



NEWS FOR IMMEDIATE RELEASE

THE RUN UP ON THE PATH TO PRODUCTION AT AMULSAR

Lydian files NI 43-101 Compliant Preliminary Economic Assessment report

TORONTO, Ontario August 23rd, 2011 – Lydian International Ltd. (TSX:LYD) (“Lydian” or “the Company”), a gold-focused mineral exploration and development company, is pleased to announce that it has filed its NI 43-101 compliant Preliminary Economic Assessment (“PEA”) for its 100% owned Amulsar Gold Project in Armenia. This is now available on the Company website at www.lydianinternational.co.uk as well as on SEDAR at www.sedar.com

Results from this PEA were previously announced on July 25th, 2011. The Base-Case was conducted on 1.64 million ounces of potentially mineable material from Tigranes and Artavasdes areas of Amulsar, using a gold price of US\$1200 per ounce, a 5% discount rate and contract mining scenario returns;

- Net Present Value (NPV) of US\$515M
- Internal Rate of Return (IRR) of 45%
- Initial capital cost of US\$162.6M
- Annual gold production of 123,000 ounces (Year 1-3) to 256,000 ounces (Year 4-7) at a cash cost of US\$419 per ounce to US\$499 per ounce

A sensitivity Case to include a further 460,000 ounces of potentially mineable material from the Erato area at Amulsar and owner operated mining scenario returns;

- Net Present Value (NPV) of US\$614M
- Internal Rate of Return (IRR) of 41%
- Initial capital cost of US\$162.5M
- Annual gold production of 123,000 ounces (Year 1-3) to 221,000 ounces (Year 4-7) at a cash cost of US\$472 per ounce to US\$543 per ounce

The Base-Case for the PEA modeled contract mining (CM) and owner operated mining (OOM) scenarios based on a conservative US\$1,000 per ounce gold price pit shell (see press release May 16th, 2011) and 1.64 million potentially mineable gold ounces from the Tigranes and Artavasdes areas only of the Amulsar project. The study also tested the potential of both mining scenarios on the inclusion of a further 0.46 million gold ounces (OOM), and 0.36 million ounces (CM) of potentially mineable mineralization from the Erato area but considered this to be a Sensitivity Case as the current drill-spacing at Erato is considered too sparse for inclusion in the Base-Case.

Preliminary Economic Highlights (Base Case Tigranes and Artavasdes areas only) are shown in the following table:

	Units	Owner Operator	Contract Mining
Average mined gold grade	g/t	0.92	0.92
Steady state annual gold production (Yr 1-3)	Oz	123,000	123,000
Steady state annual gold production (Yr 4-7)	Oz	256,000	256,000
Life of Mine from production start	Yr	7	7
Planned Steady State Production Rate (Yr 1-3)	tpd	15,000	15,000
Planned Steady State Production Rate (Yr 4-7)	tpd	30,000	30,000
IRR Pre-tax	%	39.5%	45.4%
NPV Pre-tax (5% discount rate)	US\$M	493.6	514.5
Payback period from start of production	Yr	3.2	2.6
NPV Pre-tax (0% discount rate)	US\$M	747.3	759.8
Initial Capital Cost	US\$M	162.5	162.6
Total Capital Cost	US\$M	378.8	254.6
Cash Costs	US\$/oz	419.3	499.4
Metallurgical Recovery	%	85.0	85.0
Total Mined Gold to Leach Pad	Moz	1.64	1.64

“We are very pleased with the results of this study, particularly considering the fact that the Base-Case is premised on a conservative pit shell at the Tigranes and Artavasdes areas only and optimized using a gold price of US\$1,000 per ounce” said Tim Coughlin, Lydian’s President and CEO. “The pit shell is currently being remodeled using a gold price of US\$1,200 per ounce, which will result in an even more positive and robust financial model”.

About Lydian International

Lydian is a gold-focused mineral exploration and development company with expertise employing “first mover” strategies in emerging exploration environments. Currently Lydian is focused on Eastern Europe and on developing its flagship Amulsar gold project in Armenia. The Amulsar group of licenses is wholly owned by Lydian’s Armenian subsidiary (Geoteam CJSC). Lydian also has a pipeline of promising early-stage gold and base metal exploration projects in the Caucasus regions.

Lydian’s management team has a track record of success in grassroots discovery, in acquiring and developing undervalued assets, and in building companies. Lydian has a strong social agenda and a unique understanding of the complex social and political issues that characterize emerging environments. The Company’s significant shareholders include the International Finance Corporation (IFC) which is a member of the World Bank Group and the European Bank for Reconstruction and Development (EBRD). More information can be found on Lydian’s web site at www.lydianinternational.co.uk.

Lydian employees are instructed to follow standard operating and quality assurance procedures intended to ensure that all sampling techniques and sample results meet international reporting standards. All assay work for the released results was carried out by ALS Chemex analytical laboratory in Rosia Montana, Romania. More information can be found on Lydian’s web site at www.lydianinternational.co.uk.

FORWARD-LOOKING STATEMENTS

This news release may contain certain information that constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan,” “expect,” “project,” “intend,” “believe,” “anticipate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices and other factors described above and in the Company’s most recent annual information form under the heading “Risk Factors” which has been filed electronically by means of the Canadian Securities Administrators’ website located at www.sedar.com. The Company disclaims any obligation to update or revise any forward-looking statements if circumstances or management’s estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

For further information please contact:

Steve Smith
Investor Relations Manager
+44 (0)1534 715472
+44 (0)7829 848420
info@lydianinternational.co.uk