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EXECUTION OF SUBSCRIPTION AGREEMENT TO ACQUIRE HARTE GOLD

Silver Lake Resources Limited (“**Silver Lake**” or the “**Company**”) advises that it has entered into a subscription agreement (“**Subscription Agreement**”) to acquire Harte Gold Corp. (“**Harte Gold**”) and entered into an agreement to provide a C\$10.8 million debtor-in-possession loan to Harte Gold (the “**DIP Loan**”) in a proceeding under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”).

The Subscription Agreement and DIP Loan follows the acquisition of BNPP’s credit facilities to Harte Gold (the “**Facilities**”) by a subsidiary of Silver Lake on 19 November 2021. The Subscription Agreement provides Silver Lake with a path to acquire Harte Gold subject to applicable closing conditions, including Court approval and the completion of a sale and investment solicitation process (the “**SISP**”, the terms of which are described below) within proceedings under the CCAA (the “**CCAA Proceedings**”). Should Silver Lake be successful, it will become the sole shareholder of Harte Gold in a transaction which provides for the continuation of its business and operations as a going concern.

THE SUBSCRIPTION AGREEMENT AND CCAA PROCESS

Harte Gold’s application for an Initial Order under the CCAA was granted by the Ontario Superior Court of Justice on 7 December 2021. The Initial Order, among other things, provided for the appointment of FTI Consulting Canada Inc. as Monitor of Harte Gold (“**Monitor**”) and approved an initial advance of C\$400,000 under the DIP Loan.

Harte Gold intends to seek an amended and restated Initial Order at a second court hearing within 10 days to approve the Subscription Agreement and increase the amount which may be borrowed under the DIP Loan to C\$10.8 million, subject to applicable terms and conditions. At that time, Harte Gold intends to also seek approval of the SISP.

Upon Court approval of the Subscription Agreement, and subject to its terms and the satisfaction of applicable conditions therein (including Silver Lake being declared the successful bidder following completion of the SISP), Silver Lake will acquire Harte Gold in exchange for consideration comprising:

- Approximately US\$74.1 million in credit bid consideration reflecting the value owed to Silver Lake under the Facilities and the full amount of the DIP Loan;
- Applicable assumed liabilities which will be retained by Harte Gold;
- The satisfaction of finance facility obligations owed by Harte Gold to Appian Capital Advisory LLP (“**Appian**”) by way of the issuance of Silver Lake shares (estimated to be not more than ~US\$28 million); and
- Cash consideration for payment of certain priority claims and for the purposes of completing the CCAA Proceedings and certain ancillary matters (estimated to be not more than US\$3 million).

The credit bid consideration is non-cash and will release Harte Gold from all amounts and obligations owing under the Facilities.

The assumed liabilities include the ~US\$20.0 million out of the money hedge book. The hedge book is held by BNPP and is secured *pari passu* with the Facilities.

The remaining assumed liabilities include, but are not limited to, applicable accounts payable, payroll obligations, mining equipment leases and environmental rehabilitation liabilities, and coverage of ongoing operational accounts associated with the Sugar Zone operation. Assuming these liabilities will allow for a transition of operations under Silver Lake ownership.

Pursuant to the Subscription Agreement, Silver Lake will issue Silver Lake ordinary shares to Appian, as consideration in exchange for the discharging of all amounts and obligations owing to Appian under the subordinated finance facility agreement dated 28 August 2020 (“Appian Facility”). Under the Subscription Agreement, Silver Lake will provide a “make whole” provision (subject to certain conditions) payable in cash to Appian, in certain circumstances where Appian disposes of all of the shares issued as consideration within 90 days of their issue.

The Subscription Agreement provides no recovery for other stakeholders, including holders of existing equity interests in the Company.

SALE AND INVESTMENT SOLICITATION PROCESS (SISP)

The Subscription Agreement contemplates that the Monitor will conduct the SISP, whereby Harte Gold and its assets will be marketed for sale and recapitalisation opportunities. If the Court approves the Subscription Agreement and SISP, the SISP is expected to take approximately 6 weeks. Should one or more qualified competing proposals emerge under the SISP procedures, Harte Gold in consultation with the Monitor will conduct an auction to determine the successful bid. The transaction as outlined in the Subscription Agreement is deemed to be a qualified bid and should any competing proposal emerge Silver Lake will be deemed to be a qualified bidder and has the right to participate in the auction.

DEBTOR IN POSSESSION LOAN SUMMARY (DIP)

In order for Harte Gold to maintain the liquidity required to continue the operations of the Sugar Zone Mine until closing of a transaction, a Silver Lake subsidiary (the “DIP Lender”) has entered into the DIP Loan agreement to provide Harte Gold a super-priority non-revolving multiple draw credit facility in an amount of C\$10.8 million.

Under the terms of the DIP Loan, Harte Gold must only use such funds solely in accordance with an agreed detailed cash flow forecast to fund ordinary course working capital and to fund the CCAA Proceedings.

Harte Gold’s obligations under the DIP Loan are secured by a Court-ordered priority charge in favour of the DIP Lender over all present and after-acquired assets, property and undertakings of Harte Gold.

TIMETABLE AND NEXT STEPS

If Silver Lake is successful in acquiring Harte Gold through the proposed Subscription Agreement and associated SISP and CCAA process, completion is expected in late January 2022.

Silver Lake will provide its shareholders and stakeholders with more information on its strategy for the Sugar Zone and associated land package should it be successful in acquiring Harte Gold through the CCAA process.

ABOUT HARTE GOLD

Harte Gold is a TSX-listed gold mining company which owns and operates the Sugar Zone mine in Ontario, Canada, with an associated 81,287 hectare land package. Further information in relation to Harte Gold and the Sugar Zone Mine can be found on Harte Gold’s website www.hartegold.com.

ADVISORS

Silver Lake was advised by RBC Capital Markets as financial adviser and Osler, Hoskin & Harcourt LLP as legal adviser.

This announcement was authorised for release to ASX by Luke Tonkin, Managing Director. For more information about Silver Lake Resources Limited and its projects please visit our web site at www.silverlakeresources.com.au.

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