

17 April 2023

St Barbara agrees to sale of Leonora Assets to Genesis Minerals for total consideration of \$600 million

St Barbara Limited (“**St Barbara**” or the “**Company**”) (ASX: SBM) is pleased to announce that it has agreed new terms for a proposed transaction with Genesis Minerals Limited (“**Genesis**”) (ASX: GMD). Under the revised structure, St Barbara has entered into an agreement with Genesis in respect of the sale of St Barbara’s Leonora Assets (“**Leonora**”) (the “**Transaction**”) for \$600 million, comprising:

- Upfront cash of \$370 million;
- 147.8 million shares in Genesis, valued at \$170 million¹; and
- An additional 52.2 million shares in Genesis, valued at \$60 million¹, contingent upon Tower Hill achieving first production (“**Contingent Consideration**”).

Genesis will fund the cash component of the consideration through a capital raising, with binding commitments received to raise \$470 million in new equity at \$1.15 per share, via a \$70 million unconditional placement and a \$400 million conditional placement. The conditional placement is conditional on the Transaction being completed.

As announced on 12 December 2022, St Barbara and Genesis had previously entered into a proposed transaction whereby St Barbara would acquire 100% of the shares in Genesis, via a scheme of arrangement (“**Scheme**”), to form “Hoover House”, and the proposed demerger (“**Demerger**”) of St Barbara’s non-Leonora assets to St Barbara shareholders to form “Phoenician Metals”.

The St Barbara and Genesis Boards have, by mutual agreement, terminated the scheme implementation deed between the parties in relation to the Scheme and the Demerger, predominately due to the material increase in funding requirements, in part driven by:

- Gwalia’s underperformance (revised Leonora guidance of 130-135koz for FY23²) has resulted in a significantly lower cash position against forecasts;
- St Barbara has C\$41 million of Environmental Performance Bonds (“**EPB**”) at Atlantic which are supported by Letters of Credit from syndicate banks. There is potential for the quantum of EPB to increase materially to approximately C\$70 million, and the face value of the EPB would likely need to be cash backed; and
- As announced on 2 March 2023, non-receipt of approval for in-pit tailings disposal at Touquoy, which results in materially lower cash flow from Atlantic in the near-term.

In addition, given the increase in funding requirements for St Barbara (driven by the issues outlined above), and expected breach of St Barbara’s existing banking covenants (interest cover ratio) at 30 June 2023, it is likely that St Barbara would have been required to pay down a significant portion of its senior debt facilities (current total of \$160 million³, comprising \$70 million and C\$80 million).

The revised Transaction will result in St Barbara shareholders collectively having economic exposure of up to ~19.5% of Genesis post acquisition (15.2% excluding contingent consideration). Importantly, the Transaction will enable St Barbara to extinguish all senior debt and lease liabilities, and will hold a pro-forma cash balance of approximately \$197 million⁴. It is anticipated that St Barbara’s shareholding in Genesis (excluding the contingent consideration) will be substantially, if not fully, distributed to St Barbara shareholders via a return of capital post Transaction⁵.

Key benefits to St Barbara shareholders under the revised Transaction relative to the Scheme include:

- An increased shareholding in the offshore assets of St Barbara from 80% (under the previously proposed Demerger of “Phoenician Metals”) to 100%;
- An additional ~ \$110 million cash in the balance sheet compared to the Demerger scenario, whilst also having the ability to extinguish all senior debt; and

¹ Based on the Genesis capital raising price of \$1.15/share

² Refer to the announcement lodged by St Barbara with the ASX on 4 April 2023, titled ‘Genesis merger, Leonora production and guidance update’ for further information

³ Based on AUD/CAD of 0.89

⁴ Further details of the cash balance are set out in the investor presentation lodged by St Barbara with the ASX today, titled ‘Sale of Leonora Assets to Genesis Minerals for \$600m’

⁵ Subject to the Genesis share price being at or around the raising price of \$1.15 at time of completion of the Transaction



- Increased transaction certainty, given that the Transaction will (unlike the Scheme) not be subject to a maximum net debt condition precedent, as well as a reduced anticipated timeframe for completion of the Transaction.

The implied Transaction value of \$600 million compares favourably to St Barbara's market capitalisation of \$527 million⁶, and enterprise value of \$639 million⁷ prior to St Barbara's shares entering into trading halt on 4 April 2023, with St Barbara shareholders also benefiting from:

- the retention of the Atlantic and Simberi operations;
- a portfolio of listed investments; and
- a number of other royalty interests over mining, and exploration assets.

St Barbara Chair, Tim Netscher, commented:

"The Board believes the Transaction value from the sale of the Leonora assets represents fair value for our shareholders, who will now own a well-capitalised, debt-free business, with a portfolio that has significant potential, and the people and resources in place to realise its true potential. Simberi and Atlantic have combined 5.9Moz in Mineral Resources and 3.5Moz in Ore Reserves and provide a solid foundation for the business. The Company has a clear strategy in place to maximise the value of those assets going forward."

While St Barbara shareholders will receive a reduced percentage of the combined Leonora assets (in what was previously to be called Hoover House) relative to the Scheme, this value is largely offset by the \$110 million of additional cash, and 100% shareholding in the residual St Barbara business. The exposure of St Barbara shareholders of up to ~19.5% of Genesis post acquisition (15.2% excluding contingent consideration), will also allow St Barbara's shareholders to directly benefit from the combination of St Barbara's and Genesis' assets in the Leonora region.

I am very supportive of this transaction, and I would like to thank the St Barbara Board and senior management team who have worked tirelessly over many months to reach agreement on this transaction."

The Transaction is subject to a number of conditions precedent including:

- approval being obtained from St Barbara shareholders;
- approval being obtained from Genesis shareholders;
- consent from St Barbara's lenders;
- customary regulatory approvals;
- no material adverse change or prescribed event (as specified in the transaction documents) occurring in relation to either St Barbara or Genesis; and
- other conditions customary for a transaction of this nature.

In addition, the Transaction agreement may be terminated in limited circumstances, including:

- by a party where the board of directors of the other party changes its recommendation to its shareholders to vote in favour of the Transaction;
- for material breach; and
- subject to compliance with the exclusivity arrangements outlined below, where a party pursues a competing proposal that is inconsistent with the Transaction and has been determined by the board of that party to be a superior proposal.

The Transaction agreement includes reciprocal exclusivity arrangements (including "no shop", "no talk" and "no due diligence" restrictions and notification obligations) and reciprocal matching rights. The exclusivity arrangements are subject to customary "fiduciary out" exceptions in respect of the "no talk" and "no due diligence" obligations.

The reciprocal break fee of \$5.4 million contemplated in respect of the Scheme has been maintained under the current Transaction, and will be payable to a party in certain circumstances where the Transaction does not proceed, including:

- where a competing transaction is publicly announced for the other party prior to completion of the Transaction and within 12 months of the announcement of the competing transaction the competing transaction is completed;
- where the other party's board of directors changes its recommendation to its shareholders to vote in favour of the Transaction (except in limited circumstances);
- where the other party validly terminates the Transaction by reason of a superior proposal being made for that other party; or

⁶ Based on 816.5m ordinary shares on issue and ASX closing price of \$0.645/share on 4 April 2023

⁷ Based on net debt of \$112m as per 'Genesis merger, Leonora production and guidance update' announcement released to the ASX on 4 April 2023



- where the other party materially breaches the Transaction agreement.

St Barbara shareholders will be asked to approve the Transaction (50% approval threshold) at an Extraordinary General Meeting ("EGM"), which is expected to take place in mid-June. The St Barbara Board unanimously supports the Transaction, and recommends all shareholders vote in favour of it, subject to no superior proposal emerging. St Barbara expects the notice of meeting will be sent to shareholders by mid-May.

Details of St Barbara post Transaction

St Barbara's non-Leonora assets will provide an opportunity for St Barbara shareholders to realise the long-term value of the Atlantic and Simberi operations in a dedicated and refreshed vehicle.

St Barbara's primary assets post the Transaction will include:

- The Atlantic operations, Nova Scotia (Canada), comprising 1.9Moz in Mineral Resources and 1.5Moz in Ore Reserves;
- The Simberi operations, Papua New Guinea, comprising 4.0Moz in Mineral Resources and 2.0Moz in Ore Reserves;
- Pro-forma cash of \$197 million, with no debt;
- 12.7 million shares in ASX-listed Catalyst Metals Limited, with a market value of \$12.8 million⁸;
- 158.1 million shares in ASX-listed Kin Mining NL, with a market value of \$7.0 million⁹;
- 41.5 million shares in ASX-listed Peel Mining Limited, with a market value of \$5.8 million¹⁰;
- Pinjin exploration joint venture interest in Western Australia;
- Select exploration tenements outside Western Australia (including Back Creek in NSW); and
- A number of other royalty interests over mining and exploration assets.

St Barbara's strategic focus post Transaction will include:

1. Corporate

- Establish a refreshed corporate culture and identity focused on value;
- Actively manage the investment portfolio; and
- Exploration of Back Creek (NSW) project.

2. Atlantic

- Prioritise development of Fifteen Mile Stream and target development in FY26;
- Investigate the repurposing of the Touquoy plant for use at Fifteen Mile Stream;
- Complete processing of stockpiles at Touquoy by end of 2024;
- Pause permitting process for Beaver Dam; and
- Continue exploration at Cochrane Hill, Mooseland, South-West and Goldboro East.

3. Simberi

- Extend oxide production through FY25 and into FY26;
- Sulphides Mineral Resource and Ore Reserve extension drilling;
- Revisit Sulphides Expansion development plan by FY26; and
- Prepare for investment decision with Mining Lease renewal by FY28.

It is intended that the headquarters of St Barbara will remain in Perth, Western Australia, with corporate functions reduced and optimised for a company of St Barbara's scale post Transaction.

Overview of Genesis and Leonora

Further information on Genesis, including an overview of its strategy for the combined Leonora assets of St Barbara and Genesis post completion, are set out in the investor presentation lodged by Genesis with the ASX today, titled '*Acquisition of St Barbara's Leonora Assets*'.

⁸ Based on ASX closing price of \$1.01/share on 14 April 2023

⁹ Based on ASX closing price of \$0.04/share on 14 April 2023

¹⁰ Based on ASX closing price of \$0.14/share on 14 April 2023



Transaction timetable and next steps

St Barbara shareholders do not need to take any action in relation to the Transaction at this stage. A notice of meeting containing further information about the Transaction is expected to be circulated to St Barbara shareholders in mid-May.

An indicative timetable is set out below:

Key Dates	Date
Despatch of St Barbara meeting materials and Genesis meeting materials	mid-May 2023
St Barbara EGM and Genesis EGM	mid-June 2023
Target completion of Transaction	30 June 2023

Board update

The Company also announced that after almost eight years as St Barbara's Non-Executive Chair, Tim Netscher, has advised of his intention to retire from the Board of St Barbara by the end of April 2023. Mr Netscher joined the St Barbara Board in February 2014 before being appointed Non-Executive Chairman in July 2015.

Non-Executive Director, Kerry Gleeson, will be appointed Non-Executive Chair upon Mr Netscher's retirement, and will oversee a Board renewal process. Ms Gleeson is an experienced chair and non-executive director, and joined the Board of St Barbara in May 2015 following a 25-year career as a senior executive and as a lawyer in both the UK and Australia.

Commenting on Mr Netscher's retirement, St Barbara's Chair-elect, Ms Gleeson, said:

"Tim's contribution to St Barbara over the last 8 years has been enormous, including as a considered leader and mentor of the Board, helping St Barbara to navigate difficult challenges, and providing a strong platform for senior management to execute on the Company's strategy and growth potential."

"On behalf of all at St Barbara, I would like to thank Tim for everything he has done, and we wish him the very best for the next chapter of his life. The St Barbara Board would also like to thank Tim for staying on as Chair of St Barbara through the negotiation of the revised Transaction; his contribution to the deal was invaluable."

Advisers

St Barbara's financial adviser is Macquarie Capital (Australia) Limited and its legal adviser is King & Wood Mallesons.

Further information

Further details of the Transaction, including an overview of St Barbara's intended strategy post completion, are set out in the investor presentation lodged by St Barbara with the ASX today, titled "Sale of Leonora Assets to Genesis Minerals for \$600m".

Authorised by

St Barbara Board of Directors

For more information

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Competent Persons Statement

The information in this report that relates to Mineral Resources or Ore Reserves is extracted from the report titled 'Ore Reserves and Mineral Resources Statements as at 31 December 2022' released to the Australian Securities Exchange on 22 February 2023 (**Original Report**) and available to view at www.stbarbara.com.au and for which Competent Persons' consents were obtained. Each Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Original Report and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the Original Report continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Original Report.

Full details are contained in Original Report available at www.stbarbara.com.au.