Court File No. CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

MOTION RECORD
(Re: Plan Meeting Order)
(Returnable June 18, 2020)

REDACTED VERSION

June 15, 2020

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TAB 1

Court File No. CV-19-00633392-00CL

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Applicants

NOTICE OF MOTION
(Re: Meeting of the Affected Creditors)
(Returnable June 18, 2020)

Lydian International Limited ("**Lydian International**"), Lydian Canada Ventures Corporation and Lydian U.K. Corporation Limited (collectively, the "**Applicants**") will make a motion to Chief Justice Morawetz on June 18, 2020 at 12:00 noon via videoconference due to the COVID-19 crisis.

PROPOSED METHOD OF HEARING:

This motion is to be heard orally or in any other suitable manner to be decided by the presiding judge.

THE MOTION IS FOR:

1. An Order, substantially in the form of the draft order attached at Tab 4 of this Motion Record (the "**Meeting Order**"):

    a) accepting the filing of a plan of arrangement of the Applicants under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and the *Business Corporations Act* (British Columbia) (the "**BCBCA**") dated June 15, 2020 (the "**Plan**") with the Court;

b) approving, pursuant to section 22 of the CCAA, the classification of creditors as set out in the Plan for the purposes of the Meeting (defined below) and voting on the Plan;

c) authorizing and directing the Applicants to call, hold and conduct a meeting of its Affected Creditors (as defined in the Plan) to vote on the Plan (the "**Meeting**");

d) authorizing notice of the Meeting to be effected through service of the Meeting Order (when issued) on all Affected Creditors;

e) approving the procedures to be followed at the Meeting, including voting procedures;

f) setting a date for the hearing of the Applicants' motion for the Sanction and Implementation Order (the "**Sanction Hearing**");

g) sealing the unredacted Affidavit of Edward A. Sellers sworn June 15, 2020 (the "**Sellers Meeting Affidavit**") and the unredacted Affidavit of Mark Caiger sworn June 11, 2020 (the "**Caiger Affidavit**"); and

h) approving the Monitor's activities to date, as set out in the Monitor's Fifth Report to the Court, to be filed (the "**Fifth Report**").

THE GROUNDS FOR THE MOTION ARE:

Capitalized Terms

1. Capitalized terms not expressly defined herein have the meanings ascribed to them in the Sellers Meeting Affidavit. All references to currency are references to United States dollars;

Overview

2. The Applicants are part of a corporate group ultimately owned by Lydian International. The Applicants' business consists of the exploration and development of the Amulsar gold mine located in south-central Armenia, which is operated by Lydian Armenia;

3. Due to a confluence of factors, including the adverse effects of ongoing illegal blockades at the Amulsar mine, the Applicants sought and received the Initial Order granting them protection under the CCAA on December 23, 2019. Alvarez & Marsal Canada Inc. was appointed as the Monitor;

4. The Applicants sought and obtained recognition of the CCAA Proceedings by the Royal Court of Jersey in February 2020;

5. The Initial Order granted a stay of proceedings in respect of the Applicants and the Non-Applicant Stay Parties until January 2, 2020, which was subsequently extended on five occasions and now expires on June 30, 2020;

The Applicants' Responses to their Financial and Operational Challenges

6. The Applicants have used their best efforts to resolve the factors that led to their insolvency, including engaging in negotiations with the GOA and commencing legal proceedings in Armenia to remove the illegal blockages, but these efforts have not resulted in the Applicants re-gaining access to the Amulsar site;

7. The Applicants retained BMO to canvas the market for potential refinancing or sale opportunities with respect to the Lydian Group's mining assets, but these efforts have not yet resulted in a transaction capable of satisfying the claims of the Lydian Groups' secured lenders;

8. BMO also ran a process to solicit third-party financing of a proposed Treaty Arbitration against the GOA but, on the advice of the Senior Lenders, these efforts have not been advanced since January 2020;

The Applicants' Current Circumstances

9. In April 2020, the Senior Lenders imposed, as a condition of further advances under the DIP Agreement that was approved by this Court in March 2020, the requirement that the Applicants pursue the completion of a restructuring in these proceedings, with a view to distributing the shares of Lydian Canada to or for the benefit of the Applicants' secured lenders (the "**Exit Plan**"), or face enforcement steps;

10. In early May 2020, this Court issued orders lifting the stay of proceedings to enable two of the Applicants' Equipment Financiers, CAT and ING, to take enforcement steps with respect to their equipment at the Amulsar site;

11. The Lydian Group's directors' and officers' insurance coverage, which has been extended on a month-to-month basis since December 31, 2019, is set to expire on June 30, 2020 and cannot be extended any further;

12. The Lydian Group owes its secured lenders more than $406.8 million;

13. The Senior Lenders are no longer willing to support the Applicants' efforts to preserve and protect the Amulsar mine;

14. The Applicants have no alternative sources of financing and no independently generated revenue;

15. The Applicants' options going forward are limited to: (a) facing enforcement steps from the Senior Lenders; (b) filing alternative bankruptcy, administration, or liquidation proceedings across multiple jurisdictions; or (c) implementing the Exit Plan through the Plan;

16. The Applicants believe that the implementation of the Plan is their best option, as it permits an orderly transition, minimizes collateral impacts on Lydian Armenia and other stakeholders, and provides for the orderly wind down of the proceedings before this Court and the Royal Court of Jersey;

17. The Senior Lenders are prepared to fund the additional costs associated with the implementation of the Plan;

The Plan

18. The purpose of the Plan is to:

    a) implement a corporate and financial restructuring of the Applicants;

b) minimize adverse tax consequences by assigning or settling intercompany debts owing to the Applicants prior to the Effective Time;

c) provide for the equivalent of an assignment of substantially all of the assets of Lydian Jersey to SL Newco by amalgamating Lydian Canada with SL Newco;

d) provide for a corresponding orderly wind up, and financing of such wind up, of Lydian Jersey and an orderly disposition or winding up, and financing thereof, of the affairs of certain subsidiaries of Lydian Jersey;

e) permit Restructured Lydian and its shareholders/stakeholders to determine the manner and timing of pursuing any strategy post the Plan Implementation Date;

f) permit Lydian Canada and Lydian UK to exit CCAA Proceedings on the Plan Implementation Date; and

g) permit Lydian Jersey to exit CCAA Proceedings upon the earlier of (i) completion of (a) to (d) above, or (ii) an Order of the Court terminating the CCAA Proceedings;

19. The Plan provides for a Plan Implementation Date of June 29, 2020;

20. The steps, conditions and terms of the Plan are outlined in the Sellers Meeting Affidavit;

21. Only the Senior Lenders (as Affected Creditors) are eligible to participate and vote in the Plan;

22. The Applicants' unsecured creditors and equity claimants are unaffected by the Plan and ineligible to vote;

23. The Plan, while finalized in principle, remains subject to certain limited modifications and additions, all of which will be made in accordance with the Meeting Order and provided to the Affected Creditors prior to the Meeting;

The Meeting Order

24. The proposed Meeting Order establishes procedures for the calling and conduct of the Meeting to approve the Plan that are reasonable, appropriate and efficient in the circumstances, and provides for, among other things:

    a) the acceptance of the plan for the purposes of filing and calling the Meeting on June 19, 2020 to seek approval of the Plan;

    b) the effecting of notice of the Meeting through service of the Meeting Order (when issued) on all Affected Creditors;

    c) the process to modify or amend the Plan;

    d) the classification of Affected Creditors into one class for the purposes of voting, and the process for dealing with Disputed Claims;

    e) the procedures for conduct and voting at the Meeting; and

    f) the scheduling of the application for the Sanction Order for June 29, 2020, or such other date thereafter subject to the Court's availability, in the event the Plan is approved at the Meeting.

25. The Applicants also intend to issue a press release notifying of the filing of the Plan and scheduling the Meeting and Sanction Hearing;

26. Pursuant to the Plan, if the Plan is approved, an application will be made before this Court for a Sanction Hearing;

Sealing

27. The Applicants are seeking to seal the Sellers Meeting Affidavit and the Caiger Affidavit because they contain commercially sensitive information that, if disclosed, could impact future refinancing and sales efforts;

Approving the Monitor's Activities

28. The Monitor has undertaken various activities pursuant to its mandate in these CCAA proceedings. The Applicants seek to have the activities detailed in the Fifth Report approved by this Court;

Other Grounds

29. The provisions of the CCAA, including sections 5, 11 and 22 thereof;

30. The provisions of the BCBCA, including s. 271 thereof;

31. The provisions of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, including r. 2.03, 3.02 and 37 thereof;

32. The provision of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, including s. 137(2) thereof; and

33. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

34. the Sellers Meeting Affidavit;

35. the Caiger Affidavit;

36. the Fifth Report of the Monitor, to be filed; and

37. Such further and other materials and evidence as counsel may advise and this Honourable Court may permit.

June 15, 2020

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable June 18, 2020)

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TAB 2

Court File No. 19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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Applicants

AFFIDAVIT OF EDWARD A. SELLERS
(Sworn June 15, 2020)

I, Edward A. Sellers, of the Town of Rosseau, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Interim President and Chief Executive Officer of the Applicant Lydian International Limited ("**Lydian International**"). I have been the President and Chief Executive Officer of Lydian International since June 12, 2019. I am also a director of the other Applicants in this proceeding. I have been on the Board of Directors of the Applicant Lydian International since November 1, 2018, and went on the Board of Directors of the other Applicants in this proceeding after June 12, 2019.

2. Due to my involvement with the Applicants, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of Lydian International and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary. Where I have relied upon information from others, I believe the information to be true.

3. This affidavit is sworn in support of a motion brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and such

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proceedings, the "**CCAA Proceedings**") seeking an Order (the "**Meeting Order**"), substantially in the form attached as Tab 3 of the Applicants' Motion Record:

a) accepting the filing of a plan of arrangement of the Applicants under the CCAA and *Business Corporations Act* (British Columbia) (the "**BCBCA**") dated June 15, 2020 (the "**Plan**") with the Court;

b) approving, pursuant to section 22 of the CCAA, the classification of creditors as set out in the Plan for the purposes of the Meeting (defined below) and voting on the Plan;

c) authorizing and directing the Applicants to call, hold and conduct a meeting of their Affected Creditors (as defined below) to vote on the Plan (the "**Meeting**");

d) authorizing notice of the Meeting to be effected through service of the Meeting Order (when issued) on counsel for the Affected Creditors**;**

e) approving the procedures to be followed at the Meeting, including voting procedures;

f) setting a date for the hearing of the Applicants' motion for the Sanction and Implementation Order (the "**Sanction Hearing**")

g) sealing the unredacted version of this affidavit and the unredacted version of the BMO Affidavit (as defined below); and

h) approving the Monitor's activities to date, as set out in its Fifth Report to the Court, to be filed (the "**Fifth Report**").

4. All references to currency in this affidavit are references to United States dollars, unless otherwise indicated.

PART 1 - OVERVIEW

5. The Applicants are hopelessly insolvent. The sole operating asset owned by the Applicants, the Amulsar mine, has been inaccessible since June 2018 due to illegal blockades and the associated actions and inactions of the Government of Armenia ("**GOA**").

6. The Applicants' secured lenders entered into numerous forbearances extending the timelines for repayment of the Applicants' indebtedness and have been the only parties funding the Applicants' efforts to find a solution to the situation caused by the illegal blockades. The Applicants' secured lenders have allowed the Applicants to retain multiple legal and financial advisors, engage in protracted negotiations with the GOA, and run multiple sales processes to source a third party investor or purchaser for the Applicants' mining assets and/or their claim against the GOA. Unfortunately, none of these efforts, which have spanned nearly two years, have yielded any third party transaction capable of completion which would satisfy the claims of the secured lenders.

7. In all this time, no other stakeholder has proposed to fund the Applicants' efforts to unlock any value from any of the Applicants' assets, despite numerous requests by or on behalf of the Applicants to that effect.

8. Nearly two years after the illegal blockades and the Applicants' financial deterioration commenced, the Applicants have incurred over $137 million in dislocation expenses. After granting multiple forbearances and advancing over $20 million in additional funding to support the Applicants' efforts to preserve and protect their investment in the Amulsar mine, the Applicants' secured lenders have advised that they are not prepared to continue to support further independent efforts by the Applicants.

9. As indicated in my affidavit sworn April 29, 2020 filed in the CCAA Proceedings, it has been a condition of additional funding provided to or for the benefit of the Applicants since April 30, 2020 that the Applicants pursue the completion of a restructuring in these proceedings, with a view to distributing the shares of Lydian Canada to or for the benefit of the Applicants' secured lenders (the "**Exit Plan**"), or face enforcement steps.

10. With no independently generated revenues and no alternative sources of funding available to the Applicants, the Applicants' choices are limited to either:

a) seeing enforcement steps taken by the secured lenders, resulting in the privatization of the Applicants' assets through the enforcement of share pledges and other security;

b) seeking to file alternative bankruptcy, administration, or liquidation proceedings across multiple jurisdictions, in the absence of funds to do so; or

c) implementing the Exit Plan through a plan of arrangement under the CCAA (the "**Plan**").

11. All of these options result in the Applicants' assets transitioning to the secured lenders. Only the last option of doing so through a Plan permits an orderly transition, minimizes collateral impacts on the Applicants' principal operating subsidiary (Lydian Armenia) and numerous other stakeholders, and provides for winding down the proceedings before this Court and the Jersey Court.

12. The Applicants' secured lenders are prepared to fund the additional costs associated with implementing such a Plan and the Applicants value the opportunity to exit these proceedings in an orderly manner.

PART 2 - BACKGROUND ON THE APPLICANTS AND LACK OF OPTIONS

13. I repeat and rely on my affidavits filed in these proceedings sworn December 22, 2019 (the "**Initial Affidavit**"), January 20, 2020 (the "**Comeback Affidavit**"), March 10, 2020 (the "**March Stay Extension Affidavit**"), April 27, 2020 (the "**April Stay Extension Affidavit**") and April 29, 2020 (the "**Supplementary April Stay Extension Affidavit**") in support of this motion. Copies of the Comeback Affidavit, the redacted March Stay Extension Affidavit, the redacted April Stay Extension Affidavit and the redacted Supplementary April Stay Extension Affidavit (without exhibits) are attached hereto as **Exhibit "A", B**", **"C**" and **"D"** respectively. Capitalized terms not otherwise defined herein are as defined in the Comeback Affidavit. A copy of the Initial Affidavit and the March Stay Extension Affidavit is available, together with all other filings in the CCAA Proceedings, on the Monitor's website for these proceedings at https://www.alvarezandmarsal.com/Lydian.

(a) The Destruction of the Applicants' Business

14. As set out in my Initial Affidavit, the Applicants' business consisted of the exploration and development of a gold mine located in south-central Armenia (the "**Amulsar Project**" or "**Amulsar**"). Beginning in June 2018 and continuing to date, Lydian Armenia and its employees,

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contractors and suppliers have been prevented from carrying out any development and construction work at the Amulsar Project due to a number of factors including ongoing illegal blockades at the site, and duplicative and unnecessary environmental audits and investigations with respect to the Amulsar Project that have been conducted or requisitioned by the GOA.

15. At the time the blockades commenced, construction at the Amulsar site was approximately 75% complete. The blockades caused extensive delays in the Amulsar Project's development schedule, forced Lydian Armenia in the short term to dismiss in excess of 90% of its workforce and terminate substantially all its supply relationships, and caused the Lydian Group to default on substantially all of its obligations to its lenders. From 2018 to date the situation has worsened, and less than twenty people remain employed full time by Lydian Armenia.

16. The Applicants' dire financial and operational challenges have been chronicled and described in various press releases of Lydian International. Attached as **Exhibits "E", "F", "G"** and **"H"** are copies of sample press releases announcing the onset of the illegal blockades, the Applicants' efforts to resolve the illegal blockades with the GOA and within the Armenian court system, the commencement and outcome of the ELARD audit, and the GOA's ongoing failure to restore the Lydian Group's access to the site.

(b) The Applicants' Debt Levels

17. As outlined in my Initial Affidavit, at the commencement of the CCAA Proceedings, the Lydian Group had liabilities totaling approximately $395 million, the majority of which related to secured obligations owing under various term loans and streaming obligations to Orion Co IV (ED) Limited, a division of Orion Capital Management, Resource Capital Fund VI L.P. and Osisko Bermuda Limited (collectively, the **"Senior Lenders"**). The Senior Lenders are the Applicants' only secured creditors.

18. Since the commencement of the blockades in 2018, the Applicants have incurred over $137 million in dislocation expenses over two years and have sought further financial support in the form of forbearance arrangements and cash advances from the Senior Lenders exceeding $20 million.

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19. The Forbearance Agreements lapsed in December 2019 and the Applicants commenced these CCAA Proceedings on December 23, 2019.

20. During the CCAA Proceedings, the Senior Lenders agreed to provide DIP financing to the Applicants, totaling approximately $7.009 million to date, in order to enable the Applicants and Non-Applicant Stay Parties to take various steps to preserve their assets and pursue various monetization efforts.

21. Interest on the obligations to the Senior Lenders and the Equipment Financiers (as defined below) has continued to accrue at a rate of between $35-$40 million per year since the commencement of the blockades, with an additional $10-$15 million of annual deferred financing cost accretion. In aggregate, the annual expense for debt related interest and deferred financing cost accretion is between $45-55 million. In addition to debt related expenses, the ongoing operating costs of the Lydian Group have only been financed to date by depleting existing internal sources or through additional financial support from the Senior Lenders.

22. The Lydian Group's obligations to their secured lenders at the end of the first financial quarter in 2020 ("**Q1 2020**") had increased to an aggregate amount of $375.4 million, and have increased further since owing to additional interest accruals and DIP facility advances. Total liabilities at the end of Q1 2020 were $406.8 million.

23. In addition to the Senior Lenders, Lydian has secured obligations to its equipment financiers, CAT, ING and Ameriabank (the "**Equipment Financiers**"). At the commencement of the CCAA Proceedings, the approximate secured debt obligations owing to the Equipment Financiers were $89.9 million. As of Q1 2020 a total of $90.6 million was owed to the Equipment Financiers.

24. A summary of the Lydian Group's total indebtedness (inclusive of amounts owed to the Senior Lenders in their capacity as DIP Lenders) and its major shareholders as of the end of Q1 2020 is provided below:

Entity	Shareholdings	Term Loan	Stream Agreement	Equipment Finance
Orion Mine Finance	88,836,000 shares (11.7%)	US$161.1M		
Resource Capital Funds	243,183,333 shares (32%)	US$27.2M	US$34.6M	
Osisko Gold Royalties Ltd.		US$4.3M	US$57.6M	
Caterpillar Financial Services (UK) Limited				US$26.5M
AB Svensk Exportkredit (publ)				US$53.7M
Ameriabank CJSC				US$10.4M
Total	332,019,333	US$192.6M	US$92.2M	US$90.6M

25. The Applicants are in the process of updating the debt figures above through to May 31, 2020, and have initiated discussions with the Senior Lenders to seek agreement in that regard. The Applicants intend to include updated amounts in the Plan Meeting Order to be filed.

(c) The Applicants' Responses to Financial and Operational Challenges

26. As outlined in my Initial Affidavit and the other affidavits I have sworn in the CCAA Proceedings, the Lydian Group has been attempting to address the catastrophic financial and operational consequences of the ongoing illegal blockades, the GOA's inaction to remove the blockaders from the Amulsar site and the GOA's duplicative and unnecessary environmental audits for over two years. The Lydian Group's efforts in that regard have included the following:

a) attempting to address issues which have resulted in stalled construction at the Amulsar site, including making repeated attempts to engage the GOA on removing the blockaders and restoring access to the site;

b) negotiating settlements for tens of millions of dollars in trade claims based on an abrupt cessation of construction at Amulsar;

c) commencing legal proceedings in Armenia to enforce the rule of law and the removal of the blockaders from the Amulsar site, and participating in protracted appeal procedures with respect to those proceedings;

d) expending significant time and resources to respond to various duplicative and unjustified environmental audits and orders with respect to the Amulsar site, including responding to Armenian litigation in connection with the environmental orders, and actively engaging in the ELARD audit;

e) preparing for the possibility of gaining re-entry to the site and completing construction, including through a refreshed 43-101 Technical Report to support capital raising efforts;

f) defensive and protective measures to stop the erosion of and enforcement on Lydian Armenia's assets, including efforts to winterize the site, negotiating multiple forbearance agreements with all secured lenders, and reaching enforcement settlement agreements with two of Lydian Armenia's Equipment Financiers (CAT and ING);

g) efforts to reduce governance costs, including the cost associated with Lydian International's public platform, by reducing the number of directors and implementing certain governance changes of the subsidiaries of the Lydian Group;

h) obtaining DIP financing from the Senior Lenders to enable the Applicants to continue their efforts in pursuing a transactional outcome for the Lydian Group through the SISP and take steps to preserve enterprise value; and

i) making attempts to monetize the Lydian Group's assets through the SISP and the solicitation process for the financing of the Treaty Arbitration, which are further discussed below.

(d) The Applicants' CCAA Proceedings

27. In December 2019, when the last of the Forbearances Agreements expired, the Applicants sought CCAA protection in order to permit them to stabilize their situation and explore and pursue the best avenues to maximize recoveries for the Lydian Group's stakeholders.

28. The Initial Order was granted on December 23, 2019, and the Stay Period was subsequently extended to January 23, 2020. At the Applicants' motion returnable on January 23, 2020, the Court issued an Amended and Restated Initial Order which, among other things, expanded the Applicants' restructuring capabilities within the CCAA Proceedings. The Stay Period has been extended on various occasions and is currently set to expire on June 30, 2020.

29. On March 11, 2020 (the "**March Stay Extension Motion**"), the Court issued an Order approving BMO's engagement as the Applicants' financial advisor, and approving the DIP Agreement (the "**March Stay Extension Order**"). On April 30, 2020, the Court issued an Order amending the DIP Agreement and extending the stay of proceedings until June 30, 2020 (the "**April Stay Extension Order**"). Copies of the Amended and Restated Initial Order, the March Stay Extension Order and the April Stay Extension Order are attached hereto as **Exhibit "I", "J"** and **"K"**, respectively.

30. The Applicants also sought and obtained a Letter of Request from this Court seeking the assistance of the Royal Court of Jersey (the "**Royal Court**") to assist the Applicants and the Monitor in advancing the Applicants' restructuring proceedings. Following the issuance of the Letter of Request, the Applicants worked with their Jersey counsel to prepare and finalize materials seeking the recognition of the CCAA Proceedings by the Royal Court.

31. On February 25, 2020, the Royal Court issued an order (the "**Recognition Order**") recognizing the Amended and Restated Initial Order in Jersey and granting certain protections to Lydian International and the Monitor in Jersey. On March 17, 2020, the Royal Court published reasons to accompany the Recognition Order. Copies of the Recognition Order and Recognition Reasons are attached hereto as **Exhibits "L"** and "**M**"", respectively

32. Since the commencement of the CCAA Proceedings, the Applicants have engaged in discussions with all secured lenders to the Lydian Group and other stakeholders, and continued their discussions with the GOA in an effort to facilitate an end to the actions which resulted in

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Lydian Armenia's inability to access the Amulsar Project. To date, and despite the Company's best efforts, the Company has not been successful in gaining re-entry to the Amulsar site on any ongoing basis. As a result, the mine site has deteriorated significantly due to numerous factors, including exposure to harsh weather conditions and an inability to take steps to maintain and protect the equipment and structures on the site.

33. In addition (and as described in further detail in Part 3 below and in the affidavit of Mark Caiger sworn June 11, 2020 (the "**BMO Affidavit**"), the Applicants have pursued other monetization efforts including refinancing efforts, a potential sale involving all or part of the Lydian Group through the SISP or a financing of a proposed Treaty Arbitration against the GOA. The SISP process has not resulted in a transaction to date. The solicitation of financing for the Treaty Arbitration was put on hold at the request of the Senior Lenders during the course of the CCAA Proceedings.

34. CAT and ING sought to lift the stay of proceedings in the CCAA Proceedings in order to initiate enforcement steps. In early May, 2020, this Court issued orders lifting the stay of proceedings to enable CAT and ING to take enforcement steps with respect to their equipment. Copies of these orders are attached hereto as **Exhibit "N"** and **"O"**, respectively. CAT and ING are currently in a position to take enforcement steps at any time.

(e) Governance Challenges

35. Following the implementation of the governance changes described in the March Stay Extension Affidavit and the April Stay Extension Affidavit, the majority of the Lydian Group's directors resigned. Additional directors have not yet been appointed to any of the Applicants following consultation with the Lydian Group's senior lenders. Mr Victor Flores and I remain as the only directors of Lydian International, and I remain as the only director of Lydian Canada and Lydian UK.

36. The Lydian Group's D&O insurance coverage has been extended on a month to month basis, with the financial support of the Senior Lenders, since December 31, 2019. The Lydian Group's insurance broker ("**Marsh**") has confirmed that there can be no further extension to the existing D&O insurance coverage beyond June 30, 2020.

37. Marsh has also confirmed that if any replacement D&O insurance coverage were sought: a) it would be assessed under existing underwriting criteria in view of the Lydian Group's deteriorating circumstances; b) the market for similar coverage has tightened considerably since December 2018 when the last D&O insurance was obtained; and c) the market for similar coverage typically only issues insurance for an annual term requiring premiums that are fully paid and non-refundable. Even if replacement D&O insurance coverage were available, it is likely to require a premium payment at or above the prior premium amount, which was ~$975,000 per year.

38. The existing D&O insurance policy provides for the purchase of an extended reporting period of 6 years at a premium expense equal to 150% of the current annual premium. So even buying 'run-off' insurance would cost approximately $1.5 million.

39. The Applicants do not have the financial capacity to buy replacement D&O insurance or 'run-off' insurance. Multiple attempts have been made to negotiate with the Senior Lenders for alternative protections for the Applicants' directors and officers. However, such protections are not available.

40. Therefore, I am not prepared to continue in my current roles beyond the expiry of the current D&O insurance on July 1, 2020. The Monitor has advised that they are not prepared to assume additional governance roles in respect of the Applicants. Accordingly, after June 30, 2020, absent a transition of the Applicants' assets to the Senior Lenders, the Applicants will not have a sufficient number of directors required by the applicable corporate statutes.

(f) Expiration of Senior Lenders' Support

41. As described above, the Senior Lenders have refrained from enforcing on their security for nearly two years. They have funded an additional $20 million to or for the benefit of the Applicants and permitted the Applicants to incur over $137 million in dislocation expenses to preserve and protect their investment in the Amulsar mine and support attempts to realize value for other stakeholders during that time. In April 2020, Orion acting as agent on behalf of the Senior Lenders (the "**Agent**"), advised that a majority of the Senior Lenders were no longer prepared to support independent efforts by the Applicants to seek value from the Lydian Group's assets and were prepared to take enforcement steps with respect to the Lydian Group's property. The Agent

also advised that a majority of the Senior Lenders would not advance any further funds to the Applicants without a commitment by the Applicants to pursue the Exit Plan.

42. Accordingly, the DIP Amendment approved by this Court on April 30, 2020, contains a requirement for the Applicants to provide a term sheet or memo to the DIP Lenders in a form acceptable to Orion and either Osisko or RCF, acting reasonably, that sets out the terms, transactions, steps and timelines for the proposed completion of the Applicants' restructuring and prospective conclusion of the CCAA proceedings, with a view to distributing the shares of Lydian Canada to or for the benefit of Lydian International's Senior Lenders.

43. Since the extension of the Stay Period on April 30, 2020, the Applicants, in consultation with the Monitor, have been in dialogue with the Senior Lenders to establish a mechanism for an orderly transition of the Applicants' affairs going forward. The Applicants are seeking approval to circulate the Plan and hold a meeting of Affected Creditors (which is limited to the Senior Lenders) as they believe it represents the most efficient mechanism to effect an orderly transition of the Lydian Group's affairs and avoids uncoordinated enforcement steps being taken on the Lydian Group's property to the detriment of the Lydian Group's stakeholders generally.

(g) Cease Trade Order

44. As outlined in the Initial Affidavit, Lydian International has had two types of securities listed on the Toronto Stock Exchange ("**TSX**"). The trading of Lydian International's ordinary shares on the TSX was halted shortly after the commencement of the CCAA Proceedings after the Investment Industry Regulatory Organization of Canada was notified by Lydian International's legal counsel of the anticipated CCAA filing on the morning of December 23, 2020. On January 10, 2020, Lydian International issued a press release announcing that it had received notice that the TSX would be delisting Lydian International's ordinary shares effective at the close of market on February 5, 2020. A copy of this press release is attached hereto as **Exhibit "P".** Lydian International did not appeal that decision or seek an alternative listing. Lydian International's ordinary shares were delisted at the close of market on February 5, 2020.

45. As a public company, Lydian International is subject to the regulatory regime imposed on public companies by the Province of Ontario and enforced by the Ontario Securities Commission (the "**OSC**"). Following the delisting of its shares in February 2020, Lydian International became

a "venture issuer" under applicable securities laws, and remained subject to continuous disclosure obligations for all annual and interim filings for 2020, the preparation of which is expensive and time consuming.

46. The Senior Lenders confirmed that they would not fund the costs of Lydian International complying with its public disclosure requirements going forward, and these costs were not included in the DIP financing provided to the Applicants in March and April 2020. Given its extremely limited liquidity, Lydian International was not in a position to continue to comply with its public reporting requirements for 2020.

47. Due to Lydian International's financial constraints, Lydian International alerted the OSC in February 2020 that it was not able to continue with its public disclosure going forward. As a result of the onset of the COVID-19 pandemic, the OSC granted a 45 day extension for any annual or interim filings that were due before June 1, 2020.

48. On June 9, 2020, the OSC issued a cease trade order against Lydian International for its failure to make the required interim filings for the first quarter of 2020. A copy of the Cease Trade Order is attached hereto as **Exhibit "Q"**.

PART 3 - THE APPLICANTS' PREVIOUS EFFORTS TO MONETIZE THEIR ASSETS

49. As described in the Initial Affidavit, the Comeback Affidavit, the March Stay Extension Affidavit and the April Stay Extension Affidavit, the Applicants, in conjunction with BMO, have made extensive efforts to seek refinancing and sale opportunities with respect to the Amulsar Project over the last several years, as well as seeking financial support to pursue the Treaty Arbitration. As described below, these efforts have been unsuccessful to date.

50. In addition, the preparation of the Lydian Group's 43-101 Technical Report involved 4 – 6 months of work across the entire Lydian Group, required in excess of $1.25 million in professional costs and resulted in a substantial improvement to the financial profile of the Amulsar Project.

(a) SISP

51. As described in the Initial Affidavit, the Lydian Group retained BMO in 2018 to canvas potential refinancing or sale options and carry out the SISP. BMO's efforts in carrying out multiple

rounds of the SISP are described in detail in the BMO Affidavit. As set out in the BMO Affidavit, during the initial round of the SISP, BMO contacted 40 parties, including 18 potential strategic counterparties and 22 potential financial counterparties. The 9 parties who signed non-disclosure agreements were provided with access to a virtual data room ("**VDR**") containing financial and operational information about the Lydian Group. Although the 2018 process generated potential interest from several parties, no transaction resulted from it.

52. In the Summer and Fall of 2019, BMO renewed its efforts in connection with the SISP based on the improved financial profile of the Amulsar Project identified in the 43-101 Technical Report and the GOA's statements that they would support the reopening of the Amulsar Project. As described in the BMO Affidavit, during this second round of the SISP, BMO contacted 32 potential counterparties, including 31 potential strategic counterparties (16 of which were also contacted in 2018) and 1 potential financial counterparty. Several counterparties expressed concerns regarding the situation in Armenia, and Lydian Armenia's continued inability to access the Amulsar site.

53. As set out in the BMO Affidavit, [redacted]

54. BMO and the Company continued to engage with the other potential purchaser who came forward during the second round of the SISP. As outlined in the BMO Affidavit, subsequent to the commencement of the CCAA Proceedings, discussions continued between this potential purchaser and one of the Company's secured lenders to determine if a transaction could be implemented, with the support of the Applicants' stakeholders. Those discussions took place over the holiday period in 2019, and continued through the spring of 2020. In early May 2020, it was determined unanimously by the Company's senior lenders that a transaction with this potential purchaser would not be possible.

55. [redacted]

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[redacted]

(b) Treaty Arbitration Financing

56. As outlined in the Initial Affidavit, in October 2019, the Lydian Group, with the assistance of BMO, commenced a process to solicit interest in financing the Treaty Arbitration. The Company sought potential outside financing for the Treaty Arbitration with the concurrence of the Senior Lenders as there was no commitment in place at the time with the Senior Lenders to finance the Treaty Arbitration, or related costs associated with maintaining the Company's operations during any Treaty Arbitration process.

57. BMO contacted 21 potential counterparties to determine their interest in financing the Treaty Arbitration, including established litigation and arbitration financiers with substantial funds under their management**.** BMO also contacted 3 existing shareholders of the Company who had expressed a potential interest in financing the Treaty Arbitration. Parties were provided with access to a VDR containing a selected set of arbitration-related documentation, following execution of a Common Interest Privilege and Confidentiality Agreement. Following the commencement of the CCAA Proceedings, BMO was in contact with 3 additional parties based on inbound inquiries received by the Monitor and the Company.

58. [redacted] However, these expressions of interest were not ultimately developed into a firm proposal for the financing of the Treaty Arbitration.

59. On the basis of input received from the Senior Lenders, and in accordance with the terms of the DIP Agreement, since January 23, 2020, the Applicants and BMO have not taken any material steps to advance the SISP process relating to financing the Treaty Arbitration. [redacted]

(c) Discussions with the GOA

60. As outlined in my Initial Affidavit, commencing in June 2018 and continuing to the present time, Lydian Armenia has been subjected to numerous unlawful and discriminatory actions. The actions increased in number and worsened over time. They have harmed the Lydian Group, prohibited its access to the Amulsar site, effectively stripped it of its previously acquired rights to develop the Amulsar Project, and stopped all construction and operations at the site. Lydian Armenia has been required to fight to i) maintain its current mineral permits and licenses, which were provided in accordance with Armenian requirements; and ii) defend the company's environmental standards and actions, and its reputation in Armenia and internationally.

61. Despite numerous attempts to negotiate a potential return to the Amulsar site with the GOA over the past two years, discussions on access have been unsuccessful and the Company has been unable to secure the GOA's confirmed commitment to permit a return to the site.

(d) Litigation

62. The Applicant's local counsel in Armenia have advised that a proposed class action has been announced in Armenia by eleven minority shareholders of Lydian International as against the GOA and Armenian police, in connection with the failure to remove the blockades from the Amulsar site and the corresponding financial losses resulting from the cessation of all construction activity at the Amulsar Project. The Applicants' local counsel in Armenia have advised that the proposed class action is still in its preliminary stages, and it is uncertain whether the proposed class action will receive any meaningful response from the GOA prior to June 30, 2020. The Applicants have been unable to obtain a copy of the pleadings at this time, but will provide translated copies of the pleadings to this Court when they become available.

PART 4 - SUMMARY OF THE PLAN

63. The Applicants drafted the Plan with the aim of providing an efficient mechanism to transition the Lydian Group's affairs, and avoid uncoordinated enforcement steps that would be taken by the Senior Lenders on the Lydian Group's property to the detriment of the Lydian Group's stakeholders generally. A copy of the Plan is attached hereto as **Exhibit "R".** Any

capitalized terms used in this Part but not otherwise defined have the meanings set out in the Plan.

64. The Plan is finalized in principle and substantially complete but modifications will be made to fill in some details, and a final version of the Plan will be given to Affected Creditors prior to the Meeting.

65. The below summary is not intended to be a comprehensive description of the Plan and readers are advised to review the text of the Plan carefully. In case of any discrepancy between the Plan and the below summary, the text of the Plan shall govern.

66. The Applicants consulted extensively with each of the Senior Lenders and the Monitor in the preparation of the Plan over a course of many weeks.

67. The Plan will be presented to only the Senior Lenders, who are the Applicants' only secured creditors. All of the Applicants' unsecured creditors, including the Equipment Financiers are Unaffected Creditors in the Plan. Equity Claimants of Lydian International are also unaffected by the Plan, however, as further described below, it is intended that the equity interests of Lydian International will be cancelled, extinguished and released as part of the J&E Process (as defined below). As Unaffected Creditors, these groups will not have a right to vote or participate in the Plan.

68. The purpose of the Plan is to (a) implement a corporate and financial restructuring of the Applicants, (b) provide for the assignment or settlement of all intercompany debts owing to the Applicants prior to the Effective Time to, among other things, minimize adverse tax consequences to Lydian Armenia and its stakeholders, (c) provide for the equivalent of an assignment of substantially all of the assets of Lydian International to an entity owned and controlled by the Senior Lenders ("**SL Newco**"), through an amalgamation of Lydian Canada with SL Newco resulting in a new entity ("**Restructured Lydian**"), and (d) provide a release of all of the existing indebtedness and obligations owing by Lydian International to the Senior Lenders. The Plan will result in the privatization of the Lydian Group, to continue as Restructured Lydian.

69. Further, the Plan provides for an orderly wind up, and the financing of such a wind up, of Lydian International and an orderly disposition or winding up, and financing thereof, of the affairs of certain subsidiaries of Lydian International (including Lydian US, Lydian Zoloto,

Lydian Georgia and Georgian Resource Company LLC ("**Lydian GRC**")) which would include the release of all obligations and guarantees of such subsidiaries to the Senior Lenders, if any. The claims of Unaffected Creditors which are not dealt with in the Plan will be addressed through the wind up of Lydian International through a Just and Equitable Winding Up Process under Jersey law, described below (the "**J&E Process**").

70. The Plan would enable the Applicants to terminate the CCAA Proceedings, see Lydian Canada and Lydian UK emerge from the CCAA Proceedings and have the Monitor discharged upon completion of these steps. The Plan contemplates that Restructured Lydian and its shareholders would determine the manner and timing of pursuing any strategy for the remainder of the Lydian Group following the implementation of the Plan.

(a) Steps to Plan

71. For ease of reference, a chart showing the Lydian Group's current corporate structure is attached hereto as **Exhibit "S".** The Plan involves the following material steps:

a) the intercompany debt owed by Lydian Armenia to Lydian US totalling approximately $3.2 million (the "**Armenia-US Interco Debt**") will be assigned by Lydian US to Lydian International, such that Lydian Armenia will owe such indebtedness to Lydian International in exchange for the satisfaction of approximately $3.2 million of an approximate total of $12.7 million intercompany debt owing by Lydian US to Lydian International (the "**US-Jersey Interco Debt**");

b) Lydian US will repay $9 million of the US-Jersey Interco Debt, and Lydian International will repay the entirety of a $9 million intercompany debt it owes to Lydian US (the "**Jersey-US Interco Debt**") by way of set-off;

c) the remainder of approximately $500,000 of the US-Jersey Interco Debt will be transferred and assigned by Lydian International to Lydian US as a capital contribution, without issuance of shares of common stock of Lydian US. The US-Jersey Interco Debt and the Jersey-US Interco Debt shall be fully released and discharged;

d) the amount loaned by Lydian Armenia to Lydian International pursuant to the Plan will be repaid by Lydian International by (i) setting off against the Armenia-Jersey Interco Debt (as defined below) the amount of Post-Implementation Date Expenses (as defined below) actually paid by the Monitor to the beneficiaries thereof, and such amount shall be fully, finally, irrevocably and forever compromised, released, discharged cancelled and barred without any liability, payment or other compensation in respect thereof, and (ii) the Monitor returning any unused funds to Lydian Armenia;

e) Lydian International will assign to Lydian Canada the intercompany debt of approximately $187 million owing by Lydian Armenia to Lydian International (the "**Armenia-Jersey Interco Debt**") (less the amount loaned by Lydian Armenia to Lydian International pursuant to the Plan) and the Armenia-US Interco Debt assigned to Lydian International as set out above in exchange for Lydian Canada issuing common shares of Lydian Canada to Lydian International, in an amount to be determined prior to the Plan being presented to Affected Creditors for a vote, having a fair market value equal to Armenia-Jersey Interco Debt (less the amount loaned by Lydian Armenia to Lydian International pursuant to the Plan) and the Armenia-US Interco Debt;

f) Lydian International will transfer and assign the shares of Lydian Resources Georgia Limited ("**Lydian Georgia**") and the intercompany debt of approximately $2.8 million owed by Lydian GRC to Lydian International (the "**GRC-Jersey Interco Debt**") to a party related Lydian Armenia's Managing Director, who provided GRC with approximately $140,000 last year to permit GRC to avoid default (the "**Lydian Georgia Purchaser**"). As consideration therefor, the Lydian Georgia Purchaser shall, and shall cause Lydian Georgia and Lydian GRC to, release Lydian International and all of the current and former directors and officers of Lydian International, Lydian Georgia and Lydian GRC from any and all claims;

g) Lydian International will transfer and assign all claims of Lydian International against Lydian Canada and any of its subsidiaries to Lydian Canada;

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h) Lydian Canada and SL Newco will be amalgamated by arrangement pursuant to the BCBCA to form Restructured Lydian. The articles and share capital of Restructured Lydian shall be as set out in the Plan;

i) the common shares of Lydian Canada held by Lydian International will be exchanged for the preferred share of Restructured Lydian to be held by Lydian International;

j) the common shares of SL Newco held by Orion will be exchanged for one common share of Restructured Lydian;

k) all obligations of each of SL Newco and Lydian Canada immediately prior to the amalgamation shall attach to Restructured Lydian, and Restructured Lydian shall continue to be liable for them;

l) common shares of Restructured Lydian will be issued to the Senior Lenders in the amounts and proportions set forth in the Plan, as finalized before the Plan is presented to the Affected Creditors for a vote;

m) New Directors will be appointed to the board of directors of Restructured Lydian by the Senior Lenders immediately prior to the Effective Time;

n) New Directors will be appointed to the board of directors of Lydian International by the existing directors of Lydian International immediately prior to the Effective Time;

o) the Restructured Lydian Preferred Share shall be redeemed by Lydian International in accordance with its terms;

p) all Affected Claims and Released Claims shall be fully and finally released, as described below; and

q) Restructured Lydian shall not be an applicant in the CCAA Proceedings and the style of cause in the CCAA Proceedings shall be immediately amended to remove Lydian Canada and Lydian UK as Applicants.

72. The Stream Agreement, the Credit Agreement (including Term Facility B), and the DIP Agreement, as amended, will remain an outstanding obligation of Lydian Armenia with related guarantees from Restructured Lydian and its subsidiaries.

73. The Plan anticipates that the DIP Agreement will be further amended and additional amounts will be advanced to Lydian Armenia (the "**DIP Exit Credit Facilities**") immediately prior to the Plan Implementation Date for the purpose of funding the implementation of the Plan and funding a reserve for the Post-Implementation Date Expenses (the "**Post-Implementation Expenses Reserve**"). The funds advanced under the DIP Exit Credit Facilities will be used to redeem the Restructured Lydian Preferred Share, and the balance of the DIP Exit Credit Facilities constituting the Post-Implementation Date Expenses Reserve shall be transferred to Lydian International and held by the Monitor, solely for the benefit of the Post-Implementation Date Expenses. The Monitor shall pay the Post-Implementation Date Expenses from the Post-Implementation Date Expenses Reserve upon, and in accordance with, receipt by Lydian International of an invoice for payment and written direction by Lydian International to the Monitor.

74. The Plan provides for a Plan Implementation Date on or prior to June 30, 2020.

(b) Treatment of Lydian Entities

75. The Plan contemplates that Lydian International will undergo a process for an orderly wind up through the J& E Process in Jersey, which is outlined below**.** Lydian US and Lydian Zoloto, will also be wound up and dissolved (the costs of which will to be provided for as Post-Implementation Date Expenses), and all other entities of the Lydian Group (other than Lydian Georgia and Lydian GRC) will remain and can be addressed by the Senior Lenders and Restructured Lydian following the Plan Implementation Date.

76. As noted above, Lydian International will transfer and assign the shares of Lydian Georgia and the GRC-Jersey Interco Debt to the Lydian Georgia Purchaser and, Lydian Georgia and Lydian GRC will provide the releases described above.

77. Following the Plan Implementation Date, the existing equity interests of Lydian International will be cancelled, released, and extinguished and will be of no further force and

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effect, provided, however, that after the Effective Time: (i) the existing shareholders of Lydian International and other Equity Claimants with an Equity Claim against Lydian International shall retain their ordinary shares and Equity Claims against Lydian International until the Just and Equitable Winding up of Lydian International is effected, and (ii) the shares of Lydian International's subsidiaries shall remain outstanding and shall continue to be held by the existing holders of such shares, except as otherwise provided in the Plan.

(c) Just and Equitable Winding up of Lydian International

78. Mourant Ozannes LLP ("**Mourant**"), Lydian International's counsel in Jersey, has advised that the most cost-effective and efficient process to follow in order to wind up Lydian International is the J&E Process under Jersey law. I understand that the Royal Court of Jersey (the "**Royal Court**") has the jurisdiction to wind up a company where it is satisfied that it is just and equitable or it is expedient in the public interest that it be wound up.

79. If the Royal Court orders a winding up on just and equitable grounds, then it has wide powers to direct the conduct of the winding up, and may appoint a liquidator, direct the manner in which the winding up is to be conducted, and make such orders as it sees fit to ensure that the winding up is conducted in an orderly manner. Mourant has also advised that it is usual in a just and equitable winding up that all powers formerly exercisable by the directors become exercisable by the liquidator, and that the terms of the order regulating the winding up are otherwise bespoke in nature and can be tailored to suit the circumstances.

80. Mourant has further advised that at a minimum, the liquidator would be carrying out a statutory notification of their appointment to the Jersey Registrar and Lydian International's creditors, and would satisfy themselves of the assets and liabilities of Lydian International (through an initial investigation and assessment process). If necessary, the liquidator can also put into place a process of collecting and distributing assets, declaring a final dividend and reporting to creditors. I understand that Mourant estimates that it will take a month or so to obtain to obtain an order for the just and equitable winding up of Lydian International and the appointment of a liquidator, and a further 2-3 months, or possibly longer, for the liquidator to complete their work. The cost of implementing the J&E Process of Lydian International will form part of the Post-Implementation Date Expenses, as described below.

81. The Applicants intend to work with a liquidator that is selected to tailor the order to suit the Applicants' circumstances, and will provide a draft copy of the liquidation order intended to be sought in the J&E Process prior to seeking an Order of this Court sanctioning the Plan.

82. As noted, the Applicants previously sought and obtained a Letter of Request from this Court seeking the assistance of the Royal Court of Jersey (the "**Royal Court**") to assist the Applicants and the Monitor in advancing the Applicants' restructuring proceedings. Mourant have advised that it would assist the J&E Process if another Letter of Request were issued by this Court, seeking the Royal Court's assistance in the winding-up of Lydian International pursuant to the J&E Process as part of the Plan. If the Plan is approved by the Requisite Majority, I understand that the Applicants will request that this Court issue another Letter of Request in connection with the Sanction Motion.

(d) Releases

83. The Plan provides for certain releases customary in plans of arrangement under the CCAA. The Plan will release:

a) the Applicants, their employees, agents and advisors (including counsel) and each of the members of the Existing Lydian Group's current and former directors and officers (collectively, "**D&Os**") from any and all claims by any person (including, without limitation, holders of equity claims, and the GOA), except for (i) Lydian Canada's or Lydian UK's obligations under the Plan or incorporated into the Plan; (ii) the obligations of any member of the Existing Lydian Group other than the Released Guarantors under the Credit Agreement, the other Loan Documents (as defined in the Credit Agreement), the Stream Agreement, the Stream Documents (as defined in the Stream Agreement), the DIP Agreement and any other agreements entered into in relation to the foregoing, from and after the Plan Implementation Date, (iii) the obligations of any of the Applicants and the subsidiaries of the Restructured Lydian with respect to any Unaffected Claim, and (iv) in the case of the D&Os of the Applicants, those claims that are not permitted to be released pursuant to s. 5.1(2) of the CCAA;

b) the Monitor and its counsel from any and all claims by any person, including, without limitation, in connection with the Plan or the implementation thereof, including any distribution pursuant to the Plan, except for any claims arising from the willful misconduct or gross negligence of the Monitor or other applicable Released Party; and

c) the Senior Lenders and each of their respective affiliates, affiliated funds, their directors, officers, employees, agents and advisors (including counsel) from any and all claims of any person, except for (i) the Senior Lenders' obligations under the Plan or incorporated into the Plan, or (ii) any claims arising from the willful misconduct or gross negligence of the applicable Released Party.

(e) Post-Implementation Date Expenses

84. As noted, the Plan anticipates that the DIP Exit Credit Facilities will fund the Post-Implementation Date Expenses, to be held by the Monitor in the Post-Implementation Date Expenses Reserve and disbursed in accordance with a written direction by Lydian International to the Monitor. The Post-Implementation Date Expenses consist of:

a) all potential costs and expenses (including fees of Lydian International's counsel and Monitor and its counsel) estimated to be incurred and accrued related to any further stay extensions or motions at any time prior to the termination of the CCAA Proceedings;

b) all estimated costs and expenses incurred and accrued up to the termination of the CCAA Proceedings by Lydian International and the other Released Guarantors, including all reasonable and documented fees of their advisors, the Monitor and its counsel and director insurance premiums incurred and accrued up to the termination of the CCAA Proceedings; and

c) the costs and expenses estimated to be incurred in connection with or related to dissolving or winding up Lydian International, Lydian US and Lydian Zoloto,

in each case, as set forth on, and in call cases, subject to the maximums set forth on Schedule "B" to the Plan, and such other amounts as the Senior Lenders may agree in writing.

85. On the Plan Implementation Date, in consultation with the Monitor, an amount equal to the Remaining Post-Implementation Date Expenses shall be paid by Lydian International to the Monitor and held by the Monitor in the Post-Implementation Date Expenses Reserve for the benefit of Lydian International and the parties with Post-Implementation Date Expenses not paid or satisfied on the Plan Implementation Date (the "**Remaining Post-Implementation Date Expenses**") in accordance with Schedule "B" to the Plan. The Monitor will disburse the Remaining Post-Implementation Date Expenses to the parties with Remaining Post-Implementation Date Expenses in accordance with Schedule "B" of the Plan upon receipt by Lydian International of an invoice for payment, a written direction from Lydian International and the written direction to be provided for in the Sanction and Implementation Order. Following payment of all of the Remaining Post-Implementation Date Expenses, the Monitor shall transfer any remaining funds in the Post-Implementation Date Expenses Reserve to Restructured Lydian immediately prior to the date that the CCAA proceedings are terminated.

(f) Conditions to Plan Implementation

86. It is anticipated that the conditions to the implementation of the Plan will be satisfied or waived on or before the Plan Implementation Date, such that the Plan can take effect at the Effective Time that day (the "**Effective Date**").

87. The Plan provides that the following conditions will have been met on or before the Effective Date:

a) the Plan shall have been approved by requisite majority of voting Affected Creditors (majority of voting Affected Creditors representing two-thirds in value of voting Affected Creditors);

b) the amalgamation of Lydian Canada and SL Newco shall have been approved by the shareholders of each of Lydian Canada and SL Newco in accordance with the articles of Lydian Canada and SL Newco, as applicable, and the BCBCA;

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c) the CCAA Court shall have granted the Sanction and Implementation Order sanctioning the Plan substantially in the form agreed with the Applicants and satisfactory to the Monitor;

d) all Post-Implementation Date Expenses incurred and accrued as of the Plan Implementation Date shall have been paid (unless otherwise agreed between the Applicants and the Monitor), and the Applicants, in consultation with the Monitor, shall be satisfied that adequate provision has been made in the Post-Implementation Date Expense Reserve for any Post-Implementation Date Expenses due or accruing due from and after the Plan Implementation Date;

e) the Senior Lenders shall have funded the DIP Exit Credit Facility to Lydian Armenia and the subsequent transfers to Lydian International and the Monitor shall have taken place; and

f) the Plan Implementation Date shall occur on or prior to June 30, 2020.

(g) Meeting Order

88. The proposed Meeting Order authorizes the Applicants to convene a meeting of a single class of creditors (that being the Affected Creditors) to consider and vote on the Plan.

89. The Meeting Order sets out the following timeline:

a) June 19, 2020 at 10:00 a.m. (Toronto time): The date of the Meeting, which is to be held by live video conference;

b) June 22**,** 2020: The latest date by which the Monitor is to file a report with respect to the results of the vote at the Meeting; and

c) June 29, 2020: The date of the Sanction Hearing. Persons intending to oppose the application for a Sanction Hearing (the "**Sanction Motion**") must (i) file and serve a Notice of Appearance by June 19, 2020 and (ii) serve their opposition materials by June 23, 2020.

a. Notification

90. The Meeting Order provides that service by email of a copy of the Meeting Order (when issued) on counsel to all Affected Creditors constitutes good and sufficient service of the Meeting Order, the Plan and the Sanction Motion. The Applicants will also serve the within motion record, containing a copy of the Plan and draft Meeting Order, on the service list, and Lydian International will issue a press release announcing that the Applicants are seeking the issuance of the Meeting Order. The Applicants believe that, in the circumstances, this is an appropriate form of notice because (i) there is a small number of Affected Creditors, all of whom are represented by counsel; and (ii) counsel to the Affected Creditors have been highly engaged in these CCAA Proceedings in general and the development of the Plan in particular. As such, counsel to the Affected Creditors are already familiar with the proposed Meeting, Plan and Sanction Motion and do not require additional notice.

b. Conduct of the Meeting

91. The Meeting Order provides that a representative of the Monitor, designated by the Monitor, will preside as Chair of the Meeting and, subject to any further Order of this Court, will decide all matters relating to the conduct of the Meeting.

92. The only persons entitled to attend the Meeting are the Applicants, their director(s), the Monitor, BMO, the Affected Creditors and their respective legal counsel. Any other person may be admitted to the Meeting on invitation of the Chair or the Applicants.

93. The presence of one Affected Creditor holding an Affected Claim at the Meeting constitutes quorum.

c. Voting

94. The Meeting Order provides for a fair and equitable voting process. The Chair is responsible for directing a vote with respect to the resolution to approve the Plan. The Chair may also direct a vote with respect to any other matter that arises at the Meeting and requires a vote.

95. Only Affected Creditors holding Affected Claims as of the date of the issuance of the Meeting Order are entitled to vote. They are each entitled to one vote equal to the aggregate dollar value of their Affected Claim.

96. If the Applicants, the Monitor, or any Affected Creditor disputes the quantum or validity of an Affected Creditor's Affected Claim (a "**Disputed Claim**"), the holder of the Disputed Claim is nevertheless entitled to one vote equal to the aggregate dollar value of its Affected Claim, without prejudice to the determination of the dollar value of such Disputed Claim for the purposes of the Meeting Order and any distribution. The Monitor is to keep a separate record of votes cast by each holder of a Disputed Claim and will report to the Court with respect thereto.

97. Certain persons are not entitled to vote on the Plan, including holders of Unaffected Claims and Equity Claims.

98. As required by the CCAA, the Plan requires that approval is conditional on an affirmative vote by a majority in number of Affected Creditors representing at least two -thirds in value of the Affected Creditors, in each case who are entitled to vote at the Meeting and who are present and voting on the resolution approving the Plan at the Meeting (the "**Required Majority**").

99. As noted above, the Plan contemplates the amalgamation of Lydian Canada with SL Newco under the BCBCA. Lydian International is the sole shareholder of Lydian Canada.

100. Pursuant to the BCBCA, a special majority of shareholders must pass a special resolution to effect an amalgamation. A special majority is defined in the BCBCA as a majority of at least two-thirds of the votes cast on the special resolution. The BCBCA also permits a company to specify in its articles the special majority of votes that is required for shareholders to pass a special resolution, so long as a special majority consists of at least two-thirds of the votes cast on the resolution. Article 11.2 of Lydian Canada's Articles of Incorporation dated August 28, 2018, a copy of which are attached hereto as **Exhibit "T"**, provide that the votes required for Lydian Canada to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

(h) Sealing

101. My affidavit and the BMO Affidavit contain commercially sensitive information, including the expressions of interest received by BMO through the SISP and solicitation process for the financing of the Treaty Arbitration, and the reasons for why those expressions of interest did not lead to transactions capable of completion. The Applicants are concerned that the GOA or a third party potentially interested in financing the Treaty Arbitration may use the information in my affidavit and the BMO Affidavit to the detriment of the Lydian Group and Restructured Lydian in the future. As a result, the Applicants are seeking that the commercially sensitive provisions of my unredacted affidavit and the unredacted BMO Affidavit, be sealed pending further Order of this Court.

PART 5 - APPROVAL OF MONITOR'S ACTIVITIES

102. I understand that the Monitor will be filing the Fifth Report in connection with the within motion seeking approval of its activities, as detailed in the Fifth Report.

I confirm that while connected via video conference technology, Edward A. Sellers showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid. I confirm that I have reviewed each page of this affidavit with Edward A. Sellers and verify that the pages are identical.

Sworn before me by video conference from the Town of Rosseau, Ontario to the City of Toronto, Ontario, on June 15, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482...

Sanja Sopic
Commissioner for Taking Affidavits

DocuSigned by:
Edward A. Sellers
8E33066161C145B...

EDWARD A. SELLERS

TAB A

EXHIBIT "A"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No.CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

AFFIDAVIT OF EDWARD A. SELLERS
(Sworn January 20, 2020)

I, Edward A. Sellers, of the Town of Rosseau, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Interim President and Chief Executive Officer of the Applicant Lydian International Limited ("**Lydian International**"). I have been the President and Chief Executive Officer of Lydian International since June 12, 2019. I am also a director of the other Applicants in this proceeding. I have been on the Board of Directors of the Applicant Lydian International since November 1, 2018, and went on the Board of Directors of the other Applicants in this proceeding after June 12, 2019.

2. Due to my involvement with the Applicants, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of Lydian International and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary. Where I have relied upon information from others, I believe the information to be true.

3. All references to currency in this affidavit are references to United States dollars, unless otherwise indicated.

4. This affidavit is sworn in support of a motion brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and such proceedings, the "**CCAA Proceedings**") seeking:

a) an Amended and Restated Initial Order providing for certain amendments to the Initial Order substantially in the form of the draft order attached as Tab 3 of the Motion Record, including provisions expanding the Applicants' restructuring capabilities within the CCAA Proceedings, increasing the Administration Charge and adding a Transaction Charge (as defined below) to include the fees payable to the Applicants' financial advisor;

b) an order substantially in the form of the draft order attached as Tab 4 of the Motion Record: (i) extending the stay of proceedings (the "**Stay Period**") in respect of the Applicants and the Non-Applicant Stay Parties to February 25, 2020; (ii) sealing the unredacted version of the BMO Engagement Letter; (iii) approving the Monitor's activities to date; and

c) such further and other relief as the Court deems just.

PART 1 - BACKGROUND AND STATUS OF THE CCAA PROCEEDINGS

5. I repeat and rely on my affidavit sworn December 22, 2019 (the "**Initial Affidavit**") in support of this motion. A copy of the Initial Affidavit (without exhibits) is attached hereto as **Exhibit "A"**.

6. The Applicants are part of a corporate enterprise (the "**Lydian Group**") ultimately owned by Lydian International whose business consists of the exploration and development of a gold mine located in south-central Armenia (the "**Amulsar Project**" or "**Amulsar**").

7. The Applicant Lydian International is a corporation continued under the laws of Jersey from the Province of Alberta, and is the parent corporation of the Lydian Group. The other two Applicants, Lydian Canada Ventures Corporation ("**Lydian Canada**") and Lydian U.K. Corporation Limited ("**Lydian UK**"), are subsidiaries of Lydian International. Due to the complete integration of the business and operations of the Lydian Group, the Applicants also sought and obtained an extension of the stay of proceedings over other members of the Lydian Group, including Lydian Armenia CJSC ("**Lydian Armenia**"), the principal operating subsidiary in the Lydian Group. The corporate structure of the Lydian Group is described in greater detail in the Initial Affidavit. For ease of reference, a copy of the Lydian Group's corporate chart is attached hereto as **Exhibit "B"**.

8. As set out in greater detail in my Initial Affidavit, the Applicants sought, and obtained CCAA protection, on December 23, 2019 due to the confluence of a number of factors, including (i) ongoing illegal blockades at the Amulsar site since June 2018 which prevented Lydian Armenia from accessing the site and completing construction, and caused the Lydian Group to default on its obligations to its lenders, (ii) certain actions and inactions of the Government of Armenia (the "**GOA**"), which continue to prevent the resumption of construction activity at the Amulsar site, despite the findings of audits that Lydian Armenia is in compliance with all environmental requirements, and (iii) the expiration of the Lydian Group's forbearance arrangements with their lenders.

9. As a result of these and other factors described in the Initial Affidavit, the Applicants sought and obtained creditor protection and related relief under the CCAA pursuant to a December 23, 2019 order of this Court (the "**Initial Order**"). Alvarez & Marsal Canada Inc. ("**A&M**") was appointed Monitor of the Applicants (the "**Monitor**") in the CCAA Proceedings. On January 2, 2020, this Court issued an Order extending the Stay Period with respect to the Applicants to January 23, 2020 (the **"Stay Order"**). Copies of the Initial Order and the Stay Order are attached hereto as **Exhibit "C"**, and **"D"**, respectively, and are available, together with all other filings in the CCAA Proceedings, on the Monitor's website for these proceedings at https://www.alvarezandmarsal.com/Lydian.

A. Status of Proceedings

10. Since the granting of the Initial Order on December 23, 2019, the Applicants, with the oversight and assistance of the Monitor, have been working diligently to maintain the stability of their business operations, continue discussions with their senior lenders and other stakeholders, and advance discussions regarding a potential sale involving the Lydian Group or a financing of the Lydian Group's Treaty Arbitration, which is described in the Initial Affidavit.

11. The Applicants' activities since the Initial Order include the following:

(a) making several follow up requests to the GOA to confirm the GOA's intentions with respect to restoring Lydian Armenia's access to the Amulsar site, to which no response was received. During my recent visit to the Amulsar Project with the Monitor, the GOA did not make itself available to meet with Lydian

representatives, and the Applicants are uncertain whether further meetings will occur in the near term;

(b) making repeated requests and engaging in a dialogue with the GOA with respect to regaining access to the Amulsar site to permit winterization to be completed. These efforts were not successful, as the blockaders have refused to permit Lydian Armenia to access the site to complete winterization and the GOA has failed to take action to restore access for this purpose. The Applicants will continue their efforts in this regard and will maintain an advanced state of readiness to effect winterization, including maintaining all necessary supplies and making arrangements with service providers;

(c) responding to information requests from the Lydian Group's lenders regarding a variety of topics including the progress of negotiations with various stakeholders, the Lydian Group's intentions regarding a viable path forward to maximize stakeholder value, the status of the equipment at the Amulsar site and the progress of the strategic sale and investment solicitation process ("**SISP**") and Treaty Arbitration financing process;

(d) advancing discussions relating to a potential purchaser who participated in the SISP carried out by BMO Nesbitt Burns Inc. ("**BMO**"), as further described below;

(e) responding to inquiries from and engaging with various parties who have expressed an interest in financing the Treaty Arbitration, as further described below;

(f) communicating with Ameriabank CJSC ("**Ameriabank**") regarding amounts swept from Lydian Armenia's bank accounts following the CCAA filing;

(g) preparing materials, together with the Monitor, seeking the recognition of the Initial Order and CCAA Proceedings by the Royal Court of Jersey, as further outlined below;

(h) continuing a dialogue with the Lydian Group's insurance broker to understand the potential availability of any D&O insurance coverage beyond January 31, 2020. Following discussions with their D&O insurance providers, the Applicants were able to obtain an initial one month extension of D&O insurance coverage from December 31, 2019 to January 31, 2020. A further one month extension of D&O insurance coverage has been obtained following discussions, which included the Monitor, with the Applicant's D&O insurance providers;

(i) finalizing arrangements with the Applicants' insurance broker to extend coverage for Cost of Construction insurance, including coverage for on-site equipment, until March 31, 2020 in consultation with the Monitor, and advancing discussions with Applicant's insurance broker regarding replacement insurance for asset protection;

(j) meeting with employees in Armenia, together with the Monitor, to explain the CCAA Proceedings and answer any employee questions regarding the path forward;

(k) planning for further cost reductions in consultation with the Monitor, including implementing certain further employee reductions in Armenia which have become necessary due to the circumstances arising from the GOA's failure to restore Lydian Armenia's access to the Amulsar site; and

(l) preparing a cash flow forecast for the period requested for the stay extension, and related financial information on potential scenarios under consideration as part of the path forward, in consultation with the Monitor.

12. In light of timing of the commencement of the Applicants' CCAA Proceedings shortly before the beginning of the 2019 Holiday Season in North America and through the new year in Armenia, and the short extension of the stay of proceedings through to January 23, 2020 granted through the Stay Order, the Applicants have not made definitive decisions regarding the direction of their restructuring and require more time to continue their discussions with their stakeholders and to consider their options to maximize value.

(a) SISP

13. As described in the Initial Affidavit, the Lydian Group retained BMO in 2018 to canvas potential refinancing or sale options and carry out the SISP. The 2018 process generated potential interest from several parties but no transaction resulted from it. In the Fall of 2019, BMO renewed its efforts in connection with the SISP based on the GOA's statements that they would support the reopening of the Amulsar Project. BMO reached out to a broad range of potential strategic and financial counterparties. Several counterparties expressed concerns regarding the situation in Armenia, and Lydian Armenia's continued inability to access the Amulsar site.

14. BMO and the Applicants are reviewing the current status of the SISP and a non-binding draft term sheet setting out a proposal for a transaction with respect to the Amulsar Project. The Applicants and BMO were engaged in discussions with a potential purchaser prior to the commencement of the CCAA Proceedings. Discussions have been ongoing between the potential purchaser and one of the Applicant's secured lenders to determine if a transaction can be implemented, with the support of the Applicants' stakeholders.

15. The Applicants and BMO, with the assistance and oversight of the Monitor, intend to take carriage of those discussions within the current SISP to determine if a viable proposal can be submitted to the Applicants' stakeholders and the Court.

(b) Treaty Arbitration Financing

16. As outlined in the Initial Affidavit, in October 2019, the Lydian Group, with the assistance of BMO, commenced a process to solicit interest in financing the Treaty Arbitration. BMO contacted a variety of established litigation financing companies with substantial funds under their management. Parties were provided with access to a Virtual Data Room ("**VDR**") containing a selected set of arbitration-related documentation, following execution of a Common Interest Privilege and Confidentiality Agreement. Additional parties approached BMO after the commencement of the CCAA Proceedings to seek the opportunity to consider the potential arbitration financing. This solicitation process has generated several non-binding expressions of interest to date. The Applicants and BMO, with the assistance and oversight of the Monitor, intend to continue with the Treaty Arbitration financing solicitation process during the proposed stay extension period.

(c) Jersey Recognition Proceedings

17. On December 23, 2019 the Applicants sought and obtained a Letter of Request from this Court seeking the assistance of the Royal Court of Jersey (the "**Royal Court**") to assist the Applicants and the Monitor in advancing the Applicants' restructuring proceedings. Since the Letter of Request was issued, the Applicants have worked with their Jersey counsel to prepare materials seeking the recognition of the CCAA Proceedings by the Royal Court, and those materials have been finalized as of the date of the swearing of this affidavit. I understand from Jersey counsel that there is a hearing scheduled before the Royal Court on January 24, 2020, at which time the Applicants will be seeking an Order of the Royal Court formally recognizing the CCAA Proceedings in Jersey. The Monitor is filing an affidavit to assist the Jersey Court in connection with the request for recognition, and the form of such affidavit has also been finalized. Applicants will update the Court on developments in that regard on January 23, 2020.

PART 2 - THE AMENDED AND RESTATED INITIAL ORDER

18. The proposed Amended and Restated Initial Order provides for certain amendments to the Initial Order, namely the insertion of certain provisions contained in the standard form template CCAA Initial Order developed by the model order subcommittee of the Commercial List Users' Committee of the Ontario Superior Court of Justice (the "**Model Initial Order**"). These include more fulsome restructuring provisions and provisions expanding the Monitor's rights to assist with the Applicants' restructuring efforts, and the granting of a Transaction Charge (as defined and described below). A blackline comparison showing the proposed amendments to the Model Initial Order is attached at Tab 5 to the Applicant's motion record.

A. Restructuring Provisions

19. At the time the CCAA Proceedings were commenced, the Applicants needed urgent relief to permit them to stabilize their situation and explore the best avenues to maximize recoveries for their stakeholders. As a result, the Applicants did not seek to include certain restructuring provisions from the Model Initial Order in the Initial Order. The Applicants now intend to seek those more expansive restructuring provisions in the Amended and Restated Initial Order in order to enable them to take certain steps that may become necessary during the CCAA Proceedings, including: reducing or shutting down their business or operations, terminating

employees, and pursuing all avenues of refinancing for all or part of the Lydian Group's business, in whole or in part.

20. Further, through the Amended and Restated Initial Order, the Applicants are seeking to expand the Monitor's ability, as contemplated in the Model Initial Order, to advise the Applicants in the development of a Plan of Compromise or Arrangement, hold and administer meeting(s) for voting purposes, as well as returning some of the additional protective language found in the Model Initial Order.

B. Charges

(a) D&O Charge

21. In light of the extension of the Applicants' D&O insurance coverage through to March 2, 2020, the Applicants do not intend to seek an increase in the D& O Charge of USD $200,000 at this time.

(b) BMO Engagement and Transaction Charge

22. The Applicants do not currently anticipate seeking to increase their Administration Charge as it relates to counsel or the Monitor at this time. The Applicants are seeking to expand the Administration Charge to grant protection to the Applicants' financial advisor, BMO. BMO's services in connection with the SISP and the solicitation process for the financing of the Treaty Arbitration were provided pursuant to an engagement letter between BMO and Lydian International, which was most recently amended on October 1, 2019 (the "**BMO Engagement Letter**"). The BMO Engagement letter (in the form to be filed) sets out the scope of BMO's services as financial advisor to Lydian International, and provides for a monthly work fee and a transaction fee payable to BMO upon the completion of a successful sale or refinancing transaction, consisting of a percentage of the transaction value.

23. In order to secure Lydian International's obligations under the BMO Engagement Letter, the Applicants are seeking to increase the Administration Charge to cover BMO's monthly work fee, to the maximum amount of USD$500,000. In addition, the Applicants will also be seeking a charge, in an amount to be determined and disclosed prior to the hearing of this motion (the "**Transaction Charge**") to secure BMO's potential transaction fee payable if a successful

transaction is implemented. The Amended and Restated Initial Order provides that the Transaction Charge shall rank third on the property of the Applicants, and that the unredacted form of the BMO Engagement Letter be sealed.

24. BMOs has worked extensively with Lydian International since its initial engagement and has significant knowledge with respect to the business, operations and finances of the Lydian Group. As noted, BMO has worked diligently to assist the Applicants in carrying out the SISP and the solicitation for the financing of the Treaty Arbitration. BMO's continued involvement will be critical to the successful completion of a transaction as part of the CCAA Proceedings that will maximize value for stakeholders.

PART 3 - STAY EXTENSION

25. Since the Initial Order, the Applicants have continued to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings. To date, the Applicants and their advisors have been largely focused on maintaining operational stability of the Lydian Group, while continuing to engage with lenders and various stakeholders on a viable path forward, including advancing discussions relating to parties interested in pursuing a transactional outcome for the Lydian Group and/or financing the Treaty Arbitration.

26. The Stay Period granted in the Initial Order, as extended through the Stay Order, had the effect of imposing a stay of proceedings until and including January 23, 2020. The Applicants are requesting an extension of the Stay Period until and including February 25, 2020 to provide stability to the Applicants and allow them to continue their efforts to achieve a viable path forward that will maximize recoveries for all stakeholders.

27. During the extended Stay Period through to February 25, 2020, the Applicants will:

(a) attempt to continue discussions with the GOA regarding regaining access to the Amulsar site;

(b) continue negotiating a transactional outcome with a potential purchaser who emerged through the SISP;

(c) continue canvassing financing options for the Treaty Arbitration. As noted, the Applicants have been approached by additional parties potentially interested in

financing the Treaty Arbitration since the commencement of the CCAA Proceedings; and

(d) consider whether to take any steps to advance the Treaty Arbitration.

28. I have been advised that the Monitor will be filing a report, which I understand will include the Applicants' prepared cash flows, demonstrating that the Applicants will have sufficient funds to continue operating through the proposed Stay Period. Funding for the proposed Stay Period includes a continuation of the Applicants' practice of transferring funds from Lydian Armenia (a Non-Applicant Stay Party) to Lydian International (an Applicant) pursuant to the Cash Management System, on an as-needed basis, and may include transfers from other members of the Lydian Group.

29. To the extent that the Applicants will need debtor-in-possession financing to fund the next phase of the CCAA Proceedings, the Applicants will report to the Court on those requirements on February 25, 2020. In the circumstances, I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on January 20, 2020.

Commissioner for Taking Affidavits

Sanja Sopic

Edward A. Sellers

[Exhibits intentionally omitted]

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF EDWARD A. SELLERS
Sworn January 20, 2020

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Lawyers for the Applicants

TAB B

EXHIBIT "B"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No.CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

AFFIDAVIT OF EDWARD A. SELLERS
(Sworn March 10, 2020)

I, Edward A. Sellers, of the Town of Rosseau, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Interim President and Chief Executive Officer of the Applicant Lydian International Limited ("**Lydian International**"). I have been the President and Chief Executive Officer of Lydian International since June 12, 2019. I am also a director of the other Applicants in this proceeding. I have been on the Board of Directors of the Applicant Lydian International since November 1, 2018, and went on the Board of Directors of the other Applicants in this proceeding after June 12, 2019.

2. Due to my involvement with the Applicants, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of Lydian International and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary. Where I have relied upon information from others, I believe the information to be true.

3. All references to currency in this affidavit are references to United States dollars, unless otherwise indicated.

4. This affidavit (the "**Sellers Stay Extension Affidavit**") is sworn in support of a motion brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and such proceedings, the "**CCAA Proceedings**") seeking:

a) an Order substantially in the form of the draft order attached as Tab 3 of the Motion Record,

(i) approving the Engagement Letter between BMO Nesbitt Burns Inc. ("**BMO**") and the Applicants and Lydian Armenia CJSC ("**Lydian Armenia**") dated February 21, 2020 (the "**Revised BMO Engagement Letter**"), increasing the Administration Charge to include BMO's Monthly Fee (as defined and described below) and adding a Transaction Charge to the Amended and Restated Initial Order granted in these proceedings to include BMO's Recapitalization Fee (as defined and described below);

(ii) sealing the Revised BMO Engagement Letter and the Affidavit of Edward Sellers sworn March 10, 2020 describing the terms of the Revised BMO Engagement Letter (the "**Second Sellers BMO Affidavit**"), and continuing to seal the Affidavit of Edward Sellers sworn January 1, 2020 (the "**First Sellers BMO Affidavit**") and the Engagement Letter between BMO and Lydian International dated October 1, 2019 exhibited thereto (the "**BMO Engagement Letter**");

(iii) approving the Applicants' ability to enter into an agreement regarding debtor-in-possession financing (the "**DIP Agreement**") pursuant to which the Applicants will obtain access to a DIP Facility (as defined below) to fund certain obligations of the Applicants and the Non-Applicant Stay Parties through the stay extension period to April 30, 2020**,** which is to be secured by a charge over the Applicants' property ("**DIP Charge");**

(iv) sealing the unredacted DIP Agreement, the unredacted Sellers Stay Extension Affidavit, CAT Settlement and the ING Settlement (as defined below);

(v) extending the stay of proceedings (the "**Stay Period**") in respect of the Applicants and the Non-Applicant Stay Parties to April 30, 2020;

(vi) approving the fees of the Monitor and its counsel;

(vii) sealing Confidential Exhibit "1" attached to the Affidavit of Alan Hutchens sworn March 9, 2020 and Confidential Exhibit "1" attached to the Affidavit of D.J. Miller sworn March 9, 2020, each of which are appended to the Monitor's Third Report to the Court dated March 9, 2020 (the "**Third Report**") and contain unredacted invoices issued by the Monitor and its counsel, respectively; and

(viii) approving the Monitor's activities to date as set out in its Second Report to the Court dated February 28, 2020 and the Third Report; and

b) such further and other relief as the Court deems just.

PART 1 - STATUS OF THE CCAA PROCEEDINGS

5. I repeat and rely on my affidavits sworn December 22, 2019 (the "**Initial Affidavit**") and January 20, 2020 (the "**Comeback Affidavit**") in support of this motion. Copies of the Initial Affidavit and the Comeback Affidavit (without exhibits) are attached hereto as **Exhibit "A"** and **Exhibit "B**", respectively. Capitalized terms not otherwise defined herein are as defined in the Comeback Affidavit.

6. The Applicants' business consists of the exploration and development of a gold mine located in south-central Armenia (the "**Amulsar Project**" or "**Amulsar**"). The Initial Order was granted on December 23, 2019. On January 2, 2020, the Court issued an Order extending the Stay Period with respect to the Applicants and the Non-Applicant Stay Parties to January 23, 2020. At the Applicants' motion returnable on January 23, 2020 (the "**Comeback Motion**"), the Court issued an Amended and Restated Initial Order which, among other things, expanded the Applicants' restructuring capabilities within the CCAA Proceedings, granted additional protections to the Monitor and extended the Stay Period with respect to the Applicants and the Non-Applicant Stay Parties until March 2, 2020. At the Applicants' motion returnable on March 2, 2020, this Court further extended the Stay Period to March 11, 2020. A copy of the Amended and Restated Initial Order is attached hereto as **Exhibit "C",** and is available, together with all other filings in the CCAA Proceedings, on the Monitor's website for these proceedings at https://www.alvarezandmarsal.com/Lydian.

A. The Applicants' Activities Since the Comeback Motion

7. Since the granting of the Amended and Restated Initial Order, the Applicants, with the oversight and assistance of the Monitor, have been working diligently to maintain the stability of their business operations, continue discussions with their senior lenders and other stakeholders, and advance discussions regarding a potential sale involving the Lydian Group. On the basis of input received from the Lydian Group's senior lenders, since the Comeback Motion the Applicants have not taken any material steps to advance the solicitation process for the financing of the Lydian Group's Treaty Arbitration.

8. The Applicants' activities since the Comeback Motion include the following:

(a) attempting to engage in a further dialogue with the GOA with respect to regaining access to the Amulsar site;

(b) finalizing materials, together with the Monitor, seeking the recognition of the Initial Order, Amended and Restated Initial Order and CCAA Proceedings by the Royal Court of Jersey, as further outlined below;

(c) communicating and meeting with the Lydian Group's lenders regarding a variety of topics including the progress of negotiations with various stakeholders, the lenders' position regarding a viable path forward to maximize stakeholder value for the Lydian Group, the status of the equipment at the Amulsar site and the progress of the SISP;

(d) negotiating the DIP Agreement with the Applicants' senior lenders;

(e) continuing to advance discussions with respect to implementing a transaction with a potential purchaser who participated in the SISP, as further described below;

(f) communicating with one of the Applicants' equipment lessors, Caterpillar Financial Services (UK) Limited ("**CAT**") in response to the objection (the "**CAT Objection**") filed in connection with the Comeback Motion, objecting to the Applicants' request to extend the stay of proceedings, on the basis that CAT seeks to take immediate possession of its equipment located at the Amulsar Project. The

CAT Objection was scheduled to be heard on March 5, 2020. The Applicants have reached a consensual resolution to the CAT Objection (the "**CAT Settlement**"), a copy of which will be filed under seal with this Court;

(g) preparing materials to respond to CAT's documentary production requests in connection with the CAT Objection, and preparing for potential cross-examinations, as outlined below;

(h) communicating with another equipment lessor of the Applicants, ING Bank N.V, and AB Svensk Exportkredit (publ) ("**ING**") regarding the proposed treatment of ING's equipment located at the Amulsar Project during the pendency of the CCAA Proceedings;

(i) communicating with the Lydian Group's insurance broker regarding extending the Course of Construction insurance coverage for the equipment on the Amulsar site beyond March 31, 2020, or obtaining substitute asset insurance coverage. I understand that although a few markets initially expressed interest in providing substitute asset insurance coverage, a combination of a hardening insurance market affecting all property risks globally, hesitancy to underwrite risks in Armenia and the fact the project has been stalled for more than 18-months have proven to be challenging factors in obtaining replacement insurance. The Applicants continue to pursue insurance options;

(j) continuing a dialogue with the Lydian Group's insurance broker to understand the potential availability of any D&O insurance coverage beyond March 2, 2020. Following discussions with their D&O insurance providers, the Applicants were able to obtain a 14-day extension of D&O insurance coverage from March 2, 2020 to March 16, 2020. I understand a further extension is available through the proposed extension of the Stay Period, provided various conditions are met, including financial support for the Applicants through the proposed extension of the Stay Period;

(k) implementing certain governance changes with respect to certain subsidiaries of the Applicants in the British Virgin Islands and Lydian Armenia, as further described below;

(l) engaging in a dialogue with the Lydian Group's lenders, equipment financiers and counsel in Canada, the United Kingdom and Armenia in order to determine the most efficient way to streamline the Applicants' governance structure**;**

(m) completing audited year-end financial reporting and making public markets disclosure as required by Reporting Issuers subject to Canadian securities laws;

(n) making arrangements to close the Denver office of the Lydian Group and source alternative resources and support to continue with adequate levels of financial control and reporting for the Lydian Group during the proposed extension of the Stay Period; and

(o) preparing a cash flow forecast for the period requested for the stay extension, and related financial information on potential scenarios under consideration as part of the path forward, in consultation with the Monitor.

9. As will be outlined below, the Applicants implemented certain governance changes with respect to the Applicants' subsidiaries in the British Virgin Islands, as well as Lydian Armenia. These governance changes became effective on February 21, 2020.

10. Further, the Applicants intend to implement additional governance changes with respect to other members of the Lydian Group. The changes are described below.

11. The Applicants continue to engage in discussions with their lenders regarding a viable path forward to maximize stakeholder value. To that end, the Applicants have been advancing discussions with a purchaser who emerged through the SISP (the "**SISP Party**").

12. Due to their inability to access additional liquidity generally, the Applicants will require DIP financing in order to continue their efforts in pursuing a transactional outcome for the Lydian Group and pursue other steps beyond March 11, 2020. As will be described in greater detail below, the Applicants' secured lenders, being Orion Co IV (ED) Limited, a division of Orion Capital Management ("**Orion**") Resource Capital Fund VI L.P. ("**RCF**") and Osisko Bermuda

Limited ("**Osisko**") (collectively, the "**DIP Lenders**"), have agreed to provide the Applicants with a DIP Facility to support the Applicants through to the requested extension of the Stay Period to April 30, 2020.

(a) Jersey Recognition Proceedings

13. On December 23, 2019, as amended on January 23, 2020, the Applicants sought and obtained a Letter of Request from this Court seeking the assistance of the Royal Court of Jersey (the "**Royal Court**") to assist the Applicants and the Monitor in advancing the Applicants' restructuring proceedings. Since the Letter of Request was issued, the Applicants have worked with their Jersey counsel to prepare and finalize materials seeking the recognition of the CCAA Proceedings by the Royal Court, including supporting affidavits from the Applicants' Canadian counsel and the Monitor and providing notification of the recognition proceedings to Lydian International's creditors, in accordance with the requirements of Jersey law. On February 25, 2020, the Royal Court issued an Order (the "**Recognition Order**"), ordering that the Amended and Restated Initial Order be recognized and given effect to provide that:

a) Alvarez & Marsal Canada Inc. shall be appointed as Monitor of Lydian International, with such appointment to be registered in the rolls of the Royal Court and the appointment of the Monitor notified to the Jersey Financial Services Commission;

b) Lydian International is to remain in possession of its current and future assets, undertakings and properties of every nature and kind whatsoever in Jersey;

c) subject to further order of the Ontario Court (as defined in the Recognition Order), Lydian International shall continue to carry on its business in a manner consistent with the preservation of its business and property; and

d) no proceeding or enforcement process in or out of any court or tribunal be commenced or continued against or in respect of Lydian International, or affecting its business or the property, except with the written consent of Lydian International and the Monitor, or with leave of the Ontario Court.

14. The Recognition Order further provides that reasons will be set out in a judgment to be delivered by the Deputy Bailiff at a later date, which the Applicants have not yet received. A copy of the Recognition Order is attached hereto as **Exhibit "D"**.

(b) CAT Objection

15. On January 22, 2020, CAT filed an objection in connection with the Comeback Motion, for the purpose of initiating steps to enforce on equipment supplied to Lydian Armenia currently located at the Amulsar site (the "**CAT Equipment**"). On January 22, 2020, I swore an affidavit in response to the CAT Objection (the "**CAT Responding Affidavit**"). The parties agreed to adjourn the hearing of the CAT Objection pending the next hearing (which was then scheduled to occur on March 2, 2020), and to provide the parties an opportunity to discuss potential resolution of the CAT Objection.

16. On January 27, 2020, CAT's counsel sought the production of certain documents in anticipation of conducting a cross-examination on the CAT Responding Affidavit. The Applicants worked with their counsel to compile the necessary documentation to respond to CAT's production request and to prepare for potential cross examinations.

17. On February 19, 2020, CAT filed a Supplementary Motion Record in connection with the CAT Objection, (the "**CAT Reply Materials**").

18. Following further discussions between the Applicants, CAT, and the Lydian Group's senior lenders, the Applicants and CAT have reached a consensual resolution regarding the CAT Objection. I understand that pursuant to the CAT Settlement, CAT has agreed that the CAT Equipment can stay at the Amulsar site [redacted]. The terms of the CAT Settlement are confidential and will be filed under seal with the Court.

19. During our Court attendance on January 23, 2020, counsel for ING advised that their client would also be opposing future stay extensions and he anticipated delivering motion materials similar to the CAT Objection. While motion materials were not ultimately delivered, the Applicants have also reached a resolution with ING (the "**ING Settlement**") which would ensure their support [redacted]. The terms of the settlement with ING are confidential and will be filed under seal with the Court.

(c) Governance Changes Implemented to Date

20. The corporate structure of the Lydian Group on the date of the commencement of the CCAA Proceedings (the "**Filing Date**") was described in detail in my Initial Affidavit. For ease of reference, a copy of the Lydian Group's corporate chart as of the Filing Date is attached hereto as **Exhibit "E"**.

21. In mid-February 2020, the Applicants became aware of material potential director or officer liability arguments under Armenian law.

22. In order to address this risk, and to ensure that there was continuing financial support for payment obligations which were or may be incurred by Lydian Armenia, the following governance changes were implemented with respect to the Lydian Group:

a) William Dean, Hayk Aloyan and I, as the three directors of Lydian International Holdings Limited ("**Lydian Holdings**"), a corporation incorporated under the laws of the British Virgin Islands which is a direct, wholly-owned subsidiary of Lydian UK, resigned. 11910728 Canada Inc.("**DirectorCo**"), a corporation incorporated under the laws of the *Canada Business Corporations Act*, which is a direct, wholly-owned subsidiary of Lydian Canada, was appointed as the sole director of Lydian Holdings, in accordance with the corporate law requirements of the British Virgin Islands. I am the sole officer and director of DirectorCo;

b) William Dean, Hayk Aloyan and I, as the three directors of Lydian Resources Armenia Limited ("**Lydian Resources**"), a corporation incorporated under the laws of the British Virgin Islands which is a direct, wholly-owned subsidiary of Lydian Holdings and wholly owns Lydian Armenia, resigned. DirectorCo was appointed as the sole director of Lydian Resources;

c) all directors and officers of Lydian Armenia, other than the Managing Director Hayk Aloyan, resigned in their capacities as directors and officers, though they remained employees of Lydian Armenia, if so employed. DirectorCo was named the sole shareholder representative for Lydian Armenia in accordance with Armenian law requirements. This enables DirectorCo to exercise authority as shareholder of Lydian Armenia. Mr. Aloyan retained his officer role as Managing

Director, subject to the direction of DirectorCo as shareholder representative of Lydian Resources.

23. An updated version of the Lydian Group's corporate chart, which reflects these changes, is attached hereto as **Exhibit "F"**.

24. The above governance changes are intended to address the potential liability issues arising under Armenian law referred to above while leaving the powers to direct Lydian Armenia's activities within the existing chain of authority below Lydian International.

(d) Upcoming Governance Changes

25. As noted, the Applicants sought and were able to obtain a 14-day extension of D&O insurance coverage from March 2, 2020 to March 16, 2020.

26. The Applicants considered their governance needs in each jurisdiction where members of the Lydian Group are incorporated, being Jersey, Canada, the United Kingdom, the British Virgin Islands and Armenia. Following this review and extensive consultations with the senior lenders, it is anticipated that the following governance changes will occur prior to advances being available under the proposed DIP Agreement:

a) I will continue to serve as Interim President and Chief Executive Officer of Lydian International through the proposed extension of the Stay Period to April 30, 2020;

b) the members of the existing Board of Directors of Lydian International, other than Victor Flores and I, will resign;

c) the other directors and officers of Lydian Canada and Lydian UK, will resign. I will stay on as director, and Victor Flores will also be appointed as a director of those entities;

d) Victor Flores will also be appointed a director of DirectorCo; and

e) A third director may also be appointed in the future to one or more of the boards of Lydian International, Lydian Canada, Lydian UK and DirectorCo following consultation with the Lydian Group's senior lenders.

27. I have been advised a further extension of the D&O insurance coverage is available for the ongoing directors and officers through the proposed extension of the Stay Period to April 30,

2020, provided various conditions are met, including financial support being available to the Applicants through the proposed extension of the Stay Period. I understand that the Monitor will be filing a report in connection with the within motion, showing that the DIP Facility will provide the necessary financial support to the Applicants through to April 30, 2020.

(e) SISP

28. BMO and the Applicants, in consultation with their lenders, are continuing to engage and advance discussions with the SISP Party.

(f) Communication to the Court by Members of the Armenian Environmental Front Civil Initiative

29. I understand that early on February 28, 2020, the Monitor received an email from Arpine Galfayan, on behalf of the Armenian Environmental Front ("**AEF**") Civil Initiative. Attached to the email was a letter to the Court (the "**AEF Letter**") from certain individuals who identify themselves as Armenian citizens and members of the AEF Civil Initiative, which they describe as a volunteer environmental watchdog group. It appears that the email and AEF Letter were also emailed directly to the Court, without being served on the service list. A copy of the AEF Letter, with the enclosure referred to therein, is attached hereto as **Exhibit "G"**.

30. In short, the AEF Letter alleges that there were certain factual misrepresentations contained in my Initial Affidavit, including with respect to (i) the April 10, 2019 ruling issued by Armenia's Administrative Court concluding that the blockaders had trespassed on Lydian Armenia's property, and issuing an order directing the police to remove the trespassers and their property from Lydian Armenia's land (the "**Removal Order**"), an English translation of which was attached to the Initial Affidavit, and which is attached again hereto as **Exhibit "H",** and (ii) the findings contained in the August 7, 2019 report of Earth Link and Advanced Resources Development ("**ELARD**"), following the environmental audit conducted by ELARD in 2019. The AEF Letter also implies that Lydian Armenia inappropriately entered into a settlement agreement with the Jermuk Health Centre CJSC (the "**Jermuk Health Centre**") related to the termination of a long term lease agreement.

31. The Applicants have provided extensive and detailed documentation to the Monitor addressing the points raised in the AEF Letter, much of which is technically complex. I did not

have time to sit with the Monitor to take them through the materials or swear a responding affidavit, but will turn to it promptly after the hearing of the extension motion.

PART 2 - RELIEF REQUESTED BY THE APPLICANTS

A. BMO Engagement and Transaction Charge

32. As outlined in the Comeback Affidavit, BMO's services in connection with the SISP were provided pursuant to the BMO Engagement Letter. The Applicants filed a copy of the BMO Engagement Letter under seal with this Court in connection with the Comeback Motion, as an exhibit to the First Sellers BMO Affidavit. At the Comeback Motion, the Applicants advised the Court that the issue of the BMO Engagement Letter would be determined at a later date. The Applicants, with the Monitor's assistance, were able to continue discussions with their senior lenders and a consensus was reached on the terms of the relief being sought by the Applicants relating to the BMO Engagement Letter.

33. The BMO Engagement Letter was amended on February 21, 2020 to address this arrangement and add additional members of the Lydian Group as signatories (the "**Revised BMO Engagement Letter**"). The Revised BMO Engagement letter sets out the scope of BMO's services as financial advisor to the Applicants, and provides for a monthly work fee (the "**Monthly Fee**") and a transaction fee payable to BMO upon the completion of a successful sale or refinancing transaction, consisting of a percentage of the transaction value (the "**Recapitalization Fee**"). .

34. In order to secure the Applicants' obligations under the Revised BMO Engagement Letter, the Applicants are seeking to increase the Administration Charge to the maximum total amount of $500,000 to secure the Monthly Fee and add the Transaction Charge to secure the Recapitalization Fee, to the maximum total amount of $4,500,000. The Administration Charge and the Transaction Charge shall not apply to the equipment financed by the equipment financiers, including CAT and ING. I understand the Applicants' senior lenders are supportive of the increase to the Administration Charge and the granting of the Transaction Charge.

35. BMO has worked extensively with the Applicants since its initial engagement and has significant knowledge with respect to the business, operations and finances of the Lydian Group. As noted in the Comeback Affidavit, BMO has worked diligently to assist the Applicants in carrying out the SISP and the solicitation for the financing of the Treaty Arbitration. Since the

Comeback Motion, BMO has worked with the Applicants to advance discussions with the SISP Party. BMO's continued involvement will be critical to the successful completion of a transaction as part of the CCAA Proceedings that will maximize value for stakeholders.

36. I have sworn a further affidavit (the "**Second Sellers BMO Affidavit**")in connection with the Applicants' request attaching the Revised BMO Engagement Letter as an exhibit, which will also be filed under seal. Due to the commercially sensitive nature of the information contained in the engagement letters between BMO and Lydian International, and consistent with what I am advised is BMO's past practice, the Applicants are seeking the approval and sealing of the Revised BMO Engagement Letter, and the sealing of the Second Sellers BMO Affidavit and exhibits thereto, pending further Order of this Court. The Applicants are also seeking a continuation of the sealing of the First Sellers BMO Affidavit. I note that in connection with the sealing order for the First Sellers BMO Affidavit and the BMO Engagement Letter granted at the Comeback Motion, Chief Justice Morawetz noted in his endorsement (the "**Comeback Endorsement**") that "I am satisfied that these two documents contain sensitive commercial information, the disclosure of which could be harmful to the stakeholders and as such these documents are to be sealed pending further order." A copy of the Comeback Endorsement is attached hereto as **Exhibit "I".**

B. DIP Agreement Approval and DIP Charge

37. As was demonstrated by the cash flow forecast filed with the Initial Affidavit, and is set out in the Monitor's First Report dated January 21, 2020 (the "**First Report**"), a copy of which is attached hereto as **Exhibit "J"**, at the time of the Comeback Motion, and the updated cashflows filed in respect of the March 2, 2020 motion, the Applicants identified that interim financing would be required beyond March 11, 2020.

38. The Applicants, in consultation with the Monitor, prepared an updated 13-week cash flow forecast for the period between March 6, 2020 to May 1, 2020, which illustrates that the Applicants will require financing in order to continue operations through the extension of the Stay Period to April 30, 2020.

39. As set out in the Initial Affidavit, in January 2019, certain of the Applicants' lenders, including Orion and RCF, committed to make available an additional amount of up to $18.56

million to fund Lydian Armenia through to December 20, 2019 ("**Term Facility B**"). As of the Filing Date, approximately $12 million has been drawn under Term Facility B.

40. The Applicants and their counsel, in consultation with the Monitor, have negotiated an amendment to the Term Facility B (as amended, the "**DIP Agreement**") pursuant to which the Applicants will obtain access to an additional amount [redacted] (the "**DIP Facility**") to be provided as additional draws under the Term Facility B. A copy of the unredacted DIP Agreement is attached hereto as **Confidential Exhibit "K"**.

41. Given the current structure of Term Facility B and the Cash Management System as previously described in the Initial Affidavit, funds made available through Lydian Armenia facilities are available to be transferred to and used by the Applicants. Funding for the proposed extension of the Stay Period includes a continuation of the Applicants' practice, as outlined in the Initial Affidavit, of transferring funds from Lydian Armenia (a Non-Applicant Stay Party) to Lydian International (an Applicant) pursuant to the Cash Management System, on an as-needed basis, and may include transfers from other members of the Lydian Group. In accordance with original loan structure in Term Facility B, the Applicants are not borrowers under the DIP Facility, but participate as guarantors of the DIP Facility.

42. The material terms of the DIP Agreement are set out below:

Borrower: Lydian Armenia;

Lenders: Orion, RCF and Osisko;

Guarantors: the Applicants, Lydian Holdings, Lydian Resources, Lydian US Corporation, Kavkaz Zoloto CJSC, Lydian Resources Georgia Limited, Lydian Resources Kosovo Limited, Georgian Resource Company LLC;

Facility Amount: a non-revolving credit facility up to a maximum amount of [redacted];

Availability: DIP Facility is available to be drawn until it matures;

Maturity: DIP Facility matures at the earlier of (i) the occurrence of any Additional Event of Default (as described in the DIP Agreement), (ii) [redacted] and (iii) the date of a Change of Control (as defined in Term Facility B);

Conditions: [redacted];

Interest Rate: 15% per annum; and

Charge: amounts owing under the DIP Facility are proposed to have a fourth-ranking Court-ordered charge on the Property of the Applicants (the "**DIP Charge**").

43. The DIP Facility is expected to provide sufficient liquidity to allow the Applicants to pay for obligations incurred and scheduled to be paid through [redacted]. In addition, as reflected in the DIP Agreement, the Maximum DIP Amount may be increased by an amount not to exceed a [redacted] in the aggregate on account of reasonable additional costs incurred relating to the period between March 10, 2020 [redacted] and the parties shall determine the quantum of such reasonable additional costs by no later [redacted] This is intended to address ordinary course obligations being incurred by the Applicants during the proposed extension of the Stay Period. Accordingly, the Applicants seek an order authorizing and empowering them to guarantee the DIP Agreement, in order to make the DIP Facility available for the purpose of financing their operations [redacted]

44. The DIP Agreement contains commercially sensitive information, including [redacted]

[redacted]

C. Approval of Monitor's Fees and Activities

45. I understand that the Monitor will be filing the Third Report in connection with the within motion seeking approval of its activities, as detailed in the Second Report of the Monitor dated February 26, 2020 and the Third Report, as well as the Monitor's fees since the commencement of the CCAA Proceedings. The Applicants have reviewed the fees of the Monitor and its counsel and support of the payment of the same.

D. Stay Extension

46. Since the Comeback Motion, the Applicants, with the oversight and assistance of the Monitor, have been largely focused on maintaining operational stability of the Lydian Group, while continuing to engage with lenders and various stakeholders on a viable path forward, [redacted]

47. The Applicants are requesting an extension of the Stay Period until and including April 30, 2020 to provide stability to the Applicants and allow them to continue their efforts to achieve a viable path forward that will maximize recoveries for all stakeholders. During the extended Stay Period through to April 30, 2020, [redacted]

48. I have been advised that the Monitor will be filing a report, which I understand will include the Applicants' prepared cash flows, demonstrating that the DIP Facility is expected to provide the Applicants with sufficient funding to continue operations through to the requested extension of the Stay Period to April 30, 2020.

49. Since the granting of the Amended and Restated Initial Order, the Applicants have continued to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings, and will continue to do so during the proposed extension of the Stay Period through to April 30, 2020.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on March 10, 2020.

Commissioner for Taking Affidavits

Sanja Sopic

Edward A. Sellers

[Exhibits intentionally omitted]

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF EDWARD A. SELLERS
Sworn March 10, 2020

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Lawyers for the Applicants

TAB C

EXHIBIT "C"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No.CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

AFFIDAVIT OF EDWARD A. SELLERS
(Sworn April 27, 2020)

I, Edward A. Sellers, of the Town of Rosseau, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Interim President and Chief Executive Officer of the Applicant Lydian International Limited ("**Lydian International**"). I have been the President and Chief Executive Officer of Lydian International since June 12, 2019. I am also a director of the other Applicants in this proceeding. I have been on the Board of Directors of the Applicant Lydian International since November 1, 2018, and went on the Board of Directors of the other Applicants in this proceeding after June 12, 2019.

2. Due to my involvement with the Applicants, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of Lydian International and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary. Where I have relied upon information from others, I believe the information to be true.

3. All references to currency in this affidavit are references to United States dollars, unless otherwise indicated.

4. This affidavit (the "**April Stay Extension Affidavit**") is sworn in support of a motion brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and such proceedings, the "**CCAA Proceedings**") seeking:

a) an Order substantially in the form of the draft order attached as Tab 3 of the Motion Record,

(i) extending the stay of proceedings (the "**Stay Period**") in respect of the Applicants and the Non-Applicant Stay Parties to June 30, 2020;

(ii) approving amendments (the "**DIP Amendment**") to the Applicants' debtor-in-possession financing agreement approved by this Court on March 11, 2020 (the "**DIP Agreement**") to provide for an increase in the Applicants' DIP Facility (as defined below) to fund certain obligations of the Applicants and the Non-Applicant Stay Parties through the stay extension period to June 30, 2020, to be secured by the DIP Charge previously approved by this Court on March 11, 2020 ("**DIP Charge**");

(iii) sealing the unredacted DIP Amendment;

(iv) sealing the unredacted April Stay Extension Affidavit, and any unredacted supplementary affidavit, to be filed;

(v) approving the fees of the Monitor and its counsel, as detailed in the affidavit of Alan Hutchens to be sworn and the affidavit of D.J. Miller to be sworn, each of which are appended to the Monitor's Fourth Report to the Court, to be filed (the "**Fourth Report**");

(vi) approving the Monitor's activities to date as set out in its Third Report to the Court dated March 10, 2020 and the Fourth Report; and

b) such further and other relief as the Court deems just.

PART 1 - STATUS OF THE CCAA PROCEEDINGS

5. I repeat and rely on my affidavits sworn December 22, 2019 (the "**Initial Affidavit**"), January 20, 2020 (the "**Comeback Affidavit**"), and March 10, 2020 (the "**March Stay Extension Affidavit**") in support of this motion. Copies of the Comeback Affidavit and the redacted March Stay Extension Affidavit (without exhibits) are attached hereto as **Exhibit "A"** and **"B"**

respectively. Capitalized terms not otherwise defined herein are as defined in the Comeback Affidavit. A copy of the Initial Affidavit is available, together with all other filings in the CCAA Proceedings, on the Monitor's website for these proceedings at https://www.alvarezandmarsal.com/Lydian.

6. The Applicants' business consists of the exploration and development of a gold mine located in south-central Armenia (the "**Amulsar Project**" or "**Amulsar**"). The Initial Order was granted on December 23, 2019, and the Stay Period was subsequently extended to January 23, 2020. At the Applicants' motion returnable on January 23, 2020 (the "**Comeback Motion**"), the Court issued an Amended and Restated Initial Order which, among other things, expanded the Applicants' restructuring capabilities within the CCAA Proceedings, granted additional protections to the Monitor and extended the Stay Period with respect to the Applicants and the Non-Applicant Stay Parties until March 2, 2020, which was subsequently extended to March 11, 2020. On March 11, 2020 (the "**March Stay Extension Motion**"), the Court issued an Order approving BMO's engagement as the Applicants' financial advisor, approving the DIP Agreement, and extending the stay of proceedings until April 30, 2020 (the "**March Stay Extension Order**"). Copies of the Amended and Restated Initial Order and the March Stay Extension Order are attached hereto as **Exhibit "C"** and **"D"**, respectively.

A. The Applicants' Activities Since the March Stay Extension Motion

7. Since the granting of the March Stay Extension Order, the Applicants, with the oversight and assistance of the Monitor, have been working diligently to maintain the stability of their business operations, continue discussions with their senior lenders and other stakeholders, and advance discussions regarding a potential sale involving the Lydian Group.

8. The Applicants' activities since the March Stay Extension Motion include the following:

(a) attempting to engage in a further dialogue with the GOA with respect to regaining access to the Amulsar site, [redacted]

(b) communicating and meeting with BMO and the Lydian Group's lenders regarding a variety of topics including the progress of negotiations with various

stakeholders, the lenders' position regarding a viable path forward to maximize stakeholder value for the Lydian Group, and the progress of the SISP;

(c) [redacted]

(d) continuing to advance discussions with respect to implementing a transaction with the SISP Party, as defined and further described below;

(e) negotiating the DIP Amendment with the Applicants' senior lenders;

(f) communicating with the Lydian Group's insurance broker regarding the availability of an extension of the Applicants' Third Party Liability and Political Violence insurance coverage. Following these discussions, the Applicants were able to obtain an extension of coverage until June 30, 2020;

(g) making efforts to obtain an extension of the Applicants' Course of Construction insurance coverage for the equipment on the Amulsar site beyond March 31, 2020, or obtain substitute asset insurance coverage. However, these efforts were unsuccessful due to a combination of a hardening insurance market affecting all property risks globally, hesitancy to underwrite risks in Armenia and the fact the Project has been stalled for more than 18-months. The Applicants' Course of Construction insurance coverage lapsed on March 31, 2020. The Monitor and the Lydian Group's secured lenders were kept informed at material points through the attempted renewal process;

(h) continuing a dialogue with the Lydian Group's insurance broker to understand the potential availability of any D&O insurance coverage beyond May 1, 2020. These discussions remain ongoing;

(i) as contemplated in the March Stay Extension Affidavit, implementing certain governance changes with respect to Lydian International, Lydian Canada and Lydian UK, as further described below;

(j) prior to the hearing of the March Stay Extension Motion, Lydian International completed its audited year-end financial reporting and public markets disclosure as required by Reporting Issuers subject to Canadian securities laws. Due to the onset of the COVID-19 pandemic, the Ontario Securities Commissions (the "**OSC**") has granted a 45 day extension for any annual or interim filings that are due before June 1, 2020. As a result of this extension, and due to Lydian International's financial constraints, Lydian International has alerted the OSC that it is not able to continue with its public markets disclosure going forward. Lydian International and the Monitor will be keeping stakeholders and the public updated about the Applicant's financial status through the CCAA proceedings;

(k) closing the Denver office of the Lydian Group, transferring substantially all corporate functionality formerly performed in Denver to Lydian Armenia personnel and establishing virtual office connectivity for a continuing contract employee in Denver. This led to the departure of all remaining employees of the Lydian Group in Denver, including Lydian's CFO and Corporate Controller prior to the end of March;

(l) conducting a search with the assistance of a number of professional advisory firms to attract and retain on contract a consultant with advanced financial control, accounting, reporting and treasury skills, as well as significant experience working with mining sector issuers active in the Canadian public markets;

(m) implementing a previously announced series of redundancies in March and April 2020 affecting 15 employees of Lydian Armenia (the "**Redundancies**"), and managing the re-allocation of their responsibilities to Lydian Armenia's remaining employees;

(n) as discussed in greater detail below, responding to the country-wide lockdown imposed in Armenia due to the COVID-19 pandemic;

(o) continuing to review weekly site reports provided by security contactors who are able to access the Amulsar Project site in shifts, and monitoring asset status at the site;

(p) corresponding with the GOA, Armenian police and the Company's secured lenders, including Ameriabank, regarding significant leakage of water through the roof of the main camp buildings at the Amulsar site following a period of heavy rains in early April. Due to the Lydian Group's inability to gain access to the Amulsar site to complete winterization procedures last Fall, scheduled repairs to the camp roof could not take place, and significant damage occurred to the ceilings and floor of the camp buildings. The Lydian Group is unable to address this damage as access to the Amulsar site remains blocked;

(q) providing information requested by the Monitor to assist the Monitor in fully considering the issues raised in the communications sent to the Court by AEF (as defined and described below); and

(r) preparing a cash flow forecast for the period requested for the stay extension, and related financial information on potential scenarios under consideration as part of the path forward, in consultation with the Monitor.

9. On February 25, 2020, the Royal Court of Jersey issued an order (the "**Recognition Order**"), a copy of which was appended to the March Stay Extension Affidavit, recognizing the Amended and Restated Initial Order in Jersey and granting certain protections to Lydian International and the Monitor in Jersey. The Recognition Order further provided that reasons would be set out in a judgment to be delivered by the Deputy Bailiff at a later date. On March 17, 2020, the Royal Court published reasons to accompany the Recognition Order (the "**Recognition Reasons**"). A copy of the Recognition Reasons is attached hereto as **Exhibit "E"**.

10. As noted in the March Stay Extension Affidavit, effective February 21, 2020, the Applicants implemented certain governance changes with respect to the Applicants' subsidiaries in the British Virgin Islands, as well as Lydian Armenia. Following the March Stay Extension Motion, and as contemplated in the March Stay Extension Affidavit, the Applicants also implemented additional governance changes with respect to Lydian International, Lydian Canada and Lydian UK, as further outlined below.

11. The Applicants continue to engage in discussions with their lenders regarding a viable path forward to maximize stakeholder value, and have been advancing discussions with a potential purchaser who emerged through the SISP (the "**SISP Party**").

12. As described in the March Stay Extension Affidavit, the Applicants and their counsel, in consultation with the Monitor, negotiated the DIP Agreement with the Applicants' secured lenders, being Orion Co IV (ED) Limited, a division of Orion Capital Management ("**Orion**") Resource Capital Fund VI L.P. ("**RCF**") and Osisko Bermuda Limited ("**Osisko**") (collectively, the "**DIP Lenders**"). The terms of the DIP Agreement were described in the March Stay Extension Affidavit.

13. Due to their inability to access additional liquidity generally, the Applicants will require additional interim financing in order to continue their efforts in pursuing a transactional outcome for the Lydian Group and pursue other steps beyond April 30, 2020. The Applicants and their counsel, in consultation with the Monitor, are in the process of negotiating the DIP Amendment with the DIP Lenders, which is expected to provide the Applicants with sufficient liquidity to pay for obligations incurred and scheduled to be paid through to the requested extension of the Stay Period.

(a) Impact of COVID-19 Pandemic on Armenian Operations

14. Due to the COVID-19 pandemic, on March 16, 2020, the GOA declared a State of Emergency until April 14, 2020, which was subsequently extended until May 14, 2020. On March 24, 2020, the GOA introduced stringent measures to contain the spread of the virus, which include the closure of schools and universities, prohibition of events with more than 20 persons in attendance, restrictions on movement within the country through a nationwide lockdown, screening and quarantine measures, and restriction of entry into the country.

15. In order to comply with the containment steps taken by the GOA, people in Armenia began or continued to work from home or remote locations. In late February, Lydian Armenia had established a remote working policy to permit persons in Armenia to work outside the office and remain connected electronically. As a result, Lydian Armenia's office personnel have been able to respond to the measures introduced by the GOA with relatively minor adjustments. There are, however, some aspects of Lydian Armenia's affairs which are not capable of being conducted

using remote access. For example, with the permission of the landlord and local authorities, arrangements need to be made on a regular basis for certain personnel to attend at Lydian Armenia's offices in shifts to complete tasks which cannot be done remotely.

16. Subsequent to the implementation of the Redundancies, Lydian Armenia's ability to conduct its affairs has been diminished materially but it continues to provide the level of support necessary to permit the Applicants to maintain their business and meet their information obligations to the Lydian Group's lenders.

(b) Communication to the Court by Members of the Armenian Environmental Front Civil Initiative

17. As noted in the March Stay Extension Affidavit, on February 28, 2020, the Monitor received an email from Arpine Galfayan, on behalf of the Armenian Environmental Front ("**AEF**") Civil Initiative. Attached to the email was a letter to the Court (the "**AEF Letter**") from certain individuals who identify themselves as Armenian citizens and members of the AEF Civil Initiative, which they describe as a volunteer environmental watchdog group. The email and AEF Letter were also emailed directly to the Court, without being served on the service list. A copy of the AEF Letter, with the enclosure referred to therein, is attached hereto as **Exhibit "F"**.

18. As outlined in my March Stay Extension Affidavit, the AEF Letter alleges that there were certain factual misrepresentations contained in my Initial Affidavit, including with respect to (i) the April 10, 2019 ruling issued by Armenia's Administrative Court concluding that the blockaders had trespassed on Lydian Armenia's property, and issuing an order directing the police to remove the trespassers and their property from Lydian Armenia's land (the "**Removal Order**"), and (ii) the findings contained in the August 7, 2019 report of Earth Link and Advanced Resources Development ("**ELARD**"), following the environmental audit conducted by ELARD in 2019. The AEF Letter also implies that Lydian Armenia inappropriately entered into a settlement agreement with the Jermuk Health Centre CJSC (the "**Jermuk Health Centre**") related to the termination of a long-term lease agreement.

19. On March 2, 2020, in its endorsement in connection with the Applicants' request for a short extension of the Stay Period from March 2, 2020 to March 11, 2020, the Court directed the Monitor to report to the Court on the matters raised in the AEF Letter. Ahead of the March Stay

Extension Motion, the Applicants provided extensive and detailed documentation to the Monitor addressing certain of the points raised in the AEF Letter, much of which is technically complex.

20. On March 10, 2020, the day before the hearing of the March Stay Extension Motion, the Monitor received another email from the AEF, enclosing a Memorandum authored by Ann Maest, who was represented as a scientist associated with an environmental consulting firm in Colorado, USA (the "**Maest Memo**"). In the Maest Memo, the author concludes that the September 2019 National Instrument 43-101 Report Technical Report, which was commissioned by the Lydian Group to address the full impact of the blockade on construction, and the resulting delay in the ramp up to full production, underestimated the risks, costs, and associated uncertainties for its Amulsar Project. A copy of this email and the Maest Memo are attached hereto as **Exhibit "G".**

21. The AEF's second email communication and the Maest Memo were brought to the Court's attention at the commencement of the hearing of the March Stay Extension Motion. In this Court's endorsement in connection with the March Stay Extension Motion, this Court requested that in the future, the AEF electronically serve on the service list and file all materials it wishes to be brought to the attention of the Court in accordance with the Ontario *Rules of Civil Procedure* (the "**Rules**"). On March 19, 2020, the Monitor wrote to Mr. Galfayan of the AEF setting this out, and noting that in order to raise issues or make submissions with the Court, the AEF must take certain procedural steps in accordance with the Rules, and is not permitted to communicate directly with the Court. A copy of this letter is attached hereto as **Exhibit "H".**

22. Since the March Stay Extension Motion, the Applicants have worked with the Monitor to compile the necessary information and documentation to respond to the issues raised in the AEF Letter. I understand that the Monitor will be including a report on its consideration of these issues in its Fourth Report.

(c) Governance Changes

23. As described in the March Stay Extension Affidavit, effective February 21, 2020, the Applicants implemented certain governance changes with respect to the Applicants' subsidiaries in the British Virgin Islands, as well as Lydian Armenia.

24. Further, as contemplated in the March Stay Extension affidavit, the Applicants implemented certain additional governance changes, as follows:

a) the members of the existing Board of Directors of Lydian International, other than Victor Flores and I, resigned;

b) the other directors and officers of Lydian Canada and Lydian UK, resigned. I have stayed on as director; and

c) Victor Flores was appointed a director of 11910728 Canada Inc.("**DirectorCo**"), a corporation incorporated under the laws of the *Canada Business Corporations Act*, which is a direct, wholly-owned subsidiary of Lydian Canada.

25. Additional directors have not yet been appointed to one or more of the boards of Lydian International, Lydian Canada, Lydian UK and DirectorCo following consultation with the Lydian Group's senior lenders.

(d) SISP

26. BMO and the Applicants, in consultation with their lenders, have continued to engage and advance discussions with the SISP Party, including through a term sheet for a potential transaction.

27. In addition, in early April, a party who was previously involved in the SISP approached the Applicants with renewed interest in a transaction through a related company. BMO granted this party access to the data room created for the SISP following the execution of a non-disclosure agreement. The party recently informed BMO it was no longer pursuing an interest in a transaction with the Applicants.

[redacted]

[redacted]

PART 2 - RELIEF REQUESTED BY THE APPLICANTS

A. DIP Amendment Approval

32. As described in the March Stay Extension Affidavit, the Applicants and their counsel, in consultation with the Monitor, negotiated the DIP Agreement pursuant to which the Applicants obtained access to the DIP Facility in the amount of $2.376 million plus an amount intended to address any trailing accounts payable aggregating up to $490,000, which was provided for as additional draws under the Term Facility B. The terms of the DIP Agreement were described in the March Stay Extension Affidavit.

33. In connection with their request to extend the Stay Period to June 30, 2020, the Applicants and their counsel, in consultation with the Monitor, are in the process of negotiating the DIP Amendment, which is expected to provide the Applicants with sufficient liquidity to pay for obligations incurred and scheduled to be paid through to the requested extension of the Stay Period. The DIP Amendment will be provided to the Court when it is final.

34. This Court previously sealed the DIP Agreement, finding that it contained commercially sensitive information. It is anticipated that the DIP Amendment will similarly contain commercially sensitive information, and accordingly the Applicants will be seeking that the unredacted version of the within affidavit and, any relevant supplementary affidavit to be filed, and the unredacted version of the DIP Amendment, be sealed pending further Order of this Court.

B. Approval of Monitor's Fees and Activities

35. I understand that the Monitor will be filing the Fourth Report in connection with the within motion seeking approval of its activities, as detailed in the Third Report and the Fourth Report, as well as fees of the Monitor and its counsel from the period of March 1, 2020 to April 15, 2020.

C. Stay Extension

36. Since the March Stay Extension Motion, the Applicants, with the oversight and assistance of the Monitor, have been focused on maintaining operational stability of the Lydian Group while closing its Denver office and implementing the Redundancies, as it continued to engage with lenders and various stakeholders on a viable path forward. The Lydian Group has also advanced discussions with BMO, the SISP Party and its lenders relating to a potential transaction involving the Lydian Group, while implementing the first phase of the Arbitration Preservation Steps.

37. The Applicants are requesting an extension of the Stay Period until and including June 30, 2020 to provide stability to the Applicants and allow them to continue their efforts to achieve a viable path forward that will maximize recoveries for all stakeholders. During the extended Stay Period through to June 30, 2020, the Applicants will conduct the activities provided for in the DIP Amendment, and intend to continue to negotiate a transactional outcome with the SISP Party

and continue their dialogue with the GOA to see whether an agreement can be reached regarding access to the Amulsar Project.

38. It is anticipated that the DIP Amendment, when finalized, will provide the Applicants with sufficient funding to continue operations through the requested extension of the Stay Period, and this will be reflected in the Applicants' cash flows, to be filed by the Monitor.

39. Since the granting of the Amended and Restated Initial Order, the Applicants have continued to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings, and will continue to do so during the proposed extension of the Stay Period.

SWORN BEFORE ME via Zoom in the City of Toronto, Province of Ontario, on April 27, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

DocuSigned by:
Edward A. Sellers
8F33066161C145B...

Edward A. Sellers

[Exhibits intentionally omitted]

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF EDWARD A. SELLERS
Sworn April 27, 2020

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Lawyers for the Applicants

TAB D

EXHIBIT "D"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No.CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

AFFIDAVIT OF EDWARD A. SELLERS
(Sworn April 29, 2020)

I, Edward A. Sellers, of the Town of Rosseau, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Interim President and Chief Executive Officer of the Applicant Lydian International Limited ("**Lydian International**"). I have been the President and Chief Executive Officer of Lydian International since June 12, 2019. I am also a director of the other Applicants in this proceeding. I have been on the Board of Directors of the Applicant Lydian International since November 1, 2018, and went on the Board of Directors of the other Applicants in this proceeding after June 12, 2019.

2. I swear this affidavit further to my affidavit sworn April 27, 2020 (the "**April Stay Extension Affidavit**"), in connection with the relief sought by the Applicants at the Applicants' motion returnable on April 30, 2020. All capitalized terms not defined herein are as defined in the April Stay Extension Affidavit.

DIP Amendment Approval

3. As noted in the April Stay Extension Affidavit, in connection with their request to extend the Stay Period to June 30, 2020, the Applicants and their counsel, in consultation with the Monitor, negotiated the DIP Amendment. The DIP Amendment has now been finalized, and the execution copy is attached hereto as **Exhibit "A"**. The key terms of the DIP Amendment are as follows:

a) **Facility Amount:** a non-revolving credit facility up to a maximum amount of [redacted]

b) **Availability:** DIP Facility is available to be drawn until it matures;

c) **Maturity:** DIP Facility matures at the earlier of (i) the occurrence of any Additional Event of Default (as described in the DIP Agreement), (ii) [redacted] and (iii) the date of a Change of Control (as defined in Term Facility B); and

d) **Conditions:** Lydian Armenia and the Applicants are only permitted to use the funds from the DIP Facility to finance the activities that are itemized in the cash flow forecast (provided to the DIP Lenders) for the purpose of paying expenses in the ordinary course and advancing the Exit Plan Term Sheet (as defined below) [redacted]. It is a condition of additional funding to be provided through the DIP Amendment that the Applicants provide a term sheet or memo to the DIP Lenders in a form acceptable to Orion and either Osisko or RCF, acting reasonably, by [redacted] that sets out the terms, transactions, steps and timelines for the proposed completion of the Applicants' restructuring and prospective conclusion of the CCAA proceedings, with a view to distributing the shares of Lydian Canada to or for the benefit of Lydian International's Lenders (the "**Exit Plan Term Sheet**"). The Applicants will use the extension of the Stay Period to work with the DIP Lenders on the terms of the Exit Plan Term Sheet.

4. Subsequent to the swearing of the April Stay Extension Affidavit, the Monitor filed the Fourth Report, which included information related to the Monitor's activities and the fees of the

Monitor and its counsel from the period of March 1, 2020 to April 15, 2020. The Applicants have reviewed the fees of the Monitor and its counsel and support the payment of the same.

5. I understand that the Monitor will be filing a supplementary report to the Fourth Report advising that, subject to the terms of the DIP Amendment, the further advances to be made thereunder will provide the Applicants with sufficient funding to continue operations through the requested extension of the Stay Period.

6. This Court previously sealed portions of the DIP Agreement, finding that it contained commercially sensitive information. The DIP Amendment similarly contains commercially sensitive information, including the terms pursuant to which the DIP Lenders have agreed to provide financing in order to enable the Applicants to advance the SISP and matters relating to the Treaty Arbitration, which the Applicants are concerned will be used by the SISP Party or the GOA to the Applicants' detriment in the future relating to the SISP and the advancement of the Treaty Arbitration. As a result, the Applicants are seeking that the commercially sensitive provisions of the unredacted DIP Amendment, and the unredacted version of the within affidavit, be sealed pending further Order of this Court.

SWORN BEFORE ME via Zoom in the City of Toronto, Province of Ontario, on April 29, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

DocuSigned by:
Edward Sellers
8F33066161C145B...

Edward A. Sellers

[Exhibits intentionally omitted]

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

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Proceeding commenced at Toronto

AFFIDAVIT OF EDWARD A. SELLERS
Sworn April 29, 2020

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Lawyers for the Applicants

TAB E

EXHIBIT "E"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
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Commissioner for Taking Affidavits

Lydian Reports Recent Illegal Road Blockages Near Amulsar

TORONTO, June 28, 2018 -- Lydian International Limited (TSX:LYD) ("Lydian" or the "Company") announced intermittent road blockages near its 100%-owned Amulsar Gold Project that have impacted recent construction activities.

Following the change in the government of Armenia last month, demonstrations and road blockades have occurred sporadically throughout the country. These protests primarily targeted the mining sector, including the Amulsar project. During the past five weeks, access to Amulsar has been blocked for a total of 14 days.

In a public response to the protests in May and June 2018, the government reiterated its support for responsible and environmentally compliant mining in the country and asked protestors to unblock access roads to the Amulsar project and other mining companies. The government also declared its commitment to undertake environmental compliance audits of the mining industry. Lydian welcomes this initiative and has encouraged the government to audit the Amulsar project at its earliest convenience.

More recently, Prime Minister Pashinyan made a public appeal, instructing the protesters to discontinue the road blockages, recognizing they were intended to discredit the government and not directed at Lydian. Management is in consultation with local and national government officials to resolve this issue.

João Carrêlo, President and Chief Executive Officer of Lydian, stated, "We are encouraged by the Prime Minister's responses and seek a prompt and permanent resolution. We continue our commitment to sustainable development and to the health and safety of our employees, communities, and the environment. We encourage open and transparent dialogue and will continue to foster respectful and productive relationships with all of our stakeholders."

Lydian is in ongoing communication with the government and acknowledges the government's commitment to the mining industry and the promotion of foreign investment in Armenia. Amulsar is an important economic contributor to the country of Armenia and to the livelihoods of our employees, contractors and host communities.

About Lydian International Limited

Lydian is a gold developer focusing on construction at its 100%-owned Amulsar Gold Project, located in south-central Armenia. Amulsar will be a large-scale, low-cost operation with production expected to commence in Q4 2018, with ramp-up continuing into 2019. Gold production is targeted to average approximately 225,000 ounces annually over an initial 10-year mine life, making Lydian one of the largest gold producers to emerge during 2018. Open pit mining and conventional heap leach processing contribute to excellent scale and economic potential. Estimated mineral resources contain 3.5 million measured and indicated gold ounces and 1.3 million inferred gold ounces as outlined in the Q1 2017 Technical Report. Existing mineral resources beyond current reserves and open extensions provide opportunities to improve average annual production and extend the mine life. Lydian is committed to good international industry practices in all aspects of its operations including production, sustainability, and corporate social responsibility. For more information and to directly contact us, please visit www.lydianinternational.co.uk.

For further information, please contact:

Doug Tobler, Chief Financial Officer
+1 720-307-5087

Pamela Solly, Vice President of Investor Relations
+1 720-464-5649

Or: moreinfo@Lydianinternational.co.uk

Caution regarding forward-looking information

There can be no assurances as to the timing, magnitude or impact of future protests or blockades affecting Amulsar, if any, or the success of the Company's ongoing attempts to mitigate such risks. The Company does not intend to comment further upon protests, blockades or similar disruptions unless required by law, it deems further disclosure is appropriate, or where appropriate in the context of its normal course disclosure on construction, operational and financial matters. The Company makes reference to the risk factors outlined in section 4.2 of its most recent Annual Information Form, dated March 28, 2018, including risk factor disclosure under the headings "Single Property Focus", "Community and Social" and "Foreign Operations".

Certain information contained in this news release is "forward looking". All statements in this news release, other than statements of historical fact, that address events, results, outcomes or developments that the Company expects to occur are

“forward-looking statements”. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “intends”, “anticipates” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “will”, “would”, “should”, or “occur” or the negative or other variations of such terms. Forward-looking statements in this news release include, among others, statements with respect to: the realization of mineral resource estimates and the timing of development of the Amulsar Gold Project, including the expected start date of gold production; the expected and estimated cost of operations and capital costs at the Amulsar Gold Project; the current Amulsar Gold Project construction schedule, the commitment to and implementation of good international industry practices; the expected gold production from, and life of mine of, the Amulsar Gold Project; the formation of the Armenian Government; the impact of management in relation to the Company’s strategic growth objectives; the magnitude or impact of historical and future (if any) protests or blockades affecting Amulsar and the success of the Company’s ongoing attempts to mitigate such risks; the response of the Armenian government to future (if any) protests or blockades affecting Amulsar; the impact of protests, blockades or similar disruptions on the Company’s construction, operations and financial performance; and the expected mining methods at the Amulsar Gold Project. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered when the property is developed.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, without limitation: changes in gold and silver prices; adverse general economic, market or business conditions; failure to achieve the objectives of the future exploration and drilling programs; regulatory changes; as well as "Risk Factors" included in the disclosure documents filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

TAB F

EXHIBIT "F"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Lydian Announces Submission of Notices to Government of Armenia Under Bilateral Investment Protection Treaties

TORONTO, March 11, 2019 (GLOBE NEWSWIRE) -- Lydian International Limited (TSX:LYD) ("Lydian" or the "Company") today announced that, in connection with the ongoing blockades of road access to the Amulsar Gold Project, Lydian U.K. Corporation Limited ("Lydian UK") and Lydian Canada Ventures Corporation ("Lydian Canada"), subsidiaries of the Company, have formally notified the Government of the Republic of Armenia (the "Government of Armenia") of the existence of disputes with the Government of Armenia under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Armenia for the Promotion and Protection of Investments, in force since July 11, 1996 (the "UK BIT") and the Agreement between the Government of Canada and the Government of Armenia for the Promotion and Protection of Investments, in force since March 29, 1999 (the "Canada BIT"), respectively.

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

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

About Lydian International Limited

Lydian is a gold developer focused on construction at its 100%-owned Amulsar Gold Project, located in south-central Armenia. However, illegal blockades have prevented access to Amulsar since late June 2018. Amulsar is expected to be a large-scale, low-cost operation with production targeted to average approximately 225,000 ounces annually over an initial 10-year mine life. Estimated mineral resources contain 3.5 million measured and indicated gold ounces and 1.3 million inferred gold ounces as outlined in the Q1 2017 Technical Report. Existing mineral resources beyond current reserves and open extensions provide opportunities to improve average annual production and extend the mine life. Lydian is committed to good international industry practices in all aspects of its operations including production, sustainability, and corporate social responsibility. For more information and to directly contact us, please visit www.lydianinternational.co.uk.

For further information, please contact:

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Caution regarding forward-looking information

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information, events or otherwise, except in accordance with applicable securities laws.

Criminal Court Rules Police to Initiate Criminal Investigation Against Protesters Blocking Amulsar Project Site

TORONTO, April 23, 2019 (GLOBE NEWSWIRE) – On July 24, 2018, Lydian Armenia CJSC, a subsidiary of Lydian International Limited (TSX:LYD) ("Lydian" or the "Company"), filed a complaint with the Jermuk Unit of the Vayots Dzor Police Department to initiate an investigation and file criminal charges against the protesters that had set up illegal blockades of roads accessing the Amulsar Project site. The Police denied this request, resulting in the Company applying for a reversal of the Police decision with the Ararat and Vayots Dzor Regions' General Jurisdiction Court on September 30, 2018. The court ruled in Lydian's favour on January 18, 2019, establishing that the Police failed to initiate a criminal case based on the alleged violations. The Vayots Dzor Prosecutor appealed the Court's ruling.

On April 19, 2019 the Criminal Court of Appeal of the Republic of Armenia rejected the appeal filed by the Vayots Dzor Prosecutor requesting that the court's ruling in favour of the Company be overturned.

The Prosecutor will have fifteen days from the official receipt of the judgment to appeal to the Cassation Court of Armenia (the highest Armenian court). If the Prosecutor does not appeal or if the appeal is rejected the original ruling will be sustained and the Prosecutor will be compelled to initiate a criminal investigation of the protesters under the articles of hooliganism and arrogation of the Armenian Criminal Code.

João Carrêlo, Lydian's President and CEO stated "Lydian has suffered unlawful actions and inactions that have been in breach of both Armenian and international law. The recent rulings of the courts in Armenia support Lydian's position with respect to the illegal road blockades that have deprived Lydian of its legal right to operate. We hope that the Armenian authorities will follow up promptly on the court rulings, and initiate criminal proceedings and remedy the damage caused to Lydian by the illegal road blockades. We strongly believe that the restoration of the rule of law is in the best interest not only of Lydian, its shareholders, lenders, employees and the surrounding communities, but also serves the interests of Armenia as a whole".

Lydian fully reserves all rights and remedies to address any disputes under Armenian and international law.

About Lydian International Limited

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Lydian Provides Update on Criminal Investigations Against Illegal Blockaders

Toronto, Ontario, August 16, 2019 – Lydian International Limited (TSX: LYD) ("**Lydian**" or the "**Company**") announced it was informed today that on July 18, 2019 the Republic of Armenia Cassation Court declined an appeal submitted by the Deputy Prosecutor General of the Republic of Armenia from court orders requiring authorities to initiate criminal investigations in respect of the actions of the protesters that had set up illegal blockades preventing access to Lydian's Amulsar Project since June 2018.

Lydian was also informed today that the Prosecutor's Office of the Republic of Armenia, Vayots Dzor Province, initiated criminal proceedings on August 14, 2019 in respect of the actions of the protesters that had set up the illegal blockades.

The procedural background of the case is as follows:

In June 2018, illegal blockades were set up by protesters preventing access to Lydian's Amulsar Project. In July 2018, Lydian Armenia CJSC, a subsidiary of Lydian, filed a complaint with the Jermuk Unit of the Vayots Dzor Police Department to initiate a criminal investigation in respect of the protesters that had set up the illegal blockades.

The Police denied this request, resulting in Lydian applying to the Ararat and Vayots Dzor Region General Jurisdiction Court in September 2018 for a reversal of the Police decision. In January 2019, that Court ruled in Lydian's favour, establishing that the Police had failed to initiate a criminal case based on the alleged violations.

The Vayots Dzor Prosecutor appealed the initial Court's ruling. In April 2019, the Criminal Court of Appeal of the Republic of Armenia rejected that appeal, but the Deputy Prosecutor General appealed to the Cassation Court of Armenia (the highest Armenian court). The Cassation Court dismissed that appeal on July 18, 2019.

As a result of the Cassation Court's ruling, the Prosecutor is compelled to initiate a criminal investigation under the articles of hooliganism and arrogation of the Armenian Criminal Code in respect of the actions of the protesters that had set up the illegal blockades, and has informed Lydian it has done so.

Lydian notes that in all three appeals, Armenian courts have supported Lydian's position.

About Lydian International Limited

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TAB G

EXHIBIT "G"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Lydian Announces Updates for Hydrogeological Survey and Amulsar Project Audit

Toronto, Ontario, January 29, 2018 – Lydian International Limited (TSX:LYD) ("Lydian" or the "Company") today announced the following updates.

Hydrogeological Survey

Lydian is pleased to announce the conclusion of an isotopic investigation of groundwater systems at the Company's gold project at Amulsar (the "Amulsar Project") and the Jermuk area (the "Hydrogeological Survey").

In November 2018, work was commissioned in response to technical questions raised by interested parties. Twenty-five samples were collected from specific sampling points in the Amulsar and Jermuk areas. The samples were collected in the presence of agency representatives of the government of the Republic of Armenia. Lydian's samples were analyzed by an internationally accredited laboratory (ALS (Czech Republic)) and the data was interpreted by Golder Associates' (U.K.) principal hydrogeologist whose conclusion stated the following:

"the chemistry of the waters of the Jermuk thermal springs and minerals water boreholes are characteristic of hydrothermal waters based on their major and minor ion chemistry and environmental isotopic characteristics. The hydrothermal waters have an enriched δ13C signature, along with clear differentiation with respect to $\delta^{18}O$ and $\delta^{2}H$, δ34S, $^{87}Sr/^{86}Sr$ and gross alpha and beta activity, which is clearly distinct from the surface water and shallow groundwater sampled and consistent with a separate flow regime of hydrothermal origin. This water type is not similar to groundwater encountered in the vicinity of Amulsar mountain and supports the conclusion that the groundwater system of Amulsar mountain is a distinct hydrogeological system to the Jermuk hydrothermal system. In summary, based on the data and analysis of the groundwater regime presented in the 2016 ESIA for the Amulsar Gold Project, combined with the major ion and isotope data presented in this memorandum it may be concluded that the Jermuk thermal mineral water system is not in hydraulic connection with shallow groundwater and surface water on the Amulsar mountain."

The results of the Hydrogeological Survey confirmed the findings of Lydian's previous work in 2013 and support the findings of the Amulsar Project's Environmental Impact Assessment ("EIA") and Environmental and Social Impact Assessment ("ESIA"), conclusively demonstrating that there is no hydraulic connection between the groundwater regimes at the Amulsar Project and Jermuk.

The investigation was designed to develop and expand the data collected for the project in 2013 as part of the then baseline studies and to determine whether there was any hydrogeological connection between Amulsar and Jermuk water systems. The analyses on representative water samples were performed by the Jones Environmental Laboratory (UK) in 2013 and interpreted by Golder Associates (UK).

Lydian reiterates that the Amulsar Project is designed and developed following industry best practices to ensure the mine would not have an adverse impact on any surrounding water systems. The Hydrogeological Survey clearly concludes that the Amulsar and Jermuk water systems are not connected.

Amulsar Project Audit Update

Lydian Armenia CJSC ("Lydian Armenia") has received formal notification from the Investigative Committee of the Republic of Armenia that pursuant to the criminal investigation into alleged withholding of information by employees of the Ministry of Environmental Protection, an international consultancy group, Earth Link, and Advanced Resources Development ("ELARD") has been selected to review all subject matter covered by Lydian's EIA/ESIA, to determine the possibility of harmful impacts by the Amulsar Project and the validity of preventative

and mitigation measures. However the contract award to ELARD is subject to state funding and therefore the audit start date has not yet been announced. The audit is expected to take up to 12 weeks to complete.

The following terms of reference were given to ELARD:

1. Water resources impact assessment;
2. Geology impact assessment;
3. Biodiversity impact assessment;
4. Air quality impact assessment; and
5. Unprejudiced clarification of technical issues raised by the decision to commission a complex expert examination.

Lydian is confident that the audit will conclude that the EIA/ESIA documents are valid and could serve as a blueprint for future projects in Armenia.

In anticipation of this investigation, Lydian completed the Hydrogeological Survey, a study of regional water resources to expand on work carried out in 2013. The Hydrogeological Survey concluded there was no hydrogeological connectivity between the water regime at the Amulsar Project and the groundwater of Jermuk.

Illegal blockades have prevented Lydian from accessing the Amulsar Project site to perform construction and associated work since late June 2018. The newly elected government of the Republic of Armenia has recently publicly announced their intolerance of illegal road blockades and has committed to its application of the "rule of law" to remove such blockades. Under this announced commitment, Lydian expects the Armenian government to apply the rule of law by permanently removing the road blockades to the Amulsar Project and to allow Lydian to fully resume its work on the Amulsar Project site in accordance with the permits the Company holds. Until Lydian is able to resume construction and associated work at the Amulsar Project, the Company will continue to evaluate a range of financing, strategic and legal alternatives.

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Lydian Provides Update on Environmental Audit

Toronto, Ontario, August 8, 2019 – Lydian International Limited (TSX:LYD) ("**Lydian**" or the "**Company**") announced today that the Government of Armenia has indicated during a regularly scheduled, televised Cabinet session, chaired by Prime Minister Nikol Pashinyan, that the current environmental audit of the Amulsar project has been concluded.

The Head of the Special Investigative Committee of the Republic of Armenia (the "**SIC**"), the body in charge of the Amulsar related investigation, Mr. Hayk Grigoryan announced to the Cabinet that the final conclusions from the environmental audit conducted by Earth Link & Advanced Resources Development (the "**Audit**") were provided to the SIC on August 7. A full translation of the final conclusions of the Audit will be provided to the Government by the SIC early next week.

The Head of the SIC also announced that Lydian answered all questions and issues raised during the Audit, the exchange of information during the Audit was exhaustive, and there is no likelihood of any need for additional time or clarifications for the Audit to come to a final conclusion. Lydian provided over 300 documents composed of over 20,000 pages of information, and participated in extensive technical discussions during the Audit over the past four months. This is the third audit on environmental matters Lydian has been obliged to participate in.

Discussion during today's Cabinet meeting around the timing for delivery of the final conclusions of the Audit by the SIC indicated that the Government of Armenia will be ready to come to a conclusion on the matter next week.

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respect to: the final outcome and conclusion of the Audit; likelihood of any need for additional time or clarifications for the Audit to come to a final conclusion; the timing of the final outcome or conclusion of the Audit; the ability of the Company to resume construction and/or gain access to the Amulsar Gold Project after the conclusion of the Audit, of which there can be no assurances; the realization of mineral resource estimates and the timing of development of the Amulsar Gold Project; the commitment to and implementation of good international industry practices; the expected gold production from, and life of mine of, the Amulsar Gold Project; and the expected mining methods at the Amulsar Gold Project. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered when the property is developed.

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Lydian Provides Update on Environmental Audit

Toronto, Ontario, August 14, 2019 – Lydian International Limited (TSX: LYD) ("**Lydian**" or the "**Company**") announced today that the Special Investigative Committee of the Republic of Armenia (the "**SIC**") has released the report provided to the SIC on August 7, 2019 on the environmental audit conducted by Earth Link & Advanced Resources Development on the Amulsar Project (the "**Audit Report**").

Copies of the Audit Report are available in English and Armenian at:

http://investigative.am/en/news/view/amulsar-porcaqnnutyan-ezrakacutyun.html

In addition, Mr. Yura Ivanyan, Head of the Department for Investigation of Corruption-related Property Crimes and Cybercrimes of the SIC, said today during an interview on live television in respect of the Audit Report that: "Besides, I must state that the investigative body has analyzed the information and findings provided by the international audit report and found that there are no grounds for criminal prosecution and continuation of criminal proceedings."

Edward Sellers, Interim President & CEO of Lydian, commented: "We are relieved that the Audit Report has been made public, as the Government of Armenia has repeatedly conditioned Lydian's ability to advance the Amulsar Project on its results. We look forward to reading the full text of the Audit Report and are confident it will confirm Lydian's prudential approach to environmental stewardship. We are also heartened to know that there are no grounds for criminal prosecution or the continuation of criminal proceedings against Lydian relating to the Audit Report."

Mr. Sellers continued: "It has been a tough year for many thousands of direct and indirect stakeholders in the Amulsar Project. We want to thank our employees, contractors, suppliers, communities, lenders, shareholders and other supporters who believed in Lydian throughout the process."

Lydian has always stressed that it operates in Armenia in accordance with its mining permits, which were granted based on a comprehensive Environmental Impact Assessment approval process. Nevertheless, Lydian's Amulsar Project has been subject to three full-scale environmental audits since July last year. Lydian has fully cooperated with all audits.

The Government of Armenia has previously indicated it would be ready to conclude on the Audit Report this week.

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TAB H

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referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Lydian Announces Fourth Quarter and Year Ended December 31, 2019 Results

Toronto, Ontario, March 4, 2020 – Lydian International Limited (TSX: LYD) ("Lydian" or the "Company") announced today its results for the three-month period and year ended December 31, 2019. All dollar amounts referenced in this news release are, unless otherwise indicated, in United States dollars.

In the Company's filed financial statements and management's discussion and analysis for the three-month period and year ended December 31, 2019, the Company has disclosed that the blockades continue at the Amulsar Project site, having been in place since June 22, 2018. The Company continues to face challenges in obtaining operational support from the Government of Armenia in the form of permits and the enforcement of court orders. Please refer to the Company's most recently filed Annual Information Form, Financial Statements and MD&A and other filings on SEDAR for additional details.

Lydian's Fourth Amended and Restated Forbearance Agreement dated October 14, 2019 (the "Fourth A&R Forbearance Agreement") expired on December 20, 2019. On December 20, 2019 Lydian was unable to reach a consensus on terms with all of its lenders to extend the forbearance period, so the lenders' obligation to forbear from declaring or acting upon, or exercising default related rights or remedies under such creditor's financing agreements with respect to certain events of default came to an end. To protect the assets and interests of the Company and its stakeholders, Lydian filed for protection under Canadian Companies' Creditors Arrangement Act ("CCAA") on December 23, 2019. While under CCAA protection, creditors and others are stayed from enforcing any rights against the Company, Lydian Canada Ventures Corporation, Lydian UK Corporation Limited and a number of their direct subsidiaries including Lydian Armenia CJSC. The supervising court has extended the stay period to March 11, 2020. Subsequent to the CCAA filing, trading in Lydian's ordinary shares on the TSX was halted and a de-listing review was initiated. This review resulted in the TSX deciding to delist Lydian's ordinary shares on February 5, 2020.

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 to 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 Gold Project and prosecute other illegal acts carried out against the Company. Furthermore, the Government of Armenia has taken certain actions and failed to act on other matters. The Government of Armenia's actions and inactions have substantially restricted the Company's access to capital and caused conditions to occur that were deemed events of default by the senior lenders, stream financing providers, and equipment financiers. As a result, the Company entered into four successive forbearance agreements with its senior lenders, stream financing providers and equipment financiers. The ultimate agreement, the Fourth A&R Forbearance Agreement, expired on December 20, 2019 and Lydian filed for protection under the CCAA on December 23, 2019. The Company will operate under court protection until a defined course of action is approved by its lenders and the supervising court. It is not possible to predict the outcome of matters related to the CCAA proceedings. As a result of the CCAA proceedings and other factors outlined below, a material uncertainty exists that may cast significant doubt on Lydian's ability to continue as a going concern.

As a result of the actions and inactions of the Government of Armenia, the Company has fully written off the carrying value of its investment in development assets at Amulsar. See the Consolidated Financial Statements for the years ended December 31, 2019 and 2018.

The Company's ability to continue as a going concern is dependent upon the Government of Armenia resolving the disputes it has created with the Company and making the Company whole. It will also be necessary for the Company to obtain additional funding from its senior lenders, or other lenders until a strategic alternative can be arranged, if at all, or to support the Company's legal alternatives. Dislocation-related expenses will continue to be incurred until the illegal blockades are removed and unrestricted access for all purposes is available to the Company. Should the Company gain access to the Amulsar site, it anticipates that 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.

There is no assurance that the Company will be able to meet its obligations with its current funding or when a defined course of action will be approved by its senior lenders and the CCAA court. There is a significant risk that the Company's default of its agreements with its senior lenders, stream financing providers, and equipment financiers, 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 the Company. While under CCAA protection, Lydian continues to engage with its senior lenders, stream financing providers, and equipment financiers to seek continuing funding for a range of strategic, financing, and legal alternatives.

Although in the past the Company was able to obtain sufficient financing through most of 2019 as provided in the Fourth A&R Forbearance Agreement, the Fifteenth Amending Agreement, and the A&R Stream Agreement, there can be no assurance that adequate financing will be available when needed at commercially acceptable terms and that the Company will ultimately be able to generate sufficient positive cash flow from operations, find an acceptable strategic alternative, or fund a legal alternative. 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 the Company's ability to meet its obligations when due, and accordingly, continue as a going concern.

At December 31, 2019, Lydian impaired the full carrying value of its Amulsar development asset and substantially all of its plant and equipment, besides its fleet of mining equipment and vehicles. For additional information, see the Consolidated Financial Statements for the years ended December 31, 2019 and 2018. In addition to the impairment loss, as of December 31, 2019, Lydian has incurred $119.7 million in dislocation-related charges since the illegal blockades began.

About Lydian International Limited

Lydian is a gold developer focusing on construction at its 100%-owned Amulsar Gold Project, located in south-central Armenia. However, illegal blockades have prevented access to Amulsar since late June 2018. Amulsar is expected to be a large-scale, low-cost operation with production targeted to average approximately 204,000 ounces over a 12-year mine life. Estimated mineral resources contain 3.65 million measured and indicated gold ounces and 1.38 million inferred gold ounces. Lydian is committed to good international industry practices in all aspects of its operations including production, sustainability, and corporate social responsibility. For more information and to directly contact us, please visit www.lydianinternational.co.uk.

For further information, please contact:

Edward Sellers, Interim President & CEO	Bill Dean, Chief Financial Officer
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Or: moreinfo@Lydianinternational.co.uk

Caution regarding forward-looking information

Certain information contained in this news release is "forward looking". All statements in this news release, other than statements of historical fact, that address events, results, outcomes or developments that the Company expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "intends", "anticipates" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "will", "would", "should", or "occur" or the negative or other

variations of such terms. Forward-looking statements in this news release include, among others, statements with respect to: the Company's commitment to continue discussions with the Government of Armenia with respect to the disputes; the challenges the Company faces in obtaining operational support from the Government of Armenia; the CCAA proceedings and the outcome of matters related to the CCAA proceedings; the Company's ability to continue as a going concern; the disputes with the Government of Armenia being resolved; the Feasibility Study; the Company's subsequent actions in connection with and the outcome of the court rulings; the ability of the Company to resume construction; the Company's continued engagement with its lenders, stream financing providers and equipment financiers; the Company's ability to obtain additional funding; the third audit and the outcome and timing of completion of such audit; the impact of protests, blockades or similar disruptions on the Company's construction, operations and financial performance; the Company's ability to successfully fund cash obligations and/or meeting obligations; the realization of mineral resource estimates and the timing of development of the Amulsar Gold Project; adequate financing being available to the Company; and the Company's ability to find an acceptable strategic alternative. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered when the property is developed.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, without limitation: changes in gold and silver prices; adverse general economic, political, market or business conditions; failure to achieve the objectives of the future exploration and drilling programs; regulatory changes; as well as "Risk Factors" included in the disclosure documents filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

TAB I

EXHIBIT "I"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No. CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 23rd
	)	
CHIEF JUSTICE MORAWETZ	)	DAY OF JANUARY, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

AMENDED AND RESTATED INITIAL ORDER
(Amending Initial Order dated December 23, 2019)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order amending and restating the Initial Order (the "**Initial Order**") issued on December 23, 2019 (the "**Initial Filing Date**") and extending the stay of proceedings provided for therein was heard this day at 130 Queen Street West, Toronto, Ontario.

ON READING the affidavit of Edward A. Sellers sworn December 22, 2019 (the "**Sellers Initial Affidavit**"), the affidavit of Edward A. Sellers sworn January 20, 2020 (the "**Sellers Comeback Affidavit**"), and on hearing the submissions of counsel for the Applicants, counsel for Alvarez & Marsal Canada Inc. (the "**Monitor**"), and counsel for Caterpillar Financial Services (UK) Limited, with counsel for Orion Capital Management, counsel for Resource Capital Fund VI LP, counsel for Osisko Bermuda Limited and counsel for ING Bank N.V. / ABS Svensk Exportkrerdit (publ) in attendance and not opposing, and on being advised that those parties listed in the affidavits of service filed were given notice of this motion,

INITIAL ORDER AND INITIAL FILING DATE

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, Lydian Armenia CJSC, Lydian International Holdings Limited, Lydian Resources Armenia Limited and Lydian U.S. Corporation (the "**Non-Applicant Stay Parties**") shall enjoy certain of the benefits and the protections provided herein and as subject to the restrictions as hereinafter set out.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to use the central cash management system currently in place among the Applicants, the Non-Applicant Stay Parties and any other of the entities in the Lydian Group as described in the Sellers Initial Affidavit (the "**Cash Management System**") and that any present or future bank providing the Cash Management System to the Applicants or the Non-Applicant Stay Parties shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after the Initial Filing Date:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of

insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.

9. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the Initial Filing Date, or where such Sales Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances

upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

(a) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

(b) continue negotiations with stakeholders in an effort to pursue restructuring options for the Applicants including without limitation all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of their business (the "**Restructuring**").

PROCEEDINGS AGAINST THE APPLICANTS, THE NON-APPLICANT STAY PARTIES OR THE PROPERTY

12. **THIS COURT ORDERS** that until and including March 2, 2020, or such later date as this Court may subsequently order (the "**Stay Period**"), no proceeding or enforcement process in or out of any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court.

13. **THIS COURT ORDERS** that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of the Non-Applicant Stay Parties, or any of their current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "**Non-Applicants' Property**", and together with the Non-Applicants' businesses, the "**Non-Applicants' Property and Business**") including, without limitation, terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any agreement or agreements with respect to which any of the Applicants are a party, borrower, principal obligor or guarantor.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any Person against or in respect of the Non-Applicant Stay Parties, or affecting the Non-Applicants' Property and Business are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Non-Applicant Stay Parties to carry on any business which the Non-Applicant Stay Parties are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicants or the Non-Applicant Stay Parties except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other

data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Filing Date are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order or the Initial Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order or the Initial Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants

after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $263,280 (being US$200,000 as per the Bank of Canada's published exchange rate on December 20, 2019), as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 33 and 35 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that Alvarez & Marsal Canada Inc. is, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements, including to the extent deemed appropriate by the Monitor as it relates to the Non-Applicant Stay Parties who utilize the Cash Management System with the Applicants, in order to review and

consider the cash requirements and reasonableness of the cash flow forecast prepared by the Applicants, and the continued use of the Cash Management System;

(b) have full and complete access to the books, records, data, including data in electronic form, and other financial documents of the Non-Applicant Stay Parties to the extent that is necessary to adequately assess the Applicants' business and financial affairs and prospects for a restructuring or transaction of any kind, to report on cash flow forecasts prepared by the Applicants, or to perform its duties arising under this or any further Order of this Court and such Non-Applicant Stay Parties shall cause their respective employees, contractors, agents, advisors, directors and/or officers, as may be necessary, available to the Monitor for such purposes;

(c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(d) advise the Applicants in the preparation of the Applicants' cash flow statements, including as it relates to the availability of cash to the Applicants under the Cash Management System by the Non-Applicant Stay Parties;

(e) advise the Applicants in their development of the Plan and any amendments to the Plan;

(f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, wherever situate, in order to assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(h) assist the Applicants in connection with any arbitration proceedings with the Government of Republic of Armenia ("**GOA**") that may be commenced by any

Applicant or Non-Applicant Stay Party that involves or affects any of the Applicants' Business or Property (an "**Arbitration**");

(i) perform such other duties as are required by this Order or by this Court from time to time; and

(j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order.

25. **THIS COURT ORDERS** that the Applicants shall make best reasonable efforts to the extent possible to cause the Non-Applicant Stay Parties (including their respective employees, contractors, agents, advisors, directors and/or officers) to cooperate fully with the Monitor in relation to its information requests and its powers and duties set forth herein, and for so long as the stay of proceedings in favour of the Non-Applicant Stay Parties shall remain in place.

26. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property of the Applicants, or any property of the Non-Applicant Stay Parties, and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

27. **THIS COURT ORDERS** that the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any environmental legislation, unless it is actually in possession.

28. **THIS COURT ORDERS** that the Monitor shall provide any creditor of any of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the Initial Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, Canadian counsel to the Applicants and the Applicants' counsel in connection with the recognition proceedings in the United Kingdom and the Bailiwick of Jersey shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants.

31. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $460,740 (being US$350,000 as per the Bank of Canada's published exchange rate on December 20, 2019), as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of the Initial Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 33 and 35 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

33. **THIS COURT ORDERS** that the priorities of the Directors' Charge and the Administration Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $460,740);

Second – Directors' Charge (to the maximum amount of $263,280).

34. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge or the Administration Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

35. **THIS COURT ORDERS** that each of the Directors' Charge and the Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

36. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge and the Administration Charge, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

37. **THIS COURT ORDERS** that the Directors' Charge, and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by the creation of the Charges; and

(c) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

38. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

39. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe & Mail a notice containing the information prescribed under the CCAA, (ii) within five days after the Initial Filing Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

40. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.alvarezandmarsal.com/Lydian>.

41. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

42. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

43. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

44. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

45. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, Armenia, the Bailiwick of Jersey, the United Kingdom, or the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an

officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

46. **THIS COURT DECLARES** that it shall issue a letter substantially in the form of the letter attached hereto as Schedule "A" to request the assistance of the Royal Court of Jersey in these proceedings.

47. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

48. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

49. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 9:30 a.m. Eastern Standard/Daylight Time on the date of this Order.

C.J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JAN 31 2020

PER / PAR:

SCHEDULE "A"
(Letter of Request for the Royal Court of Jersey)

Court File No. CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

LETTER OF REQUEST
(COMITY APPLICATION)

To: **The Bailiff of the Royal Court of Jersey**
Royal Court Building, Royal Square
St Helier, Jersey
JE1 1JG

The Ontario Superior Court of Justice (Province of Ontario, Canada) ("**Ontario Court**"), respectfully requests the assistance of the Royal Court of Jersey to provide assistance to the Ontario Court as set out below and assures the Royal Court of Jersey reciprocal assistance in appropriate circumstances.

WHEREAS:

1. By an order dated the 23 December 2019 of the Ontario Court ("**CCAA Order**"), Lydian International Limited ("**Lydian International**"), Lydian Canada Ventures Corporation and Lydian U.K. Corporation Limited (collectively, the "**Debtors**") were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (Canada) ("**CCAA**") on the grounds that they were unable to pay their debts. Certain other non-applicant entities were also granted a stay of proceedings[1] (the non-applicant entities together with the Debtors are the "**Lydian Group**"). A copy of the CCAA Order is attached hereto as Schedule "A".

---

[1] Lydian Armenia CJSC, Lydian International Holdings Limited, Lydian Resources Armenia Limited and Lydian U.S. Corporation.

2. The Ontario Court was advised that the Lydian Group is connected to Jersey by means of Lydian International, a corporation continued under the laws of Jersey from the Province of Alberta, Canada, pursuant to the *Companies (Jersey) Law 1991* (Lydian International was originally incorporated under the *Business Corporations Act* (Alberta)). Lydian International's registered office is located at Bourne House 1st Floor, Francis Street, St Helier, Jersey.

3. Pursuant to paragraphs 2 and 3 of the CCAA Order, the Debtors, including Lydian International, are companies to which the CCAA applies, shall enjoy certain of the benefits and the protections provided for in the CCAA Order, and shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**").

4. Pursuant to paragraph 21 of the CCAA Order, Alvarez & Marsal Canada Inc. was appointed as the monitor (the "**Monitor**"), an officer of the Ontario Court, to monitor the business and financial affairs of the Debtors pursuant to the CCAA.

5. Pursuant to the CCAA and the CCAA Order, the Monitor has broad powers including the authorization to have full and complete access to the Debtor's Property (as the term "Property" is defined in the CCAA Order), including the premises, books, records, data (including in electronic form) and other financial documents of the Debtors, to the extent that is necessary to adequately assess the Debtors' business and financial affairs or to perform its duties arising under the CCAA Order (see e.g. paragraph 22(d) of the CCAA Order).

6. Pursuant to paragraph 42 of the CCAA Order, the Debtors and the Monitor were authorized "to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of [the CCAA Order] and for assistance in carrying out the terms of [the CCAA Order]". The same paragraph further provides that "the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada."

NOW:

7. I, the Honourable Geoffrey B. Morawetz, Chief Justice of the Ontario Court, confirm that, as a matter of international comity, the courts of the provinces and territories of Canada will consider giving effect to orders made by the Royal Court of Jersey relating to the

bankruptcy of an individual or company (save for the purpose of enforcing the fiscal laws of Jersey).

8. It having been shown to the satisfaction of the Ontario Court that it is necessary for the purposes of justice and to assist the Debtors and the Monitor with the carrying out of the terms of the CCAA Order, and assist the Monitor in the performance of its duties, pursuant to the CCAA Order of the Ontario Court, I hereby request the assistance of the Royal Court of Jersey to act in aid of the Debtors and the Monitor in the conduct of the reorganization of the Debtors and in particular (without prejudice to the generality of the foregoing):

(a) by recognising the appointment of the Monitor with such appointment to be registered in the Rolls of the Royal Court of Jersey in respect of Lydian International;

(b) by recognising the rights and powers of the Debtors and Monitor in respect of the Property of Lydian International;

(c) by declaring that no action shall be taken or proceeded with against Lydian International except by leave of the Ontario Court and subject to such terms as the Ontario Court may impose; and

(d) by granting such further or other relief as it thinks fit in aid of the Debtors and the Monitor and the reorganization of Lydian International.

Dated: 23 December 2019

The Honourable Geoffrey B. Morawetz, Chief Justice of the Superior Court of Justice (Ontario)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AMENDED AND RESTATED INITIAL ORDER

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Toronto, Canada M5L 1B9

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Fax: (416) 947-0866

Lawyers for the Applicants

TAB J

EXHIBIT "J"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No. CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 11TH
	)	
CHIEF JUSTICE MORAWETZ	)	DAY OF MARCH, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

ORDER

(Re Approval of BMO Engagement, DIP Agreement and Extension of the Stay of Proceedings)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 130 Queen Street West, Toronto, Ontario.

ON READING the affidavit of Edward A. Sellers sworn March 10, 2020 (the "**Sellers Stay Extension Affidavit**") and the Exhibits thereto, the affidavits of Edward A. Sellers sworn March 10, 2020 (the "**Second Sellers BMO Affidavit**") and January 21, 2020 (the "**First Sellers BMO Affidavit**") and the Exhibits thereto, and the Third Report of Alvarez & Marsal Canada Inc. in its capacity as Monitor of the Applicants (the "**Monitor**") dated March 10, 2020 (the "**Third Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor, Caterpillar Financial Services (UK) Limited ("**CAT**"), Orion Capital Management, Resource Capital Fund VI LP, Osisko Bermuda Limited and ING Bank N.V./ ABS Svensk Exportkredit (publ) ("**ING**"), and on being advised that those parties listed in the affidavits of service filed were given notice of this motion,

EXTENSION OF STAY PERIOD

1. **THIS COURT ORDERS** that the stay period as referred to in the Amended and Restated Initial Order of Chief Justice Morawetz dated January 23, 2020 (the "**Amended and Restated Initial Order**") is extended until and including April 30, 2020 in respect of the Applicants and the Non-Applicant Stay Parties.

APPROVAL OF FINANCIAL ADVISOR'S ENGAGEMENT, INCREASE TO ADMINISTRATION CHARGE AND TRANSACTION CHARGE

2. **THIS COURT ORDERS** that the Applicants are authorized to continue the engagement of BMO Nesbitt Burns Inc. ("**BMO**") on the terms and conditions set out in the Revised BMO Engagement Letter (as defined in the Second Sellers BMO Affidavit).

3. **THIS COURT ORDERS** that BMO shall be paid its fees and expenses in accordance with the terms of the Revised BMO Engagement Letter, whether incurred prior to or after the date of this Order, by the Applicants, and shall be entitled to the benefit of the Administration Charge (the "**Administration Charge**") provided for in paragraph 32 of the Amended and Restated Initial Order in respect of its Monthly Fee (as defined in the Second Sellers BMO Affidavit) and a charge (the "**Transaction Charge**") on the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**") to secure the Recapitalization Fee (as defined in the Second Sellers BMO Affidavit). The Transaction Charge shall have the priority set out in paragraphs 10 and 12 hereof.

4. **THIS COURT ORDERS** that the Administration Charge shall be increased to secure the Monthly Fee, up to the maximum aggregate amount of $658,200 (being US$500,000 as per the Bank of Canada's published exchange rate on December 20, 2019), as security for the professional fees and disbursements of the Monitor, counsel to the Monitor, the Applicants' counsel and BMO, incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 10 and 12 hereof.

DIP FINANCING

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to use the central cash management system currently in place among the Applicants, the Non-Applicant

Stay Parties and any other of the entities in the Lydian Group, as set out in the Amended and Restated Initial Order.

6. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to guarantee a credit facility from Orion Co IV (ED) Limited, Resource Capital Fund VI L.P. and Osisko Bermuda Limited (collectively, the "**DIP Lenders**") in connection with the Sixteenth Amending Agreement dated March 10, 2020 between the DIP Lenders, Lydian Armenia CJSC ("**Lydian Armenia**") as Borrower and the Applicants and the other Lydian Group entities listed therein as guarantors (the "**DIP Agreement**"), in order to finance working capital requirements of the Applicants and Non-Applicant Stay Parties, and other general corporate purposes, all as specifically provided for in the DIP Agreement.

7. **THIS COURT ORDERS** that the DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the "**DIP Charge**"), which DIP Charge shall not secure an obligation that exists before this Order is made. The DIP Charge shall have the priority set out in paragraphs 10 and 12 hereof.

8. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lenders may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the DIP Charge;

(b) upon the occurrence of an event of default under the DIP Agreement, the DIP Lenders may apply to the Court to exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement and the DIP Charge; and

(c) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

9. **THIS COURT ORDERS AND DECLARES** that the DIP Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the DIP Agreement.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

10. **THIS COURT ORDERS** that the priorities of the Administration Charge and the Directors' Charge (as each of those terms is defined in the Amended and Restated Initial Order), the Transaction Charge and the DIP Charge, as among them, shall be as follows:

First - Administration Charge (to the maximum amount of $658,200 (being US$500,000 as per the Bank of Canada's published exchange rate on December 20, 2019));

Second- the Directors' Charge (to the maximum amount of $263,280);

Third- the Transaction Charge (to the maximum amount of $5,923,800 (being US$4,500,000 as per the Bank of Canada's published exchange rate on December 20, 2019));

Fourth- the DIP Charge.

11. **THIS COURT ORDERS** that, for greater certainty, the Administration Charge, the Director's Charge, the Transaction Charge and the DIP Charge shall not apply to the equipment owned by Lydian Armenia intended for use in connection with the Amulsar Project (as defined in the Sellers Stay Extension Affidavit) and financed by equipment financiers including CAT and ING.

12. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Directors' Charge, the Transaction Charge or the DIP Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

13. **THIS COURT ORDERS** that each of the Administration Charge, the Directors' Charge, the Transaction Charge or the DIP Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental

body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**").

14. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Administration Charge, the Directors' Charge, the Transaction Charge or the DIP Charge, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Administration Charge, the Directors' Charge, the Transaction Charge and the DIP Charge.

15. **THIS COURT ORDERS** that the Administration Charge, the Directors' Charge, the Transaction Charge and the DIP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by the creation of the Charges; and

(c) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

MONITOR'S FEES AND ACTIVITIES

16. **THIS COURT ORDERS** that the Monitor's activities, as set out in the Second Report of the Monitor dated February 28, 2020, be and hereby are approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

17. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and the Monitor's counsel, Thornton Grout Finnigan LLP, as disclosed in the Third Report and detailed in the Affidavit of Alan Hutchens sworn March 10, 2020 (the "**Hutchens Affidavit**") and the Affidavit of D.J. Miller sworn March 9, 2020 (the "**Miller Affidavit**"), respectively, as appended to the Third Report, be and hereby are approved.

SEALING

18. **THIS COURT ORDERS** that the First Sellers BMO Affidavit, the Second Sellers BMO Affidavit, the BMO Engagement Letter, the Revised BMO Engagement Letter, the CAT Settlement and the ING Settlement (as each of the foregoing terms are defined in the Sellers Stay Extension Affidavit), the unredacted DIP Agreement, the unredacted Sellers Stay Extension Affidavit, and the unredacted invoices attached as Confidential Exhibit 1 to each of the Hutchens Affidavit and Miller Affidavit are hereby sealed and shall not form part of the public record until further order of the Court.

GENERAL

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, Armenia, the Bailiwick of Jersey, the United Kingdom, or the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

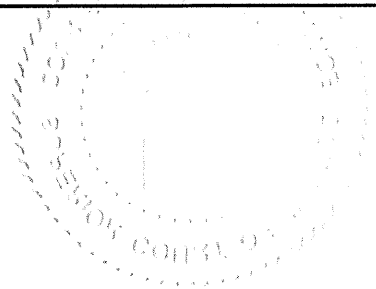
MAR 1 1 2020

PER / PAR:

C. Irwin
Registrar

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER
(Re Approval of BMO Engagement, DIP Agreement and Extension of the Stay of Proceedings)

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Lawyers for the Applicants

TAB K

EXHIBIT "K"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No. CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 30TH
	)	
CHIEF JUSTICE MORAWETZ	)	DAY OF APRIL, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

ORDER

(Re Approval of DIP Amendment and Extension of the Stay of Proceedings)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was proceeded by way of videoconference due to the COVID-19 crisis on this day.

ON READING the affidavit of Edward A. Sellers sworn April 27, 2020 (the "**April Stay Extension Affidavit**"), the supplementary affidavit of Edward A. Sellers sworn April 29, 2020 (the "**Supplementary April Stay Extension Affidavit**") and the Exhibits thereto, the Third Report of Alvarez & Marsal Canada Inc. in its capacity as Monitor of the Applicants (the "**Monitor**") dated March 10, 2020 (the "**Third Report**"), the Fourth Report of Alvarez & Marsal Canada Inc. in its capacity as Monitor dated April 27, 2020 (the "**Fourth Report**"), and the Supplemental Fourth Report of Alvarez & Marsal Canada Inc. in its capacity as Monitor dated April 29, 2020 (the "**Supplemental Fourth Report**") and on hearing the submissions of counsel for the Applicants, the Monitor, Caterpillar Financial Services (UK) Limited, Orion Capital Management, Resource Capital Fund VI LP, Osisko Bermuda Limited and ING Bank N.V./ ABS Svensk Exportkredit (publ), and on being advised that those parties listed in the affidavits of service filed were given notice of this motion,

EXTENSION OF STAY PERIOD

1. **THIS COURT ORDERS** that the stay period as referred to in the Amended and Restated Initial Order of Chief Justice Morawetz dated January 23, 2020 (the "**Amended and Restated Initial Order**") is extended until and including June 30, 2020 in respect of the Applicants and the Non-Applicant Stay Parties.

DIP FINANCING

2. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to enter into the DIP Amendment (as defined in the April Stay Extension Affidavit) in order to finance working capital requirements of the Applicants and Non-Applicant Stay Parties, and other general corporate purposes, all as specifically provided for in the DIP Amendment.

3. **THIS COURT ORDERS** that, for greater certainty, in connection with the Applicants' obligations under the DIP Amendment, the DIP Lenders (as defined in the April Stay Extension Affidavit) shall be entitled to the benefit of the DIP Charge referred to in paragraph 7 of the Order of this Court dated March 11, 2020 (the "**March 11 Order**"), which DIP Charge has the priority set out in paragraphs 10 and 12 of the March 11 Order.

MONITOR'S FEES AND ACTIVITIES

4. **THIS COURT ORDERS** that the Monitor's activities, as set out in the Third Report, the Fourth Report and the Supplemental Fourth Report be and hereby are approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

5. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and the Monitor's counsel, Thornton Grout Finnigan LLP, as disclosed in the Fourth Report and detailed in the Affidavit of Alan Hutchens sworn April 27, 2020 (the "**Hutchens Affidavit**") and the Affidavit of D.J. Miller sworn April 27, 2020 (the "**Miller Affidavit**"), respectively, as appended to the Fourth Report, be and hereby are approved.

SEALING

6. **THIS COURT ORDERS** that the unredacted April Stay Extension Affidavit, the unredacted Supplementary April Stay Extension Affidavit, and the unredacted DIP Amendment, are hereby sealed and shall not form part of the public record until further order of the Court.

GENERAL

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, Armenia, the Bailiwick of Jersey, the United Kingdom, or the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

SUPERIOR COURT OF JUSTICE
ENTERED

MAY 01 2020

COUR SUPÉRIEURE DE JUSTICE
ENTRÉ

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER
(Re Approval of DIP Amendment and Extension of the Stay of Proceedings)

Stikeman Elliott LLP
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5300 Commerce Court West
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Toronto, Canada M5L 1B9

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Lawyers for the Applicants

TAB L

EXHIBIT "L"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

In the Royal Court of Jersey

Samedi Division **2020/019**

In the year two thousand and twenty, the twenty-fifth day of February.

Before Robert James MacRae, Esquire, Deputy Bailiff of Jersey, assisted by Jurats Rozanne Barbara Thomas and David Gareth Hughes.

IN THE MATTER OF THE REPRESENTATION OF LYDIAN INTERNATIONAL LIMITED
AND IN THE MATTER OF THE LETTER OF REQUEST FROM THE ONTARIO SUPERIOR COURT OF JUSTICE

Upon receipt of a letter of request to the Royal Court of Jersey from the Ontario Superior Court of Justice (the Ontario Court) dated the 23rd December, 2019, issued under an order of the Ontario Court dated the 23rd January, 2020.

And upon reading the representation of Lydian International Limited (Lydian International).

And upon hearing the Advocate for Lydian International, the Court, for reasons to be set out in a judgment to be delivered by the Deputy Bailiff at a later date, ordered that the directions and orders of the Ontario Court be recognised and be given effect to as follows, so that:-

1. Alvarez & Marsal Canada Inc. ("the Monitor") be appointed as the monitor of Lydian International with such appointment registered in the rolls of the Royal Court and the appointment of the Monitor notified to the Jersey Financial Services Commission;
2. Lydian International shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever in Jersey and, subject to further order of the Ontario Court, Lydian International shall continue to carry on business in a manner consistent with the preservation of its business and property;
3. No proceeding or enforcement process in or out of any court or tribunal shall be commenced or continued against or in respect of Lydian International, or affecting its

business or its property, except with the written consent of Lydian International, or with leave of the Ontario Court; and

4. Lydian International and any party affected by this Representation, including the creditors of Lydian International, shall have liberty to apply.

C Ranault

Greffier Substitute

MO (SJA)

TAB M

EXHIBIT "M"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

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Sanja Sopic
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Commissioner for Taking Affidavits

0000/00

ROYAL COURT
(Samedi Division)

17th March 2020

Before: R J MacRae Esq, Deputy Bailiff with Jurats Thomas and Hughes

Representation of Lydian International Limited

Advocate S J Alexander for the Representor

JUDGMENT

DEPUTY BAILIFF:

1. On 25th February 2020 the Court made various orders in response to a letter of request dated 23rd December 2019 addressed to the Royal Court and transmitted to the Court under an order made by Chief Justice Morawetz of the Ontario Superior Court of Justice dated 23rd January 2020.

2. We now give reasons for our decision.

3. Lydian International Limited ("Lydian International") is a Jersey company. It is the ultimate holding company for the wider Lydian Group. It is not necessary to set out the identity of all the companies in the Lydian Group. But Lydian International holds 100% of the shares in Lydian Canada Ventures Corporation, a company registered in British Columbia. Lydian Canada Ventures Corporation in turn owns 100% of the shares in Lydian UK Corporation Limited, a United Kingdom company.

4. Ultimately, through two companies registered in the British Virgin Islands, the companies that we have described wholly own an Armenian company which holds the principal asset of the group, a gold mine in Armenia.

5. The three companies identified, Lydian International, Lydian Canada Ventures Corporation and Lydian UK Corporation Limited were the three companies within the Group which were the subject of an application made to the Ontario Supreme Court under the Companies' Creditors Arrangement Act ("the CCAA").

6. The CCAA is a Canadian federal statute allowing insolvent debtors to restructure their business and financial affairs. In particular, it allows a company to continue its business whilst it seeks to make arrangements with its creditors. This includes "debtor in possession" insolvency proceedings whereby the debtor (in this case the three companies referred to) remains in possession of their property and are able to carry on their business until conclusion of the proceedings. The proceedings are carried out under the supervision of the court with the assistance of an independent insolvency practitioner known as the "Monitor".

7. The financial difficulties which the Lydian group companies are currently encountering are a consequence of difficulties in completing the construction of the gold mine which are said to have been caused by arbitrary measures taken by the government of Armenia. It is not necessary to describe further the difficulties this has caused to the Lydian Group.

The judgment of the Supreme Court of Justice, Ontario ("the Ontario Court")

8. The judgment of the Ontario Court recognised that Lydian International is a Jersey company, initially incorporated in Alberta. The applicants to the Ontario Court submitted that the Lydian Group business was completely integrated and its business directed primarily out of Canada, with most of its strategic decision making being conducted in Toronto and Vancouver. The Lydian Group's loan agreements were governed primarily by the laws of Ontario. It was clear from the judgment of the Ontario Court that the restructuring arrangements for the Lydian Group are complex and that it may be appropriate for the insolvency regime of one jurisdiction to oversee the process.

9. The Ontario Court held that the Jersey and UK companies, although foreign incorporated were "companies" pursuant to the CCAA, as they either had assets or did business in Canada. They were also "debtor companies" for the purpose of the CCAA as they were insolvent and had liabilities in excess of C$5m.

10. The Ontario Court held "*The registered offices for Lydian International and Lydian UK are in Jersey and the UK respectively, however, both entities have assets in Ontario, those being funds on deposit with the Bank of Nova Scotia in Toronto. Further, it seems to me that both Lydian International and Lydian UK have a strong nexus to Ontario and accordingly I am satisfied that*

Ontario is the appropriate jurisdiction to hear this application. I am also satisfied that, in the circumstances, it is appropriate for this court to issue to the Royal Court of Jersey a letter of request as referenced in the application record."

11. The Ontario Court has made interim orders which need to be renewed frequently and are under the supervision of the Monitor. These orders have, inter alia, the effect that the applicants remain in possession and control of their current and future assets; may continue to carry on business in a manner consistent with the preservation of their business; are entitled to pay various expenses; are directed not to make payments of principal or interest to any of their creditors and are protected from any proceedings or enforcements against them except with consent of the applicants and the Monitor, or leave of the Court. These protections extend to the directors and officers of the applicants. The Monitor has been ordered to monitor the receipts and disbursements of the three companies; report to the Court at such time and intervals as the Monitor may deem appropriate with respect to matters relating to the property of the companies; advise the companies in the preparation of their cash flow statements; have full and complete access to the affairs of the companies and, be at liberty to engage counsel or such other persons as the Monitor deems appropriate respecting the exercise of its powers and obligations.

The letter of request

12. The letter of request ordered to be sent to this Court is entitled "*Letter of Request (Comity Application)*". The letter requests the assistance of this Court and invites the Court to give various relief. Importantly, the Ontario Court confirms "*that, as a matter of international comity, the courts of the provinces and territories of Canada will consider giving effect to orders made by the Royal Court of Jersey relating to the bankruptcy of an individual or company (save for the purpose of enforcing the fiscal laws of Jersey)*".

13. The Ontario Court requests the assistance of the Royal Court to act in aid of the applicants and the Monitor in the conduct of the reorganisation of the applicants and in particular, in summary, by recognising the appointment of the Monitor; by recognising the rights and powers of the applicants and the Monitor in respect of the property of Lydian International; by declaring that no action shall be taken or proceeded with against Lydian International except by leave of the Ontario Court and by granting such further or other relief as the Royal Court shall think fit in aid of the applicants and the Monitor in the reorganisation of Lydian International.

14. The Court was concerned to satisfy itself firstly that it had jurisdiction to grant the orders made and secondly, if it had such jurisdiction, whether it would be appropriate to exercise it in favour of granting some or all of the orders sought in the letter or request.

The Court's jurisdiction

15. There is no statutory basis to assist the Ontario Court.

16. Article 49 of the Bankruptcy (Désastre) (Jersey) Law 1990 provides that:

> ***"(1) The court may, to the extent it thinks fit, assist the courts of a relevant country or territory in all matters relating to the insolvency of a person, and when doing so may have regard to the extent it considers appropriate to the provisions for the time being of any model law on cross border insolvency prepared by the United Nations Commission on International Trade Law.***
>
> ***…***
>
> ***(4) In this Article "relevant country or territory" means a country or territory prescribed by the Minister."***

17. However, the provisions of the order made by the Minister under Article 49, as contained in the Bankruptcy (Désastre) Jersey Order 2006, list a number of countries and territories which do not include Canada.

18. We were assisted by various Jersey cases cited to us in the course of argument in which the Royal Court, in the exercise of its discretion and having regard to the principles of comity, decided to make orders having the effect of implementing orders made by foreign courts in respect of bankruptcies in those jurisdictions.

19. The authority of most assistance was the decision of the Royal Court in Tacon –v- Nautilus Trust Company Limited, John Grimshaw and Montrow International Limited [2007] JRC 107 and the decision of the Court of Appeal on appeal in Montrow International –v- Tacon [2007] JCA 144.

20. In that case the Royal Court was considering an application made by the respondents to stay an order previously made by the Royal Court whereby it had recognised the appointment by the High Court of the British Virgin Islands of a provisional liquidator and authorised him to exercise in Jersey various powers as provisional liquidator of companies, including Montrow International Limited. At paragraph 24 the Court said:

"24. The second preliminary objection was that this Court does not have power to order a director to provide information etc at the instance of a provisional liquidator of an overseas company because Jersey does not have the concept of a provisional liquidator. Reliance was placed upon a dictum of Lord Hoffmann in Cambridge Gas Transport Cooperation v the Official Committee of Unsecured Creditors of Navigator Holdings plc [2006] 3 WLR 689 where he said at para 22

> ***"What are the limits of the assistance which the court can give? In cases in which there is statutory authority for providing assistance, the statute specifies what the court may do……..At common law, their Lordships think it doubtful whether assistance could take the form of applying provisions of the foreign insolvency law which form no part of the domestic system. But the domestic court must at least be able to provide assistance by doing whatever it could have done in the case of a domestic insolvency. The purpose of recognition is to enable the foreign office holder or the creditors to avoid having to start parallel insolvency proceedings and to give them the remedies to which they would have been entitled if the equivalent proceedings had taken place in the domestic forum."***

25. However, that comment was made in the context of what powers the domestic court could exercise in aid of the foreign court. It was not concerned with the question of to whom such assistance could be given. In that respect Lord Hoffmann had at para 20 said the following:-

> ***"Corporate insolvency is different in that, even in the case of movables, there is no question of recognising a vesting of the company's assets in some other person. They remain the assets of the company. But the underlying principle of universality is of equal application and this is given effect by recognising the person who is empowered under the foreign bankruptcy law to act on behalf of the insolvent company as entitled to do so in England."***

26. The person entitled under BVI law to act on behalf of Montrow is Mr Tacon as provisional liquidator. The Court should therefore recognise him even though Jersey does not have the concept of a provisional liquidator. The same point would arise in respect of a duly appointed administrator of an English company. Jersey does not have the concept of placing a company in administration but, given that under English law, an administrator once appointed is the person empowered to act for the company, this Court would, in conformity with the remarks of Lord Hoffmann,

recognise the administrator of an English company as being the person entitled to act on behalf of that company.

27. No one suggested in argument that the liquidator of a Jersey company does not have a comparable power to obtain information from a director as is envisaged by Para 2(g) of the order and accordingly we reject the argument that this Court is unable to make the order in question merely because Jersey does not have the concept of a provisional liquidator."

21. The single judge of the Court of Appeal, Michael Beloff QC, refused leave to appeal.

22. It is true that the relief available under the CCAA including, for example, the appointment of the Monitor and certain other orders made by the Canadian Court, are not features of Jersey law. Accordingly, the Court would be going rather further than the Royal Court went in Tacon –v- Nautilus and others in granting the relief sought. In that case, although Jersey does not have the concept of a provisional liquidator, it was not suggested that a liquidator of a Jersey company did not have the power to obtain information envisaged by the order that was sought.

23. In this case, the Court is being invited to make orders ancillary to those made in the Ontario Court which could not be obtained in any Jersey bankruptcy or insolvency procedure, as there is no equivalent process in Jersey.

24. It was accepted by counsel for Lydian International that there were elements of the Canadian process which were not known to Jersey law, but it was said that there was nothing about the relief that was sought that was inconsistent with public policy or contrary to any fundamental principles of Jersey law. We accepted this argument.

25. Accordingly, the Court found that it did have jurisdiction to make the order sought in the letter of request.

Exercise of our jurisdiction

26. This is not a case (unlike, for example, the Montrow International case) where the foreign insolvency process was itself heavily contested. Nor is it a case where such process was undertaken in the absence of representation by or on behalf of the creditors.

27. We were shown a list of the principal creditors, of whom six are secured and ten are unsecured. Some of the secured creditors were represented by counsel at the hearing before the Chief Justice of the Ontario Court.

28. We note that there are no secured or unsecured creditors (with the exception of the applicant's Jersey lawyers) in Jersey so no Jersey creditors will be prejudiced by any order that this court may make. Further, in accordance with the orders made at the convening hearing in this matter, all creditors were notified of the hearing. There was a delay in notifying certain of the unsecured creditors, but they still had sufficient time (five days) to respond prior the deadline of 18th February 2020 and, in the event, none of the secured or unsecured creditors have expressed any opposition to the orders being sought.

29. The only creditor who can be described as an objector to the proceedings is Caterpillar Financial SARL which is one of the six secured creditors of the three companies that are applicants in the CCAA proceedings (but not the largest). Caterpillar has been in communication with counsel for Lydian International, and its concern relates to the fact that Lydian International is a guarantor of a loan granted by Caterpillar to another company in the Lydian Group which is not the subject of the CCAA proceedings; Caterpillar objects to the CCAA court attempting to apply the Canadian stay "extra judicially" to collateral in Armenia and protests that any order by a Jersey court would not be effective against either Lydian International or the Armenian collateral.

30. We were shown evidence showing that at the most recent hearing before the Ontario Court, Caterpillar elected to reserve its position in respect of any challenge to the Ontario Court orders. In any event, as set out below, we ordered that any affected creditor (including Caterpillar) may have liberty to apply in relation to the orders that we made.

31. As to Lydian International itself, we were told that it is Jersey tax resident; that its registered office is in Jersey; it has an employee in Jersey; board meetings have occurred here in the past and we note that one of the six directors of the Company is resident in the Channel Islands.

32. There has been correspondence between Lydian International's Jersey advocates and the office of the Viscount in order to see if she has any substantive views on the application made. She did not express any views that were hostile to this application.

33. Although there is no precedent in Jersey for a Canadian CCAA order or similar order being enforced or recognised in relation to a Jersey company, we had no doubt that we should assist the Canadian Court in this case. There were no reasons of Jersey public policy impeding the court making the

orders sought. To the contrary, it is consistent with Jersey's status as a responsible jurisdiction for the Royal Court to lend assistance in order to facilitate an international insolvency process in a friendly country that has a potential to benefit the creditors of the Lydian Group as a whole.

34. Further, whilst of course this court retains a discretion as whether or not to assist an overseas court and as to the nature and degree of assistance, the fact remains that it is the Ontario Court which is exercising the principal insolvency jurisdiction in this case, and this court should have regard to the decisions of that court particularly where, as in this case, we have been supplied with a substantial body of material explaining the background to this matter, together with a reasoned judgment of the Ontario Court, following a hearing to which the creditors were convened and certain of the creditors represented by counsel.

35. The Court gave substantial weight to the indication in the letter of request that the Canadian court would consider giving effect to equivalent orders made by the Royal Court in respect of the bankruptcy of an individual or company and ordered that:

(i) Alvarez & Marsal Canada Inc. ("the Monitor") be appointed as the Monitor of Lydian International with such appointment registered in the rolls of the Royal Court, and the appointment of the Monitor be notified to the Jersey Financial Services Commission;

(ii) Lydian International shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever in Jersey and, subject to further order of the Ontario Court, Lydian International shall continue to carry on business in a manner consistent with the preservation of its business and property;

(iii) No proceeding or enforcement process in or out of any court or tribunal shall be commenced or continued against or in respect of Lydian International, or affecting its business or its property, except with the written consent of Lydian International, or with leave of the Ontario Court; and

(iv) Lydian International and any party affected by this Representation, including the creditors of Lydian International, shall have liberty to apply.

TAB N

EXHIBIT "N"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
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Commissioner for Taking Affidavits

Court File No.CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	~~THURSDAY~~ MONDAY, THE ~~30TH~~ 4TH
	)	
CHIEF JUSTICE MORAWETZ	)	DAY OF ~~APRIL~~ MAY, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

ORDER

THIS MOTION, made by the Applicants, was heard this day in writing in substitution to an in-person hearing.

ON READING THE consent of the parties, filed,

1. **THIS COURT ORDERS** that the stay of proceedings as provided for in the Amended and Restated Initial Order of Chief Justice Morawetz dated January 23, 2020 shall be lifted for the purposes of permitting Caterpillar Financial Services (UK) Limited ("**CAT**") the ability to exercise its enforcement rights with respect to the Mobile Mining Equipment (as defined in the Motion Record of the Respondent, CAT dated January 22, 2020) in accordance with various pledge agreements entered into between Lydian Armenia CJSC and CAT pertaining to the Mobile Mining Equipment.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 22 2020

111576955 v3

PER / PAR:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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Lawyers for the Applicants

TAB O

EXHIBIT "O"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Court File No.CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 30TH DAY OF APRIL, 2020
	)	
CHIEF JUSTICE MORAWETZ	)	

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

ORDER

THIS MOTION, made by the Applicants, was heard this day in writing in substitution to an in-person hearing.

ON READING THE consent of the parties, filed,

1. **THIS COURT ORDERS** that the stay of proceedings as provided for in the Amended and Restated Initial Order of Chief Justice Morawetz dated January 23, 2020, shall be lifted for the purposes of permitting Ab Svensk Exportkredit ("**SEK**"), on its own behalf, or ING Bank N.V. ("**ING**"), in its capacity as security agent for SEK pursuant to the Movable Assets Pledge (Security Interest) Agreement (the "**Assets Pledge Agreement**") entered into between ING, SEK and Lydian Armenia CJSC ("**Lydian Armenia**"), to exercise its enforcement rights in accordance with the Assets Pledge Agreement with respect to the equipment financed pursuant to the Facility Agreement between Lydian Armenia, Lydian International Limited and ING dated February 8, 2017, as transferred by ING to SEK as lender, as amended from time to time.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 22 2020

PER / PAR:

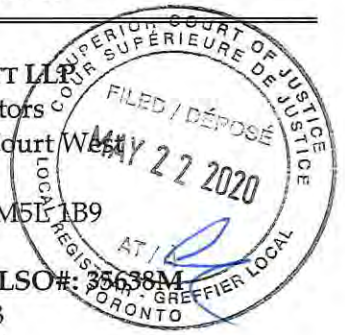
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER



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Lawyers for the Applicants

TAB P

EXHIBIT "P"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

LYDIAN'S ORDINARY SHARES TO BE DELISTED FROM TSX

TORONTO, Ontario, January 10, 2020 – Lydian International Limited (TSX:LYD) ("**Lydian**" or the "**Company**") announced that it has received notice that the Toronto Stock Exchange ("**TSX**") has determined to delist the Company's ordinary shares effective at the close of market on February 5, 2020. The Company does not intend to appeal the decision or seek an alternative listing. The Company's ordinary shares remain suspended from trading pending the delisting.

As previously announced, the Company and its direct and indirect wholly owned subsidiaries, Lydian Canada Ventures Corporation ("**Lydian Canada**") and Lydian U.K. Corporation Limited ("**Lydian UK**"), were granted protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). While under CCAA protection, creditors and others are stayed from enforcing any rights against the Company, Lydian Canada, Lydian UK and a number of their direct subsidiaries including Lydian Armenia.

All inquiries regarding the CCAA proceeding should be directed to the court-appointed monitor, Alvarez & Marsal Canada Inc. (email lydian@alvarezandmarsal.com or telephone +1 416-847-5158). Information about the Company's CCAA proceedings, including all court orders made and the monitor's reports, are available on the monitor's website, at: http://www.alvarezandmarsal.com/Lydian.

For further information regarding the Company, please contact:

Edward Sellers, Interim President & CEO
+3 741-054-6037

Bill Dean, Chief Financial Officer
+1 720-307-5089

Or: moreinfo@Lydianinternational.co.uk

Caution regarding forward-looking information

Certain information contained in this news release is "forward looking". All statements in this news release, other than statements of historical fact, that address events, results, outcomes or developments that the Company expects to occur are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "intends", "anticipates" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "will", "would", "should", or "occur" or the negative or other variations of such terms. Forward-looking statements in this news release include, among others, statements with respect to: the Company's intention to not appeal the decision or seek an alternative listing; the CCAA proceedings and creditor protection and the restructuring process, including the outcome; and the expectation that the CCAA process will preserve value for some stakeholders, of which there can be no assurances.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, without limitation: changes in gold and silver prices; adverse general economic, political, market or business conditions; failure to achieve the objectives of the future exploration and drilling programs; 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, regulatory changes; as well as "Risk Factors" included in the disclosure documents filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

TAB Q

EXHIBIT "Q"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Ontario Securities Commission | Commission des valeurs mobilières de l'Ontario | P.O. Box 55, 22nd Floor, 20 Queen Street West, Toronto ON M5H 3S8 | CP 55, 22e étage, 20, rue queen ouest, Toronto ON M5H 3S8

IN THE MATTER OF

LYDIAN INTERNATIONAL LIMITED (the **Issuer**)

CEASE TRADE O R D E R
Under the securities legislation of Ontario (Legislation)

Background

1. This is the order of the Ontario Securities Commission (the **Decision Maker**).

2. The Issuer has not filed the following periodic disclosure required by the Legislation:

   - interim financial statements for the period ended March 31, 2020;
   - management's discussion and analysis relating to the interim financial statements for the period ended March 31, 2020;
   - certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

3. As a result of this order, if the Issuer is a reporting issuer in a jurisdiction in which Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies, a person or company must not trade in or purchase a security of the issuer in that jurisdiction, except in accordance with the conditions that are contained in this order, if any, for so long as this order remains in effect.

4. Further, this order takes automatic effect in each jurisdiction of Canada that has a statutory reciprocal order provision, subject to the terms of the local securities legislation.

Interpretation

Terms defined in the Legislation, National Instrument 14-101 *Definitions* or National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Order

5. The Decision Maker is satisfied that the decision concerning the cease trade meets the test set out in the Legislation to make this decision.

6. It is ordered under the Legislation that trading, whether direct or indirect, cease in respect of each security of the Issuer.

7. Despite this order a beneficial security holder of the Issuer who is not, and was not at the date of this order, an insider or control person of the Issuer, may sell securities of the Issuer acquired before the date of this order if both of the following apply:

(a) the sale is made through a "foreign organized regulated market", as defined in section 1.1 of the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; and

(b) the sale is made through an investment dealer registered in a jurisdiction of Canada in accordance with applicable securities legislation.

DATED at Toronto this 9th day of June, 2020.

Ontario Securities Commission

"Michael Balter"

Michael Balter
Manager
Corporate Finance Branch

TAB R

EXHIBIT "R"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

LYDIAN INTERNATIONAL LIMITED
LYDIAN CANADA VENTURES CORPORATION
LYDIAN U.K. CORPORATION LIMITED

PLAN OF ARRANGEMENT

PURSUANT TO THE

COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

JUNE [●], 2020

PLAN OF ARRANGEMENT

This is the Plan of Arrangement of Lydian Canada Ventures Corporation, Lydian International Limited and Lydian U.K. Corporation Limited pursuant to the *Companies' Creditors Arrangement Act* (Canada) and *Business Corporations Act* (British Columbia).

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

"**Affected Claims**" means, collectively, the obligations of each of the Released Guarantors under the Guarantees.

"**Affected Creditor**" means a Creditor with an Affected Claim.

"**Agent**" means Orion, in its capacity as administrative agent under the Credit Agreement.

"**Ameriabank**" means Ameriabank CJSC.

"**Applicants**" means Lydian Jersey, Lydian Canada and Lydian UK.

"**Armenia-Jersey Interco Debt**" means the indebtedness in the amount of approximately USD$**[187,000,000]**[1] owed by Lydian Armenia to Lydian Jersey.

"**Armenia-US Interco Debt**" means the indebtedness in the amount of approximately USD$3,200,000 owed by Lydian Armenia to Lydian US.

"**Assessments**" means Claims of any taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any taxation authority.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Business Day**" means a day other than a Saturday or Sunday on which banks are generally open for business in Toronto, Ontario.

"**CAT**" means Caterpillar Financial Services (UK) Limited.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

"**CCAA Charges**" means the charges created by the Initial Order and defined as the "**Administrative Charge**", the "**Directors' Charge**", the "**Transaction Charge**" and the "**DIP Charge**" therein.

"**CCAA Proceedings**" means the proceedings of the Applicants under the CCAA.

[1] NTD: Amount to be updated prior to the Plan Implementation Date to include draws under the current DIP facility and DIP Exit Credit Facilities.

"**CCAA Termination Date**" means the date on which the Monitor files a certificate with the Court as set out in Section 6.4 hereto.

"**Claim**" means any right of any Person against the Applicants or Non-Applicant Stay Parties in connection with any indebtedness, liability or obligation of any kind of the Applicants or Non-Applicant Stay Parties, including those that are secured against the assets or shares of the Applicants in existence immediately prior to the Effective Time.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Credit Agreement**" means the credit agreement dated as of November 30, 2015 among, *inter alia*, Lydian Jersey, as a guarantor, Lydian Armenia, as borrower, Orion, RCF and each of the other lenders from time to time party thereto, as lenders, and the Agent.

"**Creditor**" means a Person having a Claim and includes the transferee or assignee of a Claim that is recognized as a Creditor by the Applicants or Non-Applicant Stay Parties, or a trustee, liquidator, receiver or other Person acting on behalf of such Person.

"**DIP Exit Credit Facilities**" means the USD$[●] of additional commitment under the Term Facility B (as defined in the Credit Agreement) in respect of the Post-Implementation Date Expenses to be made available to Lydian Armenia pursuant to the Eighteenth Amending Agreement, on terms substantially similar to those set out in Schedule "A".

"**DIP Loans**" has the meaning given to such term in the Credit Agreement.

"**Director**" means, as at the time immediately prior to the Effective Time any former or then present director or officer of any member of the Existing Lydian Group or any other Person who by applicable legislation is deemed to be or is treated similar to a director or officer of such member or that managed the business and affairs of such member.

"**Director Claim**" means any right or claim of any Person against one or more of the Directors howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, including any right of contribution or indemnity, for which any Director is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director.

"**Effective Time**" means the first moment on the Plan Implementation Date.

"**Eighteenth Amending Agreement**" means the eighteenth amending agreement to the Credit Agreement dated as of **[the Plan Implementation Date]**, but effective immediately prior to the Effective Time, among Lydian Armenia, as borrower, the guarantors party thereto, the Seniors Lenders, in their capacity as lenders, and the Agent.

"**Encumbrance**" means any mortgage, charge, pledge, lien, hypothec, security interest, encumbrance, statutory or possessory lien or lease of personal property that creates a security interest in respect of any assets that an Applicant owns or to which an Applicant is entitled.

"**Equipment Lenders**" means, collectively, Ameriabank, CAT, ING and SEK.

"**Equity Claim**" means a Claim that meets the definition of "equity claim" in section 2(1) of the CCAA.

"**Equity Claimants**" means any Person with an Equity Claim, but only in such capacity.

"**Existing Lydian Group**" means, collectively, Lydian Jersey, Lydian Canada, Lydian UK, Lydian International Holdings Limited, Lydian Resources Armenia Limited, Lydian Armenia, Lydian DirectorCo, Lydian Resources Kosovo Limited, Lydian Georgia, Lydian GRC, Lydian Zoloto and Lydian US and each of their direct or indirect wholly-owned subsidiaries immediately prior to the Effective Time.

"**GRC-Jersey Interco Debt**" means the indebtedness in the amount of approximately USD$2,800,000 owed by Lydian GRC to Lydian Jersey.

"**Guarantees**" means, collectively, (i) the guarantee dated as of December 3, 2015 made by, *inter alia*, Lydian Jersey and the other Released Guarantors in favour of the Agent in respect of the Loan Obligations, and (ii) the guarantee dated as of December 3, 2015 made by, *inter alia*, Lydian Jersey and the other Released Guarantors in favour of the Purchaser's Agent in respect of the Stream Obligations.

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

"**Initial Order**" means the initial order made on December 23, 2019, as amended and restated on January 23, 2020 pursuant to which the Applicants were provided protection under the CCAA, as further amended from time to time.

"**Jersey-US Interco Debt**" means the indebtedness in the amount of approximately USD$9,000,000 owed by Lydian Jersey to Lydian US.

"**Loan Obligations**" means all obligations, liabilities and indebtedness of the Existing Lydian Group under the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement).

"**Lydian Armenia**" means Lydian Armenia CJSC, a closed joint stock company governed by the laws of Armenia.

"**Lydian Canada**" means Lydian Canada Ventures Corporation, a corporation incorporated under the BCBCA.

"**Lydian DirectorCo**" means 11910728 Canada Inc., a corporation incorporated under the *Canada Business Corporations Act*.

"**Lydian Georgia**" means Lydian Resources Georgia Limited, a company governed by the laws of Jersey.

"**Lydian Georgia Purchaser**" means [●][2].

"**Lydian Georgia Shares**" means the common shares in the capital of Lydian Georgia held by Lydian Jersey.

"**Lydian GRC**" means Georgian Resource Company LLC, a company governed by the laws of Georgia.

[2] NTD: Vahe Kevorkov or an entity controlled by him.

"**Lydian Jersey**" means Lydian International Limited, a company governed by the laws of Jersey.

"**Lydian Jersey Ordinary Shares**" means the ordinary shares in the capital of Lydian Jersey.

"**Lydian Jersey Shareholder**" means any Person who holds, is entitled to or has any rights or interests in or to or in respect of the Lydian Jersey Ordinary Shares immediately prior to the Effective Time, but only in such capacity.

"**Lydian Subsidiaries**" means, collectively, Lydian Canada, Lydian UK, Lydian International Holdings Limited, Lydian Resources Armenia Limited, Lydian Armenia, Lydian DirectorCo, Lydian Resources Kosovo Limited, Lydian Georgia, Lydian GRC, Lydian Zoloto and Lydian US.

"**Lydian UK**" means Lydian U.K. Corporation Limited, a corporation governed by the laws of the United Kingdom.

"**Lydian US**" means Lydian U.S. Corporation, a corporation governed by the laws of Colorado.

"**Lydian Zoloto**" means Kavkaz Zoloto CJSC, a closed joint stock company governed by the laws of Armenia.

"**Majority Senior Lenders**" means a majority in number of Affected Creditors representing at least two thirds in value of the Affected Creditors.

"**Meeting**" means the meeting of the Affected Creditors to be held on the Meeting Date for the purpose of considering and voting on the Plan pursuant to the CCAA in accordance with the Meeting Order and includes any adjournment, postponement or other rescheduling of such meeting in accordance with the Meeting Order.

"**Meeting Date**" means the date on which the Meeting is held in accordance with the Meeting Order.

"**Meeting Order**" means the order of the Court dated **[June 18, 2020]** under the CCAA that, among other things, sets the date for the Meeting, as same may be amended, restated or varied from time to time.

"**Monitor**" means Alvarez & Marsal Canada Inc., solely in its capacity as the monitor appointed by the Court pursuant to the Initial Order, and not in its personal or corporate capacity.

"**New Directors**" means the individuals to be appointed to the board of directors of **[Lydian Jersey]** and Restructured Lydian (and its direct and indirect subsidiaries) as of the Plan Implementation Date.[3]

"**Non-Applicant Stay Parties**" has the meaning set out in the Initial Order and includes Lydian Armenia, Lydian Resources Armenia Limited, and Lydian US.

"**Orion**" means Orion Co IV (ED) Limited.

"**Osisko**" means Osisko Bermuda Limited.

"**Person**" means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity.

[3] NTD: Lydian Jersey directors to be appointed by outgoing directors while directors of Restructured Lydian and its subsidiaries will be appointed at the direction of the Senior Lenders as shareholders of Restructured Lydian.

"**Plan**" means this plan of arrangement under the CCAA and the BCBCA, including the Schedules hereto, as further amended, supplemented or replaced from time to time.

"**Plan Implementation Date**" means the date upon which the Monitor files with the Court the certificate contemplated by Section 6.2, which shall occur on or before June 30, 2020.

"**Post-Implementation Date Expenses**" means: (a) all potential costs and expenses (including fees of Lydian Jersey's counsel and the Monitor and its counsel) estimated to be incurred and accrued in respect of any further stay extensions or motions at any time prior to the CCAA Termination Date; (b) all estimated costs and expenses of Lydian Jersey and the other Released Guarantors, including all reasonable and documented fees of their advisors, the Monitor and its counsel, and director and officer insurance premiums incurred and accrued up to the CCAA Termination Date; and (c) the costs and expenses estimated to be incurred in connection with or related to the dissolution or winding-up of Lydian Jersey, Lydian US and Lydian Zoloto pursuant to Section 6.4, in each case, as set forth on, and, in all cases, subject to the maximums set forth on, Schedule "B", and such other amounts as the Senior Lenders may agree in writing.

"**Post-Implementation Date Expenses Reserve**" means the reserve to be established by the Applicants on the Plan Implementation Date and held by the Monitor solely for the benefit of the Applicants, which shall be comprised of an amount of $[●] to pay the Remaining Post-Implementation Date Expenses.

"**Purchaser's Agent**" means Osisko, in its capacity as agent for the purchasers under the Stream Agreement.

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

"**Released Claims**" has the meaning ascribed thereto in Section 6.6 hereof.

"**Released Director Claim**" means any Director Claim that is released pursuant to Section 6.6 hereof.

"**Released Guarantors**" means, collectively, Lydian Jersey, Lydian US, Lydian Zoloto, Lydian Georgia and Lydian GRC.

"**Released Party**" and "**Released Parties**" have the meaning ascribed thereto in Section 6.6 hereof.

"**Remaining Post-Implementation Date Expenses**" means the Post-Implementation Date Expenses not paid or satisfied as of the Plan Implementation Date.

"**Required Majority"** means a majority in number of Affected Creditors representing at least two thirds in value of the Affected Creditors, in each case who are entitled to vote at the Meeting in accordance with the Meeting Order and who are present and voting in person or by proxy on the resolution approving the Plan at the Meeting.

"**Restructured Lydian**" means, collectively, the entity formed upon the amalgamation by arrangement of SL Newco and Lydian Canada.

"**Restructured Lydian Common Shares**" means the common shares of Restructured Lydian to be held by the Senior Lenders.

"**Restructured Lydian Group**" means, collectively, Restructured Lydian and each of its direct or indirect wholly-owned subsidiaries immediately after the Effective Time.

"**Restructured Lydian Preferred Share**" means the preferred share of Restructured Lydian to be held by Lydian Jersey.

"**Restructuring Documents**" means, collectively, the articles of Restructured Lydian and all related agreements, security and other documents.

"**Sanction and Implementation Order**" means the order to be sought under the CCAA sanctioning this Plan, if approved by the Required Majority, and providing for its implementation in form and content satisfactory to the Applicants and the Monitor.

"**SEK**" means AB Svensk Exportkredit (publ).

"**Senior Lenders**" means, collectively, Orion, RCF and Osisko.

"**SL Newco**" means [●], a corporation governed by the BCBCA.

"**Stream Agreement**" means the amended and restated purchase and sale agreement (gold and silver) dated as of January 15, 2019 among Lydian Jersey, as a guarantor, Lydian Armenia, as seller, Osisko (as successor to Orion Co IV (SO) Limited), RCF and each of the other purchasers from time to time party thereto, as purchasers, and the Purchaser's Agent.

"**Stream Obligations**" means all obligations, liabilities and indebtedness of the Existing Lydian Group under the Stream Agreement and the other Stream Documents (as defined in the Stream Agreement).

"**Subsidiary Shares**" means all shares in the capital of each of the Lydian Subsidiaries that are issued and outstanding immediately prior to the Effective Time.

"**Unaffected Claim**" means any Claim of a Creditor against the Applicants or the Non-Applicant Stay Parties, other than the Affected Claims, and, for greater certainty, Unaffected Claim includes (i) all Claims resulting from the Loan Obligations and Stream Obligations, in each case, other than those representing the Affected Claims; (ii) all Claims of the Equipment Lenders against the Applicants or any other non-Applicant member of the Existing Lydian Group; (iii) all unsecured Claims against the Applicants or the Non-Applicant Stay Parties; and (iv) all Claims of any other Creditor against Lydian Armenia and any other non-Applicant member of the Existing Lydian Group.

"**Unaffected Creditor**" means both a Creditor with an Unaffected Claim and a holder of an Equity Claim in Lydian Jersey.

"**US-Jersey Interco Debt**" means the indebtedness in the amount of approximately USD$12,700,000 owed by Lydian US to Lydian Jersey.

"**USD**" means United States dollars.

Section 1.2 Construction

In this Plan, unless otherwise stated or the context otherwise requires:

(a) the division of the Plan into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Plan;

(b) the words “hereunder”, “hereof” and similar expressions refer to this Plan and not to any particular Article, Section or Schedule and references to “Articles”, “Sections”, and “Schedules” are to Articles and Sections of and Schedules to this Plan;

(c) words importing the singular include the plural and vice versa and words importing any gender include all genders;

(d) the word “including” means “including without limiting the generality of the foregoing”;

(e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;

(f) a reference to any agreement, indenture or other document is to that document as amended, supplemented, restated or replaced from time to time up to the day before the Plan Implementation Date;

(g) references to dollar amounts are to Canadian dollars, unless otherwise stated; and

(h) references to times are to local time in Toronto, Ontario.

Section 1.3 Conversion

All Affected Claims denominated in USD are to be converted to CAD using Bank of Canada’s Daily Exchange Rate in effect the Business Day prior to the Plan Implementation Date.

Section 1.4 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 1.5 Date for any Action

If any date on which any action required to be taken hereunder by a Person is not a Business Day, such action must be taken or will be deemed to be taken on the next succeeding day which is a Business Day.

Section 1.6 Schedules

The following are the Schedules to this Plan:

Schedule A	-	DIP Exit Credit Facilities
Schedule B	-	Post-Implementation Date Expenses
Schedule C	-	Post-Implementation Capitalization
Schedule D	-	Articles of Restructured Lydian

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

Section 2.1 Purpose

The purpose of the Plan is to:

(a) implement a corporate and financial restructuring of the Applicants;

(b) provide for the assignment or settlement of all intercompany debts owing to the Applicants prior to the Effective Time to, among other things, minimize adverse tax consequences to Lydian Armenia and its stakeholders;

(c) provide for the equivalent of an assignment of substantially all of the assets of Lydian Jersey (including the shares in Lydian Canada) to SL Newco by amalgamating Lydian Canada with SL Newco;

(d) provide for a corresponding orderly wind up, and financing of such wind up, of Lydian Jersey and an orderly disposition or winding up, and financing thereof, of the affairs of the other Released Guarantors which would include the release of all obligations and guarantees of such Released Guarantors to the Senior Lenders (in their capacities as lenders and purchasers), if any;

(e) permit Restructured Lydian and its shareholders/stakeholders to determine the manner and timing of pursuing any strategy post the Plan Implementation Date;

(f) permit Lydian Canada and Lydian UK to exit CCAA Proceedings on the Plan Implementation Date; and

(g) permit Lydian Jersey to exit CCAA Proceedings upon the earlier of (A) completion of (a) to (d) above, or (B) an Order of the Court terminating the CCAA Proceedings.

Section 2.2 Persons Affected

The Plan provides for a full and final release and discharge of the Affected Claims and Released Claims, and a restructuring of the Applicants. The Plan will become effective at the Effective Time in accordance with its terms and in the sequence set forth in Section 6.3(3) hereof and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors and the Released Parties.

Section 2.3 Rights and Defences Maintained

Except as otherwise specified herein, nothing in the Plan shall affect the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS

Section 3.1 Classification of Creditors

For the purposes of considering and voting on the Plan, the Affected Creditors will vote as a single class.

Section 3.2 Meeting

The Meeting shall be held in accordance with the CCAA, the Meeting Order and the Plan. The Monitor will act as chair of the Meeting. The only Persons entitled to attend the Meeting are: the Monitor and its legal counsel and advisors; the Affected Creditors and their legal counsel and advisors; and the Existing Lydian Group, their respective directors and officers and their respective

legal counsel and advisors. Any other Person may be admitted on invitation of the chair of the Meeting.

Section 3.3 Voting by Affected Creditors

Each Affected Creditor shall be entitled to one vote as a member of the class, which vote shall have a value equal to the dollar value of its Affected Claims.

Section 3.4 Unaffected Claims

This Plan does not affect Unaffected Claims or Equity Claims subject to the express provisions hereof providing for the treatment of Released Claims. Unaffected Creditors will not be entitled to vote or receive any distributions under this Plan. Unaffected Claims shall not be compromised, released, discharged, cancelled or barred by the Plan subject to the express provisions hereof providing for the treatment of Released Claims.

Section 3.5 Equity Claims

Equity Claimants shall not receive any distributions or other consideration under the Plan or otherwise recover anything in respect of their Equity Claims and shall not be entitled to attend or vote on the Plan, and subject to the provisos (i) and (ii) below, all Equity Claims shall be forever compromised, released, discharged, cancelled and barred, provided, however, that after the Effective Time: (i) the Lydian Jersey Shareholders and other Equity Claimants with an Equity Claim against Lydian Jersey shall retain their Lydian Jersey Ordinary Shares and Equity Claims against Lydian Jersey, as applicable (which Lydian Jersey will seek to extinguish as part of the wind-up of Lydian Jersey) until the wind-up of Lydian Jersey as set forth below; and (ii) the Subsidiary Shares shall remain outstanding and shall continue to be held by the existing holders of such Subsidiary Shares, except as otherwise provided in this Plan in the case of Lydian Canada.

Section 3.6 Treatment of Affected Claims

At the Effective Time, pursuant to and in accordance with the other provisions of this Plan, each of the Senior Lenders will receive, in respect of its Affected Claim:

(a) the number of Restructured Lydian Common Shares set forth beside each Senior Lender's name on Schedule "C"; and

(b) as required, replacement guarantees, assumptions or acknowledgements from the Restructured Lydian Group in respect of all of Lydian Armenia's obligations to the Senior Lenders secured by general security interests and specific pledges of shares of the Restructured Lydian Group,

and all Affected Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred.

Section 3.7 Equipment Lender Claims

Any Claims of the Equipment Lenders other than Released Claims shall be considered Unaffected Claims and the Equipment Lenders shall not receive any distributions or other consideration under the Plan and shall not be entitled to attend or vote on the Plan. Any Claim of the Equipment Lenders will not be compromised, released, discharged, cancelled and barred under the Plan and will remain outstanding after the Effective Time.

Section 3.8 Director Claims

All Released Director Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Plan Implementation Date. Any Director Claim that is not a Released Director Claim will not be compromised, released, discharged, cancelled and barred.

Section 3.9 Approval by Creditors

In order to be approved, the Plan must receive an affirmative vote by the Required Majority at the Meeting.

ARTICLE 4
FINANCING AND RESTRUCTURING ACTIVITIES

Section 4.1 DIP Exit Funding

Prior to the Plan Implementation Date[4], an aggregate principal amount of $[●] will be advanced by the Senior Lenders (in their capacity as lenders) to Lydian Armenia as additional DIP Loans under the DIP Exit Credit Facilities for purposes of funding the Post Implementation Date Expenses Reserve. All outstanding guarantees given by the Restructured Lydian Group of the Loan Obligations will continue to guarantee the obligations owing by Lydian Armenia under the DIP Exit Credit Facilities and all security given by the Restructured Lydian Group as security for the Loan Obligations will continue in full force and effect to secure the obligations owing by Lydian Armenia under the DIP Exit Credit Facilities in accordance with the terms of the Credit Agreement. The funds advanced under the DIP Exit Credit Facilities will be utilized to implement the Plan. A portion of the DIP Exit Credit Facilities will be reserved by Lydian Armenia to be used to redeem the Restructured Lydian Preferred Share and the balance of the DIP Exit Credit Facilities constituting the Post-Implementation Date Expenses Reserve, plus the balance of any other cash held on hand by Lydian Armenia required to pay expenses of Lydian Jersey, shall be transferred by way of intercompany loan by Lydian Armenia to Lydian Jersey prior to the Post-Implementation Date (and Lydian Jersey shall immediately transfer such amount to the Monitor). The Monitor shall hold such funds solely for the benefit of Lydian Jersey in accordance with the provisions of this Plan to pay the Post-Implementation Date Expenses. The Monitor shall pay the Post-Implementation Date Expenses from the Post-Implementation Date Expenses Reserve upon, and in accordance with, receipt by Lydian Jersey of an invoice for payment and written direction from Lydian Jersey to the Monitor or by further order of the Court.

Section 4.2 Other Restructuring Activities

Subject to the terms and conditions of this Plan, the Applicants, in consultation with the Monitor, may undertake such other steps or enter into such other transactions as they deem

[4] NTD: Precise timing to be confirmed as applicable Senior Lenders will need to wire funds and money will need to move through the Lydian structure and to the Monitor.

necessary or desirable in order to better effect the terms of this Plan or to fulfil the conditions to the implementation of this Plan set out in Section 6.1.

ARTICLE 5
SANCTION AND IMPLEMENTATION ORDER

Section 5.1 Application for Sanction and Implementation Order

If this Plan is approved by the Required Majority, the Applicants will apply to the Court for the Sanction and Implementation Order.

Section 5.2 Effect of Sanction and Implementation Order

The Applicants will seek a Sanction and Implementation Order that in substance will, without limitation to any other terms that it may contain:

(a) declare that (i) the Plan has been approved by the Required Majority; (ii) the Applicants have complied with the provisions of the CCAA and the orders of the Court made in these proceedings in all respects; (iii) the Court is satisfied that the Applicants have not done nor purported to do anything that is contrary to the CCAA; and (iv) the Plan and the transactions contemplated by it are fair and reasonable, and in the best interests of the Applicants and the Affected Creditors;

(b) order that the Plan (including the compromises, arrangements, amalgamation and other corporate transactions and releases set out in or contemplated by the Plan, including the appointment of the New Directors) is sanctioned and approved pursuant to section 6 of the CCAA and, at the Effective Time, will be effective and will enure to the benefit of and be binding upon the Applicants and the Affected Creditors and all other Persons stipulated in the Plan or in the Sanction and Implementation Order to receive the benefit of the releases, if any;

(c) provide that the Applicants, the Affected Creditors, the Senior Lenders, and all other Persons stipulated in the Plan are authorized and directed to fulfill their respective obligations under the Plan;

(d) declare that the stay of proceedings under the Initial Order, and all other provisions of the Initial Order except as explicitly amended pursuant to the Sanction Order, continues until the CCAA Proceedings are terminated in their entirety and the Monitor is discharged;

(e) confirm the releases contemplated in the Plan and provide for the relief necessary or incidental thereto;

(f) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan, payment of the Post-Implementation Date Expenses following implementation of the Plan, and to assist with the completion and termination of the CCAA Proceedings;

(g) provide that the Monitor and its legal counsel shall not be required to pass their accounts from and after the Plan Implementation Date;

(h) enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments or remedy in

respect of any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the Plan including the Affected Claims and the Released Claims; and

(i) (A) declare that each of the CCAA Charges, other than the Administrative Charge and the DIP Charge, shall be terminated, discharged and released upon the filing of the Monitor of a certificate on the Plan Implementation Date, and (B) in the case of the DIP Charge and the Administrative Charge, subject to the last sentence of Section 6.9(2), declare that each of the CCAA Charges shall be terminated, discharged and released upon the filing of the Monitor of a certificate on the CCAA Termination Date.

ARTICLE 6
PLAN IMPLEMENTATION AND EFFECT OF THE PLAN

Section 6.1 Conditions to Plan Implementation

(1) The implementation of this Plan is conditional on the satisfaction of the following conditions:

(a) this Plan has been approved pursuant to the CCAA by the Required Majority;

(b) the amalgamation of Lydian Canada and SL Newco pursuant to Section 6.3(3)(h) has been approved by the shareholders of each of Lydian Canada and SL Newco in accordance with the articles of Lydian Canada and SL Newco, as applicable, and the BCBCA;

(c) the Sanction and Implementation Order has been issued by the Court and has not been stayed, amended or varied and is not subject to any appeal;

(d) those Post-Implementation Date Expenses incurred and accrued as of the Plan Implementation Date shall have been paid (unless otherwise agreed by the Applicants and the Monitor), and the Applicants, in consultation with the Monitor, shall be satisfied that adequate provision has been made in the Post-Implementation Date Expenses Reserve for any Post-Implementation Date Expenses due or accruing due from and after the Plan Implementation Date; and

(e) The Senior Lenders shall fund the DIP Exit Credit Facility to Lydian Armenia and the transfers described in Section 4.1 shall have taken place;

(f) the Plan Implementation Date shall occur on or prior to June 30, 2020.

(2) Each of the conditions set out in 6.1(1)(c) and (f) may be waived by the Applicants acting reasonably, but only with the prior written consent of the Majority Senior Lenders.

Section 6.2 Monitor's Certificate

As soon as practicable upon receipt of written notice from the Applicants of the satisfaction or waiver of the conditions set out in Section 6.1 hereof, the Monitor shall forthwith deliver to the Applicants a certificate, upon which the Plan Implementation Date shall occur and the Plan shall be effective in accordance with its terms and the terms of the Sanction and Implementation Order. As soon as practicable thereafter, the Monitor shall file a copy of such certificate with the Court.

Section 6.3 Implementation

(1) All the agreements and other instruments that have to be entered into or executed and all other actions that have to be taken in order for the transactions and agreements to be completed and occur or be effective at the Effective Time will be entered into, executed, taken and completed in escrow prior to the Effective Time.

(2) As soon as practicable after satisfaction (or waiver, if applicable) of each of the conditions to the implementation of the Plan set out in Section 6.1(1), the Applicants will deliver to the Monitor a certificate stating that each of the conditions set out in Section 6.1(1) has been satisfied or waived.

(3) The Plan will become effective at the Effective Time. At the Effective Time, the assignments, transfers, releases and other transactions set out below will be completed and be deemed to occur or be effective in the order set out below:

(a) Lydian US will assign to Lydian Jersey the Armenia-US Interco Debt such that Lydian Armenia will owe such indebtedness to Lydian Jersey in exchange for the satisfaction of approximately USD$3,200,000 owing by Lydian US to Lydian Jersey under the US-Jersey Interco Debt;

(b) Lydian US will repay approximately USD$9,000,000 of the US-Jersey Interco Debt and Lydian Jersey will repay the entirety of the Jersey-US Interco Debt by way of set-off;

(c) the approximately USD$500,000 of the remaining US-Jersey Interco Debt shall be transferred and assigned by Lydian Jersey to Lydian US as a capital contribution to Lydian US by Lydian Jersey without the issuance of shares of common stock of Lydian US;

(d) the US-Jersey Interco Debt and the Jersey-US Interco Debt shall be fully, finally, irrevocably and forever compromised, released, discharged cancelled and barred without any liability, payment or other compensation in respect thereof;

(e) The amount loaned by Lydian Armenia to Lydian Jersey pursuant to Section 4.1 will be repaid by Lydian Jersey by (i) setting off against the Armenia-Jersey Interco Debt the amount of Post-Implementation Date Expenses actually paid by the Monitor to the beneficiaries thereof, and such amount shall be fully, finally, irrevocably and forever compromised, released, discharged cancelled and barred without any liability, payment or other compensation in respect thereof, and (ii) the Monitor returning any unused fund to Lydian Armenia as contemplated in Section 6.9(2);

(f) Lydian Jersey will assign to Lydian Canada the Armenia-Jersey Interco Debt (less the amount loaned by Lydian Armenia to Lydian Jersey pursuant to Section 4.1) and the Armenia-US Interco Debt assigned to Lydian Jersey pursuant to Section 6.3(3)(a) in exchange for Lydian Canada issuing [●] common shares of Lydian Canada to Lydian Jersey having a fair market value equal to Armenia-Jersey Interco Debt (less the amount loaned by Lydian Armenia to Lydian Jersey pursuant to Section 4.1) and the Armenia-US Interco Debt;

(g) Lydian Jersey will transfer and assign the Lydian Georgia Shares and the GRC-Jersey Interco Debt to the Lydian Georgia Purchaser and, as consideration therefor, the Lydian Georgia Purchaser shall, and shall cause Lydian Georgia and Lydian

GRC to, release Lydian Jersey and all of the current and former directors and officers of Lydian Jersey, Lydian Georgia and Lydian GRC from any and all demands, claims, actions, counterclaims, suits, judgments or remedy in respect of any indebtedness, liability, obligation or cause of action in like manner to the Released Claims;

(h) Lydian Jersey will transfer and assign all claims of Lydian Jersey against Lydian Canada and any of Lydian Canada's subsidiaries (pursuant to the Guarantees or otherwise) to Lydian Canada;

(i) Lydian Canada and SL Newco will amalgamate by arrangement pursuant to the BCBCA to form Restructured Lydian and continue as one corporation on the terms contained in this Plan:

(i) the name of Restructured Lydian will be [●];

(ii) Restructured Lydian will be authorized to issue the following number and classes of shares:

(A) an unlimited number of Restructured Lydian Common Shares; and

(B) **[one (1)]** Restructured Lydian Preferred Share;

(iii) the articles of Restructured Lydian will be as set out in the attached Schedule "D";

(iv) the common shares of Lydian Canada held by Lydian Jersey will be exchanged for one (1) Restructured Lydian Preferred Share;

(v) the common share of SL Newco held by Orion will be exchanged for one (1) Restructured Lydian Common Share;

(vi) the stated capital attributable to each class of shares of Restructured Lydian issuable shall be as follows:

(A) the stated capital of the Restructured Lydian Common Shares shall be [●]; and

(B) the stated capital of the Restructured Lydian Preferred Share shall be [●]; and

(vii) except as contemplated herein, all obligations of each of SL Newco and Lydian Canada immediately prior to the amalgamation shall attach to Restructured Lydian and Restructured Lydian shall continue to be liable for them;

(j) [●] common shares of Restructured Lydian will be issued to the Senior Lenders in the amounts and proportions set forth on Schedule "C";

(k) the New Directors of Restructured Lydian shall be appointed by the Senior Lenders effective as of the Plan Implementation Date;

(l) the New Directors of Lydian Jersey will be appointed by the existing directors of Lydian Jersey immediately prior to the Effective Time;

(m) the Restructured Lydian Preferred Share shall be redeemed by Lydian Jersey in accordance with its terms; and

(n) all Affected Claims and Released Claims shall be fully, finally, irrevocably and forever compromised, released, discharged cancelled and barred without any liability, payment or other compensation in respect thereof; and

(o) Restructured Lydian shall not be an Applicant in the CCAA Proceedings and the style of cause in the CCAA Proceedings shall be amended to remove Lydian Canada and Lydian UK as Applicants.

Section 6.4 Treatment of Other Lydian Entities

After the Effective Time and in accordance with the budget and timetable set forth on Schedule "B", the remaining Applicant in the CCAA Proceedings will, on a best efforts' basis, undertake the following:

(a) Lydian Jersey will undergo a process for an orderly wind up through a Just and Equitable Winding Up Process pursuant to laws of Jersey;

(b) Lydian US will be wound-up and dissolved pursuant to the laws of Colorado; and

(c) Lydian Zoloto will be wound up and dissolved pursuant to laws of Armenia.

Once the steps set out in Section 6.3 and Section 6.4 hereof have been completed, and same has been confirmed to the Monitor in writing, the Monitor will file a certificate with the Court terminating the CCAA Proceedings and discharging the Monitor. The Applicants or the Monitor, as applicable, shall be entitled to seek an Order of the Court terminating the CCAA Proceedings even if the steps set out in Section 6.3 and Section 6.4 above are not completed in the event that there are insufficient funds in the Post-Implementation Date Expenses Reserve to pay the Post-Implementation Date Expenses.

Section 6.5 Effect of Plan Generally

(1) At the Effective Time, the treatment of Affected Claims will be final and binding on the Applicants and the Affected Creditors (and their respective successors and assigns), and this Plan, will constitute:

(a) full, final and absolute settlement of all rights of the Affected Creditors against Lydian Jersey; and

(b) an absolute release and discharge of all of the Released Guarantors from all indebtedness, liabilities and obligations owing to the Affected Creditors, and from all security, Encumbrances and other documents in respect thereof.

(2) All Equity Claims shall be forever compromised, released, discharged, cancelled and barred, provided, however, that after the Effective Time: (i) the Lydian Jersey Shareholders and other Equity Claimants with Equity Claims against Lydian Jersey shall retain their Lydian Jersey Ordinary Shares and Equity Claims against Lydian Jersey, as applicable (which Lydian Jersey will seek to extinguish as part of the wind-up of Lydian Jersey) until the wind-

up of Lydian Jersey pursuant to the Just and Equitable Winding Up Process; and (ii) the Subsidiary Shares shall remain outstanding and shall continue to be held by the existing holders of such Subsidiary Shares, except as otherwise provided in this Plan.

(3) Any members of the Existing Lydian Group that are also members of the Restructured Lydian Group and their respective employees, contractors, agents and Directors shall be released and discharged from any and all demands, claims, actions, counterclaims, suits, judgments or remedy in respect of any indebtedness, liability, obligation or cause of action which any Released Guarantor or their respective employees, contractors, agents and Directors may be entitled to assert.

Section 6.6 Releases

On the Plan Implementation Date, in accordance with the terms and in the sequence set forth in Section 6.3 hereof, (i) the Applicants, the Applicants' employees, contractors, agents and advisors (including legal counsel) and the Directors, (ii) the Monitor and the Monitor's counsel, and (iii) the Senior Lenders, and each and every present and former affiliate, affiliated funds, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any of the foregoing Persons (each of the Persons named in (i), (ii) or (iii) of this Section 6.6, in their capacity as such, being herein referred to individually as a "**Released Party**" and all referred to collectively as "**Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, including claims for contribution or indemnity, or rights of subrogation, which any Person may be entitled to assert, whether or not reduced to judgment, liquidated or unliquidated, fixed, contingent, known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, by guarantee, surety or otherwise, and whether or not executory or anticipatory in nature, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date, or following the Plan Implementation Date up to the termination of the CCAA Proceedings that relate to matters relating to implementing the Plan, on or following the Plan Implementation Date, or that constitute or are in any way relating to, arising out of or in connection with any Affected Claims, any Director Claims and any indemnification obligations with respect thereto, the business and affairs of the Applicants whenever or however conducted, the administration and/or management of the Applicants, the Plan, the CCAA Proceedings, the windup or dissolution of Lydian Jersey, Lydian US and Lydian Zoloto, or any document, instrument, matter or transaction involving any of the Applicants taking place in connection with the Plan (referred to collectively as the "**Released Claims**"), and all Released Claims shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, all to the fullest extent permitted by applicable law; provided that nothing herein will waive, discharge, release, cancel or bar: (A) Lydian Canada's, Lydian UK's or the Senior Lenders' obligations under the Plan or incorporated into the Plan; (B) obligations of any member of the Existing Lydian Group other than the Released Guarantors under the Credit Agreement, the other Loan Documents (as defined in the Credit Agreement), the Stream Agreement, the Stream Documents (as defined in the Stream Agreement) and any other agreements entered into in relation to the foregoing, from and after the Plan Implementation Date; (C) any claims arising from the willful misconduct or gross negligence of any applicable Released Party; (D) any Director from any Director Claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA; and (E) an Applicant or the subsidiaries of Restructured Lydian from or in respect of any Unaffected Claim other than as set out in Section 6.5 above.

Section 6.7 Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Affected Claim or who has a Released Claim that is compromised or released under this Plan, or who has any right to claim over in respect of, or to be subrogated to, the rights of any Person in respect of any Affected Claim or a Released Claim that is compromised or released under the Plan will be entitled to any additional rights beyond the rights of the Person whose Affected Claim or Released Claim was compromised or released under this Plan.

Section 6.8 Consents, Waivers and Agreements

At the Effective Time, each Affected Creditor will be deemed to have consented and agreed to all of the provisions of this Plan, as an entirety. Without limitation to the foregoing, each Affected Creditor will be deemed:

(a) to have executed and delivered to the Applicants, the Released Parties, the Released Guarantors and Restructured Lydian all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety; and

(b) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and an Applicant, with respect to an Affected Claim as at the Plan Implementation Date and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

Section 6.9 Post-Implementation Date Expenses and Reserve

(1) On the Plan Implementation Date, an amount equal to the Remaining Post-Implementation Date Expenses shall be paid by Lydian Jersey to the Monitor and held by the Monitor in the Post-Implementation Date Expenses Reserve for the benefit of Lydian Jersey and the parties with Remaining Post-Implementation Date Expenses strictly in accordance with Schedule “B” hereto.

(2) Upon receipt by Lydian Jersey of an invoice for payment and written direction from Lydian Jersey, the Monitor shall promptly disburse Remaining Post-Implementation Date Expenses to the parties with Remaining Post-Implementation Date Expenses in accordance with, and up to the maximum stated in, Schedule “B” and the direction provided for in the Sanction and Implementation Order forthwith. Following payment of all of the Remaining Post-Implementation Date Expenses, immediately prior to the CCAA Termination Date, the Monitor shall transfer any remaining funds in the Post-Implementation Date Expenses Reserve to Restructured Lydian.

(3) The Monitor shall have no liability as to the sufficiency of funds in the Post-Implementation Date Expenses Reserve and shall be under no obligation to take any action or make any payments for which there are insufficient funds.

ARTICLE 7
GENERAL

Section 7.1 Amendments

The Applicants may not amend this Plan, except by written instrument with prior written notice to the Affected Creditors. Further, any amendment of the Plan made after the Meeting may only be made if the Applicants, the Monitor and the Majority Senior Lenders determine that such amendment would not be materially prejudicial to the interests of the Affected Creditors under the Plan or is necessary to give effect to the full intent of this Plan or the Sanction and Implementation Order. The Applicants will provide a copy of any amendment to the Affected Creditors and will file a copy with the Court.

Section 7.2 Binding Effect

At the Effective Time, the Plan and all Restructuring Documents will become effective (to the extent not already effective) and be binding on and enure to the benefit of the Applicants, the Affected Creditors and all other Persons named or referred to in, or subject to, this Plan and the Restructuring Documents and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

Section 7.3 Different Capacities

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by or any effect of the Plan on a Person in one capacity will only affect such Person in that capacity and not affect such Person in any other capacity.

Section 7.4 Further Assurances

At the request of the Applicants or the Majority Senior Lenders, each of the Persons named or referred to in, or subject to, this Plan (other than the Monitor) will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein, notwithstanding any provision of this Plan that deems any transaction or event to occur without further formality.

Section 7.5 Governing Law

This Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

SCHEDULE A

DIP EXIT CREDIT FACILITIES

SCHEDULE B

POST-IMPLEMENTATION DATE EXPENSES

SCHEDULE C

POST-IMPLEMENTATION CAPITALIZATION

SCHEDULE D

ARTICLES OF RESTRUCTURED LYDIAN

TAB S

EXHIBIT "S"

referred to in the Affidavit of

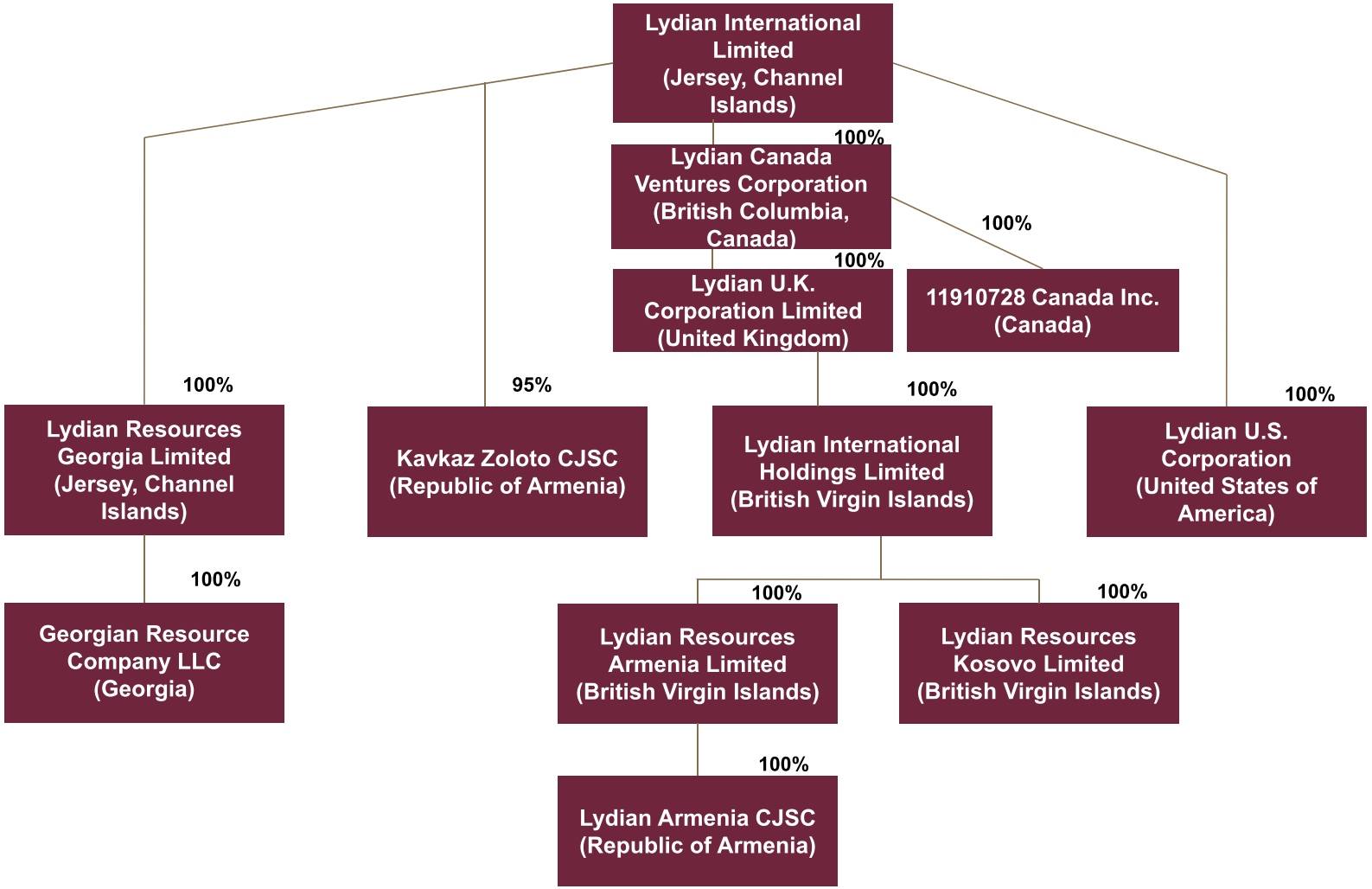
EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Lydian Organization Chart - Post-Reorganization



TAB T

EXHIBIT "T"

referred to in the Affidavit of

EDWARD A. SELLERS

Sworn June 15, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Incorporation Number **BC1177546**

ARTICLES

OF

LYDIAN CANADA VENTURES CORPORATION

PROVINCE OF BRITISH COLUMBIA

BUSINESS CORPORATIONS ACT

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ARTICLES

LYDIAN CANADA VENTURES CORPORATION

(the "Company")

PART 1
INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(1) "**appropriate person**", has the meaning assigned in the *Securities Transfer Act*;

(2) "**board of directors**", "**directors**" and "**board**" mean the directors or sole director of the Company for the time being;

(3) "***Business Corporations Act***" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(4) "***Interpretation Act***" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(5) "**legal personal representative**" means the personal or other legal representative of a shareholder;

(6) "**protected purchaser**" has the meaning assigned in the *Securities Transfer Act*;

(7) "**registered address**" of a shareholder means the shareholder's address as recorded in the central securities register;

(8) "**seal**" means the seal of the Company, if any;

(9) "***Securities Act***" means the *Securities Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(10) "**securities legislation**" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes;

"**Canadian securities legislation**" means the securities legislation in any province or territory of Canada and includes the *Securities Act*; and "**U.S. securities legislation**" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934;

(11) "***Securities Transfer Act***" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2
SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is the registered owner are uncertificated shares within the meaning of the *Business Corporations Act*, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

(1) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;

(2) provides the Company with an indemnity bond sufficient in the Company's judgement to protect the Company from any loss that the Company may suffer by issuing a new certificate; and

(3) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights under any indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as represented by the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

PART 3
ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

(a) past services performed for the Company;

(b) property;

(c) money; and

(2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

PART 4
SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

PART 5
SHARE TRANSFERS

5.1 Registering Transfers

The Company must register a transfer of a share of the Company if either:

(1) the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

(a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(b) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the *Business Corporations Act* and including the case where the Company has issued a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and

(c) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or

(2) all the preconditions for a transfer of a share under the *Securities Transfer Act* have been met and the Company is required under the *Securities Transfer Act* to register the transfer.

5.2 Waivers of Requirements for Transfer

The Company may waive any of the requirements set out in Article 5.1(1) and any of the preconditions referred to in Article 5.1(2).

5.3 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the Company or the transfer agent for the class or series of shares to be transferred.

5.4 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.5 Signing of Instrument of Transfer

If a shareholder or other appropriate person or an agent who has actual authority to act on behalf of that person, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.6 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.7 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

PART 6
TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

PART 7
ACQUISITION OF COMPANY'S SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series of shares and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 No Purchase, Redemption or Other Acquisition When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

PART 8
BORROWING POWERS

8.1 Borrowing Powers

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

PART 9
ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by directors' resolution or ordinary resolution, unless an alteration to the Company's Notice of Articles would be required, in which case by ordinary resolution:

(1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(4) if the Company is authorized to issue shares of a class of shares with par value:

  (a) decrease the par value of those shares; or

  (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(6) alter the identifying name of any of its shares; or

(7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

9.2 Special Rights or Restrictions

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

(1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by directors' resolution or ordinary resolution authorize an alteration to its Notice of Articles in order to change its name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

PART 10
MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders, to be held at such time and at such place, either in or outside British Columbia, as may be determined by the directors.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

   (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

   (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

10.9 Notice of Dissent Rights

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

PART 11
PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

(a) business relating to the conduct of or voting at the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(1) the quorum is one person who is, or who represents by proxy, that shareholder, and

(2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any; or

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of the meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

PART 12
VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must be received:

(a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(b) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;

(3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or

(4) the Company is a public company.

12.7 When Proxy Provisions Do Not Apply to the Company

If and for so long as the Company is a public company, Articles 12.8 to 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.8 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.9 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned): _____

_____
Signed [month, day, year]

_____
[Signature of shareholder]

_____
[Name of shareholder - printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

(1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Chair May Determine Validity of Proxy.

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting, and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

12.16 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

PART 13
DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;

(2) if the Company is a public company, the greater of three and the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4;

(3) if the Company is not a public company, the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 14
ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) when his or her successor is elected or appointed; and

(4) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

PART 15
ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

(1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

(3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

(4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(2) the alternate director dies;

(3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

(4) the alternate director ceases to be qualified to act as a director; or

(5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

PART 16
POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

PART 17
INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

PART 18
PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board, the president, if any, if the president is a director; or

(3) any other director chosen by the directors if:

  (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

  (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

  (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

(1) in person;

(2) by telephone; or

(3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all directors participating in the meeting, whether in person, or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1 or as provided in Article 18.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is

withdrawn, no notice of any meeting of the directors need be given to that director or, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article 18.12 may be by any written instrument, fax, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 19
EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and during the intervals between meetings of the board of directors all of the directors' powers are delegated to the executive committee, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

  (a) the power to fill vacancies in the board of directors;

  (b) the power to remove a director;

  (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

  (d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

PART 20
OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

PART 21
INDEMNIFICATION

21.1 Definitions

In this Article 21:

(1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Permitted Indemnification

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part 21.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

PART 22
DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Part 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may consider appropriate.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

PART 23
ACCOUNTING RECORDS AND AUDITOR

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23.3 Remuneration of Auditor

The directors may set the remuneration of the auditor of the Company.

PART 24
NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

(a) for a record mailed to a shareholder, the shareholder's registered address;

(b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

(a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the delivery address of the intended recipient;

(3) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) unless the intended recipient is the auditor of the Company, sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;

(5) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

(1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

(2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and

(3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

PART 25
SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

PART 26
PROHIBITIONS

26.1 Definitions

In this Part 26:

(1) "security" has the meaning assigned in the *Securities Act;*

(2) "transfer restricted security" means

(a) a share of the Company;

(b) a security of the Company convertible into shares of the Company;

(c) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the "private issuer" exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the "private issuer" exemption.

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company.

26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities

No share or other transfer restricted security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

Dated August 28, 2018.

FULL NAME AND SIGNATURE
OF INCORPORATOR

SE Corporate Services Ltd.

Per: _____
Authorized Signatory

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF EDWARD A. SELLERS
Sworn June 15, 2020

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Lawyers for the Applicants

TAB 3

Court File No. 19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Applicants

AFFIDAVIT OF MARK CAIGER
(Sworn June 11, 2020)

I, Mark Caiger, of the City of Toronto**,** in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Managing Director, Mergers and Acquisitions at BMO Nesbitt Burns Inc. ("**BMO**") and have been working at BMO for 20 years.

2. As described in further detail below, BMO has acted as financial advisor to Lydian International Limited ("**Lydian International**") since 2018, in connection with efforts to canvas potential refinancing or sale options and carry out a sale and investment solicitation process ("**SISP**"). Further background information regarding BMO's involvement in the SISP and Treaty Arbitration financing solicitation process can be found in the affidavits of Edward A. Sellers sworn December 22, 2019 (the "**Initial Affidavit**") and January 20, 2020 (the "**Comeback Affidavit**"), and is provided below. Capitalized terms not otherwise defined herein are defined in the Comeback Affidavit.

BMO's Involvement in the SISP

3. In April 2018, Lydian International retained BMO to canvas potential refinancing or sale options and carry out the SISP. In the early phase of the SISP, BMO marketed the Lydian Group's mining assets, including various environmental permits held by the Lydian Group (the "**Mining Assets**").

4. As part of the 2018 process, which carried forward into early 2019, BMO created a "teaser package" containing information about the sale opportunity and the Lydian Group's business for circulation to interested parties. BMO provided a copy of the teaser package to 40

parties, including 18 potential strategic counterparties and 22 potential financial counterparties. Of those parties, 9 signed non-disclosure agreements ("**NDAs**") and were provided access to a virtual data room ("**VDR**") containing financial and operational information. Of the parties who signed NDAs, 5 conducted site visits and 2 submitted non-binding expressions of interest**.**

5. This process carried forward through to early 2019 and generated potential interest from several parties; however, the continuing illegal blockades and the conduct of the GOA prevented any offers that could be executed upon.

6. In May 2019, following a meeting between the Company, its secured lenders Orion Co IV (ED) Limited, a division of Orion Capital Management, Resource Capital Fund VI L.P. and Osisko Bermuda Limited (collectively, the **"Senior Lenders**") and BMO, BMO began preparations to commence another round of the SISP. BMO's activities over the summer of 2019 included: assisting the Company in updating the VDR, liaising with the Company during the development of its revised National Instrument 43-101 Technical Report (which was commissioned to address, in part, the full impact of the blockade on construction, and the resulting delay in the ramp up to full production at Amulsar), and planning for the Company's intention to hold investor meetings and raise capital at the Denver Gold Forum in mid-September 2019.

7. In October 2019, based on the GOA's statements that they would support the reopening of the Amulsar Project, BMO was directed by the Company to begin the next round of the SISP. During this second round of the SISP, BMO contacted 32 potential counterparties, including 31 potential strategic counterparties (16 of which were also contacted in 2018) and 1 potential financial counterparty. Two of the counterparties executed NDAs and were granted access to the VDR. [redacted] Despite a broad canvass, limited interest surfaced in a transaction, and several parties expressed concerns regarding the ongoing blockades and situation in Armenia. [redacted]

8. BMO and the Company continued to engage with the other potential purchaser who came forward during the second round of the SISP. Subsequent to the commencement of the

CCAA Proceedings, discussions continued between this potential purchaser and one of the Company's secured lenders to determine if a transaction could be implemented, with the support of the Applicants' stakeholders. Those discussions took place over the holiday period in 2019. BMO continued those discussions through the spring of 2020. In early May 2020, it was determined unanimously by the Senior Lenders that a transaction with this potential purchaser would not be possible.

9. In early March 2020, a party who was previously involved in the SISP approached the Applicants and BMO with renewed interest in a transaction through a related company. BMO granted this party access to the VDR following the execution of an NDA. [redacted]

BMO's Involvement in the Treaty Arbitration Financing Process

11. As outlined in the Initial Affidavit, in October 2019, the Lydian Group, with the assistance of BMO, commenced a process to solicit interest in financing international investment arbitration proceedings against the GOA pursuant to bilateral investment treaties, on the basis that the GOA's actions and inactions have seriously undermined the value of the Lydian Group's investment in the Amulsar Project (the "**Treaty Arbitration**").

12. As part of this process, in October 2019, BMO contacted 21 potential counterparties to determine their interest in financing the Treaty Arbitration, including established litigation and arbitration financiers with substantial funds under their management**.** Of the 21 parties contacted, BMO sent Common Interest Privilege and Confidentiality Agreements ("**CIPAs**") to 15 parties for execution, along with teaser packages based on publicly available documents outlining the situational developments at Amulsar from the time the blockades commenced.

13. BMO also contacted 3 existing shareholders of the Company who had expressed a potential interest in financing the Treaty Arbitration, and provided them with CIPAs and a copy of the teaser package. Following the commencement of the CCAA Proceedings, BMO was in contact with 3 additional parties based on inbound inquiries received by the Monitor and the Company. One of those parties was provided with a CIPA and a copy of the teaser package.

14. Ten parties, including 2 of the Company's shareholders, executed CIPAs and were provided with access to a VDR containing a selected set of arbitration-related documentation. [redacted] None of these expressions of interest were put forward by shareholders of the Company.

15. On the basis of input received from the Senior Lenders, and in accordance with the terms of the DIP Agreement, since January 23, 2020, the Applicants and BMO have not taken any material steps to advance the SISP process relating to litigation financing. None of the [redacted] expressions of interest received was ultimately developed into a firm proposal for the financing of the Treaty Arbitration.

Overlap in the SISP Procedures

[redacted]

17. Despite the extensive efforts described above in connection with the SISP, the Applicants and BMO have not been able to negotiate a transaction involving the sale of the Mining Assets and will not be in a position to do so before the expiration of the stay of proceedings on June 30, 2020. Given the solicitation process for the financing of the Treaty Arbitration was put on hold at the request of the Senior Lenders, the Applicants and BMO will not be in a position to

negotiate a financing of the Treaty Arbitration before the expiration of the stay of proceedings on June 30, 2020.

I confirm that while connected via video conference technology, Mark Caiger showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid. I confirm that I have reviewed each page of this affidavit with Mark Caiger and verify that the pages are identical.

Sworn before me by video conference from the City of Toronto, Ontario to the City of Toronto, Ontario, on June 11, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

DocuSigned by:
Mark Caiger
2397CE28C868434...

Mark Caiger

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF MARK CAIGER
Sworn June 11, 2020

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Lawyers for the Applicants

TAB 4

Court File No. CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 18TH
	)	
CHIEF JUSTICE MORAWETZ	)	DAY OF JUNE, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION, AND LYDIAN U.K. CORPORATION LIMITED

Applicants

ORDER

(Re: Meeting of the Affected Creditors)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order (the "**Meeting Order**"):

a) accepting the filing of a plan of arrangement of the Applicants under the CCAA and *Business Corporations Act*, S.B.C. 2002, c. 57 (British Columbia) dated June 15, 2020 (the "**Plan**") with the Court;

b) approving, pursuant to section 22 of the CCAA, the classification of creditors as set out in the Plan for the purposes of the Meeting (as defined below) and voting on the Plan;

c) authorizing and directing the Applicants to call, hold and conduct a meeting of its Affected Creditors to vote on the Plan (the "**Meeting**"); and

d) authorizing notice of the Meeting to be effected by the Applicants serving a copy of this Meeting Order (when issued) on all Affected Creditors;

proceeded by way of videoconference due to the COVID-19 crisis on this day.

ON READING the affidavit of Edward A. Sellers sworn June 15, 2020 and the exhibits thereto (the "**Sellers Meeting Affidavit**"), the affidavit of Mark Caiger sworn June 11, 2020 (the "**BMO Affidavit**"), the Fifth Report of Alvarez & Marsal Canada Inc. in its capacity as Monitor of the Applicants (the "**Monitor**") dated June ●, 2020 (the "**Fifth Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor, the Affected Creditors and those other parties listed on the counsel slip, no one else appearing although duly served as appears from the Affidavit of Service of ● sworn June ●, 2020, to be filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and supporting materials be and is hereby abridged such that this Motion is properly returnable today and service thereof upon any interested party other than the parties on the service list is hereby dispensed with.

2. **THIS COURT ORDERS** that all capitalized terms in this Meeting Order, unless otherwise defined herein, have the meaning ascribed to them in the Plan.

PLAN OF COMPROMISE AND ARRANGEMENT

3. **THIS COURT ORDERS** that the Plan, substantially in the form attached hereto as Schedule "A", is hereby accepted for filing, and the Applicants are hereby authorized to seek approval of the Plan from the Affected Creditors in the manner set forth herein.

4. **THIS COURT ORDERS** that the Applicants, subject to the provisions of the Plan and with the approval of the Monitor, be and are hereby authorized to make and to file a modification or restatement of, or amendment or supplement to, the Plan (each a "**Plan Modification**") prior to or at the Meeting, in which case any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the Plan. The Monitor shall disclose and make available all Plan Modifications at the Meeting.

FORM OF PLAN RESOLUTION

5. **THIS COURT ORDERS** that the form of resolution substantially in the form attached hereto as Schedule "B" (the "**Plan Resolution**") is hereby approved and the Applicants, with the consent of the Monitor, are authorized to make such changes to such Plan Resolution as they consider necessary or desirable to conform the content thereof to the terms of the Plan or this Meeting Order.

CLASSIFICATION OF CREDITORS

6. **THIS COURT ORDERS** that for the purposes of considering and voting on the Plan, there shall be one class of creditors, being the Affected Creditors holding all Affected Claims.

NOTICE OF THE AFFECTED CREDITORS MEETING

7. **THIS COURT ORDERS** that, notwithstanding anything to the contrary found in any of Applicants' constating documents, service by email of a copy of this Meeting Order on counsel to all Affected Creditors shall constitute good and sufficient service of this Meeting Order, the Plan and the Sanction Motion (as defined below), and good and sufficient notice of the Meeting on all Persons who may be entitled to receive notice thereof in these proceedings or who may wish to be present in at the Meeting or who may wish to appear in these proceedings, and no other form of notice or service need be made on such Persons.

CONDUCT OF THE MEETING

8. **THIS COURT ORDERS** that the Applicants are hereby authorized to call, hold and conduct a live videoconference meeting of the Affected Creditors on June 19, 2020, at 10:00 a.m. (Toronto time) for the purpose of considering, and if deemed advisable by the Affected Creditors, voting in favour of, with or without variation, the Plan Resolution to approve the Plan.

9. **THIS COURT ORDERS** that a representative of the Monitor, designated by the Monitor, shall preside as the chair of the Meeting (the "**Chair**") and, subject to any further Order of this Court, shall decide all matters relating to the conduct of the Meeting.

10. **THIS COURT ORDERS** that the Chair is authorized to adjourn the Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair deems necessary or desirable (without the need to first convene the Meeting for the purpose of adjournment). Notice of such

adjourned date shall be posted on the website maintained by the Monitor and there shall be no requirement to provide any other notice.

11. **THIS COURT ORDERS** that the only Persons entitled to attend the Meeting shall be the Applicants and their respective directors, the Monitor, BMO Nesbitt Burns Inc., the Affected Creditors and their respective legal counsel. Any other Person may be admitted to the Meeting by the Chair or the Applicants.

12. **THIS COURT ORDERS** that the quorum required at the Meeting shall be two Affected Creditors holding an Affected Claim present at the Meeting in person via live videoconference. If the requisite quorum is not present at the Meeting, then the Meeting shall be adjourned by the Chair to such time, date and place as the Chair deems necessary or desirable.

VOTING PROCEDURE AT THE MEETING

13. **THIS COURT ORDERS** that the Chair shall direct a vote with respect to the Plan Resolution to approve the Plan and containing such other related provisions as the Chair or Monitor considers appropriate.

14. **THIS COURT ORDERS** that if any matter other than those referred to in paragraph 13 arises at the Meeting and requires a vote, such vote shall be conducted in the manner decided by the Chair, and (i) if the Chair decides to conduct such vote by way of show of hands, the vote shall be decided by a majority of the votes given on a show of hands, and (ii) if the Chair decides to conduct such vote by written or digital ballot, the vote shall be decided by a majority in number of Affected Creditors holding Affected Claims and representing a two-thirds majority in value of the Affected Claims present in person via live videoconference and voting at the Meeting (the "**Required Majority**").

15. **THIS COURT ORDERS** that, notwithstanding the terms of the Credit Agreement and Stream Agreement, for the purpose of voting at the Meeting, each Affected Creditor shall be entitled to one vote equal to the aggregate dollar value of its Affected Claim, and for such purpose, each Affected Creditor's Affected Claim is as follows:

Affected Creditor	Affected Claim
Orion Co IV (ED) Limited	$[●]
Resource Capital Fund VI L.P.	$[●]
Osisko Bermuda Limited	$[●]

16. **THIS COURT ORDERS** that each Affected Creditor shall constitute one vote in number for the purpose of determining the Required Majority, regardless of whether the Affected Creditor holds Affected Claims beneficially through a securities account with a depository participant or other securities intermediary.

DISPUTED CLAIMS

17. **THIS COURT ORDERS** that if the Applicants, the Monitor or any Affected Creditor disputes the quantum or validity of an Affected Creditor's Affected Claim (a "**Disputed Claim**"), the holder of the Disputed Claim is nevertheless entitled to one vote equal to the aggregate dollar value of its Affected Claim, without prejudice to the determination of the dollar value of such Disputed Claim for the purposes of this Meeting Order and any distribution.

18. **THIS COURT ORDERS** that the Monitor shall keep a separate record of votes cast by each holder of a Disputed Claim and shall report to the Court with respect thereto at the Sanction Motion.

APPROVAL OF THE PLAN

19. **THIS COURT ORDERS** that to be approved, the Plan must receive an affirmative vote by the Required Majority.

20. **THIS COURT ORDERS** that following the votes at the Meeting, the Monitor shall tally the votes and determine whether the Plan has been approved by the Required Majority.

21. **THIS COURT ORDERS** that the results of and all votes provided the Meeting shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Meeting.

SANCTION HEARING AND ORDER

22. **THIS COURT ORDERS** that the Monitor shall file a report to this Court by no later than June 22, 2020, with respect to the results of the vote, including (i) whether the Plan was approved by the Required Majority and (ii) the separate tabulation for Disputed Claims required by paragraph 18 herein.

23. **THIS COURT ORDERS** that an electronic copy of the Monitor's report described in paragraph 22 hereto and the Plan, including any Plan Modifications, shall be posted on the Monitor's website prior to the hearing of the motion seeking the Sanction and Implementation Order (the "**Sanction Motion**").

24. **THIS COURT ORDERS** that in the event the Plan has been approved by the Required Majority, the Applicants may bring the Sanction Motion before this Court on June 29, 2020**,** or such later date as the Applicants may advise the service list in these proceedings, provided that such later date shall be acceptable to the Applicants and the Monitor.

25. **THIS COURT ORDERS** that service of this Meeting Order by the Applicants to the parties on the service list shall constitute good and sufficient service and notice of the Sanction Motion.

26. **THIS COURT ORDERS** that any Person intending to oppose the Sanction Motion shall (i) file or have filed with the Court a Notice of Appearance and serve such Notice of Appearance on the service list at least four business days before the date set for the Sanction Motion; and (ii) serve on the service list a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the Sanction Motion that are available at least two business days before the date set the Sanction Motion, or such shorter time as the Court, by Order, may allow.

27. **THIS COURT ORDERS** that in the event that the Sanction Motion is adjourned, only those Persons appearing on the service list as of the date of service shall be served with notice of the adjourned date.

28. **THIS COURT ORDERS** that **s**ubject to any further Order of the Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Meeting Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Meeting Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

MONITOR'S ROLE

29. T**HIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the Initial Order of this Court dated December 23, 2019 (the

"**Initial Order**") and the Amended and Restated Initial Order of this Court dated January 23, 2020 (the "**Amended and Restated Initial Order**") is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Meeting Order.

30. **THIS COURT ORDERS** that: (i) in carrying out the terms of this Meeting Order, the Monitor shall have all the protections given to it by the CCAA, the Initial Order, the Amended and Restated Initial Order or as an officer of the Court, including the stay of proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of this Meeting Order, save and except for any gross negligence or wilful misconduct on its part; (iii) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants and any information acquired by the Monitor as a result of carrying out its duties under this Order without independent investigation; and (iv) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

MONITOR'S ACTIVITIES

31. **THIS COURT ORDERS** that the Monitor's activities, as set out in the Fifth Report, be and hereby are approved; provided, however, that only the Monitor, with respect to its own personal liability, shall be entitled to rely upon or use in any way such approval.

SEALING

32. **THIS COURT ORDERS** that the unredacted Sellers Meeting Affidavit and the unredacted BMO Affidavit are hereby sealed pending further order of the Court.

GENERAL

33. **THIS COURT ORDERS** the Monitor shall use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms hereunder are completed and executed and the time in which they are submitted and may waive strict compliance with the requirements of this Meeting Order including with respect to the completion, execution and time of delivery of required forms.

34. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in connection with, *inter alia*, the discharge of powers and duties hereunder.

35. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, Armenia, the Bailiwick of Jersey, the United Kingdom, or the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

_____

Schedule "A"

THE PLAN

Schedule "B"

FORM OF PLAN RESOLUTION

BE IT RESOLVED THAT:

1. The Plan of Arrangement of Lydian International Limited, Lydian Canada Ventures Corporation, and Lydian U.K. Corporation Limited (the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) and *Business Corporations Act* (British Columbia) dated June 15, 2020 (the "**Plan**"), which Plan has been presented to this meeting (as such Plan may be amended, restated, supplemented and/or modified as provided for in the Plan), be and it is hereby accepted, approved, agreed to and authorized; and

2. Any one director or officer of each of the Applicants be and is hereby authorized and directed, subject to Court approval of the Plan, for and on behalf of the Applicants (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION, AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER
(Re: Meeting of the Affected Creditors)

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYDIAN INTERNATIONAL LIMITED, LYDIAN CANADA VENTURES CORPORATION AND LYDIAN U.K. CORPORATION LIMITED

Court File No.: CV-19-00633392-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

MOTION RECORD
(Re: Plan Meeting Order)
(Returnable June 18, 2020)

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