



Les Davis  
Managing Director

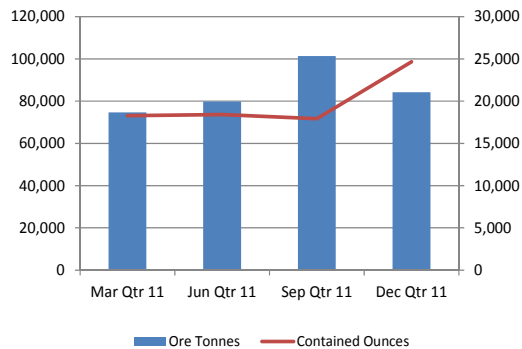
## QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2011

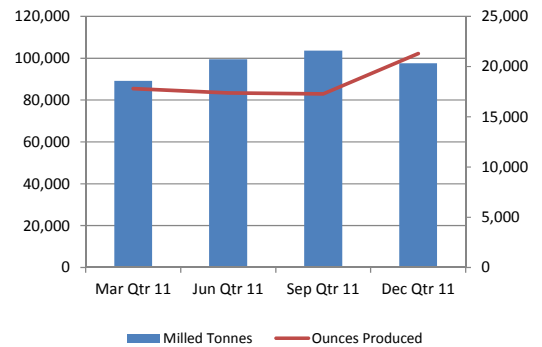
### Highlights

- Quarterly gold sales totalled 21,840 oz for A\$36.4 million revenue
- Half year gold sales totalled 41,120 oz exceeding guidance
- 186% increase in half year (unaudited) pre-tax profit to A\$24.6 million
- Record mine production of 30,500 oz from Mount Monger Operations
- Stage 1 upgrade of Lakewood Gold Processing Facility to 700ktpa completed on time and on budget, stage 2 upgrade to 1mtpa in progress
- Commitment to develop Murchison project for a low capital outlay of A\$65 million
- High grade Copper discovery at Hollandaire

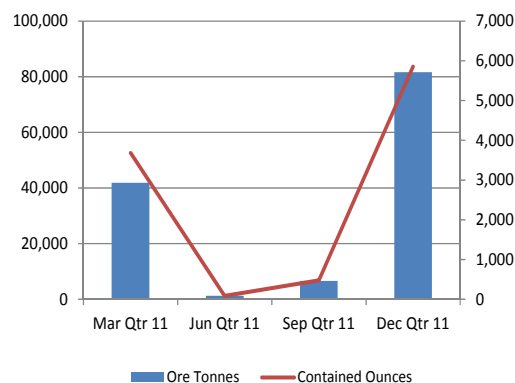
### Production - Underground



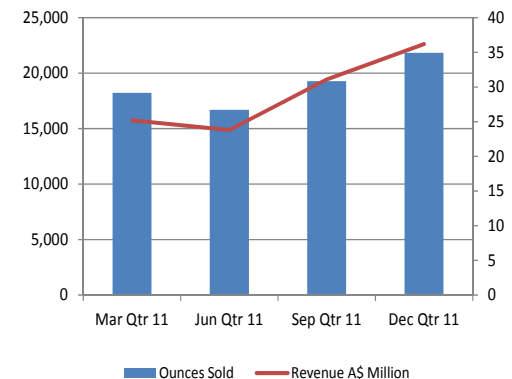
### Production - Processing



### Production - Open Pit



### Gold Sales & Revenue



## Quarterly Overview

Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre. Further strategic milestones were reached during the quarter, including:

### *Mount Monger Operations:*

Expansion of Mount Monger Operations to >100,000 oz in FY12 and 150,000 oz in FY13 progressing to plan:

- production from four underground mines and one open pit mine;
- multiple new high grade structures intersected at Haoma West;
- second development jumbo mobilised to access multiple levels at Haoma & Haoma West;
- stage 1 upgrade of Lakewood Gold Processing Facility to 0.7mtpa completed on time and on budget & stage 2 upgrade to 1.0mtpa in progress; and
- exploration ongoing with multiple drill rigs targeting resource extensions.

### *Murchison Project:*

In the Murchison, Silver Lake is developing a second gold mining operation for a low capital outlay of A\$65 million 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 base case production plan has ore being sourced from 14 open pit and 4 underground mines for an 8 to 10 year mine life. The project has a payback period of less than 2 years at a gold price of A\$1,400 per oz.

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

### *Corporate:*

A capital raising of A\$70 million was undertaken during the quarter to fund development of the Murchison Gold Project and to accelerate copper exploration activities at the Eelya Complex.

The company was admitted to the ASX 200 on 16 December 2011.

## Operations

Gold bullion sold for the quarter totalled 21,840 ounces at an average realised price of A\$1,668 oz for A\$36.4 million revenue. Unaudited operating cash flow for the quarter was A\$21.1 million. Bullion refined and not sold at the end of the quarter totalled 1,014 ounces.

Cash operating costs for the quarter were A\$536 per ounce, 29% lower than the previous quarter due to higher grades and increased production.

Cash and bullion on hand as of 31 December 2011 totalled A\$97.7 million.

Quarterly gold in ore production from the Mount Monger Operations totalled 30,508 ounces, 65% higher than the previous quarter.

Milled gold production for the quarter totalled 21,292 ounces and unprocessed ore stocks available for mill feed at the end of the quarter are ~206,000 tonnes containing 21,700 ounces.

December 2011 half gold sales totalled 41,120 oz exceeding guidance. Half year unaudited pre-tax profit was \$24.6 million, a 186% increase from the previous corresponding period.

## Exploration

Exploration success continued during the quarter at Mount Monger and in the Murchison. The interim resource upgrade as of 31 December 2011 is currently being finalised and will be announced early in the March 2012 quarter. Initial mining reserves based on the upgraded resource inventory will also be announced in March 2012 quarter.

Mount Monger	Units	Year to Date FY12	Dec Qtr 2011	Sep Qtr 2011	Jun Qtr 2011	Full Year FY11
<u>Underground</u>						
Ore hoisted	Tonnes	185,476	84,195	101,281	79,800	300,369
Mined grade	g/t Au	7.1	9.1	5.5	7.2	7.2
Gold in ore hoisted <sup>1</sup>	Oz	42,568	24,652	17,916	18,411	69,923
<u>Open Pit</u>						
Ore hoisted	Tonnes	88,191	81,608	6,583	1,235	105,156
Mined grade	g/t Au	2.2	2.2	2.2	2.1	2.2
Gold in ore hoisted <sup>2</sup>	Oz	6,330	5,856	474	84	7,358
<b>Total ore hoisted</b>	<b>Tonnes</b>	<b>273,667</b>	<b>165,803</b>	<b>107,864</b>	<b>81,035</b>	<b>405,525</b>
<b>Mined grade</b>	<b>g/t Au</b>	<b>5.6</b>	<b>5.7</b>	<b>5.3</b>	<b>7.1</b>	<b>5.9</b>
<b>Gold in ore hoisted</b>	<b>Oz</b>	<b>48,898</b>	<b>30,508</b>	<b>18,390</b>	<b>18,495</b>	<b>77,281</b>

Table 1: Mount Monger Operations - mine production statistics

Mount Monger	Units	Year to Date FY12	Dec Qtr 2011	Sep Qtr 2011	Jun Qtr 2011	Full Year FY11
Ore milled <sup>3</sup>	Tonnes	201,261	97,575	103,686	99,500	356,684
Head grade <sup>3</sup>	g/t Au	6.4	7.3	5.5	5.7	5.8
Contained gold	Oz	41,227	22,929	18,298	18,350	66,571
Recovery	%	94	93	95	95	95
<b>Gold produced</b>	<b>Oz</b>	<b>38,574</b>	<b>21,292</b>	<b>17,282</b>	<b>17,384</b>	<b>63,425</b>
Gold refined & sold <sup>4</sup>	Oz	41,120	21,840	19,280	16,688	64,703

Table 2: Mount Monger Operations - Lakewood Gold Processing Facility production statistics

Notes to Tables 1&2:

1: Underground gold in ore hoisted is from a combination of Daisy Milano, Daisy East, Rosemary & Haoma mines.

2: Open Pit gold in ore hoisted is from Wombola Dam.

3: Ore milled is from all sources including stock piled material.

4: Bullion refined and not sold at the end of the quarter totalled 1,014 ounces.

## Mount Monger Operations

- **Safety**

Unfortunately a Lost Time Injury (“LTI”) occurred during the quarter at the Lakewood Gold Processing Facility after a 12 month LTI free period. A mill operator received a laceration to his leg above the knee which required sutures. The 12 month moving average Lost Time Injury Frequency Rate (“LTIFR”) stands at 9.8 down from 11.1 in the previous quarter.

- **Underground production & development - Mount Monger**

*Production:*

Underground gold in ore production during the quarter was sourced from four underground mines, Daisy Milano, Daisy East, Haoma & Rosemary (refer to figures 1 & 2) totalling 84,195 tonnes at an average grade of 9.1 g/t Au for 24,652 oz. Ore tonnes mined were lower than the previous quarter due to higher tonnes mined from ore development and lower tonnes from stoping activities.

Grade was higher than the previous quarter due to high grade stope production from Daisy East and continued high grade ore development at Haoma.

Ore development is continuing on the 32 and 33 levels at Daisy Milano, 32, 33 & 34 levels at Haoma (on 3 separate mineralised structures) and the 6 level at Rosemary. Ore development for the quarter totalled 1,278 metres.

Stoping activities are continuing on multiple levels in Daisy East and above the 30 level at Daisy Milano.

*Waste development:*

240 metres of ore access development were undertaken during the quarter developing to the 32 & 33 levels at Daisy Deeps and the 33 & 34 levels at Haoma.

539 metres of capital decline development were undertaken during the quarter developing the Daisy Deeps decline, 600 return airway and decline development to Haoma. At the end of the quarter the Daisy Deeps decline was 40 metres from the 35 level cross cut.

### **Open pit production - Wombola Dam**

*Production:*

Gold in ore production from the starter pit (refer to figure 3) produced 81,608 tonnes at 2.2 g/t Au for 5,856 ounces. To date the pit is at a vertical depth of 25 metres.

*Waste development:*

513,180 tonnes of waste material was removed during the quarter.

- **Gold Production - Lakewood Gold Processing Facility**

Underground ore milled during the quarter totalled 80,274 tonnes at 8.4 g/t Au for 20,245 recovered ounces. Open pit ore milled during the quarter totalled 17,301 tonnes at 2.1 g/t Au for 1,047 recovered ounces. Combined milled production for the quarter totalled 97,575 tonnes at 7.3 g/t Au for 21,292 recovered ounces.

Ore sources fed for the quarter consisted of all hard rock and the mill operated at >400,000tpa hard rock capacity. Ore stocks at the end of the quarter are ~206,000 tonnes containing ~21,700 ounces.

Stage 1 upgrade of Lakewood Gold Processing Facility to 700,000tpa was completed on time and on budget (refer to figure 4). Stage 2 upgrade to 1mtpa in the September 2012 quarter is in progress and tracking to plan.

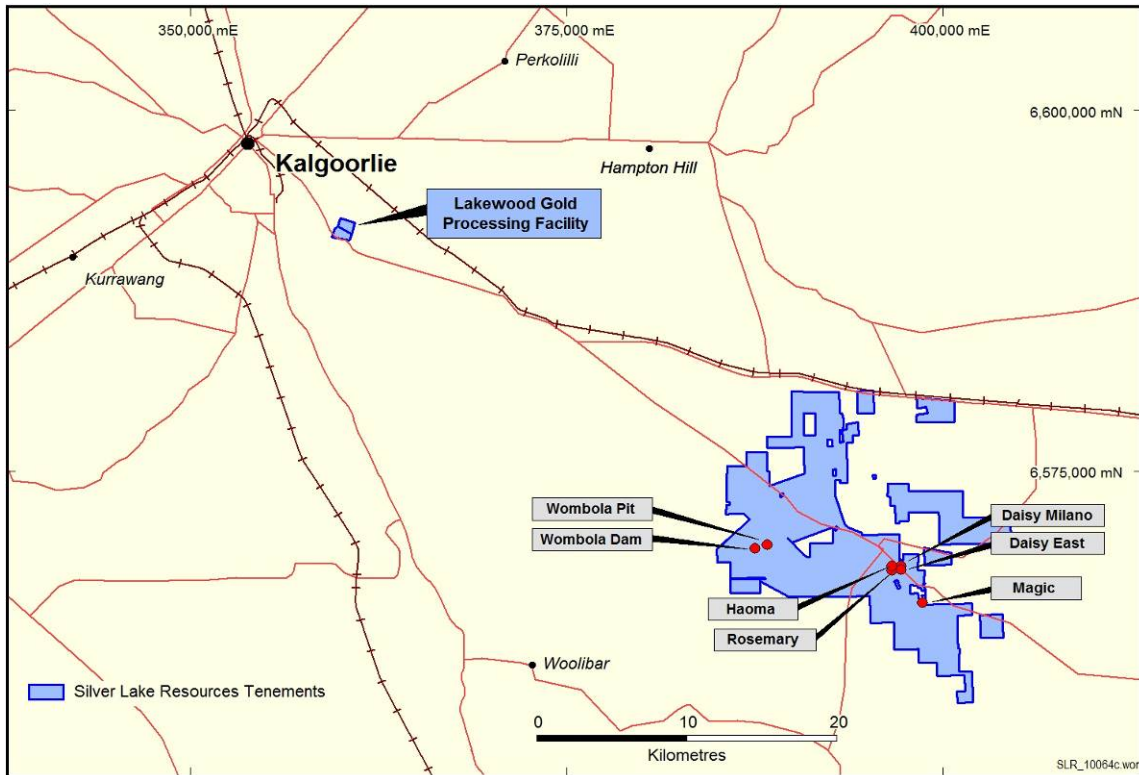


Figure 1: Mount Monger Operations location plan.

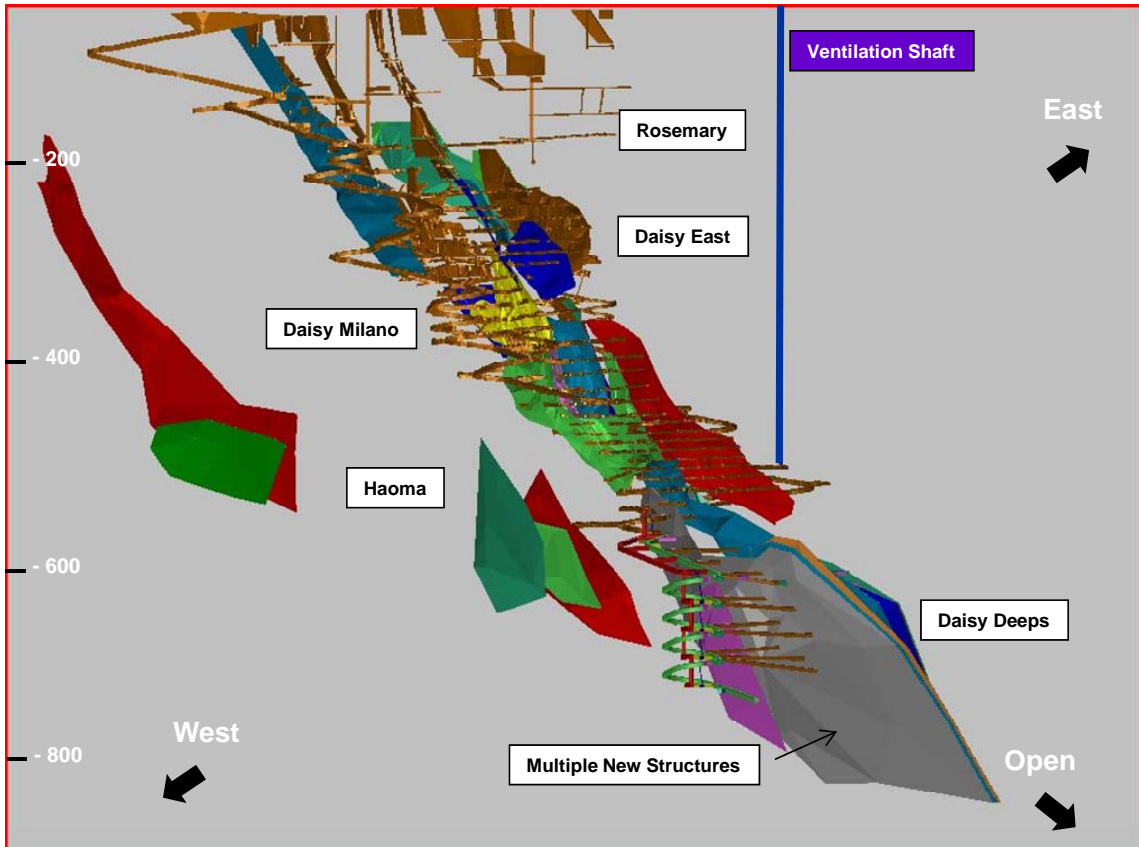


Figure 2: Schematic view showing location of Daisy Milano, Daisy East, Rosemary and Haoma that contain over 1 million ounces of resource accessible from the same infrastructure (not to scale).



Figure 3: Wombola Dam open pit.



Figure 4: Photo of Lakewood Gold Processing Facility upgraded circuit showing new 150 cubic metre leach tank, materials handling system with 1.6 megawatt ball mill in the background.

- **Gold Sales**

21,840 ounces were refined and sold at an average realised price of A\$1,668 oz during the quarter. Bullion refined and not sold at the end of the quarter totalled 1,014 ounces.

- **Outlook FY2012**

December 2011 half gold sales totalled 41,120 ounces which exceeded guidance of 35,000 to 40,000 ounces.

With continued strong mine performance, ore stocks on hand and 75% more mill throughput available in the June 2012 half, full year 2012 guidance remains unchanged at 100,000 to 110,000 ounces of gold sold.

- **Unit Costs**

**Cash operating costs**<sup>1</sup> for the quarter were A\$536 per ounce, 29% lower than the previous quarter due to higher grades and increased production.

Cost Centre	Units	Dec Qtr 2011	Sep Qtr 2011	June Qtr 2011	Mar Qtr 2011	Full Year FY11
<u>Cash Operating Cost</u> <sup>1</sup>	<u>A\$oz</u>	<u>536</u>	<u>691</u>	<u>647</u>	<u>574</u>	<u>643</u>
<u>Royalties</u>	<u>A\$oz</u>	<u>56</u>	<u>48</u>	<u>46</u>	<u>55</u>	<u>49</u>
<u>Average realised price</u>	<u>A\$oz</u>	<u>1,668</u>	<u>1,617</u>	<u>1,427</u>	<u>1,396</u>	<u>1,390</u>
<u>Revenue</u>	<u>A\$M</u>	<u>36.4</u>	<u>31.1</u>	<u>23.8</u>	<u>25.4</u>	<u>90.0</u>

Table 3: Mount Monger Operations financial statistics.

Notes to Table 3.

1: **Cash operating cost** includes all direct underground and open pit mining costs, road transport and processing costs during the period and exclude royalties, sustaining & prepaid waste development costs.

## Exploration and Development - Mount Monger

Exploration activities are ongoing at the Mount Monger Operations (refer to figure 1)

- **Haoma**

Haoma has a current JORC resource of 238,900 tonnes at 30.6 g/t Au for 235,000 ounces (refer to table 10).

Underground diamond drilling is continuing with two drill rigs targeting up dip towards the existing Haoma resource and down dip below 700 vertical metres (refer to figure 5). Haoma consists of three mineralised structures within a 60 metre lateral envelope that all remain open along strike, up and down plunge both north and south of the dolerite dyke (refer to figures 5 & 6). Development ore is currently being sourced from the Haoma 32,33 & 34 levels.

Assay results were received during the quarter from the ongoing diamond drilling campaign which is seeking to upgrade and extend the current resource. Multiple high grade intersections were made within and outside the current resource at Haoma (refer to figures 5 & 6 and tables 4 & 5).

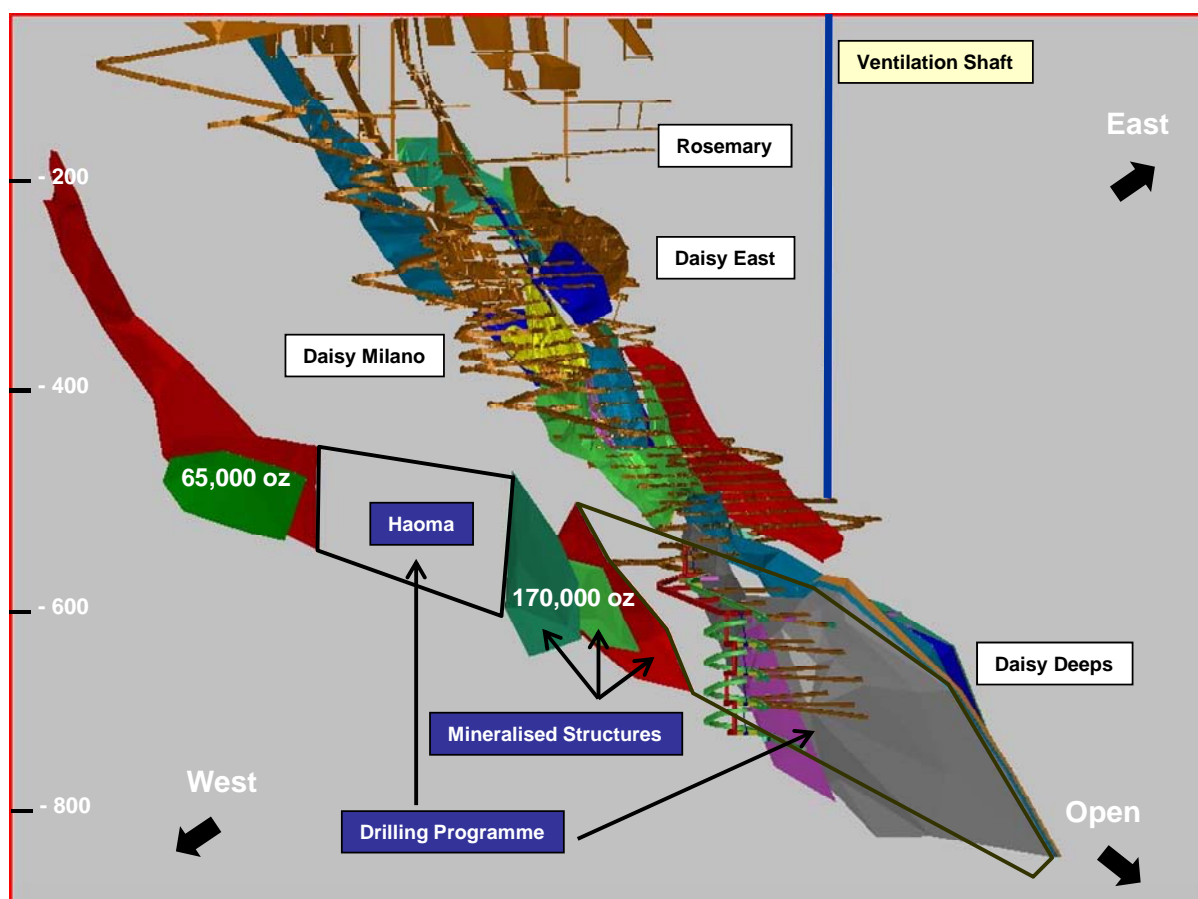


Figure 5: Schematic view of Haoma showing multiple mineralised structures and areas of ongoing drilling (not to scale).



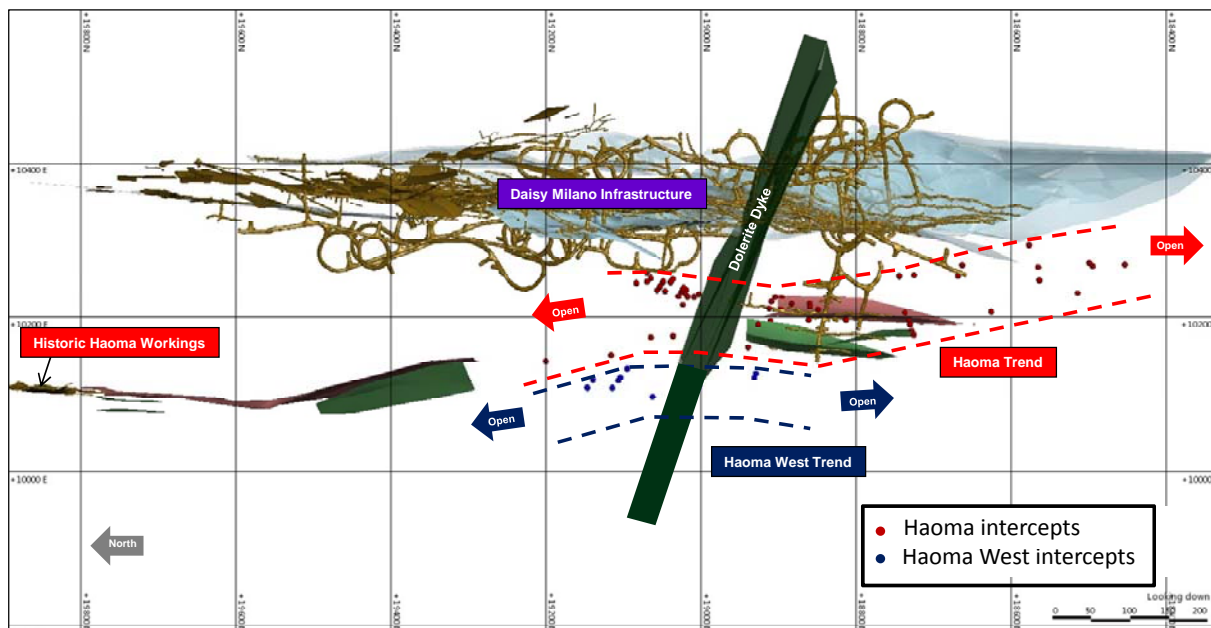


Figure 6: Schematic plan view showing Daisy Milano infrastructure and location of Haoma & Haoma West intercept points and mineralised trend zones.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
HAO27003	18926	10191	-494	295	10	133.07	133.68	0.6	53.5
HAO27005	18912	10211	-571	295	-25	117.00	117.50	0.5	41.9
HAO27005	18939	10161	-596	295	-25	179.10	180.10	1.0	3.1
HAO27006	18897	10210	-609	285	-40	134.23	135.40	1.2	7.3
HAO27007	18910	10195	-698	285	-55	212.74	213.50	0.8	5.5
HAO27007	18896	10225	-649	285	-55	154.04	154.24	0.2	28.5
HAO30015	18849	10210	-504	285	25	132.10	132.30	0.2	83.9
HAO30015	18861	10197	-495	285	25	152.00	153.00	1.0	3.5
HAO30017	18813	10197	-560	267	15	112.00	113.00	1.0	17.6
HAO30018A	18812	10203	-601	201	-65	114.51	114.75	0.2	83.1
HAO30019	18815	10201	-622	267	-30	125.58	127.02	1.4	18.4
HAO30023	18725	10177	-592	223	-15	131.83	135.63	3.8	5.8
HAO30024	18732	10197	-621	223	-30	123.38	123.58	0.2	47.3
HAO30024	18730	10191	-625	223	-30	130.80	131.07	0.3	15.1
HAO30024	18728	10183	-629	223	-30	140.13	141.13	1.0	3.3
HAO30025	18737	10205	-670	223	-45	146.29	146.62	0.3	73.7
HAO30025	18736	10200	-676	223	-45	154.50	155.50	1.0	4.2

Table 4: Drilling and assay results for Haoma infill drilling greater than 3 g/t Au.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
HAO19003	19036	10176	-534	280	-35	183.00	184.10	1.1	4.8
HAO19004	19020	10230	-547	280	-50	149.35	149.93	0.6	6.9
HAO19004	19019	10236	-541	280	-50	140.95	141.15	0.2	161.0
HAO19008	19048	10247	-496	300	-35	111.25	111.45	0.2	96.8
HAO19008	19049	10246	-497	300	-35	112.80	114.34	1.5	5.9
HAO19008	19053	10241	-501	300	-35	120.01	121.00	1.0	19.7
HAO19008	19053	10239	-502	300	-35	121.80	122.00	0.2	41.4
HAO19008	19116	10151	-572	300	-35	250.82	252.00	1.2	5.1
HAO19009	19056	10235	-539	300	-45	149.45	150.48	1.0	31.5
HAO19010	19090	10237	-556	315	-45	161.92	163.00	1.1	93.3
HAO19011	19083	10245	-498	315	-20	132.60	134.77	2.2	9.3
HAO19011	19200	10143	-585	315	-20	310.19	310.41	0.2	54.9
HAO19012	19069	10257	-467	315	-20	102.50	102.95	0.5	39.3
HAO25002	19036	10249	-487	306	5	116.18	117.64	1.5	12.1
HAO25002	19038	10247	-487	306	5	119.64	120.64	1.0	19.8
HAO25002	19039	10246	-487	306	5	121.55	121.75	0.2	16.7
HAO25003	19065	10251	-488	318	5	135.06	135.26	0.2	72.1
HAO25003	19069	10246	-487	318	5	141.52	142.09	0.6	98.5
HAO25004	19022	10239	-514	298	-9	118.00	118.70	0.7	94.9
HAO25004	19023	10236	-515	298	-9	120.75	121.10	0.4	17.6
HAO25005	19025	10233	-556	298	-25	136.50	138.08	1.6	34.0
HAO25005	19029	10227	-559	298	-25	143.82	144.42	0.6	5.4
HAO25005	19064	10175	-588	298	-25	213.34	214.40	1.1	11.3
HAO25006	19023	10217	-639	291	-45	196.24	198.05	1.8	10.0
HAO25006	19017	10227	-627	291	-45	179.00	180.83	1.8	3.1
HAO25007	19046	10234	-578	306	-30	155.80	156.32	0.5	9.5
HAO27001	18860	10218	-485	263	25	94.34	95.34	1.0	4.0
HAO27001	18859	10214	-483	263	25	99.93	100.46	0.5	14.6
HAO27004	18909	10221	-537	295	10	97.59	98.08	0.5	7.4
HAO27005	18904	10226	-563	295	-25	98.17	99.17	1.0	86.0
HAO27008	19002	10230	-583	285	-55	168.17	168.57	0.4	77.5
HAO27008	19009	10227	-585	330	-20	175.86	176.56	0.7	16.0
HAO27009	18883	10218	-535	280	-10	92.00	92.20	0.2	80.9
HAO29005	18563	10248	-640	260	-45	131.37	132.00	0.6	11.7
HAO29007	18577	10294	-675	270	-70	136.80	139.00	2.2	3.4
HAO29009	18453	10268	-627	210	-30	161.00	162.13	1.1	25.7
HAO29016	18514	10232	-616	241	-30	141.00	142.00	1.0	15.6
HAO29019	18668	10253	-695	315	-50	194.20	197.64	3.4	18.9
HAO29020	18663	10268	-742	315	-60	225.72	227.56	1.8	3.9
HAO30018	18725	10255	-718	201	-65	168.70	170.12	1.4	6.2
HAO30027	18744	10254	-743	223	-75	188.54	189.46	0.9	5.5
HAO30027	18744	10253	-746	223	-75	191.00	193.20	2.2	4.8

Table 5: Drilling and assay results for Haoma extensional drilling outside of current resource greater than 3 g/t Au.

Refer to ASX announcement 12 December 2011 for further information.

- **Haoma West**

In the September 2011 quarter, Silver Lake committed to a systematic underground diamond drill programme to explore for parallel structures to Daisy Milano that would be readily accessible from existing infrastructure. This involves a series of essentially flat drill holes of up to 600 metres east and west of Daisy Milano (refer to figure 7).

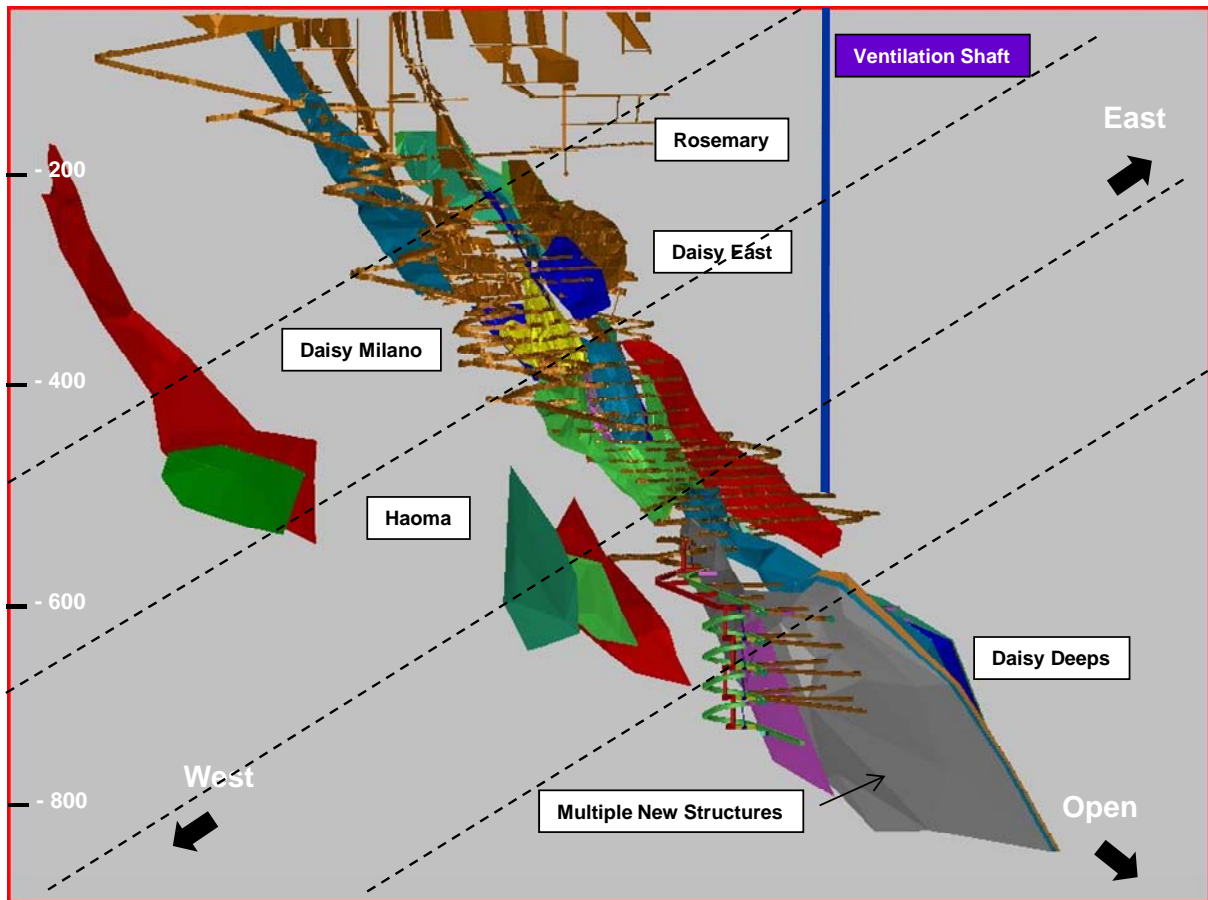


Figure 7: Schematic view and pictorial representation of the underground diamond drilling programme (represented by dotted lines) targeting mineralisation up to 600 metres east and west of the Daisy Milano infrastructure (not to scale).

Assay results from the initial drilling campaign have intersected multiple new structures located ~60 metres west of Haoma (Haoma West), refer to figures 6 & 8 and table 6).

Based on drilling information to date, indications are that Haoma West consists of multiple high grade structures within a 40 metre lateral envelope that all remain open along strike, up and down plunge both north and south of the dolerite dyke (refer to figure 6).

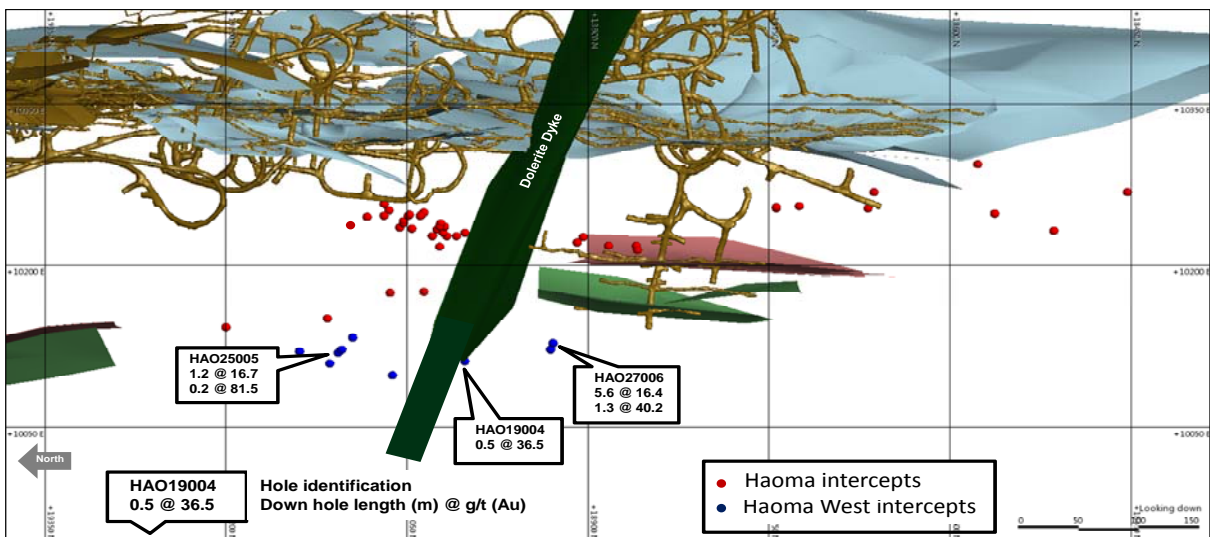


Figure 8: Schematic plan view of Haoma West showing selected exploration drilling results.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
HAO19003	19062	10098	-589	280	-35	283.74	284.05	0.3	19.6
HAO19004	19002	10111	-727	280	-50	381.70	382.15	0.5	36.5
HAO19008	19139	10120	-599	300	-35	298.00	299.00	1.0	6.6
HAO19008	19146	10110	-607	300	-35	313.00	314.00	1.0	6.0
HAO25005	19104	10122	-617	298	-25	285.18	285.38	0.2	81.5
HAO25005	19105	10121	-618	298	-25	286.72	287.87	1.2	16.7
HAO25005	19107	10119	-620	298	-25	290.15	291.08	0.9	4.4
HAO25005	19114	10109	-625	298	-25	303.66	303.86	0.2	16.9
HAO25005	19095	10133	-611	298	-25	269.56	270.56	1.0	5.9
HAO27006	18931	10122	-693	285	-40	260.37	261.71	1.3	40.2
HAO27006	18929	10128	-688	285	-40	252.56	258.17	5.6	16.4

Table 6: Drilling and assay results for Haoma West drilling greater than 3 g/t Au.

Refer to ASX announcement 12 December 2011 for further information.

- **Wombola Pit**

The Wombola Pit deposit is located ~1 km north east of Wombola Dam and has a current JORC Resource of 460,200 tonnes at 2.9 g/t for 42,300 ounces (refer to figure 1 & table 10). The mining study is currently being finalised and a decision to mine is expected in the March 2012 quarter.

- **Magic**

The Magic deposit is located 3 km south of Daisy Milano and has a current JORC Resource of 1.8 million tonnes at 4.7 g/t for 276,300 ounces (refer to figure 1 & table 10) and is currently subject to a mining study. Metallurgical test work completed to date has shown varied recoveries (20% to +90%) in different mineralised zones within the ore body. Further drilling and metallurgical test work is planned and these results will allow the finalisation of the mining study.

## Exploration and Development - Murchison

Exploration and development activities are ongoing at the Murchison project (refer to figure 9 for location plan).

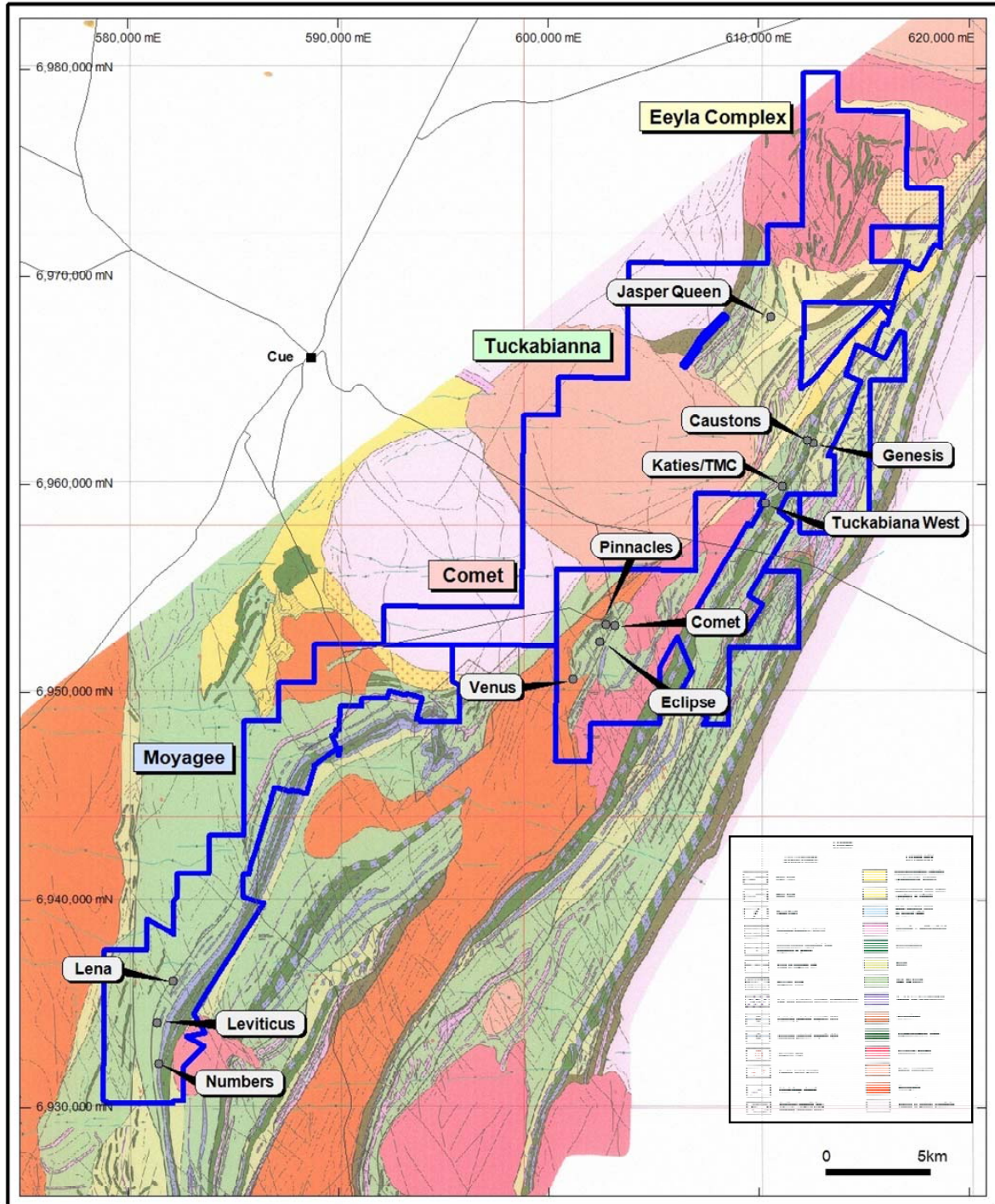


Figure 9: Murchison projects location plan.

## Murchison Gold Project

Silver Lake is developing a second gold mining operation for a low capital outlay of A\$65 million 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 base case production plan has ore being sourced from 14 open pit and 4 underground mines for an 8 to 10 year mine life. The project has a payback period of less than 2 years at a gold price of A\$1,400 per oz.

Progress during the quarter included:

- appointment of Sam Larritt as Mining Manager & Peter Wright as Mill Project Manager;
- Project Management Plan and Works Approval submitted to regulatory authorities;
- contract awarded to NT Link for construction of 250 man camp in Cue;
- contract awarded to Pacer Engineers for relocation, refurbishment, plant design & reconstruction of the company owned 1.2 million tonne per annum milling infrastructure located in Leonora;
- contract awarded for air charter services to Network Aviation from Perth to Cue; and
- site visits for underground & open pit tenderers.

The interim resource upgrade as of 31 December 2011 is currently being finalised and mining reserves will be updated on the upgraded resource inventory and announced in March 2012 quarter.

## Murchison Exploration

The current planned 14 open pit ore sources have been drilled out and the focus is now on extending resources, particularly below 100 metres depth. 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 10).

Infill and extensional drilling programmes are ongoing targeting strike and depth extensions to the planned underground mines at Caustons, Tuckabianna West and Comet.

- **Tuckabianna Project**

The Tuckabianna Project (refer to figure 9) consists of 5 ore deposits (including Tuckabianna West) and has a current JORC resource of 10.7 million tonnes at 2.57 g/t Au for 880,000 ounces (refer to table 10). The Tuckabianna Project is planned to be mined via a series of open pit ore sources and 2 underground mines.

The Tuckabianna West deposit is a planned underground mine and has been subject to an ongoing drilling campaign targeted at extending the strike and depth extents outside the current mine plan .

Refer to table 7 for assay results received during the quarter. Drill hole 11TUDD032 intersected 1.9 metres at 9.4 g/t Au ~ 250 metres north from the boundary of the current mine plan. Extensional drilling is ongoing.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
11TUDD026	6958970	610526	457	281	-65	157.70	160.90	3.2	5.5
11TUDD029	6959180	610684	462	300	-57	180.50	181.20	0.7	7.5
11TUDD030	6959169	610703	461	290	-64	218.30	219.30	1.0	3.5
						384.90	391.70	6.8	3.2
11TUDD032	6959429	610647	467	300	-67	235.60	237.50	1.9	9.4
10TURC145	6959204	610692	462	305	-61	340.00	343.80	3.8	14.2
10TURC092	6959383	610578	465	300	-60	167.00	170.00	3.0	6.2

Table 7: Drilling and assay results for Tuckabianna West greater than 1 g/t Au.

Refer to ASX announcement 21 December 2011 for further information.

- **Comet Project**

The Comet Project consists of 4 ore deposits (including Pinnacles) and has a current JORC resource of 4.2 million tonnes at 3.20 g/t Au for 430,000 ounces (refer to table 10 and figure 9). The Pinnacles deposit is located ~100 metres west of the main Comet deposit and is planned to be the first of 14 open pit mines in the Murchison. Mining at Pinnacles is expected to commence in the September 2012 quarter in readiness for mill feed.

Refer to table 8 for assay results received during the quarter. The mineralisation at Pinnacles remains open along strike and at depth and has the potential to be an underground mine post completion of the planned open pit. The next phase of the programme will consist of infill and extensional RC drilling.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
11CORC041	6953280	602848	444	300	-60	106.00	107.00	1.0	2.8
						122.00	128.00	6.0	1.6
11CORC042	6953378	602890	442	300	-60	38.00	44.00	6.0	4.4
						59.00	60.00	1.0	2.8
						84.00	87.00	3.0	12.8
11CORC050	6953276	602901	442	281	-70	193.00	202.00	9.0	6.0
10CORC012	6953262	602871	443	300	-60	145.00	157.00	12.0	3.3

Table 8: Drilling and assay results for Comet greater than 1 g/t Au.

Refer to ASX announcement 19 December 2011 for further information.

- **Moyagee Project**

The Moyagee Project (refer to figure 9) is based around the 35 km long Lena shear zone which hosts the Lena deposit with a resource of 3.2 million tonnes at 3.0 g/t Au for 313,000 oz (refer to table 10). The deposit is planned to be mined via an open cut down to ~65 metres depth followed by an underground mine.

The Moyagee Project also hosts the Break of Day deposit located ~200 metres east of the Lena deposit and contains a series of historic shallow underground mines. Historic records show that the Break of Day workings produced ~16,000 ounces of gold at 46 g/t Au.

Assay results were received during the quarter which returned high grade intercepts including:

- 1.0 metre at 7.3 g/t Au from 12 metres;
- 2.0 metres at 7.6 g/t Au from 36 metres;
- 4.0 metres at 5.4 g/t Au from 37 metres;
- 2.0 metres at 6.4 g/t Au from 99 metres;
- 5.0 metres at 14.7 g/t Au from 85 metres; and
- 3.0 metres at 5.3 g/t Au from 102 metres;

These results are outside of the current resource and base case production plan. The mineralisation remains open along strike and at depth. The next phase of the programme will consist of infill and extensional RC drilling.

Refer to ASX announcement 12 December 2011 for further information.

## Exploration and Development - Eelya Complex

The Eelya Complex (refer to figure 9) part of the Murchison project has been stripped of its laterite by erosion, exposing moderately weathered bedrock. The granodiorite which forms the core of the complex is described as unusual by the Geological Survey of Western Australia because it has the field relationships of post-tectonic granite yet it is completely recrystallised. It is flanked by felsic schists composed of varying amounts of muscovite, sericite, quartz, chlorite and minor pyrite.

Only limited base metals exploration was conducted in the region by previous explorers during the 1970's. This work included mapping, geochemical sampling and some drilling. Massive sulphide mineralisation hosted by felsic volcanic rocks was identified, as were extensive gossanous zones at surface. The region hosts a felsic volcanic rock complex that indicates the potential for volcanic massive sulphide ("VMS") mineralisation.

Surface geophysics has located nine large electromagnetic conductors at Hollandaire, Colonel, Mount Eelya, and Eelya South (refer to figure 11).

- **Hollandaire**

Hollandaire is a tabular stratbound felsites hosted VMS deposit. The felsite is hosted within a thick sequence of mafic rocks which show typical packages of chlorite and silica alteration similar to other known VMS deposits. The mineralisation forms a moderately dipping zone of massive sulphide 10-15m thick which plunges to the south west. Mineralisation is dominantly supergene chalcocite in the oxidised zones and chalcopyrite in the primary zone. The deposit is underlain in part with disseminated sulphides and a semi-concordant stockwork of sulphide and silicate veining.

Assay results were received during the quarter from the recently completed 9 diamond drill hole programme (refer to table 9 & figure 10). These assay results confirm Hollandaire as a high grade copper deposit that also contains gold and silver with grades up to 45% Cu, 5.5 g/t Au and 256 g/t Ag. The mineralisation remains open in all directions and at depth.

Better results included:

- Drill hole 11HOD009  
9.3 metres at 15.4% Cu, 2.0 g/t Au & 29.0 g/t Ag from 61 metres  
(including 1.0 metre at 45.5% Cu, 2.8 g/t Au & 51 g/t Ag and 0.8 metres at 41.2% Cu, 5.5 g/t Au & 62 g/t Ag)
- Drill hole 11HOD003  
14.3 metres at 7.8% Cu, 1.0 g/t Au & 20.1 g/t Ag from 109 metres  
(including 1.7 metres at 23.0% Cu, 1.8 g/t Au & 77.3 g/t Ag)
- Drill hole 11HOD004  
1.9 metres at 5.2% Cu, 0.5 g/t Au and 10.7 g/t Ag from 97 metres  
1.0 metre at 7.1% Cu, 1.3 g/t Au and 17.5 g/t Ag from 111 metres
- Drill hole 11HOD005  
6.3 metres at 1.9% Cu, 0.9 g/t Au and 23.7 g/t Ag from 64 metres  
(including 0.2 metres at 1.1% Cu, 3.0 g/t Au & 256 g/t Ag)
- Drill hole 11HOD001  
15.7 metres at 1.1% Cu, 0.3 g/t Au and 4.4 g/t Ag from 161 metres



Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade Cu %	Grade g/t Au	Grade g/t Ag
11HODD001	6973481	617404	477	103	-66	160.55	176.20	15.7	1.1	0.3	4.4
11HODD002	6973473	617447	477	103	-66	134.60	135.58	1.0	0.4	0.2	6.1
						147.00	148.69	1.7	1.6	0.9	31.6
11HODD003	6973560	617424	476	103	-66	108.70	123.00	14.3	7.8	1.0	20.1
							includes	1.7	23.0	1.8	77.3
11HODD004	6973553	617460	476	103	-66	96.84	98.72	1.9	5.2	0.5	10.7
						110.70	111.70	1.0	7.1	1.3	17.5
11HODD005	6973635	617450	475	103	-66	64.20	70.50	6.3	1.9	0.9	23.7
							includes	0.2	1.1	3.0	256.0
11HODD006	6973632	617482	475	103	-66	57.55	59.20	1.7	0.0	1.4	2.8
11HODD007	6973482	617402	477	103	-80	142.15	149.30	7.2	0.7	0.1	2.1
11HODD008	6973561	617420	476	103	-80	101.30	116.90	15.6	1.6	0.3	6.3
11HODD009	6973635	617445	475	103	-80	61.30	70.60	9.3	15.4	2.0	29.0
							includes	0.8	41.2	5.5	62.0
							includes	1.0	45.5	2.8	51.0

Table 9: Drilling and assay results for Holladaire. (Drill holes 11HOD007 & 11HOD008 are the 2 remaining assays not announced in ASX announcement 10 November 2011)

The next phase of drilling will include step out drilling targeting the high grade massive sulphide zones containing supergene chalcocite to the west and south of drill holes 11HOD009 and 11HOD003 where the high grade mineralisation exists below the base of complete oxidation (refer to figure 10).

Approval processes are in progress for this phase of drilling.

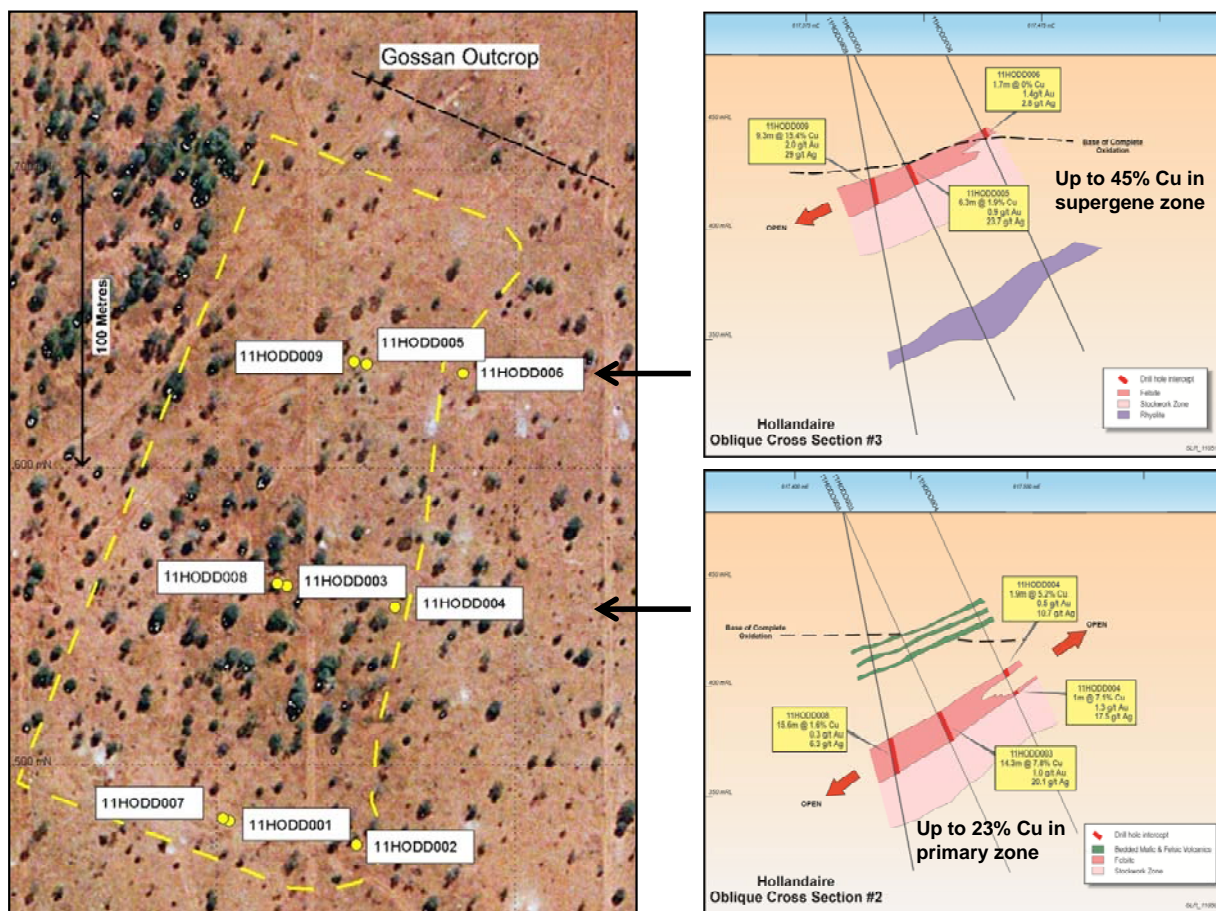


Figure 10: Drill hole collar locations and mineralised outline from initial 9 hole drilling programme including oblique cross sections.

- Other targets

Diamond drilling and down hole geophysics has been completed at EM126 and EM147 located ~8 km south west from Hollandaire (refer to figure 11). Assays for these 2 targets are expected in the March 2012 quarter. Drilling of the remaining 6 electromagnetic conductors is expected to be completed in the March 2012 quarter.

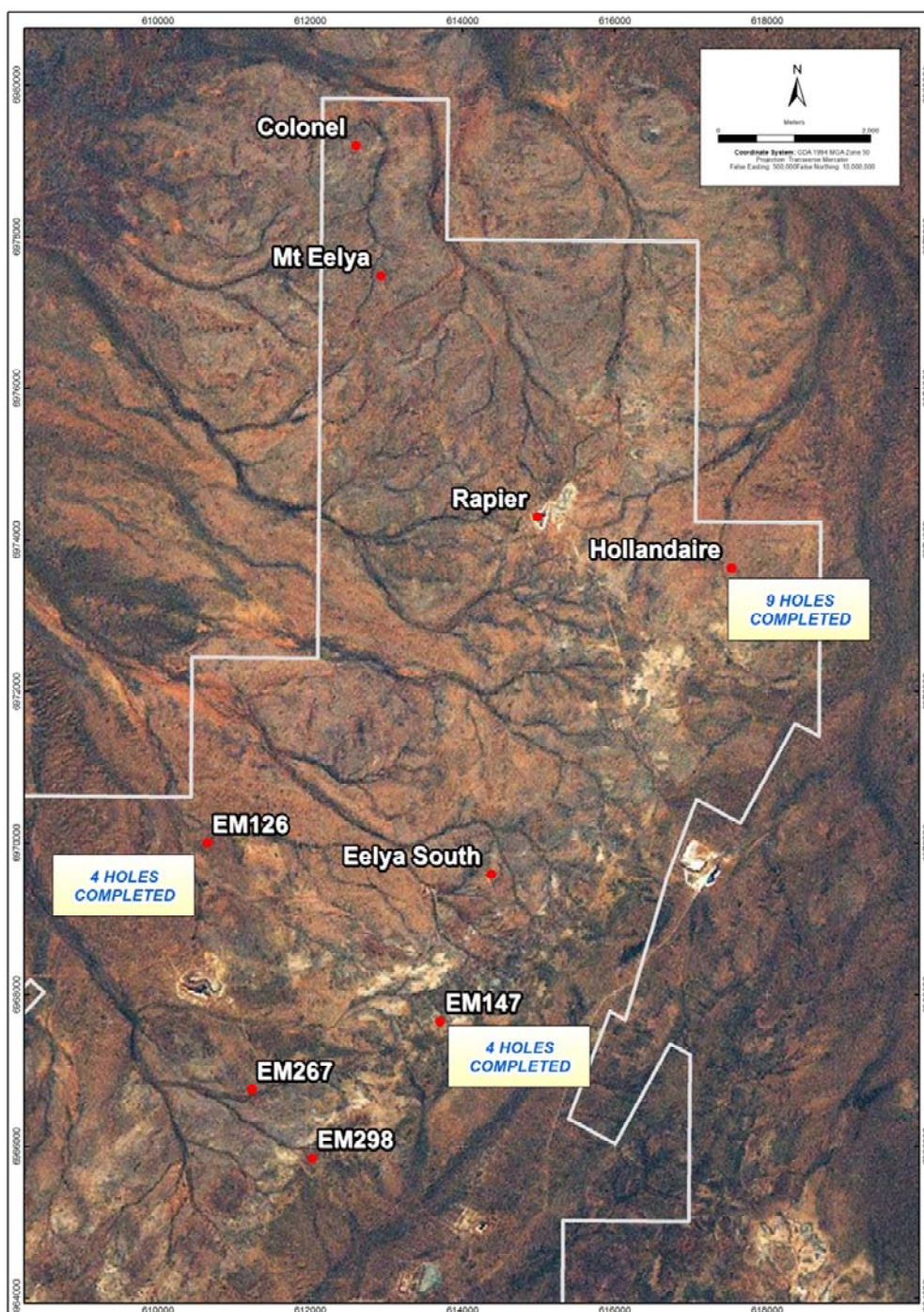


Figure 11: Eelya Complex showing 9 electromagnetic conductor targets

## Resources

The JORC Resource as at 30 June 2011 totalled 3.3 million ounces as detailed below.

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
<b>Total Mount Monger</b>	<b>222.5</b>	<b>32.6</b>	<b>233.1</b>	<b>2,035.4</b>	<b>7.7</b>	<b>506.4</b>	<b>2,878.5</b>	<b>7.9</b>	<b>727.9</b>	<b>5,136.4</b>	<b>8.9</b>	<b>1,467.4</b>
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
<b>Total Murchison</b>	<b>36.0</b>	<b>0.6</b>	<b>0.69</b>	<b>9,210.0</b>	<b>2.9</b>	<b>850.0</b>	<b>9,150.0</b>	<b>2.7</b>	<b>790.0</b>	<b>18,370.0</b>	<b>2.8</b>	<b>1,650.0</b>
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
<b>Total Silver Lake</b>	<b>258.5</b>	<b>28.1</b>	<b>233.8</b>	<b>11,245.4</b>	<b>3.8</b>	<b>1,356.4</b>	<b>12,619.7</b>	<b>4.1</b>	<b>1,650.8</b>	<b>24,097.6</b>	<b>4.2</b>	<b>3,250.7</b>

Table 10: December 2010 Resource Inventory

*Rounding may give rise to unit discrepancies in this table*

Notes to table 10:

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.

## Capital Raising

During the quarter, the Company raised A\$70.0 million (before costs) through the placement of 20.6 million ordinary shares at an issue price of \$3.40 per new share, a 5.7% premium to 20 day VWAP (volume weighted average price).

Monies raised from the placement will be used to develop the Murchison Gold Project and accelerate copper exploration activities at the Eelya Complex.

## Finance

During the quarter, Silver Lake continued to invest internal cash flow in the future growth of the company including extensive exploration activities at Mount Monger and the Murchison (A\$7.4m), underground capital development at Mount Monger (A\$5.0M), upgrading of Lakewood Gold Processing Facility to 1 million tonnes per annum (A\$4.5m) and development of the Murchison Gold Project (A\$0.4m).

Cash & cash equivalents at the end of the quarter totalled A\$97.7 million comprising:

- ▶ A\$96.1 million in cash (September 2011 quarter A\$23.4 million); and
- ▶ A\$1.6 million in bullion on hand (September 2011 quarter A\$3.0 million).

Half year unaudited pre-tax profit was \$24.6 million, a 186% increase from the previous corresponding period.

The company remains debt and hedge free.

## Corporate

Investor Relations:

Silver Lake presented at the following investor conferences during the quarter:

- ▶ 14 November 2011 at the Gold Symposium in Sydney

Silver Lake was admitted to the ASX 200 on 16 December 2011.

- **Issued Share Capital**

Class of Securities	Issued capital
Fully Paid Ordinary Shares	220,264,063

- **Unlisted Options**

Unlisted Options	Exercise price	Expiry date
3,447,010	A\$0.30	31 December 2012

For more information about Silver Lake and its projects please visit our web site at [www.silverlakeresources.com.au](http://www.silverlakeresources.com.au).

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#### 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 with grades up to 45% Cu, 5.5 g/t Au and 256 g/t Ag.

Silver Lake's exploration programme is targeting<sup>1</sup> 10 million oz Au in resource over time.

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#### 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 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*