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ASX ANNOUNCEMENT **13 July 2012**

Metallurgical Test Work Results - Magic Deposit

Highlights

- **Test work results confirm that ore from the Magic Deposit is amenable to processing using a conventional crushing & grinding circuit followed by sulphide flotation**
- **Rougher flotation test work indicates high gold recoveries of 85% to 93%**
- **Scoping study commenced assessing multiple options to process ore at Lakewood Gold Processing Facility**

Silver Lake Resources Ltd ("Silver Lake") is pleased to announce positive results from metallurgical flotation test work at its Magic deposit, part of the Mount Monger Operations (refer to figure 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 6.8 million tonnes at 7.8 g/t for 1.7 million ounces of gold (refer to table 1).

Production is currently being sourced from four independent underground mines accessed from the same infrastructure: Daisy Milano, Daisy East, Rosemary & Haoma. Open pit production is also being sourced from Wombola Pit (refer to figure 1).

Magic Deposit

The Magic deposit is located 3 kilometres south of the Daisy Milano mine and has a current resource of 1.8 million tonnes at 4.7 g/t Au for 276,300 ounces (refer to table 1) and is currently subject to a mining study. The deposit contains thick high grade mineralisation and is planned to be an underground mine amenable to a bulk mining method.

Thick high grade intersections within the deposit include:

- 11.0 metres at 59.5 g/t Au;
- 8.3 metres at 44.4 g/t Au;
- 4.2 metres at 42.6 g/t Au; and
- 10.0 metres at 19.1 g/t Au.

Preliminary metallurgical flotation test work on three composite samples of diamond core sourced from multiple drill holes distributed across the extent of the resource has been completed. Initial results have provided encouragement indicating that the ore will be amenable to processing through a conventional crushing and grinding circuit followed by a contemporary sulphide flotation sequence.

Rougher sulphide flotation results indicate particularly high gold recoveries of 85% to 93% over a relatively coarse grind size. These high rougher recoveries suggest that final gold recovery levels into a commercial grade concentrate will also be quite high.

These preliminary results provide a solid foundation from which to carry out further optimization of the metallurgical flow sheet for the Magic deposit.

A scoping study has commenced assessing multiple options for processing the ore at the Lakewood Gold Processing Facility ("LGPF"). A key benefit to processing Magic ore at LGPF is the installed grinding capacity. The recently completed upgrade included installation of a 1.6 megawatt ball mill for primary grinding replacing the existing 630 kilowatt mill. This mill is currently not being used and remains online as part of the current circuit and is used as a back-up facility if required.

Options available for processing through LGPF for a modest capital cost include:

- Construction of a flotation circuit to process Magic ore only. This will require the current circuit to be reconfigured to allow the 630 kilowatt ball mill to be used for grinding followed by a conventional flotation process.

- Utilising an alternative sulphide recovery process, e.g. falcon concentrator or jigs, followed by concentrate fine grinding and cyanide leaching. This will allow the Magic ore to be blended with other feed stocks and processed through the current circuit. The sulphide recovery would take place either prior to the CIL circuit or as a final tailings retreatment process.

Next Steps

Next steps include:

- Verification of results through additional test work;
- Scoping study to determine final process route;
- Capital estimates to modify LGPF circuit;
- Finalise mine design;
- Complete mining study; and
- Decision to mine.

"It is pleasing to get a clear pathway forward to finalise the metallurgical flow sheet and mining study allowing a decision to mine by the end of this calendar year. Having a stand-alone underground operation amenable to a bulk mining method further strengthens our production profile and extends the life of our Mount Monger Operations" said Silver Lake's Managing Director Les Davis.

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

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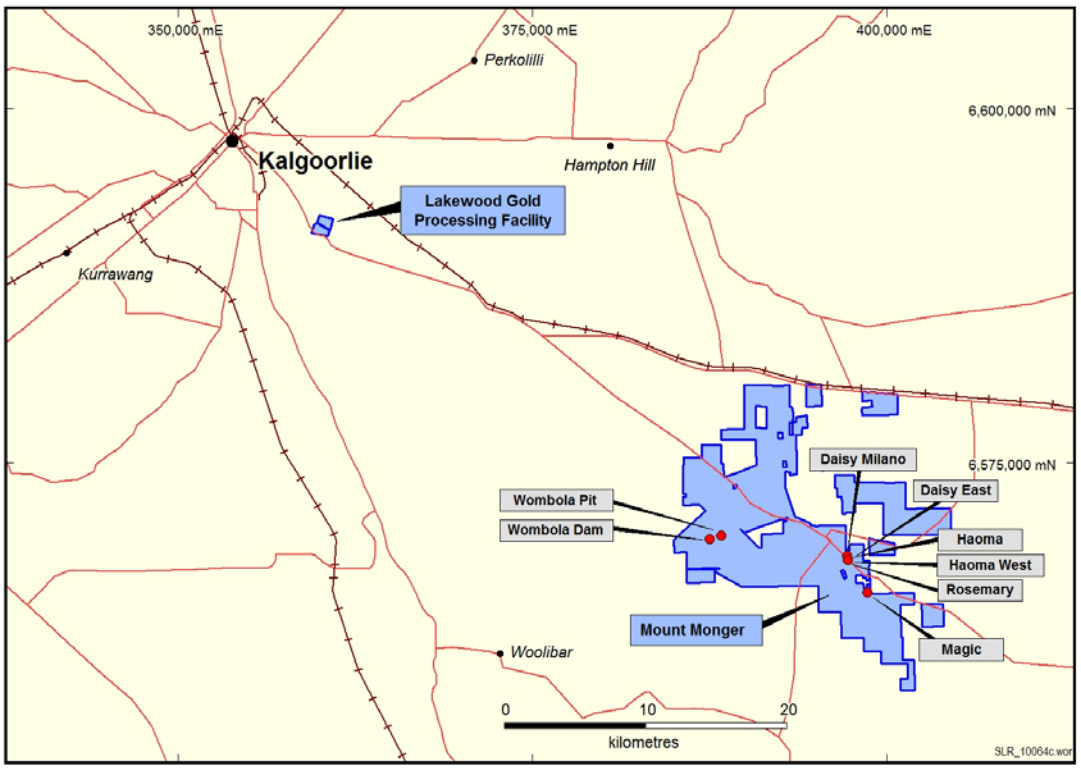

Figure 1: Mount Monger Operations location plan.

About Silver Lake Resources Ltd:

Silver Lake is an ASX 200 gold producing and exploration company with a resource base of 4.5 million oz in highly prospective regions including the Mount Monger and Murchison goldfields and the Great Southern district of Western Australia. Silver Lake's strategy is to develop large production centres at Mount Monger, in the Murchison and the Great Southern 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 open pit mines located 50 km south east of Kalgoorlie.

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 900,000 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. The project is under construction 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 with grades up to 45% Cu, 5.5 g/t Au and 256 g/t Ag.

In the Great Southern, Silver Lake owns the large Kundip and Munglinup exploration projects covering over 2,500 sqkm. 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 of establishing a third gold mining centre (with potential copper and silver credits).

Silver Lake's exploration programme is targeting 10 million oz Au[1] in resource over time.

Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources and Mineral 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 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 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*

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
Deposit	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	172.3	30.6	169.5	562.2	17.2	310.9	326.0	12.3	128.9	1,060.5	17.9	609.3
Daisy East	23.9	41.4	31.9	21.4	15.5	10.7	25.9	15.9	13.2	71.2	24.4	55.8
Christmas Flat	-	-	-	338.6	4.1	44.1	448.5	6.3	91.3	787.1	5.3	135.4
Haoma	945.0	8.1	247.0	365.0	14.8	174.0	90.0	15.6	45.0	1,400.0	10.3	465.0
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	1,071.0	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	-	-	-	154.8	4.1	20.4	420.2	3.5	47.1	575.2	3.7	67.5
Hammer & Tap	-	-	-	-	-	-	350.2	2.4	27.4	350.2	2.4	27.4
Total Mount Monger	**1,141.2**	**12.2**	**448.4**	**2,352.4**	**8.9**	**674.1**	**3,269.8**	**5.6**	**584.6**	**6,763.4**	**7.8**	**1,706.1**
Tuckabianna - OP	-	-	-	4,170.0	2.2	290.0	4,310.0	2.0	280.0	8,480.0	2.1	580.0
Tuckabianna - UG	-	-	-	1,210.0	4.3	170.0	2,170.0	4.1	290.0	3,380.0	4.2	460.0
Comet - OP	36.0	0.6	0.7	2,540.0	2.5	210.0	1,060.0	1.9	70.0	3,636.0	2.4	270.7
Comet - UG	-	-	-	800.0	5.3	140.0	260.0	4.2	30.0	1,060.0	5.0	170.0
Moyagee - OP	-	-	-	960.0	2.1	70.0	1,410.0	2.2	100.0	2,370.0	2.2	170.0
Moyagee - UG	-	-	-	80.0	3.3	10.0	1,630.0	4.0	210.0	1,710.0	4.0	220.0
Murchison - OP	36.0	0.6	0.7	7,670.0	2.3	570.0	6,780.0	2.1	450.0	14,450.0	2.2	1,020.0
Murchison - UG	-	-	-	2,080.0	4.6	310.0	4,060.0	4.1	530.0	6,150.0	4.3	840.0
Hollandaire	-	-	-	-	-	-	1,100.0	0.5	18.0	1,100.0	0.5	18.0
Total Murchison	**36.0**	**0.6**	**0.7**	**9,750.0**	**2.8**	**880.0**	**11,940.0**	**2.6**	**998.0**	**20,636.0**	**2.8**	**1,860.7**
Kundip	-	-	-	4,390.0	3.4	481.3	4,550.0	2.1	307.2	8,940.0	2.7	788.5
Trilogy	310.0	2.4	23.9	5,750.0	0.7	136.4	180.0	0.6	4.5	6,240.0	0.8	163.8
Total Great Southern	**310.0**	**2.4**	**23.9**	**10,140.0**	**1.9**	**617.7**	**4,730.0**	**2.0**	**311.7**	**15,180.0**	**2.0**	**952.3**
Total Silver Lake	**1,487.2**	**9.9**	**473.0**	**22,242.4**	**3.0**	**2,171.8**	**19,939.8**	**3.0**	**1,894.3**	**42,579.4**	**3.3**	**4,519.1**

Table 1: June 2012 JORC Resource *Rounding may give rise to unit discrepancies in this table*

Notes to table 1:

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.