

Date | 19 August 2020

Our ref | 8044526/78719621/1

Dear Sirs

**In the matter of the Representation of Lydian International Limited
And in the matter of the Companies (Jersey) Law 1991
And in the matter of the Letter of Request from the Ontario Superior Court of Justice**

1. We act as Jersey counsel for Lydian International Limited (**Lydian International**) and write to you in your capacity as a shareholder of Lydian International.
2. The purpose of this letter is to notify you of proceedings taking place in the Royal Court of Jersey (the **Jersey Court**), Channel Islands, which concern Lydian International (an entity incorporated and registered in Jersey, Channel Islands), and your right to participate in those proceedings.
3. By way of background, by a letter from Alvarez & Marsal Canada dated 27 December 2019, which was published on its website at <https://www.alvarezandmarsal.com/content/lydian-notice-creditors-and-list-creditors>, notice was given that Lydian International Limited, Lydian Canada Ventures Corporation and Lydian U.K Corporation Limited (the **Lydian Group**) were granted an order (the **Initial Order**) in Canada by the Ontario Superior Court of Justice (the **Ontario Court**) under the Companies' Creditors Arrangement Act, R.S.C. 1985, c C-36, as amended (the **CCAA**) on 23 December 2019.
4. By the Initial Order, the Ontario Court ordered, amongst other things, a stay of proceedings against Lydian International in Canada until 2 January 2020 and the appointment of Alvarez & Marsal Canada Inc. as monitor (the **Monitor**), to monitor the business and financial affairs of Lydian International during this stay period.
5. Following issuance of a letter of request from the Ontario Court to the Jersey Court on 23 December 2019, on 25 February 2020 the Jersey Court made orders granting recognition of the CCAA proceedings, the appointment of the Monitor and the stay in proceedings against or in respect of Lydian International.
6. The stay period was extended at subsequent hearings by the Ontario Court, most recently on 29 June 2020, until the earlier of (a) issuance of the CCAA Termination Certificate (as defined in the Plan of Arrangement mentioned below), or (b) 21 December 2020.
7. By an order of the Ontario Court dated 29 June 2020 the Ontario Court approved and sanctioned a Plan of Arrangement (the **Plan**) filed by the Lydian Group, which will implement a corporate and financial restructuring of the Lydian Group and provides for the full and final release of all claims against Lydian International and its directors and officers. Information about the Plan and the related CCAA proceedings, including court orders and the Monitor's

reports, is available at <https://www.alvarezandmarsal.com/content/lydian-plan-arrangement>.

8. Lydian International has now brought proceedings before the Jersey Court seeking certain orders to facilitate implementation of the Plan as sanctioned by the Ontario Court, *inter alia*, that:-
 - (a) Lydian International shall be wound up pursuant to Article 155 of the Companies (Jersey) Law 1991;
 - (b) Joint Liquidators shall be appointed and the Jersey Court shall prescribe to the Joint Liquidators such powers as are set out in Part 21 of the 1991 Law and/or as the Jersey Court shall deem necessary for Lydian International's beneficial winding up; and
 - (c) Article 159(4) of the 1991 Law shall be applied, which confirms that on the commencement of the winding up no action shall be taken or proceeded with or against Lydian International except by leave of the Jersey Court and upon such terms as the Jersey Court may impose.
9. At a directions hearing at the Jersey Court on 14 August 2020, the Deputy Bailiff of Jersey made orders that counsel to Lydian International is to notify, amongst other groups, shareholders of Lydian International of these proceedings and their entitlement to participate, and direct them to the Representation documentation and Affidavit evidence filed with the Jersey Court in support of the application. This letter constitutes that notification. A copy of the Act of Court dated 14 August 2020 by which these orders were made is enclosed herewith.
10. The Jersey Court will consider whether to grant the substantive relief sought (set out at paragraph 8 above) at a hearing listed before the Royal Court in Jersey on 11 September 2020 at 10.00 am.
11. Further information about the relief sought in the abovementioned proceedings is available in the Representation and accompanying Affidavit evidence which has been filed with the Jersey Court, and is published on the Monitor's website at www.alvarezandmarsal.com/content/lydian-jersery-motion-materials.
12. As a shareholder of Lydian International you are entitled, if you wish, to participate in the Jersey Court proceedings, including to make submissions and appear at the hearing either in person or by Jersey counsel. Or you may write to the Jersey Court via this firm, acting as Jersey counsel for Lydian International (email: stephen.alexander@mourant.com and max.galt@mourant.com) on or before 5pm UK time on 9 September 2020, and he will provide your correspondence to the Royal Court so that the Court may take it into account.
13. If you have any questions pertaining to the Jersey proceedings in respect of Lydian International please contact either myself or Max Galt (max.galt@mourant.com; +44 (0) 1534 676310).

Yours faithfully



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