has incurred \$119.7 million in dislocation-related charges since the illegal blockades began.

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.

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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 Company's commitment to continue discussions with the Government of Armenia with respect to the disputes; the challenges the Company faces in obtaining operational support from the Government of Armenia; the CCAA proceedings and the outcome of matters related to the CCAA proceedings; the Company's ability to continue as a going concern; the disputes with the Government of Armenia being resolved; the Feasibility Study; the Company's subsequent actions in connection with and the outcome of the court rulings; the ability of the Company to resume construction; the Company's continued engagement with its lenders, stream financing providers and equipment financiers; the Company's ability to obtain additional funding; 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 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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