

ASX ANNOUNCEMENT

29 August 2014

2014 Financial Year Results

Silver Lake Resources Limited (“Group”) reports its results for the financial year ended 30 June 2014 (FY2014).

All figures quoted in this announcement are in Australian dollars.

Key Points

- Revenue of \$309.7m (FY2013: \$215.7m)
- Net loss after tax of \$170.4m (FY2013: \$319.3m)
- EBITDA excluding significant items* of \$26.3m (FY2013: \$41.5m)
- Net operating cash flows of \$24.5m (FY2013: \$53.9m)
- Cash and bullion of \$34.0m (FY2013: \$19.2m)
- Nil bank debt (FY2013: \$52.0m)

* The headline result included a number of significant items, such as the impairment of non-current assets and de-recognition of tax losses that in the opinion of directors need adjustment to enable readers to obtain an understanding of results from operations.

Commenting on the financial results, Silver Lake Managing Director Les Davis said:

“Our financial performance in FY2014 needs to be taken in context now that the Murchison Gold Operation and the Lakewood mill have been placed on care & maintenance. Going forward the Company is mainly focused on the Mount Monger Operations which recorded another strong annual result. Mount Monger Operations generated a positive cashflow, after sustaining capital, of \$61.0 million on the back of full year gold sales of 172,838 ounces at an all in sustaining cash cost of \$1,070/oz”.

“Overshadowing the strong performance from the Mount Monger Operations was the under performance of the Murchison Gold Operations. The fall in gold price in mid-2013 resulted in the deferment of capital required to access higher grade, underground reserves and focus production on lower grade open pit reserves. Production and cost outcomes with the prevailing gold price led to a decision to place the operation on care & maintenance, which was completed in July 2014”.

“Of the estimated \$12.0 million for redundancy payments and site contract restructuring expenses in the Murchison, \$6.0 million had already been incurred by 30 June 2014. Relocation of the diesel power and gas fired power station infrastructure to Mount Monger Operations is on time and on budget and will be operational in the September 2014 quarter”.

“As at 30 June 2014, the Company is in a strong financial position with \$34.0 million of cash & bullion, no bank debt and investments in ASX-listed entities of \$9.8 million”.

Revenue

The Group recorded revenue of \$309.7 million (2103: \$215.7 million) an increase of 44% compared to the previous corresponding period. This was attributable to increased gold sales of 217,348 ounces (FY2013: 151,060 ounces) albeit at a lower average gold price of A\$1,421/oz (2013: A\$1,529/oz).

Net loss after tax

The Group recorded a net loss after tax for the year of \$170.4 million (2013: loss of \$319.3 million). The result was significantly impacted by:

- a lower average gold price for the year (as compared to the prior period);
- \$91.2 million of asset and inventory impairments;
- an operating loss of \$31.5 million from the Murchison Gold Operations, which have now been placed on care and maintenance; and
- a tax expense of \$53.1 million relating to de-recognition of deferred tax assets.

The Mount Monger Operations continued to generate strong cash flows for the year, recording an EBITDA for the year of \$58.1 million.

The Group's EBITDA (before significant items) was \$26.3 million for the year (2013 \$41.5 million). The decrease in EBITDA (before significant items) is primarily due to the poor performance from the Murchison Gold Operations.

Net operating cash flows

The Group recorded net operating cash flows of \$24.5 million (FY2013: \$53.9 million). The Mount Monger Operations generated positive cash flows (after sustaining capital) of \$61.0 million for the year. This strong result was partially offset by the poor performance of the Murchison Gold Operations.

Financing activities

During the year the Group raised \$85.9 million of capital (FY2013: Nil). Proceeds of the capital raising were used to repay bank debt (\$52.0 million), place the Murchison Operations on care and maintenance and fund future development projects at Mount Monger Operations.

At 30 June 2014 the Group is debt free, has cash and bullion of \$34.0 million (2013: \$19.2 million) and has investments in ASX-listed entities valued at \$9.8 million.

Outlook

The Group's strategy for FY2015 is to maximise cash flow from the high grade Mount Monger Operations.

Guidance for FY2015 gold sales is 125,000 to 135,000 ounces of gold.

Ore feed in FY2015 at Mount Monger Operations for the Randalls 1.2mtpa mill consists of the Daisy Complex & Cock-eyed Bob underground mines, the Wombola Dam open pit and surface stockpiles.

Several projects are currently being evaluated at Mount Monger Operations to displace lower grade stockpile feed in H2 FY2015. Depending on the outcomes of these evaluations, guidance may be reviewed in late 2014. These evaluations are focusing on asset quality to maximise cash generation.

The Group intends to finalise the expression of interest campaign in relation to the Lakewood Mill with a result expected to be announced in H1 FY2015.

For further information please contact

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About Silver Lake Resources Ltd:

Silver Lake is a gold producing and exploration company based solely in Western Australia.

Silver Lake's core asset is the Mount Monger Operations, a high margin operation located in a first world jurisdiction 50km south east of Kalgoorlie in the Eastern Goldfields district of Western Australia.

Silver Lake has multiple near term options to further develop the Mount Monger Operations that are under review including:

- Majestic open pit followed by Imperial underground mine;
- Maxwells underground mine;
- Upper areas to the east and west of Daisy Milano;
- Lorna Doone open pit; and
- Magic underground mine.

These deposits have work programmes in place to advance towards production and are in various stages of evaluation.

Silver Lake's land position in Western Australia covers 5,000 sqkm of highly prospective under explored tenements containing gold, silver, copper & zinc.

Silver Lake currently has JORC Resources and JORC Ore Reserves containing:

- 5.7 million oz of gold inclusive of 1.1 million oz of Reserve;
- 10.5 million oz of silver; and
- 134,000 tonnes of copper.

Competent Person's Statement

The information in this ASX announcement that relates to Exploration Results and Mineral Resources and Reserves for the Daisy Milano, Haoma, Haoma West, Wombola Dam and Cock Eyed Bob deposits were compiled by Matthew Karl who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Karl is a full time employee of Silver Lake Resources Ltd, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Karl has given his consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

All other information relating to Mineral Resources and Ore Reserves is based on information compiled by Mr Christopher Banasik who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Banasik is a full time employee of Silver Lake Resources Ltd, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Banasik has given his consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Information that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Forward Looking Statements

This ASX announcement may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, Reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Silver Lake. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.