

Silver Lake To Acquire 1Moz Gold Project In Western Australia

Advanced Gold Exploration Project With Numerous Targets

Silver Lake Resources Ltd ("Silver Lake") is pleased to announce that an agreement has been reached with Phillips River Mining Ltd (ASX PRH: "Phillips River") to merge the Phillips River's assets into Silver Lake by a Scheme of Arrangement ("Scheme").

The boards of Silver Lake and Phillips River unanimously support the Scheme (Refer to table 1).

Silver Lake is targeting to increase production from the Mount Monger Operations to 200,000 ounces per annum by 2014 via mining from multiple underground and open pit ore sources. Silver Lake's Mount Monger Operations have a current JORC resource of 5.1 million tonnes at 8.9 g/t for 1.5 million ounces of gold (refer to table 4).

In the Murchison, Silver Lake is developing a second gold mining operation with multiple mines feeding a central processing facility. Production is expected to commence in the March 2013 quarter ramping up to 100,000 ounces per annum in 2014. The Murchison Project has a current JORC resource of 18.4 million tonnes at 2.8 g/t for 1.7 million ounces of gold (refer to table 4).

SLR is also actively exploring the Murchison with a \$20 million budget for base metal targets within the Eelya Complex following the discovery of the high grade Hollandaire copper deposit.

Silver Lake is also one of the most active and successful explorers in Western Australia.

Silver Lake's strategy since inception has been to acquire quality gold assets that provide:

- a dominant position in a highly prospective region;
- existing JORC resources with significant scope to extend those resources;
- near term production ability; and
- significant exploration potential.

Acquiring Phillips River's assets is consistent with this strategy and allows Silver Lake to further grow its gold business post ramp up of Mount Monger and development of the Murchison. The acquisition has a transaction value of approximately \$20m or about 2.5% of Silver Lake's current market capitalisation. With a JORC resource² (refer to table 2) of 1 million ounces of gold, 10 million ounces of silver and 95,000 tonnes of copper the assets represent an attractive medium term growth platform for Silver Lake.

Post-merger the Phillips River assets will be collectively known as the Great Southern Gold Project ("Great Southern") and provide an exciting advanced gold exploration project for Silver Lake. Great Southern has two discreet exploration projects, Kundip and Munglinup covering over 2,500 sqkm of tenements located in south east of Western Australia (refer to figure 1).

Kundip Mining Centre

The Kundip Mining Centre ("Kundip") (refer to figure 2) has a current JORC resource² of 1 million ounces of gold, 10 million ounces of silver and 95,000 tonnes of copper contained in two main mining centres within 10km of each other that have been subject to a Definitive Feasibility Study ("DFS").

The Trilogy orebody is a polymetallic deposit located on cleared freehold farmland owned by Phillips River. At this stage, Silver Lake does not view Trilogy as a priority and will not be pursuing the DFS to develop Trilogy. As such, no further work will be undertaken on the DFS.

Kundip constitutes a number of high-grade gold ore bodies. These deposits have been mined in the past on a small scale producing 121,000t @ 18.0 g/t Au for 68,000 ounces Au from both underground and open pit sources that are underexplored at depth.

There is significant regional potential at Kundip for further high-grade gold deposits to be identified through a systematic and ramped up exploration campaign. Kundip has a current JORC resource² of 8.9 million tonnes at 2.7 g/t Au for 0.8 million ounces (refer to table 2). The DFS for Kundip delivered a probable mining reserve³ of 2.8 million tonnes at 3.4 g/t Au for 307,000 ounces with an average copper grade of 0.4% (refer to table 3).

Post ramp up of Mount Monger and development of the Murchison in 2013, Silver Lake will increase regional gold exploration at Kundip with the view to establishing a third gold mining centre (with potential copper and silver credits). This will be funded from internal cash flows. This work will also assess a low capital operating scenario with a simple and straight forward processing circuit.

In addition, exploration will focus on infill drilling to convert current resources to reserves; extensional drilling to expand current resources and step out drilling to delineate new resources.

Munqlinup Project

Munqlinup (refer to figure 3) is a large greenfield exploration project covering over 1,600 sqkm located in the Albany Fraser belt. This is one of Australia's most significant gold belts and hosts the 5Moz Tropicana deposit located ~500 kilometres to the North East. The tenement package is on cleared agriculture ground with shallow cover and is essentially unexplored.

Initial exploration will consist of geochemical and geophysical methods to establish target areas for follow up drilling.

Post-Merger Snapshot

JORC Resources (refer to tables 2, 3 and 4 and associated notes):

- 4.3 million ounces of gold inclusive of 442,000 ounces of reserve; and
- 10 million ounces of silver and 95,000 tonnes of copper

Three substantial project centres:

- Mount Monger: In production and ramping up to 200,000 ounces per annum in 2014 with an ongoing exploration budget of \$9m per annum;
- Murchison: Under construction with first production in March 2013 quarter ramping up to 100,000 ounces per annum in 2014. Current exploration budget of \$9 million for gold and \$20 million to accelerate base metal targets within the Eelya Complex following the discovery of the high grade Hollandaire copper deposit; and
- Great Southern: Advanced gold exploration project covering over 2,500 sqkm of tenements that are highly prospective and under explored adding a third tier to Silver Lake's growth strategy.

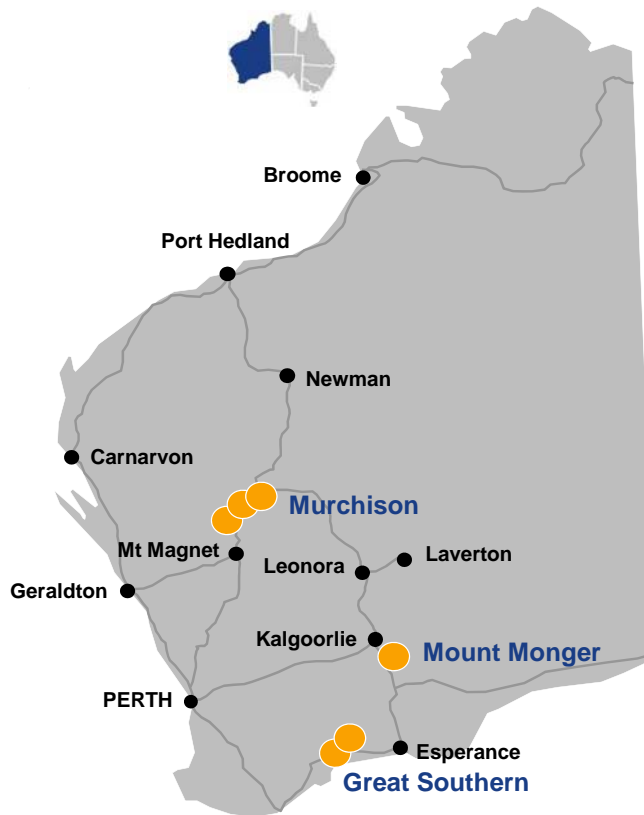


Figure 1: Post-merger projects location plan.

Key Terms Of Scheme

Scheme	Silver Lake will acquire 100% of the issued share capital of Phillips River by way of a scheme of arrangement under section 411 of the Corporations Act 2001 (Cth)
Consideration Offered	0.0882 Silver Lake shares for every 1 Phillips River share
Conditions	<ul style="list-style-type: none"> • Court approval; • no material adverse change in Phillips River or Silver Lake; • relevant regulatory approvals; • approval by a simple majority of Phillips River shareholders present in person or by proxy at the scheme meeting that will be called in relation to the Offer and also by at least 75% of the votes cast at that Scheme Meeting; and • other customary conditions. <p>Full details of the conditions are set out in the implementation agreement annexed to the announcement made by Phillips River on 24 January 2012 ("Implementation Agreement")</p>
Obligations	Phillips River will be required to pay a break fee in certain circumstances as set out in the Implementation Agreement

Phillips Options	River	Silver Lake will make offers to each holder of Phillips River options to acquire their options for the consideration set out in schedule 3 of the Implementation Agreement
Timetable		<ul style="list-style-type: none"> • Scheme Booklet to be despatched March 2012 • Scheme Meeting to be held in May 2012 • Implementation Date in late May 2012
Convertible Facility	Note	Silver Lake will also, within the next seven days, finalise the documentation for and make available to Phillips River a \$1.3 million secured convertible note facility ("Facility"). The key terms of the Facility are summarised at Schedule 5 of the Implementation Agreement.

Table 1: Key terms of scheme

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

For further information please contact

Les Davis
Managing Director

+61 8 6313 3800

contact@silverlakeresources.com.au

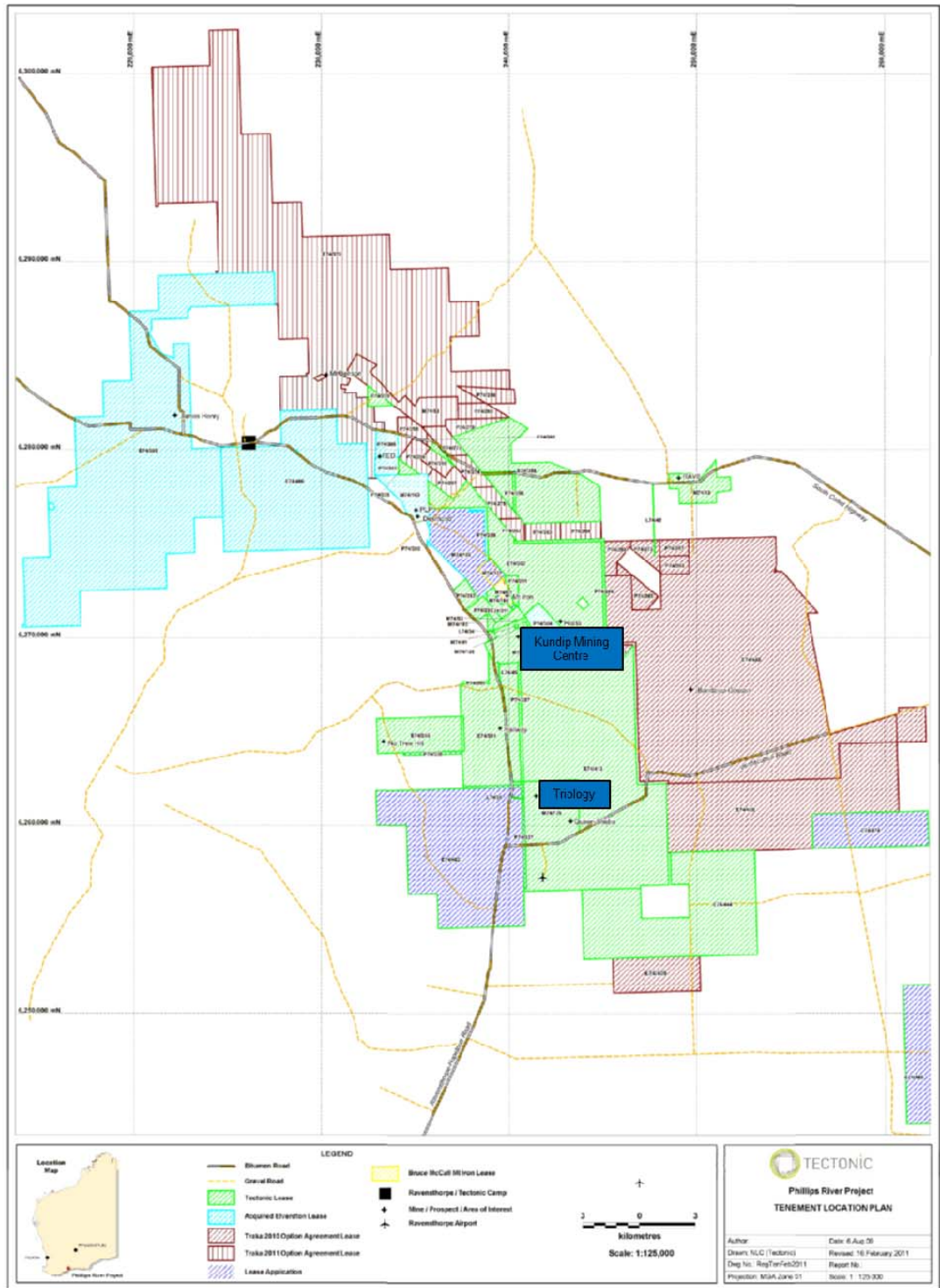


Figure 2: Kundip project location and tenement plan.

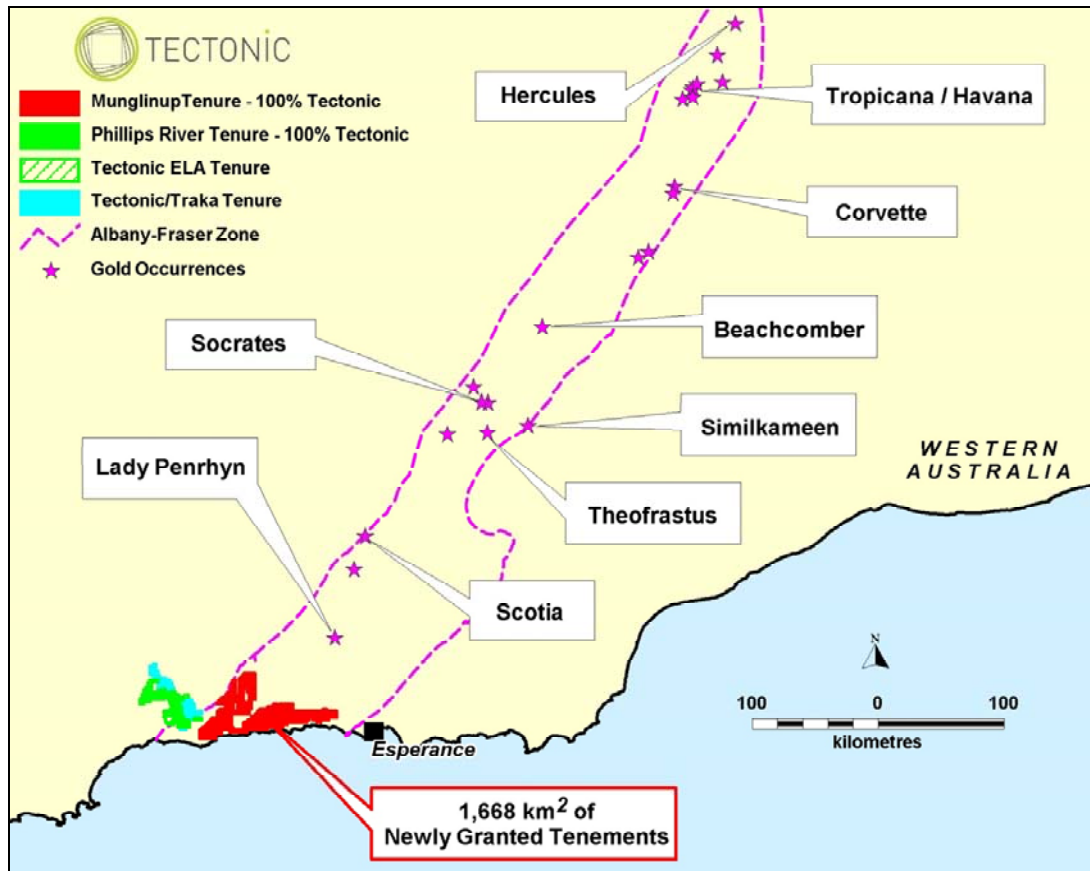


Figure 3: Munglinup project location plan. Tenement outlines shown in red and Albany Fraser belts shown between blue dotted lines.

Phillips River Resource inventory - October 2011

Table 2: October 2011 Resource

Source: PRH ASX announcements

	Measured Resources				Indicated Resources				Inferred Resources				Total Resources				
	Ore				Ore				Ore				Ore				
	tonnes	Grade	Increment	Total	tonnes	Grade	Increment	Total	tonnes	Grade	Increment	Total	tonnes	Grade	Increment	Total	
	'000s		'000s	'000s	'000s		'000s	'000s	'000s		'000s	'000s	'000s	'000s		'000s	
Kundlip Project																	
Gold	-	-	g/t Au	-	4,390	3.4	g/t Au	481	4,550	2.1	g/t Au	307	8,940	2.7	g/t Au	788	
Silver	-	-	g/t Ag	-	4,390	2.5	g/t Ag	354	4,550	2.1	g/t Ag	314	8,940	2.3	g/t Ag	668	
Copper	-	-	% Cu	-	4,390	0.4	% Cu	16	4,550	0.3	% Cu	15	8,940	0.3	% Cu	30	
Trilogy Project																	
Gold	310	2.4	g/t Au	24	5,750	0.7	g/t Au	136	180	0.6	g/t Au	4	6,240	0.8	g/t Au	164	
Silver	310	41.0	g/t Ag	141	5,750	48.0	g/t Ag	8,860	180	12.0	g/t Ag	73	6,240	47.0	g/t Ag	9,340	
Copper	310	0.3	% Cu	0.9	5,750	1.1	% Cu	62	180	0.8	% Cu	1.4	6,240	1.0	% Cu	65	
Total Resource																	
Gold	310	2.4	g/t Au	24	10,140	1.9	g/t Au	617	4,730	2.0	g/t Au	311	15,180	1.9	g/t Au	952	
Silver	310	14.1	g/t Ag	141	10,140	28.3	g/t Ag	9,210	4,730	2.5	g/t Ag	387	15,180	20.5	g/t Ag	10,010	
Copper	310	0.3	% Cu	0.9	10,140	0.8	% Cu	78	4,730	0.3	% Cu	16	15,180	0.6	% Cu	95	

Notes to table 2:

Kundlip Resource includes Queen Sheba and Mt Desmond deposits

Competent person's statement

Rounding may give rise to unit discrepancies in this table

Note 2 and notes to table 2: The information in this report that relates to Exploration Results, and information in this Ore Reserve statement that relates to Mineral Resource estimates defined as part of the June 2010 Mineral Resource are based on information compiled by Mr Bruce Armstrong, who is a Member of The Australasian Institute of Geoscientists. Mr Armstrong is a full time employee of Phillips River Mining, 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Phillips River mining reserves

Table 3: Mining Reserve

Source: PRH ASX announcements

	Proved Reserves				Probable Reserves				Total Reserves			
	Ore				Ore				Ore			
	tonnes	Grade	Increment	Total	tonnes	Grade	Increment	Total	tonnes	Grade	Increment	Total
	'000s		'000s	'000s	'000s		'000s	'000s	'000s		'000s	'000s
Kundlip Project												
Gold	-	-	g/t Au	-	2,810	3.4	g/t Au	307	2,810	3.4	g/t Au	307
Silver	-	-	g/t Ag	-	2,810	2.7	g/t Ag	244	2,810	2.7	g/t Ag	244
Copper	-	-	% Cu	-	2,810	0.4	% Cu	11	2,810	0.4	% Cu	11
Trilogy Project												
Gold	310	2.2	g/t Au	22	4,320	0.8	g/t Au	113	4,630	0.9	g/t Au	135
Silver	310	45.0	g/t Ag	449	4,320	55.0	g/t Ag	7,638	4,630	54.3	g/t Ag	8,086
Copper	310	0.4	% Cu	1	4,320	1.1	% Cu	48	4,630	1.1	% Cu	49
Total Resource												
Gold	310	2.2	g/t Au	22	4,320	4.2	g/t Au	420	7,440	1.8	g/t Au	442
Silver	310	45.0	g/t Ag	449	4,320	57.7	g/t Ag	7,882	7,440	34.8	g/t Ag	8,330
Copper	310	0.4	% Cu	1	4,320	1.5	% Cu	59	7,440	0.8	% Cu	60

Competent person's statement

Rounding may give rise to unit discrepancies in this table

Note 3 and notes to table 3: The information in this Ore Reserve statement that relates to Ore Reserve estimates is based on information compiled by Mr Geoff Davidson, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a Principal Consultant and Director of Mining and Cost Engineering Pty Ltd and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Bruce Armstrong has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Silver Lake Resource inventory - June 2011

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	181.5	30.6	178.6	562.2	17.2	310.9	326.0	12.3	128.9	1,069.7	18.0	618.4
Daisy East	41.0	41.4	54.6	21.4	15.5	10.7	25.9	15.9	13.2	88.3	27.6	78.5
Christmas Flat	-	-	-	338.6	4.1	44.1	448.5	6.3	91.3	787.1	5.3	135.4
Haoma	-	-	-	-	-	-	238.9	30.6	235.0	238.9	30.6	235.0
Costello	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Lorna Doone	-	-	-	-	-	-	128.0	3.1	12.8	128.0	3.1	12.8
Magic	-	-	-	749.2	4.1	98.3	1,071	5.2	178.0	1,820.2	4.7	276.3
Wombola Pit	-	-	-	161.2	3.0	15.7	299.0	2.8	26.6	460.2	2.9	42.3
Wombola Dam	-	-	-	202.8	4.1	26.7	230.2	3.8	27.8	433.0	3.9	54.5
Total Mount Monger	222.5	32.6	233.1	2,035.4	7.7	506.4	2,878.5	7.9	727.9	5,136.4	8.9	1,467.4
Tuckabianna - OP	-	-	-	4,000.0	2.2	280.0	4,220.0	2.1	290.0	8,220.0	2.2	570.0
Tuckabianna - UG	-	-	-	1,070.0	4.4	150.0	1,360.0	3.7	160.0	2,430.0	4.0	310.0
Comet - OP	36.0	0.6	0.69	2,390.0	2.7	210.0	670.0	1.9	40.0	3,070.0	2.5	250.0
Comet - UG	-	-	-	850.0	5.1	140.0	250.0	3.7	30.0	1,100.0	5.1	180.0
Moyagee - OP	-	-	-	840.0	2.2	60.0	1,130.0	2.5	90.0	1,980.0	2.4	150.0
Moyagee - UG	-	-	-	70.0	4.4	10.0	1,500.0	3.9	190.0	1,570.0	4.0	200.0
Murchison - OP	36.0	0.6	0.69	7,230.0	2.4	550.0	6,030.0	2.1	410.0	13,270.0	2.3	970.0
Murchison - UG	-	-	-	1,980.0	4.7	300.0	3,120.0	3.8	380.0	5,100.0	4.1	680.0
Total Murchison	36.0	0.6	0.69	9,210.0	2.9	850.0	9,150.0	2.7	790.0	18,370.0	2.8	1,650.0
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	258.5	28.1	233.8	11,245.4	3.8	1,356.4	12,619.7	4.1	1,650.8	24,097.6	4.2	3,250.7

Table 4: June 2011 Resource

Rounding may give rise to unit discrepancies in this table

Notes to table 4:

Murchison open pit resources include mineralisation down to 100 metres depth below the surface.

Murchison underground resources include mineralisation below 100 metres depth from the surface.

Lena resource is 3.2 million tonnes at 3.0 g/t Au for 313,025 ounces.

Competent Person's Statement

Note 4: The information in this report that relates to Exploration Results and Mineral Resources for Silver Lake 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.

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.

The information on exploration targets are based on a conceptual range of targets as follows:

Tonnage range: 50 million to 100 million tonnes

Grade range: 3 g/t Au to 8 g/t Au

Ounces: 5 million to 10 million

About Silver Lake Resources Ltd:

Silver Lake is an ASX 200 gold producing and exploration company with a resource base of 3.3 million oz in highly prospective regions including the Mount Monger goldfield and the Murchison. Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre.

Silver Lake's Mount Monger Operation contains the Daisy Milano, Daisy East, Rosemary & Haoma underground mines and the Wombola Dam open pit mine located 50 km south east of Kalgoorlie.

Mount Monger has additional multi mine potential underpinned by emerging open pit production from the Wombola Pit and Magic deposits.

Gold ore from Mount Monger is transported to Silver Lake's Lakewood Gold Processing Facility located 5 km south east of Kalgoorlie and 45 km from the Daisy Milano mine. This facility has been expanded to 700,000 tonnes per annum and is currently being expanded to 1 million tonnes per annum by September 2012 quarter.

In the Murchison, Silver Lake is developing a second mining operation with multiple mines feeding a central processing facility. A 1.2 million tonne per annum mill has been acquired for this project and production is expected to commence in the March 2013 quarter.

At the Eelya Complex, part of the Murchison project, a high grade Copper discovery has been made at Hollandaire. The Hollandaire deposit contains copper, gold, silver & zinc with grades up to 45% Cu, 5.5 g/t Au and 256 g/t Ag.

Silver Lake's exploration programme is targeting⁴ 10 million oz Au in resource over time.
