

December 24, 2017

For the attention of Mr. Artsvik Minasyan, Minister of Nature Protection of the Republic of Armenia.

Greetings,

We write this letter in response to an invitation by the Honorable Artsvik Minasyan, Minister of Nature Protection of the Republic of Armenia, to attend a meeting in Armenia regarding Lydian's Amulsar Gold Project. Our group produced a series of critiques on the geochemical and water treatment aspects of this project. We subsequently received responses to our critiques from Lydian and their consultants and engaged in two rounds of arguments and counter-arguments. Despite these efforts, deep disagreements remain and our concerns that this project will have significant, long-term environmental impacts are undiminished.

Our initial review was thorough and reflected our expert evaluation of the project Environmental and Social Impact Assessment and associated documents. Subsequently, we responded to all objections from Lydian with demonstrable evidence, backed by citations from scientific publications and examples from existing mines. By contrast, we found many arguments rebutting our views to be opinions passed as facts. We heard of practices claimed by Lydian as Industry Standards that we, as authorities in the field, know not to be so. Despite these exchanges and lengthy responses, we find that Lydian has not accepted the case presented and has not offered credible responses to the issues raised. We are pessimistic about the prospects that they will ever do so.

We considered carefully the invitation by the Minister of Nature Protection to meet with ministry staff and Lydian representatives. We appreciated the benefits of explaining again the basis of our disagreement with their proposed ARD Management plan, including the scientific underpinnings of our understanding and concrete examples of existing practices that support our views. However, we are concerned that our attendance would be presented to the wider community as endorsement of the communiqué to be drafted at the end of the meeting, even if resolution was not achieved. Finally, we understand that some of the issues that require resolution are regulatory and political in nature, such as the development of permitted discharge limits or the requirement of reclamation bonds or other securities. As technical experts we are not the right people to negotiate these non-technical matters.

Taking these arguments into consideration, our consensus decision is to decline this invitation as we are not confident this meeting will result in improved ARD planning and management. Instead, we will provide you within a few days with documents that present our final evaluation of this project as clearly, soundly, and succinctly as possible. We hope that the Armenian

government and Lydian will seriously consider our concerns and recommendations and make the needed changes before mining proceeds.

Sincerely yours,

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