

ASX ANNOUNCEMENT**SILVER HERITAGE GROUP LIMITED****31 July 2019****CONDITIONAL OFFER TO PURCHASE THE COMPANY'S NEPAL OPERATIONS**

Silver Heritage Group Limited (ASX: SVH) ("**Company**") announces that it has received a conditional, binding offer ("**Offer**") from a Mr. Indra Bahadur Thapa (the "**Buyer**"), represented by Mr. I. Hugh Holmes of Hotel Investment Partners Limited, to acquire the Company's Nepal operations at an enterprise value of US\$33.9 million¹, by way of the acquisition of the Company's subsidiary holding its Nepalese assets for US\$20 million ("**Purchase Price**").

The Offer follows the Company's engagement of Union Gaming as its exclusive adviser in relation to locating potential strategic partners or purchasers of the Company's Nepal operations.

The Company has granted a 90 day exclusivity period to the Buyer which will commence on the date of payment of the deposit outlined below.

The Offer is subject to a number of conditions, including, without limitation:

- payment of a US\$3m deposit by the Buyer into an escrow account ("**Deposit**") by 15 August 2019 which is non-refundable to the Buyer except if the Offer is terminated in relation to:
 - a material breach by the Company of any of its obligations under the Offer;
 - a valid termination notice provided by the Buyer to the Company before expiry of the Due Diligence Period; and
 - a failure to execute definitive transaction documents by the Transaction Documents Due Date as a result of a delay by the Company;
- completion of satisfactory due diligence within 30 days ("**Due Diligence Period**");

¹ Calculated as US\$20 million equity value plus the ~US\$13.9 million lending facility, entered into by the Company's subsidiary Tiger One Pvt. Limited with a consortium of Nepalese Banks, which will be assumed by the Buyer.

- the Company and the Buyer negotiating and executing definitive transaction documentation within 4 weeks following completion of the Due Diligence Period (“**Transaction Documents Due Date**”);
- the Company obtaining all necessary shareholder approvals, including under ASX Listing Rule 11.2;
- the Company obtaining all necessary Board, Bondholder and other approvals required to implement the Offer; and
- the repayment of the Company’s Bondholder on settlement and their security interest being released, such repayment to be made by the Company from the Purchase Price.

In the event the Offer is terminated due to an unremedied material breach by the Company of any of its obligations under the Offer, the Company has agreed to pay all reasonable and proven costs in respect of due diligence to the Buyer to a maximum of US\$300,000.

Conclusion and Next Steps

After careful analysis, in which the Board of the Company considered the terms of the Offer, including the absence of a superior offer, and in conjunction with the material uncertainty related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern as disclosed by the Company, the Board has therefore decided to grant the Buyer the right to conduct due diligence and exclusivity as outlined above to facilitate definitive transaction documentation.

There is no certainty that the Offer will result in a transaction. The Board continues to review its options in terms of obtaining funding through various sources. Shareholders do not need to take any action in relation to the Offer at this stage.

The Company will keep the market informed of any material developments in accordance with its continuous disclosure obligations.

About Silver Heritage

Silver Heritage is an experienced regional gaming operator that operates and manages casinos in Nepal (under its own licence). Operating across Asia for more than a decade, Silver Heritage brings best-in-class gaming operations to emerging gaming markets that are witnessing significant growth in gaming due to rising income levels and liberalisation of gaming regulations and rapid growth of outbound Chinese and Indian tourism. Silver Heritage has built and opened South Asia's first Integrated Resort, Tiger Palace Resort Bhairahawa, in Nepal close to the border with India's most populous state, Uttar Pradesh.
www.silverheritage.com.au

Further information:

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