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Takeover Offer for EganStreet - Improvements to Offer Consideration

Silver Lake Resources Limited (“**Silver Lake**”) (ASX: SLR) and EganStreet Resources Limited (“**EganStreet**”) (ASX: EGA) are pleased to provide an update in relation to the off-market takeover bid by Silver Lake for all of the issued and outstanding ordinary shares of EganStreet (the “**Offer**”).

Silver Lake will increase the Offer consideration with EganStreet Shareholders to be offered 0.400 Silver Lake shares for each EganStreet share held (“**New Offer Consideration**”).

Further, Silver Lake will increase the consideration to 0.431 for each EganStreet share held (“**Conditional Offer Consideration**”), if Silver Lake obtains a relevant interest in at least 38% of EganStreet shares on or before 7.00pm Sydney time on 8 November 2019, being 7 days from lodgment of the variation notice. As at 31 October 2019, Silver Lake has a relevant interest in 31.6% of EganStreet shares, including acceptances from the Board of Directors and EganStreet’s largest shareholder Lion Selection Group Limited.

Once Silver Lake receives a relevant interest of at least 38%, Silver Lake intends to declare the Offer immediately unconditional and payment of the consideration will be made within seven days of receipt of valid acceptances, or within seven days of the Offer being declared unconditional for those that have already accepted the Offer at that time.

The EganStreet Board of Directors continue to unanimously recommend the Offer, in the absence of a superior proposal (as defined in the Bid Implementation Deed between EganStreet and Silver Lake (**BID**)) and further recommend that EganStreet shareholders accept the Offer in a timely manner to allow all shareholders to receive the value uplift from the Conditional Offer Consideration.

Consideration

The New Offer Consideration represents a significant increase in value relative to the 0.27 Silver Lake shares for each EganStreet share contemplated in the Bidder’s Statement dated 14 August 2019, as supplemented (“**Bidder’s Statement**”), and provides an attractive premium for EganStreet shareholders. The New Offer Consideration values EganStreet at \$0.46¹ per share, which implies a \$63² million total transaction enterprise value, relative to the \$52 million total transaction enterprise value implied at the launch of the original Offer. Should EganStreet shareholders become entitled to the Conditional Offer Consideration, the consideration values EganStreet at \$0.50 per share which implies a \$68³ million transaction enterprise value:

¹ Based on Silver Lake’s closing share price of \$1.16 on 31 October 2019

² Total transaction enterprise value calculated based on a fully diluted transaction equity value of \$66 million, and EganStreet’s cash balance of \$2.3 million as at 30 September 2019

³ Total transaction enterprise value calculated based on a fully diluted transaction equity value of \$71 million, and EganStreet’s cash balance of \$2.3 million as at 30 September 2019

	New Offer	Conditional Offer
Exchange Ratio	0.400	0.431
Implied EganStreet Share Price ¹	\$0.46	\$0.50
Premium to EganStreet Last Close as at 31 Oct 2019	47%	59%
Premium to EganStreet 1 Month VWAP as at 31 Oct 2019 ²	57%	70%
Premium to Undisturbed EganStreet Share Price Pre-Initial Silver Lake offer (29 Jul 2019)	50%	61%

1. Based on Silver Lake's closing share price of \$1.16 on 31 October 2019

2. Based on the 31 calendar days preceding, and inclusive of, 31 October 2019

By accepting the improved offer, EganStreet shareholders will benefit by maintaining a level of exposure and share price upside that may be generated through the integration of the Rothsay project into a company with established proximal infrastructure and demonstrated exploration success in growing the Mineral Resource base of narrow, high-grade gold deposits.

More broadly, the scrip consideration provides the opportunity for EganStreet shareholders to become part of a financially stronger company with a stable platform of established Western Australian operations and a high quality team with a proven focus on cashflow generation, in an environment with a positive outlook for gold prices.

Intention to Waive Bid Conditions

The Offer remains subject to all of the defeating conditions set out in the Bidder's Statement. However, once Silver Lake reaches a relevant interest of at least 38% of EganStreet shares, it intends to immediately declare the Offer unconditional.

Silver Lake will make the payment of the increased Offer consideration to EganStreet shareholders, consistent with the disclosure in the Bidder's Statement, such that payment will be made within seven days of receipt of valid acceptances once the Offer is unconditional, or within seven days of the Offer being declared unconditional for those that have already accepted the Offer at that time.

The offer period remains as per the current Offer period such that it will close at 7pm Sydney time on 13 December 2019, unless otherwise extended or withdrawn. However, to be eligible for the Conditional Offer Consideration, Silver Lake must reach a relevant interest in at least 38% of EganStreet shares by 7.00pm Sydney time on 8 November 2019, being 7 days from lodgment of the variation notice.

EganStreet Board Recommendation

EganStreet Board of Directors unanimously recommend that EganStreet shareholders accept the Offer in a timely manner to allow all shareholders to receive the Conditional Offer Consideration, in the absence of a superior proposal (as defined in the BID).

EganStreet notes the announcement made today contemporaneous with this announcement in relation to media speculation about a non-binding, indicative and incomplete proposal received from Adaman Resources Pty Ltd. Given the New Offer Consideration, the EganStreet board will immediately, in accordance with its obligations under the BID, advise Adaman that it will cease discussions with them and request the return of any confidential information provided.

Managing Director Comments

Luke Tonkin, Managing Director of Silver Lake, said:

“The revised offer ratio continues to preserve EganStreet’s and Silver Lake’s objectives by ensuring both EganStreet and Silver Lake shareholders participate appropriately in the demonstrable benefits derived from this transaction whilst providing shareholders with the opportunity to participate in the potential re-rating the combination of both EganStreet and Silver Lake assets provides.”

Marc Ducler, Managing Director of EganStreet, said:

“We are pleased to have reached an improved agreement with Silver Lake which, we believe offers shareholders the best possible chance to realise the full value of the work we have completed in advancing the Rothsay project to its current position. We recommend all shareholders who have not yet accepted the Offer to accept the Offer as soon as possible to allow all shareholders to be eligible to receive the uplift from the Conditional Offer Consideration, in the absence of a superior proposal.”

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