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SILVER LAKE IS READY AND WILLING TO RAPIDLY PROGRESS WITH REVISED PROPOSAL TO ACQUIRE ST BARBARA'S LEONORA ASSETS

HIGHLIGHTS

- The Silver Lake Proposal continues to provide a significant premium to the Genesis Proposal on every measure, with newly reduced conditionality
- Taurus facility progressed to the point that it is subject only to legal due diligence and execution of definitive documentation
- St Barbara's major shareholders remain supportive of the St Barbara board engaging with Silver Lake in the interests of robust price discovery for the Leonora assets
- The value placed on Leonora assets by both the Silver Lake Proposal and the Genesis Proposal provides significant comfort that St Barbara's debt will be repaid in full, providing confidence that there is time to run a proper sales process to maximise value for St Barbara shareholders should they **VOTE AGAINST** the Genesis Proposal

Silver Lake Resources Limited (**Silver Lake** or the **Company**) refers to the ASX announcement by St Barbara Limited (**St Barbara**) dated 23 May 2023 to the effect that it will not engage with Silver Lake on its proposal to acquire St Barbara's Leonora assets in Western Australia (**Silver Lake Proposal**).

This is despite the Silver Lake Proposal undisputedly providing St Barbara with a material 14.7% premium¹ to the consideration that St Barbara stands to receive under the existing transaction entered into with Genesis Minerals Ltd (**Genesis**) for the sale of St Barbara's flagship Leonora assets to Genesis (**Genesis Proposal**), which St Barbara shareholders are being asked to vote on at the upcoming meeting of shareholders on 20 June 2023.

Silver Lake confirms it has today provided St Barbara a revised non-binding and indicative offer with improved conditionality (**Silver Lake Proposal**) that addresses St Barbara's concerns on the requirement for financier due diligence.

The implied value of the Silver Lake Proposal is A\$718 million, comprising \$370 million in cash and 327.1 million Silver Lake shares valued at \$348² million. Taurus Mining Finance Fund No 2 LP (**Taurus**), the provider of a US\$150 million credit approved acquisition facility, has progressed the facility to the point that it is subject only to legal due diligence and execution of definitive documentation.

If the St Barbara board listens to its major shareholders and grants due diligence access to Silver Lake on or before 5 June 2023, there is still time for Silver Lake to complete those enquiries in order to be able to progress the Silver Lake Proposal to the binding offer stage before St Barbara shareholders are required to vote on the Genesis Proposal.

However, if the St Barbara board continues to decline to engage with Silver Lake, St Barbara shareholders will have no option but to **VOTE AGAINST** the Genesis Proposal at the upcoming extraordinary general meeting of St Barbara shareholders on 20 June 2023 if they want the St Barbara board to embark on a more robust price discovery process for the sale of St Barbara's flagship Leonora assets.

Silver Lake has left the Silver Lake Proposal open until 30 June 2023, so as to provide comfort that Silver Lake remains ready and willing to engage on those terms should the Genesis Proposal not proceed.

St Barbara shareholders who would like more information regarding the Silver Lake Proposal in advance of being required to vote on the Genesis Proposal should call 1300 641 380 (+61 1300 641 380 for shareholders outside of Australia) between 8.30am - 5.00pm (Sydney time) or contact Brendan Henry of Alliance Advisors on bhenry@allianceadvisors.com.

¹Based on the market closing prices of Silver Lake shares and Genesis shares on ASX on 30 May 2023.

²Based on the market closing price of Silver Lake shares on ASX on 30 May 2023.

In deciding how to vote at the upcoming general meeting, St Barbara shareholders should note the following:

- **Governance issues:** The St Barbara board has not engaged in any robust price discovery process to test the market value of St Barbara’s Leonora assets, nor does the St Barbara board appear willing to entertain one prior to requiring its shareholders to vote on the Genesis Proposal.

Contrary to the St Barbara Chair’s assertions, when Silver Lake approached St Barbara in writing regarding a potential transaction in September 2022, St Barbara’s former chair Mr Tim Netscher provided the following written response to Silver Lake:

“Thanks for your email, which I have discussed with senior members of our executive team, our board of directors and our financial advisors.

Thank you for your ongoing interest in St Barbara. As I’m sure you would understand, the St Barbara team has limited internal resources which are fully committed to a number of high priority projects. As such, we are unable to justify the redeployment or distraction of these resources from their current activities in order to engage with Silver Lake at this time.”

Demonstrating its serious intent to progress with a competing proposal to the existing Genesis Proposal, Silver Lake tabled its fully funded initial proposal in relation to the acquisition of St Barbara’s Leonora assets less than two weeks after St Barbara first announced the proposed sale of the Leonora assets to Genesis pursuant to the Genesis Proposal on 17 April 2023. Since that time, Silver Lake has provided the St Barbara board with three further improved proposals, demonstrating its serious interest in acquiring St Barbara’s Leonora assets.

Had the St Barbara board engaged with Silver Lake when it first tabled its proposal on 28 April 2023, Silver Lake would have completed its due diligence by now and be in a position to table a binding offer for comparison by St Barbara on like-for-like terms with the Genesis Proposal.

However, there is still time for Silver Lake to complete its due diligence enquiries and table a binding offer to acquire the Leonora assets before St Barbara shareholders are required to vote on the Genesis Proposal, but this requires the St Barbara board to promptly engage on the Silver Lake Proposal so as to provide Silver Lake with sufficient time to complete its due diligence enquiries. Providing Silver Lake with such due diligence access would avoid St Barbara shareholders being placed in the invidious position where they would have to vote on the Genesis Proposal without the benefit of having the Silver Lake Proposal progressed to a binding offer stage.

If Silver Lake was afforded the opportunity to conduct due diligence and table a binding offer to acquire the Leonora assets, then pursuant to the terms of the Genesis Proposal, Genesis would have the opportunity to match that offer.

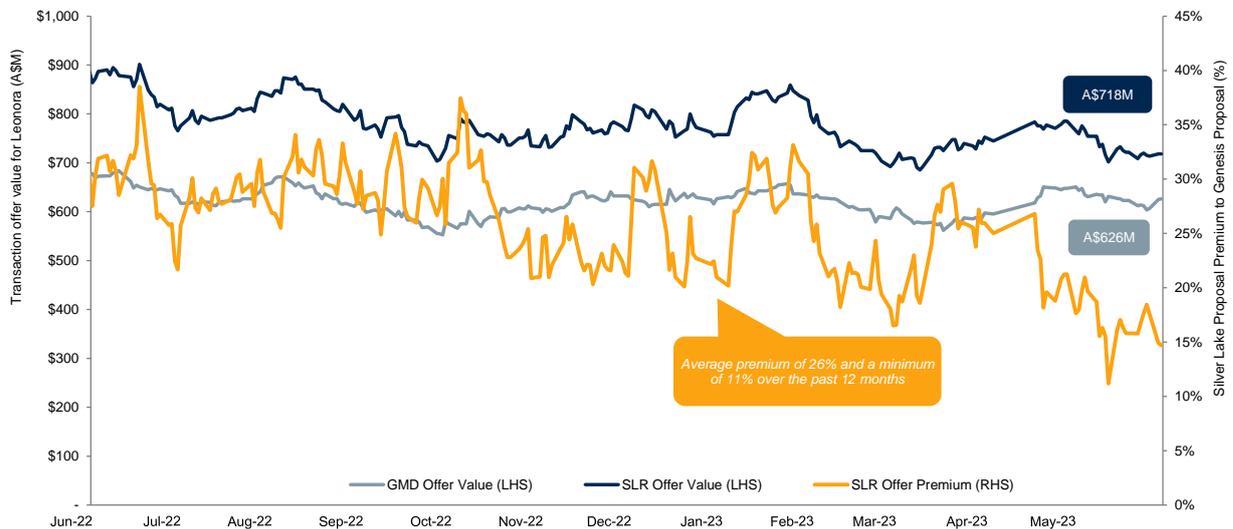
St Barbara shareholders should note that the consideration offered under the Genesis Proposal was only improved following Silver Lake’s interest in St Barbara’s Leonora assets becoming public. It also appears that St Barbara provided Genesis with an opportunity to improve the consideration offered under the Genesis Proposal before responding to Silver Lake on its proposal.

Silver Lake believes that Genesis has deliberately structured its improved consideration to incentivise St Barbara shareholders to approve the transaction prior to 30 June 2023 and thereby curtail the time available to generate competitive tension for St Barbara’s Leonora assets for the benefit of Genesis shareholders.

- **Premium to Genesis Proposal:** The Silver Lake Proposal provides St Barbara with a premium to the consideration offered pursuant to the Genesis Proposal on any measure:

Reference Silver Lake and Genesis share prices	Premium
Last closing price	14.7%
1 day VWAP	15.8%
5 day VWAP	17.2%
30 day VWAP	17.2%

Further, the Silver Lake Proposal provides St Barbara shareholders with immediate and meaningful leverage to a larger, more liquid and more diverse gold business with increased leverage to the Australian dollar gold price and a robust balance sheet with strong forecast operating cash flow following a period of significant investment in H1 2023 to support the growth profile.



- **St Barbara's financiers have comfort that their debt will be repaid in full:** The Silver Lake Proposal values the Leonora assets at 4.1 times the value of St Barbara's outstanding debt of \$175 million, with the cash component of the Silver Lake Proposal representing approximately 2.1 times St Barbara's outstanding debt. The fully funded consideration which Silver Lake is proposing to provide for St Barbara's Leonora assets provides the St Barbara board and its financiers with significant comfort that their debt will be repaid in full.

For these reasons, it remains open for the St Barbara board to approach the company's financiers to secure more time in order to pursue a robust price discovery process for the Leonora assets in the interests of all St Barbara shareholders.

Silver Lake has also offered to provide St Barbara with a \$25 million working capital facility to assist St Barbara to manage its working capital requirements through to transaction completion, should it be required.

- **Post-transaction liquidity:** The Silver Lake Proposal continues to provide St Barbara with much greater liquidity post-completion of any transaction with which to implement a strategy to realise the long term value of its Simberi and Atlantic operations, compared to the Genesis Proposal.
- **Silver Lake shareholder support:** Silver Lake does not have a practice of engaging with shareholders on specific growth opportunities which are fully funded prior to the announcement of binding transaction terms. Silver Lake shareholders have been demonstrably supportive of Silver Lake's growth strategy through acquisitions and are known to be supportive of logical growth which leverages Silver Lake's core skill sets. Silver Lake notes that at its 2022 Annual General Meeting, 99.5% of votes were cast in favour of the ratification of the issuance of Silver Lake shares in relation to Silver Lake's Harte Gold acquisition.
- **St Barbara major shareholder support:** L1 Capital Pty Ltd, a 9.34% shareholder in St Barbara, has advised that it intends to vote its shareholding in St Barbara against the Genesis Proposal at the meeting of St Barbara shareholders on 20 June 2023, in the absence of any superior proposal emerging from Genesis or any other party.

Silver Lake also notes that Baker Steel Capital Managers LLP, an 8.6% shareholder in St Barbara, has recently publicly expressed its disappointment with the conduct of the St Barbara Board regarding the Silver Lake Proposal and called for the St Barbara board to defer the St Barbara shareholder meeting to consider the Genesis Proposal to allow more time to consider competing proposals. Further, another top 20 St Barbara shareholder, Geoff Cranfield, has been publicly quoted in the Australian media as

being supportive of L1 Capital's position that "all interested parties" should be "invited for discussions and if relevant, due diligence". Any St Barbara shareholder who would like more information on the Silver Lake Proposal should contact the information line or email address included at the bottom of page one of this announcement.

- **Silver Lake's balance sheet and funding position:** In St Barbara's ASX announcement dated 23 May 2023, St Barbara appeared to call into question the balance sheet position of Silver Lake and its ability to fund the Silver Lake Proposal and the enlarged Silver Lake business post completion of any transaction involving the Leonora assets. As has been stated repeatedly, Silver Lake had cash on balance sheet of A\$268 million on 31 March 2023, excluding A\$31 million in gold in circuit and concentrate on hand, has no drawn debt, is generating strong positive cash flow from its portfolio of operating assets and has an 8 year track record of meeting its commitments to the market.

Unlike Genesis, the strong positive cash flow generation from Silver Lake's existing asset portfolio provides an ongoing source of funding to support Silver Lake's growth profile into the future.

Majority of any potential synergies are available to the owner of St Barbara's Leonora assets

St Barbara shareholders should be aware that the majority of any potential synergies between St Barbara and Genesis are expected to be available to the owner of St Barbara's Leonora assets on a stand-alone basis, noting that St Barbara's scalable Leonora mill has significant and increased incumbency value in the prevailing climate.

Whilst the St Barbara board and Genesis refer to the unique synergies available pursuant to the Genesis Proposal, there is limited quantification of the extent of any such synergies and uncertain additional value being offered to St Barbara shareholders for these synergies by Genesis under the Genesis Proposal.

Relevantly:

- The suggested operational synergies pursuant to the Genesis Proposal appear to be underpinned by an assumption that material from Genesis's Ulysses project will be processed through the Leonora mill. As Genesis's Ulysses project does not have a declared Ore Reserve, the assessment of any such synergies seems premature. Furthermore, Genesis has indicated that Ulysses will not reach full production rates of the 0.6 - 0.7 million tonne per annum rate required to fill the Leonora mill until FY26.³
- The 300,000 ounce per annum production target outlined in Genesis's corporate presentation dated 30 May 2023 includes no contribution from Genesis' existing Ore Reserves. Further, of the 132,000 ounces which is planned to be sourced from Genesis' existing Mineral Resources (comprising approximately 44% of this production target), a significant portion (20%) is from inferred Mineral Resources. Genesis states in the accompanying footnotes to the presentation that "*there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of the Indicated Mineral Resources or that the production target itself will be realised*".
- Statements from both St Barbara and Genesis that an ore purchase agreement is being worked on in the event the Genesis Proposal does not complete suggests that treating Ulysses material through St Barbara's Leonora mill is more economic for Genesis than processing that material via Dacian's Mt Morgans mill (which is currently on care and maintenance and would require the material to be hauled ~100km⁴ and an ore purchase or toll treatment agreement to be entered into with Dacian). The "unique" and unquantified operational synergies suggested by Genesis appear to be largely for the benefit of Genesis shareholders rather than St Barbara shareholders.

³ Refer to the investor presentation released by Genesis Minerals Ltd on 30 May 2023.

⁴ Refer to the investor presentation released by Genesis Minerals Ltd on 17 April 2023, the Genesis Minerals Ltd 31 December 2022 Quarterly Report, the St Barbara Limited 31 December 2022 Quarterly Report and the investor presentation released by Genesis Minerals Ltd on 5 July 2022 in relation to the acquisition of Dacian Gold Limited (Dacian). Genesis has an 80.1% shareholding in Dacian.

- Despite St Barbara and Genesis having “worked together over 12 months to fully understand the significant unique synergies to be unlocked by combining St Barbara’s Leonora assets and Genesis’ neighbouring assets”⁵ there is limited quantification of these ‘unique’ synergies by Genesis in its presentation dated 17 April 2023 - only a high level qualitative outlook is provided, with an intention to conduct a “strategic review” in the December 2023 half year prior to a “launch” of a new strategic plan in the March quarter of 2024.
- The most material element of the synergies quantified by Genesis and St Barbara (being corporate and support cost rationalisation at Leonora)⁶ would also be available to Silver Lake under the Silver Lake Proposal, given its established technical services and management systems and demonstrated track record of operating underground and open pit mines in Western Australia.

Improved conditionality of the Silver Lake Proposal demonstrates willingness for constructive engagement

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, creating an immediate and genuine mid-tier gold producer with:

- Sales of approximately 400,000 ounces per annum from a combined portfolio with three operating mining centres concentrated in Western Australia;
- 4.6 million ounces of Ore Reserves and 17.3 million ounces of Mineral Resources;
- Increased leverage to the current and forecast strong outlook for the Australian dollar gold price;
- A robust balance sheet and strong forecast operating cash flow available to support the strong growth profile of the group;
- A proven and experienced management team that has a demonstrable track record of operating Western Australian gold mines, including prior experience managing the Gwalia mine, with a strong emphasis on achieving sustainable growth;
- The potential to realise significant administrative synergies through the utilisation of Silver Lake’s established corporate and technical services functions; and
- A superior capital markets profile to enhance appeal to gold and generalist investors.

Silver Lake confirms that Taurus facility has been progressed to the point that it is subject only to legal due diligence and execution of full form financing documentation so as to provide increased certainty regarding the Silver Lake Proposal. As previously disclosed, Silver Lake has commenced preparing the full form financing documentation in anticipation of engagement by the St Barbara board on the Silver Lake Proposal.

Should the St Barbara board grant due diligence access to Silver Lake to progress the Silver Lake Proposal before 5 June 2023, then there is still time for Silver Lake to complete its due diligence and seek to table a binding offer to acquire the Leonora assets before St Barbara shareholders are required to vote on the Genesis Proposal.

However, if the St Barbara board does not engage with Silver Lake so as to require St Barbara shareholders to vote on the Genesis Proposal without the benefit of having the Silver Lake Proposal progressed to a binding offer stage, then the Silver Lake Proposal can only be realised if St Barbara shareholders **VOTE AGAINST** the Genesis Proposal at the upcoming meeting of St Barbara shareholders on 20 June 2023.

⁵ Refer to the ASX announcement released by Genesis Minerals Ltd on 4 May 2023.

⁶ Refer to the joint ASX announcement released by St Barbara Limited and Genesis Minerals Ltd on 12 December 2022.

Should St Barbara shareholders vote against the Genesis Proposal such that that transaction is terminated, Silver Lake remains ready and willing to progress the Silver Lake Proposal on the indicative timetable set out below:

Action	Indicative Date
St Barbara grants access to Silver Lake to conduct due diligence	Late June 2023
Silver Lake completes due diligence and tables binding offer to proceed with Silver Lake Proposal ⁷ Agreement entered into to sell Leonora assets to Silver Lake	Mid July 2023
St Barbara and Silver Lake dispatch notice of meeting to their respective shareholders	Late July 2023
St Barbara and Silver Lake hold shareholder meetings to approve Silver Lake Proposal	Late August 2023
Completion of Silver Lake Proposal	Late August 2023 / early September 2023

St Barbara shareholders who would like more information regarding the Silver Lake Proposal in advance of being required to vote on the Genesis Proposal should call 1300 641 380 (+61 1300 641 380 for shareholders outside of Australia) between 8.30am - 5.00pm (Sydney time) or contact Brendan Henry of Alliance Advisors on bhenry@allianceadvisors.com.

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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⁷ Assumes Silver Lake is satisfied with the results of its due diligence enquiries into the Leonora assets.