LYDIAN INTERNATIONAL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2019

November 11, 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 November 11, 2019. It is intended to supplement and complement Lydian's unaudited interim condensed consolidated financial statements and related notes as of and for the three and nine-month periods ended September 30, 2019. Other relevant documents to be read with this MD&A include Lydian's audited annual consolidated financial statements, annual MD&A, and Annual Information Form, all for the year ended December 31, 2018, which are available on Lydian's website at www.lydianinternational.co.uk and the SEDAR website at www.sedar.com.

All monetary figures are expressed in thousands of United States Dollars, unless otherwise indicated. Refer to the Glossary of Defined Terms for definitions of capitalized terms and acronyms used in this MD&A. Financial information was prepared in accordance with IFRS as issued by the IASB. Measured, indicated and inferred mineral resources are based on terms recognized by Canadian regulations.

Lydian's business is subject to numerous risks and uncertainties that should be considered when reading this MD&A and other disclosures of Lydian. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from Management's expectations. Readers are encouraged to read the Risk Factors and Cautionary Statements included with this MD&A.

HIGHLIGHTS

Overview

Third Quarter 2019 and recent developments include:

Illegal Blockades – The blockades continue at the Amulsar Project site, having been in place since June 22, 2018. As a result, on March 11, 2019, two of Lydian's subsidiaries formally notified the Government of Armenia of the existence of disputes with the Government of Armenia under the UK BIT and the Canada BIT. Starting on August 19, 2019, the Prime Minister has made repeated statements that Lydian's access to the Amulsar Project site should be restored.

Third Audit – In March 2019, the Government of Armenia commenced its third-party assessment ("Third Audit") of the Amulsar Project's environmental impact on water resources, geology, biodiversity, and water quality. On August 7, 2019, ELARD provided the final conclusions of its audit to the Government of Armenia. ELARD's conclusions were generally favorable, subject to relatively minor technical recommendations most of which Lydian had previously met.

Technical Water Supply – On June 28, 2019, a letter from the Republic of Armenia's Ministry of Environment ("Ministry") was received informing Lydian that its application for approval to extract water from the Arpa River, using the Kechut-Zaritap (Gndevaz) irrigation pipeline, was declined. An appeal of the ruling is in process. Consistent with its mitigation plan, on July 4, 2019, Lydian applied for a water abstraction permit for the Darb River. On October 31, 2019, Lydian received written notification that the Darb River water permit was rejected by the Ministry's order dated October 25, 2019. Lydian is investigating all options including a resubmission of the application or an appeal of the decision through the court. Lydian considers that it has a strong legal basis for the Ministry to provide the water permit.

New Feasibility Study — On September 16, 2019, Lydian announced the results of its Feasibility Study which shows an increase in reserves from 102.6 million tonnes to 119.3 million tonnes and an increase of 192,000 ounces in recoverable gold.

Financing – Lydian entered into the Fourth A&R Forbearance Agreement on October 14, 2019 with its senior lenders, stream financing providers and equipment financiers, pursuant to which they have agreed to continue to forbear until the earlier of (a) December 20, 2019, (b) the occurrence of an additional event of default under such creditor's financing agreement, or (c) any breach by the Company of the Fourth A&R Forbearance Agreement. Advances from Term Facility B are subject to Lydian's progression in implementing certain strategic alternatives.

Going Concern Implications

Following a change in the Government of Armenia in May 2018, demonstrations and road blockades occurred sporadically throughout the country. These initial protests primarily targeted the mining sector, including the Amulsar Project. Despite court rulings in favor of Lydian, a continuous illegal blockade at the Amulsar Project has been in place since June 22, 2018 causing construction activities to be suspended. Lydian has been dislocated from the Amulsar Project site and its access has been limited to contractor demobilization and winterization during the fourth quarter of 2018, and one day of limited Police escorted access in the second quarter of 2019.

The Government of Armenia has not enforced the rule of law to remove the illegal blockades at the Amulsar Project site and prosecute other illegal acts carried out against Lydian. 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 Lydian's access to capital and caused conditions to occur that were deemed events of default by its senior lenders, stream financing providers, and equipment financiers. As a result, Lydian entered into several agreements with its senior lenders, stream financing providers, and equipment financiers. For additional information on the agreements, see Note 7 and Note 20 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019. As a result of these circumstances, Lydian has incurred significant dislocation-related expense. For additional information see Note 13 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

Lydian's ability to continue as a going concern is dependent upon the Government of Armenia resolving the disputes it has created with Lydian and making Lydian whole. It will also be necessary for Lydian to continue to receive forbearance under the Fourth A&R Forbearance Agreement and funding under the Fifteenth Amending Agreement. Dislocation-related expenses will continue to be incurred until the illegal blockades are removed and unrestricted access for all purposes is available to Lydian. Thereafter, Lydian anticipates additional time and funding will be needed for site restoration, sourcing of financing, if available, for completing construction and working capital until positive cash flows from operations can be achieved. Alternatively, funding will be required until a strategic alternative can be arranged, if at all, or to support Lydian's legal alternatives.

While Lydian has entered into the Fourth 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 Lydian 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 Lydian will avoid further events of default as contemplated under such agreements. As a result, Lydian may not be able to receive forbearance and continuing funding from the same parties under the Fourth A&R Forbearance Agreement, the Fifteenth Amending Agreement, and the A&R Stream Agreement. Therefore, there is a risk that Lydian will be in default under its agreements with its senior lenders, stream financing providers, and equipment financiers, which may ultimately result in one or more secured parties exercising rights to demand repayment and enforcing security rights, that may result in partial or full loss of the assets of Lydian. During this forbearance period, Lydian will continue to engage with its senior lenders, stream financing providers, and equipment financiers to address the issues resulting from the illegal blockades and seek continuing forbearance and funding, while at the same time evaluating a range of strategic, financing, and legal alternatives.

Although Lydian has obtained sufficient financing to date, including during the period of the illegal blockades and as provided in the Fourth A&R Forbearance Agreement, the Fifteenth Amending Agreement, and the A&R Stream 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 Lydian will ultimately be able to generate sufficient positive cash flow from operations, find an acceptable strategic alternative, or fund legal alternatives. Furthermore, there are no assurances of future forbearances or lenders not demanding repayment and exercising security rights under the respective credit agreements. These circumstances indicate the existence of material uncertainties that create significant doubt as to Lydian's ability to meet its obligations when due, and accordingly continue as a going concern. Changes in future conditions could require additional material write downs of the carrying values of certain assets.

At March 31, 2019, Lydian recognized an additional non-cash impairment loss of $28.0 million. For additional information, see Note 15 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019. In addition to the impairment loss, as of September 30, 2019, Lydian had incurred $102.4 million in dislocation-related charges.

ABOUT LYDIAN

Lydian is a gold-focused mineral development company whose main venture is a gold development-stage project located in the Republic of Armenia, known as the Amulsar Project. Lydian's mine development and construction plans for the Amulsar Project are described in its Feasibility Study. As a result of the actions and inactions of the Government of Armenia in relation to the Amulsar Project, Lydian is pursuing a variety of strategic alternatives including a sale solicitation process in respect of the Amulsar Project, a private or public issuance of equity, equity-linked or debt securities of Lydian, restructuring, and/or an international arbitration claim against the Government of Armenia.

Lydian 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 Lydian were consolidated on the basis of two post-consolidation shares for each three pre-consolidation shares and 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, Lydian 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. Lydian, 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.

Lydian's Ordinary Shares began trading on the Toronto Stock Exchange under the symbol LYD on January 10, 2008.

THIRD QUARTER AND RECENT DEVELOPMENTS

Amulsar Project Update

Illegal Blockades / Government Affairs – The illegal blockades that have persisted since June 2018 remain in place. For over a year, Lydian has pursued intensive efforts to seek legal remedies in Armenia and engage with the Government of Armenia to remove the illegal blockades. The Company believes that there has been a marked change in approach toward Lydian and the Amulsar Project on the part of the Government of Armenia over the past several months and understands that there is incremental movement towards restoring access.

During a meeting on September 6, 2019, the Prime Minister told Lydian that if it committed to operate within its EIA performance standards and agreed to participatory monitoring of the Amulsar Project, he would formally support Lydian in advancing the Amulsar Project and assure access was restored to the site. The Government of Armenia does not conduct equivalent monitoring of any other mining project in Armenia, however the Company made those commitments that day. Lydian also emphasized the importance of site access to its recovery. Those commitments were reiterated the following day in a 'taped' session with the Government of Armenia which was 'broadcast' on Facebook by the Prime Minister. The following week, the Prime Minister made numerous favorable public statements regarding mining projects generally and the Amulsar Project in particular. The Prime Minister has told the protesters to "open the roads" multiple times during his various addresses.

During the past few months, numerous public statements have been made by the Prime Minister and the President of the Special Investigative Committee ("SIC") of the Republic of Armenia admitting that there is no basis for the SIC to prosecute Lydian in connection with the preparation and submission of the EIA; for the Government of Armenia to legally stop Lydian from advancing the Amulsar Project in accordance with its permits based on the existing EIA; or for the Government of Armenia to legally require Lydian to conduct another EIA.

The Government of Armenia has stated publicly on multiple occasions that 'rival mining companies' were providing support to opponents of the Amulsar Project. Lydian has publicly called for the Government of Armenia to name the illegal blockade supporters, who they have paid, and how much. The Government of Armenia has not done so meaningfully, although the Prime Minister has referred to the Zangezur Copper and Molybdenum Combine by name on two occasions.

Lydian continues to engage with its senior lenders, stream financing providers, and equipment financiers to address the issues resulting from the illegal blockades and seek continuing forbearance and funding, while at the same time evaluating a range of strategic, financing, and legal alternatives. These circumstances, as more fully described under the heading Going Concern Implications, indicate the existence of material uncertainties that create significant doubt as to Lydian's ability to meet its obligations when due, and accordingly continue as a going concern.

On March 11, 2019, in connection with the ongoing blockades, Lydian UK and Lydian Canada, subsidiaries of Lydian, formally notified the Government of Armenia of the existence of disputes with the Government of Armenia under the UK BIT and the Canada BIT, respectively. These notifications allow Lydian UK and Lydian Canada to submit the disputes to international arbitration.

Whether or not Lydian UK or Lydian Canada will initiate arbitration proceedings will depend on the conduct of the Government of Armenia. There can be no assurance that Lydian UK or Lydian Canada will initiate any arbitration claim or application to any international arbitration court. Additionally, there can be no assurance of the outcome or the timing of any such claim or application, if applicable. Any such claim may not be successful and, if successful, may not lead to a payment that is sufficient to pay all claimants and creditors of Lydian.

Third Audit –In March 2019, the Government of Armenia commenced its third-party assessment of the Amulsar Project's environmental impact on water resources, geology, biodiversity and water quality. The scope of work also included a review of Lydian's ESIA and EIA. ELARD was selected by the Armenian Government to perform the assessment.

Lydian did not accept the need or legal basis for the Third Audit since the Armenian Government already confirmed that the Amulsar Project and its planned development complied with Armenian environmental requirements when it approved the EIA. Lydian relied on this approval when investing hundreds of millions of dollars in Armenia. Notwithstanding Lydian's objections to the basis of the Third Audit, they have cooperated fully with the three consecutive audits over the past year. No other mining company in Armenia has been required to undergo any such audit.

On August 7, 2019, ELARD provided the final conclusions of its audit to the Government of Armenia. On August 8, 2019, during a televised cabinet meeting chaired by the Prime Minister, it was announced that Lydian had answered all questions and issues raised during the audit, the exchange of information during the audit was exhaustive, and that there was no need for additional time or clarifications for Government of Armenia to come to a final conclusion. On August 16, 2019, Lydian provided written responses to the Third Audit recommendations. On August 19, 2019, the Prime Minister stated, "the information we currently have at this moment is very clear, the exploitation of the mine does not harm the environment."

On August 29, 2019, on a Skype conference call hosted by the Government of Armenia to discuss the Third Audit, ELARD made repeated references to 'gaps' or 'deficiencies' and a 'lack of quality' in the data and information made available to them during the audit. Lydian and its technical advisors provided direct access to all personnel and supporting information, including over 300 reports representing over 20,000 pages of data and materials that had been developed over a 10-year period relating to environmental aspects of the Amulsar Project. The SIC has reported on multiple occasions that Lydian cooperated fully in connection with the audit. Indeed, the SIC reviewed the Audit Report and concluded that there was no basis on which to proceed against Lydian.

ELARD'S comments during the Skype call regarding available data appear to be about a 'wish list' of what they would have preferred to be able to review. When asked, ELARD did not give any reference to any industry standards that Lydian did not comply with. Rather than acknowledge that, ELARD continued to characterize what they 'hoped' to obtain as part of their review but was not available to them as 'gaps' or 'deficiencies' in the available data. ELARD never acknowledged or accepted that what they hoped they would be able to review was not in accord with industry practice and did not have to exist to support the EIA or ESIA processes or the grant of Lydian's mining permits. Lydian has expressed its disappointment with the comments made by ELARD during the Skype conference call.

Technical Water Supply – Lydian received written notification on September 9, 2019, from the Ministry regarding Lydian's administrative appeal on August 2, 2019, against the Environment Minister's order of June 17, 2019, which rejected Lydian's Arpa River water permit application. The reason provided in the notification was that, according to the Ministry, the water abstraction point falls within the environmental flow of the Arpa River (downstream of the Kechut dam) and specific articles of Armenian law and clauses in the Republic of Armenia's water code forbids water abstraction from the environmental flows. Lydian does not believe that the abstraction point is within the restricted area and has explained this several times to the Ministry of Environment Water Resources Management Agency. Lydian has filed an appeal. through the Republic of Armenia Administrative Court.

Lydian considered other options for water, and on July 4, 2019, applied to the Ministry to use water from the Darb River, located on the southern side of the Amulsar Project, at a volume of 43.5 liters per second ("l/s"). On September 9, 2019, the Ministry suspended and commented on the application, including one comment on the need to revisit the 43.5 l/s requested due to a seasonal insufficiency of water in the Darb River during three months of the year. On September 26, 2019, the Company submitted a written response to the Ministry and amended its application requesting approval of water use of 40 l/s, as suggested by Ministry officials during discussions with the Company. On October 31, 2019, the Company received a written rejection of its water use application signed by the Minister of Environment on October 25th.

Lydian's counsel has advised that under Armenian law, if the Ministry failed to decide on the Company's application within 50 business days of the initial submission the permit applied for is deemed granted and Lydian may exercise the relevant right. Armenian legal counsel also advised that, even accounting for the period when the Ministry suspended Lydian's application, the Ministry exceeded 50 business days to provide a decision on the Company's application and Lydian may claim it has the right to draw water from the Darb River in accordance with the Company's application.

The Company has filed an application with the Administrative Court of the Republic of Armenia ("the Court") to oblige the Ministry to provide Lydian with a physical copy of the water permit the Company is entitled to under Armenian law.

Court Rulings – in the past few months, Armenian courts have issued several rulings in Lydian's favor.

- The Court ruled in favor of Lydian and instructed the Police to remove trespassers and their property from Lydian's Amulsar Project site.

  On September 20, 2018, Lydian filed an appeal with the Court to have the Police enforce the rule of law and remove protesters trespassing on Company property and denying all road access to the Amulsar

Project. The Court ruling announced on April 10, 2019, supports Lydian's complaint against Police inaction which assured the removal of protesters, their vehicles, tents, and trailers to allow Lydian to access the Amulsar Project site. The Court's ruling was effective May 10, 2019, and the Court's decision was to be enforced within 30 days if not appealed by the Police. Since the Police did not appeal the Court's decision, Lydian was expecting the trespassers and their belongings to be removed by the Police and Lydian's access to the site restored during June 2019. However, the Police informed Lydian that they complied with the Court ruling by re-locating some of the trespassers' trailers blocking the Amulsar Project access roads to other locations which also belong to Lydian. In spite of these actions, Lydian's access to the site has not been restored. Lydian does not believe that the Police have enforced the Court's ruling as the trespassing continues.

In June 2019, Lydian filed a motion with the Court asking for an additional ruling in the dispute. The Court declined the motion on June 14, 2019. Lydian submitted an additional claim on June 25, 2019, which was denied by the same court on July 6, 2019.

Throughout the 30-day appeal period, the local Police and the Mayor of Jermuk met with the protestors to attempt to convince them to allow Lydian access to the site. In addition, Lydian met several times with Government officials, including the head of the General Department of Investigation of Particularly Important Cases of the Investigative Committee of Armenia, the Head of Police in Armenia and a senior Advisor to the Prime Minister to present evidence that the Police had not implemented the Court's ruling. On June 29, 2019, the Compulsory Enforcement Service ("CES") of the Republic of Armenia (the state body responsible for ensuring that judicial acts are properly enforced) informed Lydian that the enforcement procedure was still in process. On July 8, 2019, Lydian was advised that the regional division of CES was in discussions with the Police to determine their course of action regarding the enforcement. On August 7, 2019, Lydian received CES's decision which stated that the Court ruling was executed in full. Lydian decided not to appeal this CES decision.

- On October 15, 2019, the Court ruled in favor of Lydian in the lawsuit appealing a directive issued by the head of the Environmental and Mining Inspection Body ("EMIB").

  On August 27, 2018, Mr. Artur Grigoryan, former head of the EMIB, issued Directive 30-A. The directive instructed Lydian to refrain from any mining-related activities at Amulsar until the Republic of Armenia's Ministry of Nature Protection had conducted a study of 'newly found ecological factors', which Mr. Grigoryan alleged to have identified at the Amulsar Project site.

  After an independent investigation, the Court established that the existence of the newly found ecological factors had not been substantiated. The Court also found reasonable doubts as to Mr. Grigoryan's objectivity. Prior to Mr. Grigoryan's appointment as the head of the EMIB, he had been involved in anti-Amulsar Project activities. The Court ruled that Mr. Grigoryan failed to recuse himself from considering the matter when required to do so and declared Directive 30-A invalid. The EMIB has one month to appeal the Court ruling.

Extension of the Construction Period - An extension of the construction period in the Amulsar Project mine permit was given to Lydian by the Republic of Armenia's Ministry of Territorial Administration and Infrastructure ("MTAI"). Lydian had requested an extension through December 31, 2020. The construction period in the permit was initially extended to August 1, 2020, stating that the blockades stopped work for twelve months and Lydian would be granted those twelve months as an extension. On July 11, 2019, after a series of meetings with the MTAI, the extension was changed to December 31, 2020.

Feasibility Study– On September 16, 2019, Lydian announced the results of its most recent Feasibility Study which shows an increase in Amulsar reserves from 102.6 million tonnes to 119.3 million tonnes which incorporates additional measured and indicated resources, and an increase of 192,000 ounces in recoverable gold. Lydian updated other parameters from its previous Q1 2017 Technical Report to address the impact of the illegal blockade on the construction time-line, the resulting delay in obtaining first gold, and the ramp-up to full production. The Feasibility Study includes projected changes in pre-production capital, updated pit optimization, construction and ramp up schedules, and other parameters based on detailed reviews of projected construction, commissioning and operational stages of the Amulsar Project. The Feasibility Study assumes a gold price of $1,300 per ounce, silver at $16 per ounce and a 480:1 exchange rate for Armenian Drams to United States Dollars.

Financing

On October 14, 2019, Lydian entered into the Fourth 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; 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 case, until the earlier of (a) December 20, 2019, (b) the occurrence of an additional event of default under such creditor's financing agreement, or (c) any breach by Lydian of the Fourth A&R Forbearance Agreement. Under this agreement Lydian Armenia continues to follow the strict budget prescribed in an itemized schedule which focuses on implementing a conservation plan and strategy anchored in asset stewardship, value preservation and site recovery, and implementing a strategic transaction. Advances from Term Facility B are subject to Lydian's progression in implementing certain strategic alternatives.

In accordance with the Second A&R Forbearance Agreement, on July 8, 2019, Lydian issued 23,036,136 warrants to AB Svensk Exportkredit and 4,746,324 warrants to Ameriabank CJSC (collectively, the "Forbearance Warrants"), which represented 3.5% of Lydian's issued and outstanding ordinary shares (on a fully diluted basis) as of July 1, 2019. The Forbearance Warrants are ordinary share purchase warrants, with each warrant being exercisable for one ordinary share of Lydian and have an exercise price of CAD $0.1495. The Forbearance Warrants have a term of 5 years and holders have the ability to exercise such warrants on a cashless basis.

Also pursuant to the Second A&R Forbearance Agreement, Lydian made $3.0 million of principal payments on the Cat Term Facility.

On October 1, 2019, Lydian entered the Fifteenth Amending Agreement to the Term Facility whereby the lenders agreed to extend the availability period and the maturity date under Lydian's existing credit agreement through the earlier of December 20, 2019 or the date of a change of control.

For additional information on debt and financing, see Note 7 and Note 20 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

2019 OUTLOOK

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

The Fourth A&R Forbearance Agreement continues through December 20, 2019, subject to satisfaction or waiver of certain conditions. Funding during this period is to be made from Lydian's existing cash and cash equivalents, projected VAT refunds and the remaining capacity of Term Facility B, subject to satisfaction or waiver of certain conditions. Lydian is pursuing a continuation of forbearance and funding after December 20, 2019. See Liquidity and Capital Resources, below, for additional information.

Since the outset of the illegal blockades in June 2018, Lydian 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, but not limited to, a full sale of Lydian, the sale of one or more intermediate subsidiaries, the sale of the Amulsar Project, or a restructuring transaction. Financing alternatives would be required to fund a restart of construction and include a private or public issuance of equity, equity-linked or debt securities of Lydian. Legal alternatives include pursuing an international claim in relation to disputes with the Government of Armenia, as well as preparing for other available legal options. There can be no assurance of the outcome of the various strategic, financing and legal alternatives available to Lydian. The strategic alternatives may not result in sufficient funding to repay in full the claimants and creditors of Lydian and its subsidiaries and therefore, may result in shareholders receiving limited or no return on their equity.

SELECTED FINANCIAL INFORMATION

Results of Operations

	For the three months ended September 30,		For the nine months ended September 30,	
In thousands (except per share data)	2019	2018	2019	2018
Interest income	$ 21	$ 56	$ 70	$ 362
Dislocation related expenses	20,269	21,152	60,335	21,152
Salaries, general and administrative expenses	1,072	1,733	3,452	6,373
(Gain) loss on financial instruments	950	(8,810)	(650)	(13,816)
Impairment of mineral property	-	-	28,000	-
Other (income) expense, net	(199)	1,119	(13)	1,526
Tax expense	-	9	-	17
Net loss	(22,071)	(15,147)	(91,054)	(14,890)
Net loss per share (basic and diluted)	$ (0.03)	$ (0.02)	$ (0.12)	$ (0.02)

For the three months ended September 30, 2019 and 2018

Lydian had no revenues other than interest income from bank deposits during Q3 2019. Interest income is directly related to the cash balance on hand and applicable interest rates during the respective periods. The decline in interest income is due to Lydian's lower cash balance during the period.

Dislocation-related expense for Q3 2019 include the idle costs of the Amulsar Project as access to site to complete construction continued to be blocked by protestors. During Q3 2019 dislocation-related expense of $20.3 million primarily consisted of $14.0 million of interest and financing costs, $2.6 million of indirect and general and administrative costs, $1.8 million of depreciation and accretion, $0.9 million of labor related costs, and $1.0 million of legal and consulting costs.

Salaries and general and administrative expenses for Q3 2019 decreased $0.7 million, or 38%, compared to the same period in 2018. Lydian has acted to reduce its general and administrative costs until a resolution to the illegal blockades is achieved and Lydian recovers, if at all, from the resulting financial consequences.

The (gain) loss on financial instruments at fair value relates to Lydian's derivative assets and derivative liabilities associated with the Financing Transactions and warrants. The key assumptions included in the derivative models are the gold spot price, gold forward prices, gold price volatility, Lydian's production schedule, estimated debt repayment schedules, LIBOR rates and credit-adjusted interest rates. Changes in these and other assumptions, as well as, the passage of time impact the fair value at each reporting period. The Q3 2019 loss of $1.0 million is primarily related to the Stream Agreement derivative, which is sensitive to forward gold prices and production dates. In Q3 2019 the gold spot price increased by $56 to $1,466 and there was a 20-basis point increase in the gold price inflator (utilized for calculating gold prices past the market futures curve), which increased the derivative liability and resultant loss on financial instruments. The loss was partially offset by a $0.9 million gain on the Forbearance Warrants over the same period.

There was no additional impairment taken on the Amulsar Project in Q3 2019.

For the nine months ended September 30, 2019 and 2018

Lydian had no revenues other than interest income from bank deposits during 2019. Interest income is directly related to the cash balance on hand and applicable interest rates during the respective periods. The decline in interest income is due to Lydian's lower cash balance during the period.

Dislocation-related expense for 2019 includes the idle costs of the Amulsar Project as access to site to complete construction continued to be blocked by protestors. During 2019 dislocation-related expense of $60.3 million primarily consisted of $41.8 million of interest and financing costs, $5.4 million of depreciation and accretion, $5.3 million of indirect and general and administrative costs, $4.1 million of labor related costs, $3.1 million of legal and consulting fees and $0.8 million of standby, demobilization and winterization costs.

Salaries and general and administrative expenses for 2019 decreased $2.9 million, or 46%, compared to the same period in 2018 as Lydian has acted to reduce its general and administrative costs until a resolution to the illegal blockades is achieved and Lydian recovers, if at all, from the resulting financial consequences.

The (gain) loss on financial instruments at fair value relates to Lydian's derivative assets and derivative liabilities associated with the Financing Transactions and warrants. The key assumptions included in the derivative models are the gold spot price, gold forward prices, gold price volatility, Lydian's production schedule, estimated debt repayment schedules, and credit-adjusted interest rates. Changes in these and other assumptions, as well as, the passage of time impact the fair value at each reporting period. The 2019 gain of $0.7 million is primarily the result of a 6.3% increase in the credit-adjusted interest rate, a 2.0% reduction in the expected gold price volatility, and an eight-month delay in the production schedule, partially offset by the reduction in the Stream Prepayment Option and the Forbearance Warrants, as well as a $188 increase in the gold spot price.

The timing of future cash flows from operations was affected by the work of the Third Audit, the uncertainty as to the timing of the removal of the blockades and the Government of Armenia ensuring Lydian's rights to resume construction. As a result, Lydian recorded a $28.0 million impairment on its Amulsar Project during Q1 2019. To the extent the blockades and the actions and inactions of the Government of Armenia delay or restrict Lydian's ability to complete construction and begin production, future additional impairments may result.

There were no extraordinary transactions, nor any significant end of reporting period adjustments during the periods presented other than the significant costs associated with Lydian's dislocation from the Amulsar Project site as a result of the illegal protests.

Summary of Balance Sheet Data

The following table summarizes Lydian's financial position as of:

In thousands		September 30, 2019		December 31, 2018
Current assets	$	21,339	$	18,426
Mineral property, plant & equipment, net		320,106		355,833
Other non-current assets		8,134		25,284
Total assets	$	349,579	$	399,543
Current liabilities	$	383,911	$	331,887
Long term liabilities		11,429		22,188
Equity		(45,761)		45,468
Total liabilities and equity	$	349,579	$	399,543

Current assets consisted primarily of cash, restricted cash, refundable VAT, government receivables, and advances to suppliers. Cash and cash equivalents increased $0.7 million from December 31, 2018, primarily due to $12.6 million from the refundable VAT fund and $9.1 million additional borrowings under Facility B, partially offset by cash expenditures. Restricted cash increased $0.1 million, primarily due to a counter claim from a lessor. During the same period, other current assets increased $2.1 million, primarily due to a $10.4 million increase in deferred VAT, partially offset by a $6.2 million reduction of refundable VAT and Government receivables, and a $2.3 million reduction in the stream prepayment option derivative.

The decrease in mineral properties, plant and equipment, net from December 31, 2018 is primarily due to a $28.0 million impairment, a $2.4 million reduction in the asset retirement cost related to the reclamation provision for the Amulsar Project and $4.8 million of depreciation expense. This decrease was partially offset by Amulsar Project costs and $0.4 million of right-of-use assets capitalized upon adoption of IFRS 16 *Leases* For additional information, see Note 3 in Lydian's unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

In 2019 other non-current assets decreased by $17.2 million, primarily due to $10.2 million of deferred VAT receivable and $6.8 million of refundable VAT becoming current.

Current liabilities increased $52.0 million in 2019, primarily due to a $45.5 million increase in stream liability and debt, and a $10.4 million increase in current deferred VAT, partially offset by a $2.1 million decrease in derivative liabilities and a $3.0 million reduction in accounts payable and accrued liabilities. The increase in stream liability and debt related primarily to accrued interest of $26.4 million, the amortization of financing costs of $13.3 million, additional borrowings of $9.1 million, partially offset by a $3.0 million Cat Term Facility principal payment.

Non-current liabilities decreased $10.8 million in 2019, primarily due to $10.2 million of deferred VAT payable becoming current, a $1.8 million reduction in the reclamation provision, and $1.1 million related to the issuance of the Forbearance Warrants. The reclamation provision reduction was due to a $2.4 million adjustment related to the eight-month slippage in the Amulsar production schedule and a decrease in the estimated inflation rate, partially offset by $0.6 million of accretion and foreign currency adjustments.

Year-to-date 2019 equity decreased $91.2 million due to a $91.1 million comprehensive loss and a $0.2 million adjustment in share-based compensation reserve.

Summary of Cash Flows

The following table is a summary of cash flows:

	For the nine months ended September 30,	
In thousands	2019	2018
Cash and cash equivalents, beginning of period	$ 3,386	$ 53,937
Cash used in operations	(16,795)	(13,757)
Cash from (used in) investing activities	12,020	(110,167)
Cash from financing activities	5,440	80,042
Foreign exchange effect on cash	38	150
Cash and cash equivalents, end of period	$ 4,089	$ 10,205

Cash used in operations in 2019 increased $3.0 million compared to the same period in 2018 primarily due to the Amulsar Project dislocation-related expenses which were charged to operating activities.

In 2019 cash provided by (used in) investing activities decreased $122.2 million over the same period in 2018. Of the change, $105.1 million is due to a significant reduction in the Amulsar Project construction activities and $17.4 million related to VAT. Lydian converted $12.6 million of refundable VAT into cash during the first nine months of 2019.

Cash provided by financing activities in 2019 decreased $74.6 million over the same period in 2018 primarily due to an $82.7 million reduction in proceeds from borrowing, partially offset by a $2.9 million reduction in restricted cash most of which was used for a payment on the Cat Term Loan, a $2.9 million reduction in financing costs, and a $2.5 million reduction in debt repayments.

On January 15, 2019, Lydian entered the Thirteenth Amendment to the Term Facility whereby all unfunded commitments under the Term Facility were cancelled, all commitments under the Cost Overrun Facility were cancelled, and a new $18.6 million Term Facility B was made available to Lydian Armenia. On October 1, 2019, Lydian entered into the Fifteenth Amending Agreement to the Term Facility which extended Term Facility B to December 20, 2019. For additional information regarding debt facilities, see Note 7 in Lydian's unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

SUMMARY OF QUARTERLY RESULTS

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

In thousands (except per share data)		Q3 2019		Q2 2019		Q1 2019		Q4 2018
Net sales	$	-	$	-	$	-	$	-
Net profit (loss)	$	(22,071)	$	(23,921)	$	(45,062)	$	(121,194)
Net profit (loss) per share (basic and diluted)	$	(0.03)	$	(0.03)	$	(0.06)	$	(0.16)
		Q3 2018		Q2 2018		Q1 2018		Q4 2017
Net sales	$	-	$	-	$	-	$	-
Net profit (loss)	$	(15,147)	$	4,453	$	(4,196)	$	(7,602)
Net profit (loss) per share (basic and diluted)	$	(0.02)	$	0.01	$	(0.01)	$	(0.01)

Lydian's results of operations for Q3 2019 were primarily impacted by the costs associated with the delays in construction caused by the blockades and the loss related to the change in fair value on derivative instruments. There are no significant impacts of seasonality on Lydian's results of operations.

OUTSTANDING SHARE DATA

A summary of Lydian's share capital is:

	November 11, 2019	September 30, 2019	December 31, 2018
Ordinary shares	760,017,021	760,017,021	756,168,533
Forbearance Warrants	27,782,460	27,782,460	-
Loan Fee Warrants	-	-	5,000,000
Stock options	1,630,000	1,630,000	5,300,000
Restricted stock units	3,974,710	3,974,710	10,447,368

LIQUIDITY AND CAPITAL RESOURCES

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 restart. Despite these efforts, and notwithstanding the Government of Armenia's intolerance of other illegal blockades in country, Lydian has been prevented from restarting construction activities.

As more fully described above under the heading Going Concern Implications, circumstances indicate the existence of material uncertainties that create significant doubt as to Lydian's ability to meet its obligations when due, and accordingly continue as a going concern.

Working Capital

Working capital as of September 30, 2019 was a negative $362.6 million compared to a negative $313.5 million as of December 31, 2018. The $49.1 million decrease in working capital was primarily due to a $45.5 million increase in stream liability and debt, a $6.2 million reduction in refundable VAT and Government receivables, and a $2.3 million reduction in derivative assets, partially offset by a $3.0 million reduction in accounts payable and current liabilities and a $2.1 million reduction in derivative liabilities.

Additional working capital will be necessary to sustain basic company activities until the illegal blockades are removed and Lydian has the opportunity to restart construction, consummate a strategic transaction, or initiate more extensive legal alternatives.

Financing requirements to complete construction and achieve sufficient positive cash flow from operations will depend upon a number of factors. Management's most recent estimate of total costs for Amulsar is approximately $535 million, actual costs through September 30, 2019 were $363.9 million. Had a restart of construction been possible by mid-2019, it would have required additional funding of approximately $180 million, excluding dislocation-related expense, plus a working capital contingency. However, Management believes it is unlikely that any significant construction activities will occur this year because of the timing of the Third Audit, additional time needed to source the remaining funding requirements, and other necessary activities that precede a construction restart.

This estimate is expected to increase due to a number of factors, including, among others, the ultimate duration of and overall spending levels during the dislocation period and until construction can be restarted, further degradation of assets, ability to retain title to assets subject to securitized credit facilities, access to qualified employees and contractors, and weather conditions during the remaining construction period. In addition, $14.0 million of deferred VAT becomes payable primarily in 2020 unless further deferral by the Government of Armenia is part of a broader arrangement.

Lydian is subject to certain estimated expenditure limitations under the terms of the Fourth A&R Forbearance Agreement. Estimates of such expenditures will remain in flux until various uncertainties are resolved and actual expenditures may exceed any such estimates. As a result, sources of funds may be insufficient and require Lydian to issue additional equity, seek other funding sources, or execute a strategic alternative.

Strategic alternatives under consideration include a range of options, including, but not limited to, a full sale of Lydian, the sale of one or more intermediate subsidiaries, the sale of the Amulsar Project or a restructuring transaction. Financing alternatives would be required to fund a restart of construction and include a private or public issuance of equity, equity-linked or debt securities of Lydian. Legal alternatives include pursuing an international claim in relation to disputes with the Government of Armenia as well as preparing for other available legal options. Completing a strategic alternative will require at least sufficient additional working capital to maintain Lydian's core competencies, rights and interests while a counterparty is identified and any transaction concluded, if at all. There can be no assurance of the outcome of Lydian pursuing a strategic, financing or legal alternative. The strategic alternatives may not result in sufficient funding to repay in full the claimants and creditors of Lydian and its subsidiaries and therefore, may result in shareholders receiving limited or no return on their equity.

Additional interest costs continue to accrue. It will be necessary for Lydian 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 or equity issuances. Given Lydian'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.

Legal alternatives, if pursued, will require ongoing funding for general corporate purposes and a significant amount of additional funding for legal and other advisory fees. The level of such legal and advisory fees will depend on the nature and duration of any claims made by Lydian or its subsidiaries. There can be no assurance of the outcome or timing of Lydian pursuing any legal alternatives, if applicable. Any claims pursued by Lydian may not be successful and if successful, may not lead to a payment that is sufficient to pay all claimants and creditors of Lydian.

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

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

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

Lydian has made certain expenditure, performance, and timing commitments to the licensing authorities for Lydian'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 Lydian.

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 as of September 30, 2019 as compared to the originally estimated use.

In millions	Original estimated use of proceeds	Use of proceeds for Amulsar Project
Direct costs	$ 161.8	$ 185.9
Construction indirect costs	32.5	43.5
Engineering, procurement, construction management	32.9	53.2
Owner's cost	35.2	23.0
Pre-production working capital	10.0	2.0
Mine fleet and mobile equipment	49.8	44.0
Freight	8.3	9.9
Contingency	37.6	-
Drilling	1.8	2.4
Total construction costs	$ 369.9	$ 363.9

See Working Capital above for estimated additional working capital requirements. Lydian 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 EITI 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.

	Three months ended September 30,		Nine months ended September 30,	
In thousands	2019	2018	2019	2018
Land rentals in local communities	$ 156	$ 155	$ 618	$ 578
Customs duties and fees	3	110	202	698
State duty on mining license	-	-	21	21
Other taxes and duties	12	11	16	22
	$ 171	$ 276	$ 857	$ 1,319

FINANCIAL AND OTHER INSTRUMENTS

Lydian's financial assets include:

- Cash and cash equivalents, and 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 are subsequently remeasured at fair value with changes recorded through profit and loss.

Lydian'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. For additional information on the inputs and valuation technique, see Note 8 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

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).

Financial risk management

Lydian has exposure to a variety of financial risks: liquidity risk, market risk (including currency risk, interest rate risk and commodity price risk), and credit risk. This note presents information about Lydian's exposure to each of these risks, Lydian'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 Lydian's financial instruments.

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

Lydian's net assets and liabilities are predominately held in US dollars, Armenian drams, Canadian dollars and the Euro. Lydian'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 Lydian's earnings and assets. Lydian's exposure to interest rate fluctuations is due primarily to its long-term debt, which have interest rates based on LIBOR. Lydian has not entered into any agreements to hedge against unfavorable changes in the LIBOR rate. Lydian evaluates, on an ongoing basis, opportunities to hedge its interest rate exposure on long-term debt.

Advances from the various credit agreement bear interest as follows:

- Term Facility – LIBOR (subject to a minimum of 1%) plus 6.5%;
- Term Facility B – 15%;
- Ameriabank Term Facility – LIBOR plus 8.75%;
- ING Term Facility – LIBOR plus 2.95%; and
- Cat Term Facility - LIBOR plus 4.5%.

As of September 30, 2019, Lydian had defaulted on certain loan provisions. On October 14, 2019, Lydian entered into the Fourth 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 December 20, 2019.

Lydian deposits cash into fully liquid bank business accounts. As such, Lydian does not consider its interest rate risk exposure to be significant as of September 30, 2019 with respect to its cash and cash equivalents and restricted cash positions.

(iii) *Commodity price risk* - Lydian 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 Lydian'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 the gold and silver produced by Lydian.

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

As of September 30, 2019, no gold or silver ounces had been delivered under these contacts. See Note 8 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019 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. Lydian's credit risk is primarily liquid financial assets including cash and restricted cash. Lydian 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 Lydian has no revenue or trade receivables, Management considers this credit risk as low. Advances are paid to major suppliers for the development of the Amulsar 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 Government of Armenia. Substantially all of the current refundable VAT will have been received by the end of 2019.

During the three and nine months ended September 30, 2019 and 2018, there were no material impairment provisions required for any of the financial assets, as defined above. There are no material financial assets that Lydian considers past due. The carrying amount of financial assets recorded in the consolidated financial statements represents Lydian's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that Lydian will not have sufficient cash resources to meet its financial obligations as they come due. Lydian'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 Lydian. Prior to the illegal blockades, Lydian relied on shareholders, advances under the stream, and debt funding to finance its operations and develop the Amulsar Project. Due to the illegal blockades, Lydian has not been able to access the Amulsar Project site since June 2018 and as such, construction has been suspended and access to advances under its existing debt facilities have been restricted. Lydian is in default of certain provisions of its financing agreements as of September 30, 2019. While Lydian has entered into the Fourth A&R Forbearance Agreement whereby the lenders have agreed to waive principal and interest payments until December 20, 2019, there can be no assurance that Lydian will be able to meet its obligations with its Lenders and that Lydian will avoid further events of default.

If the blockades are removed, Lydian will require additional funds from other sources to meet its development and construction obligations. There is no assurance that Lydian will be able to successfully raise the necessary funds, therefore liquidity risk is present until additional funding is arranged, if at all.

The ultimate responsibility for liquidity risk rests with the Board of Directors, which has designed an appropriate risk management framework for the management of Lydian's short, medium and long-term funding requirements. Lydian manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities, as applicable. Lydian's cash and cash equivalents are held in fully liquid bank accounts which are available on demand by Lydian.

Lydian's financial obligations consist of accounts payable and accrued liabilities, the stream liability, debt, and a provision for restoration and rehabilitation. The stream liability currently 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. On January 15, 2019, Lydian entered into the A&R Stream Agreement. For additional information, see Note 7 in the unaudited interim condensed consolidated financial statements as of September 30, 2019.

As of September 30, 2019, Lydian was in default of certain loan provisions contained in the Stream Agreement, the Term Facility, Term Facility B, and Equipment Financing Facilities. As such, the Stream Agreement, Term Facility, Term Facility B, and Equipment Financing Facilities are classified as current.

SIGNIFICANT TRANSACTIONS, CONTRACTS AND OFF-BALANCE SHEET ARRANGEMENTS

Significant Transactions and Contracts

Significant transactions and contracts for the nine-month period ended September 30, 2019 include:

- A&R Stream Agreement, dated January 15, 2019;
- Second A&R Forbearance Agreement, dated July 1, 2019;
- Third A&R Forbearance Agreement, dated October 1, 2019;
- Fourth A&R Forbearance Agreement, dated October 14, 2019;
- Thirteenth Amending Agreement, dated January 15, 2019;
- Fourteenth Amending Agreement, dated July 1, 2019;
- Fifteenth Amending Agreement, dated October 1, 2019;
- Issuance of 27,782,460 Forbearance Warrants; and
- $9.1 million loan draw from Term Facility B.

See Lydian's December 31, 2018 AIF available on SEDAR at www.sedar.com for descriptions of other significant contracts.

Off-Balance Sheet Arrangements

Contingent Quarterly Payments

On April 23, 2010, the Corporation purchased all of Newmont's interests in Lydian's joint venture which included Newmont's interests in the Amulsar Project. A portion of the consideration included a 3% 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 September 30, 2019, and therefore, are not recognized in Lydian's unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

Lydian does not have any other off-balance sheet arrangements.

COMMITMENTS

In thousands	Total	Less than 1 Year	1-5 Years	After 5 Years
Debt	$ 342,486	$ 342,486	-	-
Land leases	11,602	939	3,641	7,022
Reclamation provision	6,361	-	-	6,361
Lease liabilities (inclusive of interest)	341	246	95	-
Software leases	301	120	181	-
	$ 361,091	$ 343,791	$ 3,917	$ 13,383

As of September 30, 2019, Lydian was in default of certain loan provisions contained in the Stream Agreement, the Term Facility, Term Facility B, and Equipment Financing Facilities. As such, the stream, debt and associated derivatives are classified as current.

Lydian has multiple contracts for land use related to non-regenerative minerals at its Amulsar Project which are outside of the scope of IFRS 16, *Leases*. The contracts are with three communities, Zaritap, Gorayq and Jermuk. All the contracts are either within close proximity to the mine site, or within the rock allocation area. These lands are necessary for the exploration or extraction of the mineralization at Amulsar.

The reclamation provision represents the present value of estimated future outflow of economic benefits that will be required to restore and rehabilitate Amulsar.

Lydian's leases for their primary office spaces and warehouse qualify under IFRS 16 to be capitalized as right-of-use liabilities. For additional information, see Note 10 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019.

Lydian leases its accounting software through a software-as-a-service contract which is outside the scope of IFRS 16, *Leases*. Currently Lydian is renegotiating the terms of this lease.

Lydian leased a building in Jermuk, Armenia and is in the process of terminating the contract. Lydian has booked a provision for this contract closure of $1.3 million.

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 note. Details of transactions between the Company and other related parties are disclosed below.

Related party transactions primarily consist of compensation paid to members of the Board and executive management personnel. The compensation is comprised of Board fees, employee salaries, share-based long-term incentive plans, employee benefits and pension costs. One member of the Board has a contractual entitlement with the Company for payment of the remainder due of an annual retainer in the event the director's appointment is terminated other than for cause. None of the Board members are entitled to any other termination benefits, nor are they entitled to pension benefits.

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

In thousands	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Salaries and other compensation	$ 348	$ 411	$ 2,238	$ 1,756
Share-based compensation	23	68	111	573
	$ 371	$ 479	$ 2,349	$ 2,329

On August 9, 2019, a non-material subsidiary of the Company entered into a one-year, interest free loan for $0.1 million with a party related to a member of executive management. As of September 30, 2019, the loan is classified as accounts payable and other current liabilities.

CRITICAL JUDGEMENTS, ESTIMATES AND ACCOUNTING POLICIES

Lydian's unaudited interim condensed consolidated financial statements are prepared in accordance with IFRS, including IAS 34, *Interim Financial Reporting.* The significant accounting policies applied, and recent accounting pronouncements are described in Note 3 and Note 4 in Lydian's audited consolidated financial statements for the year ended December 31, 2018. There have been no significant changes in Lydian's accounting policies applied to the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019, except for the adoption of IFRS 16 *Leases*. Lydian adopted IFRS 16 as of January 1, 2019. Additional information regarding the effects of adoption of IFRS 16 *Leases* can be found in Note 3 in Lydian's unaudited interim consolidated financial statements for the period ended September 30, 2019.

In applying Lydian's accounting policies, Management is required to make judgements, 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 judgements, 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.

Significant judgments made by Management and applied in preparing the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019 are consistent with those applied and disclosed in Note 2 in Lydian's audited consolidated financial statements for the year ended December 31, 2018, except for those critical accounting estimates and assumptions made by Management arising from the adoption of IFRS 16 *Leases*. Additional information regarding the critical accounting estimates and assumptions made by Management in the adoption of IFRS 16 *Leases* can be found in Note 3 in Lydian's unaudited interim condensed consolidated financial statements for the period ended September 30, 2019. These estimates and assumptions are based on Management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may materially differ from the amounts included in the financial statements.

Recent Accounting Pronouncements

See Note 3 in the unaudited interim condensed consolidated financial statements for the period ended September 30, 2019, for information regarding Lydian's adoption of new and revised accounting standards.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Lydian prepares its financial reports in accordance with IFRS. Financial reports and other disclosures by Lydian 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 DC&P to provide reasonable assurance that all relevant information required to be disclosed by Lydian is accumulated and communicated to senior Management as appropriate to allow timely decisions regarding required disclosure. Management is also responsible for the design of ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management of Lydian 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 Lydian's ICFR that occurred during the period ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, Lydian's internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the unaudited interim condensed 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 Lydian's unaudited interim condensed consolidated financial statements.

RISK FACTORS

Lydian 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 Lydian'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 Lydian are discussed in Lydian's most recent AIF and other filings available on SEDAR at www.sedar.com. The continuance of the illegal blockades has caused Lydian to face additional risks and uncertainties as otherwise set out herein.

Ability to Continue as a Going Concern

As more fully described above under Going Concern Implications, circumstances indicate the existence of material uncertainties that create significant doubt as to Lydian's ability to meet its obligations when due, and accordingly continue as a going concern.

Government Relations

The illegal blockades arose in June 2018 following the change in Government in Armenia; they were followed by various additional audit requirements. Lydian 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 Government of Armenian has failed 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 Lydian. Lydian's ability to resume construction of the Amulsar Project may be affected in varying degrees by government regulations including, but not limited to, maintenance of the Mining Right and 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 Lydian 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. Lydian, at various times, has applied for permits before the government, including at this time permits, relating to water use and construction. 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 Lydian. Additionally, no assurance can be given that Armenian government officials will enforce the rule of law which has materially and adversely affected Lydian, including continuing financial harm to Lydian that threatens the value of Lydian's investment in the Amulsar Project. There can also be no assurance that the Armenian government will make Lydian whole for the financial harm suffered by Lydian.

Access to Mine Site

Lydian was granted temporary access to the mine site in late 2018, to allow for winterization of the facilities and equipment pending removal of the blockades and one day of limited Police escorted access in the second quarter of 2019. However, as ongoing access is not available, certain on-site work to date and equipment has been adversely affected or lost and on-site environmental management and monitoring activities can 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 Lydian 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 Lydian 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 Lydian. Additionally, the strategic alternatives may not result in sufficient funding to repay in full the claimants and creditors of Lydian and its subsidiaries and therefore, may result in shareholders receiving limited or no return on their equity.

Continuation of Forbearance

The Fourth A&R Forbearance Agreement provides for a forbearance period that continues until the earlier of (a) December 20, 2019, (b) the occurrence of an additional event of default under such creditor's financing agreement, or (c) any breach by Lydian of the Fourth A&R Forbearance Agreement. Upon termination of the Fourth A&R Forbearance Agreement, there is a risk that one or more secured parties exercises its rights to demand repayment, which may result in partial or full loss of the assets of Lydian. There can be no assurances as to the continuing availability of a forbearance period or that any amendment, extension, or replacement of the Fourth A&R Forbearance Agreement will be on commercially acceptable terms.

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 Project; the Corporation’s future operating and production results and economic performance, including timing of production; the Corporation’s option to submit the dispute in connection with the illegal blockades to international arbitration under the UK BIT or Canada BIT and the conduct of the Government of Armenia; the ELARD audit and the results of the 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 Feasibility Study; the technical water supply, including Lydian’s current appeal and the ability to secure an alternative source; the Corporation’s expectations in connection with decisions made by the Armenian courts; the Corporation’s estimates of delays and the impact on future cash flows and future impairments; the Fourth A&R Forbearance Agreement; the Corporation’s ongoing evaluation of strategic 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 Project and financial harm suffered by the Corporation; the Corporation’s subsequent actions in connection with court rulings; the Corporation’s discussions with its senior lenders, stream financing providers, and equipment financiers 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, including taxes payable; the resolution of disputes between the Corporation and the Government of Armenia; the Corporation’s cost reductions including but not limited to employees, contractors and construction-related contracts; the Corporation’s option to pursue an appeal of the decision by the Ministry of Environment in connection with the river water permit application; the Corporation’s ability to generate positive cash flows from the Amulsar 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 Fourth A&R Forbearance Agreement and the Fifteenth Amending Agreement; the Corporation’s ability to fulfill conditions of the Fourth A&R Forbearance Agreement; expenses incurred in connection with the illegal blockades; the Corporation’s ability to fully or partially refinance obligations with senior lenders, stream financing providers and equipment financiers or have obligors agree to alternatives; the Corporation’s ability to participate in a restructuring arrangement in connection with its liabilities; the Corporation’s evaluation of strategic alternatives including the sale of Lydian, subsidiaries of Lydian or the Amulsar Project; legal and advisory fees in connection with legal alternatives, if pursued; the ability to raise funds to meet development obligations; the Corporation’s ability to avoid or delay events of default in connection with agreements with its senior lenders, stream financing providers and equipment financiers; change in mining or investment policies in Armenia; expectations in connection with limited access to the Amulsar Project for winterization; the Corporation’s capital costs in relation to the Amulsar 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 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 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 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 MD&A 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 MD&A 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 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 Fourth 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 taxes attributed to the Amulsar Project;
- mine life, total tonnes mined and processed, and mining operations;
- the operation and economic viability of the development of the Amulsar Project;
- that the discount rate used to complete the Feasibility Study 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 Term Facility B.

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; the outcome of any strategic alternatives, including but not limited to, a full sale of Lydian, the sale of one or more intermediate subsidiaries, the sale of the Amulsar Project or a restructuring transaction; the outcome of any financing alternatives, including but not limited to, a private or public issuance of equity, equity-linked or debt securities of Lydian; the outcome of any legal alternatives, including but not limited to, pursuing an international claim in relation to disputes with the Government of Armenia; the strategic alternatives may result in shareholders receiving limited or no return on their equity; 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 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 the Feasibility Study, including the risk that the assumptions underlying the Feasibility Study 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 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 MD&A 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 this MD&A 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 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;

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

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

"Canada BIT" means the bilateral investment treaty between the Government of Canada and the Government of Armenia for the Promotion and Protection of Investments, in force since March 29, 1999;

"*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;

"*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 Project;

"EITI" means the Extractive Industry Transparency Initiative which is a standard by which information on the oil, gas and mining industries is published;

"ELARD" means Earth Link and Advanced Resources Development;

"*Equipment* Financiers" means, collectively, Ameriabank, Cat Financial, and ING Bank;

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

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

"*Fifteenth Amending Agreement*" means the fifteenth amendment to the Senior Term Facility Agreement dated October 1, 2019;

"*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 Lydian and its senior lenders, stream financing providers and equipment financiers;

"Forbearance Warrants" means the Ordinary Share purchase warrants of the Corporation issued July 8, 2019, to SEK and Ameriabank pursuant to the Second A&R Forbearance Agreement;

"Fourth A&R Forbearance Agreement" means the fourth amended and restated forbearance agreement dated October 14, 2019 among the Corporation, Lydian Armenia, Orion, RCF, Osisko, ING, SEK, Cat Financial, and Ameriabank;

"*Fourteenth Amending Agreement*" means the fourteenth amendment to the Senior Term Facility Agreement dated July 1, 2019;

"*Government of Armenia*", *"GOA"* or *"Armenian Government"* means the Government of the Republic of 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*" or "*ING*" 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;

"*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;

"*Loan Fee 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;

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

"*Lydian Canada*" means Lydian Canada Ventures Corporation, Lydian's wholly-owned subsidiary;

"*Lydian UK*" means Lydian U.K. Corporation Limited, Lydian's wholly-owned subsidiary;

"*Management*" means the management of Lydian;

"*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;

"New Feasibility Study" or *"Feasibility Study"* means the NI 43-101 Technical Report, Amulsar Updated Resources and Reserves, Armenia, dated October 15, 2019;

"*Newmont*" means Newmont Overseas Exploration Limited;

"*NSR*" means net smelter royalty;

"Offering" means the offering completed on March 17, 2016, in connection with the Financing Transactions, of an aggregate of 115,000,000 Subscription Receipts in the capital of the Corporation, at a price of C$0.29 per Subscription Receipt, pursuant to the Corporation's final Short Form Prospectus dated March 11, 2016;

"*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 Lydian;

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

"*Osisko*" means Osisko Bermuda Limited;

"Prime Minister" means Nikol Pashinyan, the Prime Minister of the Republic of Armenia;

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

"Q3 2019" means the three-month period ended September 30, 2019;

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

"Second A&R Forbearance Agreement" means the second amended and restated forbearance agreement dated July 1, 2019 among the Corporation, Lydian Armenia, Orion, RCF, Osisko, ING, SEK, Cat Financial, and Ameriabank;

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

"SEK" means AB Svensk Exportkredit;

"Senior Lenders" means Orion, RCF and Osisko;

"*Senior Term Facility Agreement*" means the Term Facility agreement dated November 30, 2015 between the Corporation, Lydian Armenia, Orion, RCF, and Osisko, 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 and was amended with the A&R Stream Agreement;

"Stream Financing Providers" means Osisko and RCF;

"*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, the Fourteenth Amending Agreement, and the Fifteenth Amending Agreement;

"Third A&R Forbearance Agreement" means the third amended and restated forbearance agreement dated October 1, 2019 among the Corporation, Lydian Armenia, Orion, RCF, Osisko, ING, SEK, Cat Financial, and Ameriabank;

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

"UK BIT" means the bilateral investment treaty 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; and

"VAT" means value added tax.