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SILVER LAKE CLARIFIES ASSERTIONS MADE REGARDING COMPETING PROPOSAL TO ACQUIRE ST BARBARA'S LEONORA ASSETS

Silver Lake Resources Limited (**Silver Lake** or the **Company**) refers to the ASX announcement made by St Barbara Limited (**St Barbara**) on 4 May 2023 (the **St Barbara Announcement**) in regard to its indicative proposal to acquire St Barbara's Leonora assets in Western Australia (**Silver Lake Proposal**).

The Silver Lake Proposal, which was made public on 4 May 2023 following several unsuccessful attempts to engage with the St Barbara Board over the past 12 months, provides an alternative to the proposed sale of St Barbara's Leonora assets to Genesis Minerals Limited (**Genesis**) pursuant to an asset sale agreement announced to ASX on 17 April 2023 (**Genesis Transaction**).

Silver Lake is extremely disappointed that the St Barbara Board has determined not to engage with it to explore a transaction that has the potential to be beneficial to both sets of shareholders, create a new mid-tier gold producer with immediate gold production of ~400koz p.a. and is considered by Silver Lake to be a superior outcome (if completed) for St Barbara shareholders than the existing Genesis Transaction.

St Barbara's ASX releases indicate that the deal protection undertakings entered into with Genesis are considered to be 'customary' and subject to "fiduciary out" exceptions.

If this is the case, there should be no reason why simply exploring the Silver Lake Proposal (including granting the proposed 2 week period for targeted due diligence) would in any way delay the proposed timetable for completion of the Genesis Transaction, unless the Silver Lake Proposal is converted into a binding offer and the St Barbara Board determines at that time that Silver Lake's binding offer is superior to the Genesis Transaction.

Had the St Barbara board allowed Silver Lake to undertake due diligence immediately following submission of the Silver Lake Proposal on 28 April 2023, Silver Lake would now be 7 days away from completing those enquiries and advancing towards submitting a binding proposal, which would then potentially trigger Genesis's matching rights.

Silver Lake wishes to clarify certain assertions made in the St Barbara Announcement in relation to the Silver Lake Proposal:

- On any measure, the premium offered by the Silver Lake Proposal is superior to that provided under the Genesis Transaction.
- It is not appropriate to recognise full value for the contingent consideration component of the Genesis Transaction when assessing the premium offered by Silver Lake, as receipt of that consideration by St Barbara remains uncertain.
- The Silver Lake Proposal is supported by A\$268 million in cash as at 31 March 2023 and a US\$150 million credit approved debt facility provided by Taurus Mining Finance Fund No 2 LP (**Taurus**). Taurus has a proven track record of providing acquisition funding facilities.
- Silver Lake did not impose any absolute requirement on St Barbara to distribute all of the share component of the Silver Lake Proposal to St Barbara shareholders, but rather invited a discussion to better understand St Barbara's commercial requirements. Even without St Barbara retaining a portion of that share consideration and assuming the same use of proceeds as disclosed in the Genesis Transaction, St Barbara would be left with \$148 million in cash and \$24 million in listed securities.¹
- The Silver Lake Proposal included a A\$25 million working capital facility to assist St Barbara to manage its working capital requirements through to transaction completion.

¹ For further information on this calculation, see footnotes 14 and 15 below.

- The Leonora assets have a clear strategic fit and are complementary to Silver Lake’s current portfolio of underground mines and its management team’s demonstrated experience and track record of running underground mines in Western Australia. Silver Lake generated the leading total shareholder return amongst current comparable Australian gold producing companies over the past 5 years of 197%.²
- The majority of any potential synergies between St Barbara and Genesis are expected to be available to the owner of the Leonora assets on a stand-alone basis, noting that St Barbara’s scalable Leonora mill has significant and increased incumbency value in the prevailing climate and the limited quantification of operational synergies between St Barbara and Genesis. Relevantly:
 - The suggested operational synergies in relation to the Genesis Transaction appear to be underpinned by an assumption that material from Genesis’s Ulysses project will be processed through the Leonora mill - as Genesis’s Ulysses project does not have a declared Ore Reserve, the assessment of any such synergies seems premature.
 - Statements from both St Barbara and Genesis that an ore purchase agreement is being worked on in the event the Genesis Transaction does not complete suggests that treating Ulysses material through St Barbara’s Leonora mill is more economic for Genesis than processing that material via Dacian’s Mt Morgans mill (which is currently on care and maintenance and would require the material to be hauled ~100km³ and an ore purchase or toll treatment agreement to be entered into with Dacian). The “unique” and unquantified operational synergies suggested by Genesis appear to be largely for the benefit of Genesis shareholders rather than St Barbara shareholders.
 - Despite St Barbara and Genesis having “worked together over 12 months to fully understand the significant unique synergies to be unlocked by combining St Barbara’s Leonora assets and Genesis’ neighbouring assets”⁴ there is limited quantification of these ‘unique’ synergies by Genesis in its presentation dated 17 April 2023 - only a high level qualitative outlook is provided, with an intention to conduct a “strategic review” in the December 2023 half year prior to a “launch” of a new strategic plan in the March quarter of 2024.
 - The most material element of the unique synergies quantified by Genesis and St Barbara (being corporate and support cost rationalisation at Leonora)⁵ would also be available to Silver Lake under the Silver Lake Proposal, given its established technical services and management systems and demonstrated track record of operating underground and open pit mines in Western Australia.
- The St Barbara Managing Director posted on LinkedIn around 20 April 2023 a picture of a set of keys with a Welsh dragon together with a comment to the effect that these are the keys to the Gwalia mine and that he looked forward to “integrating Genesis for the 1st July handover”. St Barbara shareholders have not yet voted on whether to approve the sale of St Barbara’s main undertaking to Genesis, such that it appears presumptuous and inappropriate to be making such public statements.

In any event, the structure of the Genesis Transaction (being an asset level transaction rather than a corporate transaction) means that St Barbara shareholders must now decide whether to support the Genesis Transaction, or consider available avenues to exercise their shareholder rights to require the St Barbara Board to engage with Silver Lake.

Subject to good faith and meaningful engagement by the St Barbara Board, Silver Lake remains committed to working with St Barbara to convert the Silver Lake Proposal to a binding offer on an expedited basis.

² Total shareholder return (TSR) of 197% over the period from 29 March 2018 to 31 March 2023 according to Bloomberg, which is the highest TSR out of current comparable ASX-listed gold producers that were producing through the period (assuming all dividends are re-invested).

³ Refer to the investor presentation released by Genesis Minerals Ltd on 17 April 2023, the Genesis Minerals Ltd 31 December 2022 Quarterly Report, the St Barbara Limited 31 December 2022 Quarterly Report and the investor presentation released by Genesis Minerals Ltd on 5 July 2022 in relation to the acquisition of Dacian Gold Limited (Dacian). Genesis has an 80.1% shareholding in Dacian.

⁴ See ASX announcement released by Genesis Minerals Ltd on 4 May 2023.

⁵ See joint ASX announcement released by St Barbara and Genesis Minerals on 12 December 2022.

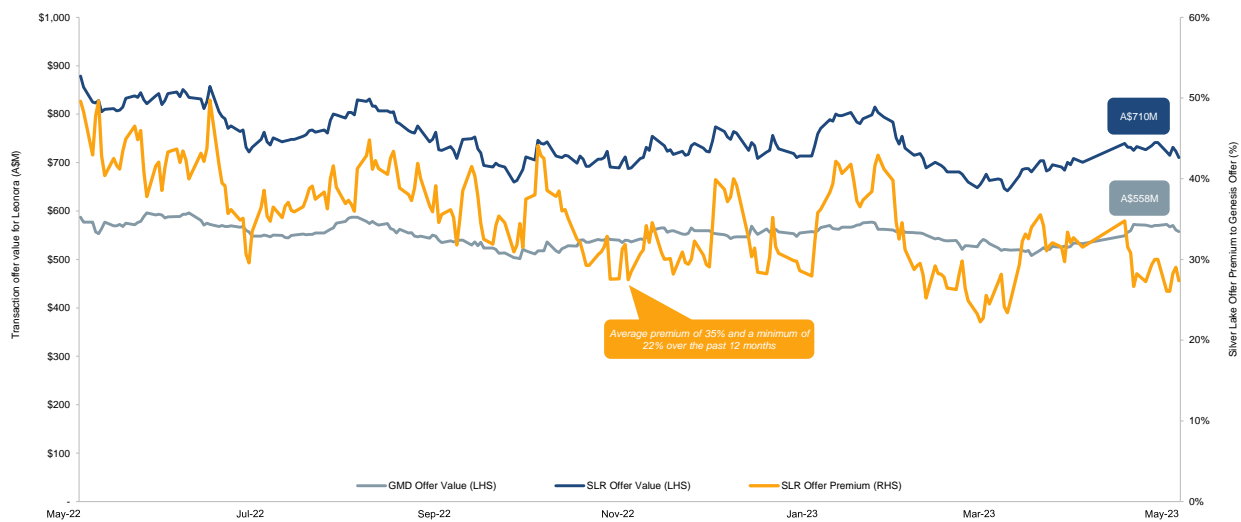
Silver Lake Proposal Premium

On a pro forma look back basis, the premium of the Silver Lake Proposal compared to the Genesis Transaction on any given day has averaged 35%⁶ over the past 12 months.

Under St Barbara's indicative post-tax methodology, but excluding the contingent consideration under the Genesis Transaction (given receipt of that consideration by St Barbara remains uncertain), the past 12 month premium has averaged 23%.⁷

Even including the contingent consideration payable under the Genesis Transaction, notwithstanding that St Barbara may never receive such amounts, and under St Barbara's indicative post-tax methodology, the average premium over the past 12 months was 13%.⁸

Figure 1 - Silver Lake Proposal value, Genesis Transaction value and offer premium on a rolling 12 month look-back basis⁹



Under the Silver Lake Proposal, St Barbara will own 26.0% of Silver Lake on an undiluted basis and 25.7% of Silver Lake on a fully diluted basis (~1% difference).

Under the Genesis Transaction, St Barbara will own 15.2% of Genesis on an undiluted basis and 14.5% of Genesis on a fully diluted basis (~5% difference), after accounting for the ~49.2 million of Genesis management options and performance rights and investor options on issue as at the date of the Genesis prospectus issued to ASX on 24 April 2023, but ignoring the additional 5 million Genesis shares which may be issued in lieu of advisory fees.¹⁰

⁶ Source: Bloomberg, as at ASX market close on 5 May 2023.

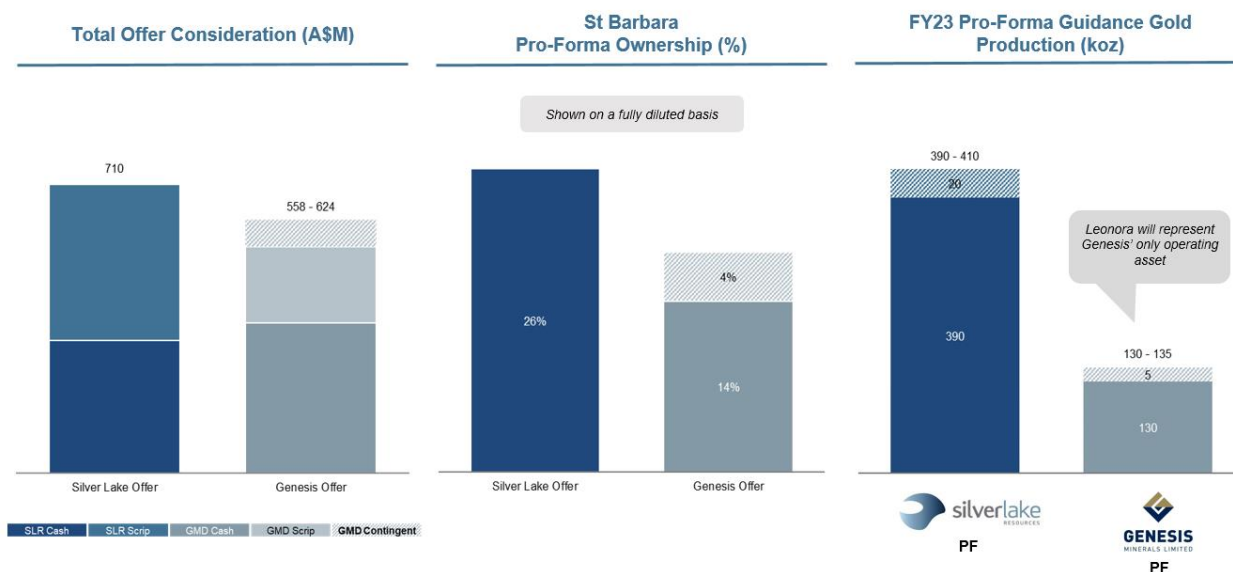
⁷ Source: Bloomberg, as at ASX market close on 5 May 2023.

⁸ Source: Bloomberg, as at ASX market close on 5 May 2023.

⁹ Source: Bloomberg, as at ASX market close on 5 May 2023. Silver Lake offer value comprised of A\$326m cash and 327.1m Silver Lake shares. Genesis offer value excludes contingent consideration and is comprised of A\$370m cash and ~148m Genesis shares.

¹⁰ Refer to the investor presentation released by Genesis on 17 April 2023.

Figure 2 - Comparison of the Silver Lake Proposal and Genesis Transaction on key metrics^{11,12,13}



Silver Lake debt facility

Silver Lake offered the St Barbara Board the opportunity to review the Taurus US\$150 million credit approved debt facility mandate letter and credit approval, however the St Barbara Board declined to take up this offer.

Taurus has a demonstrated track record in acquisition finance including:

- Teranga Gold Corporation: USD225m financing for the acquisition and development of the Massawa Gold Project in Senegal; and
- Rolute Mining Ltd: USD130m acquisition facility for the acquisition of Toro Gold Ltd.

Silver Lake was clear with the St Barbara Board that Taurus was committed to completing its due diligence and completing full form documentation for the debt facility within the 2 week due diligence period requested by Silver Lake.

Silver Lake and Taurus have commenced documenting the full form facility agreement which, upon execution together with Silver Lake's existing cash balance, would provide St Barbara with certainty of funding of the cash component of the Silver Lake Proposal.

St Barbara liquidity and distribution of Silver Lake share consideration

Under the Silver Lake Proposal, if St Barbara were to use the cash proceeds in the same manner as it intends to use the cash proceeds of the Genesis Transaction, St Barbara would have been left with ~A\$148 million in cash on its balance sheet (including restricted cash) and no debt¹⁴, plus ~A\$24m in listed securities¹⁵. Silver Lake considers such an amount of cash and liquid assets should be sufficient to allow St Barbara to implement a strategy to realise the long term value of its Simberi and Atlantic operations.

¹¹ Total Offer Consideration: Based on the share prices of Silver Lake and Genesis as at ASX market close on 5 May 2023.
¹² St Barbara Pro-Forma Ownership: Presented on a fully diluted basis after accounting for Silver Lake and Genesis options and performance rights on issue.
¹³ FY23 Pro-forma Guidance Gold Production: Based on respective current gold production guidance publicly released by Silver Lake and St Barbara.
¹⁴ St Barbara post transaction cash estimate equal to: A\$326m cash offer under the Silver Lake Proposal, plus A\$60m cash on St Barbara balance sheet as at 31 March 2023, less -A\$158m to repay St Barbara's Australian and Canadian bank debt facilities, less -A\$43m in capital gains tax under the Silver Lake Proposal according to St Barbara's CGT methodology, less A\$15m in lease liabilities, less A\$20m in transaction costs and Genesis break fee, equals -A\$148m in cash on balance sheet.
¹⁵ Based on the prices of the relevant securities as at ASX market close on 5 May 2023.

Additionally, Silver Lake did not impose on the St Barbara Board any absolute requirement to distribute in-specie all of the Silver Lake shares it would acquire under the Silver Lake Proposal, but rather invited a discussion around St Barbara's commercial requirements. Retaining a portion of Silver Lake shares would have represented another liquidity avenue for St Barbara. St Barbara did not engage with Silver Lake in respect to such an option.

Transaction timeline

Silver Lake provided St Barbara with a targeted list of items that its due diligence would be focused on during a condensed 2 week due diligence period, all of which would be expected to be available as part of the usual course of business. Relevantly, members of the Silver Lake management team have had significant past experience with St Barbara's Leonora assets which is expected to expedite Silver Lake's ability to complete targeted due diligence enquiries within such a period. In providing the debt facility to Silver Lake, Taurus proposed to leverage Silver Lake's due diligence enquiries.

Given the scrip component of the Silver Lake Proposal, Silver Lake also offered St Barbara the opportunity to conduct targeted due diligence enquiries on Silver Lake. Being an ASX-200 company with 3 operations, significant trading liquidity and a track record of profitability, Silver Lake expects that St Barbara should have been able to complete any such enquiries within that 2 week period.

As an asset level transaction, Silver Lake required engagement by the St Barbara Board to progress and finalise the terms of any binding offer to implement the Silver Lake Proposal.

In its proposal, Silver Lake offered St Barbara the opportunity to prepare the first draft of the required asset sale agreement so as to:

- (i) enable St Barbara to ensure that the terms of that agreement are no less favourable (to St Barbara) than the existing asset sale agreement that it has entered into with Genesis; and
- (ii) expedite the preparation and finalisation of the form of that agreement, noting that St Barbara has recently agreed the terms of an asset sale agreement to implement the Genesis Transaction.

Silver Lake expected that other than the consequential amendments to refer to Silver Lake related matters (rather than Genesis related matters) in the asset sale agreement, the only material difference to the Genesis asset sale agreement would be that an independent expert's report would be required to approve the issue of Silver Lake shares to St Barbara under section 611 item 7 of the Corporations Act - this is because the scrip component of the Silver Lake Proposal would result in St Barbara (at least at a point in time) holding voting power of more than 20% of Silver Lake.

St Barbara has not disclosed to ASX the full terms of the exclusivity arrangements that it has entered into with Genesis in respect of the Genesis Transaction. Accordingly, Silver Lake has had to assume how such arrangements operate, by reference to what it considers to be 'customary'.

Under 'customary' deal protection provisions, and on the basis that the Silver Lake Proposal would if completed provide a superior outcome for St Barbara shareholders compared to the existing Genesis Transaction:

- If St Barbara had engaged with Silver Lake to the point that Silver Lake was able to provide a binding offer to implement the Silver Lake Proposal, then the St Barbara Board would have had the opportunity to consider at that time whether the Silver Lake binding proposal is superior to the existing Genesis Transaction.
- If at the time that any binding offer is provided by Silver Lake, St Barbara determines that Silver Lake's binding offer is not superior to the terms of the Genesis Transaction, then the Genesis Transaction would remain on foot in accordance with its terms - in such circumstances, it would be highly unusual under 'customary' deal protection provisions for Genesis to have a right to terminate the Genesis Transaction.

- However, if St Barbara determines Silver Lake's binding offer to be superior to the Genesis Transaction, then Silver Lake understands that Genesis would have the right to match any such binding offer made and that:
 - if Genesis decided to match any such binding offer, St Barbara shareholders would have the benefit of an improved Genesis Transaction;
 - if Genesis decided not to match such a binding offer, Genesis would have the right to terminate the Genesis Transaction and receive a break fee from St Barbara, with St Barbara shareholders having the benefit of the Silver Lake Proposal.

Silver Lake has asked St Barbara to confirm its understanding of the deal protection arrangements agreed pursuant to the Genesis Transaction, but St Barbara has not done so.

In its proposal, Silver Lake offered to provide St Barbara with a A\$25 million working capital facility to assist it to manage its working capital requirements through to implementation. To this end, Silver Lake provided St Barbara with a detailed working capital facility term sheet as part of the Silver Lake Proposal.

The St Barbara Board also declined to engage with Silver Lake on this offer of funding support.

This statement has been distributed by Silver Lake as a media release due to ASX being of the view that it is not appropriate for release on the Company's Market Announcements Platform.

For more information about Silver Lake and its projects please visit our web site at www.silverlakeresources.com.au.

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