LYDIAN INTERNATIONAL

LYDIAN INTERNATIONAL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2018 and December 31, 2017

March 12, 2019

Contents

ABOUT THIS MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of the consolidated financial condition and results of operations of Lydian International Limited ("Lydian", the "Company" or the "Corporation") was prepared as of March 12, 2019. It is intended to supplement and complement the Company's consolidated financial statements and related notes as of and for the years ended December 31, 2018 and December 31, 2017. Financial information was prepared in accordance with IFRS as issued by the IASB. All monetary figures are expressed in thousands of US Dollars, unless otherwise indicated. Refer to the Glossary of Defined Terms for definitions of capitalized terms and acronyms used in this MD&A.

Lydian's business is subject to numerous risks and uncertainties that should be considered when reading this MD&A and other disclosures of the Company.

Forward-looking statements are included in the MD&A. In addition, measured, indicated and inferred mineral resources are based on terms recognized by Canadian regulations. Therefore, readers are encouraged to read the Risk Factors and Cautionary Statements section of this MD&A.

Additional information about Lydian is included in the AIF available at www.lydianinternational.co.uk and the SEDAR website at www.sedar.com.

HIGHLIGHTS

Amulsar Gold Project Update

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 Gold Project. A continuous illegal blockade at Amulsar has been in place since June 22, 2018, causing construction activities to be suspended since this date. Access has generally been limited to activities related to contractor demobilization and winterization. The Government of Armenia has not enforced the rule of law to remove the illegal blockades at Amulsar 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 the A&R Forbearance Agreement with its senior lenders, stream financing providers, and equipment financiers.

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 continue to receive forbearance under the A&R Forbearance Agreement and funding under the Thirteenth Amending Agreement. Thereafter, the Company will be dependent upon the resumption of construction once the illegal blockades are removed, the Company's ability to successfully fund its cash obligations from external sources until construction is complete, and sufficient cash flows from operations being generated. Alternatively, sufficient funding will be required until a strategic alternative can be arranged, if at all.

While the Company has entered into the 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 the Company 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 the Company will avoid further events of default as contemplated under such agreements. There is a risk that the Company may not be able to receive forbearance from the same parties under the A&R Forbearance Agreement and as a result there is a risk that the Company will be in default under its agreements with its senior lenders, stream financing providers, and equipment financiers. During this forbearance period, Lydian will continue to engage with its lenders and stream financing providers to address the issues resulting from the illegal blockades while at the same time evaluating a range of strategic, financing, and legal alternatives.

Although the Company has obtained sufficient financing to date, including during the period of the illegal blockades and as provided in the A&R Forbearance 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 the Company will ultimately be able to generate sufficient positive cash flow from operations or find an acceptable strategic alternative. 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, 2018, the Company recognized a non-cash impairment loss of $92.7 million. See Note 19 in the Consolidated Financial Statements for the years ended December 31, 2018 and 2017.

Construction Update – Lydian advanced major construction and operational readiness activities at the Amulsar Gold Project during H1 2018. However, the Company and its contractors have not had access to the Amulsar site for construction purposes since June 22, 2018. At that time, management estimates overall physical construction was 77% complete and was targeting first gold production for December 2018. The status of construction includes:

- Winterization – In November 2018, the Company secured short-term access to the Amulsar site to undertake winterization and preservation work on processing and mobile equipment. This work was performed to reduce damage to equipment and help ensure efficient restart of construction, mining, and commissioning activities once permanent access is established.

- Engineering – 100% complete for the crushing and screening plant, the ADR facility, high voltage distribution, pre-fabricated buildings, and geotechnical designs.

- Mine Operations – Nine Caterpillar 789D haul trucks, one Caterpillar 6040 shovel, and one Caterpillar 994 front-end loader were assembled and commissioned. Pre-production mining activities continued through the second quarter of 2018, with construction of the main mine haul road to the primary crusher, development of the run-of-mine pad at the primary crusher, and development of mining benches in the Tigranes pit.

- Materials Handling System – Construction activities had progressed significantly at the crushing and screening facilities. The primary and secondary crushers were placed on their foundations, as were the apron feeder and vibrating grizzly at the primary crusher facility. The overland conveyor drive house mechanicals were installed, along with all of the concrete sleepers and more than 95% of the overland conveyor galleries.

- Heap Leach Facility – Final stages of leach pad contouring and clay under-liner placement were in-process and liner installation commenced for the process and storm ponds during the second quarter.

- Gold Processing Facilities – The ADR plant mechanicals were completed and work had commenced on the installation of piping, electrical, and instrumentation. Foundations for the reagent storage facility and the refinery building were nearly complete.

- Infrastructure – The main substation and 35kV distribution system was complete and the main substation close to being ready for commission. The 110V line had been upgraded by the utility company and all preparations were in place to connect to the main substation. The gas line was completed to the battery limits of the ADR plant and mine shop, and the mine shop foundations were complete.

- Operational Readiness – Prior to the blockades, core operations and commissioning personnel were in place and implementing the Corporation's operational readiness plan.

- Sustainability – During H2 2018, the Company shifted its sustainability priorities to support and respond to the government audits.

Cost Containment – The Corporation has taken increasingly significant measures to reduce costs during the period of blockades. Initially, cost reductions were initiated in a manner to best support a restart of construction upon the removal of the illegal blockades. However, as the blockades have continued additional reductions were required. This has further reduced the Corporation's capacity to restart construction on short notice.

Lydian has reduced personnel and terminated nearly all construction-related contracts. Additional cost reductions are in process and will continue during the period of forbearance as discussed above. To date, 243 employees have been dismissed. This represents a total reduction in the Corporation's workforce of approximately 83%. In addition, an estimated 1,100 contracted jobs have been lost. Re-issuance of construction contracts will only be possible upon removal of the illegal blockades. The extent of a construction restart will be dependent upon weather conditions once access is re-established at the Amulsar Gold Project site and is contingent upon the availability of funding.

Government Affairs – The Corporation and other stakeholders continue to work across many levels of government and with local communities to have the illegal blockades peacefully removed and to allow construction to continue concurrent with the various audit initiatives initiated by the Government of Armenia. Despite these efforts, and notwithstanding the current government's intolerance of other illegal blockades in country, Lydian has been prevented from restarting construction activities.

The Government of Armenia has undertaken a series of audit initiatives directed at the Company. The Company has been the subject of two such audits and has been advised that a third audit will be performed. These include:

- The Republic of Armenia Environmental Protection and Mining Inspection Body completed its previously announced compliance audit of the Amulsar Gold Project in August 2018. The report resulted in a series of recommendations, none of which were deemed unmanageable. However, following the inspection report, Mr. Artur Grigoryan, head of the Republic of Armenia Environmental and Mining Inspection Body, issued Resolution 30-A ordering the Corporation to refrain from any mining-related activities until the Ministry of Nature Protection conducted a study of ecological factors, namely the alleged presence of newly found red-listed plants and animal species at the Amulsar site. Such studies have been completed by the Ministry of Nature Protection, concluding that there is no evidence of such newly found red-listed plants and animal species at the Amulsar site. However, Mr. Artur Grigoryan did not cancel Resolution 30-A and the Company filed a lawsuit appealing this directive. In December 2018, the court accepted the Company's lawsuit, which resulted in an automatic suspension of Resolution 30-A until the appeal is heard and determined.

- A second fact-finding working group of multiple members commenced in August 2018 to evaluate potential social, economic, environmental, and health issues that may arise as a result of the project. Upon completion of the audit, Lydian received multiple reports and has submitted responses. While clarifications and appeals are ongoing, all findings appear manageable.

- Despite this issue having been considered by the Armenian government as part of Lydian's EIA in 2012, the Prime Minister has ordered a third evaluation to consider, among other things, possible impacts of the Amulsar Gold Project on water resources. On November 8, 2018, the government announced a request for proposals for an international third-party review of Amulsar. The Government of Armenia announced the scope and timing of this audit in January 2019 and allocation of funding in February 2019. To the Company's knowledge, the audit has not yet commenced. Once it begins, it is anticipated to require 12 to 16 weeks to complete.

Financing Updates

On December 21, 2018, the Corporation entered into the A&R Forbearance Agreement with its senior lenders, stream financing providers and equipment financiers, pursuant to which they have agreed to: (a) continue to temporarily suspend all principal and interest payments due and payable (provided that interest shall accrue on all principal and interest during the forbearance period at a rate which is 2% per annum higher than the rate which would otherwise have been payable), and (b) continue to forbear from declaring or acting upon, or exercising default related rights or remedies under such creditor's financing agreement with respect to certain events of default, in each, until the earlier of (a) June 30, 2019, (b) the occurrence of an additional event of default under such creditor's financing agreement, or (c) any breach by the Corporation of the A&R Forbearance Agreement. Orion, RCF, and Osisko also committed to make available up to $18.6 million pursuant to a new Term Facility B to fund the Corporation during the forbearance period through an amendment to the Corporation's existing Senior Term Facility Agreement. As a result of the Thirteenth Amending Agreement, all unfunded commitments under the Term Facility were cancelled.

During the fiscal year ended December 31, 2018, the Corporation received additional advances under the Term Facility totaling $58.7 million and under the Term Facility B totaling $ 3.2 million.

Equipment Financing Facilities

On June 27, 2018, Lydian Armenia entered into an amendment of its Cat Term Facility. Pursuant to the amendment, the availability of the Cat Term Facility was extended until September 30, 2019. Additionally, availability of the ING Term Facility expired following an extension of the availability of the ING Term Facility on July 31, 2018 to September 30, 2018.

During the fiscal year ended December 31, 2018, the Corporation received additional advances under the:

- ING Term Facility totaling $7.5 million;
- Cat Term Facility totaling $26.1 million; and
- Ameriabank Term Facility totaling nil.

Contingent Quarterly Payments

On April 23, 2010, the Corporation purchased all of Newmont's interests in the Corporation's joint venture which included Newmont's interests in the Amulsar Gold Project. A portion of the consideration included a 3% net smelter royalty ("NSR"). However, as provided for in the purchase agreement, on April 9, 2018 Lydian exercised its option to terminate the 3% NSR and in lieu thereof, elected the quarterly payment option to pay Newmont the aggregate sum of $20.0 million, without interest, in 20 equal quarterly installments of $1.0 million each, commencing on the first day of the third calendar month following the start of commercial production. On July 3, 2018, Maverix Metals Inc. acquired the NSR from Newmont.

Appointments and Resignations

On April 30, 2019, the term contract of the Company's Chief Operating Officer, Andrew Kaczmarek expires and will not be extended or renewed.

On November 14, 2018, Gordon Wylie resigned as chairman and as a director of the Corporation.

On November 1, 2018, John Stubbs and Joshua Parrill, as director nominees of Resource Capital Fund VI L.P., resigned from the board of directors of the Corporation. Eugene Davis and Edward Sellers, as the director nominees of RCF, were appointed as directors of the Corporation.

On June 28, 2018, Russell Ball was appointed to serve as a director of the Corporation. On November 14, 2018, after Gordon Wylie's resignation, Russell Ball was appointed as Chairman of the Board of Directors of the Corporation.

On May 1, 2018, Howard Stevenson resigned as President and Chief Executive Officer of the Corporation and João Carrêlo was appointed President and Chief Executive Officer of the Corporation.

On January 10, 2018, the Corporation announced the appointment of Rodney Stuparyk, P. Eng., as General Manager of the Amulsar Gold Project.

Effective March 31, 2018, Lydian promoted Marek Perczuk to Project Director to replace John Naisbitt, who left the Corporation in March 2018. Mr. Perczuk subsequently left the Corporation on December 14, 2018. Also, effective March 31, 2018, Robert Carreau completed his term-contract as Lydian's Vice President of Sustainability and successfully transferred his responsibilities to the local management team.

ABOUT LYDIAN

Lydian is a gold developer focused 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 gold production targeted to average approximately 225,000 ounces annually over an initial 10-year mine life. Open pit mining and conventional heap leach processing contribute to excellent scale and economic potential. Estimated mineral resources contain 3.5 million measured and indicated gold ounces and 1.3 million inferred gold ounces as outlined in the Q1 2017 Technical Report. Existing mineral resources beyond current reserves and open extensions provide opportunities to improve average annual production and extend the mine's life. Lydian is committed to good international industry practices in all aspects of its operations including production, sustainability, and corporate social responsibility.

The Company was incorporated under the Business Corporations Act (Alberta) on February 14, 2006. By articles of amendment dated December 12, 2007, the then outstanding shares of the Company were consolidated on the basis of two post-consolidation shares for each three pre-consolidation shares and the Company changed its name from "Dawson Creek Capital Corp." to "Lydian International Limited". By certificate of continuance effective December 12, 2007 pursuant to the Companies (Jersey) Law 1991, the Company was continued under the laws of Jersey from the Province of Alberta. The registered office of Lydian is located at Bourne House, 1st Floor, Francis Street, St. Helier, Jersey, JE2 4QE, Channel Islands. The Company, through two of its subsidiaries, also maintains offices at 5655 South Yosemite Street, Suite 400, Greenwood Village, Colorado, 80111, USA and Vazgen Sargsyan Street, 26/1, 7th Floor, Yerevan 0010, Republic of Armenia.

The Company's Ordinary Shares began trading on the Toronto Stock Exchange under the symbol LYD on January 10, 2008. The Offering - Warrants began trading under the symbol LYD.WT on May 26, 2016, and subsequently ceased trading following expiration on November 27, 2017.

FOURTH QUARTER AND RECENT DEVELOPMENTS

Amulsar Gold Project Update

Hydrogeological Survey – In January 2019, the Corporation announced the conclusion of an isotopic investigation of groundwater systems at the Amulsar Gold Project and the Jermuk area. This survey had been voluntarily commissioned by the Corporation despite not being legally required to do so. The results of the hydrogeological survey expanded on, and confirmed the findings of the Corporation's previous work in 2013 and support the findings of the EIA and ESIA, conclusively demonstrating that there is no hydraulic connection between the groundwater regimes at the Amulsar Gold Project and the Jermuk area. The Corporation reiterated that the Amulsar Gold Project is designed and developed following industry best practices to ensure the mine would not have an adverse impact on any surrounding water systems.

ELARD Audit – The Corporation received formal notification from the Special Investigative Committee of the Republic of Armenia that pursuant to the criminal investigation into alleged abuse of power by employees of the Ministry of Environmental Protection, an international consultancy group, Earth Link and Advanced Resources Development ("ELARD"), has been selected to review all subject matter covered by Lydian's EIA and ESIA, to determine the possibility of harmful impacts by the Amulsar Gold Project and the validity of preventative and mitigation measures. The audit is expected to take approximately 12 – 16 weeks to complete, following the conclusion of any agreement with ELARD. The following terms of reference were given to ELARD: (1) water resources impact assessment; (2) geology impact assessment; (3) biodiversity impact assessment; (4) air quality impact assessment; and (5) unprejudiced clarification of technical issues raised by the decision to commission a complex expert examination. While Lydian is confident that the audit will conclude that the EIA/ESIA documents are valid, there can be no assurances on the outcome of the audit.

Government Affairs – Illegal blockades have prevented the Corporation from accessing the Amulsar Gold Project site to perform construction and associated work since late June 2018. The newly elected government of the Republic of Armenia has recently publicly announced their intolerance of illegal road blockades and has committed to its application of the "rule of law" to remove such blockades. Under this announced commitment, Lydian expects the Armenian government to apply the rule of law by permanently removing the road blockades to the Amulsar Gold Project and to allow Lydian to fully resume its work on the Amulsar Gold Project site in accordance with the permits the Corporation holds. However, no steps have been taken by the Armenian government so far to remove the blockades. Until Lydian is able to resume construction and associated work at the Amulsar Gold Project, the Corporation will continue to evaluate, pursue, and prepare for multiple alternatives including strategic, financing, and legal alternatives

On March 11, 2019 , in connection with the ongoing blockades of road access to the Amulsar Gold Project, Lydian U.K. Corporation Limited ("Lydian UK") and Lydian Canada Ventures Corporation ("Lydian Canada"), subsidiaries of the Company, have formally notified the Government of the Republic of Armenia (the "Government of Armenia") of the existence of disputes with the Government of Armenia under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Armenia for the

Promotion and Protection of Investments, in force since July 11, 1996 (the "UK BIT") and the Agreement between the Government of Canada and the Government of Armenia for the Promotion and Protection of Investments, in force since March 29, 1999 (the "Canada BIT"), respectively.

Under the UK BIT, Lydian UK may submit the dispute to international arbitration three months after such formal notification, and under the Canada BIT, Lydian Canada can do so after six months. In the meantime, the Government of Armenia has an opportunity to continue amicable discussions with Lydian with a view to the prompt settlement of the disputes.

Whether or not Lydian UK or Lydian Canada will initiate arbitration proceedings will depend on the conduct of the Government of Armenia, and there can be no assurance that Lydian UK or Lydian Canada will initiate any arbitration claim or application to any international arbitration court or of the outcome of any such claim or application. The Company does not intend to make any further public comments relating to these matters unless required by law.

Impairment – At December 31, 2018, the Company recognized a non-cash impairment loss of $92.7 million. See Note 19 in the Consolidated Financial Statements for the years ended December 31, 2018 and 2017.

Financing Updates

On January 15, 2019, the Corporation, Lydian Armenia and the stream financing providers entered into the A&R Stream Agreement pursuant to which the stream financing providers received an option to make a third deposit of $8.0 million (the "Third Deposit") following maturity of Term Facility B (as defined below). The Third Deposit amount may be paid in part or in full by applying any amounts owing to RCF and Osisko under the Term Facility B. The option to make the Third Deposit will not be available to the stream financing providers if the maturity of Term Facility B occurs due to a change of control of Lydian Armenia or any guarantor under the A&R Stream Agreement, if the buyer in connection with the change of control has purchased all of the stream obligations from the stream financing providers.

On January 15, 2019, Lydian entered into the Thirteenth Amending Agreement, whereby: (a) Osisko was added as a lender, (b) all unfunded commitments under the Term Facility were cancelled, (c) all unfunded commitments under the Cost Overrun Facility were cancelled, and (d) a new $18.6 million Term Facility B was made available to Lydian Armenia.

2019 OUTLOOK

The Company's outlook for 2019 is ultimately conditional upon the Government of Armenia resolving the disputes it has created with the Company and making the Company whole. In the near-term, the Company's ability to meet its obligations when due will be largely dependent upon the Company continuing to receive forbearance under the A&R Forbearance Agreement and funding under the Thirteenth Amending Agreement.

The A&R Forbearance Agreement continues through June 30, 2019, subject to satisfaction or waiver of certain conditions. Funding during this period is to be made from the Term B Facility, subject to satisfaction or waiver of certain conditions. Since the outset of the illegal blockades in June 2018, the Company has been evaluating, pursuing, and preparing for multiple alternatives including strategic, financing, and legal alternatives. Strategic alternatives under consideration include a range of options, including a full sale of Lydian, one or more intermediate subsidiaries, or Amulsar. Financing alternatives would be required to fund a restart of construction. Legal alternatives include ongoing litigation in Armenia as well as preparing for other available legal options.

SELECTED FINANCIAL INFORMATION

Results of Operations

	For the three months ended December 31,				For the Years Ended December 31,			
In thousands (except per share data)		2018		2017		2018		2017
Interest income	$	49	$	135	$	411	$	593
Blockade expenses		20,875		-		42,027		-
Salaries, general and administrative expenses		2,275		2,476		8,648		7,535
(Gain) loss on financial instruments at fair value		5,210		5,279		(8,606)		18,281
Impairment of development assets		92,700		-		92,700		-
Other (income) expense, net		200		(45)		1,726		(1,097)
Tax expense		(17)		27		-		27
Net profit (loss)		(121,194)		(7,602)		(136,084)		(24,153)
Net profit (loss) per share (basic and diluted)	$	(0.16)	$	(0.01)	$	(0.18)	$	(0.03)

For the three months ended December 31, 2018 and 2017

The Company had no revenues other than interest income from bank deposits during the three month periods ended December 31, 2018 and 2017. Interest income is directly related to the cash balance on hand and applicable interest rates during the respective periods.

Blockade expenses for the three months ended December 31, 2018 include the idle costs of the Amulsar Gold Project as access to site to complete construction has been blocked by protestors. Such costs include labor, stand-by fees, demobilization costs, contract termination fees, owner's costs, legal fees, interest and depreciation.

Salaries, general and administrative expenses for the three months ended December 31, 2018 decreased approximately $0.2 million or 8% compared to the same period in 2017 as the Company acted to reduce its employee related costs and to minimize its general and administrative costs until a resolution to the illegal blockades is achieved.

The losses on financial instruments for the three months ended December 31, 2018 and 2017 were primarily the result of increases in the spot and forward gold prices during these periods.

The Company recorded a $92.7 million impairment on its Amulsar Gold Project at December 31, 2018. The illegal blockades have prevented the Company from accessing site, completing construction, thus impacting the timing of future cash flows from operations, increasing the initial capital costs, and adding an additional risk premium. To the extent the blockade continues and the government takes further adverse steps against Lydian, this impairment may need to be increased.

For the years ended December 31, 2018 and 2017

The Company had no revenues other than interest income from bank deposits for the year ended December 31, 2018 and 2017. Interest income is directly related to the cash balance on hand and applicable interest rates during the respective periods.

During the year ended December 31, 2018 blockade expenses of $42.0 million relate to idle costs incurred during the blockade, including $21.9 million of interest, $10.1 million of labor and contractor costs, $5.2 million of indirect costs, $3.2 million of depreciation and amortization and $1.6 million of legal and professional fees.

Salaries, general and administrative expenses for the year ended December 31, 2018 increased approximately $1.1 million, or 15% compared to the same period in 2017. This increase reflects a one-time termination payment to the Company's previous CEO and other general increases to support the construction efforts prior to the blockades.

The (gain) loss on financial instruments at fair value include the Company's derivative assets and derivative liabilities associated with the Financing Transactions. The key assumptions included in the derivative models are the gold spot price, gold forward prices, risk-free interest and LIBOR rates, the Company's production schedule, and debt repayment schedules. Changes in these assumptions and the passage of time impact the fair value at each reporting period. For the year ended December 31, 2018 the gain on financial instruments is primarily the result of a decline in the gold spot price to $1,278 per ounce at December 31, 2018 from $1,306 per ounce at December 31, 2017. The loss in fair value for the same period in 2017 was driven by an increase in the gold spot price to $1,306 per ounce at December 31, 2017 from $1,150 per ounce at December 31, 2016.

The Company recorded a $92.7 million impairment on its Amulsar Gold Project at December 31, 2018. The illegal blockades have prevented the Company from accessing site, completing construction, thus impacting the timing of future cash flows from operations, increasing the initial capital costs, and adding an additional risk premium.

Other expense of $1.7 million for the year ended December 31, 2018 included a $0.7 million write-down of financing costs associated with an unsuccessful debt restructure, a $0.7 million write-down of an advance related to a building lease, and a $0.3 million loss on foreign currency. Other income of $1.1 million for the same period in 2017 was primarily the result of changes in the foreign currency exchange rates.

There were no extraordinary transactions, nor any significant end of reporting period adjustments during the periods presented other than the costs associated with the blockades.

Summary of Balance Sheet Data

The following table summarizes the Company's financial position as of:

	December 31, 2018	December 31, 2017
Current assets	$ 18,426	$ 55,964
Mineral property, plant & equipment, net	355,833	360,789
Deferred financing costs	-	12,054
Other non-current assets	25,284	38,176
Total assets	$ 399,543	$ 466,983
Current liabilities	$ 331,887	$ 53,150
Long term liabilities	22,188	194,777
Derivative liabilities	-	39,429
Equity	45,468	179,627
Total liabilities and equity	$ 399,543	$ 466,983

Current assets consisted primarily of cash, advances to suppliers, and refundable value added tax. Current assets at December 31, 2018 were $37.5 million lower than at December 31, 2017. Cash and cash equivalents decreased $50.6 million and other current assets increased $12.6 million, mostly attributable to an increase in refundable VAT expected to be received within one year.

The decrease in Mineral Properties, Plant and Equipment, net, is due to a $92.7 million impairment on the Amulsar Gold Project, partially offset by construction activities in H1 2018 prior to the illegal blockades. See Note 19 in the Consolidated Financial Statements for the years ended December 31, 2018 and 2017. Construction expenditures for Amulsar for the year ended December 31, 2018 were $133.7 million, of which $40.1 million relate to costs associated with the blockades and were expensed. Of the $93.6 million of costs capitalized, the majority were incurred during the first half of 2018 before construction was suspended due to the blockades. Construction expenditures in millions were:

	For the year ended December 31,	
in millions	2018	2017
General project costs	$ 7.3	$ 12.5
Infrastructure	2.7	7.6
Material handling systems	17.8	57.1
Heap leach, and process facilities	10.0	25.4
Indirect costs	23.4	55.6
Owner's costs	11.9	17.2
Mine fleet	1.2	37.9
Site services, BRSF and mine facilities	3.3	8.0
Other	-	6.3
Non-cash additions	16.0	23.1
	$ 93.6	$ 250.7

Deferred financing costs were fully utilized during the year as the Company received advances under various of its existing debt facilities.

Other non-current assets decreased by $12.9 million as refundable VAT and derivative assets were reclassified to current assets.

Current liabilities increased $278.7 million from December 31, 2017, primarily driven by the current classification of the stream liability and debt due to certain events of default. The Company's lenders have agreed to an A&R Forbearance Agreement whereby principal and interest payments are postponed until June 30, 2019, subject to certain conditions. Offsetting this increase associated with the stream liability and debt, accounts payable and accrued liabilities decreased $32.9 million as construction activities ceased mid-year.

Non-current liabilities decreased $212.0 million due, in part, to the current classification of the stream liability and debt of $173.0 million and $39.4 million associated with the reclassification of the derivatives to current liabilities.

Equity decreased by $134.2 million primarily due to a $136.0 million comprehensive loss for the year ended December 31, 2018, partially offset by the issuance of share capital of $1.3 million.

Summary of Cash Flows

The following table is a summary of cash flows:

	For the year ended December 31, 2018	2017
Cash and cash equivalents, beginning of period	$ 53,937	$ 137,196
Cash used in operations	(23,184)	(6,264)
Cash used in investing activities	(110,947)	(209,835)
Cash from financing activities	83,726	131,746
Foreign exchange effect on cash	(146)	1,094
Cash and cash equivalents, end of period	$ 3,386	$ 53,937

Cash used in operations for the year ended December 31, 2018 increased by $16.9 million compared to prior year primarily as Amulsar Gold Project costs for H2 2018 were charged to operations due the blockades preventing additional construction activities.

Cash used in investing activities decreased $98.9 million over the same period in 2017 for two reasons: less overall Amulsar construction expenditures than in 2017, and the charging of some Amulsar costs to operating activities during H2 2018 after the blockades prevented access to site.

Cash provided by financing activities decreased $48.0 million over the same period in 2017. Advances under existing debt facilities decreased by $27.4 million, which aligns with the overall lower Amulsar construction expenditures. Also, associated financing costs decreased by $8.8 million. These reductions were partially offset by increased cash outflows of $7.1 million associated with principal and interest repayments.

SUMMARY OF QUARTERLY RESULTS

A summary of the Company's results of operations for the eight most recently completed quarters is:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net sales	$ -	$ -	$ -	$ -
Net profit (loss)	$ (121,194)	$ (15,147)	$ 4,453	$ (4,196)
Net profit (loss) per share (basic and diluted)	$ (0.16)	$ (0.02)	$ 0.01	$ (0.01)
	Q4 2017	**Q3 2017**	**Q2 2017**	**Q1 2017**
Net sales	$ -	$ -	$ -	$ -
Net profit (loss)	$ (7,602)	$ (3,058)	$ (1,592)	$ (11,901)
Net profit (loss) per share (basic and diluted)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.02)

The Company's results of operations are primarily impacted by the impairment charge taken against its Amulsar development asset, its change in fair value on its derivative instruments, its general and administrative expenses and most recently by the costs associated with the blockades causing delays in construction. There are no significant impacts of seasonality on the Company's results of operations.

OUTSTANDING SHARE DATA

A summary of the Company's share capital is:

	March 11, 2019	December 31, 2018	December 31, 2017
Ordinary shares	756,168,533	756,168,533	751,964,633
Warrants	5,000,000	5,000,000	5,000,000
Stock options	5,300,000	5,300,000	5,570,000
Restricted stock units	10,447,368	10,447,368	10,131,764

LIQUIDITY AND CAPITAL RESOURCES

Going Concern Considerations

Government Affairs – The Corporation and other stakeholders continue to work across many levels of government and with local communities to have the illegal blockades peacefully removed and to allow construction to continue concurrent with the various audit initiatives initiated by the Government of Armenia. Despite these efforts, and notwithstanding the current government's intolerance of other illegal blockades in country, Lydian has been prevented from restarting construction activities.

The Government of Armenia has undertaken a series of audit initiatives directed at the Company. The Company has been the subject of two such audits and has been advised that a third audit will be performed. These include:

- The Republic of Armenia Environmental Protection and Mining Inspection Body completed its previously announced compliance audit of the Amulsar Gold Project in August 2018. The report resulted in a series of recommendations, none of which were deemed unmanageable. However, following the inspection report, Mr. Artur Grigoryan, head of the Republic of Armenia Environmental and Mining Inspection Body, issued Resolution 30-A ordering the Corporation to refrain from any mining-related activities until the Ministry of Nature Protection conducted a study of ecological factors, namely the alleged presence of newly found red-listed plants and animal species at the Amulsar site. Such studies were completed by the Ministry of Nature Protection, concluding that there is no evidence of such newly found red-listed plants and animal species at the Amulsar site. However, Mr. Artur Grigoryan did not rescind his directive and the Company filed a lawsuit appealing this directive. In December 2018, the court accepted the Company's lawsuit, which resulted in an automatic suspension of Resolution 30-A until the appeal is heard and determined.

- A second fact-finding working group of multiple members commenced in August 2018 to evaluate potential social, economic, environmental, and health issues that may arise as a result of the project. Upon completion of the audit, Lydian received multiple reports and has submitted responses. While clarifications and appeals are ongoing, all findings appear manageable.

- Despite this issue having been considered by the Armenian government as part of Lydian's EIA in 2012, the Prime Minister has ordered a third evaluation to consider, among other things, possible impacts of the Amulsar Gold Project on water resources. On November 8, 2018, the government announced a request for proposals for an international third-party review of Amulsar. The Government of Armenia announced the scope and timing of this audit in January 2019 and allocation of funding in February 2019.

Presently, the audit has not commenced. Once it begins, it is anticipated to require 12 to 16 weeks to complete.

Working Capital

Working capital as of December 31, 2018 was a negative $313.5 million compared to a positive $2.8 million as of December 31, 2017. The net decrease in working capital of $316.3 million was most significantly affected by the Company's reclassification of the stream liability, debt, and associated derivatives to current liabilities. These reclassifications accounted for a net decrease in working capital $311.7 million. Also decreasing working capital was a decrease in cash and cash equivalents of $50.6 million. Increases in working capital included a $32.9 million reduction in accounts payable and accrued liabilities and an increase in other current assets of $12.6 million.

Additional working capital from financing activities will be necessary if the illegal blockades are removed and Lydian has the opportunity to restart construction. Financing requirements to complete construction and achieve sufficient positive cash flow from operations will depend upon a number of factors, including among others the ultimate duration of the stoppage period, degradation of assets, access to qualified contractors, and weather conditions during the remaining construction period. Management continues to evaluate and optimize its estimate of construction and start-up related costs until positive cash flow from operations can be achieved, but presently estimates up to an additional $150 million will be required, assuming a restart of construction by mid-2019. Additional working capital will be needed to fund blockade expenses until access is restored, general corporate costs, VAT remittances, and a working capital contingency. It will also be necessary for the Company to either fully or partially refinance obligations to the senior lenders, stream financing providers, and equipment financiers or have these obligors agree to one or more alternatives that may require continuing forbearance and deferral of repayments through construction and ramp-up, participating in a restructuring arrangement, or permitting additional financings. Given the Company's existing levels of debt and stream obligations, it is anticipated that any financing solution to complete construction will require issuance of substantial additional equity or conversion of debt to equity, which may result in current equity holders losing some or all of their investment.

Strategic alternatives under consideration include a range of options, including a full sale of Lydian, one or more intermediate subsidiaries, or Amulsar. Completing a strategic alternative will require at least sufficient additional working capital to maintain the Company's core competencies and Amulsar's rights and interest while a counterparty is identified and any transaction concluded, if at all.

As stated above, the Company will require additional working capital for general corporate and other purposes. The Company is subject to certain reimbursement limitations under the terms of the Financing Transactions and A&R Forbearance Agreement. Estimates of such costs will remain in flux until various uncertainties are resolved and actual costs may exceed any such estimates. As a result, sources of funds may be insufficient and require the Company to issue additional equity or seek other funding sources.

The ability to satisfactorily fulfill the conditions of the A&R Forbearance Agreement, in order to draw upon the limited available sources when needed, and meet other obligations of the Company when due is uncertain.

The time periods and the Company's costs relating to the construction-related milestones for Amulsar and other estimates contained in studies or estimates prepared previously by or for the Company may differ significantly from current estimates of the Company. There can be no assurance that the actual time periods, access to sufficient funding, and the Company's actual costs with respect to these objectives will not be higher than currently expected.

See Risk Factors in this MD&A and in the Company's AIF for factors that may impact the timing and success of the Company's planned activities in connection with Amulsar.

The Company has made certain expenditure, performance, and timing commitments to the licensing authorities for the Company's projects. Should these expenditure, performance, or timing targets not be met or amended, the applicable licenses are not expected to automatically be forfeited, but any shortfall will be considered by the applicable regulatory authority as a factor in whether to renew such licenses, which may have a material negative impact on the Company.

Use of Proceeds

The following table presents the use of proceeds for construction of Amulsar from the Financing Transactions, the equipment financing facilities with Ameriabank, Cat Financial, ING Bank, the EBRD Private Placement and exercise of the Offering - Warrants.

In Millions	Original estimated use of proceeds	Actual use of proceeds through December 31, 2018
Direct costs	$ 161.8	$ 176.7
Construction indirect costs	32.5	43.1
Engineering, procurement, construction management	32.9	52.5
Owner's cost	35.2	23.6
Pre-production working capital	10.0	13.8
Mine fleet and mobile equipment	49.8	43.6
Freight	8.3	9.5
Contingency	37.6	-
Drilling	1.8	2.4
Total construction costs	$ 369.9	$ 365.2
Contingency is allocated out to the areas as needed.		

Management currently estimates the revised project cost of Amulsar to be up to $500 million, assuming a restart by mid-2019, excluding any blockade related expenses. Projected Amulsar costs and blockade expense will continue to increase as long as the illegal blockades prevent access to site for completion of construction activities. The Company continues to assess plans, timing, and budgets for a restart of construction. Strategic, financing, and legal alternatives are also being advanced.

TAXES PAID IN ARMENIA

Summary of payments to the Armenian State Budgets and local community governments

The following information is provided as part of the Extractive Industry Transparency Initiative to report payments to agencies and representatives of those governments as a first step towards a more accountable system for the management of natural resources.

	Year ended December 31, 2018	2017
State duty on mining license	$ 21	$ 21
Customs duties and fees	442	1,577
Land rentals in local communities	885	924
Other taxes and duties	22	21
	$ 1,370	$ 2,543

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial assets include:

- Cash and cash equivalents, restricted cash that are initially recorded at fair value and are subsequently measured at amortized cost;
- Receivables that are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses, and;
- Derivative assets that are originally recorded at fair value and subsequently remeasured at fair value with changes recorded through profit and loss.

The Company's financial liabilities include:

- Accounts payable and accrued liabilities which are initially recorded at fair value and carried at amortized cost;
- Stream and debt which are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost using the effective interest method, and;
- Derivative liabilities which are originally recorded at fair value and subsequently remeasured at fair value with changes recorded through profit and loss.

Financial risk management

The Company has exposure to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk.

Market risk

Market risk is the risk that changes in market factors, such as foreign exchange rates, interest rates or commodity prices, will affect the value of the Company's financial instruments.

(i) Currency Risk - Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the United States dollar and its primary operations are in Armenia.

The Company's net assets and liabilities are predominately held in US dollars, Armenian drams, Canadian dollars and the Euro. The Company's currency risk policy is to hold funds primarily in the US Dollar, with funds held in the Armenian dram, the Canadian Dollar and the Euro roughly in proportion to expected future expenditure over the next quarter.

(ii) Interest rate risk - Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. The Company's exposure to interest rate fluctuations is due primarily to its long-term debt, which have interest rates based on LIBOR. The Company has not entered into any agreements to hedge against unfavorable changes in the LIBOR rate. The Company evaluates, on an ongoing basis, opportunities to hedge its interest rate exposure on long-term debt.

Advances from the Term Facility bear interest at LIBOR plus 6.5% (subject to a minimum of 1%) and advances from Ameriabank Term Facility bear interest at LIBOR plus 8.75%. Advances under the ING Term Facility bear interest at LIBOR plus 2.95% and advances under the Cat Term Facility bear interest at LIBOR plus 4.5%. As of December 31, 2018, the Company had defaulted on certain loan provisions. The Company entered into an A&R Forbearance Agreement with its lenders whereby the interest rate has been increased by 2% above the applicable rate in each agreement during the forbearance period which ends on June 30, 2019.

Sensitivity to a 1% change in interest rates for debt with all other variables held constant as of December 31, 2018, would affect the Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss) by $2.9 million in 2018 and $1.3 million in 2017.

The Company deposits cash into fully liquid bank business accounts. As such, the Company does not consider its interest rate risk exposure to be significant as of December 31, 2018 and 2017 with respect to its cash and cash equivalents and restricted cash positions.

(iii) Commodity price risk - The Company is subject to commodity price risk from fluctuations in the market prices for gold and silver. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation and political and economic conditions. There is no assurance that a profitable market will exist for gold and silver produced by the Company.

The financial instruments impacted by commodity prices are the embedded derivatives related to the Stream Agreement and the Offtake Agreement.

As of December 31, 2018, no gold or silver ounces had been delivered under these contacts. See Note 12 in the Consolidated Financial Statements for the years ended December 31, 2018 and 2017 for the impact of a 10% appreciation or depreciation of gold or silver prices on the embedded derivatives.

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company's credit risk is primarily liquid financial assets including cash and restricted cash. The Company has a concentration of cash at a major Canadian bank, however management considers its credit risk on cash and cash equivalents to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

As the Company has no revenue or trade receivables, management considers this credit risk as low. Advances are paid to major suppliers primarily relating to local construction companies for the development of the Amulsar Gold Project. Payment of these deposits is considered by management on a case by case basis. The VAT receivables and rehabilitation pre-payments are with the Republic of Armenia. The VAT will be refunded in future periods.

During the years ended December 31, 2018 and 2017, there were no material impairment provisions required for any of the financial assets, as defined above. There are no material financial assets that the Company considers past due. The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity may be adversely affected if its access to the capital and debt markets are hindered, whether as a result of a downturn in market conditions generally, or as a result of conditions specific to the Company. During 2017 and through October 2018, the Company has relied on shareholders, advances under the stream, and debt funding to finance its operations and development of the Amulsar Gold Project. Due to the illegal blockades, the Company has not been able to access the Amulsar Gold Project site since June 2018 and as such, construction has been suspended and access to advances under its existing debt facilities have been restricted. The Company is in default of certain provisions of its financing agreements as of December 31, 2018 and while the Company has entered into an A&R Forbearance Agreement where by the Lenders have agreed to waive principal and interest payments until June 30, 2019, there can be no assurance that the Company will be able to settle borrowings and other long-term liabilities.

The Company will require additional funds from other sources necessary to meet its development obligations. There is no assurance that the Company will be able to meet the conditions at the time funds are required or arrange any additional sources of funding, therefore liquidity risk is present until such a time as the conditions are satisfied and additional funding is arranged.

The ultimate responsibility for liquidity risk rests with the Board of Directors, which has designed an appropriate risk management framework for the management of the Company's short, medium and long-term funding requirements.

The Company's cash and cash equivalents are held in fully liquid bank accounts which are available on demand by the Company.

The Company's financial obligations consist of accounts payable and accrued liabilities, the stream liability, debt, and a provision for restoration and rehabilitation. The stream liability consists of a defined delivery obligation of ounces of gold and silver (6.75% of refined gold ounces up to an aggregate 142,454 ounces and 100% of refined silver ounces, up to an aggregate of 694,549 ounces) over an estimated ten years. Subsequent to December 31, 2018, the Company entered into an A&R Stream Agreement.

As of December 31, 2018, the Company was in default of certain loan provisions contained in the Stream Agreement, the Term Facility and Equipment Financing Facilities. As such, the Stream Agreement, Term Facility and Equipment Financing Facilities are classified as current.

Fair value of financial assets and liabilities

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

SIGNIFICANT TRANSACTIONS, CONTRACTS AND OFF-BALANCE SHEET ARRANGEMENTS

Significant Transactions and Contracts

Significant transactions and contracts for the year ended December 31, 2018 and 2017 include:

- $58.6 million loan draw from the Term Facility
- $3.2 million loan draw from the Term Facility B
- $26.1 million loan draw from Cat Term Facility
- $7.5 million loan draw from ING Term Facility
- Forbearance Agreement, dated November 1, 2018
- A&R Forbearance Agreement, dated December 21, 2018
- Termination of the construction management contract
- Termination of major Armenian construction contractor's contracts
- $50 million ING Term Facility dated February 8, 2017
- The Offering – Warrants expired on November 27, 2017. Prior to expiration, 51,124,300 Offering – Warrants were exercised and Ordinary Shares issued. The Company received proceeds of $14.5 million.

Significant transactions and contracts subsequent to December 31, 2018 and to the date of this report include:

- A&R Stream Agreement, dated January 15, 2019
- Thirteenth Amending Agreement to the Term Facility, dated January 15, 2019

See the Company's AIF for descriptions of these contracts.

Off-Balance Sheet Arrangements

Contingent Quarterly Payments

On April 23, 2010, the Corporation purchased all of Newmont's interests in the Corporation's joint venture which included Newmont's interests in the Amulsar Gold Project. A portion of the consideration included a 3% net smelter royalty ('NSR"). However, as provided for in the purchase agreement, on April 9, 2018 Lydian exercised its option to terminate the 3% NSR and in lieu thereof, elected the quarterly payment option to pay Newmont the aggregate sum of $20.0 million, without interest, in 20 equal quarterly installments of $1.0 million each, commencing on the first day of the third calendar month following the start of commercial production. On July 3, 2018, Maverix Metals Inc. acquired the NSR from Newmont.

These potential payments do not meet the definition of an obligation as a triggering event had not occurred as of December 31, 2018 and, therefore, are not recognized in the consolidated Statements of Financial Position.

The Company does not have any other off-balance sheet arrangements.

COMMITMENTS

Debt

The table below outlines the maturities of the Company's debt for the next five years.

	As of December 31, 2018
Up to one year	$ 297,030
More than one year and not later than five years	-
More than five years	-
	$ 297,030

Leases

The Company leases office space, accommodations, and lands associated with the Amulsar Gold Project. Inclusive of certain cancelable land leases, rental obligations include:

	December 31, 2018
Up to one year	$ 1,691
More than one year and not later than five years	5,685
More than five years	7,440
	$ 14,816

The Company leased a building in Jermuk, Armenia. As of December 31, 2018, the remaining rental commitments of $1.7 million are included in the table above. The Company is entitled, but not obligated, to perform repair of the building at the Company's expense and must return it to the lessor in good condition and suitable for use at the end of the lease term. Subsequent to December 31, 2018, the Company provided notice of termination of the lease for cause.

Construction Contracts

The Company had entered into various contracts for purchase of equipment and supplies, construction, and other services associated with Amulsar. Due to the blockades, most construction contractors were terminated or suspended. As of December 31, 2018, the Company had $1.5 million in committed contracts.

Rehabilitation Payments

In May 2016, Lydian Armenia signed an amended Mining Right with the Ministry of Energy, Infrastructure and Natural Resources of Armenia. Under the agreement, Lydian Armenia previously made payments to the Armenian Government as a guarantee for post-mining environmental rehabilitation and for ongoing monitoring. The amounts paid represented 15% of the contractual obligation. The remainder of the rehabilitation guarantee will be paid in equal installments of AMD 121.9 million, or $0.3 million over thirteen years commencing in 2016, and the remainder of the monitoring will be paid in equal installments of AMD 16.6 million, or $34 thousand. In addition, Lydian Armenia is committed to invest annually AMD 61.0 million, or $126 thousand after mine closure for workforce social mitigation and AMD 61.5 million, or $0.1 million for adjacent communities' social-economic development. The rehabilitation guarantee will be refunded to the Company after mine closure when rehabilitation is completed and accepted by the Armenian Government.

RELATED PARTY TRANSACTIONS

The parent and ultimate controlling party of the Company is Lydian International Limited. No individual party had overall control of the Company during the periods being presented. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this discussion. Details of transactions between the Company and other related parties are disclosed below.

Related parties include the Board of Directors, key management personnel, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Two of the non-executive members of the Board of Directors have contracts with Lydian International Limited, the remaining five do not. None of the Board members are entitled to any termination benefits, nor are they entitled to pension benefits.

Compensation awarded to related parties for the periods indicated below was as follows:

	For the year ended December 31,	
	2018	2017
Salaries and other compensation	$ 2,297	$ 1,646
Share-based compensation	941	648
	$ 3,238	$ 2,294

CRITICAL JUDGEMENTS, ESTIMATES AND ACCOUNTING POLICIES

In applying the Company's accounting policies, management is required to make judgments, estimates and assumptions that affect the application of accounting principles and reported amounts of certain assets, liabilities, equity, income and expenses in instances when valuation is not readily apparent from other sources. These judgments, estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates. In management's opinion, all adjustments considered necessary for fair presentation have been included in the financial statements.

Certain events and transactions occurring during the years ended December 31, 2018 and 2017 required management to apply significant judgments or required the use of estimates, including:

> *Recovery of development assets and other long-lived assets* – Management's review of impairment indicators included consideration of external and internal sources of information, including factors such as market, geopolitical and economic conditions, metal prices and forecasts, commercial viability, technical feasibility, and availability of permits.

The application of the Company's accounting policy for assessing impairment of development assets requires judgment. This includes the amount and timing of cash flows, reflecting estimates such as minable ore, additional mineral resources not included in minable ore, gold and silver prices, metal recovery rates, capital costs, operating costs, royalty and tax burdens, and the discount rate applied to future cash flows. Such estimates by management have not been reviewed by qualified persons as defined by NI 43-101. Each of these considerations and judgments applied by management in completing the impairment assessments represent key sources of estimation uncertainty.

As a result of the impairment assessment, the Company recognized a non-cash impairment loss of $92.7 million in December 2018.

Fair value of financial instruments – Fair value of financial instruments that are not traded on an active market and embedded derivatives are determined using alternative valuation techniques.

The Company entered into several financing agreements (the "Agreements") that contained provisions giving rise to financial derivatives. These derivatives are accounted for at fair value and marked to market each reporting period thereafter. In determining fair value, management's judgment is required in respect to input variables of the financial model used for estimation purposes. These variables include such inputs as the Company's stock prices, stock price volatility, trading volumes of its warrants, risk-free rates of return, the credit-risk-premium, LIBOR terms and associated rates, availability of alternative financing, gold and silver price forward curves, gold and silver price volatilities, timing of future production, timing of draws upon financing facilities, timing of repayments of financing facilities, expected future LIBOR rates, timing of achieving commercial production, availability of positive cash flows from operations, and other factors. Management uses its judgment to select from a variety of valuation methods and utilizes assumptions deemed to be reflective of conditions at the end of each reporting period.

Asset retirement obligation – The Company's calculation of rehabilitation and closure provisions relies on estimates of costs required to rehabilitate and restore land to appropriate post-operation condition. Key assumptions are reviewed regularly and adjusted to reflect current assumptions used to calculate these estimates. Significant judgment is required in determining the provision for mine closure and rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development and operating activity, changes in technology, price, and inflation rate, and interest rate changes.

Deferred Taxes – Until such time as the Company has certainty as to future profits, deferred tax assets and liabilities are not recognized.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting Policies

The accounting policies applied in preparing the consolidated financial statements were based on the applicable IFRS and interpretations effective as of December 31, 2018. Refer to the Consolidated Financial Statements for the years ended December 31, 2018 and 2017 for the Company's accounting policies.

Recent Accounting Pronouncements

See Note 4 in the Consolidated Financial Statements for the years ended December 31, 2018 and 2017 for information regarding the Company's adoption of new and revised accounting standards. The following new standards, interpretations and amendments to standards and interpretations have been issued but are not effective until financial years beginning after January 1, 2019 and have not been early adopted. Pronouncements that are not applicable have been excluded from those described below.

IFRS 16 – Leases

The IASB published IFRS 16 in January 2016 effective for annual periods beginning on or after January 1, 2019. IFRS 16 may be applied before that date but only in conjunction with IFRS 15. The standard establishes principles to determine recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17 and related interpretations.

The Company is party to various leases including land leases as part of the Amulsar Gold Project. All leases will be recorded on the statement of financial position, except short-term leases and leases of low-value items. This is expected to result in an increase to both "right of use" leased assets and lease obligations on the balance sheet upon adoption of the standard along with changes to the timing of recognition and classification of expenses associated with such lease arrangements.

The Company intends to adopt the modified retrospective approach and will not restate balances for the comparative period. The Company is completing its review of all existing operating leases to identify contracts in scope for IFRS 16 and the quantitative impact of the adoption.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company prepares its financial reports in accordance with International Financial Accounting Standards ("IFRS"). Financial reports and other disclosures by the Company are subject to Management's systems for maintaining internal controls over financial reporting and disclosure controls as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*. In preparing disclosures, Management makes certain interpretations and relies on assumptions and estimates. There is no assurance that Management's internal controls, interpretations, assumptions and estimates, or other precautions will completely ensure reliable and timely disclosures are made.

Management is responsible for the design of disclosure controls and procedures ("DC&P") to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. Management is also responsible for the design of internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's Chief Executive Officer and Chief Financial Officer have used the COSO 2013 framework to design the Company's DC&P and ICFR as of December 31, 2018. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design and operating effectiveness of the Company's DC&P and ICFR as of December 31, 2018 and have concluded that these controls and procedures are adequately designed and operating effectively to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company, and to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management of the Company was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. There have been no significant changes in the Company's ICFR that occurred during the period ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of Management. In preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates are based on careful judgments and have been properly reflected in the Company's consolidated financial statements.

RISK FACTORS

The Company faces significant risks and uncertainties; the mineral resource sector can be highly speculative in nature. Many of these can have material and adverse effects on the valuation of the Company's securities, cash flows, financial condition, results of operations, rights and interests, existing business activities, plans and prospects. Additional risk factors and additional information relating to the Company are discussed in the Company's most recent AIF and other filings available on SEDAR at www.sedar.com. The continuance of the illegal blockades has caused the Company to face additional risks and uncertainties as otherwise set out herein.

Ability to Continue as a Going Concern

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 Gold Project. A continuous illegal blockade at Amulsar has been in place since June 22, 2018, causing construction activities to be suspended since this date. Access has generally been limited to activities related to contractor demobilization and winterization. The Government of Armenia has not enforced the rule of law to remove the illegal blockades at Amulsar 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 the A&R Forbearance Agreement with its senior lenders, stream financing providers, and equipment financiers.

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 continue to receive forbearance under the A&R Forbearance Agreement and funding under the Thirteenth Amending Agreement. Thereafter, the Company will be dependent upon the resumption of construction once the illegal blockades are removed, the Company's ability to successfully fund its cash obligations from external sources until construction is complete, and sufficient cash flows from operations being generated. Alternatively, sufficient funding will be required until a strategic alternative can be arranged, if at all.

While the Company has entered into the 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 the Company 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 the Company will avoid further events of default as contemplated under such agreements. There is a risk that the Company may not be able to receive forbearance from the same parties under the A&R Forbearance Agreement and as a result there is a risk that the Company will be in default under its agreements with its senior lenders, stream financing providers, and equipment financiers. During this forbearance period, Lydian will continue to engage with its lenders and stream financing providers to address the issues resulting from the illegal blockades while at the same time evaluating a range of strategic, financing, and legal alternatives.

Although the Company has obtained sufficient financing to date, including during the period of the illegal blockades and as provided in the A&R Forbearance 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 the Company will ultimately be able to generate sufficient positive cash flow from operations or find an acceptable strategic alternative. 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.

Termination of Employees

To reduce costs and expenses as a result of the continuing blockades, the Company terminated a significant percentage of its employees. These reductions may affect the Company's ability to accomplish the Company's business objectives at the same levels and standards as before the terminations. As a result of such terminations, should construction resume, the Company will need to hire replacement employees. Replacing such employees will require additional time and affect the remaining construction schedule. There can be no assurance that employees with the necessary skills and experience will be available and may result in additional costs and delays for the Company.

Government Relations

The illegal blockades and audit requirements arose in June 2018 following the change in Government in Armenia. The Company continues to engage with government officials; however, there can be no assurance that such engagement will result in the removal of the blockades, satisfaction of any audit findings, and the ability to restart construction in a timely manner, if at all. So far, the Armenian government has failed to take any steps to put an end to the blockade.

If the illegal blockades are removed and if any audit findings are satisfied, a change in mining or investment policies or shifts in political attitude could still adversely affect the Company. The Company's ability to resume construction of the Amulsar Gold Project may be affected in varying degrees by government regulations including, but not limited to, maintenance of permits, restrictions on production, price controls, export controls, currency remittance, income tax, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety, environmental standards, or uncertainty with respect to foreign legal systems.

The mining, processing, development and exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, environmental standards, and other matters.

No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have a material adverse effect on the Company. Additionally, no assurance can be given that Armenian government officials will enforce the rule of law which has materially and adversely affected the Company, including continuing financial harm to the Company that threatens the value of the Company's investment in the Amulsar Gold Project. There can also be no assurance that the Armenian government will make the Company whole for the financial harm suffered by the Company.

Access to Mine Site

The Company was granted temporary access to the mine site to allow for winterization of the facilities and equipment pending removal of the blockades; however, as ongoing access is not available, certain work to date and equipment may be damaged or lost and environmental management and monitoring activities will not be performed. This may significantly increase the costs and expenses to complete the mine and mitigate resulting environmental damages.

Access to Capital

As a result of the illegal blockades and the actions or inactions of government officials in the Republic of Armenia, the ability of the Company to raise additional capital at reasonable costs, or at all, may be extremely limited. Any additional sources of capital may be limited and may not be sufficient to allow the Company to fund business activities, continue or complete construction once the illegal blockades are removed, or fund any processes to complete strategic, financing, or legal alternatives that may be available to the Company.

CAUTIONARY STATEMENTS

Certain statements contained in this MD&A and the documents incorporated by reference herein constitute forward-looking statements, as such term is defined under applicable securities laws. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performances and business prospects and opportunities of the Corporation. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "intend", "will", "would", "project", "budget", "scheduled", "forecast", "could", "believe", "predict", "potential", "should", "might", "occur", "achieve", "target" or the negative of these terms or other similar expressions are intended to identify forward-looking statements. In particular, information regarding: the Corporation's development and construction activities at the Amulsar Gold Project; the Corporation's future operating and production results and economic performance, including timing of production; the ELARD audit; the Corporation's expectations in connection with the removal of the blockades; the Corporation's ability to resume construction if and once the blockades are removed; the Corporation's ongoing evaluation of alternatives until the Corporation is able to resume construction; the Corporation's engagement with government officials in connection with the blockades; the value of the Corporation's investment in the Amulsar Gold Project and financial harm suffered by the Corporation; the Corporation's discussions with its lenders and stream providers to address issues resulting from the blockades; the Corporation's continuation as a going concern and the Corporation's dependence on its ability to successfully fund cash obligations from new or existing sources; the Corporation's ability to secure additional financing, a restructuring or refinancing of existing obligations; the Corporation's ability to issue additional equity or convert current debt to equity; the Corporation's ability to meet its obligations when due; the Corporation's cost reductions including but not limited to employees, contractors and construction-related contracts; the Corporation's ability to generate positive cash flows from the Amulsar Gold Project; the Corporation's ability to garner support and cooperation from the Armenian government authorities, local communities and other constituents; the Corporation's dependence upon the availability and continuation of funding under the A&R Forbearance Agreement; the Corporation's ability to avoid or delay events of default in connection with agreements with its senior lenders, stream financing provider and equipment financiers; change in mining or investment policies in Armenia; expectations in connection with limited access to the Amulsar Gold Project for winterization; the Corporation's capital costs in relation to the Amulsar Gold Project; the Corporation's currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk; the sufficiency of working capital and debt facilities to advance ongoing activities; the Corporation's approach to sustainability, including the biodiversity programs; the exposure to financial risks; the estimated mineral resources of the Amulsar Gold Project; the impact of the equipment financing facilities and the Financing Transactions on the Corporation's operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; the receipt of required regulatory and other approvals; the anticipated economic and feasibility parameters of the Amulsar Gold Project; the Corporation's ability to satisfy covenants in existing Financing Facilities; the Corporation's costs associated with the Financing Transactions and equipment financing facilities; the use of proceeds from Financing Transactions or equipment financing facilities; the expected capital costs, sustaining capital costs, operating costs, production and cash flows for the Amulsar Gold Project; and the adjustment of the Corporation's capital structure is forward-looking information.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, achievements or events to differ materially from those anticipated, discussed or implied in such forward-looking statements. The Corporation believes the expectations reflected in such forward- looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF and the documents incorporated by reference herein should be considered carefully and investors should not place undue reliance on them as the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. These statements speak only as of the date of this AIF or the particular document incorporated by reference herein. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the removal of the blockades and the resumption of construction activities at the Amulsar Gold Project;
- the supply and demand for, deliveries of, and the level and volatility of prices of gold and other precious metals;
- the exchange rate between the Canadian dollar, the Armenian dram, the British pound, and the U.S. dollar;
- the timing of the receipt of any outstanding regulatory and governmental approvals for the Corporation's projects;
- the cooperation of Armenian government authorities;
- the Government of Armenia enforcing the rule of law;
- the cooperation of the Corporation's senior lenders, stream financing providers and equipment financiers;
- the availability of financing for the Corporation's development of its properties on reasonable terms;
- the availability of financing under the A&R Forbearance Agreement;
- the ability to meet obligations as they become due;
- the ability to procure equipment and operating supplies in sufficient quantities, on a timely basis and on reasonable terms;
- The condition and location of previously delivered equipment and materials;
- the ability to enter into new construction contracts or employ new employees with the necessary skills/experience if and once construction resumes;

- the receipt of all environmental approvals, required permits, licenses and authorizations and timing thereof;
- taxation, including the allocation of certain tax attributed to the Amulsar Gold Project;
- mine life, total tonnes mined and processed, and mining operations;
- the operation and economic viability of the development of the Amulsar Gold Project;
- that the 5% discount rate used to complete the Q1 2017 Technical Report is sufficient;
- labour and materials cost increases;
- permitting and arrangements with landholders;
- the ability to attract and retain skilled personnel;
- exploration and development timetables;
- market competition;
- the accuracy of the Corporation’s resource and reserve estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which they are based;
- the satisfaction or waiver of all conditions to the completion, effectiveness or availability, as the case may require, of each of the Financing Transactions and the equipment financing facilities; and
- the receipt of funds under each of the Financing Transactions and the equipment financing facilities.

These forward-looking statements involve risks and uncertainties relating to, among other things, significant capital requirements and availability of capital resources to fund such requirements; price volatility in the spot and forward markets for commodities; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, Armenia, Great Britain and the United States; discrepancies between actual and estimated production, between actual and estimated reserves and resources and between actual and estimated metallurgical recoveries; changes in national and local government legislation in Armenia; taxation; changes to the Corporation's mine plan or profitability or to the Corporation's asset profile that might alter the allocation of tax attributes to the Amulsar Gold Project; controls, regulations and political or economic developments in Jersey, Canada or Armenia; the speculative nature of mineral exploration and development; risks associated with obtaining and maintaining the necessary licenses and permits and complying with permitting requirements, including, without limitation approval of the Armenian government and receipt of all related permits, authorizations or other rights; the uncertainties inherent to current and future legal challenges the Corporation is or may become a party to; diminishing quantities or grades of reserves and resources; competition; loss of key employees; adverse general economic, market or business conditions; additional funding requirements; rising costs of labour, supplies, fuel, electricity and equipment; actual results of current exploration activities; uncertainties inherent to mining economic studies such as Q1 2017 Technical Report, including the risk that the assumptions underlying the Q1 2017 Technical Report and its economic parameters will not be realized; changes in project parameters as plans continue to be refined; accidents; labor disputes; defective title to mineral claims or property or contests over claims to mineral properties; delays and costs inherent to consulting and accommodating local stakeholders; and uncertainties with respect to obtaining all necessary surface rights, land use rights and other tenure from the Armenian government and private landowners required for the Amulsar Gold Project. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance to cover these risks). Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors contained in this AIF and documents incorporated by reference herein. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Corporation cautions that the foregoing list of important factors is not exhaustive. The forward looking statements contained in the AIF and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

Estimates of Measured, Indicated and Inferred Resources

This MD&A uses the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the SEC does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

GLOSSARY OF DEFINED TERMS

"*A&R Forbearance Agreement*" means the amended and restated forbearance agreement dated December 21, 2018 among the Corporation, Lydian Armenia, Orion CO IV (ED) Limited, Resource Capital Fund VI L.P., Osisko Bermuda Limited, ING Bank N.V., AB Svensk Exportkredit, Caterpillar Financial Services (UK) Limited and Ameriabank Closed Joint-Stock Company;

"*A&R Stream Agreement*" means the amended and restated purchase and sale agreement (gold and silver) dated January 15, 2019 between the Corporation, Lydian Armenia, Osisko and RCF, as may from time to time be amended, restated, replaced, waived or supplemented;

"*ADR Plant*" or "*ADR*" means the adsorption, desorption and recovery plant;

"*AIF*" means the annual information form of the Corporation dated March 12, 2019 for the year ended December 31, 2018;

"*Ameriabank*" means Ameriabank CJSC;

"*Ameriabank Term Facility*" means the $24 million secured credit facility, dated November 17, 2016, between Lydian Armenia and Ameriabank;

"Amulsar" or "*Amulsar Gold Project*" means Lydian's 100% owned gold project at Amulsar, located in south-central Armenia;

"*Board of Directors*" means the board of directors of the Corporation;

"C$" means Canadian dollar;

"Cat Financial" means Caterpillar Financial Services (UK);

"Cat Term Facility" means the $42 million secured credit facility, dated December 22, 2016, between Lydian Armenia and Cat Financial;

"*Company*" or "*Corporation*" or "*Lydian*" or "*we*" or "*us*" or "*our*" means Lydian International Limited and its affiliates;

"*COSO*" means the Committee of Sponsoring Organizations of the Treadway Commission;

"*Cost Overrun Facility*" or "COF" means the $25 million cost overrun facility, which was subsequently amended to $14 million, and commitments under which were further subsequently reduced to nil;

"*DC&P*" means disclosure controls and procedures;

"*EBRD*" means the European Bank for Reconstruction and Development;

"EBRD Private Placement" means the private placement closed by the Corporation on August 15, 2016 with the EBRD, for an aggregate of 33,500,000 Ordinary Shares at a price of C$0.34 per share, for aggregate gross proceeds of C$11,390,000;

"*EIA*" means the Environmental Impact Assessment for the Amulsar Gold Project;

"*ESIA*" means the Environmental and Social Impact Assessment for the Amulsar Gold Project;

"*Equipment Financing Facilities*" means, collectively, the Ameriabank Term Facility, the Cat Term Facility and the ING Term Facility;

"*Financing Facilities*" means, collectively, the Equipment Financing Facility, Term Facility, Term Facility B and the A&R Stream Agreement;

"*Financing Transactions*" means, collectively, the Term Facility, Term Facility B and the A&R Stream Agreement;

"*Forbearance Agreement*" "means the forbearance agreement dated November 1, 2018 among the Company and its senior lenders, stream financing providers and equipment financiers.

"*Geoteam*" means Lydian Armenia;

"*IAS*" means International Accounting Standard;

"*IASB*" means the International Accounting Standards Board;

"*ICFR*" means internal controls over financial reporting;

"*IFRS*" means the International Financial Reporting Standards as issued by the International Accounting Standards Board;

"*ING Bank*" means ING Bank N.V.;

"*ING Term Facility*" means a secured credit facility, dated February 8, 2017, between Lydian Armenia and ING Bank for a maximum principal amount of up to $50 million, which was amended on December 14, 2017;

"*Lydian Armenia*" means Lydian Armenia CJSC, formerly Geoteam CJSC, the Company's wholly-owned subsidiary which holds Amulsar;

"*Lenders*" means, collectively, Orion and RCF;

"*LIBOR*" means, in respect of an Interest Period, the greater of 1% per annum and the rate of interest per annum expressed on the basis of a year of 360 days, determined by the Administrative Agent, rounded upwards, if necessary, to the nearest whole multiple of 1/16th%, to be the offered rate that appears on the page of the LIBOR 01 screen of Reuters Limited (or, if LIBOR is no longer quoted by Reuters Limited (or any successor thereto), any analogous organization as may be selected by the Administrative Agent) that displays the average ICE Benchmark Administration Limited (or any successor thereto) Interest Settlement Rate for deposits in US Dollars (for delivery on the first day of such Interest Period) with a term equal to 3 months, determined as of approximately 11:00 a.m. (London, England time) 2 Business Days prior to the first day of such Interest Period;

"*Management*" means the management of the Company;

"*MD&A*" means this Management's discussion and analysis;

"*Mining Right*" means the mining right for Amulsar as approved by the Armenian Ministry of Energy and Natural Resources;

"*Newmont*" means Newmont Overseas Exploration Limited;

"*NI 43-101*" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

"*NSR*" means net smelter royalty;

"*Offtake Agreement*" means the offtake agreement dated November 30, 2015 among Lydian Armenia, the Company, Lydian International Holdings Limited, Lydian Resources Armenia Limited, Orion and RCF;

"*Ordinary Shares*" means the ordinary shares of no par value in the capital of the Company;

"*Orion*" means both or either Orion Co IV (ED) Limited and Orion Co IV (SO) Limited;

"Osisko" means Osisko Bermuda Limited;

"*Q1 2017 Technical Report*" means the "NI 43-101 Technical Report, Amulsar Updated Resources and Reserves, Armenia, dated March 21, 2017";

"*RCF*" means Resource Capital Fund VI L.P.;

"*SEC*" means the U.S. Securities and Exchange Commission;

"*SEDAR*" means the System for Electronic Document Analysis and Retrieval administered by the Canadian Securities Administrators;

"*Senior Term Facility Agreement*" means the Term Facility agreement dated November 30, 2015 between the Corporation, Lydian Armenia, Orion and RCF, as may from time to time be amended, restated, replaced, waived or supplemented;

"*Stream Agreement*" means the purchase and sale agreement (gold and silver) dated November 30, 2015 between the Corporation, Lydian Armenia, Orion and RCF, as may from time to time be amended, restated, replaced, waived or supplemented. The Stream Agreement is a componet of the Financing Transactions.

"*Term Facility*" means the $138.7 million facility made available pursuant to the Senior Term Facility Agreement. The Term Facility is a component of the Financing Transactions.

"*Term Facility B*" means the $18.56 million facility made available pursuant to the Senior Term Facility Agreement, as amended by the Thirteenth Amending Agreement.

"*Third Deposit" means* a third deposit of $8 million following maturity of the Term Facility B as provided for in the A&R Stream Agreement;

"Thirteenth Amending Agreement" means the thirteenth amendment to the Senior Term Facility Agreement January 15, 2019;

"VAT" means value added tax; and

"*Warrants*" means a whole Ordinary Share purchase warrant of the Corporation (subject in each case to adjustment in certain circumstances) resulting from the three-quarters of on Ordinary Share purchase warrant issued in connection with the Subscription Receipts. Also described as "Offering – Warrants".