

14 November 2018

Silver Lake Resources Ltd

ASX Code: SLR

Registered Address:

Suite 4, Level 3
South Shore Centre
85 South Perth Esplanade
South Perth WA 6151

Board of Directors:

David Quinlivan
Luke Tonkin
Les Davis
Kelvin Flynn

Doray Minerals Ltd

ASX Code: DRM

Registered Address:

Level 1
1292 Hay Street
West Perth WA 6005

Board of Directors:

Julius Matthys
Leigh Junk
Peter Alexander
Jay Stephenson

Silver Lake Resources and Doray Minerals announce a merger to create a new multi-asset, mid-tier gold producer with the financial strength to become a leading growth focused gold company

Silver Lake Resources Limited ("Silver Lake") (ASX: SLR) and Doray Minerals Limited ("Doray") (ASX: DRM) are pleased to announce that they have entered into a binding Scheme Implementation Deed, under which the two companies will merge by way of a Doray Scheme of Arrangement ("Scheme"). The merger will combine two complementary West Australian gold operations to create a leading ASX mid-tier growth-focused gold producer ("Merged Group").

Under the terms of the Scheme, each Doray Shareholder will receive 0.6772 Silver Lake shares for every Doray share held. As a result, shareholders of Silver Lake and Doray will own 62.7% and 37.3%, respectively, of the issued ordinary shares in the Merged Group.

The Doray Board of Directors unanimously recommends that Doray Shareholders vote in favour of the Scheme. Each Doray Director also intends to vote all the shares that they hold in Doray in favour of the Scheme, in both instances in the absence of a superior proposal and subject to an Independent Expert opining that the Scheme is in the best interests of Doray Shareholders.

Luke Tonkin, Managing Director of Silver Lake, commented: "Silver Lake's operating strategy has increased the value of our Mount Monger Gold Camp through a successful exploration and investment program over the past four years. The demonstrable success of this strategy has created a strong cash-generating business with a strong balance sheet allowing the business to grow both organically and inorganically. The combination of the complementary Silver Lake and Doray assets is being done for the right reasons at the right time and creates a stronger company in a low- risk jurisdiction with financial strength and further growth opportunities."

Leigh Junk, Managing Director of Doray, commented: "This is a compelling transaction for Doray and provides the financial strength to fully unlock the value of Deflector. Both companies have recognised the challenges of being a significant producer in the gold business and this transaction puts us in a position to not only compete, but to be a sustainable and relevant player in the global gold industry. Doray has taken great care to find a partner with aligned growth ambitions and a strong operating culture, and Silver Lake fits that bill. This is an exciting time for Doray shareholders at a time when investors worldwide are focused on profitable, well-run gold producers with meaningful scale."

Merger highlights

Combination of two complementary high-grade gold operations in a tier one mining jurisdiction: The Merged Group will have a diverse cashflow base with two high-grade operations in Western Australia. The complementary nature of the operations allows for a site-focused operating model with aggregated functional support. This operating model will increase the opportunities to optimise site operating configuration and supply chain across both sites.

Diversification of Production Sources and Cashflow Generation: Combined FY19 pro-forma production guidance of approximately 240,000 gold equivalent ounces¹ from two established operations result in an immediate step-up to the mid-tier ASX-listed producer peer group.

Significant Ore Reserve conversion and brownfield exploration opportunities: The Merged Group will have a Mineral Resource base of 4.6 million gold equivalent ounces². Both Mount Monger and Deflector have a pipeline of in-mine and near-mine brownfield exploration targets to generate opportunities to deploy capital across the Merged Group. Advanced exploration prospects provide near-term development opportunities to extend the mine lives at both operations.

Financial strength: At 30 September 2018 the Merged Group had a pro-forma net cash and equivalents position of approximately A\$119 million³. The balance sheet and continued strong cashflow generation provide the opportunity to efficiently and effectively fund organic growth opportunities. Operating and financial strength allows the Merged Group to approach future consolidation opportunities from a position of strength.

Proven leadership team: Strong track record of operational and exploration management across multiple mining and processing landscapes including a broad spectrum of scale and jurisdictions. The Merged Group's board and management team will have an appropriate balance of operational and capital markets credentials to execute a growth-focused strategy.

Transaction summary

The proposed merger will be implemented by way of a Doray Scheme of Arrangement. Under the terms of the Scheme, Doray shareholders will receive 0.6772 shares of Silver Lake for every share of Doray they own. The exchange ratio represents no premium to either party based on the 30-day volume weighted average price (VWAP) on the ASX for each of Silver Lake and Doray to 13 November 2018.

Upon completion of the Scheme, the Merged Group will have approximately 810 million ordinary shares outstanding.

1. Pro-forma production guidance based on midpoint of respective Silver Lake and Doray FY19 sales guidance. Gold equivalency calculated using Au price of US\$1,230/oz and Cu price of US\$2.70/lb, accounting for a TC/RC and payability factor of 96%
2. Merged Group resources of 4.6 million ounces are on gold equivalent basis and excludes Andy Well and Gnaweeda which are subject to the respective divestment and earn in agreements. See Doray ASX release dated 5 October 2018. Gold equivalency calculated using Au price of US\$1,230/oz and Cu price of US\$2.70/lb
3. Pro-forma cash balance comprised of A\$111 million cash and equivalents for Silver Lake and A\$23 million cash and equivalents minus A\$15 million debt for Doray

The Doray Board of Directors unanimously recommends that Doray Shareholders vote in favour of the Scheme. Each Doray Director also intends to vote all the shares that they hold in Doray in favour of the Scheme, in both instances in the absence of a superior proposal and subject to an Independent Expert opining that the Scheme is in the best interests of Doray Shareholders.

Key customary conditions to the implementation of the Scheme include:

- Doray Shareholder approval (requiring approval of a majority in number of Doray Shareholders voting and approval of Doray Shareholders who represent at least 75% of the total votes cast);
- The Independent Expert opining that the Scheme is in the best interests of Doray Shareholders;
- Court approval; and
- No material adverse change, 'prescribed occurrence' or regulatory restraint.

The Scheme Implementation Deed includes customary deal protection and exclusivity terms, including "no shop", "no talk", "notification", "matching" obligations and a break fee that is payable by either party to the other in certain circumstances. The exclusivity provisions are subject to customary exceptions to enable the respective Boards to comply with their fiduciary or statutory duties.

The parties have also agreed terms as to a separate scheme of arrangement pursuant to which certain Doray optionholders will, subject to conditions, be paid cash for their Doray options.

Full details of the terms and conditions of the Scheme are set out in the Scheme Implementation Deed, a copy of which has been released to the ASX in a separate announcement.

Board of Directors and Management Team

Following completion of the Scheme, it is intended that the Merged Group's Board will have six members comprising:

- The current four members of the Silver Lake Board being Mr David Quinlivan, Mr Luke Tonkin, Mr Les Davis and Mr Kelvin Flynn
- Two members from the current Doray Board being Mr Leigh Junk and Mr Peter Alexander

Mr Luke Tonkin (Silver Lake's Managing Director) will assume the role of Managing Director of the Merged Group and Mr David Quinlivan (Silver Lake's Chairman) will assume the role of Chairman of the Merged Group.

The executive management teams of both companies are complementary and, following completion, will be combined to best serve the Merged Group. It is not intended that there will be any immediate changes to site personnel.

Timetable and next steps

A Scheme Booklet will be circulated to all Doray Shareholders. The booklet will contain full details of the proposed Scheme, including the basis for the Doray Board's unanimous recommendation that Doray Shareholders approve the proposed Scheme in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Doray Shareholders.

An indicative timeline is set out in the table below.

Action	Date
First Court Hearing	30 January 2019
Doray to dispatch Scheme Documents to its shareholders	4 February 2019
Scheme Meeting	6 March 2019
Second Court Hearing	12 March 2019
Effective Date	13 March 2019
Record Date	15 March 2019
Implementation Date	20 March 2019

Advisers and Counsel

Silver Lake's financial advisers are Sternship Advisers and RBC Capital Markets. Hopgood Ganim Lawyers is Silver Lake's legal adviser.

Doray's financial adviser is PCF Capital Group and its legal adviser is Bellanhouse.

Contacts

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Competent Persons Statements

The information in this announcement regarding Silver Lake Mineral Resources has been extracted from the ASX Announcement entitled “Mineral Resource and Ore Reserve Statement” dated 24 August 2018 which is available on the Company’s website at www.silverlakeresources.com.au or through the ASX website at www.asx.com.au (using ticker code “SLR”).

Silver Lake confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Silver Lake confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

The information in this announcement regarding Doray Mineral Resources has been extracted from various Doray ASX announcements and are available on the Company’s website at www.dorayminerals.com.au or through the ASX website at www.asx.com.au (using ticker code “DRM”).

Doray confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Doray confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.