



***NEWS FOR IMMEDIATE RELEASE***

**LYDIAN CONCLUDES HEADS OF AGREEMENT FOR FURTHER DEVELOPMENT OF ITS DRAZHnje LEAD-ZINC-SILVER PROJECT: KOSOVO**

**British mining and processing company to fund further work and develop project to point of Commercial Production**

TORONTO, Ontario, July 29, 2010 – Lydian International Ltd. (TSX: LYD) (“Lydian” or “the Company”), a diversified mineral exploration and development company, today announced that it has executed a Heads of Agreement with British company IMM Marketing Limited (IMM) over its Drazhnje lead-zinc-silver project in Kosovo. IMM is an affiliate company of the Binani Group of companies, whose interests include lead-zinc mining and processing facilities in neighboring Macedonia.

Under the terms of the deal, which is subject to the execution of a definitive agreement and regulatory approvals, IMM will fully fund all further exploration and development work at Drazhnje to a point at which a joint Management Committee will decide whether to advance the project through to Commercial Production; such decision to be made no later than December 31<sup>st</sup> 2011. At Commercial Production Lydian will have two options; either to jointly develop the project on a 50-50 basis with IMM, or to be paid 50% of all payments, profits, distributions and dividends from production at Drazhnje until such time as a total \$CAD 5 million has been paid to Lydian. Lydian would also retain a 1.5% NSR over the life of the project.

“Our success at the Amulsar gold project in Armenia has meant that Lydian is now primarily a gold focused company” said Tim Coughlin Lydian’s President and CEO, “The Binani Group is production focused with a successful track record in the region. Its interests in neighboring Macedonia provide an important treatment option for Drazhnje ore should in-country facilities remain unavailable. This deal ensures that Drazhnje gets the investment attention it deserves while allowing Lydian to focus on developing its gold assets.”

**About Lydian International**

Lydian is a diversified mineral exploration and development company with expertise employing “first mover” strategies in emerging exploration environments. Currently Lydian is focused on Eastern Europe developing advanced precious and base metal assets in Armenia and Kosovo. The two main projects are gold at Amulsar in Armenia, and zinc, lead, silver and gold at Drazhnje in Kosovo. The Amulsar group of licenses is 95% owned by Lydian’s wholly owned Armenian subsidiary (Geoteam CJSC). Lydian also has a pipeline of promising gold and base metal exploration projects in the Caucasus region.

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 characterise emerging environments. The Company's significant shareholders are the International Finance Corporation (IFC), a member of the World Bank Group, Newmont Mineral Holdings B.V. (owned by Newmont Mining Corporation), and the European Bank for Reconstruction and Development (EBRD). More information can be found on Lydian's web site at [www.lydianinternational.co.uk](http://www.lydianinternational.co.uk).

---

**For further information please contact:**

Steve Smith  
Investor Relations Manager  
+44 (0)1534 715472  
+44 (0)7829 848420

[info@lydianinternational.co.uk](mailto:info@lydianinternational.co.uk)