

10 January 2018

Subject: Amulsar Gold Project: Overview of Concerns with the Amulsar Gold Project, Potential Consequences, and Recommendations. Final Submission.

For the attention of Lydian International, Lydian Armenia, the Armenian Government and ALL others concerned.

Greetings,

The Bronozian Consultants have conducted a series of reviews of the Amulsar Gold Project in Armenia over the past eight months. The overall purpose of our work has been to provide a critical, detailed, and independent technical evaluation of the project aimed at identifying the potential operational and long-term consequences of the mine. We attach our final review: a summary of the potential consequences of the project and technical recommendations for Lydian to enable them to better develop their environmental strategy. The submission contains a prioritized list of concerns and recommendations; a more thorough list of all concerns, potential consequences, and recommendations from our reviews; a limited list of similar mines around the world and their environmental consequences; the documents we reviewed; and the reports and memoranda we have produced. Our overall conclusion remains that the high risk of acid drainage and contaminant leaching, the poor geochemical evaluation, the inadequate water quality predictions and mitigation measures and Lydian's inexperience combine to make this an environmentally high-risk project during mining and for a lengthy period after operations cease.

We are also concerned about public statements made by Lydian that the deposit is completely oxide, which erroneously implies that acid rock drainage (ARD) will not develop during or after mining. These statements do not reflect the reality of the situation on Amulsar Mountain if the mine is developed as planned. Accurate statements regarding the acid-forming components in this deposit from Lydian must be mandatory.

Lydian has responded to our reviews and have stated consistently that they remain confident in the "global best practice" mitigation measures developed for the Amulsar project. Public statements and reports by Lydian make it clear, however, that they have severely underestimated the potential adverse impacts of the mine, especially to water quality, which has been our primary focus and is commonly the most critical and long-term environmental concern for large-scale metal mines. Additionally, while Lydian's consultants appear to have experience in certain aspects of mine operation and closure, we have seen no evidence that their principal consultant in the area of acid mine drainage, GRE, is experienced in the evaluation and understanding of ARD, geochemical characterization and interpretation of testing results, mitigation measures specifically aimed at ARD, and the effective treatment of ARD. We have extensive experience in these areas and provide a perspective that is independent of the mine proponent.

The project is located in an area that supplies clean water for drinking and agricultural uses across Armenia. There is a high risk, given the current mine and mitigation planning, that acid drainage and contaminant leaching will pollute groundwater; springs; the Arpa, Darb, and Vorotan rivers; and the

Kechut Reservoir (Amulsar topography and surface waters are shown here: <https://goo.gl/l5pWkj>). We hope that the Ministry of Nature Protection will review this final submission and re-evaluate Lydian's proposed environmental plan in light of the likely long-term negative environmental impacts of this project.

Moreover, contrary to allegations made by Lydian on January 8, 2018, we did not agree to attend a meeting in Yerevan with the Ministry of Nature Protection (MNP) and Lydian in January, 2018. We carefully considered the invitation sent by the MNP (attached) and declined the meeting, the reasons for which were well articulated in our letter of December 24, 2017 (attached in English and Armenian). We are ready to assist the MNP and the Armenian Government directly and to meet with them regarding the Amulsar Gold Project. We present our independent opinions but their implementation and responsibility for this project lies with Lydian and the Armenian Government.

Sincerely,

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