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Lydian Response to the Comments of Stakeholders to Business and Human Rights

Lydian International Limited (“Lydian”) would like to thank you for the opportunity to respond to the concerns raised by a group of stakeholders.

Lydian considers the citizens’ right to information, dialogue and informed debate to be of utmost importance. Although the Amulsar project is being developed with best industry practices, we recognize that the previous experience in environmental and social management of mining in Armenia has created a fertile ground for distrust towards the industry. Open engagement and fact-based dialogue with all stakeholders, is helpful to improve the understanding of modern mining standards and of the Amulsar project specifics.

In July 2017, Lydian received a report compilation from Blue Minerals Consultancy, Clear Coast Consultancy and Buka Environmental (“BCB”), containing several technical queries on the Amulsar Environmental and Social Impact Assessment (“ESIA”). The queries were based on limited information that had been provided to the group by a third party. Lydian responded with updated and detailed information prepared by the authors of the ESIA – namely Wardell Armstrong International, Global Resource Engineering and Golder Associates. Our response was also published in the local media as well as on the Lydian Armenia website [here](#).

In November 2017, Lydian received a second communication (technical memorandum) from BCB containing a much-reduced list of concerns. This second BCB communication also expressed an interest to meet with Lydian and members of the Armenian Government to discuss the issues. Lydian responded with a second round of detailed technical explanations and a reciprocal interest in meeting ([here](#) and [here](#)).

Subsequently, on November 15th the government of Armenia issued an invitation for both parties as well as invited guests (selected by each party) to discuss the technical issues at a meeting moderated by the Ministry of Natural Protection “MNP”. Upon receipt of the invitation Lydian agreed to attend the event scheduled for January 15th, 2018 (providing enough notice for all international experts to arrange schedules and make travel arrangements). On December 24th, the BCB representatives sent a letter to the MNP declining to attend.

The Amulsar project has been subject to an extraordinary amount of compliance oversight and review to ensure it meets or exceeds best international practice. The Environmental and Social Impact Assessment (“ESIA”) has undergone ten iterations, over six years, to arrive at the current version. An Independent Environmental and Social Consultant (“IESC”) appointed as third party, has regularly audited the project to ensure compliance with the standards and performance requirements of both the IFC and EBRD. Five external audits were carried out in 2017 alone and found the project to be compliant. The IESC has also specifically reviewed the BCB communications and responses and found that Lydian has appropriately addressed all concerns. Finally, a level of oversight which is quite unique to the Amulsar project, even by international standards, is an Independent Advisory Panel (“IAP”) which is comprised of distinguished professionals from around the world, including Armenia, who convene to provide oversight to the project, independent of the Company and the shareholders.

The Amulsar Project is meeting or surpassing international standards for the advancement of the project, which is now in its final stage of construction. We maintain a firm belief that Amulsar is a major part of the development opportunity for Armenia and that the project will establish new standards in areas of social and environmental management in mining.

We encourage anyone who is interested in learning first-hand about the Amulsar Gold Mine Project to review the project website for complete information on social and environmental activities (<http://www.lydianarmenia.am/en>).