



# TARGET'S STATEMENT

by

**EGAN STREET RESOURCES LIMITED  
ACN 144 766 236**

in relation to the offer by

**SILVER LAKE RESOURCES LIMITED  
ACN 108 779 782**

**TO ACQUIRE YOUR SHARES IN  
EGAN STREET RESOURCES LIMITED**

**EganStreet's Directors Unanimously Recommend  
That You**

# ACCEPT

**Silver Lake's Offer  
In the absence of a Superior Proposal**

**THIS IS AN IMPORTANT DOCUMENT**

Please call 1300 383 849 (callers in Australia) or +61 3 9415 4179 (callers outside Australia) if you have any questions or require assistance with your acceptance.

If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

**Legal Adviser:**



**Financial Adviser:**



## **IMPORTANT INFORMATION**

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

### ***Nature of this document***

This Target's Statement is dated 23 August 2019 and is given under section 638 of the Corporations Act by EganStreet in response to the Bidder's Statement dated 14 August 2019 and served on EganStreet by Silver Lake on that date.

### ***ASIC Disclaimer***

A copy of this Target's Statement has been lodged with the Australian Securities and Investments Commission. Neither the Australian Securities and Investments Commission nor any of its officers take any responsibility for the content of this Target's Statement.

### ***No account of personal circumstances***

The recommendations of the EganStreet Directors obtained in this Target's Statement do not take into account the individual investment objectives, financial situation or particular needs of each EganStreet Shareholder. You may wish to seek independent professional advice before making a decision as to whether to accept or not to accept the Offer.

### ***Defined terms***

Various defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 9 of this Target's Statement, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

### ***Bidder's Statement***

The information on Silver Lake, Silver Lake's securities and the Silver Lake Group contained in this Target's Statement has been prepared by EganStreet using publicly available information.

The information in this Target's Statement concerning Silver Lake and the assets and liabilities, financial position and performance, profits and losses and prospects of the Silver Lake Group, has not been independently verified by EganStreet. Accordingly, EganStreet does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

### ***Competent Person Statements***

The information in this Target's Statement that relates to the Ore Reserves Rothsay Gold Project is based on and fairly represent the information compiled by Mr Gregory Winder. Mr Winder is a full-time employee of EganStreet and is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources*". Mr Winder consents to the inclusion of such information in this Target's Statement in the form and context in which it appears.

The information in this Target's Statement that relates to Mineral Resources for the Rothsay Gold Project is based on information compiled by Mr Mark Zammit. Mr Zammit is a full-time employee of Cube Consulting Pty Ltd and is a Member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources*". Mr Zammit consents to the inclusion of such information in this Target's Statement in the form and context in which it appears.

The information in this Target's Statement that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Ms. Julie Reid, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Ms. Reid is a full-time employee of the Company. Ms. Reid has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms. Reid consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

## Table of Contents

Clause	Page No
<b>1. Recommendations of the EganStreet Directors .....</b>	<b>4</b>
1.1 Directors' Recommendation .....	4
1.2 The key considerations in favour of accepting the Offer:.....	4
1.3 The key considerations in favour of not accepting the Offer: .....	9
1.4 Directors' intentions in relation to the Offer .....	11
1.5 Further Developments.....	11
<b>2. Information relating to EganStreet.....</b>	<b>12</b>
2.1 Overview of EganStreet .....	12
2.2 History of EganStreet .....	12
2.3 Rothsay Gold Project .....	12
2.4 Summary of financial information on EganStreet .....	17
2.5 EganStreet's Share Trading History.....	20
2.6 Directors of EganStreet.....	20
<b>3. Information relating to Silver Lake .....</b>	<b>22</b>
3.1 Important Notice .....	22
3.2 Overview of Silver Lake and its projects .....	22
3.3 Directors of Silver Lake .....	24
3.4 Historical and pro forma financial information .....	25
3.5 Capital structure of Silver Lake .....	25
3.6 Further information about Silver Lake.....	25
<b>4. Important Information for Shareholders to Consider.....</b>	<b>26</b>
4.1 The Offer .....	26
4.2 Value of the Offer .....	26
4.3 Minority ownership consequences.....	27
4.4 Dividend issues for EganStreet Shareholders .....	28
4.5 Other alternatives to the Offer .....	28
4.6 EganStreet Share price absent the Offer .....	28
4.7 Taxation consequences of a change in control in EganStreet .....	28
4.8 Treatment of overseas EganStreet Shareholders and holders of Small Parcels.....	29
<b>5. Your Choices as an EganStreet Shareholder.....</b>	<b>30</b>
<b>6. Key Features of Silver Lake's Offer .....</b>	<b>32</b>
6.1 Consideration payment to Shareholders who accept the Offer.....	32
6.2 Conditions to the Offer .....	32
6.3 Conditions of the Offer satisfied.....	35
6.4 Circumstances which may affect conditions.....	36
6.5 Notice of Status of Conditions .....	36
6.6 Offer Period.....	36
6.7 Extension of the Offer Period .....	36
6.8 Withdrawal of Offer .....	36
6.9 Effect of acceptance.....	36
6.10 Your ability to withdraw your acceptance.....	37
6.11 When you will receive your consideration if you accept the Offer .....	37

## Table of Contents

Clause		Page No
6.12	Effect of an improvement in consideration on Shareholders who have already accepted the Offer	37
6.13	Lapse of Offer.....	37
6.14	Compulsory acquisition.....	37
<b>7.</b>	<b>Information Relating to EganStreet Directors .....</b>	<b>39</b>
7.1	Directors' interests in EganStreet and Silver Lake Securities.....	39
7.2	Directors' intentions with respect to their own EganStreet Shares .....	39
7.3	Transactions in EganStreet and Silver Lake Securities.....	39
7.4	No benefits to Directors.....	39
7.5	Other agreements or arrangements with EganStreet Directors .....	39
7.6	Interests of EganStreet Directors in contracts with Silver Lake.....	40
<b>8.</b>	<b>Additional Information .....</b>	<b>41</b>
8.1	Taxation implications .....	41
8.2	Effect of takeover on EganStreet's material contracts.....	41
8.3	Compensation Amount.....	41
8.4	Material litigation .....	42
8.5	Issued capital .....	42
8.6	Substantial Shareholders .....	43
8.9	Consents.....	43
8.10	Competent Persons Statement.....	44
8.11	Publicly available information about EganStreet .....	44
8.12	No other material information .....	44
<b>9.</b>	<b>Authorisation .....</b>	<b>46</b>
<b>10.</b>	<b>Glossary and Interpretation .....</b>	<b>47</b>
10.1	Glossary.....	47
10.2	Interpretation .....	51
	<b>Schedule 1 EganStreet Prescribed Occurrences.....</b>	<b>53</b>

## KEY POINTS

- Silver Lake is offering 0.27 Silver Lake Shares for each EganStreet Share you own.
- EganStreet's Directors consider that Silver Lake's Offer for your EganStreet Shares is fair and reasonable and recommend that, in the absence of a Superior Proposal, you **ACCEPT** the Offer (See Section 1.1 for further details).
- Silver Lake's Offer is subject to a number of conditions (see section 6.2 of this Target's Statement), including a minimum acceptance condition that Silver Lake receive acceptance of the Offer in respect of 90% of all EganStreet Shares.
- Unless extended or withdrawn beforehand, Silver Lake's Offer will expire on 20 September 2019.
- Each of EganStreet's Directors intend, in the absence of a Superior Proposal, to accept the Offer for all of the EganStreet Shares in which they own, control or otherwise have a Relevant Interest within 2 days of 10 September 2019.

## IMPORTANT DATES

Date of Silver Lake's Bidder's Statement	14 August 2019
Date of Silver Lake's Offer	19 August 2019
Date of this Target's Statement	23 August 2019
Close of Silver Lake's Offer Period (unless extended or withdrawn)	7pm (Sydney Time) on 20 September 2019

# Letter from the Board of EganStreet

23 August 2019

Dear Shareholder

On 30 July 2019, EganStreet announced that it had entered into the Bid Implementation Deed with Silver Lake pursuant to which Silver Lake agreed to make an off-market takeover bid for EganStreet.

Pursuant to Silver Lake's Offer, Silver Lake is offering to acquire all of your EganStreet Shares on the basis of 0.27 Silver Lake Share for each EganStreet Share you own.

This Target's Statement is made in response to Silver Lake's Bidder's Statement dated 14 August 2019.

The consideration being offered by Silver Lake of 0.27 Silver Lake Shares for each EganStreet Share implied a value ranging between \$0.28 to \$0.40 per EganStreet Share based on Silver Lake's closing share prices between the Announcement Date and the date of this Target's Statement.

The implied Offer value range of Silver Lake's Offer detailed above is significant relative to the trading range of EganStreet Shares over the 12 months prior to the Announcement Date as outlined in this Target's Statement.

However, EganStreet Shareholders should note that during the Offer Period the price for Silver Lake Shares may change and Shareholders can obtain Silver Lake's Share price (ASX: SLR) on ASX website ([www.asx.com.au](http://www.asx.com.au)). Your Board is cognisant of the recent fall in Silver Lake's share price since the Announcement Date and has explained this risk in section 1.3(d) below and also notes the broader weakness in the share prices of listed gold producers.

The Board of EganStreet have made the unanimous decision to recommend the Offer, in the absence of a Superior Proposal. The recommendation is based on a number of factors, including the following:

- (a) the Offer will significantly reduce the execution risk (both funding and development execution) for Shareholders in developing EganStreet's key asset, the Rothsay Gold Project, by leveraging Silver Lake's superior balance sheet, potential to utilise established processing infrastructure and expertise in gold mine development;
- (b) the Offer provides Shareholders with enhanced liquidity and the implied Offer value range between the Announcement Date and the date of this Target's Statement is significant relative to the trading range of EganStreet Shares over the 12 months prior to the Announcement Date;
- (c) the Offer will provide Shareholders with a shareholding in an ASX listed gold producer with multiple gold mining and processing operations in Western Australia;
- (d) the Offer provides Shareholders with the benefit of Silver Lake's demonstrated success in exploring, developing and operating narrow, high-grade underground gold mines, which will be applied to EganStreet's Rothsay Gold Project;
- (e) the combined assets of the EganStreet and Silver Lake merged entity will provide Shareholders with benefits of scale and diversity;
- (f) the Offer is supported by EganStreet's major Shareholder; and
- (g) EganStreet Directors are unaware of a Superior Proposal as at the date of this Target's Statement.

When assessing whether to accept the Offer you should be aware that the Offer is subject to a number of conditions, which are in section 6.2 of this Target's Statement.

You should also consider the taxation implications of the Offer which are in section 8.1 of this Target's Statement.

To accept the Offer, you should carefully follow the instructions in the Bidder's Statement and complete the Acceptance Form enclosed with the Bidder's Statement. The Offer is due to close at 7pm (EST) on 20 September 2019.

If you have any questions in relation to your position as a Shareholder I encourage you to seek either financial or legal advice without delay or contact the EganStreet Shareholder Information Line on 1300 383 849 (toll free) from within Australia, or on +61 3 9415 4179 from outside Australia. Please note that these calls may be recorded.

A handwritten signature in black ink, appearing to read 'M Ducler', written in a cursive style.

**Marc Ducler**  
Managing Director



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# 1. Recommendations of the EganStreet Directors

## 1.1 Directors' Recommendation

Your Directors unanimously recommend that, in the absence of a Superior Proposal, you accept Silver Lake's Offer for your EganStreet Shares.

In making this recommendation, your Directors have considered the merits of Silver Lake's Offer and weighed up the factors for and against acceptance which are summarised below in this Section 1. EganStreet Directors will continue to monitor all relevant factors detailed in this Section 1 to the Directors' recommendation during the Offer Period and as necessary will update EganStreet Shareholders as required.

In making their decision, Shareholders should:

- read the Bidder's Statement and this Target's Statement in full; and
- consider the future prospects of Silver Lake and EganStreet as a merged entity compared to the future prospects of EganStreet (as a separate entity).

## 1.2 The key considerations in favour of accepting the Offer:

### (a) Significant reduction in Rothsay Gold Project execution risk

The execution risk of the Rothsay Gold Project is significantly reduced if the Offer is successful and the Rothsay Gold Project forms part of the asset portfolio of Silver Lake and EganStreet as a merged entity.

#### *Funding risk*

Under a "go it alone" EganStreet scenario, the development capital and working capital requirements for the Rothsay Gold Project will require both significant debt finance along with a significant equity raise, which could be at a discount to EganStreet's current and pre-Announcement Date share prices. As at the date of this Target's Statement, a debt finance facility has not been executed and remains a risk. Given the current global uncertainty in markets and the recent failures of several single asset Western Australian gold developers, liquidity of reasonably priced debt in the market has reduced, which could lead to a larger equity requirement. This would increase the value impact of dilution and impacts overall executability of a go it alone strategy.

As at 30 June 2019, Silver Lake had net cash and bullion of approximately A\$131 million, no debt<sup>1</sup> and an established processing facility at its Deflector Mine located 84km north-west of the Rothsay Gold Project. Should the Offer be successful, Silver Lake and EganStreet as a merged entity will have the balance sheet strength, cash flow generation and development expertise to bring the Rothsay Gold Project into production without relying on executing a debt facility and conducting a potentially dilutive equity raise.

As at 30 June 2019, EganStreet had net cash of approximately A\$3.1 million.<sup>2</sup> Absent the Offer, EganStreet would need to raise capital in the near term for corporate costs and costs associated with progressing the Rothsay Gold Project towards a development decision. The price at which EganStreet could raise this near term capital

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<sup>1</sup> As stated in Silver Lake's June 2019 Quarterly Activities Report released 30 July 2019.

<sup>2</sup> As stated in EganStreet's June 2019 Quarterly Activities & Cashflow Report released 31 July 2019.

is currently unknown, which represents a risk in the current volatile environment and may be at a discount to the value range implied by the Offer.

#### *Development risk*

Furthermore, in a “go it alone” EganStreet scenario, Shareholders will be exposed to the significant risks associated with developing an underground mine and successfully constructing and commissioning a new processing facility, keeping within budget, achieving forecast mining rates, grades and plant commissioning. The Offer provides Shareholders with an opportunity to substantially mitigate this risk.

(b) **The Offer provides attractive liquidity at a significant implied value range**

The consideration being offered by Silver Lake of 0.27 Silver Lake Shares for each EganStreet Share has implied a value ranging between \$0.28 to \$0.40 per EganStreet Share based on Silver Lake’s last closing share prices between the Announcement Date and the date of this Target’s Statement. This implied Offer value range is significant relative to the trading range of EganStreet Shares over the 12 months prior to the Announcement Date, as depicted below.

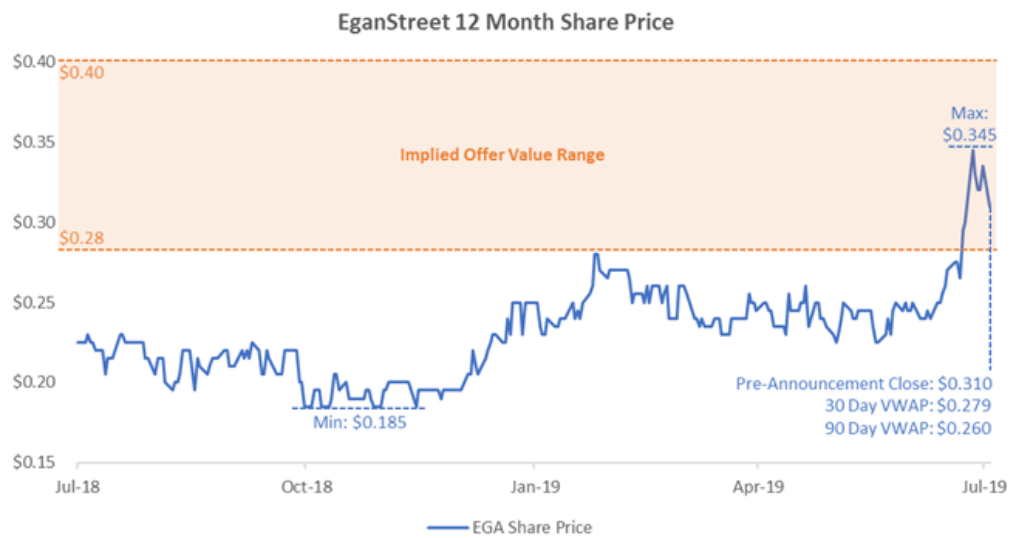


Figure 1: EganStreet’s 12-month share price up to and including closing prices on 29 July 2019 (being the last trading day prior to the Announcement Date) and Silver Lake’s implied Offer value range based on its closing share price between 29 July 2019 and 22 August 2019

Your Board notes that EganStreet Shares generally traded in the range of \$0.20 - \$0.25 per share up until mid-July 2019 when bullish gold price sentiment caused a number of gold companies to experience significant share price appreciation, including EganStreet and Silver Lake. Since the Announcement Date, there has been significant volatility in the price of listed gold companies and there has recently been a downward trend in price across the board of almost all mid-cap Australian producers. It is difficult to predict how EganStreet would be trading in this volatile environment in the absence of the Offer. Your Board is cognisant of the fall in Silver Lake’s share price since the Announcement Date (and has explained this risk in section 1.3(d) below). In considering the merits of the Offer, your Board has considered the implied Offer value hand-in-hand with a number of other important factors explained in this section 1. Our view on the implied Offer value has not been driven exclusively by Silver Lake’s last closing price, given the volatile market, and has considered the range depicted in the chart above. Furthermore, your Board notes that Silver Lake’s underlying portfolio is attractive and performing well, and that the addition of Rothsay to Deflector has the potential to add value by using the Deflector plant and infrastructure as a “hub” with

multiple sources of ore, including the 320koz in Rothsay's mine plan. As such, Silver Lake is well positioned to benefit from a return to positive sentiment amongst listed gold producers, which would flow through to the implied Offer value.

In addition to the implied Offer value, an important consideration is that the Offer provides EganStreet Shareholders with far superior liquidity and therefore ability to crystallise their investments. Over the 30 trading days on ASX up to and including the last trading day prior to the Announcement Date, an average of \$10.1 million of Silver Lake Shares traded per day, equivalent to approximately 25% of EganStreet's market capitalisation prior to the Announcement Date.<sup>2</sup> In comparison, \$0.04 million of EganStreet Shares traded per day in the same period, equivalent to approximately 0.11% of EganStreet's market capitalisation prior to the Announcement Date.<sup>2</sup> The historical lack of liquidity in the trading of EganStreet Shares is an important consideration for EganStreet Shareholders, particularly in volatile markets. With an average turnover of only \$0.04 million per day, it would only require one significant shareholder to exit for a material impact on EganStreet's Share price. In volatile markets, the substantial liquidity, at a strong price, provided by the Offer is a significant consideration behind the Board's recommendation.

(c) **Participation in a company with multiple operations**

If you accept the Offer (and the Offer is successful), you will receive shares in Silver Lake, a mid-cap ASX listed gold producer with multiple gold mining and processing operations in Western Australia. In particular, Silver Lake and EganStreet as a merged entity will have a diverse portfolio of gold assets with an attractive development pipeline as outlined below:

- Mount Monger – a producing gold mining and processing operation that is solely owned by Silver Lake and is forecast to produce 120-130koz of gold at AISC of A\$1,450-1,550/oz in FY2020.
- Deflector – a producing gold and copper mining and processing operation that is solely owned by Silver Lake and is forecast to produce 95-100koz of gold (equivalent) at AISC of A\$1,200-1,250/oz in FY2020. EganStreet is encouraged by the exploration success achieved at Deflector over the past 6 months and considers it to have strong prospects of mine life extension, which strengthens the opportunity to create a valuable hub when combined with Rothsay.
- Rothsay - a development ready gold project, with an Updated Definitive Feasibility Study demonstrating a mine plan with 320,000oz of gold. EganStreet believes Rothsay could potentially be integrated with the Deflector mine for significantly lower development capital than a standalone operation, providing strong grade supplemental ore and flexibility in ore sources, to create significant synergies and a longer life, higher value hub in the region.

As shareholders of Silver Lake, you will benefit from a reduction in exposure to construction, commissioning and cash flow volatility risk that can be experienced by single-asset companies.

Your Board will continue to monitor the operations of Silver Lake during the Offer Period and will update EganStreet Shareholders as appropriate during the Offer Period.

Figure 2 below outlines the location of key assets in Western Australia of Silver Lake and EganStreet as a merged entity.

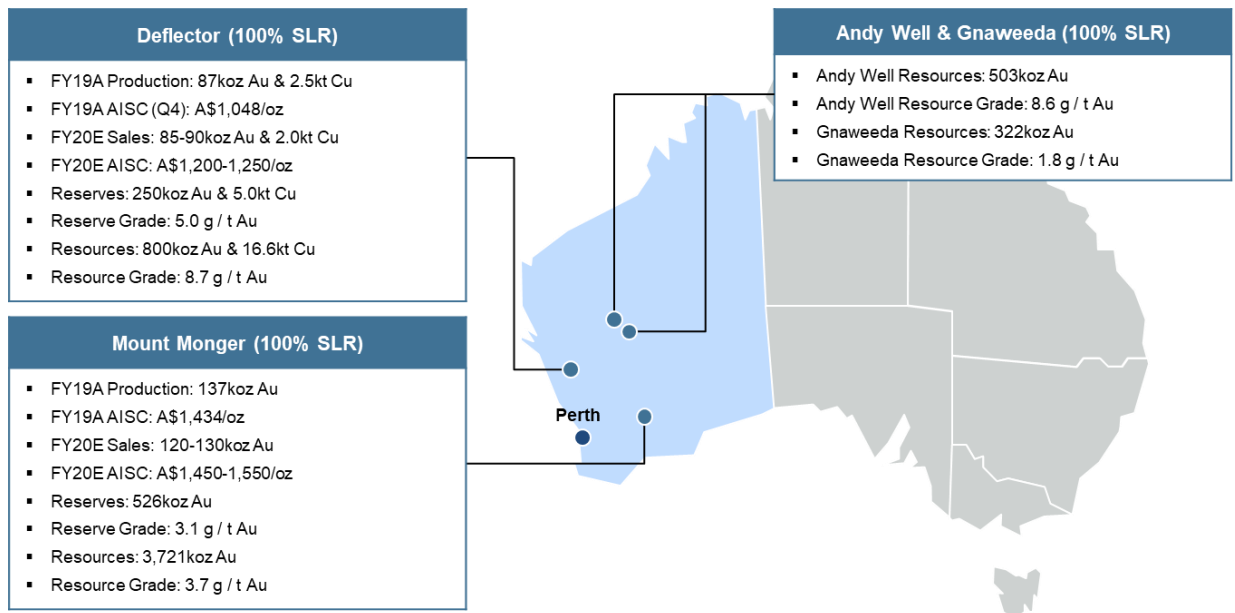


Figure 2: Location of assets in Western Australia of Silver Lake and EganStreet as a merged entity.

(d) **Silver Lake's operational capabilities**

Silver Lake's team has an established track record and significant development capability which can be deployed to optimise the development plan for EganStreet's Rothsay Gold Project along with the continued further exploration and operation of its existing asset portfolio.

As shareholders of Silver Lake, you will benefit from Silver Lake's demonstrated success in exploring, developing and operating narrow, high-grade underground gold mines, which will be applied at Rothsay Gold Project.

Silver Lake's strong operational track record at Mount Monger coupled with the successful integration and optimisation of its Deflector gold/copper mine and processing plant has positioned it to achieve record gold production of between 215,000 to 230,000 ounces (gold equivalent) in FY2020 at AISC in the range of A\$1,375/oz to A\$1,450/oz.

(e) **Benefits of scale**

Silver Lake has a market capitalisation of A\$879.8 million<sup>3</sup> and is an entrenched member of the S&P ASX 300 index, the share market's top 300 stocks by market capitalisation. Additionally, and as a result of Silver Lake's recent acquisition of Doray Minerals earlier this year, strong gold prices and positive share price performance, Silver Lake has near-term potential of becoming a member of the S&P ASX 200 index.

This index participation, market capitalisation, diversity of the production base represented by Silver Lake and EganStreet as a merged entity and cash flow generation provides greater appeal for institutional investors. Such stocks typically have far greater liquidity and access to capital compared to EganStreet.

(f) **The Offer is supported by EganStreet's major Shareholder**

EganStreet's major shareholder, Lion Selection Group Limited (ASX: LSX) has entered into a Pre-Bid Acceptance Deed with Silver Lake as announced to the market on 30 July

<sup>3</sup> Presented on an undiluted basis assuming that no Silver Lake Performance Rights convert into Silver Lake Shares. For the purpose of calculating market capitalisation, Silver Lake is valued using the closing price for Silver Lake Shares of \$1.075 on the date prior to the lodgement of the Target's Statement.

2019. Under the Pre-Bid Acceptance Deed, Lion Selection Group Limited has agreed to accept Silver Lake's Offer for all of its 21,137,007 EganStreet Shares, which currently represents a 15.9% holding in EganStreet (16.2% at the Announcement Date). Under the terms of the Pre-Bid Acceptance Deed the Offer can only be declared unconditional with minimum shareholder acceptances (including Lion Selection Group Limited) of 38% (subject to Lion Selection's waiver).

(g) **EganStreet Directors unanimously recommend you accept the Offer, in the absence of a Superior Proposal**

Having carefully considered the terms of the Offer against all available alternatives, your EganStreet Directors unanimously recommend that you ACCEPT the Offer, in the absence of a Superior Proposal. As detailed above the EganStreet Directors will continue to monitor all relevant factors detailed in this Section 1 to the Directors' recommendation during the Offer Period and as necessary will update EganStreet Shareholders as required.

In the absence of a Superior Proposal, EganStreet Directors who own or control EganStreet Shares have indicated that they will accept, or procure the acceptances of, the Offer in respect for the EganStreet Shares that they own or control.

The EganStreet Directors own or control in 7,232,690 EganStreet Shares representing approximately 5.4% of all EganStreet Shares at the date of this Target's Statement.<sup>4</sup> The Existing Directors also hold 4,652,184 EganStreet Performance Rights. The EganStreet Performance Rights on issue vested upon EganStreet receiving the Bidder's Statement from Silver Lake. Accordingly, it is intended that the EganStreet Performance Rights will have vested and been exercised, and the resultant EganStreet Shares issued before the end of the Offer Period. Once the Shares are issued on exercise of the Performance Rights EganStreet Directors will own or control 11,884,874 EganStreet Shares representing approximately 8.9% of the expanded share capital of EganStreet<sup>5</sup>.

(h) **EganStreet Directors are unaware of a Superior Proposal**

As at the date of this Target's Statement, EganStreet Directors are not aware of any Superior Proposal that may be made to Shareholders by a third party.

(i) **The EganStreet Share price could trade below the implied value of the Offer if the Offer is not successful and no alternative proposal emerges**

The Offer provides you with the opportunity to realise attractive value for all your EganStreet Shares. If the Offer is not successful (and there is no other offer available for your EganStreet Shares), the EganStreet Share price may decline below the value implied by the Offer especially given the historical trading range (\$0.20-\$0.25) of EganStreet Shares over the last 12 month period prior to the Announcement Date (see Section 1.1(b) above).

During the 12 months preceding the Announcement Date, EganStreet Shares have traded as low as A\$0.18 per Share in December 2018 and traded at a high \$0.35 on 23 July 2019.

(j) **There are other risks in not accepting the Offer**

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<sup>4</sup> Excluding Target Options and no Target Performance Rights held by EganStreet Directors.

<sup>5</sup> Excluding Target Options held by EganStreet Directors.

If the Offer is unsuccessful and no other offer emerges EganStreet Shareholders may be exposed to the ongoing risks associated with an investment in EganStreet. In particular:

- the EganStreet Share price may fall below the current trading price and liquidity levels;
- EganStreet Shareholders will have full exposure to the execution risk associated with the Rothsay Gold Project, both funding and development implementation, and will not benefit from Silver Lake's development expertise, financial strength and diversification of operations; and
- there is a strong probability that EganStreet will have to raise additional funds to fund corporate costs and the development of the Rothsay Gold Project, potentially through an issue of equity at a discount to the trading price of EganStreet Shares, which could dilute your investment in EganStreet.

If you do not accept the Offer and the Offer becomes unconditional:

- liquidity in EganStreet Shares may be significantly reduced or Silver Lake may be entitled to remove EganStreet from the official list of the ASX; and
- Silver Lake may be entitled to acquire your EganStreet Shares through compulsory acquisition (see section 6.14 of this Target's Statement).

If you retain your EganStreet Shares, you will continue to be exposed to the risks associated with being an EganStreet Shareholder.

EganStreet Shareholders should note that there are also risks associated with accepting the Offer. Details on the risks associated with accepting the Offer are contained in section 9.2 of the Bidder's Statement.

In considering whether to accept the Offer, the EganStreet Directors encourage you to:

- read and carefully consider the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain independent advice from your investment, financial, tax or other professional adviser on the effect of accepting the Offer.

### **1.3 The key considerations in favour of not accepting the Offer:**

#### **(a) Reduced exposure to the development potential of Rothsay Gold Project**

EganStreet has significant development potential and upside in its own right with its 100% ownership of the Rothsay Gold Project. Shareholder's ownership and upside in respect of the Rothsay Gold Project will be diluted if they accept Silver Lake's Offer. However, this has to be weighed against the dilution to Shareholders that would occur in any event as EganStreet has limited working capital and would need to raise further funds to fund corporate costs and the development of the Rothsay Gold Project to production as well as having full exposure to the execution risk associated with the Rothsay Gold Project, both funding and development implementation.

(b) **Inability to accept a Superior Proposal if one were to emerge**

Except in the limited circumstances provided for in the Corporations Act, accepting Silver Lake's Offer will preclude Shareholders from accepting a superior bid from a third party, should one emerge during the Offer Period. At the date of this Target's Statement, EganStreet's Directors are not aware of a proposal by anyone to make a superior bid.

Accepting the Offer would also preclude a Shareholder from selling their EganStreet Shares on market.

Accepting Silver Lake's Offer will not, however, deny a Shareholder the benefit of any superior price offered by Silver Lake which, under the Corporations Act, is required to be extended to all Shareholders, including those who have already accepted Silver Lake's Offer. At the date of this Target's Statement, Silver Lake has given no indication that it intends to increase its Offer price.

(c) **Taxation consequences**

See section 8.1 of this Target's Statement for an overview of the tax consequences for accepting the Offer.

(d) **Silver Lake Share prices may fall**

Shareholders are being offered Silver Lake Shares for their EganStreet Shares at a fixed ratio regardless of the price each company trades at. If Shareholders accept the Offer, and it becomes unconditional, they are subject to any fall in Silver Lake's Share price. In this regard, your Board notes the volatility and decline in Silver Lake's share price in the 4 weeks prior to the date of this Target's Statement, as well as general recent volatility and share price weakness in listed gold producers, against a backdrop of broad market volatility and increasing global economic uncertainty. The share price chart below demonstrates this volatility.



Figure 3: Relative 4 month share price performance of ASX listed mid-cap producers

Silver Lake's 12 month share price chart and other information relevant to the value of the Offer is set out in section 4.2 of this Target's Statement.

Set out below is a table outlining the implied value of the Offer at various Silver Lake share prices to assist EganStreet Shareholders in their assessment of value of the Offer for changes in the Silver Lake share price.

Silver Lake Share Price	Offer Ratio	Implied Offer Price per EganStreet Share
\$0.80	0.27x	\$0.22
\$0.90	0.27x	\$0.24
\$1.00	0.27x	\$0.27
<b>\$1.075<sup>6</sup></b>	<b>0.27x</b>	<b>\$0.29</b>
\$1.10	0.27x	\$0.30
\$1.20	0.27x	\$0.32
\$1.30	0.27x	\$0.35
\$1.40	0.27x	\$0.38
<b>\$1.48<sup>7</sup></b>	<b>0.27x</b>	<b>\$0.40</b>
\$1.50	0.27x	\$0.41
\$1.60	0.27x	\$0.43
\$1.70	0.27x	\$0.46

Your Board recommends that EganStreet Shareholders monitor the Silver Lake share price and the implied value of the Offer in the context of the broader market. It is also important to consider that in times of volatility, having increased liquidity for your shares can be a benefit, which this Offer does provide.

#### 1.4 Directors' intentions in relation to the Offer

Each EganStreet Director who owns, controls or has otherwise has a Relevant Interest in EganStreet Shares presently intends, in the absence of a Superior Proposal, to accept the Offer in respect of those EganStreet Shares within 2 days of 10 September 2019. The interests of each EganStreet Director in EganStreet Shares are in section 7.1 of this Target's Statement.

#### 1.5 Further Developments

In making this recommendation, your Directors have considered the merits of Silver Lake's Offer and weighed up the factors for and against acceptance which are summarised above in this Section 1. EganStreet Directors will continue to monitor all relevant factors detailed in this Section 1 to the Directors' recommendation during the Offer Period.

Should there be any developments or change in circumstances during the Offer Period (for example, the emergence of a Superior Proposal from Silver Lake or another bidder) which would alter the Directors' recommendations in relation to Silver Lake's Offer, Shareholders will be notified through a supplementary Target's Statement.

<sup>6</sup> Representing the last closing price of Silver Lake Shares on ASX on 22 August 2019, the last day of trading prior to the date of this Target's Statement.

<sup>7</sup> Representing the last closing price of Silver Lake Shares on ASX on 29 July 2019, the last day of trading prior to the Announcement Date.



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## 2. Information relating to EganStreet

### 2.1 Overview of EganStreet

EganStreet is an ASX listed (ASX: EGA), Western Australian gold company focused on the exploration and development of its key asset, the 100% owned Rothsay Gold Project located 300 km north-east of Perth in Western Australia's Midwest region.

The underground Rothsay Gold Project currently hosts a Mineral Resource<sup>8</sup> of 454koz at an average grade of 9.2 g/t Au and a 235koz Mineral Reserve<sup>9</sup> at an average grade of 4.5 g/t Au. An Updated Definitive Feasibility Study published 12 February 2019 provided a production target upgrade of 289koz of gold over approximately 6 steady state years. See section 2.3 for further information about the Rothsay Gold Project.

### 2.2 History of EganStreet

EganStreet, formerly named Auricup Resources Pty Ltd, was incorporated in 2010 to focus on acquiring and developing small, high grade gold projects, and acquired the Rothsay Gold Project in 2011. Through the depressed mining investment market of 2012-2015, EganStreet collated exploration, mining and processing data, as well as exploring in its own right. In 2015, EganStreet appointed new management in order to lead the assessment of potential redevelopment of the Rothsay Gold Project.

In 2016, EganStreet listed on the ASX, raising \$6 million at \$0.20 per share. Its primary objective was to further explore and develop the Rothsay Gold Project. Subsequent equity capital raisings have included:

- \$4m placement at \$0.25 per share in September 2017; and
- \$11.9m raised via the exercise of listed options at an exercise price of \$0.25 in March 2018.

EganStreet delivered a Pre-Feasibility Study in May 2017<sup>10</sup>, an Initial Definitive Feasibility Study in July 2018<sup>11</sup> and an Updated Definitive Feasibility Study in February 2019<sup>12</sup>.

### 2.3 Rothsay Gold Project

#### (a) Background

Gold was first discovered in the Rothsay Gold Project region in 1894. Historic gold produced totals an estimated 54koz. The Rothsay Project was last mined by Metana Minerals NL, which ceased production in May 1991 after the gold price fell below US\$360/oz. Extensive underground development infrastructure from historical workings remains in place.

#### (b) Location and Tenements

The Rothsay Gold Project is located approximately 300kms north-north east of Perth, in the Southern Murchison region of Western Australia. The tenement package covers an area of approximately 63km<sup>2</sup>.

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<sup>8</sup> Refer to EganStreet's ASX announcement lodged 27 November 2018 "Rothsay Resource Increases to 454,000oz at 9.2g/t Au".

<sup>9</sup> Refer to EganStreet's ASX announcement lodged 1 August 2019 "EganStreet Increases Rothsay Ore Reserve by 18% To 235,000 Ounces".

<sup>10</sup> Refer to EganStreet's ASX announcement lodged 16 May 2017 "Rothsay PFS Confirms Potential New High-Grade Gold Project".

<sup>11</sup> Refer to EganStreet's ASX announcement lodged 19 July 2018 "EganStreet Confirms Low Capex, High Margin Australian Gold Mine at Rothsay Gold Project, WA".

<sup>12</sup> Refer to EganStreet's ASX announcement lodged 12 February 2019 "Rothsay Gold Boosted by Production Target Upgrade".

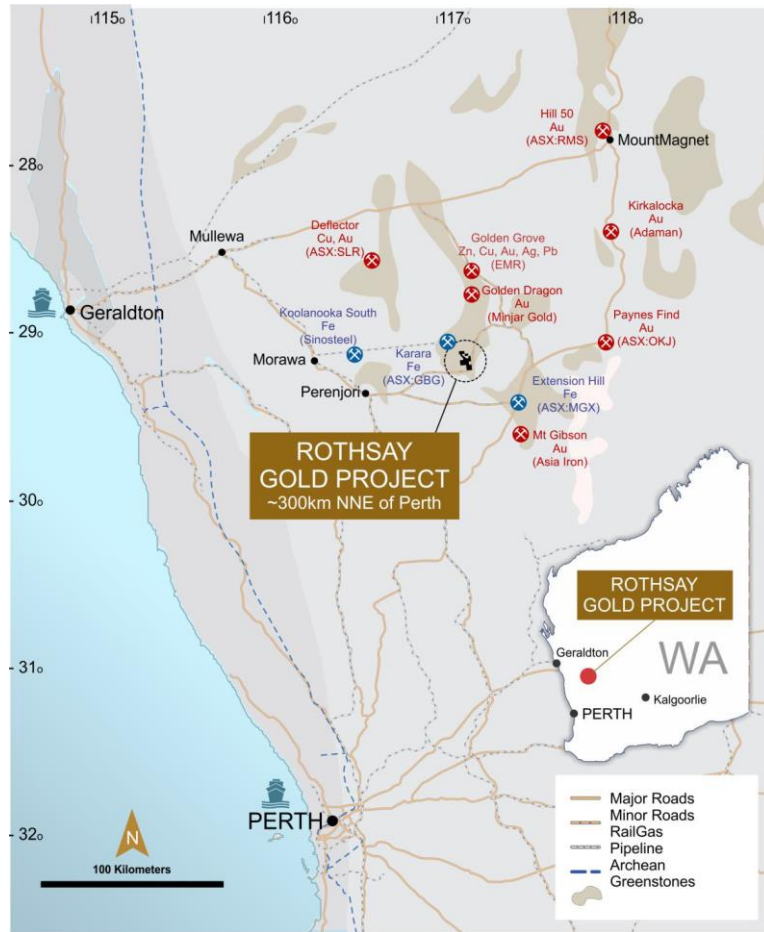


Figure 4 – Rothsay Gold Project location

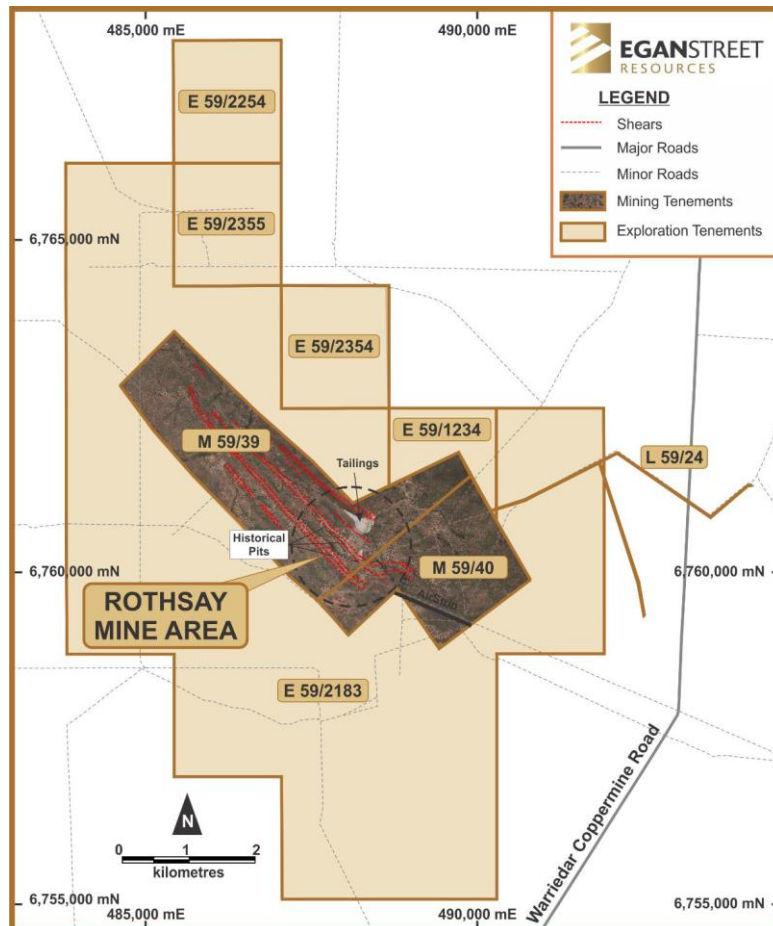


Figure 5 – Rothsay Gold Project tenements

(c) **Tenement Information**

Set out below is a summary of the tenements owned by EganStreet.

<b>Tenement</b>	<b>Status</b>	<b>Location</b>	<b>Interest Held (%)</b>
E 59/1234-I	Granted	Western Australia	100
E 59/2183	Granted	Western Australia	100
E59/2254	Granted	Western Australia	100
M 59/39-I	Granted	Western Australia	100
M 59/40-I	Granted	Western Australia	100
L59/24	Granted	Western Australia	100
E59/2354	Granted	Western Australia	100
E59/2355	Granted	Western Australia	100
E59/2320	Pending	Western Australia	100
E08/2847	Granted	Western Australia	100

Figure 6 – Tenement schedule

(d) **Mineral Reserve and Resources**

Since acquiring the Rothsay Gold Project in 2011, EganStreet has compiled extensive historical data into a useable form and has completed several exploration drilling programmes, resulting in the delineation of the following 2012 edition JORC compliant Mineral Reserve estimate and Resource estimate for the Rothsay Gold Project as set out in Tables 1 and 2 below.

<b>Reserve Category</b>	<b>kt</b>	<b>Grade (g/t Au)</b>	<b>Contained Metal (Au koz)</b>
Proved	-	-	-
Probable	1,605	4.5	235
<b>Total</b>	<b>1,605</b>	<b>4.5</b>	<b>235</b>

Table 1 – Rothsay Gold Project, Summary of Mineral Reserve (July 2019)<sup>13</sup>

<b>Lode</b>	<b>Indicated</b>			<b>Inferred</b>			<b>Total</b>		
	<b>Tonnes (kt)</b>	<b>Grade (g/t Au)</b>	<b>Ounces (koz)</b>	<b>Tonnes (kt)</b>	<b>Grade (g/t Au)</b>	<b>Ounces (koz)</b>	<b>Tonnes (kt)</b>	<b>Grade (g/t Au)</b>	<b>Ounces (koz)</b>
Woodley's	750	10.6	254	230	11.9	88	980	10.9	342
Woodley's East	200	5.8	38	140	8.8	40	340	7.0	78
Woodley's East HW				180	5.3	30	180	5.3	30
Other				40	3.3	5	40	3.3	5
<b>Total</b>	<b>950</b>	<b>9.6</b>	<b>292</b>	<b>590</b>	<b>8.6</b>	<b>162</b>	<b>1,540</b>	<b>9.2</b>	<b>454</b>

Table 2 – Rothsay Gold Project, Summary of Resource (November 2018)<sup>14</sup>

<sup>13</sup> Refer to EganStreet's ASX Announcement lodged 1 August 2019 "EganStreet Increases Rothsay Ore Reserve By 18% To 235,000 Ounces" for Competent Person's Consent, material assumptions and technical parameters underpinning the Mineral Reserve Estimate.

<sup>14</sup> Refer to EganStreet's ASX Announcement lodged 27 November 2018 "Rothsay Resource Increases to 454,000oz at 9.2g/t Au" for Competent Person's Consent, material assumptions and technical parameters underpinning the Resource Estimate.

For further information regards the Mineral Reserve estimate for the Rothsay Gold Project and details of the Competent Person's consent, material assumptions and technical parameters underpinning the Mineral Reserve Estimate, please refer to EganStreet's ASX Announcement lodged 13 August 2019.

For further information regards the Mineral Resource estimate for the Rothsay Gold Project and details of the Competent Person's consent, material assumptions and technical parameters underpinning the Resource estimate, please refer to EganStreet's ASX Announcement lodged 27 November 2018.

EganStreet is not aware of any new information or data that materially affects the information included in the above ASX announcements, and EganStreet confirms that all material assumptions and technical parameters underpinning the Mineral Reserve and Resource estimates in those announcements continue to apply and have not materially changed.

**(e) Feasibility Studies**

During February 2019, following a new mine design on the Mineral Resource estimate announced 27 November 2018, EganStreet released an Updated Definitive Feasibility Study<sup>15</sup>. Based on a gold price of US \$1,275 and exchange rate of AUD:USD of 0.75, the Updated Definitive Feasibility Study forecast pre-tax project cashflow of \$116 million from revenue of \$470 million. Other key outputs and assumptions of the Updated Definitive Feasibility are as follows:

- Ore mined of 2.3Mt at 4.4g/t Au for 320,000oz of gold (inclusive of inferred resources)
- Ore mined to be upgraded via a (laser and EM) ore sorter to produce a concentrate of 1.3Mt at 7.2g/t Au, which is then processed through a standard CIL circuit, per the original Definitive Feasibility Study
- Forecast gold production of 289,000 over an initial 7-year mine life
- Initial Capital Expenditure for processing plant and associated infrastructure of \$39.7 million, is now based on a fixed price contracting strategy and still includes \$3.6 million in contingencies.

All other assumptions in the Updated Definitive Feasibility Study were consistent with those outlined in the Initial Definitive Feasibility Study. Total development capex and all-in sustaining costs did not materially change as a result of the Updated Definitive Feasibility Study.

EganStreet's Updated Definitive Feasibility Study, which provides additional detail on mining and processing plans, permitting requirements, costs and economic outputs is available on EganStreet's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) or from the ASX website at [www.asx.com.au](http://www.asx.com.au).

Subsequent to publishing the Updated Definitive Feasibility Study, EganStreet has continued to optimise the Rothsay Gold Project and on 1 August 2019, announced an updated Mineral Reserve estimate (reflected in section 2.3(d) above), which incorporates new information obtained from additional technical studies completed up until July 2019, and includes the following:

- Mineral Resource Estimate as at November 2018;
- cost estimates as outlined in the Updated Definitive Feasibility Study;
- additional geotechnical modelling based on drill holes completed up until November 2018;
- an updated mine plan targeting shorter pre-production period and lower pre-production capital (including working capital) which includes:

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<sup>15</sup> Refer to ASX Announcement "Rothsay Boosted By Production Target Update", dated 12 February 2019.

- boxcut and access to southern end of the orebody;
- increased sub-level interval;
- increased decline turning radius; and
- earlier establishment of primary ventilation and escapeway via shorter raises.

**(f) Development Pathway**

In addition to updating the Rothsay Definitive Feasibility Study in February 2019, EganStreet has been actively pursuing lower upfront capex development pathways for Rothsay.

As a result of recent failures/underperformance of certain single asset Western Australian gold developers transitioning into producers, the availability of traditional and reasonably priced project finance debt facilities has reduced. As such, a significant and dilutive equity capital raise could be required to fund the development of Rothsay on a “go it alone” basis as envisaged in the Updated Definitive Feasibility Study.

In response, EganStreet has examined conceptual toll treating and mill leasing scenarios at processing plants within trucking distance of Rothsay, for the purpose of reducing upfront development capex whilst retaining project NPVs reasonably in-line with the Updated Definitive Feasibility Study.

As at the date of receiving Silver Lake’s Offer, EganStreet had explored a potential mill lease agreement with a suitable mill owner in the region and whilst such a scenario has the potential to reduce upfront development capex, it was conceptual in nature, would have required further due diligence and investigation and had not been progressed to the point of a binding proposal and a project finance facility had not been secured for the scenario. EganStreet notes there was no certainty that such arrangements would eventuate.

The EganStreet Board’s decision to recommend the Silver Lake Offer followed significant consideration to the alternative pathways available to EganStreet and, ultimately, the Board determined that the greater certainty around the development of Rothsay, the increased liquidity and the implied Offer value range being significant relative to trading range of EganStreet Shares over the 12 months prior to the Announcement Date, represented a superior net outcome for EganStreet Shareholders.

**(g) Permitting**

Permitting is well progressed with the Mining Proposal and associated Mine Closure Plan for the Rothsay Gold Project approved in June 2019, followed by approval of the Native Vegetation Clearing Permit in August 2019. In total, the Rothsay Gold Project requires 13 separate approvals from various state government departments and the local Shire of Perenjori. At the date of this Target's Statement, 10 of these approvals have either been granted or are not considered necessary for the works to proceed in the coming 12-month period. The most significant remaining approval is the Works Approval and the associated License application, which has been submitted and is currently being processed by the Department of Water and Environmental Regulation.

**(h) Exploration Potential**

EganStreet’s longer term growth aspirations are based on targeting extensions of the main deposit and exploring the surrounding tenements, which includes an 18km strike length of highly prospective and virtually unexplored stratigraphy. Drilling coverage of prospective shears at Rothsay is sparse, and drilling density has concentrated on defining a Mineral Resource at Woodley's and Woodley's East. In other areas drilling is typically shallow and wide-spaced.

West of the Woodley's package is the Orient shear, located within the Clyde mafic sequence on the sheared contact of a dolerite and amphibolite and has been variously tested with further resource drilling planned. Further west are the Clyde and Clyde East Shears that are located on a similar stratigraphic position as the Woodley's Shears and have only been tested on a 200m plus spacing. Potential exists along these shears as with the Miners Shear (to the north-west) where mineralisation has been intersected and requires follow up.

Recent field mapping completed on the Karara Shear identified two areas of historical mining activity. Further work has traced a band of tremolite altered rock which is semi-continuous over a strike extent of 8km linking and continuing to the north and south of both sets of workings. Mineralisation has been identified with historic RC drilling intersecting 1m @ 19.2g/t Au and 4m @ 2.64g/t Au in quartz veining within intense tremolite. The Karara Shear, has very limited exploration and is a high priority target<sup>16</sup>.

## **2.4 Summary of financial information on EganStreet**

### **(a) Basis of presentation of historical financial information**

The historical financial information below relates to EganStreet on a standalone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for EganStreet for the financial period described below, which include the notes to the accounts, can be found in EganStreet's financial statements for the relevant period, copies of which are available at EganStreet's website [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au) or from the ASX website at [www.asx.com.au](http://www.asx.com.au).

### **(b) Historical financial information on EganStreet Group**

Set out below is the audit reviewed statement of financial position of EganStreet as at 31 December 2018 (including comparative as at 31 December 2017).

EganStreet's audited 30 June 2019 financial accounts are not yet available however EganStreet reported zero debt and a cash position of \$3.1m as at 30 June 2019 in its Appendix 5B, released 31 July 2019.

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<sup>16</sup> Refer to ASX Announcement "EganStreet Extends Rothsay Strike by 4km After Identifying New Targets Along Karara Shear", dated 15 April 2019.

**Consolidated Statement of Financial Position**  
**As at 31 December 2018**

	31-Dec-18	31-Dec-17
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	5,879,390	2,880,798
Trade and Other Receivables	302,678	181,822
Other current assets	26,831	6,700
<b>Total Current Assets</b>	<b>6,208,900</b>	<b>3,069,320</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	1,036,516	73,565
Exploration and Evaluation expenditure	7,890	1,360,510
Mine development expenditure	2,227,624	-
<b>Total Non-Current Assets</b>	<b>3,272,030</b>	<b>1,434,075</b>
<b>Total Assets</b>	<b>9,480,930</b>	<b>4,503,395</b>
<b>Current Liabilities</b>		
Trade and other payables	552,159	371,619
Provisions	91,287	61,842
<b>Total Current Liabilities</b>	<b>643,446</b>	<b>433,461</b>
<b>Total Liabilities</b>	<b>643,446</b>	<b>433,461</b>
<b>Net Assets</b>	<b>8,837,484</b>	<b>4,069,934</b>
<b>Shareholders' Equity</b>		
Issued Capital	31,248,386	19,381,598
Reserves	1,737,245	1,048,399
Accumulated losses	(24,148,147)	(16,360,063)
<b>Total Shareholders' Equity</b>	<b>8,837,484</b>	<b>4,069,934</b>

Set out below is EganStreet's statement of comprehensive income for the six months ended 31 December 2018 (including comparative for the six months ended 31 December 2017).

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Half Year ended 31 December 2018**

	31-Dec-18	31-Dec-17
	\$	\$
Revenue	80,883	7,735
Employee benefits expense	(742,199)	(190,761)
Administration expenses	(378,388)	(263,466)
Exploration expenditure	(2,250,254)	(2,917,847)
Financing expenses	(113,305)	-
Depreciation and amortisation	(25,011)	(5,333)
Share based payments	(399,598)	(163,307)
<b>Loss from continuing operations before income tax</b>	<b>(3,827,872)</b>	<b>(3,532,979)</b>
Income tax	-	-
<b>Loss from continuing operations after tax</b>	<b>(3,827,872)</b>	<b>(3,532,979)</b>
<b>Discontinued Operations</b>		

Loss for the year from discontinued operations	-	-
<b>Net Loss for the year</b>	<b>(3,827,872)</b>	<b>(3,532,979)</b>
<b>Other Comprehensive Income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation difference on foreign exchange	-	-
<b>Total comprehensive loss for the period</b>	<b>(3,827,872)</b>	<b>(3,532,979)</b>
<b>Net loss is attributable to:</b>		
Owners of Egan Street Resources Limited	(3,827,872)	(3,532,979)
Net loss for the period	(3,827,872)	(3,532,979)
<b>Total Comprehensive loss attributable:</b>		
Owners of Egan Street Resources Limited	(3,827,872)	(3,532,979)
Net loss for the period	(3,827,872)	(3,532,979)
<b>Overall Operations</b>		
Basic and diluted loss per share (cents per share)	(1.21)	(4.82)

Set out below is EganStreet's statement of cash flows for the six months ended 31 December 2018 (including comparative for the six months ended 31 December 2017).

<b>Consolidated Statement of Cash Flows</b>		
<b>For the Half Year ended 31 December 2018</b>		
	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Interest received	80,883	7,735
Payments to suppliers and employees	(1,193,893)	(475,483)
Payments for exploration expenditure	(2,582,065)	(3,216,153)
<b>Net cash used in operating activities</b>	<b>(3,695,075)</b>	<b>(3,683,901)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds for acquisition of tenements	(7,890)	-
Payments for plant and equipment	(104,767)	(29,122)
Payments for mine development expenditure	(1,705,864)	-
<b>Net cash used in investing activities</b>	<b>(1,818,521)</b>	<b>(29,122)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	-	4,035,000
Costs of capital raising	-	(215,303)
Transactions related top loans and borrowings	(113,305)	-
<b>Net cash (used)/provided by financing activities</b>	<b>(113,305)</b>	<b>3,819,697</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(5,626,901)</b>	<b>106,674</b>
Cash at beginning of financial period	11,506,291	2,774,124
Cash and cash equivalents at 31 December	5,879,390	2,880,798



## 2.5 EganStreet's Share Trading History

The last recorded sale price of EganStreet Shares traded on ASX was \$0.310 on 29 July 2019, being the last day for trading before the Announcement Date.

The following chart shows the closing price and volume traded of EganStreet on the ASX over the last 12 months, to the date of the Announcement Date.

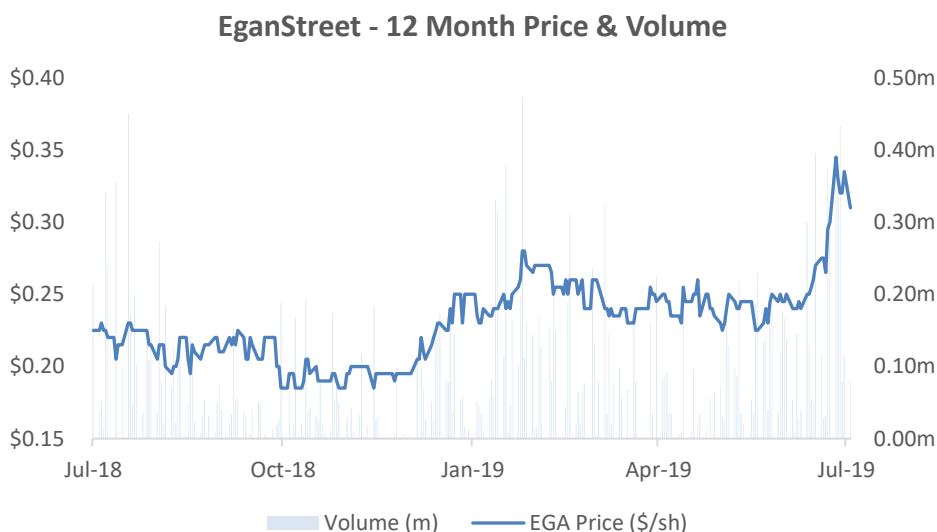


Figure 7 – EganStreet's 12-month share price and volume traded chart

## 2.6 Directors of EganStreet

As at the date of this Target's Statement, the Directors of EganStreet are:

**Barry Sullivan**  
**Non-Executive Chairman**

Mr Sullivan is an experienced and successful mining engineer, with a career spanning 40 years in the mining industry. His initial mining experience was gained in the South African gold mining industry, followed by more than 20 years with Mount Isa Mines. In the final years of his tenure with MIM, Mr Sullivan was Executive General Manager, responsible for the extensive Mount Isa and Hilton operations.

**Marc Ducler**  
**Managing Director**

Mr Ducler has over 20 years' experience in the mining industry. For the past 13 years he has been in senior management roles. His operational experience has been gained through senior roles; Gold Fields Australia (St Ives & Agnew), BHP Billiton (Mt Whaleback), FMG (Cloudbreak), MRL (Carina Iron Ore Mine) and Roy Hill.

**Lindsay Franker**  
**Executive Director**

Mr Franker has over 20 years' mining experience in both operations and mining related finance. He has been employed by a number of mining companies in operations and consultancy; Newcrest (Telfer), Newmont (Mt McClure & Bronzewing), AMC (Big Bell) – specialising in both underground and open pit mining. He has worked for several international investment banks, with a global focus covering greenfield and brownfield projects.

***Simon Eley***  
***Non-executive Director***

Mr Eley is a solicitor with vast experience in the resource sector. He is a founding director of EganStreet and led the acquisition of the Rothsay project. Mr Eley is a current director of Celamin Holdings Limited. Mr Eley was the chairman of Tierra Grande Resources Inc. (TGRI) on the NASDAQ until the company entered a merger with VNUE Inc. (OTCQB: VNUE). Mr Eley was also an Executive Director of Aragon Resources Limited and led the team that secured the Central Murchison Gold Project which became Aragon's core asset. Mr Eley is a former director of Pura Vida Energy NL.

***Hedley Widdup***  
***Non-Executive Director***

Mr Widdup has extensive experience as a mine geologist having worked at Mt Keith, Olympic Dam, Mt Isa (Black Star open cut mine) and the St Ives Gold Mine where he was a Senior Mine Geologist of the combined open pits. He joined Lion Manager in July 2007 as an analyst and completed a Graduate Diploma in Applied Finance in 2011. Mr Widdup is currently an Executive Director of Lion Manager Pty Ltd. Mr Widdup is also a former director of Kasbah Resources Limited.

### 3. Information relating to Silver Lake

#### 3.1 Important Notice

The following information about Silver Lake is based on public information including information in the Bidder's Statement and has not been independently verified by EganStreet. Accordingly, EganStreet does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Silver Lake in this Target's Statement should not be considered comprehensive.

For further information on Silver Lake, please refer to section 5 of the Bidder's Statement, the website of Silver Lake at [www.silverlakeresources.com.au](http://www.silverlakeresources.com.au) and the ASX disclosures of Silver Lake available on Silver Lake's website and the ASX website at [www.asx.com.au](http://www.asx.com.au) under the company code "SLR".

#### 3.2 Overview of Silver Lake and its projects

Silver Lake was incorporated in 2004 and has been listed on the ASX (ASX: SLR) since 14 November 2007. Silver Lake is a gold producing and exploration company which operates the Mount Monger and Deflector operations in Western Australia.

As at 22 August 2019, the last practicable day before the date of this Target's Statement, Silver Lake had a basic market capitalisation of A\$879.8 million and is well capitalised with a cash and bullion balance of approximately \$131.7 million and no bank debt as at 30 June 2019<sup>17</sup>.

##### Overview of Projects:

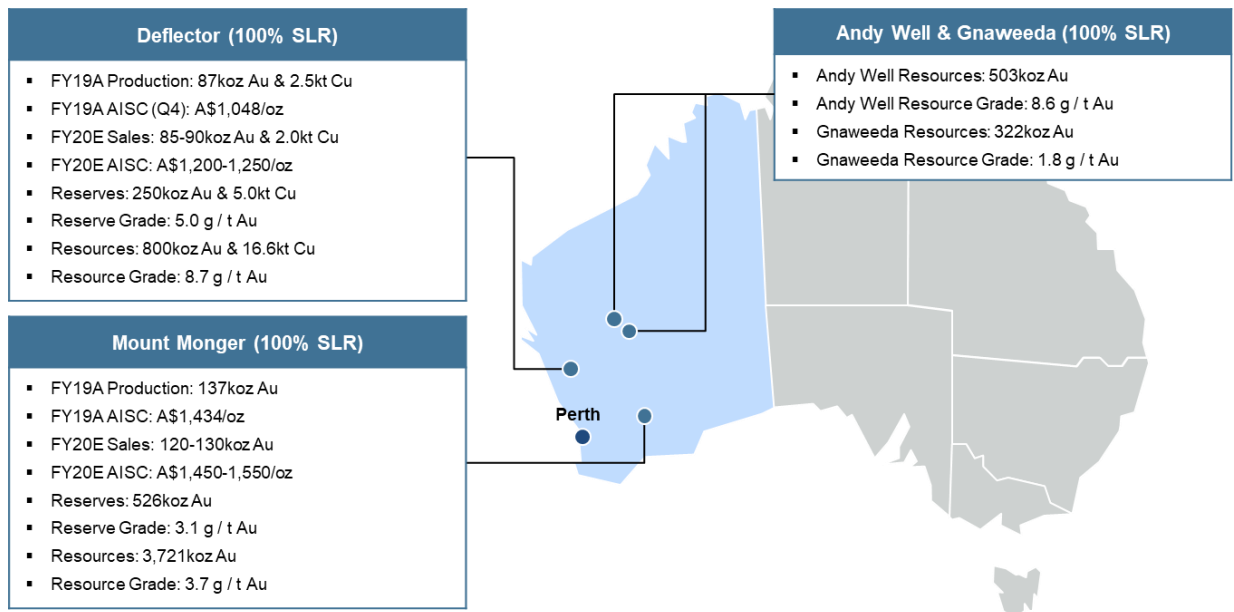


Figure 8 – Silver Lake's asset portfolio

##### Mount Monger (100% Silver Lake)

Mount Monger is located approximately 50km southeast of Kalgoorlie and is a highly endowed gold operation with multiple mines and a history of Reserve replacement and discovery.

Silver Lake currently operates three independent Mining Centres at Mount Monger:

- Daisy Mining Centre (underground)

<sup>17</sup> As reported in Silver Lake's June Quarterly dated 30 July 2019.

- Mount Belches Mining Centre (underground)
- Aldiss Mining Centre (open pit)

Ore from the three mining centres at Mount Monger are transported to the 1.3Mtpa Randalls Mill (conventional crush, grind CIP plant).

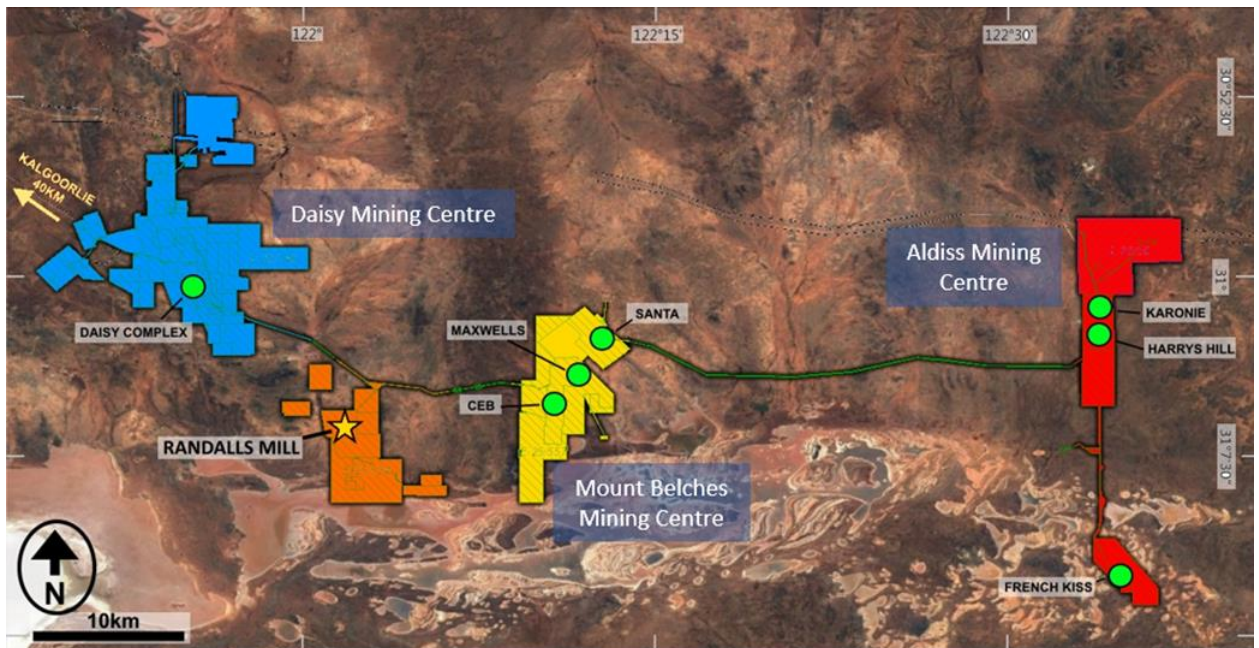


Figure 9 – Mount Monger mining centres and Randalls Mill

Metric	FY19	FY18	FY17	FY16
Ore mined (t)	1,419,100	1,269,722	1,306,508	1,286,196
Mined grade (g/t)	3.5	4.2	3.5	3.4
Contained gold (oz)	158,549	171,616	148,244	141,165
Ore milled (t)	1,229,195	1,256,120	1,300,152	1,236,600
Milled grade (g/t)	3.7	4.2	3.5	3.5
Recovery (%)	95	92	93	95
Gold produced (oz)	136,767	157,936	135,837	131,109
Gold sales (oz)	141,006	151,250	137,000	132,400

Figure 10 – Mount Monger mine and mill statistics

Mount Monger has more than a 10-year track record of production under Silver Lake ownership. Sales guidance for FY20 is 120,000 to 130,000 ounces of gold with an AISC of A\$1,450 to A\$1,550/oz<sup>18</sup>.

Silver Lake's FY20 exploration budget for Mount Monger is \$10 million and will predominantly focus on aggressively advancing near term development opportunities including Easter Hollows, Santa and Tank, all of which have successfully advanced over the past 12-24 months and have the potential to enhance the production and margin profile at Mount Monger in FY21 and beyond.<sup>19</sup>

<sup>18</sup> As reported in Silver Lake's June Quarterly dated 30 July 2019.

<sup>19</sup> For further details refer to Silver Lake's ASX release 30 July 2019, June 2019 Quarterly Activities Report

## Deflector (100% Silver Lake)

Deflector is located in the Southern Murchison region of Western Australia, 400km north of Perth and approximately 50km south-west of Yalgoo.

Deflector is a structurally controlled, shallow, narrow vein, high-grade gold and copper underground mine. The Deflector underground mine is a recent development with first underground production in the March quarter of 2017.

The Deflector processing facility comprises a 3-stage closed crushing circuit, ball mill, gravity gold circuit and conventional copper float circuit. The plant has a design hard rock capacity of approximately 460,000 tonnes per annum which has consistently been exceeded over the past 12 months and is permitted to a capacity of 700,000 tonnes per annum.

Metric	FY19 <sup>20</sup>	FY18	FY17
Ore milled (t)	607,116	549,960	444,987
Gold grade (g/t)	5.0	4.2	4.5
Copper grade (%)	0.5	0.7	1.6
Gold recovery (%)	90	87	81
Copper recovery (%)	91	85	66
Gold produced (oz)	87,102	64,593	49,129
Copper produced (t)	2,520	3,413	4,599

Figure 11 – Deflector mine and mill statistics

Deflector is forecast to sell between 85,000 to 90,000 ounces gold and 2,000 tonnes copper for 95,000 to 100,000 ounces gold equivalent<sup>21</sup> in FY20 with an AISC of A\$1,200 to A\$1,250/oz<sup>22</sup>.

Exploration expenditure in FY20 at Deflector is expected to be \$8 million, including both surface and underground exploration. The primary focus of drilling will be infilling and extending mineralisation identified by the successful FY19 exploration program which extended “Deflector” style mineralisation to the south and west beyond the current Mineral Resource envelope. The southern extent of Deflector (which remains open) has the potential to add to the current 4-year base case Deflector mining schedule which is supported by Measured and Indicated Mineral Resources.<sup>23</sup>

### Other Assets

Silver Lake owns the Andy Well and Gnaweeda gold projects located in the northern Murchison region of Western Australia. The Andy Well project and associated infrastructure was transitioned to care and maintenance in November 2017.

Refer to section 5.3 of the Bidder's Statement for further details of Silver Lake and its projects.

### 3.3 Directors of Silver Lake

The directors of Silver Lake are as follows:

- (a) Mr David Quinlivan – Non-Executive Chairman;

<sup>20</sup> Deflector was acquired by Silver Lake pursuant to the Doray merger in April 2019 with prior production statistics as reported by Doray Minerals.

<sup>21</sup> Guidance for Silver Lake, including gold equivalent calculation and methodology and assumptions, set out in Silver Lake June Quarterly ASX announcement dated 30 July 2019.

<sup>22</sup> As reported in Silver Lake's June Quarterly dated 30 July 2019.

<sup>23</sup> As reported in Silver Lake's June Quarterly dated 30 July 2019.

- (b) Mr Luke Tonkin – Managing Director;
- (c) Mr Les Davis – Non-Executive Director;
- (d) Mr Kelvin Flynn – Non-Executive Director; and
- (e) Mr Peter Alexander – Non-Executive Director.

Biographical details of each of the Silver Lake Directors are summarised in section 7.3 of the Bidder's Statement.

### **3.4 Historical and pro forma financial information**

Section 5.6 of the Bidder's Statement sets out detailed information relating to the historical and pro forma financial information.

### **3.5 Capital structure of Silver Lake**

Sections 5.7, 5.8 and 5.9 of the Bidder's Statement set out detailed information relating to the corporate and capital structure of Silver Lake, including its substantial shareholders.

### **3.6 Further information about Silver Lake**

Section 5 of the Bidder's Statement contains further information relating to Silver Lake and section 9.3 sets out the common risks associated with an investment in Silver Lake and EganStreet.

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## 4. Important Information for Shareholders to Consider

### 4.1 The Offer

Silver Lake announced its intention to make a takeover bid for EganStreet on 30 July 2019. A summary of the Offer is in section 6 of this Target's Statement and section 4 of the Bidder's Statement. The Offer is open for acceptance until 7pm (EST) on 20 September 2019, unless the Offer is extended or withdrawn.

### 4.2 Value of the Offer

The consideration being offered by Silver Lake of 0.27 Silver Lake Shares for each EganStreet Share has implied a value ranging between \$0.28 to \$0.40 per EganStreet Share based on Silver Lake's last closing share prices between the Announcement Date and the date of this Target's Statement.

The Directors have not obtained independent advice on the value of the Offer. An independent expert's report is only required where the bidder's voting power in the target is 30% or more, or if a director of the target company is a bidder or a director of the bidder company. This requirement does not apply to the Offer.

The Directors do not consider obtaining an independent expert's report is in the best interest of EganStreet Shareholders given the additional cost and time required in the context of a potential delay to the completion to the Offer. Additionally:

- the EganStreet Board considers itself appropriately qualified and experienced to make a recommendation in relation to the Offer;
- the EganStreet Board engaged the services of an appropriately qualified and experienced financial adviser;
- the Bidder's Statement and publicly available information is sufficient for EganStreet Shareholders to determine whether or not to accept the Offer; and
- the available market value of both Silver Lake Shares and EganStreet Shares on the ASX provides a transparent and reasonable basis for assessing the merits of the Offer and Silver Lake's prospects generally. Relevant to this point, Silver Lake Shares are more liquid than EganStreet Shares as described in sections 1.2(e) and 2.5 of this Target's Statement.

In the absence of an independent expert's advice and in any event, Shareholders are urged to carefully read and consider the Bidder's Statement.

The implied value of the Offer Price will fluctuate during the Offer Period with the Silver Lake Share price. Accordingly, if the Silver Lake Share price falls, the implied value of the Offer Price will fall. Likewise, if the Silver Lake Share price rises, the implied value of the Offer Price will rise. The table below illustrates the implied value of the Offer Price based on the Silver Lake Share price range of \$0.80 to \$1.70.

Silver Lake Share Price	Offer Ratio	Implied Offer Price per EganStreet Share
\$0.80	0.27x	\$0.22
\$0.90	0.27x	\$0.24
\$1.00	0.27x	\$0.27

<b>\$1.075<sup>24</sup></b>	<b>0.27x</b>	<b>\$0.29</b>
\$1.10	0.27x	\$0.30
\$1.20	0.27x	\$0.32
\$1.30	0.27x	\$0.35
\$1.40	0.27x	\$0.38
<b>\$1.48<sup>25</sup></b>	<b>0.27x</b>	<b>\$0.40</b>
\$1.50	0.27x	\$0.41
\$1.60	0.27x	\$0.43
\$1.70	0.27x	\$0.46

To assist EganStreet Shareholders in their understanding of the implied value of the Offer Price the following chart shows the closing price and volume traded of Silver Lake on the ASX over the last 12 months to the last date prior of the date of this Target's Statement.



Figure 12: Closing price of Silver Lake shares on the ASX for 12 months ended 29 July 2019

The last recorded sale price of Silver Lake Shares traded on ASX before the announcement of the Offer and before the date of this Target's Statement are detailed in the first paragraph of this section.

### 4.3 Minority ownership consequences

Silver Lake's Offer is presently subject to a minimum acceptance condition which, if fulfilled (and all the other conditions are fulfilled or freed), will entitle it to compulsorily acquire all outstanding EganStreet Shares. Silver Lake has the right to free the Offer from this condition at any time.

<sup>24</sup> Representing the last closing price of Silver Lake Shares on ASX on 22 August 2019, the last day of trading prior to the date of this Target's Statement.

<sup>25</sup> Representing the last closing price of Silver Lake Shares on ASX on 29 July 2019, the last day of trading prior to the Announcement Date.



If Silver Lake frees the Offer from this condition, but acquires the majority of the EganStreet Shares, there may be a number of possible implications for EganStreet shareholders, including:

- (a) Silver Lake will be in a position to cast the majority of votes at a general meeting of EganStreet. This will enable it to control the composition of EganStreet's Board and senior management, determine EganStreet's dividend policy and control the strategic direction of the businesses of EganStreet and its subsidiaries;
- (b) the EganStreet Share price may fall immediately following the end of the Offer Period and it is unlikely that EganStreet's Share price will contain any takeover premium;
- (c) liquidity of EganStreet Shares may be lower than at present;
- (d) Silver Lake may seek to have EganStreet removed from the official list of ASX if the corporate and compliance costs of maintaining those listings outweigh the benefits of being listed. If this occurs, EganStreet Shares will not be able to be bought or sold on ASX; and
- (e) if Silver Lake acquires 75% or more of the EganStreet Shares it will be able to pass a special resolution of EganStreet. This will enable Silver Lake to, among other things, change EganStreet's constitution.

If Silver Lake does proceed to compulsory acquisition, then EganStreet shareholders who do not accept the Offer will still be entitled to receive the bid consideration. However, as a result of the need to complete the compulsory acquisition procedures in the Corporations Act, there is likely to be a delay of up to six weeks in the provision of that consideration, and therefore in the earliest date on which Silver Lake Shares could be traded. See section 6.14 of this Target's Statement for further information.

#### **4.4 Dividend issues for EganStreet Shareholders**

EganStreet has not paid a dividend to Shareholders since listing on ASX. As an exploration company, the Directors consider it unlikely that EganStreet will pay dividends in the foreseeable future if the Company continues as a stand-alone entity with its current business composition.

Silver Lake advised in section 8.7 of the Bidder's Statement that in respect of the combined group it will consider its capital management policies including dividends on the basis of underlying financial performance and cash flow, commodity price expectations, balance sheet and treasury risk management, working capital needs and competing internal and external investment opportunities necessary for renewal and future growth.

#### **4.5 Other alternatives to the Offer**

At the date of this Target's Statement, no offers (other than Silver Lake's Offer) have been made to acquire your EganStreet Shares.

#### **4.6 EganStreet Share price absent the Offer**

While there are many factors that influence the market price of EganStreet Shares, the Directors anticipate that, following the close of the Offer the market price of EganStreet Shares may fall if Silver Lake's Offer fails, if Silver Lake acquires more than 50% (but less than 90%) of the EganStreet Shares or if the Offer is otherwise unsuccessful.

#### **4.7 Taxation consequences of a change in control in EganStreet**

The taxation consequences of accepting the Offer depends on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation

considerations of accepting the Offer are in section 8.1 of this Target's Statement and section 10 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement and the Target's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

#### **4.8 Treatment of overseas EganStreet Shareholders and holders of Small Parcels**

Any EganStreet Shareholder whose address (as recorded in the register of members of EganStreet provided by EganStreet to Silver Lake) is in a place outside Australia, or any EganStreet Shareholder who, if they accept the Offer would be holders of Small Parcels, will not be issued with Silver Lake Shares under the Offer.

Instead, the relevant Silver Lake Shares (that would otherwise be issued to such foreign holders or holders of Small Parcels) will be allotted to a nominee approved by ASIC who will sell the Silver Lake Shares and will distribute to each of those foreign holders or holders of Small Parcels their proportion of the proceeds of sale net of expenses.

See sections 11.18 and 11.19 of the Bidder's Statement for further details.

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## 5. Your Choices as an EganStreet Shareholder

### **Your Directors recommend that you ACCEPT the Offer (in the absence of a Superior Proposal).**

In considering whether to accept the Offer, the Directors encourage you to seek professional advice if you are unsure as to whether acceptance of the Offer is in your best interests, taking into account your individual circumstances.

The Bidder's Statement contains important information which Shareholders are urged to read carefully. Shareholders should note that EganStreet has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement and neither EganStreet nor its Directors or advisers makes any representation as to the accuracy or completeness of information contained in the Bidder's Statement. To the fullest extent permitted by law, each of those parties disclaims liability to any person who acts in reliance on that information.

Shareholders who would like further information on EganStreet or its projects before making a decision about the Offer are encouraged to exercise their right under the Corporations Act to obtain from ASIC copies of all documents lodged by EganStreet with ASIC or ASX (including EganStreet's 2018 Annual Report, December 2018 Half-Year Financial Report and the June 2019 Quarterly Report). Alternatively, they can visit EganStreet's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au).

During the Offer Period you have the following choices:

#### **ACCEPT the Offer**

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and the Acceptance Form.

Subject to the conditions of the Offer being satisfied or waived (including the 90% minimum acceptance condition), you will receive 0.27 Silver Lake Shares for every EganStreet Share you own. Note that particular arrangements apply to EganStreet Shareholders whose address is in a place outside Australia or whose shareholding is a Small Parcel, as explained in section 4.8 of this Target's Statement and section 4.1.5 of the Bidder's Statement.

You should be aware that once you accept the Offer your acceptance cannot be withdrawn except in the limited circumstances listed in the Corporations Act. You should consider the timing of any acceptance of the Offer in light of the fact that a superior bid by another party may emerge which you would be precluded from accepting if you had already accepted Silver Lake's Offer. At the date of this Target's Statement, EganStreet's Directors are not aware of a proposal by anyone to make a superior bid.

You should be aware that the market price of Silver Lake Shares may fall after you have accepted the Offer.

You should also consider the tax consequences of accepting the Offer (see section 8.1 of this Target's Statement).

**OR**

## **REJECT the Offer**

If you wish to retain your EganStreet Shares, you need take no action in relation to the Offer. EganStreet Shareholders should note that if Silver Lake acquires 90% of the EganStreet Shares under the Offer, it will be entitled to compulsorily acquire the EganStreet Shares that it does not already own.

## **OR**

### **SELL your EganStreet Shares on ASX**

You can sell your EganStreet Shares on ASX. The price you will receive will depend on the prevailing market price of EganStreet Shares at the time of sale. You should be aware that the market price of EganStreet Shares may rise or fall during the Offer Period. You should also note that if you sell your EganStreet Shares on ASX:

- (a) you are likely to pay brokerage on the sale (and GST on that brokerage);
- (b) you would not be eligible for CGT rollover relief (see section 8.1 of this Target's Statement);
- (c) you will not benefit from any price increase which may be offered by Silver Lake and equally you will not be exposed to any price decrease of Silver Lake Shares which may result;
- (d) you will receive payment earlier than if you accept Silver Lake's Offer (typically, 2 business days after the sale), as opposed to receiving Silver Lake Shares in accordance with Silver Lake's Offer which will be at a later time; and
- (e) a sale on ASX provides certainty, whereas a sale to Silver Lake by accepting the Offer will be subject to the conditions of the Offer being fulfilled.

In relation to (c) above, you should note that Silver Lake has given no indication that it intends to increase its Offer consideration.

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## 6. Key Features of Silver Lake's Offer

### 6.1 Consideration payment to Shareholders who accept the Offer

Under the Offer, the consideration being offered by Silver Lake is 0.27 Silver Lake Shares for every one EganStreet Share.

### 6.2 Conditions to the Offer

Silver Lake's Offer is subject to a number of conditions. Those conditions are in section 4.1.4 of the of the Bidder's Statement. Details of any act, omission, event or fact that would result in any of the conditions to the Offer not being fulfilled by the end the Offer Period are in section 6.4 of this Target's Statement.

The conditions to the Offer are:

(a) Minimum Relevant Interest

At or before the end of the Offer Period, Silver Lake and its Related Bodies Corporate together have a Relevant Interests in at least 90% of all EganStreet Shares.

(b) No regulatory action

Between the Announcement Date and the end of the Offer Period:

(a) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority;

(b) no action or investigation is commenced by any Regulatory Authority; and

(c) no application is made to any Regulatory Authority (other than by Silver Lake or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of EganStreet Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of Silver Lake in respect of EganStreet, or requires the divestiture by any entity within the Silver Lake Group of any EganStreet Shares, or requires the divestiture of any assets of the Silver Lake Group or the EganStreet Group.

(c) No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive) no EganStreet Material Adverse Change occurs.

(d) No material acquisition, disposals or new commitments

Between the Announcement Date and the end of the Offer Period (each inclusive), neither EganStreet nor any Subsidiary of EganStreet, other than with the prior written consent of Silver Lake:

- (a) acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than A\$300,000;
- (b) disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than A\$300,000;
- (c) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement, joint venture or partnership that:
  - (1) requires payments, expenditure or the foregoing of revenue by EganStreet and/or any of its Subsidiaries of an amount in excess of A\$150,000 on any individual basis or which is, in aggregate, greater than A\$300,000; or
  - (2) is material in the context of the EganStreet Group and is not in the ordinary course of business;
- (d) enters into or agrees to enter into, terminates or agrees to terminate a contract, commitment or arrangement for the provision of services or a licence to a third party that is a new or existing customer that results in EganStreet and/or any of its Subsidiaries incurring costs greater than A\$150,000 on an individual basis or is, in aggregate, greater than A\$300,000 for the entire term of such contract, commitment or arrangement;
- (e) provides or agrees to provide financial accommodation or a guarantee, other than to entities within the EganStreet Group for any amount, or receives financial accommodation other than from entities within the EganStreet Group for any amount;
- (f) enters into, amends, or agrees to enter into or amend any material contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of EganStreet;
- (g) incurs, agrees to incur or bring forward the time for incurring, or granting to a third party a right the exercise of which would involve EganStreet or a Subsidiary of EganStreet incurring or agreeing to incur an amount of capital expenditure in excess of A\$300,000, other than capital expenditure that has been announced by EganStreet to ASX prior to the Announcement Date;
- (h) gives or agrees to give any encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (i) does any of the following in respect of the Tenements:
  - (1) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including

without limitation any ore sale, ore processing, joint venture, partnership, farm-in, royalty, marketing, or off-take agreement) in relation to any of the Tenements;

(2) relinquishes, sells or disposes of any interest or creates any Encumbrance over any of the Tenements;

(3) takes any action or omits to take any action that results in or may reasonably be expected to result in a breach of the terms any of the Tenements or any environmental authority relating to any of the Tenements; or

(4) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Tenements or any environmental authority relating to any of the Tenements; or

(j) without limiting sub-paragraphs (a) to (i) above:

(1) enters into, offers to enter into, agrees to enter into or announces any agreement for any transaction; or

(2) is otherwise affected by any transaction or proposal,

under which any third party would acquire any legal or economic interest in, or there would be any material diminution in, the rights granted under any tenement held by any entity within the EganStreet Group; or

(k) announces an intention to do any of the matters referred to in sub-paragraphs (a) to (i) above,

other than:

(l) where required or permitted by the Bid Implementation Deed; or

(m) as fully and fairly disclosed by EganStreet in an ASX announcement or to Silver Lake in writing prior to execution of the Bid Implementation Deed.

(e) No EganStreet Prescribed Occurrences

There not occurring an EganStreet Prescribed Occurrence during the Offer Period.

(f) No change of control rights

Between the Announcement Date and the end of the Offer Period (each inclusive), no person has or will have any right as a result of Silver Lake making the Offer or announcing its intention to make the Offer, or acquiring EganStreet Shares under the Offer, to:

(a) acquire, or require the disposal of, or require any entity within the EganStreet Group to offer to dispose of, any material asset of any entity within the EganStreet Group;

(b) terminate, or vary the terms or performance of, any material agreement with any entity within the EganStreet Group;

- (c) terminate, or vary the terms of any material approvals, licenses or permits issued by any Regulatory Authority to any entity within the EganStreet Group; or
- (d) require repayment of any moneys borrowed by or any other indebtedness of any entity within the EganStreet Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the EganStreet Group to borrow moneys or incur indebtedness,

other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and disclosed to the ASX or as fully and fairly disclosed by EganStreet.

- (g) No material breach of Bid Implementation Deed

Between the Announcement Date and the end of the Offer Period, Silver Lake does not become entitled to terminate the Bid Implementation Deed (under clause 11.1 of the Bid Implementation Deed) as a result of any material breach of the Bid Implementation Agreement or of the representations and warranties given by the Target under the Bid Implementation Deed becoming untrue or incorrect in any material respect.

- (h) No financing or alternate processing

Between the Announcement Date and the end of the Offer Period (each inclusive), neither EganStreet nor any Subsidiary of EganStreet, other than with the prior written consent of the Bidder:

- (a) gives or agrees to give any encumbrance over any of its assets (or an interest in any of its assets) or enters into financing arrangements of any sort, whether in the ordinary and usual course or otherwise, in support of or for an amount equal to or more than A\$1,000,000; or
- (b) enters into or agrees to enter into any transaction between EganStreet and a third party for an alternate processing option for the Rothsay Gold Project, including leasing or toll treating, which is substantially different than the processing option set out in EganStreet's disclosure to the ASX prior to the date of the Bid Implementation Deed including the "Updated Definitive Feasibility Study" outcomes announced on 12 February 2019.

- (i) Third party consents

Prior to the end of the Offer Period, all third-party consents are obtained (and are not withdrawn or revoked) in respect of implementation of the Offer.

- (j) Option Offer

Prior to the date which is seven (7) days before end of the Offer Period, each holder of Options in EganStreet Optionholder accepts the Offer by Silver Lake in respect of the Target Options.

### **6.3 Conditions of the Offer satisfied**

None of the conditions to the Offer have been satisfied at the date of this Target's Statement.



## **6.4 Circumstances which may affect conditions**

Unless otherwise disclosed in this Target's Statement, EganStreet is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer not being fulfilled by the end the Offer Period.

## **6.5 Notice of Status of Conditions**

Clause A9(b) of Appendix A to the Bidder's Statement states that Silver Lake is required to give a Notice of Status of Conditions to ASX and EganStreet by the later of the date that is 7 days before the close of the Offer and the date determined under section 630(2) of the Corporations Act if the Offer Period is extended. The Notice of Status of Conditions is required by section 630(1) of the Corporations Act.

Silver Lake is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the conditions;
- (b) whether, so far as Silver Lake knows, any of the conditions have been fulfilled; and
- (c) Silver Lake's voting power in EganStreet.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Silver Lake is required, as soon as practicable after the extension, to give a notice to ASX and EganStreet that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Silver Lake must, as soon as practicable, give ASX and EganStreet a notice that states that the particular condition has been fulfilled.

## **6.6 Offer Period**

Unless Silver Lake's Offer is extended or withdrawn, it is open for acceptance from 19 August 2019 until 7pm EST on 20 September 2019. The circumstances in which Silver Lake may extend or withdraw its Offer are in sections 6.7 and 0 respectively of this Target's Statement.

## **6.7 Extension of the Offer Period**

Silver Lake may extend the Offer Period, up to a maximum Offer Period of 12 months. EganStreet Shareholders will be sent written notice of any extension, and the extension will be announced to the ASX.

## **6.8 Withdrawal of Offer**

Silver Lake may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Silver Lake may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

## **6.9 Effect of acceptance**

The effect of acceptance of the Offer is set out in clause A7 of Appendix A to the Bidder's Statement. EganStreet Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their

EganStreet Shares and the representations and warranties which they give by accepting of the Offer.

#### **6.10 Your ability to withdraw your acceptance**

You only have limited rights to withdraw your acceptance of the Offer. You may only withdraw your acceptance of the Offer if Silver Lake varies the Offer in a way that postpones, for more than one month, the time when Silver Lake needs to meet its obligations under the Offer. This will occur if Silver Lake extends the Offer Period by more than one month and the Offer is still subject to conditions.

#### **6.11 When you will receive your consideration if you accept the Offer**

In the usual case, you will be issued your consideration on or before the earlier of:

- (a) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; or
- (b) 21 days after the end of the Offer Period.

Subject to the Corporations Act and the Offer becoming unconditional, Silver Lake has stated in its Bidder's Statement that it will use reasonable endeavours to provide the consideration to you within 7 days of the above events.

Full details of payment of your consideration under the Offer are set out in clause A5 of Appendix A to the Bidder's Statement.

#### **6.12 Effect of an improvement in consideration on Shareholders who have already accepted the Offer**

If Silver Lake improves the consideration offered under the Offer, all EganStreet Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

#### **6.13 Lapse of Offer**

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your EganStreet Shares as you see fit.

#### **6.14 Compulsory acquisition**

Silver Lake has indicated in section 8.4 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding EganStreet Shares. Silver Lake will be entitled to compulsorily acquire any EganStreet Shares in respect of which it has not received an acceptance of its Share Offer on the same terms as the Share Offer if, during or at the end of the Offer Period Silver Lake and its associates have a Relevant Interest in at least 90% (by number) of the EganStreet Shares.

If these thresholds are met, Silver Lake will have one month after the end of the Offer Period within which to give compulsory acquisition notices to EganStreet Shareholders who have not accepted the Offer. EganStreet Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a Court that the terms of the relevant Offer do not represent "fair value" for their EganStreet Shares. If compulsory acquisition occurs, EganStreet Shareholders who have their

EganStreet Shares compulsorily acquired are likely to be issued their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

It is also possible that Silver Lake will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the EganStreet Shares. Silver Lake would then have rights to compulsorily acquire Shares not owned by it within six months of becoming the holder of 90%. Silver Lake's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

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## 7. Information Relating to EganStreet Directors

### 7.1 Directors' interests in EganStreet and Silver Lake Securities

At the date of this Target's Statement, the Directors of EganStreet have Relevant Interests in the following EganStreet securities:

Name of Director	EganStreet Shares	EganStreet Options	EganStreet Performance Rights
Marc Ducler	2,053,623	3,000,000	2,326,092
Lindsay Franker	1,629,555	3,000,000	2,326,092
Barry Sullivan	250,000	750,000	0
Simon Eley	3,299,512	750,000	0
Hedley Widdup*	0	0	0

\* Mr Widdup is a director and shareholder of Lion Manager Pty Ltd which holds 1,397,438 EganStreet Shares and 750,000 EganStreet Options. Lion Manager Pty Ltd provides investment management services to Lion Selection Group Limited, which is EganStreet's largest shareholder holding 21,137,007 EganStreet Shares.

No Director of EganStreet has a Relevant Interest in any securities of Silver Lake at the date of this Target's Statement.

### 7.2 Directors' intentions with respect to their own EganStreet Shares

Each of EganStreet's Directors intends, in the absence of a Superior Proposal, to accept the Offer for all of the EganStreet Shares in which they have a Relevant Interest within the 2-day period following 20 September 2019.

### 7.3 Transactions in EganStreet and Silver Lake Securities

There have been no acquisitions or disposals of marketable securities of EganStreet by Silver Lake or any associate of Silver Lake, or Silver Lake by EganStreet or any associate of EganStreet, in the period of four months immediately preceding the date on which the Bidder's Statement was served on EganStreet (being 14 August 2019).

### 7.4 No benefits to Directors

No benefit (other than a benefit permitted under sections 200E or 200F of the Corporations Act) is proposed to be given to an EganStreet Director (or anyone else) in connection with the Director's retirement as a director or executive of EganStreet.

### 7.5 Other agreements or arrangements with EganStreet Directors

Other than as disclosed elsewhere in this Target's Statement, there is no other agreement or arrangement made between a Director of EganStreet and any other person in connection with or conditional upon the outcome of the Offer.

## **7.6 Interests of EganStreet Directors in contracts with Silver Lake**

Other than as disclosed elsewhere in this Target's Statement, no Director of EganStreet has any interest in any contract entered into by Silver Lake.

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## **8. Additional Information**

### **8.1 Taxation implications**

The Australian tax implications of Silver Lake's Offer for EganStreet Shareholders will depend on a number of factors, including:

- (a) whether the Shareholder holds their EganStreet Shares on capital or revenue account for taxation purposes;
- (b) the nature of the Shareholder (i.e. whether the Shareholder is an individual, company, trust, or complying superannuation fund); and
- (c) the tax residency status of the Shareholder (i.e. Australian resident or not).

The Australian tax consequences of the Offer for EganStreet Shareholders are summarised in section 10.2 of the Bidder's Statement, to which reference should be made for further information. The summary is necessarily general in nature and each Shareholder should seek independent advice relevant to their specific circumstances.

EganStreet Shareholders who are residents of Australia for tax purposes and who hold their Shares on capital account for taxation purposes may be eligible for scrip for scrip rollover relief from any capital gain that they may make by accepting Silver Lake's Offer. See section 10.5 of the Bidder's Statement for full details.

### **8.2 Effect of takeover on EganStreet's material contracts**

To the best of EganStreet's knowledge, none of the material contracts to which EganStreet is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of EganStreet.

### **8.3 Compensation Amount**

Under the Bid Implementation Deed, EganStreet has agreed with Silver Lake that in certain circumstances EganStreet will pay a compensation amount of \$500,000 to Silver Lake after the Offer has closed, provided that Silver Lake has not acquired more than 90% of all EganStreet Shares.

These circumstances are as follows:

- (a) any of the EganStreet Directors does not recommend the Offer or qualifies or withdraws their recommendation of the Offer;
- (b) a Competing Proposal is announced or made and any of the Directors recommends that Competing Proposal or the third party who announced or made the Competing Proposal completes the Competing Proposal or acquires more than 50% of EganStreet;
- (c) EganStreet Shareholders at a general meeting approve the taking of any step that would, or would likely, result in a breach of a condition to the Offer (referred to in section 6.2 of this Target's Statement);
- (d) EganStreet or any of the EganStreet directors does, or omit to do, anything which results in a breach of a condition to the Offer (referred to in section 6.2 of this Target's Statement) unless Silver Lake declares the Offer free of the breached condition which Silver Lake may do in its absolute discretion;

- (e) EganStreet breaches the exclusivity provisions (clause 8) of the Bid Implementation Deed; or
- (f) EganStreet materially breaches the Bid Implementation Deed and fails to remedy such breach within 5 business days of EganStreet receiving notice to remedy from Silver Lake.

EganStreet will not have any liability to pay this amount if EganStreet terminates the Bid Implementation Deed in any of the following circumstances (clauses 11.1(a), 11.1(c), 11.1(d) and 11.2 of the Bid Implementation Deed):

- (a) Silver Lake has materially breached the Bid Implementation Deed;
- (b) Silver Lake fails to lodge the Bidder's Statement with ASIC or dispatch offers under the Takeover Bid to EganStreet Shareholders in accordance with the Corporations Act;
- (c) a court or government agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits either the Takeover Bid or Offer, and the action is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of a successful appeal or review;
- (d) a majority of EganStreet Directors recommend a Superior Proposal for a takeover of EganStreet, provided that Silver Lake has been granted an opportunity to match the Superior Proposal in accordance with the Bid Implementation Deed and Silver Lake has decided not to match it; or
- (e) a Silver Lake Material Adverse Change has occurred in relation to Silver Lake.

#### **8.4 Material litigation**

At the date of this Target's Statement, EganStreet is not involved in any material legal disputes and is not a party to any material litigation.

#### **8.5 Issued capital**

At the date of this Target's Statement, EganStreet's issued capital consisted of:

- (a) 132,982,005 EganStreet Shares;
- (b) 13,720,000 EganStreet Options comprising:
  - (i) 8,250,000 Options at \$0.25 each exercisable on or before 13 September 2019;
  - (ii) 350,000 Options at \$0.453 each exercisable on or before 13 September 2019;
  - (iii) 450,000 Options at \$0.476 each exercisable on or before 13 September 2019;
  - (iv) 270,000 Options at \$0.339 each exercisable on or before 13 September 2019;
  - (v) 250,000 Options at \$0.381 each exercisable on or before 13 September 2019;
  - (vi) 2,650,000 Options at \$0.375 each exercisable on or before 13 September 2019; and
  - (vii) 1,500,000 Options at \$0.30 each exercisable on or before 20 August 2021 (EganStreet notes that the vesting conditions in respect of these Options will not be satisfied and accordingly they will not vest).

- (c) 4,652,184 EganStreet Performance Rights comprising:
  - (i) 2,238,804 performance rights expiring 31 July 2020; and
  - (ii) 2,413,380 performance rights expiring 31 July 2021.

## 8.6 Substantial Shareholders

At the date of this Target's Statement, the following shareholders are substantial shareholders of EganStreet:

EganStreet Shareholder	EganStreet Shares	%
Lion Selection Group Limited (ASX:LSX)	21,137,007	15.89%
Chris Retzos	13,350,779	10.04%

## 8.9 Consents

This Target's Statement contains statements made by, or statements said to be based on statements made by, EganStreet's Directors. Each of EganStreet's Directors has consented to the inclusion of each statement he has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Target's Statement.

The following parties have given and have not withdrawn, before the date of issue of this Target's Statement, their written consent to be named in this Target's Statement in the form and context in which they are named:

- (i) GTP Legal as legal advisers to EganStreet; and
- (ii) Taylor Collison as financial advisers to EganStreet.

Each of GTP Legal and Taylor Collison have not authorised or caused the issue of this Target's Statement and do not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based on, other than being named in this Target's Statement in the form and context in which they are named. Each of GTP Legal and Taylor Collison, to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Target's Statement other than a reference to being named in this Target's Statement.

As permitted by ASIC Class Order 13/521, this Target's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of ASX. Under that Class Order, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Target's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact EganStreet on +61 8 6424 8130.

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication, as well as ASX share price trading information sourced from ASX without its consent.



## **8.10 Competent Persons Statement**

The information in this Target's Statement that relates to the Ore Reserves Rothsay Gold Project is based on and fairly represent the information compiled by Mr Gregory Winder. Mr Winder is a full-time employee of EganStreet and is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources*". Mr Winder consents to the inclusion of such information in this Target's Statement in the form and context in which it appears.

The information in this Target's Statement that relates to Mineral Resources for the Rothsay Gold Project is based on information compiled by Mr Mark Zammit. Mr Zammit is a full-time employee of Cube Consulting Pty Ltd and is a Member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources*". Mr Zammit consents to the inclusion of such information in this Target's Statement in the form and context in which it appears.

The information in this Target's Statement that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Ms. Julie Reid, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Ms. Reid is a full-time employee of the Company. Ms. Reid has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms. Reid consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

## **8.11 Publicly available information about EganStreet**

EganStreet is a company listed on the ASX (ASX: EGA) and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. Copies of announcements made by EganStreet to ASX are available from ASX. For information concerning the financial position and affairs of EganStreet, you should refer to the full range of information that has been disclosed by EganStreet pursuant to these requirements. This information may be relevant to your assessment of the Offer.

Further information regarding EganStreet can be obtained via the ASX website at [www.asx.com.au](http://www.asx.com.au), or the EganStreet website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au).

## **8.12 No other material information**

There is no other information that Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- (a) is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and
- (b) is known to any of EganStreet's Directors.

In deciding what information should be included in this Target's Statement, EganStreet's Directors have had regard to, amongst other things, the matters which Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in

documents previously sent to Shareholders and information available from public sources such as ASX, ASIC or EganStreet's website at [www.eganstreetresources.com.au](http://www.eganstreetresources.com.au).

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## 9. Authorisation

Dated: 23 August 2019



A handwritten signature in black ink, appearing to be 'M Ducler', written over a horizontal line.

Marc Ducler being a director of EganStreet authorised to sign this Target's Statement pursuant to a resolution passed at a meeting of the Directors of EganStreet held on 23 August 2019.

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## 10. Glossary and Interpretation

### 10.1 Glossary

In this Target's Statement, unless a contrary intention appears, the following expressions have the following meanings:

**ACCC** means the Australian Competition and Consumer Commission.

**Acceptance Form** means the Transfer and Acceptance Form enclosed with the Bidder's Statement.

**Advisers** means, in relation to an entity, its legal, financial and other expert advisers.

**AISC** means all-in sustaining costs.

**Announcement Date** means 30 July 2019 (being the date the Takeover Bid was announced).

**ASIC** means Australian Securities and Investment Commission.

**ASX** means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

**Bid Implementation Deed** means the bid implementation deed entered into by EganStreet and Silver Lake dated 29 July 2019.

**Bidder's Statement** means the bidder's statement of Silver Lake dated 14 August 2019 which was served on EganStreet on that date.

**Board** means the board of Directors.

**Corporations Act** or **Act** means the *Corporations Act 2001* (Cth).

**Company** or **EganStreet** means Egan Street Resources Limited ACN 144 766 236.

**Competing Proposal** means any expression of interest, proposal, offer, transaction or arrangement:

- (a) which, if entered into or completed, would result in a third party (either alone or together with any associate):
- (1) holding a Relevant Interest or economic interest in (or the have the right to acquire a Relevant Interest or economic interest in) 50% or more of EganStreet Shares;
  - (2) directly or indirectly acquiring or obtaining an economic interest in all or substantially all of the business conducted by, or assets or property of, the EganStreet Group;
  - (3) acquiring control of EganStreet; or
  - (4) otherwise acquiring, or merging with, EganStreet,

whether by way of takeover bid, scheme of arrangement, shareholder-approved transaction, capital reduction, share buy-back, sale or purchase of securities, issue of securities, sale of assets, strategic alliance, dual listed company structure (or other synthetic merger), joint venture, partnership, or other transaction or arrangement; or

- (b) which requires or would require EganStreet or any EganStreet Director to change, withdraw or modify their recommendation of the Takeover Bid; or
- (c) that would, or would reasonably be expected to, reduce the likelihood of success of the Takeover Bid.

**Director** or **EganStreet Director** means a director of EganStreet.

**EganStreet Group** means EganStreet and its Subsidiaries.

**EganStreet Material Adverse Change** means an act, omission, event, change, matter, circumstance or condition occurs, is announced or becomes known to Silver Lake (whether or not it becomes public) where (whether individually or aggregated with other acts, omissions, events, changes, matters, circumstances) has or has resulted in, or could reasonably be expected to have or result in a material adverse effect on:

- (a) the assets, financial or trading position, profitability or prospects of the EganStreet Group, taken as a whole; or
- (b) the status or terms of any material approvals, licences, tenements or permits issued by any Regulatory Authority to any entity within the EganStreet Group,

other than changes, events or conditions:

- (c) required or permitted by the Bid Implementation Deed, the Offer or the transactions contemplated by them;
- (d) fully and fairly disclosed by EganStreet in an ASX announcement or otherwise to Silver Lake in writing prior to execution of the Bid Implementation Deed;
- (e) which do not relate specifically to the EganStreet Group and which are beyond the control of EganStreet and which arise from:
  - (1) changes in commodity prices, exchange rates or interest rates; or
  - (2) general economic, political or business conditions; or
  - (3) changes in laws, regulations and standards (including accounting standards); or
- (f) which took place with the prior written consent of Silver Lake.

**EganStreet Option** means an option to acquire an EganStreet Share.

**EganStreet Performance Right** means a performance right which converts on a one for one basis to an EganStreet Share upon achievement of certain performance milestones prior to the relevant expiry date.

**EganStreet Prescribed Occurrence** means any of the events listed in Schedule 1.

**EganStreet Share** means a fully paid ordinary share in EganStreet.

**FY** means financial year.

A person is **Insolvent** if:

- (d) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or

- (e) it is in liquidation, in provisional liquidation, under administration or wound up or has had a controller appointed to any part of its property; or
- (f) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (g) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (h) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (i) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (j) it is otherwise unable to pay its debts when they fall due; or
- (k) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

**Offer or Silver Lake's Offer** means the offer dated 19 August 2019 made by Silver Lake to acquire EganStreet Shares on the terms and conditions in the Bidder's Statement.

**Offer Period** means the period during which the Offer is open for acceptance.

**Officers** means, in relation to an entity, its directors, officers, and employees.

**Regulatory Authority** means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere, including any self-regulatory organisation established under statute and any stock exchange and for the avoidance of doubt includes ASIC, ASX and the Takeovers Panel.

**Related Bodies Corporate** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given to that term in the Corporations Act.

**Representatives** of a party includes:

- (a) a Related Bodies Corporate of the party; and
- (b) each of the Officers and Advisers of the party or any of its Related Bodies Corporate.

**Rights** means all accretions to and rights attaching to the relevant EganStreet Share at or after the date of the Bidders Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, options or options declared, paid, or issued by EganStreet).

**Rothsay Gold Project** means the Rothsay gold project located 300km north east of Perth, Western Australia and incorporating licences M59/39, M59/40, E 59/2254, E59/1234, E59/2183, E59/2354 and E59/2355 and L59/24 and application for E59/2320 (once granted).

**Shareholder or EganStreet Shareholder** means a holder of EganStreet Shares.

**Silver Lake Group** means Silver Lake and its Related Bodies Corporate.

**Silver Lake** means Silver Lake Resources Limited ACN 108 779 782.

**Silver Lake Performance Right** means a performance rights of SilverLake which entitles the holder to Silver Lake Shares on a one for one basis on the achievement of certain performance milestones by the applicable expiry date.

**Silver Lake Share** means a fully paid ordinary share in Silver Lake.

**Silver Lake Material Adverse Change** means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which has or could reasonably be expected to have a materially adverse effect on the:

- (a) assets, financial or trading position, performance, profitability or prospects of the Silver Lake Group, taken as a whole; or
- (b) status or terms of any material approvals, licences, tenements or permits issued by any Regulatory Authority to any entity within the Silver Lake Group,

but does not include:

- (c) those events or circumstances required to be done or procured by Silver Lake pursuant to this deed;
- (d) those events or circumstances relating to changes in business conditions affecting industry in which both Silver Lake and EganStreet operate in including:
  - (1) changes in commodity prices, exchange rates or interest rates; or
  - (2) general economic, political or business conditions; or
  - (3) changes in laws, regulations and standards (including accounting standards); or
- (d) any event, circumstance or matter or information that is fairly disclosed by Silver Lake, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is fairly disclosed by Silver Lake; or
- (e) any event which took place with the prior written consent of EganStreet.

**Small Parcel** means a parcel of Silver Lake Shares having a value of less than A\$500 based on the highest closing price of Silver Lake Shares on ASX during the period from the date of the Bidder's Statement until the earlier of the end of the Offer Period or five (5) ASX trading days before the first day on which Silver Lake must provide the consideration under the Offer.

**Subsidiaries** has the meaning given in the Corporations Act.

**Superior Proposal** means a bona fide Competing Proposal after the date of the Bid Implementation Deed which the EganStreet Directors have determined, acting in good faith and in order to satisfy what the EganStreet Directors consider to be their fiduciary or statutory duties (and after having taken written advice from their external financial and legal advisers):

- (a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal, including the identity of the person making it, and any legal, financial, regulatory and timing considerations and any conditions precedent; and

- (b) would, if completed substantially in accordance with its terms, be more favourable to EganStreet Shareholders (as a whole) than the Takeover Bid, (as such Takeover Bid may be amended or varied following application of the matching rights in clause 8.5 of the Bid Implementation Deed) taking into account all the terms and conditions of the Competing Proposal and the identity of the person making the Competing Proposal,

other than, for the avoidance of doubt:

- (c) a stand-alone transaction for the development of the Rothsay Gold Project entered into by EganStreet or the EganStreet Group that results, or would be likely to result, in an encumbrance equal to or more than A\$1,000,000 or equity raising equal to or more than A\$1,000,000; or
- (d) any transaction between EganStreet and a third party for an alternate processing option for the Rothsay Gold Project, including leasing or toll treating, which is substantially different than the processing option set out in the EganStreet's disclosure to the ASX prior to the date of the Bid Implementation Date including the "updated definitive feasibility study" outcomes announced on 12 February 2019.

**Takeover Bid** means Silver Lake's takeover bid for EganStreet in accordance with the terms of the Offer.

**Takeover Panel** has the same meaning as in the Corporations Act.

**Target's Statement** means this target's statement.

**Target Options** means the options in EganStreet which form part of Silver Lake's Offer.

**Target Performance Rights** means the performance rights in EganStreet which form part of Silver Lake's Offer.

**Tenements means:**

- (a) the Rothsay Gold Project; and
- (b) licence E08/2847 located south of Onslow, Western Australia.

**VWAP** means volume weighted average price.

## 10.2 Interpretation

In this Target's Statement:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the word "includes" in any form is not a word of limitation;

and unless the context indicates a contrary intention:

- (c) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;



- (e) a reference to any document (including this Target's Statement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Target's Statement, and a reference to this Target's Statement includes any schedule, exhibit or annexure to this Target's Statement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) a reference to "\$" or "dollar" is to Australian currency;
- (k) if any day appointed or specified by this Target's Statement for the payment of any money or doing of anything falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day.

## Schedule 1 EganStreet Prescribed Occurrences

1. EganStreet or any of its Subsidiaries converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act.
2. EganStreet or any of its Subsidiaries resolves to reduce its share capital in any way.
3. EganStreet or any of its Subsidiaries enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act.
4. EganStreet or any of its Subsidiaries issues shares (other than as a result of the exercise of Target Options or Target Performance Rights) or grants an option over its shares, or agrees to make such an issue or grant such an option.
5. EganStreet or any of its Subsidiaries issues, or agrees to issue, convertible notes.
6. EganStreet or any of its Subsidiaries disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property.
7. EganStreet or any of its Subsidiaries charges, or agrees to charge, the whole, or a substantial part, of its business or property.
8. EganStreet or a Subsidiary of EganStreet resolves to be wound up.
9. A liquidator or provisional liquidator of EganStreet or of a Subsidiary of EganStreet is appointed.
10. A court makes an order for the winding up of EganStreet or of a Subsidiary of EganStreet.
11. An administrator of EganStreet or of a Subsidiary of EganStreet is appointed under section 436A, 436B or 436C of the Corporations Act.
12. EganStreet or a Subsidiary of EganStreet executes a deed of company arrangement.
13. A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of EganStreet or a Subsidiary of EganStreet.

A prescribed occurrence will not include any of the above events or undertakings expressly permitted by the Bid Implementation Deed or which Silver Lake has previously approved in writing.

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