

**Board of Directors:**

David Quinlivan  
Luke Tonkin  
Les Davis  
Kelvin Flynn  
Brian Kennedy

**ASX Code:** SLR

**Issued Capital:**

503.7m Shares  
2.0m Options  
6.8m Performance Rights

All financial figures  
quoted in this report are  
in Australian dollars and  
are unaudited

## ASX ANNOUNCEMENT

23 August 2017

### 2017 Financial Year Results

Silver Lake Resources Limited (“Silver Lake” or “Group”) reports its results for the financial year ended 30 June 2017 (FY2017). All figures quoted in this announcement are in Australian dollars.

#### Key Financial Points

- Revenue of \$227.5 million (2016: \$209.5 million)
- Net profit after tax of \$2.0m (2016: profit of \$4.4 million)
- EBITDA (excluding significant items<sup>1</sup>) up 23% to \$70.0 million (2016: \$56.7 million)
- Fourth straight year of EBITDA margin growth
- Cash flow from operations up 16% to \$64.0 million (2016: \$55.0 million)
- Cash and bullion at 30 June 2017 of \$69.1 million (2016: \$42.6 million)
- No bank debt
- Hedge book at 30 June 2017 totals 142,000 ounces at an average forward price of A\$1,700/oz

#### Key Operational Points

- Full year gold sales of 137,000 ounces at an average sale price of A\$1,654/oz and AISC of A\$1,359/oz (2016: 132,400 ounces sold at an average sale price of A\$1,580/oz and AISC of A\$1,281/oz)
- Production focussed on core Mount Monger ore sources including Daisy Complex, Maxwells, Cock-eyed Bob, Majestic and stockpiles
- Investment in exploration of \$13.2 million (2016: \$15.0 million)
- Successful exploration and development program is delivering significant returns and transitioning Mount Monger to longer life operations with increased production visibility. Operations commencing in FY2018 include:
  - Cock-eyed Bob Underground (re-commencing Q1 FY2018)
  - Harry’s Hill Open Pit (commencing Q4 FY2018)
- Key transactions agreed as part of the Company’s non-core asset divestment strategy:
  - Sale of the Murchison Operation for a total consideration of \$10 million
  - Sale of Great Southern Project for \$5 million

Commenting on the financial results, Silver Lake Managing Director Luke Tonkin said:

*“Silver Lake has delivered a strong set of financial results driven by a relentless focus on operating productivity and cashflow generation at Mount Monger.*

*Our investment in exploration has delivered tangible results and has allowed a transition to longer life mines being incorporated into the mine plan with increased production visibility.*

*FY2018 will see the development of two low capital intensity operations at Cock-eyed Bob and Harry’s Hill and a further \$11.8 million investment in exploration at the highly endowed, under explored, Mount Monger gold camp. Silver Lake is well positioned to take the business forward with a strong balance sheet and focus on risk and return metrics to guide our capital allocation decisions.”*

<sup>1</sup> Refer to glossary on page 3

### Summarised Financial Results

The Group recorded revenue for the year of \$227.5 million (2016: \$209.5 million) and generated operating cash flow of \$64.0 million (2016: \$55.0 million).

Profit after tax for the year was \$2.0 million (2016: \$4.4 million). EBITDA (before significant items)<sup>1</sup> increased by 23% to \$70.0 million (2016: \$56.7 million) with the increase attributable to:

- a 3% increase in gold sales from the Mount Monger Camp (137,000 ounces compared with 132,400 ounces in FY2016) primarily due to an increase in open pit production following commencement of the Majestic open pit mine in FY2017 which contributed 54,606 ounces of gold in the period;
- a 5% increase in throughput at the Randalls Mill (1.30mt processed compared with 1.24mt in FY2016);
- a 5% increase in the average realised gold price (A\$1,654/oz compared with A\$1,580/oz).

The strategy of focusing production and exploration activity on the Company's core Mount Monger Camp, together with an increase in EBITDA margin resulted in a 16% increase in operating cash flows of \$64.0 million (2016: \$55.0 million). The strong operating cash flow result, together with proceeds from the disposal of non-core assets, resulted in a 62% increase in cash and bullion to \$69.1 million (2016: \$42.6 million).

A total of \$18.5 million was invested developing the Maxwells underground mine and Imperial/Majestic open pits, with \$13.2 million spent on exploration, all internally funded by cash reserves.

### Outlook

Gold sales guidance for FY2018 is 135,000 to 145,000 oz.

The Group's short to medium term strategy is to maximise cash flow and increase operating margins from its core Mount Monger Camp. This will be achieved by:

- a relentless drive to reduce costs and increase productivity;
- the introduction of new, lower cost ore sources into the production schedule and subsequent ramp-up of production from the Cock-eyed Bob and Maxwells underground mines and the Imperial/Majestic and Aldiss open pits;
- executing the exploration strategy by directing expenditure to highly prospective priority targets in the Mount Monger area.

The strong cash position will allow the Company to internally fund the recommencement of the Cock-eyed Bob underground mine (maximum cash drawdown of \$11.0 million) and development of the Aldiss mining centre (drawdown of \$10.7m) in FY2018.

<sup>1</sup> Refer to glossary on page 3

Group AISC in FY2018 is expected to be similar to FY2017 with the development of the Cock-eyed Bob mine (Q1) and the Aldiss mines (Q4) initially contributing to a higher unit cost as the operations ramp up to target rates. These mines are expected to deliver lower cost ounces as they reach target production rates in FY2019 and FY2020. The AISC for the Majestic/Imperial and Maxwells mines is expected to decrease in FY2018 as the operations reach nameplate targets. The Daisy Underground Complex is expected to deliver AISC cost metrics consistent with the current year.

Processing rates at the Randalls mill are expected to be materially the same in FY2018 however mill feed head grade is expected to increase with three underground mines and the Imperial open pit contributing higher grade ore in FY2018, particularly in H2 FY2018. Open pit mine production at the Aldiss mining centre will follow completion of the Majestic and Imperial mines. The Aldiss centre will comprise multiple open pit mines, providing feed to the Randalls mill in FY2019, FY2020 and FY2021 recovering between 130,000 - 150,000 ounces of gold. The development of the Aldiss area is consistent with the Company's strategy of developing longer life, lower cost assets thereby diversifying production across 4 geological centres within the Mount Monger gold camp.

Following on from the Company's successful FY2017 exploration program, a FY2018 exploration budget of \$11.8 million has been approved by the Board. The planned exploration continues the focus at the Mount Monger camp, including near-term resource definition and project development opportunities at the Daisy Complex, Maxwells and Cock-eyed Bob underground mines and the Imperial/Majestic and Aldiss mining centres, as well as regional exploration targets across the Daisy Complex and Mount Belches mining centres.

For further information, please contact:

Luke Tonkin  
Managing Director  
+61 8 6313 3800

[contact@silverlakeresources.com.au](mailto:contact@silverlakeresources.com.au)

Media:  
Michael Vaughan  
Fivemark Partners  
+61 422 602 720

[michael.vaughan@fivemark.com.au](mailto:michael.vaughan@fivemark.com.au)

### Glossary

EBITDA (before significant items) is a non-IFRS measure and comprises net profit after tax, adjusted to exclude significant items such as tax expense, finance costs, interest income, asset impairments and depreciation and amortisation. An unaudited reconciliation between the net profit after tax and EBITDA (excluding significant items) is set out on page 10 of the Company's 2017 Annual Financial Report released to the ASX contemporaneously with this announcement. The directors consider it useful as it enables readers to obtain an understanding of results from operations.