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SILVER LAKE REVISES COMPETING PROPOSAL TO ACQUIRE ST BARBARA'S LEONORA ASSETS

Silver Lake Resources Limited (**Silver Lake** or the **Company**) advises that it has today submitted a revised indicative proposal to St Barbara Limited (**St Barbara**) to acquire St Barbara's Leonora assets in Western Australia (**Leonora Assets**) (**Revised Silver Lake Proposal**).

HIGHLIGHTS

- **Revised Silver Lake Proposal addresses previous concerns regarding conditionality, timing, and residual St Barbara liquidity.**
- **Total proposed consideration of A\$707 million under Revised Silver Lake Proposal, comprising A\$326 million cash and 327.1 million shares (valued at A\$381¹ million), represents a significant premium to that provided to St Barbara pursuant to the Genesis Transaction.**
- **Silver Lake stands ready to complete targeted due diligence activities within a two-week period and move to a binding offer.**

The Revised Silver Lake Proposal directly addresses key concerns of the St Barbara Board with respect to Silver Lake's previous proposal as expressed in St Barbara's ASX announcement on 4 May 2023 including:

- the perception that St Barbara (post Silver Lake's proposed transaction) would have significantly less cash to fund its obligations and capital requirements compared to the agreement entered into with Genesis Minerals Ltd (**Genesis**) for the sale of the Leonora Assets to Genesis (**Genesis Transaction**);
- the requirement for Silver Lake to obtain an independent expert's report in connection with the Silver Lake shareholder meeting required to approve the proposed transaction, which created additional risk in terms of the expert subsequently confirming the proposed transaction to be 'fair and reasonable' to Silver Lake shareholders; and
- the time risk associated with completion of the proposed transaction, given St Barbara's statement that the Genesis Transaction is expected to complete on or around 30 June 2023.

To directly address these concerns, the Revised Silver Lake Proposal:

- provides for St Barbara to retain approximately 7.5% or 94.8 million of Silver Lake's issued shares upon completion of the proposed transaction, which provides St Barbara with approximately A\$111 million² in additional liquid assets so as to provide greater flexibility for St Barbara to fund its working capital requirements post-completion of the proposed transaction (with the balance of the Silver Lake scrip component to be distributed in-specie to St Barbara shareholders); and
- restructures the form of Silver Lake share consideration provided to St Barbara such that an independent expert's report will no longer be required in connection with the proposed transaction. This condenses the time period for implementation of the proposed transaction, thereby significantly reducing the time risk that St Barbara previously saw with Silver Lake's proposed transaction.

¹ Based on the 5-day VWAP of Silver Lake shares, commencing from the time that Silver Lake's media release in relation to the Silver Lake Proposal was published on 4 May 2023 up until ASX market close on 10 May 2023.

² Refer to footnote 1.

Silver Lake Managing Director Luke Tonkin said:

“We’ve listened to the concerns of the St Barbara Board aired publicly about our original non-binding proposal to buy the Leonora Assets and have addressed them. By separating the issuance of the Silver Lake scrip component to St Barbara and its shareholders, we have shortened the time to completion and increased the liquidity available to St Barbara. The total consideration remains 27% higher than the consideration being offered by Genesis and provides incoming St Barbara shareholders with significant exposure to a genuine mid tier gold producer with a diversified and complementary portfolio of production, expansion, development and exploration assets.”

A significant premium on any measure

Total proposed consideration under the Revised Silver Lake Proposal is valued at A\$707 million, comprising A\$326 million cash and 327.1 million Silver Lake shares valued at A\$381 million³.

The Revised Silver Lake Proposal is at a significant premium to the competing Genesis Transaction on any measure, as outlined in Table 1 below. This includes a 27% premium based on the respective disturbed VWAPs of Silver Lake and Genesis since Silver Lake’s original proposal to acquire the Leonora Assets became public⁴ and a 24% premium at last closing prices⁵, excluding the contingent consideration component of the Genesis Transaction given that its receipt is uncertain.

Table 1: Implied premia of the Revised Silver Lake Proposal to Genesis Transaction

	Base consideration	Including Genesis contingent consideration component
Based on last closing prices	23.8%	10.5%
Based on 5-day VWAPs	26.9%	13.4%

Restructured Silver Lake scrip component reduces timeline to completion

Under the Revised Silver Lake Proposal, in addition to the A\$326 million of cash consideration to be paid to St Barbara upon completion of the proposed transaction, Silver Lake proposes to issue to St Barbara:

- 232.3 million new Silver Lake ordinary fully paid shares (representing approximately 19.99% of Silver Lake’s issued share capital post-issue), which would be in-specie distributed to St Barbara shareholders immediately following completion of the proposed transaction; and

Subscription rights to be issued in respect to a further 94.8 million new Silver Lake ordinary fully paid shares (representing approximately 7.5% of Silver Lake’s issued share capital post-issue), which rights would automatically vest upon completion of the in-specie distribution of the 232.3 million Silver Lake shares referred to above, with new Silver Lake shares being issued to St Barbara at this time. The vesting of these subscription rights is anticipated to occur within a week of completion of the proposed transaction.

By structuring the scrip component of the Revised Silver Lake Proposal in this manner, an independent expert’s report is not required in connection with the proposed transaction as at no point in time would St Barbara acquire voting power to more than 20% of Silver Lake.

This avoids any delays to completion associated with the time that would ordinarily be required to prepare such an independent expert’s report and eliminates St Barbara’s concerns regarding an independent expert confirming that the proposed transaction is ‘fair and reasonable’.

³ Refer to footnote 1.

⁴ Based on the respective 5-day VWAPs of Silver Lake and Genesis shares, commencing from the time that Silver Lake’s media release in relation to the Silver Lake Proposal was published on 4 May 2023, up until ASX market close on 10 May 2023.

⁵ As at ASX market close on 10 May 2023.

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Indicative timetable

An Indicative timetable in respect of progressing with the Revised Silver Lake Proposal, including the potential timing implications of the St Barbara Board subsequently assessing any binding offer submitted by Silver Lake to be a superior proposal to the Genesis Transaction, is set out below:

Event	Indicative Date	
	Silver Lake transaction superior to Genesis Transaction	Indicative Date Silver Lake transaction not superior to Genesis Transaction
St Barbara grants access to Silver Lake to conduct due diligence	Mid May 2023	
Genesis and St Barbara dispatch Notice of Meeting in respect of Genesis Transaction	Mid May 2023	
Silver Lake provides binding offer to progress Silver Lake Proposal - <i>St Barbara determines whether Silver Lake binding offer is superior to the Genesis Transaction</i>	End May 2023	
	<i>If deemed superior</i>	<i>If not deemed superior</i>
Genesis matching rights expire ⁶	Early June 2023	n.a.
Silver Lake and St Barbara dispatch Notice of Meeting in respect of Silver Lake Proposal	Mid June 2023	n.a.
Genesis and St Barbara Shareholder Meeting	n.a.	Mid June 2023
Completion of the Genesis Transaction	n.a.	Late June/Early July 2023
Silver Lake and St Barbara Shareholder Meeting	Mid July 2023	n.a.
Completion of the Silver Lake Proposal	End July 2023	n.a.
* Indicative dates are subject to change, including as a result of the timing for Silver Lake to be granted with due diligence access in order to progress a binding offer to acquire the Leonora Assets.		

As set out above, assuming prompt engagement by St Barbara and access to due diligence, completion of any binding offer to effect the Revised Silver Lake Proposal which the St Barbara Board determines to be superior to the Genesis Transaction is expected to occur as early as the end of July 2023.

Importantly, if the St Barbara Board ultimately determines that any binding offer submitted by Silver Lake to effect its proposal is not superior to the existing Genesis Transaction, then the timetable for completing the existing Genesis Transaction should not be impacted in any way.

Silver Lake understands that St Barbara has previously obtained a waiver from its lenders in relation to an interest cover ratio on the condition that a merger review event and refinancing review event on or before 30 June 2023 were included in St Barbara's facility agreement.⁷ It is not clear whether a new waiver has been put in place with St Barbara's lenders as a result of the previous corporate transaction with Genesis being aborted and the revised Genesis Transaction being entered into on 17 April 2023.

In any event, the Revised Silver Lake Proposal is fully funded and would provide St Barbara with sufficient cash consideration to fully retire St Barbara's publicly stated debt upon completion of that transaction. Further, Silver Lake has an existing relationship with St Barbara's lenders and is confident that St Barbara will be able to obtain the necessary support from them to enable any binding offer to effect the Silver Lake Proposal to proceed.

⁶ Assumes that Genesis does not match any binding offer made by Silver Lake to acquire the Leonora Assets.

⁷ See Note 12 to St Barbara's 31 December 2022 Half Year Report.

The Revised Silver Lake Proposal also includes a A\$25 million working capital facility to assist St Barbara to manage its working capital requirements through to transaction completion, should it be required.

Fully funded

The Revised Silver Lake Proposal is supported by A\$268 million in cash as at 31 March 2023 and a US\$150 million credit approved debt facility to be provided by Taurus Mining Finance Fund No 2 LP (Taurus).

Set to move rapidly

Silver Lake reiterates its commitment to complete its targeted due diligence enquiries within two weeks of being provided access to the relevant due diligence material. It also confirms that Taurus has similarly re-iterated to Silver Lake its ability to complete due diligence and finalise the full form financing documentation within this two-week period. Silver Lake has already instructed Taurus to commence preparing the full form financing documentation in anticipation of a positive response from St Barbara to the Revised Silver Lake Proposal.

Ready to proceed

Silver Lake confirms it remains ready and willing to engage with the St Barbara Board to explore a transaction that has the potential to be beneficial to both sets of shareholders, create a genuine mid-tier gold producer with immediate gold production of ~400koz p.a. and is considered by Silver Lake to be a superior outcome (if completed) for St Barbara shareholders than the existing Genesis Transaction.

Silver Lake awaits the prompt response of the St Barbara Board.

This announcement was authorised for release to ASX by Luke Tonkin, Managing Director. For more information about Silver Lake and its projects please visit our web site at www.silverlakeresources.com.au (including media releases issued by Silver Lake in respect of the Silver Lake Proposal).

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