

Veritas Metallica Pty Ltd



**International Cyanide Management Code
Pre-Operational Verification Audit
Lydian International Limited
Amulsar Gold Project**

Summary Audit Report

November 2017



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1. Summary Audit Report for Mining Operations

Name of Mine: Amulsar Gold Project
Name of Mine Owner: Lydian International
Name of Mine Operator: Lydian Armenia
Name of Responsible Manager: John Fourie, Lydian Armenia Chief Metallurgist
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2. Location Detail and Description of Operation

The Amulsar Gold Project is situated in South-Central Armenia approximately 170 kilometers southeast of the capital, Yerevan. The mine is currently being developed by Lydian Armenia and is currently in construction phase, with completion and commissioning planned in the first half of 2018.



Figure 1 Map Showing Location of the Amulsar Gold Project

Numerous social, environmental and related documents govern how the Mine will be built, established and operated, including compliance with the International Cyanide Management Code (the Code or Code).

The Amulsar Gold Project will develop an epithermal gold deposit by means of an open pit mining operation. The extracted ore will be transferred to a two-stage comminution circuit, prior to transfer (overland conveyor) to a Heap Leach Facility (HLF). The ore will be stacked in 8m high lifts by trucks. The heaped ore will be subjected to dilute cyanide irrigation, by means of both drip and spray irrigators (depending on seasonal conditions). The resultant solution will transfer via gravity to a Process Pond, from where it will be pumped to an Adsorption, Desorption and Recovery (ADR) Plant.

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Test-work indicates that 0.1kg of sodium cyanide will be consumed per tonne of ore, along with 2kg of lime per tonne of ore. Cyanide will be used in briquette or tablet form. Cyanide briquettes will be delivered (by road) in Isotainers, and stored at site in a secure compound within the ADR plant area. The ADR plant area will comprise of a basal area composed of impervious material (e.g. concrete).

Cyanide solution will be prepared in the ADR Plant. Raw water, or barren solution, will be mixed with sodium hydroxide briquettes in a mixing tank (to a pH level of 12-13). The alkaline solution will then be recirculated through an Isotainer, to dissolve the cyanide briquettes therein. The resultant solution will have a cyanide concentration of between 20 and 25%. The cyanide solution will thereafter be transferred to the sodium cyanide storage tank, prior to distribution. All spilled solution will be captured within secondary containment areas (bunds), and returned to the process by spillage pumps. Where spillage volumes exceed secondary containment systems, the solution will enter a drainage channel and drain directly to the plant Process Pond.

It is anticipated that the geosynthetic-lined Heap Leach Pad (HLP) will be constructed in four phases. The Phase 1 pad area will be approximately 375,260 m². The Phase 2, 3, and 4, pad expansions (future) will comprise of approximate areas of 177,280 m², 213,330 m, and 408,670 m², respectively. Thus, the complete pad, for Phases 1 to 4, will have a total area of approximately 1,174,540 m². Crushed ore will be stacked on the HLP in a series of engineered lifts. Barren leach solution will be applied to the ore-heap using drip-tubing, at a design application rate of 6 litres/hr/m². The leaching cycle is envisioned to last approximately 60 days. Solution will be pumped from the ADR plant directly to the surface of the HLP.

The leach solution leaving the HLP will drain to a Pregnant Solution Pond. The pond will be covered with bird-balls, both to insulate the pond in winter, as well as to occlude access to the water body from waterfowl and birdlife. The pond area will be surrounded by a secure fence to prevent the unauthorised access of the public, as well as to exclude wildlife and livestock. Solution in the Pregnant Solution Pond will be pumped to the ADR by way of submersible pumps.

The ADR plant comprises of a 5-stage carbon-in-column cascade arrangement. The pregnant solution will pass through the carbon columns (counter-current to the movement of carbon). The solution exiting the carbon columns will be dosed with additional make-up cyanide (as required), prior to being pumped back to the surface of the HLP. Once the lead carbon column is sufficiently loaded with gold, the carbon will be transferred for elution. Elution will take place via an AARL methodology, prior to recovery of gold bullion by means of a zinc precipitation and smelting circuit.

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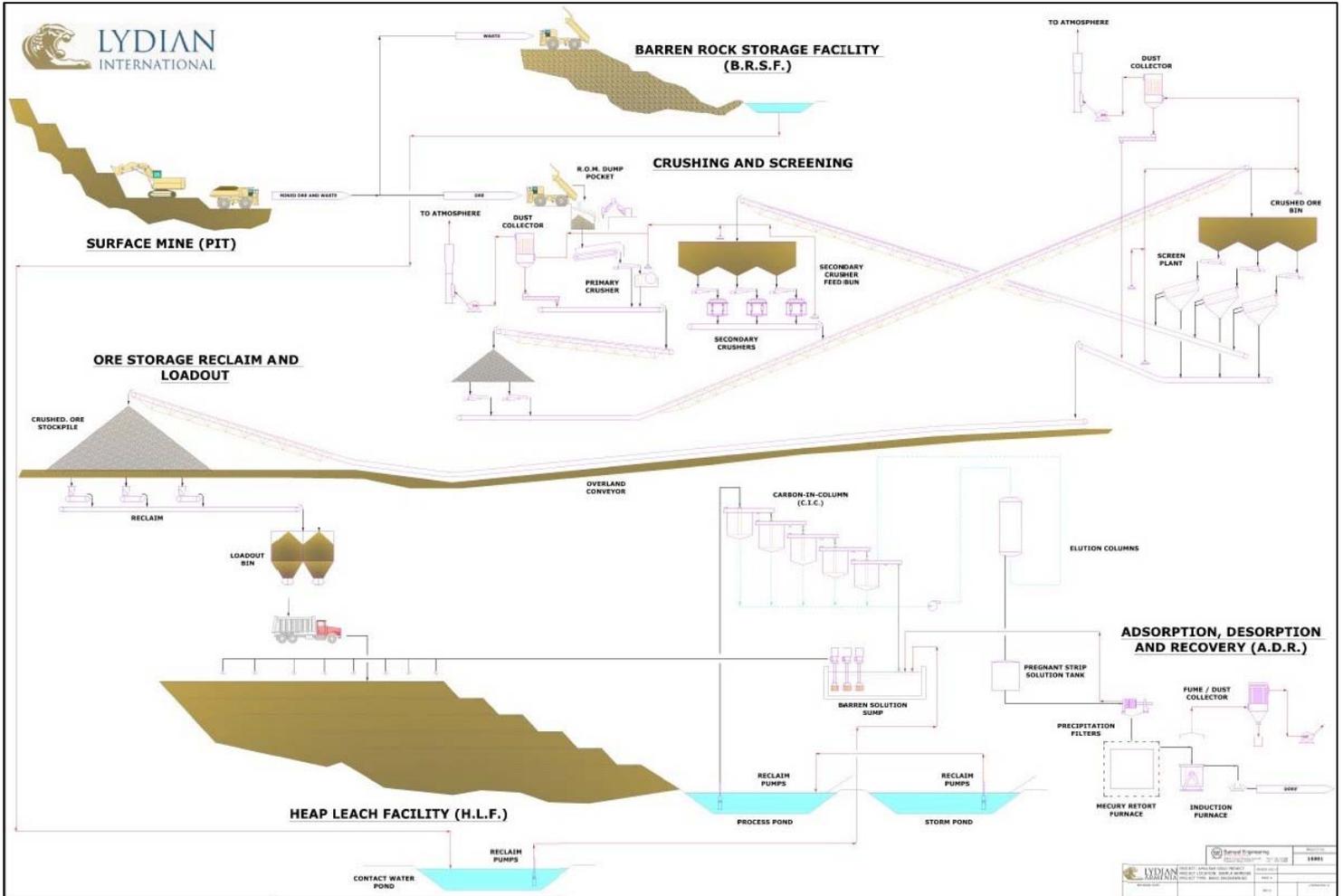


Figure 2 Amulsar Gold Project Processing Flowsheet

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THG

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SUMMARY AUDIT REPORT

Auditor's Finding

This Operation is

- in full compliance
- in substantial compliance
- not in compliance

with the International Cyanide Management Code.

This operation has demonstrated full compliance with the International Cyanide Management Institute Mining Operations Pre-Operational Verification Protocol For the International Cyanide Management Code.

Audit Company:	Veritas Metallica Pty Ltd
Audit Team Leader:	Thomas Gibbons
Email:	Tom_G@westnet.com.au
Date(s) of Audit:	15 – 19 October 2017 Inclusive.

I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Verification Audit Team Leader, established by the International Cyanide Management Institute.

I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Gold Mine Operations and using standard and accepted practices for health, safety and environmental audits.

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PRINCIPLE 1 - PRODUCTION:

Encourage responsible cyanide manufacturing by purchasing from manufacturers who operate in a safe and environmentally protective manner.

Standard of Practice 1.1:

Purchase cyanide from manufacturers employing appropriate practices and procedures to limit exposure of their workforce to cyanide, and to prevent releases of cyanide to the environment.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 1.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Statement (MSC), and a Cyanide Management Plan (CMP), to specifically ensure cyanide is purchased from manufacturers employing appropriate practices and procedures to limit the exposure of their workforce to cyanide, as well as to limit the release of cyanide into the environment. The commitment is specific to all sub-elements of Standard of Practice 1.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The Lydian Armenia Amulsar Gold Project Cyanide Management Plan V.07 (CMP) commits specifically to ensuring cyanide is purchased from manufacturers employing appropriate practices and procedures to limit the exposure of their workforce to cyanide, as well as to limit the release of cyanide into the environment.

The CMP specifically requires in all contract(s) with the cyanide manufacturer(s) or distributor(s) that the cyanide be produced at a facility that has been certified as in compliance with the Code.

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The CMP specifically requires that Lydian Armenia's cyanide supplier, whether an independent distributor, or otherwise, will be contractually bound to provide evidence that cyanide supplied/shipped to the Amulsar Gold Project is from a certified manufacturer(s).

The current tender document for supply of cyanide requires that the Producer is compliance with the Code, and supplied cyanide must be produced at a facility that has been certified as in compliance with the Code.

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PRINCIPLE 2 - TRANSPORTATION:

Protect communities and the environment during cyanide transport.

Standard of Practice 2.1:

Establish clear lines of responsibility for safety, security, release prevention, training and emergency response in written agreements with producers, distributors and transporters.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 2.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Statement, and a Cyanide Management Plan, to specifically establish clear lines of responsibility for safety, security, release prevention, training and emergency response in written agreements with producers, distributors and transporters. The commitment is specific to all sub-elements of Standard of Practice 2.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to:

- a) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for packaging as required by the United Nations for international shipments and by the political jurisdiction(s) the shipment will pass through.
- b) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for labeling in languages necessary to identify the material in the political jurisdiction(s) the

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shipment will pass through, and as required by these jurisdiction(s) and by the United Nations (for international shipments).

- c) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for storage prior to shipment of cyanide to the Amulsar Gold Project.
- d) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for the evaluation and selection of routes, including community involvement.
- e) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for storage and security at ports of entry and cargo transfer points.
- f) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for interim loading, storage and unloading during shipment.
- g) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for transport to the Amulsar Gold Project.
- h) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for unloading at the Amulsar Gold Project.
- i) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for safety, maintenance, and operation of the means of transportation throughout transport.
- j) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for task and safety training for cyanide transporters.
- k) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for co-ordination of security and emergency response actions throughout the transportation process.
- l) Enter into written agreements between the operation, the cyanide producer, distributor, and transporters, designating responsibility for Emergency response throughout transport.

The cyanide supply tender document (RFP), as noted in the supporting documents, requires that the supply contract is compliant specifically with SOP 2.1.1 and sub-elements 2.1.1a – l as listed above.

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Standard of Practice 2.2:

Require that cyanide transporters implement appropriate emergency response plans and capabilities and employ adequate measures for cyanide management.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 2.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically require that cyanide transporters implement appropriate emergency response plans and capabilities and employ adequate measures for cyanide management. The commitment is specific to all sub-elements of Standard of Practice 2.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

Lydian Armenia are currently in active review of bids for cyanide supply, with award of a supply contract imminent.

Lydian Armenia have specified that the cyanide Producer will transport the cyanide to the Amulsar Gold Project via a Code compliance Supply Chain.

Lydian Armenia are actively engaged with potential cyanide suppliers to expedite the auditing and Code certification of the cyanide Supply Chain to the Amulsar Gold Project.

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PRINCIPLE 3 – HANDLING AND STORAGE:

Protect workers and the environment during cyanide handling and storage.

Standard of Practice 3.1:

Design and construct unloading, storage and mixing facilities consistent with sound, accepted engineering practices, quality control/quality assurance procedures, spill prevention and spill containment measures.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 3.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically design and construct unloading, storage and mixing facilities consistent with sound, accepted engineering practices, quality control/quality assurance procedures, spill prevention and spill containment measures. The commitment is specific to all sub-elements of Standard of Practice 3.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP commits specifically to developing engineering drawings showing that its facilities for unloading, storing and mixing cyanide will be designed and constructed in accordance with cyanide producers' guidelines, applicable jurisdictional rules and/or other sound and accepted engineering practices for these facilities. A range of engineering drawings and design reports were reviewed as noted in the supporting evidence, and are consistent with the facilities for unloading, storing and mixing cyanide being designed in accordance with cyanide producers' guidelines, applicable jurisdictional rules and/or other sound and accepted engineering practices for these facilities.

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The CMP commits specifically that unloading and storage areas for liquid and solid cyanide will be located away from people and surface waters, and if not, the operation shall evaluate the potential for releases to surface water and/or human exposure, and designed precautions to minimize these potentials. A range of engineering drawings and diagrams were reviewed, and demonstrate a design consistent with the intent of this SOP element.

The CMP commits specifically that liquid cyanide will be unloaded on a concrete or other surface that can minimize seepage to the subsurface.

The cyanide supplied to the Amulsar Gold Project will be in solid form, principally within isotainers, with some boxed cyanide for contingency use. The solid cyanide within the isotainers will be dissolved in a purpose-built industry standard sparging system. A range of engineering drawings and diagrams were reviewed, and demonstrate a design consistent with the intent of this SOP element.

The CMP commits specifically that the cyanide unloading area is designed and will be constructed to contain, recover or allow remediation of any leakage from the tanker truck. A range of engineering drawings and diagrams were reviewed, and in particular the civil drawings, which demonstrate compliance with this SOP element.

The CMP commits specifically to install and operate a method to prevent the overfilling of cyanide storage tanks, such as a level indicator and high-level alarm. A range of engineering drawings and diagrams were reviewed, and in particular the Piping & Instrumentation Diagrams (PIDs), which demonstrate compliance with this SOP element.

The CMP commits specifically that cyanide mixing and storage tanks will be located on a concrete or other surface that can prevent seepage to the subsurface. A range of engineering drawings and diagrams were reviewed, and in particular the civil drawings, which demonstrate compliance with this SOP element.

The CMP commits specifically that secondary containments for cyanide storage and mixing tanks will be constructed of materials that provide a competent barrier to leakage. A range of engineering drawings and diagrams were reviewed, and in particular the mechanical and civil drawings, which demonstrate compliance with this SOP element.

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The CMP commits specifically that cyanide will be stored:

- a) With adequate ventilation to prevent the build-up of hydrogen cyanide gas.
- b) Stored in a manner designed to minimize the potential for contact of solid cyanide with water (e.g., under a roof, off the ground, or in specially designed containers).
- c) In a secure area where public access is prohibited, such as within the fenced boundary of the plant or within a separate fenced and locked area.
- d) Separately from incompatible materials such as acids, strong oxidizers and explosives and apart from foods, animal feeds and tobacco products with berms, bunds, walls or other appropriate barriers that will prevent mixing.

A range of engineering drawings and diagrams were reviewed that confirm design compliance with the above listed items.

The cyanide isotainers are designed to be stored externally.

The boxed cyanide will be stored within a roofed warehouse on wooden pallets, in a specific cyanide storage area isolated from the remainder of the warehouse by a concrete wall, with adequate ventilation to prevent potential build-up of hydrogen cyanide gas, and separately from incompatible materials such as acids, strong oxidizers and explosives and apart from foods, animal feeds and tobacco products.

Cyanide will be stored within a secure fenced boundary, with appropriate security.

Standard of Practice 3.2:

Operate unloading, storage and mixing facilities using inspections, preventive maintenance and contingency plans to prevent or contain releases and control and respond to worker exposures.

in full compliance with

The Operation is in substantial compliance with Standard of Practice 3.2

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically operate unloading, storage and mixing facilities using inspections, preventive maintenance and contingency plans to prevent or contain releases and control and respond to worker

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exposures. The commitment is specific to all sub-elements of Standard of Practice 3.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP commits specifically to develop plans or procedures to prevent exposures and releases during cyanide unloading and mixing activities as follows:

- a) Operation of all valves and couplings for unloading liquid cyanide and mixing solid or liquid cyanide
- b) Handling cyanide containers without rupturing or puncturing
- c) Limiting the height of stacking of cyanide containers
- d) Timely clean up of any spills of cyanide during mixing
- e) Providing for safe unloading of liquid cyanide and manual mixing of solid cyanide by requiring appropriate personal protective equipment and having a second individual observe from a safe area, or remote observation by video.

The CMP contains specific details and procedures for the above activities.

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PRINCIPLE 4 – OPERATIONS:

Manage cyanide process solutions and waste streams to protect human health and the environment.

Standard of Practice 4.1:

Implement management and operating systems designed to protect human health and the environment utilizing contingency planning and inspection and preventive maintenance procedures.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically implement management and operating systems designed to protect human health and the environment utilizing contingency planning and inspection and preventive maintenance procedures. The commitment is specific to all sub-elements of Standard of Practice 4.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP commits specifically to prepare written management and operating plans or procedures for cyanide facilities including unloading, mixing and storage facilities, leach plants, heap leach operations, tailings impoundments, and cyanide treatment, regeneration and disposal systems.

The CMP has detailed description and a detailed list of intended procedures, and provides a detailed framework for written management and operating plans or procedures for cyanide facilities.

Lydian Armenia had developed a cyanide-specific procedures register.

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Specific individual work instructions and standard operating procedures are in development.

The CMP commits specifically to include in its procedures, or prepared draft plans or procedures that identify the assumptions and parameters on which the facility design will be based and any applicable regulatory requirements (e.g., freeboard required for safe pond and impoundment operation; the cyanide concentrations in tailings on which the facility's wildlife protection measures will be based) as necessary to prevent or control cyanide releases and exposures consistent with applicable requirements.

Additionally, The CMP commits specifically to include in its procedures, or prepared draft plans or procedures that include the standard practices necessary for the safe and environmentally sound operation of the facility including the specific measures needed for compliance with the Code, such as inspections and preventive maintenance activities.

Design of the facilities are essentially complete, and construction is underway.

A range of information was reviewed, including:

- Environmental and Social Impact Assessment
- Engineering drawing and diagrams
- Engineering Design reports
- Environmental Design Criteria
- Environmental Monitoring Plan
- Water Balances
- Cyanide Management Procedures Register

The information reviewed is consistent with compliance with the above SOP elements.

The CMP commits specifically to develop a procedure to identify when changes in a site's processes or operating practices may increase the potential for the release of cyanide and to incorporate the necessary release prevention measures.

The CMP commits specifically to prepare cyanide management contingency procedures for situations when there is an upset in a facility's water balance, when inspections and monitoring identify a deviation from design or standard operating procedures, and/or when a temporary closure or cessation of operations may be necessary.

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Emergency response and contingency plans are in existence, such as:

- Emergency Management Plan
- Emergency Preparedness and Spill Response Plan
- Cyanide Emergency Response Plan

The CMP commits specifically to inspect cyanide facilities on an established frequency sufficient to assure and document that they are functioning within design parameters. A Cyanide Management Procedures Register has been developed, and inspection procedures are under development. A Probabilistic site-wide Water Balance and Processing/Heap Leach Water Balance exist as part of the design documentation.

The CMP commits specifically to inspect the following at unloading, storage, mixing and process areas, as applicable to the site:

- a) Tanks holding cyanide solutions for structural integrity and signs of corrosion and leakage
- b) Secondary containments for their integrity, the presence of fluids and their available capacity, and to ensure that any drains are closed and, if necessary, locked, to prevent accidental releases to the environment
- c) Leak detection and collection systems at leach pads and ponds, as required in the design documents
- d) Pipelines, pumps and valves for deterioration and leakage
- e) Ponds and impoundments for the parameters identified in their design documents as critical to their containment of cyanide and solutions and maintenance of the water balance, such as available freeboard and integrity of surface water diversions.

A Cyanide Management Procedures Register has been developed, and inspection procedures are under development.

The CMP commits specifically to document inspections, including the date of the inspection, the name of the inspector, any observed deficiencies, and the nature and date of corrective actions.

The CMP commits specifically to implement preventive maintenance programs and to document these activities to ensure that equipment and devices function as necessary for safe cyanide management.

The CMP commits specifically to have necessary emergency power resources to operate pumps and other equipment to prevent unintentional releases and exposures in the event its primary source of power is interrupted.

Additionally, the specific elements of SOP 4.1 and Lydian Armenia's plans and procedures for compliance are discussed in detail within the CMP.

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Standard of Practice 4.2:

Introduce management and operating systems to minimize cyanide use, thereby limiting concentrations of cyanide in mill tailings.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically introduce management and operating systems to minimize cyanide use, thereby limiting concentrations of cyanide in mill tailings. The commitment is specific to all sub-elements of Standard of Practice 4.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The Operation has determined the appropriate cyanide addition rates for heap leach irrigation from metallurgical testwork.

The CMP commits specifically to implement a strategy to control its cyanide addition as necessary when ore types or processing practices change cyanide requirements.

A strategic approach to cyanide addition was confirmed during an interview with the Lydian Armenia Chief Metallurgist, and is discussed in more detail in the CMP.

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Standard of Practice 4.3:

Implement a comprehensive water management program to protect against unintentional releases.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically implement a comprehensive water management program to protect against unintentional releases. The commitment is specific to all sub-elements of Standard of Practice 4.3. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The Operation has developed comprehensive Preliminary Probabilistic Water Balances both for the Site-Wide footprint and catchments, and also specifically for the Heap Leach and ADR Facilities.

Evidence exists of ongoing review and updating of the water balances.

The CMP commits specifically to develop operating procedures that incorporate inspection and monitoring activities to implement the water balance and prevent overtopping of ponds and impoundments and unplanned discharge of cyanide solutions to the environment. The Operation has developed a Cyanide Management Procedures Register, including relevant inspections, and is currently developing procedures.

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The CMP commits specifically to develop a water balance that consider the following in a reasonable manner and as appropriate for the facilities and environment, as listed below:

- a) The rates at which solutions are applied to leach pads and tailings that are deposited into tailings storage facilities
- b) A design storm duration and storm return interval that provides a sufficient degree of probability that overtopping of the pond or impoundment can be prevented during the operational life of the facility
- c) The quality of existing precipitation and evaporation data in representing actual site conditions
- d) The amount of precipitation entering a pond or impoundment resulting from surface run-on from the upgradient watershed, including adjustments as necessary to account for differences in elevation and for infiltration of the runoff into the ground
- e) Effects of potential freezing and thawing conditions on the accumulation of precipitation within the facility and the upgradient watershed
- f) Solution losses in addition to evaporation, such as the capacity of decant, drainage and recycling systems, allowable seepage to the subsurface, and allowable discharges to surface water
- g) The effects of potential power outages or pump and other equipment failures on the draindown from a leach pad or the emergency removal of water from a facility
- h) Where solution is discharged to surface waters, the capacity and on-line availability of necessary treatment, destruction or regeneration systems
- i) Other aspects of facility design that can affect the water balance, such as the assumed phreatic surface in a tailings storage facility

The Preliminary Probabilistic Water Balances developed by the Operation are consistent with the requirements a-i listed above.

The CMP commits specifically to a design, complete with engineering drawings, that demonstrates that ponds and impoundments have been designed with adequate freeboard above the maximum design storage capacity determined to be necessary from water balance calculations. A range of engineering calculations, sizing reports, and drawings were reviewed and demonstrate compliance with this SOP element.

The CMP commits specifically to measuring precipitation, comparing the results to design assumptions and revising operating practices as necessary.

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Precipitation and other relevant weather measurement records were reviewed, and have been continuously measured at the Amulsar Gold Project site since 30 September 2015.

Standard of Practice 4.4:

Implement measures to protect birds, other wildlife and livestock from adverse effects of cyanide process solutions.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.4
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically implement measures to protect birds, other wildlife and livestock from adverse effects of cyanide process solutions. The commitment is specific to all sub-elements of Standard of Practice 4.4. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP commits specifically to implementing measures (i.e., fencing, filling in collection ditches with gravel, and covering or netting solution in ponds and impoundments) to restrict access by wildlife and livestock to all open waters where WAD cyanide exceeds 50 mg/l.

The Operation is designed such that the only open water exceeding 50mg/L WAD cyanide is the pregnant solution pond. The pond is fenced to restrict wildlife access, and bird-balls will be employed to restrict access by avian wildlife.

The CMP commits specifically to apply leach solutions in a manner designed to avoid significant ponding on the heap surface and limit overspray of solution off the heap liner.

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The heaped ore will be subjected to dilute cyanide irrigation, by means of both drip and spray irrigators (depending on seasonal conditions). The irrigation pipework will be buried prior to solution flow to minimise ponding.

An Interview with the Lydian Armenia Chief Metallurgist confirmed that Lydian Armenia has a strategy to minimise ponding and limit overspray of solution.

The CMP contains operational procedures to minimise ponding and limit overspray of solution during heap leach irrigation.

Standard of Practice 4.5:

Implement measures to protect fish and wildlife from direct and indirect discharges of cyanide process solutions to surface water.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.5
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically implement measures to protect fish and wildlife from direct and indirect discharges of cyanide process solutions to surface water. The commitment is specific to all sub-elements of Standard of Practice 4.5. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The Amulsar Gold Project Processing facilities are designed as a zero discharge operation. Hence, there is no direct discharge to surface water.

The CMP commits specifically to a facility designed to limit any indirect discharge to surface water so that it will not result in a concentration of free cyanide in excess of 0.022 mg/l downstream of any established mixing zone.

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The design utilises diversion channels, secondary containments, and emergency ponds as contingency measures.

The entire cyanide treatment facility (ADR) is situated on a single solid concrete plinth with bunding.

The Heap Leach Facility (HLF) will have a geotextile and liner system, with leak detection/remediation.

Standard of Practice 4.6:

Implement measures designed to manage seepage from cyanide facilities to protect the beneficial uses of ground water.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.6
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically implement measures designed to manage seepage from cyanide facilities to protect the beneficial uses of ground water. The commitment is specific to all sub-elements of Standard of Practice 4.6. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

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The Operation has presented design and operating information regarding specific water management techniques or other measures to manage seepage to protect the beneficial use(s) of ground water beneath and/or immediately down gradient of the operation, including:

- Liner system and leak detection/collection for HLF
- Double-lined Process Pond with leak detection
- Single-lined Storm Pond
- A network of monitoring bores both upstream and downstream of cyanide facilities
- A comprehensive monitoring program for surface water and groundwater.

The Amulsar Gold Project is a Heap Leach operation and hence does not generate Mill tailings or utilize underground backfill.

Standard of Practice 4.7:

Provide spill prevention or containment measures for process tanks and pipelines.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.7
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically provide spill prevention or containment measures for process tanks and pipelines. The commitment is specific to all sub-elements of Standard of Practice 4.7. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

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The CMP commits specifically that spill prevention or containment measures will be provided for all cyanide unloading, storage, mixing and process solution tanks.

All cyanide unloading, storage, mixing and process solution tanks in the design are sited on concrete foundations, with potential spillage contained by impermeable secondary containment.

A range of engineering drawings were reviewed, and are consistent with the requirements for spill prevention or containment measures of this SOP element.

Standard of Practice 4.8:

Implement quality control/quality assurance procedures to confirm that cyanide facilities are constructed according to accepted engineering standards and specifications.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.8
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically implement quality control/quality assurance procedures to confirm that cyanide facilities are constructed according to accepted engineering standards and specifications. The commitment is specific to all sub-elements of Standard of Practice 4.8. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to implement quality control and quality assurance programs during construction of all new cyanide facilities including cyanide

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unloading, storage, mixing facilities and other cyanide facilities. This requirement was discussed in an interview with the Lydian Armenia Project Director, who confirmed the ongoing implementation of appropriate quality control and quality assurance programs during construction.

The CMP specifically commits within its quality control and quality assurance program to address the suitability of materials and adequacy of soil compaction for earthworks such as tank foundations and earthen liners, the installation of synthetic membrane liners used in ponds and leach pads, and for construction of cyanide storage and process tanks. This requirement was discussed in an interview with the Lydian Armenia Project Director, who confirmed the ongoing implementation of appropriate quality control and quality assurance programs to address the civil and construction items mentioned above during construction.

The CMP specifically commits to retain quality control and quality assurance records for construction of its cyanide facilities, and to have appropriately qualified personnel review cyanide facility construction and provide documentation that the facility has been built as proposed and approved.

Standard of Practice 4.9:

Implement monitoring programs to evaluate the effects of cyanide use on wildlife, surface and ground water quality.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 4.9
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically implement monitoring programs to evaluate the effects of cyanide use on wildlife, surface and ground water quality. The commitment is specific to all sub-elements of Standard of Practice 4.9. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager

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- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to develop written standard procedures for monitoring activities.

The Operation has developed a detailed and comprehensive Environmental Monitoring Plan containing written standard procedures for monitoring activities.

The CMP specifically commits to develop sampling procedures that include the following: how and where samples should be taken; sample preservation techniques; chain of custody procedures; shipping instructions; and cyanide species to be analyzed. The CMP further specifically commits to prepare a sampling manual that will require that sampling conditions (e.g., weather, livestock/wildlife activity, anthropogenic influences, etc.) and procedures be documented in writing.

The Environmental Monitoring Plan was reviewed, and it was confirmed that the monitoring procedures were consistent with the above requirements.

A monitoring procedure was randomly selected from the Plan, and found to be compliant with the above requirements.

The CMP specifically commits to develop a sampling program to monitor for cyanide in discharges of process water to surface water and in surface and ground water down gradient of the site. The existing Environmental Monitoring Program contains procedures for monitoring of cyanide in surface water and in surface and ground water up and down gradient of the site.

The CMP specifically commits to develop a form to inspect for and record wildlife mortalities related to contact with and ingestion of cyanide solutions. The existing Environmental Monitoring Program contains such a procedure ((0-00-PRO-ENV-82190 SOP for Wildlife and Livestock mortality).

The existing Environmental Monitoring Plan specifies frequencies of monitoring activities that are adequate to characterize the medium being monitored and to identify changes in a timely manner. This was confirmed by review of the Plan and during an interview with the Lydian Armenia Environmental Manager.

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PRINCIPLE 5 – DECOMMISSIONING:

Protect communities and the environment from cyanide through development and implementation of decommissioning plans for cyanide facilities

Standard of Practice 5.1:

Plan and implement procedures for effective decommissioning of cyanide facilities to protect human health, wildlife and livestock.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 5.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically plan and implement procedures for effective decommissioning of cyanide facilities to protect human health, wildlife and livestock. The commitment is specific to all sub-elements of Standard of Practice 5.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The Operation has developed a Reclamation, Closure, and Rehabilitation Plan, as discussed in detail within the CMP.

An implementation schedule exists within the Preliminary Mine Reclamation, Closure, and Rehabilitation Plan.

The CMP specifically commits to review its decommissioning procedures for cyanide facilities during the life of the operation and revise them as needed.

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Standard of Practice 5.2:

Establish an assurance mechanism capable of fully funding cyanide related decommissioning activities.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 5.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically establish an assurance mechanism capable of fully funding cyanide related decommissioning activities. The commitment is specific to all sub-elements of Standard of Practice 5.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The existing Preliminary Mine Reclamation, Closure, and Rehabilitation Plan contains a detailed estimate of the cost to fully fund third party implementation of the cyanide-related decommissioning measures as identified in the plan.

The CMP specifically commits to review and update the cost estimate at least every five years and when revisions to the plan are made that effect cyanide-related decommissioning activities.

The Operation is required by the applicable jurisdiction to establish a financial mechanism to cover the estimated costs for cyanide-related decommissioning activities as identified in its decommissioning and closure strategy.

The financial guarantee required in Armenia is regulated by the Ministry of Energy and Natural Resources Decree N249, Articles 17 and 49 of Mining Code.

Standards of Practice 5.2.4 and 5.2.5 are not applicable, due to full compliance with the above SOP elements.

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PRINCIPLE 6 – WORKER SAFETY:

Protect workers' health and safety from exposure to cyanide.

Standard of Practice 6.1:

Identify potential cyanide exposure scenarios and take measures as necessary to eliminate, reduce or control them.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 6.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically identify potential cyanide exposure scenarios and take measures as necessary to eliminate, reduce or control them. The commitment is specific to all sub-elements of Standard of Practice 6.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to developing procedures that describe how cyanide-related tasks such as unloading, mixing, plant operations, entry into confined spaces, and equipment decontamination prior to maintenance should be conducted to minimize worker exposure.

The CMP specifically commits to develop procedures that will require the use of personal protective equipment where necessary, and address pre-work inspections, emergency response, cyanide monitoring, communications and documentation

A comprehensive Cyanide Management Procedure Register has been generated, linking the procedure specifications to the requirements of individual elements of the Code Standards of Practice.

The individual procedures are in the development stage.

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The CMP specifically commits to develop procedures to review proposed process and operational changes and modifications for their potential impacts on worker health and safety, and incorporate the necessary worker protection measures, and to soliciting and actively considering worker input in developing and evaluating health and safety procedures

Standard of Practice 6.2:

Operate and monitor cyanide facilities to protect worker health and safety and periodically evaluate the effectiveness of health and safety measures.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 6.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically operate and monitor cyanide facilities to protect worker health and safety and periodically evaluate the effectiveness of health and safety measures. The commitment is specific to all sub-elements of Standard of Practice 6.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to determine the appropriate pH for limiting the evolution of hydrogen cyanide gas during mixing and production activities.

The CMP specifically commits to the use of ambient or personal monitoring devices to confirm that controls are adequate to limit worker exposure to hydrogen cyanide gas and sodium, calcium or potassium cyanide dust to 10 parts per million on an instantaneous basis and 4.7 parts per million continuously over an 8-hour period, as cyanide.

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The Amulsar Gold Project primary supply of cyanide is via solid cyanide briquettes within isotainers, which will be dissolved via industry standard sparging process. However, a quantity of boxed solid cyanide will be held on site as contingency in the event of supply interruption. During the audit, Lydian Armenia committed to expand its existing plans for personal monitoring devices to include monitoring for NaCN dust during solid cyanide mixing.

The PID drawings confirm the use of static HCN monitors at strategic locations.

The Operation has identified areas and activities where workers may be exposed to cyanide in excess of 10 parts per million on an instantaneous basis and 4.7 parts per million continuously over an 8-hour period.

The CMP specifically commits to require use of personal protective equipment in these areas or when performing these activities.

The CMP specifically commits to maintain, test and calibrate hydrogen cyanide monitoring equipment as directed by the manufacturer, and retain records for at least one year, and to place warning signs where cyanide is used advising workers that cyanide is present, and that smoking, open flames and eating and drinking are not allowed, and that, if necessary, suitable personal protective equipment must be worn.

The CMP specifically commits to locate showers, low-pressure eye wash stations and dry powder or non-acidic fire extinguishers at strategic locations throughout the operation and to maintain, inspect and test them on a regular basis, and to post signs, labels, etc. to alert workers that unloading, storage, mixing and process tanks and piping contain cyanide and to designate the contents and direction of flow in pipes carrying cyanide solution.

The location and type of the showers, low-pressure eye wash stations and dry powder or non-acidic fire extinguishers were shown in site drawings by the Lydian Armenia Chief Metallurgist.

The CMP specifically commits to make MSDS, first aid procedures or other informational materials on cyanide safety available in the language of the workforce in areas where cyanide is managed, and to develop and implement procedures to investigate and evaluate cyanide exposure incidents to determine if the operation's programs and procedures to protect worker health and safety and to respond to cyanide exposures, are adequate or need revising. The Operation has drafted preliminary procedures for such evaluation. The procedures will be broken out into specific individual work instructions/procedures as the Operation moves closer to start-up.

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Detailed information on the above activities and procedures are contained within the CMP, and were confirmed via an interview with the Lydian Armenia Chief Metallurgist.

Standard of Practice 6.3:

Develop and implement emergency response plans and procedures to respond to worker exposure to cyanide.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 6.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically develop and implement emergency response plans and procedures to respond to worker exposure to cyanide. The commitment is specific to all sub-elements of Standard of Practice 6.3. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to have water, oxygen, a resuscitator, antidote kits and a radio, telephone, alarm system or other means of communication or emergency notification readily available for use at cyanide unloading, storage and mixing locations and elsewhere in the plant; inspect its first aid equipment regularly to ensure that it is available when needed, and to store, test and/or replace materials such as cyanide antidotes as directed by their manufacturer to ensure that they will be effective when needed; and to develop procedures to respond to cyanide exposures.

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The existing Emergency Response Plans contain response procedures in the event of cyanide exposures.

The CMP specifically commits to have its own on-site capability to provide first aid or medical assistance to workers exposed to cyanide; develop procedures to transport workers exposed to cyanide to locally available qualified off site medical facilities; and to make formalized arrangements with local hospitals, clinics, etc., so that these providers are aware of the potential need to treat patients for cyanide exposure.

The CMP specifically commits to conduct periodic mock emergency drills to test response procedures for various cyanide exposure scenarios, and to incorporate the lessons learned from the drills into response planning.

The existing Emergency Response Plans contain details for conduct periodic mock emergency drills to test response procedures for various cyanide exposure scenarios, and to incorporate the lessons learned from the drills into response planning.

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PRINCIPLE 7 – EMERGENCY RESPONSE:

Manage Protect communities and the environment through the development of emergency response strategies and capabilities.

Standard of Practice 7.1:

Prepare detailed emergency response plans for potential cyanide releases.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 7.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically prepare detailed emergency response plans for potential cyanide releases. The commitment is specific to all sub-elements of Standard of Practice 7.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The Operation has developed Emergency Response Plans for accidental release of cyanide; the plans are as follows:

- Emergency Management Plan
- Cyanide Emergency Response Plan
- Emergency Preparedness and Spill Response Plan

The CMP specifically commits to consider in its Emergency Response Plan(s), the potential cyanide failure scenarios appropriate for its site-specific environmental and operating circumstances, including those listed below.

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In addition, the scenarios listed below all appear specifically in the Emergency Response Plan, and are largely covered in the Emergency Preparedness and Spill Response Plan.

- a) Catastrophic release of hydrogen cyanide from storage or process facilities
- b) Transportation accidents
- c) Releases during unloading and mixing
- d) Releases during fires and explosions
- e) Pipe, valve and tank ruptures
- f) Overtopping of ponds and impoundments
- g) Power outages and pump failures
- h) Uncontrolled seepage
- i) Failure of cyanide treatment, destruction or recovery systems
- j) Failure of tailings impoundments, heap leach facilities and other cyanide facilities

The CMP specifically commits that the Emergency Response plan(s) will describe specific response actions (as appropriate for the anticipated emergency situations) such as clearing site personnel and potentially affected communities from the area of exposure, use of cyanide antidotes and first aid measures for cyanide exposure, control of releases at their source, and containment, assessment, mitigation and future prevention of releases.

The existing Emergency Response Plans discuss this SOP element, and state that more detailed response procedures will be developed, particularly in the Cyanide Emergency Response Plan.

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Standard of Practice 7.1:

Involve site personnel and stakeholders in the planning process.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 7.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically involve site personnel and stakeholders in the planning process. The commitment is specific to all sub-elements of Standard of Practice 7.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to involve its workforce and stakeholders, including potentially affected communities, in the cyanide emergency response planning process.

This commitment is confirmed in the procedures within the existing Emergency Response plans.

The Operation has developed and is implementing further specific management plans that demonstrate compliance with this SOP element, including:

- Stakeholder Engagement Plan
- Community Health and Safety Management Plan
- Cultural Heritage Plan
- Cultural Heritage Plan

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Public engagement has been ongoing since 2012, with flyers and presentations with the following titles having been generated and distributed to local communities (also available on Lydian Armenia's website in both English and Armenian):

- What You Should Know About Cyanide
- Cyanide Heap-Leaching
- Heap Leach Facility Awareness
- What Is The Heap Leaching?

The CMP specifically commits to involve local response agencies such as outside responders and medical facilities in the cyanide emergency planning and response process. The existing Emergency Response Plans discuss this SOP element, and state that more detailed procedures will be developed.

The CMP specifically commits to engage in consultation or communication with stakeholders to keep the Emergency Response Plan current.

The plans listed above and existing engagement activities confirm that mechanisms are in place and being implemented to achieve compliance.

Standard of Practice 7.3:

Designate appropriate personnel and commit necessary equipment and resources for emergency response.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 7.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically designate appropriate personnel and commit necessary equipment and resources for emergency response. The commitment is specific to all sub-elements of Standard of Practice 7.3. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability

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-
- Operations Manager
 - Environmental Manager
 - Director Communications and Public Relations

The CMP specifically commits to include the below-listed elements in its Emergency Response Plan(s);

- a) Designation of primary and alternate emergency response coordinators who have explicit authority to commit the resources necessary to implement the Plan
- b) Identification of Emergency Response Teams
- c) Requirements for appropriate training for emergency responders
- d) Call-out procedures and 24-hour contact information for the coordinators and response team members
- e) Specific duties and responsibilities of the coordinators and team members
- f) List emergency response equipment, including personal protection gear, available along transportation routes and/or on-site
- g) Procedures to inspect emergency response equipment to ensure its availability
- h) Description of the roles of outside responders, medical facilities and communities in the emergency response procedures.

The existing Emergency Response Plans discuss these individual requirements, and state that more detailed response procedures and information will be developed.

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Standard of Practice 7.4:

Develop procedures for internal and external emergency notification and reporting.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 7.4
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically develop procedures for internal and external emergency notification and reporting. The commitment is specific to all sub-elements of Standard of Practice 7.4. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to include procedures and contact information for notifying management, regulatory agencies, outside response providers and medical facilities of the cyanide emergency; and to include procedures and contact information for notifying potentially affected communities of the cyanide related incident and any necessary response measures, and for communication with the media.

The existing Emergency Response Plans discuss the above requirements, and state that more detailed procedures and information will be developed.

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Standard of Practice 7.5:

Incorporate into response plans and remediation measures monitoring elements that account for the additional hazards of using cyanide treatment chemicals.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 7.5
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically incorporate into response plans and remediation measures monitoring elements that account for the additional hazards of using cyanide treatment chemicals. The commitment is specific to all sub-elements of Standard of Practice 7.5. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to describe specific remediation measures in the Plan as appropriate for the likely cyanide release scenarios, as applicable and listed below:

- a) Recovery or neutralization of solutions or solids
- b) Decontamination of soils or other contaminated media
- c) Management and/or disposal of spill clean-up debris
- d) Provision of an alternate drinking water supply

A procedure for recovery or neutralization of solutions and soils exists within the Cyanide Emergency Response Plan, and is referenced in the Emergency Response Plan.

A procedure for decontamination of soils or other contaminated media exists within the Cyanide Emergency Response Plan, and is discussed in both the Emergency Preparedness and Spill Response Plan and the Emergency Management Plan.

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The existing Emergency Response Plan references the requirement for management and/or disposal of spill clean-up debris, and assigns it for development within the Cyanide Emergency Response Plan.

The CMP specifically commits to develop procedures to prohibit the use of chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide that has been released into surface water. This procedure exists within both the Emergency Management Plan and the Cyanide Emergency Response Plan.

The CMP specifically commits to address the potential need for environmental monitoring to identify the extent and effects of a cyanide release, and include sampling methodologies, parameters and, where practical, possible sampling locations.

The requirements for addressing the potential need for environmental monitoring to identify the extent and effects of a cyanide release, and include sampling methodologies, parameters and, where practical, possible sampling locations is comprehensively described in the Cyanide Emergency Response Plan, and in more general terms in the Emergency Response Plan and the Emergency Preparedness and Spill Response Plan.

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Standard of Practice 7.6:

Periodically evaluate response procedures and capabilities and revise them as needed.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 7.6
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically periodically evaluate response procedures and capabilities and revise them as needed. The commitment is specific to all sub-elements of Standard of Practice 7.6. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to review and evaluate the cyanide related elements of its Emergency Response Plan for adequacy on a regular basis

This procedure exists in the Emergency Response Plan, and is discussed in the Emergency Preparedness and Spill Response Plan.

The CMP specifically commits to conduct periodic mock cyanide emergency drills as part of the Emergency Response Plan evaluation process, and procedures exist for such drills in both the Emergency Response Plan and the Emergency Preparedness and Spill Response Plan.

The CMP specifically commits to evaluate and revise the Emergency Response Plan after any cyanide related emergency requiring its implementation, and procedures exist for such evaluation and revision in both the Emergency Management Plan and the Emergency Preparedness and Spill Response Plan.

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PRINCIPLE 8 – TRAINING:

Train workers and emergency response personnel to manage cyanide in a safe and environmentally protective manner.

Standard of Practice 8.1:

Train workers to understand the hazards associated with cyanide use.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 8.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically train workers to understand the hazards associated with cyanide use. The commitment is specific to all sub-elements of Standard of Practice 8.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to train all personnel who may encounter cyanide in cyanide hazard recognition; to commits conduct periodic refresher cyanide hazard recognition training; and to train all personnel who may encounter cyanide in cyanide hazard recognition.

The CMP has a comprehensive training matrix table which states that Lydian Armenia will train all personnel who may encounter cyanide in cyanide hazard recognition.

The CMP has a procedure that specifies that all employees who may encounter cyanide are trained in cyanide hazard recognition; a procedure that specifies that Lydian Armenia will conduct periodic refresher cyanide hazard recognition training; and a procedure that requires the retention of cyanide hazard recognition training.

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Lydian Armenia has developed a detailed Operator and Other Training Scope document for the Process Plant, which specifies the requirement for the development of training materials for cyanide hazard recognition training for all personnel who may encounter cyanide.

Standard of Practice 8.2:

Train appropriate personnel to operate the facility according to systems and procedures that protect human health, the community and the environment.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 8.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically train appropriate personnel to operate the facility according to systems and procedures that protect human health, the community and the environment. The commitment is specific to all sub-elements of Standard of Practice 8.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to train all workers to perform their normal production tasks, including unloading, mixing, production and maintenance, with minimum risk to worker health and safety and in a manner that prevents unplanned cyanide releases; to identify the training elements necessary for each job involving cyanide management in a training plan or other training materials; and to employ only appropriately qualified personnel to provide task training related to cyanide management activities.

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The CMP had a procedure that requires that workers be trained to perform their normal production tasks, including unloading, mixing, production and maintenance, with minimum risk to worker health and safety and in a manner that prevents unplanned cyanide releases; a procedure that requires the identification of the training elements necessary for each job involving cyanide management in a training plan or other training materials; and a procedure that requires the employment of personnel for task training related to cyanide management activities can only proceed if they are appropriately qualified.

Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which specifies the requirement for the development of procedures that train workers to perform their normal production tasks, including unloading, mixing, production and maintenance, with minimum risk to worker health and safety and in a manner that prevents unplanned cyanide releases; and which specifies the requirement for identification of the training elements necessary for each job involving cyanide management in a training plan or other training materials.

The CMP specifically commits to train employees prior to allowing them to work with cyanide; to provide refresher training on cyanide management to ensure that employees continue to perform their jobs in a safe and environmentally protective manner; and to evaluate the effectiveness of cyanide training by testing, observation or other means.

The CMP had a procedure that requires that employees must be trained prior to allowing them to work with cyanide; a procedure to provide refresher training on cyanide management to ensure that employees continue to perform their jobs in a safe and environmentally protective manner; and a procedure to evaluate the effectiveness of cyanide training by testing, observation or other means.

Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which requires that training procedures specify that refresher training for employees is conducted on cyanide management to ensure that employees continue to perform their jobs in a safe and environmentally protective manner; and that training procedures and materials generated must include the facility for evaluation of the effectiveness of cyanide training, by testing, observation, or other means.

The CMP specifically commits to retain records throughout an individual's employment documenting the training they receive, and that the records include the names of the employee and the trainer, the date of training, the topics covered, and if the employee demonstrated an understanding of the training materials.

The CMP had a procedure that requires retention of training records throughout an individual's employment documenting the training they receive, and including the

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names of the employee and the trainer, the date of training, the topics covered, and if the employee demonstrated an understanding of the training materials.

Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which specifies that the training materials provided shall contain the facility to include the names of the employee and the trainer, the date of training, the topics covered, and if the employee demonstrated an understanding of the training materials

Standard of Practice 8.3:

Train appropriate workers and personnel to respond to worker exposures and environmental releases of cyanide.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 8.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically train appropriate workers and personnel to respond to worker exposures and environmental releases of cyanide. The commitment is specific to all sub-elements of Standard of Practice 8.3. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The CMP specifically commits to train all cyanide unloading, mixing, production and maintenance personnel in the procedures to be followed if cyanide is released; and commits to train site cyanide response personnel, including unloading, mixing, production and maintenance workers, in decontamination and first aid procedures, and for these personnel take part in routine drills to test and improve their response skills.

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The CMP has a procedure that requires training all cyanide unloading, mixing, production and maintenance personnel in the procedures to be followed if cyanide is released; and a procedure that requires the training of site cyanide response personnel, including unloading, mixing, production and maintenance workers, in decontamination and first aid procedures, and that these personnel take part in routine drills to test and improve their response skills.

Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which requires the development of training materials to train all cyanide unloading, mixing, production and maintenance personnel in the procedures to be followed if cyanide is released; and specifies the requirement for development of training materials to train site cyanide response personnel, including unloading, mixing, production and maintenance workers, in decontamination and first aid procedures, and for these personnel take part in 1&2 routine drills to test and improve their response skills.

The CMP specifically commits to train Emergency Response Coordinators and members of the Emergency Response Team in the procedures included in the Emergency Response Plan regarding cyanide, including the use of necessary response equipment; and to make off-site Emergency Responders, such as community members, local responders and medical providers, familiar with those elements of the Emergency Response Plan related to cyanide.

The Cyanide Emergency Response Plan has specific procedures for training Emergency Response Coordinators and members of the Emergency Response Team in the procedures included in the Emergency Response Plan regarding cyanide, including the use of necessary response equipment.

The Emergency Response Plan provides a framework for emergency response training.

Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which specifies that training materials shall be developed to train Emergency Response Coordinators and members of the Emergency Response Team in the procedures included in the Emergency Response Plan regarding cyanide, including the use of necessary response equipment.

The Emergency Management Plan has a procedure to familiarise off-site Emergency Responders, such as community members, local responders and medical providers, with those elements of the Emergency Response Plan related to cyanide. The requirement is also addressed in both the Cyanide Emergency Response Plan and the Emergency Preparedness and Spill Response Plan.

The CMP specifically commits to retain records documenting cyanide training, including the names of the employee and the trainer, the date of training, the topics covered, and how the employee demonstrated an understanding of the training

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materials; and to conduct regular refresher training for response to cyanide exposures and releases.

The CMP has a procedure that requires retention of documented cyanide training, including the names of the employee and the trainer, the date of training, the topics covered, and how the employee demonstrated an understanding of the training materials; and a procedure that requires conducting regular refresher training for response to cyanide exposures and releases.

Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which specifies that training materials shall have the facility to record the names of the employee and the trainer, the date of training, the topics covered, and how the employee demonstrated an understanding of the training materials; and specifies that training materials developed shall note the requirement for regular refresher training for response to cyanide exposures and releases.

The CMP specifically commits to conduct periodic simulated cyanide emergency drills for training purposes, with drills simulating both worker exposures and environmental releases; and to evaluate cyanide emergency drills from a training perspective to determine if personnel have the knowledge and skills required for effective response, and to revise training procedures if deficiencies are identified.

Procedures exist for conducting periodic simulated cyanide emergency drills for training purposes, with drills simulating both worker exposures and environmental releases, in the Emergency Response Plan and the Emergency Preparedness and Spill Response Plan.

Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which specifies that training materials developed shall include periodic simulated cyanide emergency drills, with the drills simulating both worker exposures and environmental releases.

Procedures exist for evaluating cyanide emergency drills from a training perspective in both the Emergency Response Plan and the Emergency Preparedness and Spill Response Plan as follows:

- Lydian Armenia will conduct emergency drills for response to cyanide exposures and/or releases at least annually. The drills will be designed to simulate one or more of the types of releases that are identified as mandatory procedures. Each drill will be evaluated to determine the adequacy of response procedures and responder training. Written documentation, detailing the scope of the conducted drill, and its outcomes, will be retained and analysed for improvements.

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Lydian Armenia have developed a detailed Operator and Other Training Scope document for the Process Plant, which specifies the requirement for training materials with the facility to evaluate cyanide emergency drills from a training perspective to determine if personnel have the knowledge and skills required for effective response, and for training procedures be revised if deficiencies are identified.

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PRINCIPLE 9 – DIALOGUE:

Engage in public consultation and disclosure.

Standard of Practice 9.1:

Provide stakeholders the opportunity to communicate issues of concern.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 9.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically provide stakeholders the opportunity to communicate issues of concern. The commitment is specific to all sub-elements of Standard of Practice 9.1. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

The existing CMP and MCS demonstrate Lydian Armenia Senior Management commitment to provide the opportunity for stakeholders to communicate issues of concern regarding the management of cyanide.

Lydian Armenia has drafted procedures or committed to provide opportunities for interacting with stakeholders and providing them with information regarding cyanide management practices and procedures.

Public engagement has been ongoing since 2012.

The Lydian Armenia Director Communications and Public Relations Anna Saghabyan demonstrated a strong understanding of Code requirements, and explained the current initiatives providing written descriptions of site activities and cyanide management available to communities and other stakeholders.

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A public presentation and community meeting records were viewed.

Standard of Practice 9.2:

Initiate dialogue describing cyanide management procedures and responsively address identified concerns.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 9.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically initiate dialogue describing cyanide management procedures and responsively address identified concerns. The commitment is specific to all sub-elements of Standard of Practice 9.2. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

Lydian Armenia has developed written descriptions of how their activities are conducted and how cyanide is managed, and made these descriptions be available to communities and other stakeholders.

Public engagement has been ongoing since 2012. In addition to public meetings, flyers and presentations with the following titles having been generated and distributed to local communities (also available on Lydian Armenia's website in both English and Armenian):

- What You Should Know About Cyanide
- Cyanide Heap-Leaching
- Heap Leach Facility Awareness
- What Is The Heap Leaching?

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A record of stakeholder consultation meetings and presentations was observed.

The Republic of Armenia is reported to have a 99.7% literacy rate.

The Operation has used diagrammatic illustrations in its information dissemination, including presentations and written material.

A presentation and community meeting records were viewed as noted; a translator was used as required, and a Q&A session occurred after the presentation.

Standard of Practice 9.3:

Make appropriate operational and environmental information regarding cyanide available to stakeholders.

The Operation is in full compliance with
 in substantial compliance with Standard of Practice 9.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Lydian Armenia have committed in writing, via both a Management Commitment Document, and a Cyanide Management Plan, to specifically make appropriate operational and environmental information regarding cyanide available to stakeholders. The commitment is specific to all sub-elements of Standard of Practice 9.3. Both documents were signed in the presence of the Lead Auditor by the following Lydian Armenia Personnel:

- Chief Operating Officer
- Health and Safety Manager
- Director of Sustainability
- Operations Manager
- Environmental Manager
- Director Communications and Public Relations

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The CMP specifically commits to make information publicly available on the following confirmed cyanide release or exposure incidents and identify the method(s) to be used as listed below:

- a) Cyanide exposure resulting in hospitalization or fatality
- b) Cyanide releases off the mine site requiring response or remediation
- c) Cyanide releases on or off the mine site resulting in significant adverse effects to health or the environment
- d) Cyanide releases on or off the mine site requiring reporting under applicable regulations
- e) Releases that are or that cause applicable limits for cyanide to be exceeded

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3. IMPORTANT Information and limitations concerning the preparation and submission of this Audit Report both in its complete and summarised forms.

Kindly take notice of the following important qualifications and limitations in connection with the preparation and submission of this report (“Report”).

1. The Report has been prepared in good faith by the signatory for and on his own behalf and as an authorised representative of Veritas Metallica Pty Ltd (“VMPL”);
2. The Report is intended for the exclusive use of Lydian Armenia (“Client”).
3. It is not intended to be relied upon by any party other than the Client.
4. No permission is given by the author for reliance on this Report by any third party and the author takes no responsibility for publication thereof on any media by others.
5. The Report has been prepared on the basis of instructions, information and data supplied by the Client, and on the basis of the physical conditions and location of the site at which tests (if any) were undertaken.
6. The author of the Report gives no warranty or guarantee and makes no representation, whether express or implied, with respect to the content of this Report or the completeness or accuracy thereof.
7. No reliance should be placed upon anything other than that which is expressed in this Report.
8. The author of this Report accepts no responsibility or liability for any loss or damage suffered by any party which is incurred in reliance upon the contents of this Report. In particular and without limitation, the author shall not be liable for any loss or damage or economic loss suffered by any party which arises out of any of the contents of this Report or anything which is omitted from the contents of this Report.
9. Readers of this Report are alerted to the possibility that the conditions which existed at the time of the preparation of this Report may have changed both prior to and after the preparation of this Report and in no way does this Report encompass, take account of or refer to such changed conditions.

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