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Silver Lake Resources Ltd ("Silver Lake" or "the Company") is pleased to present this Quarterly Activities Report.



Les Davis
Managing Director

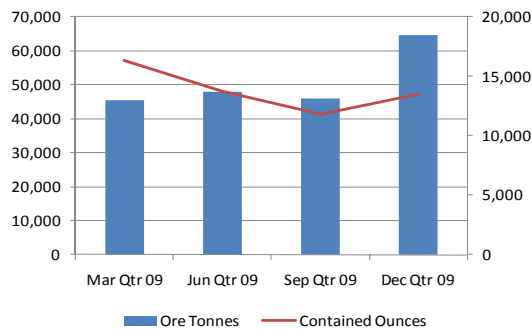
QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2009

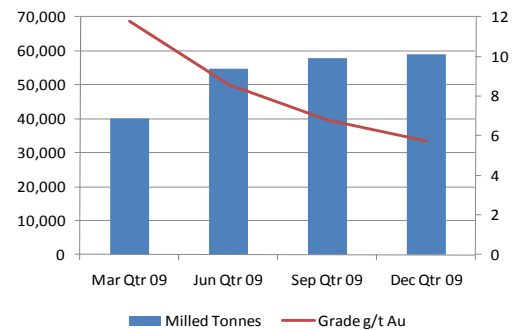
Highlights

- Gold in ore production totalled 15,130 ounces
- 600,000 tpa mill upgrade 80% complete, 50,000 tonne stockpile (6,000 ounces) ready for processing
- Daisy East (discovered July 2009) producing 13 g/t Au from ore development
- Gold production for 09/10 fiscal year on track for 60,000 to 70,000 ounces of gold
- Significant drilling results at Mount Monger & Murchison
- Silver Lake awarded 2009 Gold Miner of the Year from the Gold Mining Journal

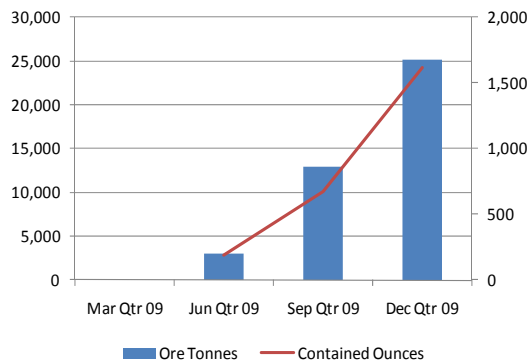
Operations - Underground



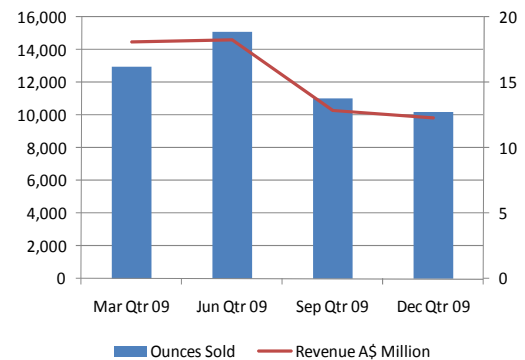
Operations - Processing



Operations - Open Pit



Gold Sales & Revenue



Quarterly Overview

Ore production from the Mount Monger Operations totalled 15,130 ounces (20% higher than the previous quarter) including:

Daisy Milano 13,520 ounces (13% higher than the previous quarter); and

Christmas Flat 1,610 ounces (139% higher than the previous quarter).

Mill feed consisted of a blend of Daisy Milano high grade, Daisy Milano low grade and Christmas Flat ores resulting in gold sales of 10,225 ounces at an average realised price of A\$1,206 oz for A\$12.3 million revenue. Bullion refined and not sold at the end of the quarter totalled 1,975 ounces.

The upgrade to double throughput capacity at the Lakewood Gold Processing Facility (LGPF) to 600,000 tonnes per annum is 80% complete. The project will be completed on time and on budget with the upgrade tie in completed mid February 2010. In anticipation of this upgrade, unprocessed ore stocks at the end of the quarter were built up to 50,000 tonnes containing 6,000 ounces of gold.

Post commissioning of the upgrade LGPF has the capability to mill up to 33,000 tonnes of hard rock per month (400,000 tpa) or up to 50,000 tonnes per month of blended rock (600,000 tpa).

Gold production from the Mount Monger Operations remains unchanged as per the company's guidance of 60,000 to 70,000 ounces for the 09/10 fiscal year.

Operating cashflow was -A\$3.0 million after allowing \$1.6 million for waste removal costs at Christmas Flat, mill upgrade costs of A\$3.3 million and new tailings dam cell costs of A\$1.0 million. Operating cashflow was also impacted by lower mined grades in November 2009 and ore stock build up ahead of the mill upgrade. Cash and bullion on hand totalled A\$28.4 million.

Exploration results were highly encouraging at Mount Monger. Ongoing drilling results from Daisy Deeps down to 800 vertical metres continues to deliver high grade results below the Daisy Milano mineralisation and could significantly increase the resource and further increase the projected mine life beyond five years.

Drilling is ongoing at Daisy East and continues to deliver encouraging results. Drilling has increased the mineralised structure to ~200 vertical metres which remains open along strike, up and down dip. Initial ore driving on the 8 level totals 155 metres in length and ore containing 1,350 ounces has been produced to date at 13 g/t Au. Mine planning is in progress for access designs to the Daisy East mineralisation from multiple levels within the Daisy Milano infrastructure. A maiden resource for Daisy East will be finalised in June 2010.

Drilling and geological interpretations are ongoing at Emma and Rosemary. Metallurgical test work is being reviewed for Magic to finalise the mining study.

Initial drilling results in the Murchison were also encouraging. A five hole surface diamond drilling programme was completed at the Comet deposit which has a resource of 2,280,000 tonnes at 4.0 g/t Au for 291,200 ounces. Four holes intersected significant thickness and grade outside of the current resource boundary to the north and down dip.

The Lena deposit has a resource of 820,200 tonnes at 8.5 g/t Au for 224,200 oz over a strike length of 600 metres and is a world class exploration project. Six surface diamond holes were completed with the drilling intersecting mineralisation to the north and outside of the current Lena resource boundary within the Lena shear. The Lena shear is up to 120 metres wide and contains the Western and Eastern mineralised zones. All six holes contained multiple mineralised intercepts in both mineralised zones.

During the quarter the Company completed a capital raising of \$17.3 million (net of costs) to accelerate exploration at the Company's Mount Monger and Murchison projects.

Mount Monger Operations

- **Safety**

There were no Lost Time Injuries (“LTI’s”) during the quarter with the 12 month moving average Lost Time Injury Frequency Rate (LTIFR) standing at zero.

- **Underground production - Daisy Milano**

Ore production during the quarter at Daisy Milano averaged 21,500 tonnes per month.

This quarter’s mine production was 13,520 oz at an average grade of 6.5 g/t Au. The lower grades mined were a function of required stope sequencing and grade variation within the mineralisation predominantly north of the dolerite dyke on the 17, 18 & 19 levels and initial strike development on the 25 to 28 levels. To account for the lower grade areas that have to be mined through, ore production was increased to offset lower grades.

The latest underground drilling information confirms that the higher grade mineralised zones are located within the southern 300 metres of the 400 metres of mineralised strike. The 24 level stopped 55 metres outside the June 2009 resource boundary and it is expected that the 25 to 28 levels will also extend well outside the resource boundary and contain high grades.

Ore driving to the high grade zones on the 25 to 28 levels progressed to plan during the quarter. The higher grade zones on these levels (refer to figure 1) were intersected in late December 2009 and mill reconciled grades to date from these areas is 12.2 g/t Au. December 2009 production totalled 5,800 ounces.

Once sufficient stoping commences in the high grade mineralised zones below the 24 level it will allow optimised stope sequencing and blending to occur with the lower grade zones. January 2010 month to date mine production is tracking at 11.0 g/t Au and will result in ~6,000 ounces being produced for the month.

Approximately 60% of the ounces produced for the quarter came from stoping activities with the balance from level development.

During the quarter 142 metres of capital development were completed.

- **Open pit production - Christmas Flat**

During the quarter the open pit was excavated to a vertical depth of 25 metres with 410,000 tonnes of waste rock removed. Grade control drilling was completed down to 45 vertical metres with the results confirming the higher grade mineralisation at depth (refer to figure 2). Based on the latest grade control drilling and updated geological model it is expected that the final pit shell will yield over 10,000 ounces as expected.

Ore production in October 2009 and November 2009 totalled 20,000 tonnes at 1.70 g/t Au mined from lower grade oxide ore blocks within the upper portion of the pit. The pit developed into the transitional zone in December 2009 producing 4,900 tonnes at 3.0 g/t Au. Month to date grade in January 2010 is 4.0 g/t Au. It is expected that Stage 1 of the open pit will be completed in the March quarter.

Surface drilling is planned in the March quarter to extend the remaining resource of 41,000 oz at Christmas Flat which is being evaluated to be extracted by either an open pit cutback or from underground (refer to figure 3).

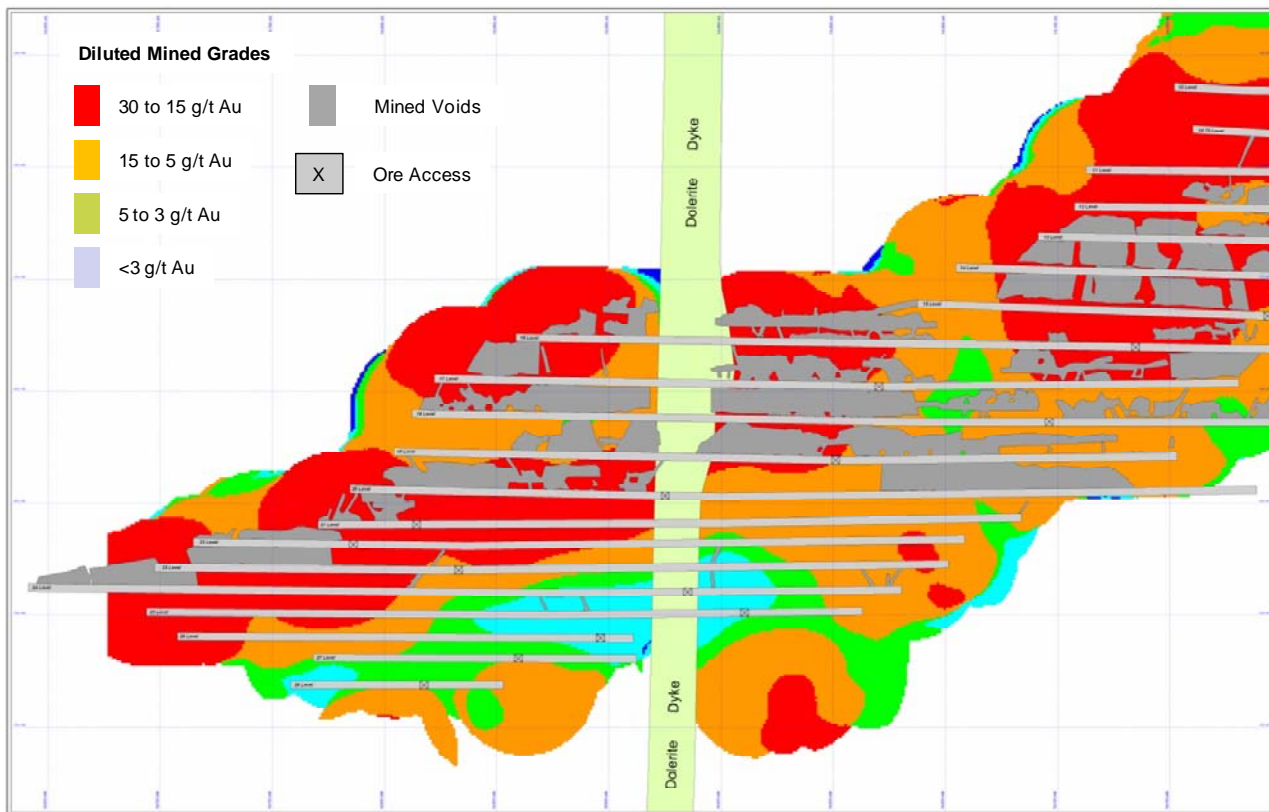


Figure 1: Long section of Daisy Milano indicating gram metre contours.

The red and orange areas are the high grade zones and the green and blue areas are the lower grade zones.

Grey areas shown are the mined voids.

Long section represents footwall mineralisation only and excludes hanging wall mineralisation.

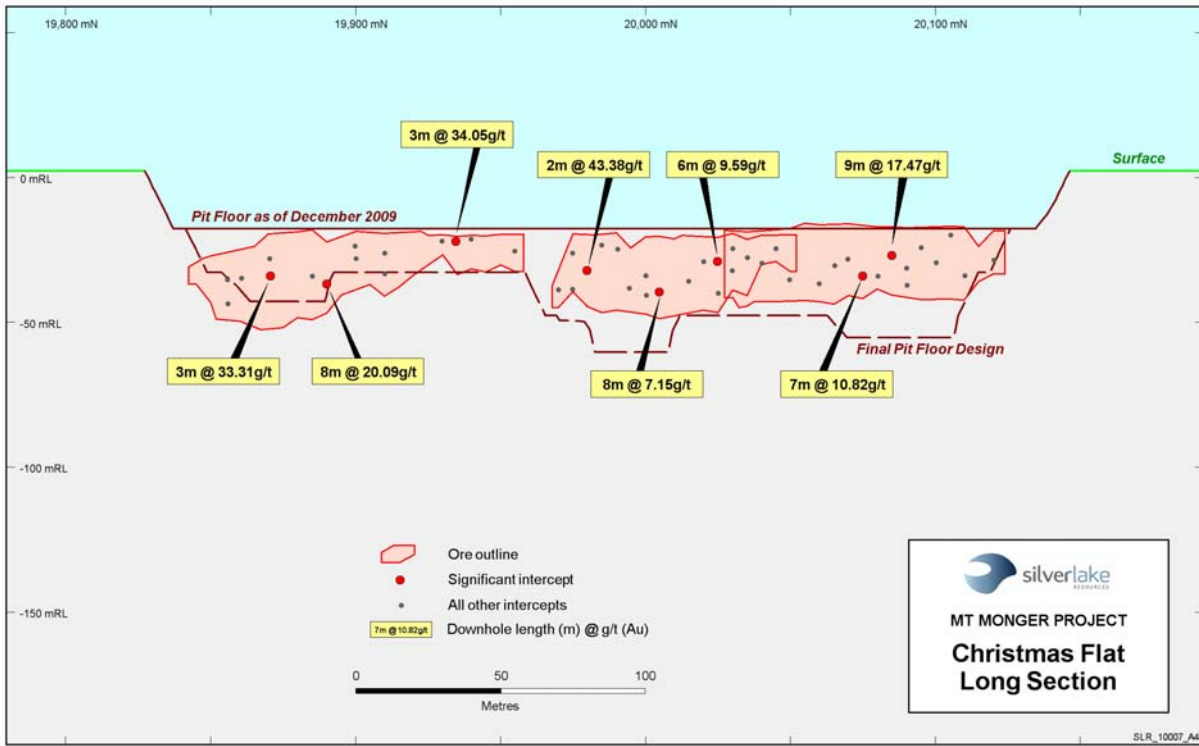


Figure 2: Stage 1 Christmas Flat pit long section showing results from grade control drilling.

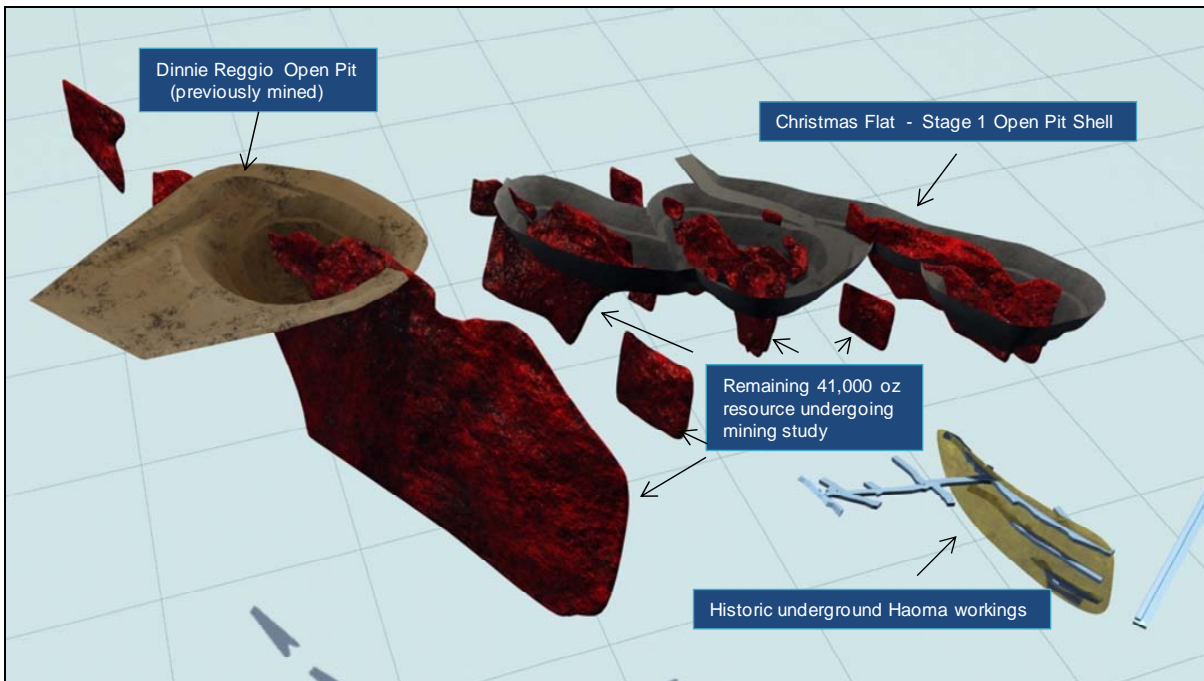


Figure 3: Schematic view of Christmas Flat open pit and remaining resource under evaluation.

- **Gold Production - Lakewood Gold Processing Facility (LGPF)**

59,124 tonnes were milled during the quarter at 5.8 g/t Au for 10,435 ounces produced. Mill feed consisted of a blend of Daisy Milano high grade, Daisy Milano low grade and Christmas Flat ores. 7,100 ounces have been produced and sold since 18 December 2009 due to ore being mined from Daisy Milano high grade zones (refer to figure 1) currently being fed to the mill.

Stage 1 upgrade to doubling the throughput of LGPF to 600,000 tpa is 80% complete. Stage 1 capital cost is expected to be A\$4.1 million and involves the installation of two new CIL tanks, thickener, cyclone upgrade and purchase of critical spares. The project will be completed on time and on budget with the upgrade tie in scheduled to be completed mid February 2010.

Post commissioning of the stage 1 upgrade, the facility will be capable of processing 400,000 tpa of hard rock or up to 600,000 tpa of blended rock.

Construction of a new 600,000 tonne tailings storage cell was completed during the quarter.



Figure 4: 600,000 tpa upgrade in progress at LGPF.

- **Gold Sales**

10,225 ounces were refined and sold at an average realised price of A\$1,206 oz during the quarter.

Bullion refined and not sold at the end of the quarter totalled 1,975 ounces.

Mount Monger	Units	Dec Qtr 2009	Sep Qtr 2009	Year to Date 09/10	Full Year 08/09
<u>Daisy Milano - High Grade</u>					
Ore hoisted	Tonnes	64,517	46,037	110,554	150,820
Mined grade ¹	g/t Au	6.5	8.0	7.1	10.0
Gold in ore hoisted	Oz	13,502	11,778	25,280	48,609
<u>Daisy Milano - Low Grade</u>					
Ore hoisted	Tonnes	686	4,614	5,300	9,043
Mined grade	g/t Au	0.8	1.3	1.3	1.6
Gold in ore hoisted	Oz	18	196	213	471
<u>Christmas Flat - Open Pit</u>					
Ore hoisted	Tonnes	25,192	13,000	38,192	3,000
Mined grade ¹	g/t Au	2.0	1.6	1.9	2.0
Gold in ore hoisted	Oz	1,610	673	2,280	193
Total Ore hoisted ²	Tonnes	90,395	63,651	154,046	162,863
Mined Grade ²	g/t Au	5.2	6.2	5.6	9.4
Gold in ore hoisted	Oz	15,130	12,647	27,774	49,272
Ore Milled ²	Tonnes	59,124	57,777	116,901	160,103
Head grade ²	g/t Au	5.7	6.8	6.3	9.7
Contained gold	Oz	10,904	12,665	23,567	50,067
Recovery	%	96	96	96	95
Gold produced	Oz	10,435	12,152	22,590	47,334
Gold sold ²	Oz	10,225	11,049	21,274	48,353

Table 1: Mount Monger Operations production statistics

Notes to Table 1:

1: Daisy Milano production for October 2009 & November 2009 has been reconciled through the mill. December 2009 production was still being milled at the end of the quarter. 13,800 tonne of Christmas Flat ore production has been reconciled through the mill. Stockpiled ore continues to be processed.

2: Ore mined and milled is from all ore sources. Bullion refined and not sold at the end of the quarter totalled 1,975 ounces. Unprocessed ore stocks at the end of the quarter totalled 50,000 tonnes containing 6,000 ounces of gold.

- Unit Costs**

Cash operating costs¹ for the quarter were A\$742 per oz. This was impacted by the lower grades mined. Cash operating costs for H2 09/10 are expected to reduce to ~A\$525-575 per oz as a result of higher grade production from both Daisy Milano and Christmas Flat and significantly more units processed through Lakewood Gold Processing facility post completion of the Stage 1 upgrade.

	Units	Dec Qtr 2009	Sep Qtr 2009	Full Year 08/09
<u>Cash Operating Cost</u> ¹	<u>A\$oz</u>	<u>742</u>	<u>746</u>	<u>647</u>

Waste development costs² for the quarter were A\$212 per oz which includes costs associated with 420,000 tonnes of waste material removed from Christmas Flat open pit. Due to the project being completed in less than 12 months all costs associated with waste and ore removal are being expensed as incurred. To date 70% of the project mining costs have been expensed over 20% of the project ounces.

	Units	Dec Qtr 2009	Sep Qtr 2009	Full Year 08/09
Waste Development Cost ²	A\$oz	212	342	95

Total cash costs³ for the quarter were A\$990 per ounce.

Total cash operating costs for H2 09/10 are expected to reduce to ~A\$730-780 per oz primarily as a result of lower cash operating costs and low waste to ore strip ratio for the remainder of the Christmas Flat pit.

Cost Centre	Units	Dec Qtr 2009	Sep Qtr 2009	Full Year 08/09
<u>Cash Operating Cost</u> ¹	<u>A\$oz</u>	<u>742</u>	<u>746</u>	<u>647</u>
Waste Development Cost ²	A\$oz	212	342	95
Royalties	A\$oz	37	35	38
<u>Total Cash Cost</u> ³	<u>A\$oz</u>	<u>990</u>	<u>1,123</u>	<u>780</u>
Average realised price	A\$oz	1,206	1,152	1,200
Revenue	A\$ Million	12.3	12.7	58.0

Table 2: Mount Monger Operations financial statistics

Notes to Table 2.

1: Cash operating costs include all direct underground and open pit mining costs, road transport and processing costs.

2: Waste Development costs include all underground capital decline development and waste ore access development costs and costs for mining open pit waste material during the period of occurrence.

3: Total cash cost are inclusive of cash operating costs, waste development cash costs and royalties.

- Production outlook

Gold production from the Mount Monger Operations remains unchanged as per the company's guidance of 60,000 to 70,000 ounces for the 09/10 fiscal year.

- Exploration and Development - Mount Monger

Daisy Deeps

The area within the Daisy Milano mineralised system below 500 vertical metres from the surface is referred to as Daisy Deeps. Underground diamond drilling is ongoing from the 535 drill caddy and is designed to increase the projected mine life beyond five years.

Encouraging results were returned during the quarter (refer to figure 5) all containing multiple high grade intercepts with varying grades and widths typical of the kind seen in the Daisy Milano mineralised system.

Drill hole MIL28013 included a bonanza intercept of 0.2 metres at 3,531 g/t Au. The drilling programme to date continues to firm up mineralisation at depth outside the current resource boundary. The current 26 hole programme targeting the mineralisation down to 800 vertical metres is expected to be completed in March 2010 and an upgrade to the current resource of 257,000 ounces will follow that.

Refer to ASX announcement 5 January 2010 for further information.

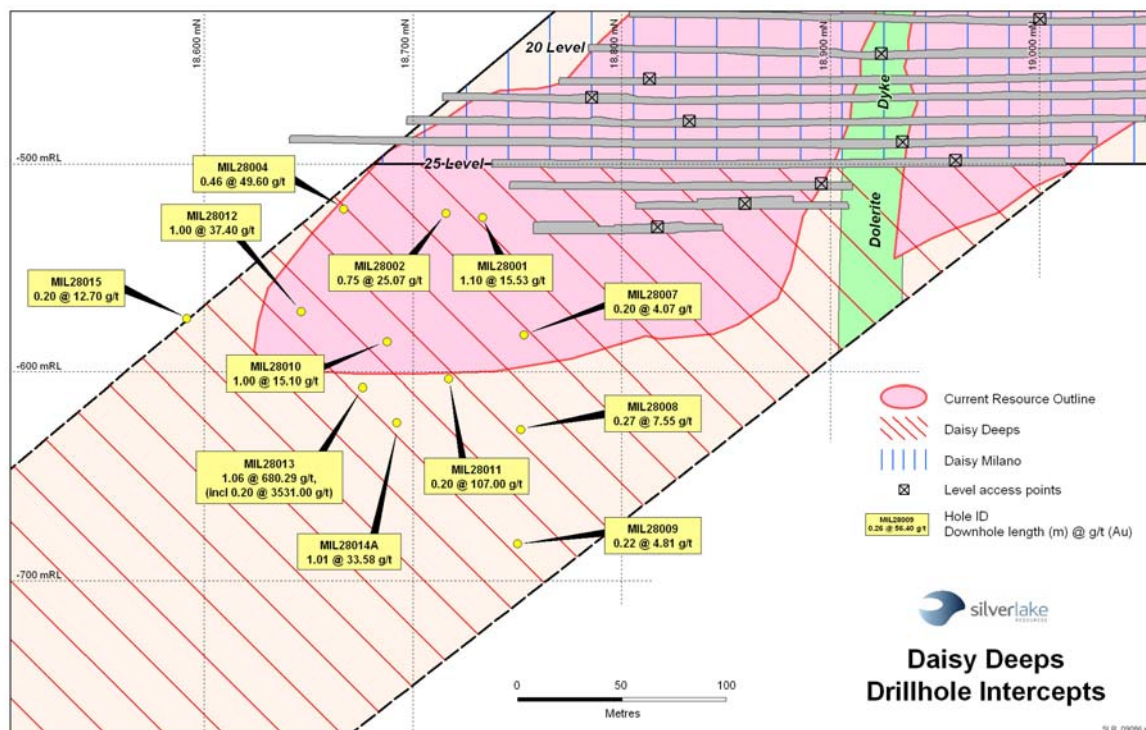


Figure 5: Long section (looking west) showing selected Daisy Deeps drill hole intercepts.

Daisy East

Drilling at Daisy East (refer to figure 6 for location plan) during the quarter has increased the mineralised structure to ~200 vertical metres which is open along strike, up and down dip (refer to figure 8). Approximately 155 metres of ore development has been completed on the 8 level at 13 g/t Au for 1,350 oz with some spectacular visible gold encountered on the southern end of the ore drive (refer to figure 7)

Mine planning is in progress for access designs to the Daisy East mineralisation from multiple levels within the Daisy Milano infrastructure. Drilling and mining is continuing and a maiden resource will be calculated for Daisy East in June 2010.

Refer to ASX announcements 2 December 2009 and 18 January 2010 for further information.

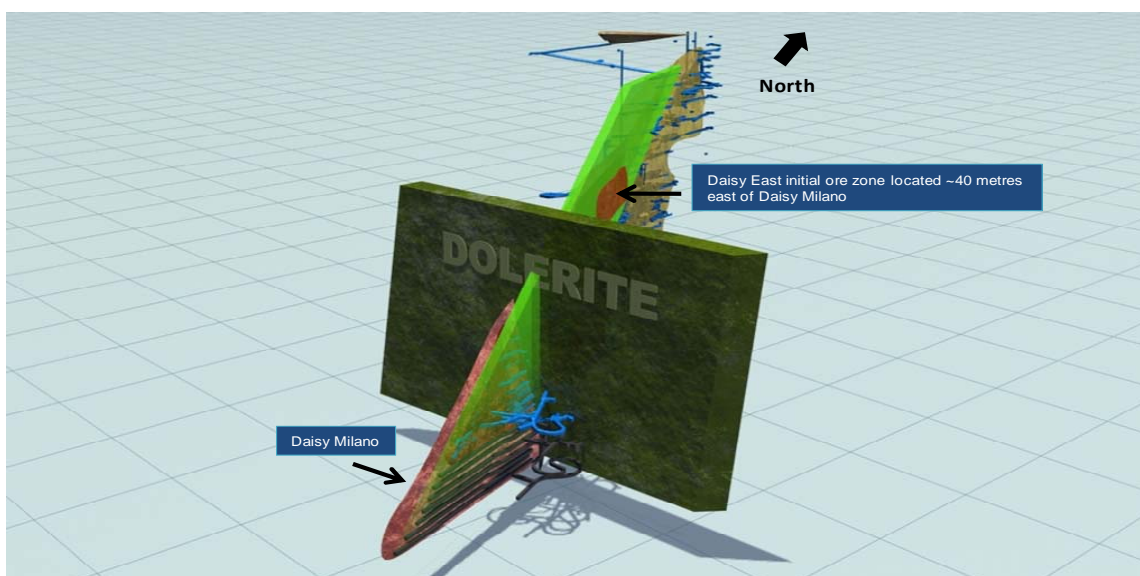


Figure 6: Schematic view showing location of Daisy East at time of discovery in July 2009. Green areas are conceptual target zones.

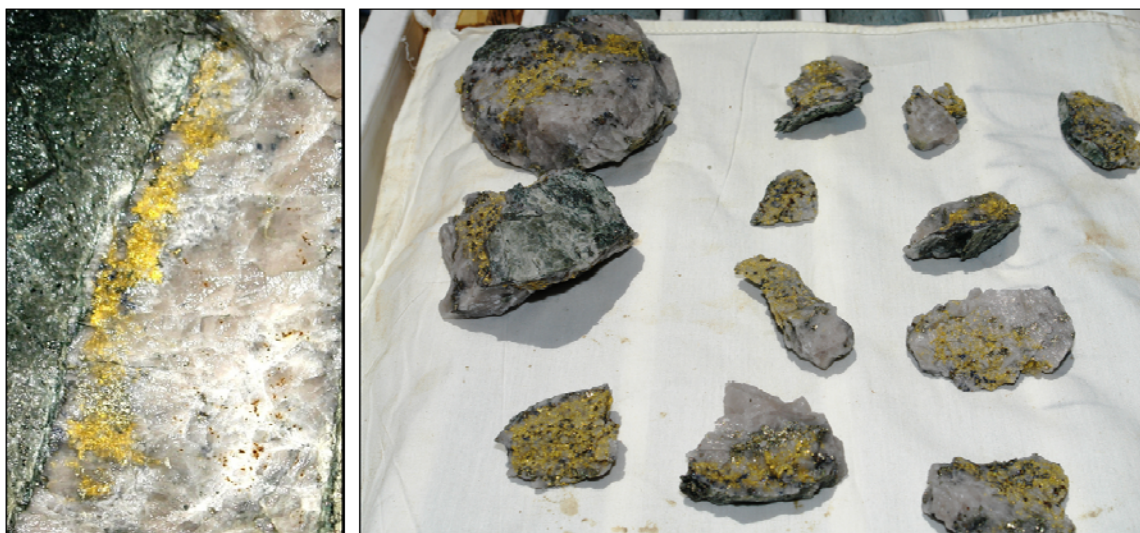


Figure 7: Visible gold in the 8 level ore drive and specimen stone collected after blasting.

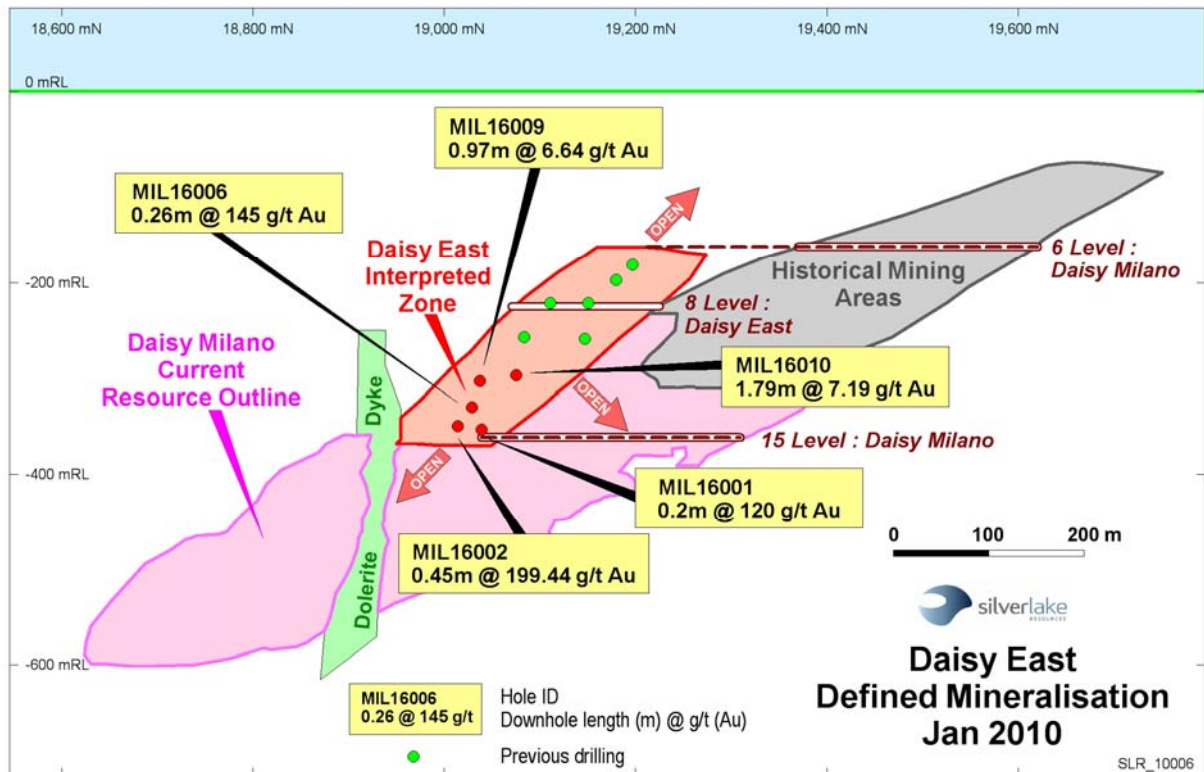


Figure 8: Long section (looking west) showing Daisy East mineralisation as at January 2009 with Daisy Milano mineralisation in the background. Post and pre mined mineralisation at Daisy Milano is approximately 500,000 oz and endowed with >1,000 oz per vertical metre.

Other

Results from the metallurgical test work at Magic are being reviewed. The mining study is nearing completion and a decision to mine is expected in the March quarter.

Drilling and geological interpretations are ongoing at Emma and Rosemary. Mining studies for open pit production at Costello and Lorna Doone are underway and will be completed in the March quarter.

Refer to figure 9 for location plan.

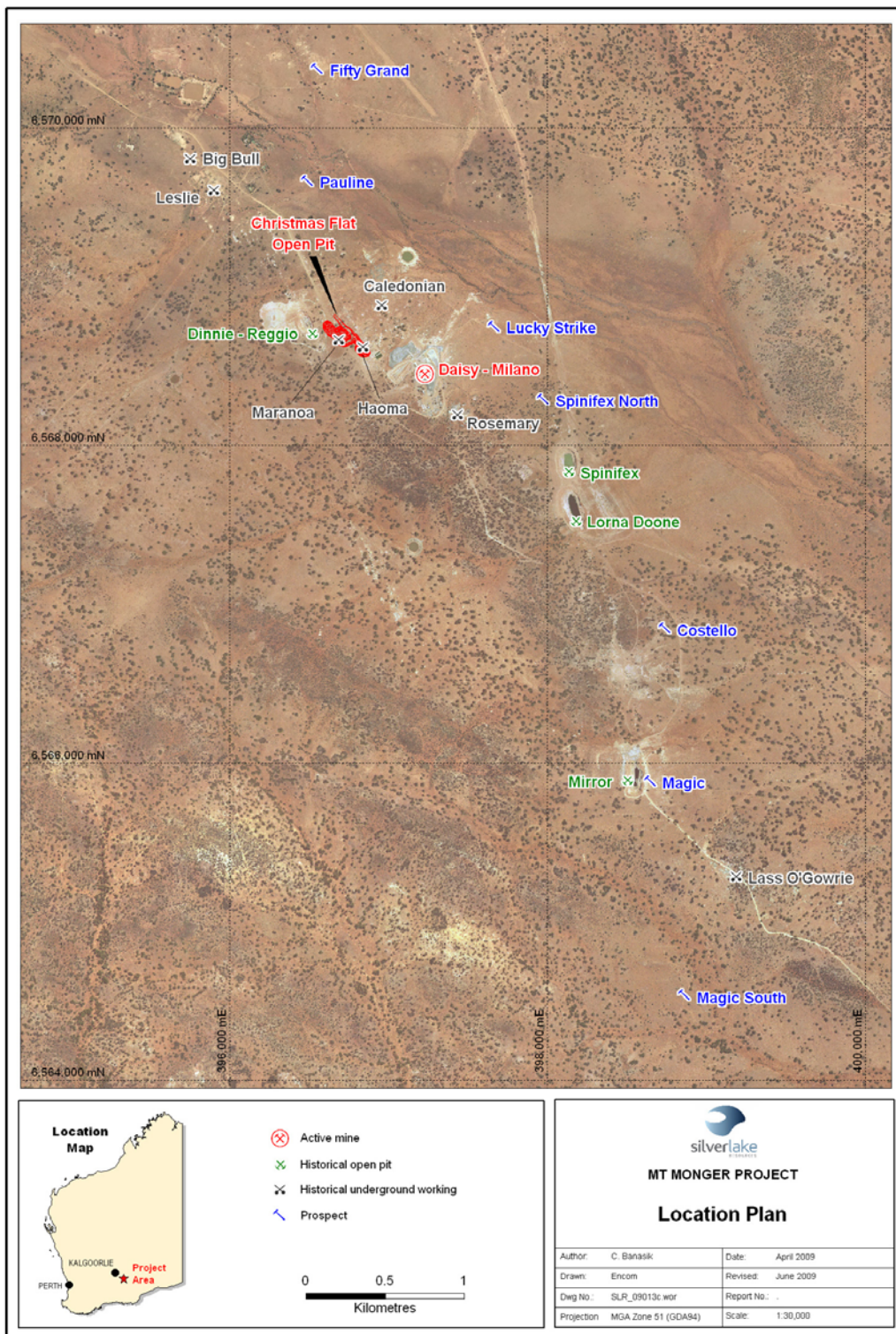


Figure 9: Location plan.

- Exploration and Development - Murchison

Exploration activities are ongoing at the company's Murchison projects (refer to figure 13 for location plan).

Comet

A five hole surface diamond drilling programme has been completed at the Comet deposit which has a resource of 2,280,000 tonnes at 4.0 g/t Au for 291,200 ounces (refer to table 3). The programme was designed to increase the resource which is located beneath the previously mined open pit.

Drillhole 09Codd001A was designed to validate the resource at depth which intersected 3.8 metres at 5.4 g/t Au. The remaining four holes drilled intersected significant thickness and grade outside of the current resource boundary to the north and down dip (refer to figure 10).

These initial results confirm that the mineralisation is open to the north, south and down dip and will result in an increase to the Comet resource in June 2010. Further drilling is being planned to continue testing the mineralisation outside the current resource boundary.

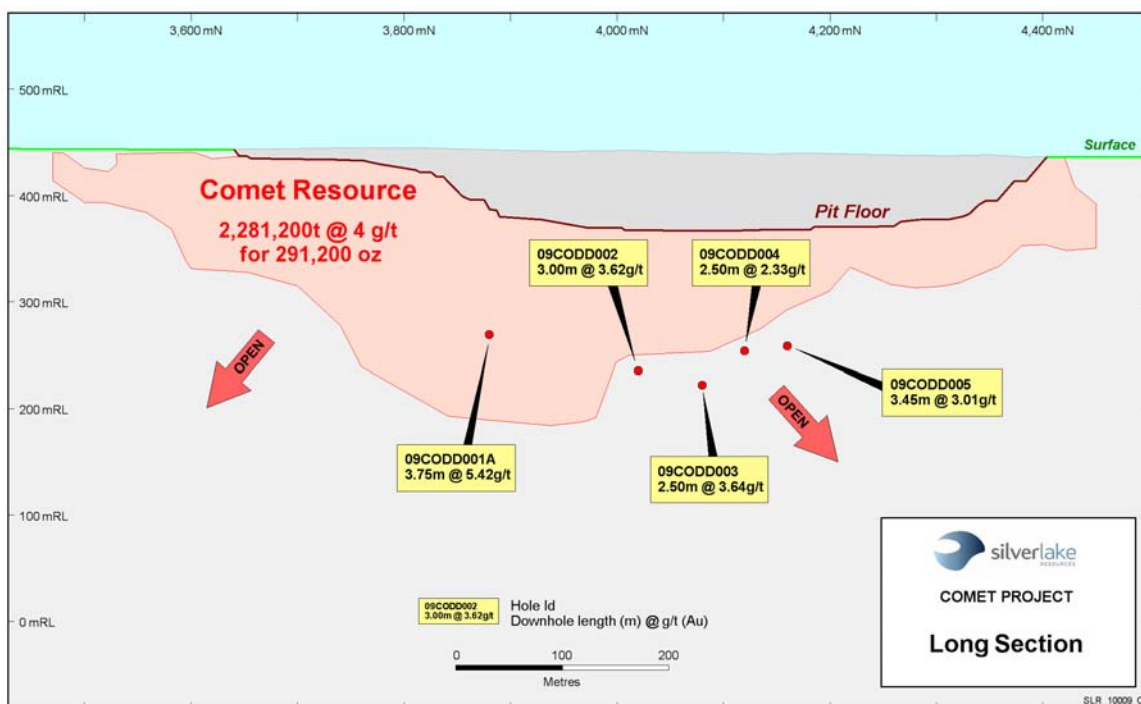


Figure 10: Long section view of Comet resource showing previous open pit outline, resource shape and latest drilling results.

Moyagee

The Lena deposit has a resource of 820,200 tonnes at 8.5 g/t Au for 224,200 oz over a strike length of 600 metres (refer to table 3) and is a world class exploration project. Six surface diamond holes have been completed.

The drilling intercepted mineralisation to the north and outside of the current Lena resource boundary within the Lena shear. The Lena shear is up to 120 metres wide and contains the Western and Eastern mineralised zones (refer to figure 12). All six holes contained multiple mineralised intercepts in both mineralised zones (refer to figure 11).

Refer to ASX announcements 27 January 2010 for further information.

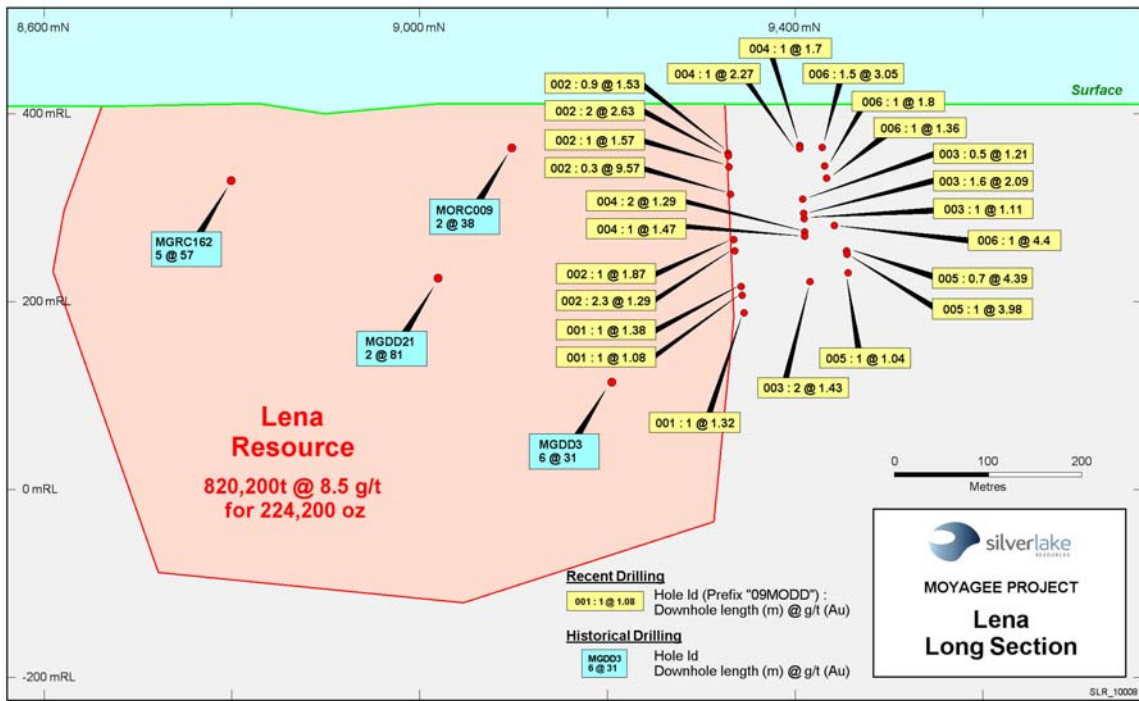


Figure 11: Long section of Lena Resource showing the position of the new intersections to the north.

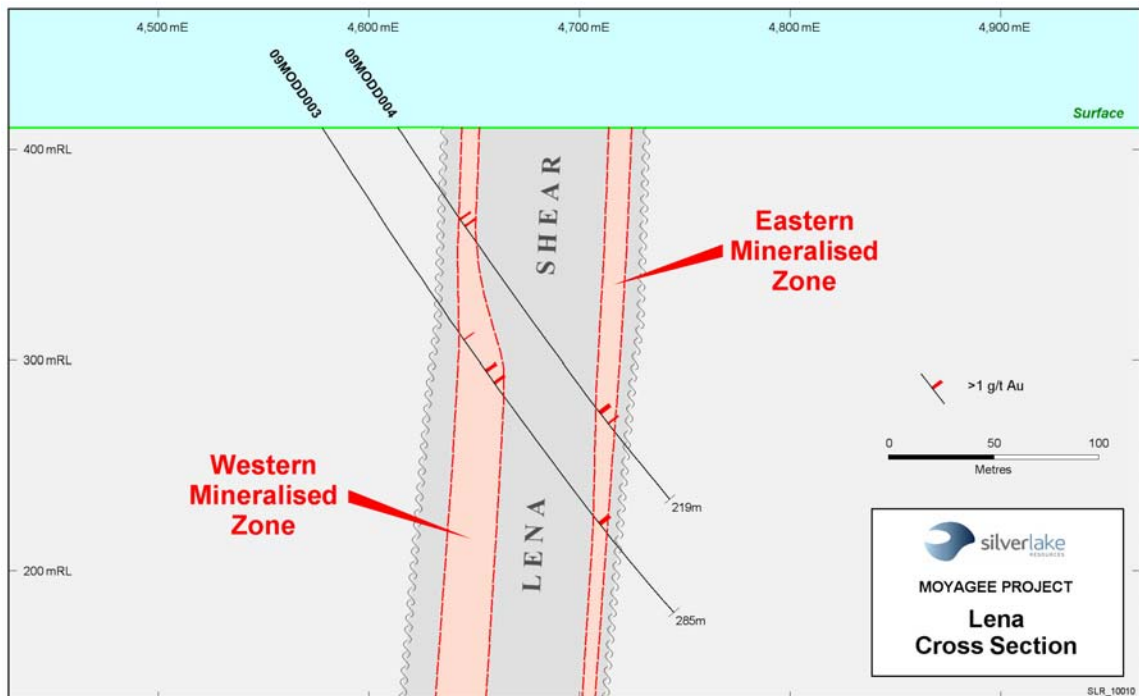


Figure 12: Cross section of Lena shear showing the position of the Western and Eastern mineralised zones.

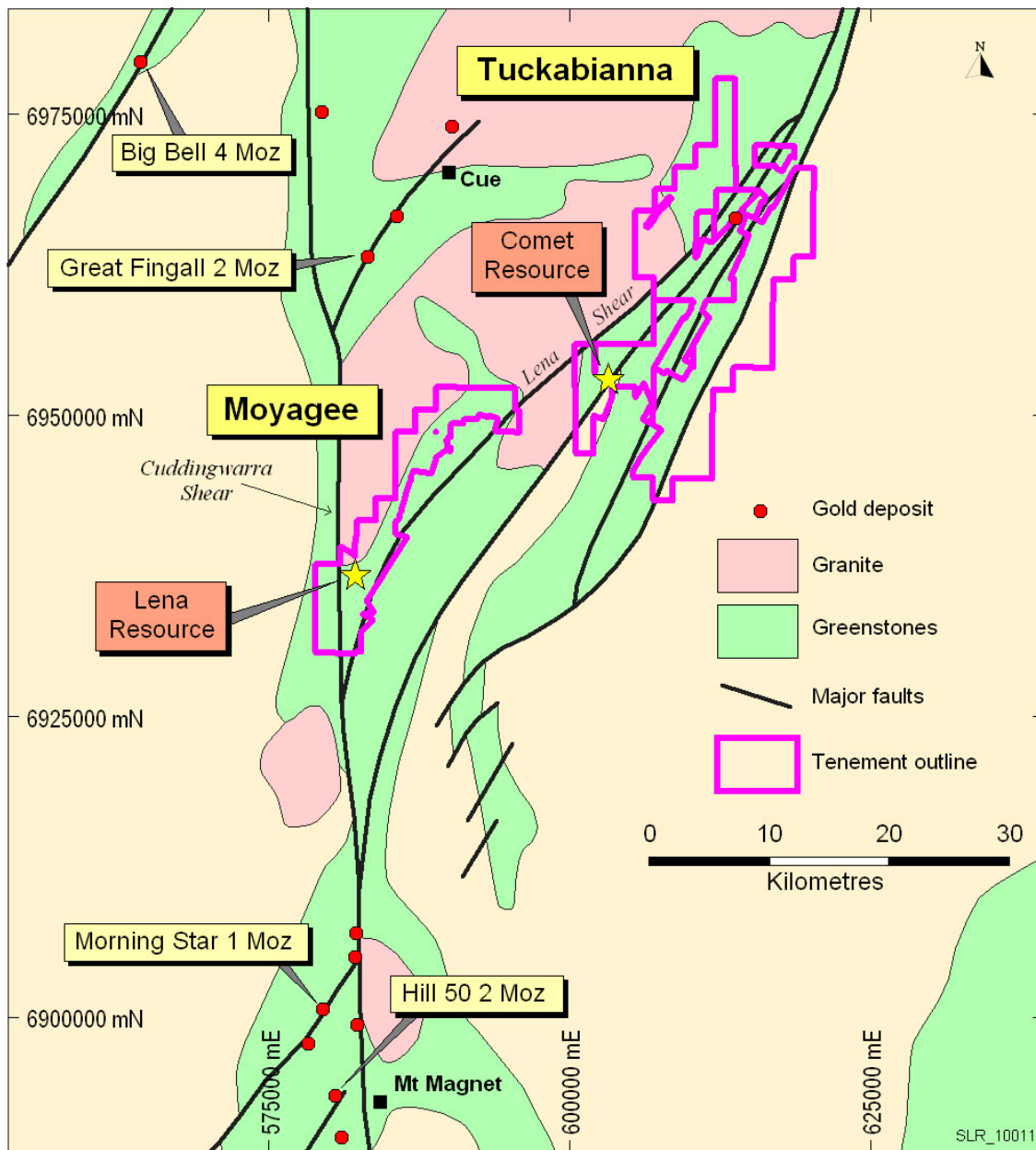


Figure 13: Location plan.

- Resources

The company's resource base as of 30 June 2009 totals 1.5 million ounces.

Deposit	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s
Daisy Milano	117.1	41.3	155.7	36.7	32.7	38.5	44.0	44.7	63.2	197.8	40.5	257.4
Christmas Flat	-	-	-	206.5	3.5	23.0	247.2	3.5	28.0	453.7	3.5	51.0
Costello	-	-	-	-	-	-	94.0	3.7	11.2	94.0	3.7	11.2
Lorna Doone	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Magic	-	-	-	348.4	3.2	35.4	249.2	2.6	20.8	597.6	2.9	56.2
Total Mount Monger	117.1	41.3	155.7	591.6	5.1	96.9	745.4	5.7	137.5	1454.1	8.3	390.1
Comet	-	-	-	1,709.1	3.6	198.3	572.2	5.1	92.9	2,281.2	4.0	291.2
Moyagee	-	-	-	-	-	-	820.2	8.5	224.2	820.2	8.5	224.2
Tuckabianna	-	-	-	2,327.1	2.8	212.1	2,393.2	3.1	237.9	4,720.3	3.0	450.0
Total Murchison	-	-	-	4,036.2	3.2	410.4	3,785.6	4.6	554.9	7,821.8	3.8	965.4
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	117.1	41.3	155.7	4627.8	3.4	507.3	5122.2	5.0	825.3	9,867.1	4.7	1488.4

Table 3: June 2009 Resource Inventory

Rounding may give rise to unit discrepancies in this table

- **Finance**

During the quarter Silver Lake invested in the future growth of the company including accelerated exploration activities at Mount Monger and the Murchison and 80% completion of stage 1 upgrade of the Lakewood Gold Processing Facility to 600,000 tonnes per annum.

Cash & cash equivalents at the end of the quarter totalled A\$28.4 million comprising:

- ▶ A\$26.0 million in cash; and
- ▶ A\$2.4 million in bullion on hand as at 31 December 2009.

The company has no debt.

Cash Flow (Unaudited)	Dec 2009 Quarter (A\$ Million)
<u>Revenue Receipted & Gold Bullion on Hand¹</u>	<u>12.5</u>
Payment to Operating Suppliers & Employees	(9.2)
Christmas Flats costs expensed	(1.6)
Stage 1 LGPF Upgrade	(3.3)
Tailings Dam Cell	(1.0)
Royalties	(0.4)
<u>Operating Cash Flow</u>	<u>(3.0)</u>
Exploration	(2.6)
Capital Development	(0.9)
Capital Works	(0.4)
<u>Cash Flow from Operations</u>	<u>(6.9)</u>
Business Development	(0.1)
Corporate Overheads	(0.5)
Net proceeds from Capital Raising	17.3
<u>Net Cash Flow</u>	<u>9.8</u>
Opening Cash in Bank & Bullion	18.6
<u>Closing Cash in Bank & Bullion</u>	<u>28.4</u>

Table 4: Statement of Cash Flows

Notes to Table 4 and cash on hand:

1: Revenue receipted was A\$12.3 million. Gold bullion on hand is the difference in value between bullion on hand at the end of September 2009 quarter and bullion on hand at the end of the December 2009 quarter.

- Corporate

Investor Relations:

- ▶ Silver Lake presented 13 October 2009 at the Australian Gold Conference in Perth.
- ▶ Silver Lake presented 29 October 2009 at the Mining Resources Convention in Brisbane.
- ▶ Silver Lake presented 21 November 2009 at the AMEC National Investor Briefing Series in Perth.

The Company completed a capital raising in October 2009 of \$17.3 million (net of costs) to accelerate exploration at the Company's Mount Monger and Murchison projects.

The company was awarded 2009 Gold Miner of the Year from the Gold Mining Journal (refer to figure 14).

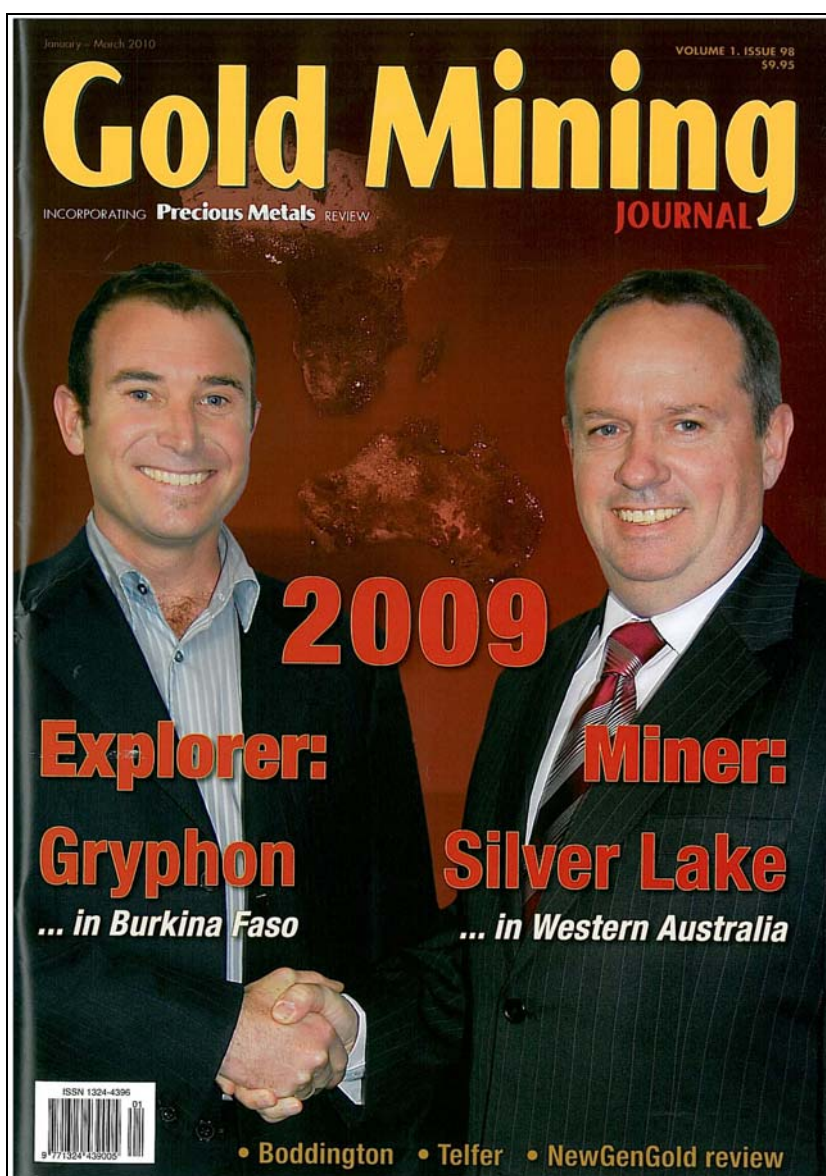


Figure 14: Gold Mining Journal featuring Silver Lake Resources as the miner of 2009.

- Issued Share Capital

Class of Securities	Issued capital post placement
Fully Paid Ordinary Shares	178,607,838
Unlisted Options	24,515,000

For more information about Silver Lake and its projects please visit our web site at www.silverlakeresources.com.au.

For further information please contact

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About Silver Lake Resources Ltd:

Silver Lake is a gold producer and explorer with a resource base of 1.5 million oz in highly prospective regions including the Mount Monger goldfield and the Murchison (Tuckabianna, Comet, and Moyagee). Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre.

Resource Category	Ore tonnes	Grade g/t Au	Total oz
Measured	117,100	41.3	155,700
Indicated	4,627,800	3.4	507,300
Inferred	5,122,200	5.0	825,300
Total	9,867,100	4.7	1,488,400

Rounding may give rise to unit discrepancies in this table.

Silver Lake's Mount Monger Operation contains the Daisy Milano underground mine and the Christmas Flat open pit located 50 km south east of Kalgoorlie.

Mount Monger has additional multi mine potential underpinned by emerging open pit production from Magic, Costello and Lorna Doone deposits. Furthermore the discoveries of Daisy East, Emma and the extension of the Rosemary lode show potential as near term production sources.

Gold ore from Mount Monger is transported to Silver Lake's 300,000 tpa Lakewood Gold Processing Facility located 5 km south east of Kalgoorlie and 45 km from the Daisy Milano mine.

The Company continues to review low capital milling options for the Murchison project. Ongoing exploration will focus on extending current resources that are constrained by limited drilling particularly below 100 metres depth. Our strategy is to delineate sufficient resources to sustain a 100,000 oz per annum operation.

Silver Lake's exploration programme is targeting¹ 5 million oz Au in resource.

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources 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 2004 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.

1: Information that relates to exploration 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.