



Lion Selection Group



ASX RELEASE : LSX

30 July 2019

Takeover Offer for EganStreet Resources by Silver Lake Resources

Highlights:

- **Lion has entered a Pre-Bid Acceptance Deed with Silver Lake Resources for a Recommended Takeover Offer for EganStreet Resources.**
- **Lion holds 21.1m shares of EganStreet, equating to 16.2% of issued shares.**
- **Silver Lake's offer is 0.27 Silver Lake shares for every EganStreet share, valuing EganStreet at a value of \$0.40/share based on the last closing price of Silver Lake (\$1.48/share on 29 July 2019), a premium of 28.9% to the last closing price of \$0.31/share.**
- **The look through value of Lion's investment in EganStreet at \$0.40/share is \$8.5m compared with \$5.3m at 30 June 2019 (\$0.25/ EganStreet share) which represents a positive change to Lion's NTA of 2.1cps.**

Lion Selection Group Limited (Lion) advises that Egan Street Resources (EganStreet) (ASX:EGA), a company in which Lion holds a 16.2% shareholding, announced a Recommended Takeover Offer for EganStreet made by Silver Lake Resources Limited (Silver Lake) (ASX:SLR).

Lion holds 21,137,007 EganStreet shares and has entered a Pre-Bid Acceptance Deed with Silver Lake in respect of all of its shares in EganStreet. Terms of the Pre-Bid Acceptance Deed include:

- Ability for Lion to terminate the Pre-Bid Acceptance Deed (before acceptance of the Offer) in the event of a superior proposal which is not matched by Silver Lake;
- Lion's acceptance is required by the 5th business day of the offer period;
- Silverlake's offer can only be declared unconditional with minimum shareholder acceptances (including Lion) of 38%, subject to Lion's waiver.

Silver Lake is offering 0.27 Silver Lake Shares for every EganStreet share. The Offer Consideration values Egan Street at \$0.40 per share which implies a \$52m total transaction enterprise value and represents a premium of:

- 28.9% to the Last Close Price of \$0.310, being the price of EganStreet's shares on ASX at the close of trading on 29 July 2019;
- 24.2% to EganStreet's 5-day volume weighted average price ("VWAP") of \$0.322 up to and including 29 July 2019; and
- 43.4% to EganStreet's 30-day VWAP of \$0.279 up to and including 29 July 2019.

The EganStreet Board of Directors unanimously recommends that EganStreet shareholders accept the Offer and have indicated that they will accept the Offer in respect of all EganStreet shares they own or control, in both instances in the absence of a superior proposal.

Effect on Lion's NTA

- For the purposes of expressing Lion's Net Tangible Asset (NTA) backing, the value of the EganStreet holding will continue to reflect the market price for EganStreet until such a time as takeover consideration is received.
- Lion expects to release an update of its NTA for 31 July 2019 in due course, however notes that the NTA as at 30 June 2019 (refer to Lion announcement to ASX made on 8 July 2019) contained A\$5.3m for the value of the EganStreet holding, with EganStreet priced at \$0.25/share.
- Notional valuation of EganStreet at \$0.40/share (the indicative value of the offer, imputing Silver Lake's last closing price) values the holding at \$8.5m, which represents a positive change to Lion's NTA of \$3.2m, or 2.1cps.