

ASX ANNOUNCEMENT

12 March 2012

Scheme of Arrangement terminated, exclusive negotiation process commenced, Munглиnup tenements acquired

Background:

Silver Lake Resources Ltd ("Silver Lake") and Phillips River Mining Ltd (ASX PRH: "Phillips River") announced the terms of a Scheme of Arrangement ("Scheme") to the ASX on 25 January 2012. A condition precedent to the Scheme was completion of due diligence to the satisfaction of Silver Lake. The due diligence period was extended a number of times in order to satisfy this condition.

Termination of Implementation Agreement:

The directors of Silver Lake advise that the due diligence condition precedent contained in the Scheme implementation agreement ("Implementation Agreement") has not been completed to the satisfaction of Silver Lake.

The directors of Silver Lake are disappointed that this action was necessary. However, the due diligence process identified a potential issue with the concentrate delivery schedule within the metals offtake agreement for the Trilogy Project between LN Metals International Limited ("LN Metals") and Phillips River. LN Metals is 46% owned by RMB Australia Holdings Limited, part of the resource-financing arm of Rand Merchant Bank (RMB).

After numerous extensions of time, Silver Lake did not have sufficient confidence that this issue could be satisfactorily resolved. Accordingly, the Implementation Agreement has been terminated.

Convertible Note Facility:

Silver Lake currently holds convertible notes in Phillips River to the value of \$325,000 which were issued pursuant to the convertible note facility announced on 25 January 2012 ("CN Facility"). In accordance with the CN Facility, Silver Lake has elected to seek repayment of the convertible notes. The repayment will be off-set against the sale of the Munглиnup tenements as set out further below.

The CN facility provides Silver Lake may elect to subscribe for additional convertible notes in Phillips River (which can be converted to shares at any time) up to Phillips River's placement capacity, notwithstanding termination of the Implementation Agreement.

Silver Lake and Phillips River have agreed to amend the CN facility such that it will continue notwithstanding termination of Implementation Agreement.

Exclusivity Agreement and Purchase of Munглиnup tenements

Silver Lake and Phillips River have signed an Exclusivity Agreement for Silver Lake to acquire certain Phillips River assets.

Silver Lake has agreed to purchase Phillips River's Munglinup Project for \$325,000. This project is made up of five exploration tenements E74/485; E74/472; E74/471; E74/473 and E74/474 ("Asset Sale Agreement").

Settlement under the Asset Sale Agreement will occur later in the year and is subject to satisfaction of a number of conditions. Silver Lake will immediately assume responsibility for the maintenance and ongoing costs of the tenements making up the Munglinup Project.

For further information please contact

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

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

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.

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:

<i>Tonnage range:</i>	<i>50 million to 100 million tonnes</i>
<i>Grade range:</i>	<i>3 g/t Au to 8 g/t Au</i>
<i>Ounces:</i>	<i>5 million to 10 million</i>

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 1: June 2011 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.