



52-wk Range: C\$0.33-0.88      Market Cap (M): C\$42.0  
 12 month target C\$1.22      EV (M): C\$40.8

## Mining

## Metallurgical test work indicates good recoveries at Amulsar

### Summary

Lydian International is a UK exploration company. It has an exciting new gold discovery in Armenia at the Amulsar project, a joint venture with Newmont Mining. It is also maximising its first mover advantage in the newly independent state of Kosovo, exploring for base and precious metals.

### Event

Lydian reported the results of column tests on three different 19mm composite samples and returned gold recoveries of 89.1%, 86.6% and 76.5% over a 70 day leach period. More importantly, the recovery trajectories indicated that gold recovery was still taking place and in two of the samples would have exceeded 90%. Similar leach tests on 38mm ore showed similar results but over a significantly longer period. The three samples had back calculated head grades of 1.22g/t, 1.15g/t and 1.58g/t respectively.

### Comment

These results are significant as they compare well with the bottle roll test work that was reported last November. In the model we are using a 1g/t head grade and recoveries of 89% which would appear to be very achievable. Further leach testing will be conducted during 2010 to test different parts of the resource and newly discovered area. The next stage will be to simulate a run-of-mine leaching operation which does not require crushing and can amount to cost savings in the order of 20%. Preparations are now well underway for the 2010 drilling program which is due to start with three rigs operating on June 1st.

### Recommendation

We maintain the Buy recommendation with an unchanged target price of C\$1.22/share.



### Key Metrics

Shares Outstanding (M): 55.3  
 Current Price (C\$): C\$0.76  
 Fully Diluted Shares (M): 75.3

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FYE Dec	2008	2009E	2010E	2011E	2012E
Revenue (£M):	0.1	0.0	0.7	1.6	1.1
EBITDA (£M):	-1.4	-1.5	-3.5	-3.2	-2.8
NPAT (inc significant items):	-1.4	-1.5	-1.9	-2.7	-2.8
EPS (GBp):	-2.5	-3.2	-3.3	-4.2	-4.4
Cash Flow/Share (GBp):	-2.8	-3.2	-3.5	-3.2	-2.8
Gold Price (\$/oz):	872.6	973.7	1146.8	1250.0	1100.0

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### Peter Rose

Peter Rose has 20 years experience in equities as a resources analyst, most recently having spent 11 years with Deutsche Bank in Australia. Prior to this he spent three years with Prudential Bache and five years with James Capel. Peter's industry experience includes 16 years as a metallurgist, three years with De Beers in South Africa and eight years in the uranium industry, five of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 18 March 2010

Company Name	Disclosure
Lydian (LYD)	1, 2, 8

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Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
Angel Mining	ANGM LN Equity	BUY	03.03.10	£0.16	£0.07
Atlantic Coal	ATC LN equity	BUY	21.01.10	£0.025	£0.005
Discovery Metals	DME LN Equity	BUY	15.03.10	£0.65	£0.46
EMED Mining	EMED LN Equity	BUY	16.02.10	£0.62	£0.12
Exco Resources	EXS AU Equity	BUY	15.03.10	A\$0.67	A\$0.245
Gippsland Limited	GIP LN Equity	BUY	06.10.09	£0.02	NA
Hambledon Mining	HMB LN Equity	HOLD	12.02.10	£0.16	£0.05
Highland Gold	HGM LN Equity	BUY	11.02.10	£1.24	£1.20
Hochschild Mining	HOC LN Equity	HOLD	20.01.10	£3.26	£2.83
KEFI Minerals	KEFI LN Equity	Spec. BUY	06.10.09	NA	£0.02
Kryso Resources	KYS LN Equity	BUY	18.01.10	£0.28	£0.12
Lydian International	LYD CN Equity	BUY	18.03.10	C\$1.22	C\$0.76
Minera IRL	MIRL LN Equity	BUY	20.01.10	£1.06	£0.64
Oxus Gold	OXS LN Equity	BUY	12.02.10	£0.12	£0.08
Stratex International	STI LN Equity	BUY	03.03.10	£0.07	£0.03

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