

LYDIAN INT'L III #27657 - ENVIRONMENTAL AND SOCIAL ACTION PLAN - JANUARY 2009

#	Action	Entity Responsible	Deadline	January 09 Status
1	Lydian to hire an experienced HSEC consultant to be commuting between London, Kosovo and Armenia to oversee environmental and social management for each project, initiate E&S baseline work and prepare the corporate ESMS	Lydian International	Maximum 6 month after IFC first investment signing	Done in November 2007 but person resigned in August 2006 - New hire expected by June 2008
2	Develop with support from qualified professional a comprehensive corporate ESMS along with a mutually acceptable time frame for implementation, including allocation of adequate E&S staff and resource for implementation	Lydian International	Maximum one year after IFC first investment signing	Under development, expected in May 2009
3	Submit Emergency Preparedness and Response Plan applicable for each property to IFC for review	Lydian International	Maximum one year after IFC first investment signing	Submitted June 2008 for Armulsar and in July 2008 for Drazjna
4	Negotiate with Kosovo authorities what is required to document past liabilities at Drazjna and provide IFC with final agreements and/or clearance documents	Kosovo Resource Co.	When each investment decision is made for development	
5	Carry out environmental and socioeconomic baseline studies for the Drazjna property and subsequently develop same for Rahovac and Crepujka, to be prepared in compliance with with Kosovo regulation Standards, European Union Regulation Standards and World bank management practices	Kosovo Resource Co.	Maximum 3 month after investment decision is made for development	Initial baseline work underway until end 2009
6	Carry out environmental and socioeconomic baseline studies for the Armulsar property, to be prepared in compliance with Armenia Environmental laws and regulations as well as with IFC requirements	Geoteam	Maximum 3 month after investment decision is made for development	Initial baseline work underway until end 2009
7	Preparation of respective documentation of Environmental Expertise (EIA) of Ministry of Nature Protection of RA for Concession Agreement with Concession Department of Ministry of Energy and Natural Resources..	Geoteam	4 months after Geoteam is granted with Mining License.	
8	Carry out an independent HSEC audits of Lydian assets including a review of EIA/SEA commitments, the ESMS implementation and site rehabilitation plans, and check compliance with national laws and IFC requirements	Lydian International	Every two year	Frist audit to take place in June-July 2009
9	Report annually on progress regarding public consultation and community development for each property	Each local legal entity operating as a subsidiary of Lydian International	Every year	2008 Status Report for Kosovo and Armenia submitted at end of 2008
10	Prepare a site specific HSEC Action Plan for the Drazjna exploration property	Kosovo Resource Co. with support from Lydian International	By the end of March 2009	
11	Prepare a site specific HSEC Action Plan for the Armulsar exploration property	Geoteam with support from Lydian International	By the end of March 2009	
12	Update existing Public Consultation and Disclosure Strategy (PCDS) prepared in early 2007 to reflect current development status of each property, and if necessary revise site specific Stakeholder Engagement Plan (SEP) - it includes a country specific website in local language for Kosovo and Armenia.	Lydian International	By the end of June 2009	
13	Prepare an Underground Health and Safety Plan for the Drazjna underground operation	Kosovo Resource Co. with support from Lydian International and H&S consultants	By the end of March 2009	

Note: item 1 to 8 were part of the 2007 initial Action Plan with progress to date reported