

Board of Directors:

David Quinlivan
Luke Tonkin
Les Davis
Kelvin Flynn
Brian Kennedy

ASX Code: SLR

Issued Capital:

503.8m Shares
2.0m Options
8.7m Performance Rights

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

ASX ANNOUNCEMENT

17 November 2017

Chairman's Address to AGM

This year Silver Lake celebrates its 10 year anniversary - this by any measure is a notable milestone for the Company. Over this 10 year period the Company has produced more than 1 million ounces of gold - another notable gold industry milestone.

While the journey has included both highlights and challenges the one constant has been production from our core Mount Monger operations. This year Mount Monger has again demonstrated its position as a highly endowed gold field with numerous opportunities and demonstrable cash generation.

Two years ago, we communicated our clear strategic objective of focusing on extracting the best possible value from our core asset at Mount Monger. This strategy resulted in tangible success in FY2016 and we have continued to maintain focus on this objective throughout FY2017.

With this background in mind, the key question I ask myself is how have we measured up against our objectives and plan?

The unequivocal answer to this question for FY2017 is that we have again achieved tangible success, and this is clearly evident from the following operational and financial highlights for the year:

- Gold refined and sold increased 3% to 137,000 oz (12%[↑])¹
- Profit for the year was \$2.0m
- EBITDA before significant items increased 23% to \$70.0m (84%[↑])¹
- Cash flow from operations increased 16% to \$64.0m (117%[↑])¹
- Cash, bullion & investments were up 72% to \$81.5m (123%[↑])¹
- No bank debt (\$6.7m paid in FY2016)
- Internally funded a \$13.2m exploration program (\$28m - 2 yrs)
- Maintained Resource base of 3.3 moz after mine depletion
- Increased Reserve 20% to 466,000 oz after mine depletion of 148,000 oz.
- Internally funded \$18.5m for development of 2 new mines (\$24m - 2 yrs)
- Completed a program to divest non-core assets realising \$15m

¹ Denotes 2-year movement

Another disciplined performance in FY2017 has allowed Silver Lake to further strengthen our balance sheet whilst at the same time internally fund a \$13.2 million exploration program and invest \$18.5 million in mine development at Maxwells and Imperial / Majestic. In line with our plan, both Maxwells and Imperial / Majestic were generating strong cash flows during the second half of the year.

The Company's much stronger financial and operating position going into FY2018 will also allow us to internally fund both the \$11 million cost to recommence operations at the Cock-eyed Bob underground mine and the \$10.7 million cost to re-establish the Aldiss mining centre located approximately 60 kilometres to the east.

As anyone who has been involved in this industry knows, exploration is its lifeblood and the introduction of four mines in two years into operation would not have been possible had it not been for our substantial investment in exploration.

We will continue our exploration focus in the Mount Monger region on targets that provide rapid production opportunities with the objective of introducing new, lower cost sources into the mine plan.

Exploration

Over the past year under the guidance of our Exploration and Geology Manager Mr Antony Shepherd, Silver Lake invested approximately \$13.2 million in a program that successfully extended and upgraded the gold reserves at our current mining operations and advanced development projects with near term open pit and underground mining potential.

Exploration highlights for FY2017 included a resource and reserve upgrade at Cock-eyed Bob that led in turn to a decision to recommence mining operations in this area, the discovery of two new lodes at the Daisy Complex and drilling at Santa supported the potential for a fourth underground mine.

The ongoing success of our exploration programs has warranted Board approval of a further \$11.8 million exploration budget for FY2018 focused on the three major mining centres of Daisy Complex, Mount Belches and Aldiss.

Core Asset Strategy

During the year Silver Lake successfully completed the sale of its two key non-core assets:

- the Tuckabianna processing facility and the Company's interest in the Cue Joint Venture was sold for \$10 million; and
- the Great Southern Project was sold for \$5 million.

These divestments have not only strengthened our Balance Sheet as a result of the direct proceeds received, but have eliminated \$11 million of liabilities from the Balance Sheet and also eliminated around \$3 million per year of costs associated with maintaining the Murchison and Great Southern tenure.

Other

In the final part of my address I want to touch on three subjects that I know are dear to you all. The three topics I am talking about are share price, dividends and remuneration, and I would like to take a few minutes to give you the Board's perspective on each.

Share Price

On the topic of share price, despite:

- 1) significantly increasing mining reserves after depletion and almost doubling the planned life of our mines to nearly four years at our increased production rate; and
- 2) paying off all bank debt and more than doubling our cash and liquid reserves over the last two years,

we find ourselves with a lower short-term share price than at this time last year.

Why do we think this is the case?

Recently, demand for junior gold producer stocks has been severely tested with investors in this sector withdrawing to seek the huge short-term returns we have seen recently from the highly speculative "Pilbara Gold" and "Lithium / Cobalt" stories.

Mining is however a long game and the Board believes that Silver Lake must not put at risk the hard-won gains made over the last two years in pursuit of some short-term / high risk share price improvement.

The primary focus for Silver Lake is therefore to hold course and stay focused on executing its well delineated and proven strategy.

We do continue to evaluate growth opportunities but the primary rider is that any transaction must be value accretive.

Dividends

The second of these topics is dividends.

Silver Lake did not pay a dividend in FY2017 because as I said at last year's AGM, we believe investment in exploration to increase and improve our reserve base and overall life of mine is the best use of our surplus funds and will deliver superior returns to shareholders in the long run.

This philosophy has not changed.

Silver Lake has worked hard for two years to cut costs, pay off debt, increase working capital and strengthen its balance sheet.

As an integral part of this two year process, which is ongoing, the Company committed significant funds to our exploration effort in order to improve both the quantity and the quality of our resource and reserve base at Mount Monger.

In recognition of our exploration efforts our market capitalisation per resource ounce has increased from \$14/oz in 2015 to \$70/oz in 2017 and our market capitalisation per reserve ounce has increased from \$85/oz in 2015 to \$507/oz in 2017.

The Board is therefore of the clear view that at this time continuing to improve the quantity and quality of our reserve base by careful use of surplus funds provides the Company with the best investment optionality.

Remuneration

The third of these topics is remuneration.

As I have said at the two previous AGMs, the Company, across its entire workforce of directors, management and employees, targets aggregate fixed remuneration at the 50th percentile of the industry benchmarking report.

The Board has targeted this level of remuneration to ensure that our remuneration arrangements remain competitive with both industry norms and peer companies of similar size and complexity to assist with the retention and recruitment of key personnel.

Our incentive plans are competitive, performance based and link reward with business performance and shareholder returns relative to peer group companies. This policy did not change for the 2017 remuneration review.

In closing, on behalf of the Board, I would like to thank the Company's employees, contractors and suppliers for their efforts and achievements during the year. The strong results for FY2017 are a credit to all involved.

I would also like to acknowledge the ongoing support of our shareholders and I look forward to 2018.

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