APPENDIX 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 June 2013

Name of Entity:	Silver Lake Resources Limited
Current Reporting Period:	12 Months ended 30 June 2013
Previous Reporting Period:	12 Months ended 30 June 2012

Results for Announcement to Market

				A$'000
Revenues from ordinary activities	up	59.4%	to	215,743
Loss from ordinary activities after tax attributable to members	down	*Note 1*	to	(319,288)
Loss for the period attributable to members	down	*Note 1*	to	(319,288)

Note 1 - The Group reported an after tax profit of $31.175 million in the previous reporting period. In the current period, the Group reported a loss after tax of $319.288 million after recording impairments of $351.596 million on inventories and other non-current assets and incurring $15.448 million of business combination expenses. A percentage decrease in profit after tax is therefore not considered meaningful.

Dividend information

The Company has not proposed to pay any dividends.

Net Tangible Assets

	30 June 2013	30 June 2012
Net tangible assets per share *	$0.80	$0.74

*Exploration and evaluation phase assets have been treated as intangible assets

Financial Results

The following Appendix 4E reporting requirements are found in the attached Annual Financial Report.

Requirement	Title	Reference
Review of results	Directors' Report	Page 6
A statement of comprehensive income	Statement of Profit or Loss & Other OCI	Page 42
A statement of financial position	Statement of Financial Position	Page 43
A statement of cash flows	Statement of Cash Flows	Page 45
A statement of retained earnings	Statement of Changes in Equity	Page 44
Earnings per security	Statement of Profit or Loss & Other OCI	Page 42
Independent audit report	Independent Audit Report	Page 40

Control gained or lost over entities during the period

- Silver Lake entered into an agreement with Phillips River Mining Ltd (ASX PRH: "Phillips River") to acquire all the assets of Phillips River. The acquisition was completed on 4 July 2012 with the issuing of 5,229,412 Silver Lake shares.
- Silver Lake and Integra Mining Limited ("Integra") announced on 6 August 2012 that they had reached agreement to combine the two companies. The transaction was completed on 11 January 2013 with 150,108,264 Silver Lake shares being issued to Integra shareholders on 14 January 2013.
- On the 12 December 2012 the Company converted a $1.2 million loan to Paringa Resources Limited ("Paringa") into equity, thereby assuming a 33.9% ownership stake in Paringa. Prior to this date Silver Lake held a 100% stake.

There have been no other gains or losses of control over entities in the year ended 30 June 2013.

Associate

During the year Paringa Resources Limited ('Paringa') carried out an initial public offering and was admitted to the official list of the Australian Securities Exchange with official quotation under the code PNL commencing on 20 December 2012. The Group's holding in Paringa reduced from 100% to 33.9% at that time. As a result, the Group has changed its accounting treatment from an investment carried at cost to an associate entity being equity accounted.

Joint Ventures

The Group has the following interests in unincorporated joint ventures:

Joint Venture	JV Activity	JV Parties	2013	2012
Cowarna Joint Venture	Exploration	Silver Lake/Alacer Gold	90.0%	-
Glandore Joint Venture	Exploration	Silver Lake /Alacer Gold	*20.0%	-
Newcrest Joint Venture	Exploration	Silver Lake /Newcrest	85.0%	-
Peter's Dam Joint Venture	Exploration	Silver Lake /Rubicon	64.6%	-
Erayinia Joint Venture	Exploration	Silver Lake /Image Resources	81.7%	-
Queen Lapage Joint Venture	Exploration	Silver Lake /Rubicon	56.5%	-

* 20% earning to 90%

The joint ventures are not separate legal entities and do not hold any assets. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint ventures are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint venture assets.

Audit

This report is based on the Annual Financial Report which has been audited.

Silver Lake Resources Limited

(ABN 38 108 779 782)

Annual Financial Report
For the Year Ended 30 June 2013

Corporate Directory

Directors

Paul Chapman	Non-Executive Chairman
Les Davis	Managing Director
Chris Banasik	Executive Director – Exploration and Geology
David Griffiths	Non-Executive Director
Peter Johnston	Non-Executive Director
Brian Kennedy	Non-Executive Director

Company Secretary

Peter Armstrong

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Registered Office

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85 South Perth Esplanade
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Solicitors

Gilbert & Tobin
1202 Hay Street
West Perth WA 6005

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Auditors

KPMG
235 St George's Terrace
Perth WA 6000

Internet Address

www.silverlakeresources.com.au

ABN 38 108 779 782

ASX Code: SLR

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Directors' Report

The Directors present their report on the consolidated entity consisting of Silver Lake Resources Limited ("Silver Lake" or "the Company") and the entities it controlled at the end of, or during the financial year ended 30 June 2013 ("the Group").

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. The Directors were in office for the entire period unless otherwise stated.

Paul Chapman
B Comm, ACA, Grad Dip Tax, MAICD, MAusIMM
Non-Executive Chairman
Appointed 20 April 2004

Mr Chapman is a chartered accountant with over 20 years experience in the resources sector gained in Australia and the United States. Mr Chapman has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas.

Mr Chapman has held Managing Director and other senior management roles in public companies of various sizes and is Chairman of West Australian based copper explorer Encounter Resources Ltd (since 7 October 2005), Chairman of copper/gold explorer Rex Minerals Ltd (since 2007), and Director of Phillips River Mining Ltd (since 4 July 2012).

Les Davis
MSc (Min Econs)
Managing Director
Appointed 25 May 2007

Mr Davis has over 30 years industry experience including 17 years hands-on experience in mine development and narrow vein mining.

Mr Davis' career incorporates 13 years senior management experience including roles as Mine Manager, Technical Services Manager, Concentrator Manager, Resident Manager and General Manager Expansion Projects with organisations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd. Mr Davis is a Director of Phillips River Mining Ltd (since 4 July 2012) and a past Director of Paringa Resources Limited (resigned 12 September 2012).

Mr Davis has held no other Directorships in public listed companies in the last three years.

Chris Banasik
B App Sc (Physics), MSc (Econ Geol), Grad Dip Ed, MAusIMM
Executive Director – Exploration & Geology
Appointed 25 May 2007

Mr Banasik has over 25 years experience in the resource industry which includes 10 years hands-on experience in mine geology resource and reserve calculation and a history of successful exploration in the Kambalda region of Western Australia.

Mr Banasik has extensive experience in leading geology and exploration teams and managing drilling programmes, surveying, mine planning and other technical services through 11 years in management roles with WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd. Mr Banasik is a Director of Phillips River Mining Ltd (since 4 July 2012).

Mr Banasik has held no other Directorships in public listed companies in the last three years.

Directors' Report

David Griffiths
B Bus
Non-Executive Director
Appointed 25 May 2007

Mr Griffiths has more than 30 years management and strategic communications experience developing from an initial focus on human resources and employee relations to broader, group-wide strategic roles. Previously Mr Griffiths was employed by WMC Resources Ltd and held the roles of Group Manager – Employee Relations and more recently, General Manager Corporate Affairs and Community Relations.

Currently, Mr Griffiths is the Managing Director of the communications strategy and public relations company Gryphon Management Australia Pty Ltd which he established in 2004. Gryphon Management assists companies to develop and implement strategic communication plans, human resources strategies and corporate reputation plans. Mr Griffiths is also a Director of Phillips River Mining Ltd (since 4 July 2012) and Chairman of Paringa Resources Limited (since 7 September 2012).

Mr Griffiths has held no other Directorships in public listed companies in the last three years.

Peter Johnston
BA, FAICD, FAusIMM
Non-Executive Director
Appointed 22 May 2007

Mr Johnston's extensive management career spans 30 years. That time includes senior management roles at WMC Resources Ltd, Alcoa of Australia Limited and Lion Nathan Limited. Mr Johnston has been Chief Executive Officer/Director of Minara Resources Ltd since 20 November 2001. As Executive General Manager at WMC Resources Ltd for over eight years, Mr Johnston was at various times responsible for nickel and gold operations, Olympic Dam operations, Queensland Fertilizers Ltd and human resources.

Mr Johnston is an Executive Council member and a past President of the Chamber of Minerals and Energy, a Director and past Chairman of the Nickel Institute, a past Chairman of the Minerals Council of Australia, a past Director of Emeco Holdings Limited from 1 September 2006 to 30 June 2013, a Director of Phillips River Mining Ltd (since 4 July 2012) and Vice President of the Australian Mines and Metals Association.

Brian Kennedy
Cert Gen Eng
Non-Executive Director
Appointed 20 April 2004

Mr Kennedy has operated a successful resource consultancy for over 25 years and has worked in the coal, iron ore, nickel, gold and fertilizer industries. During this time Mr Kennedy managed large-scale mining operations such as Kambalda and Mount Keith on behalf of WMC Resources Ltd.

Mr Kennedy was a founding shareholder and Director of Reliance Mining Ltd, before its takeover by Consolidated Minerals Ltd. Mr Kennedy is a Director of Phillips River Mining Ltd (since 4 July 2012).

Mr Kennedy has held no other Directorships in public listed companies in the last three years.

Directors' Report

COMPANY SECRETARY

Peter Armstrong
ACIS, B Bus(Acct)
Appointed 16 January 2009

Mr Armstrong has over 30 years of accounting experience, including the last 25 years in the resources sector. He has extensive experience in senior commercial management roles with Normandy Mining, WMC Resources Ltd and Newcrest. This experience involved working across a wide range of commodity businesses including gold, nickel, copper, coal and iron ore.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit Committee, Remuneration Committee and a Nomination Committee.

Those members acting on the committees of the Board during the year were:

Audit	Remuneration	Nomination
David Griffiths (c)	Peter Johnston (c)	Brian Kennedy (c)
Paul Chapman	David Griffiths	David Griffiths
Peter Johnston	Brian Kennedy	Peter Johnston

(c) Designates the Chairman of the committee

DIRECTORS' MEETINGS

The number of meetings of Directors (including committee meetings) held during the year and the number of meetings attended by each Director are as follows:

		Meetings of Committees		
	Directors' Meetings	Audit	Remuneration	Nomination
Number of meetings held:	22	3	2	1
Number of meetings attended:				
Paul Chapman	21	3	-*	-*
Les Davis	21	-*	-*	-*
Chris Banasik	21	-*	-*	-*
David Griffiths	19	3	2	1
Peter Johnston	17	1	2	1
Brian Kennedy	19	-*	2	1

*Not a member of this committee

Directors' Report

Directors' Interests

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Stock Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Name of Director	Fully Paid Ordinary Shares	Unlisted Options
Paul Chapman	5,099,000	-
Les Davis	4,290,000	-
Chris Banasik	4,015,000	-
David Griffiths	4,158,377	-
Peter Johnston	4,368,253	-
Brian Kennedy	4,555,452	-

Note: Details of relevant interest of each Director are outlined in Note 34 to the financial statements.

Principal Activities

The principal activities of the Group during the course of the financial year were gold mining and processing from the Mount Monger and Murchison Operations, copper and gold exploration and evaluation of projects.

Corporate Structure

Silver Lake is a company limited by shares and is domiciled and incorporated in Australia.

Operating Overview

Silver Lake is an all-Australian, ASX 200 listed gold producing and exploration company with multiple mines and multiple treatment plants operating in the Eastern Goldfields and Murchison districts of Western Australia.

Silver Lake's land position in Western Australia covers 5,000 sqkm of highly prospective, under explored tenements containing gold, silver and copper.

Silver Lake currently has JORC Resources and JORC Ore Reserves containing:

- 6.4 million ounces of gold inclusive of 1.7 million ounces of reserve;
- 10.5 million ounces of silver; and
- 133,500 tonnes of copper.

On 21 December 2012, Silver Lake acquired Integra Mining Limited. Commentary and results in this report therefore include all Integra operations since acquisition date.

Silver Lake also completed construction of the Murchison mill, with commercial production declared from 1 June 2013. Contributions to the FY13 Profit and Loss from the Murchison operations commence from the date of commercial production.

Directors' Report

Group Financial Overview

The Group recorded a net loss after tax for the year of $319.288 million (2012: profit of $31.175 million). The result was significantly impacted by a lower average gold price for the year (as compared to the prior period), $351.596 million of asset impairments and $15.448 million of business combination expenses. Full details of the asset impairments can be found in the notes to the Financial Statements.

A reconciliation between the statutory loss after tax and the Group's underlying operating results is tabled on page 15. This reconciliation is an unaudited non-IFRS measure that, in the opinion of the Board, provides useful information to assess the operating performance of the Group. As noted in the table, the Group's EBITDA (before significant items) was $41.487 million for the year (2012 $56.986 million). The decrease in EBITDA (before significant items) is primarily due to:

- A lower average gold price as compared to the prior period. The average realised sale price for the year was A$1,529/oz (2012: A$1,624/oz)
- An increase in the cash operating costs per ounce of gold ($640 to $707 in the current year)
- An increase in administration costs and personnel expenses of $9.089 million primarily as a result of the Integra acquisition and commencement of the Murchison operations

Gold sales for the year were 151,060 oz, an increase of 81% compared to the previous corresponding period. Mining and production statistics for the Group for the year ended 30 June 2013 are detailed in Table 1 and Table 2.

Overview of Operations

Silver Lake's Mount Monger Operation contains the Daisy Complex and Cock-eyed Bob underground mines and the Wombola Dam and Maxwells open pit mines. The Mount Monger Operation also includes significant ore stockpiles from the Salt Creek and Maxwells mines.

Mount Monger has additional multi-mine potential underpinned by emerging open pit production from the Wombola Pit, Magic, Majestic, Harrys Hill and Lucky Bay deposits as well as the Santa underground mine deposit.

Gold ore from the Mount Monger Operation is transported to either the Lakewood treatment plant, located 5 km south east of Kalgoorlie, or to the Randalls treatment plant, located 60 km south east of Kalgoorlie. The Lakewood facility has a capacity of 0.9 million tonnes per annum with the Randalls facility able to process 1.2 million tonnes per annum.

Mining and production statistics for the Mount Monger Operations for the year ended 30 June 2013 are detailed in Table 3 and Table 4.

In the Murchison, Silver Lake recently completed construction of a 1.2 million tonne per annum treatment plant. Commercial production of the plant was declared from 1 June 2013. Provision has also been made at the treatment plant for the addition of a future base metals circuit.

Ore from the Murchison has to date been sourced from 4 open pit mines, Exodus, Eclipse, Comet North and Comet South. As announced to the ASX on 18 July 2013, the Murchison operations have been optimised to produce gold from open pit operations for the year ending 30 June 2014 and to defer the development of the underground Caustons mine for approximately 12 months. The Caustons mine has been placed on care and maintenance in readiness for start-up at a later point, together with other future underground deposits in the region, Comet, Tuckabianna West and Lena.

Directors' Report

Mining and production statistics for the Murchison operations for the year ended 30 June 2013 are detailed in Table 5 and Table 6.

Nearby to the Murchison project is the Eelya Complex, which is a prospective gold and base metals deposit. A Pre-Feasibility Study ("PFS") at Hollandaire was completed during the last quarter of the year with an initial ore reserve estimated at 13,500 tonnes of copper, 13,800 ounces of gold and 145,400 ounces of silver, over a two year life of mine. The PFS excludes potential production from the underground Hollandaire Lower and Hollandaire West zones. These areas could be subject to production at completion of the open pit, but would require a higher metal price environment. Results of the PFS show that a viable open pit mine can be developed on the Hollandaire gold & upper copper zones. This scenario would see payback of a base metals circuit and provide a modest surplus. Installation of this circuit provides for upside in the event of further base metals exploration success or increases in metal prices.

In the Great Southern, Silver Lake owns the large Kundip and Munglinup exploration projects covering over 2,500 sqkm. Over the coming years, Silver Lake will increase regional gold exploration in the area with the view of establishing a third gold mining centre (with potential copper and silver credits).

Safety

There were two lost time injuries during the period. All incidents were thoroughly investigated and preventative measures put in place to reduce the likelihood of similar occurrences. The 12 month moving average Lost Time Injury Frequency Rate ("LTIFR") stands at 1.86, down from the 3.1 in the previous period.

Directors' Report

Gold Mining and Production Statistics

Group Operations - Mining	Units	FY 2013	FY 2012
Underground			
Ore mined	Tonnes	559,768	436,157
Mined grade	g/t Au	4.7	6.2
Contained gold in ore	Oz	84,375	86,437
Open Pit			
Ore mined	Tonnes	1,026,838	280,919
Mined grade	g/t Au	1.8	1.8
Contained gold in ore	Oz	60,852	16,161
Total ore mined	Tonnes	1,586,606	717,076
Mined grade	g/t Au	2.8	4.5
Contained gold in ore	Oz	145,138	102,598

Table 1

Group Operations - Processing	Units	FY 2013	FY 2012
Ore Milled	Tonnes	1,809,908	517,105
Head grade	g/t Au	2.8	5.3
Contained gold in ore	Oz	161,010	88,264
Recovery	%	94	94
Gold produced	Oz	151,296	82,531
Gold refined and sold	Oz	151,060	83,347

Table 2

Mount Monger - Mining	Units	FY 2013	FY 2012
Underground			
Ore mined	Tonnes	559,768	436,157
Mined grade	g/t Au	4.7	6.2
Contained gold in ore	Oz	84,375	86,437
Open Pit			
Ore mined	Tonnes	531,332	280,919
Mined grade	g/t Au	2.1	1.8
Contained gold in ore	Oz	36,604	16,161
Total ore mined	Tonnes	1,091,100	717,076
Mined grade	g/t Au	3.4	4.5
Contained gold in ore	Oz	120,890	102,598

Table 3

Directors' Report

Mount Monger - Processing	Units	FY 2013	FY 2012
Ore Milled	Tonnes	1,367,318	517,105
Head grade	g/t Au	3.2	5.3
Contained gold in ore	Oz	141,655	88,264
Recovery	%	94	94
Gold produced	Oz	133,364	82,531

Table 4

Murchison - Mining	Units	FY 2013	FY 2012
Open Pit			
Ore mined	Tonnes	495,506	-
Mined grade	g/t Au	1.5	-
Contained gold in ore	Oz	24,248	-
Total ore mined	Tonnes	495,506	-
Mined grade	g/t Au	1.5	-
Contained gold in ore	Oz	24,248	-

Table 5

Murchison - Processing	Units	FY 2013	FY 2012
Ore Milled	Tonnes	442,590	-
Head grade	g/t Au	1.4	-
Contained gold in ore	Oz	19,355	-
Recovery	%	93	-
Gold produced	Oz	17,932	-

Table 6

Exploration

During the period Silver Lake updated its gold resource inventory to 66.4 million tonnes at 3.0 g/t Au for 6.4 million ounces including an ore reserve of 20.3 million tonnes at 2.6 g/t for 1.7 million ounces (Table 7). Silver Lake is targeting to increase its gold resource base from 6.4 million ounces to 10 million ounces over time.

Silver Lake also has a resource of 10.5 million ounces of silver and 134,500 tonnes of copper (Table 8).

A key focus area for the Mount Monger operation has been to prioritise exploration targets across the merged Silver Lake and Integra businesses and drill test compelling targets. During the period, extensional and infill diamond drilling was undertaken at Haoma, Haoma West and other structures to the west of Daisy Milano and the results from these programmes are included in the resource update of July 2013.

In the Murchison the focus has been on exploration drilling near mine and extending strike and depth extensions to resources at the planned underground deposits of Tuckabianna West and Caustons.

Directors' Report

A significant auger and soil sampling campaign has been conducted across the Great Southern leases. The samples were assayed for a comprehensive suite of elements. Reprocessing of historic geophysical data and geological field mapping of anomalies has also provided several targets for drill testing.

As previously noted, a Pre-Feasibility Study ("PFS") was completed during the last quarter of the year for the Hollandaire project. Results of the PFS show that a viable open pit mine can be developed on the Hollandaire gold & upper copper zones. Based on these results, Silver Lake's strategy is to:

- continue with finalising the base metal circuit process design;
- assess a number of alternative mining scenarios, including further evaluation on the underground potential of the Hollandaire Lower and Hollandaire West zones;
- continue exploration within the Eelya Complex focusing on current base metal targets to generate additional scale; and
- monitor the project in the context of the prevailing metal price environment.

Although Silver Lake has a long term commitment to exploration, expenditure will be scaled back in FY2014 due to recently announced cost saving initiatives. The focus in 2014 will therefore be on incurring expenditure that will deliver short-term, high impact outcomes for the Group.

STRATEGY

The Group's strategy for FY14 is to restructure the business to protect it from downside risks in a lower gold price environment, whilst maintaining flexibility to capture future increases in the gold price. This will be achieved by:

- Maximising cash flow thereby strengthening the balance sheet and improving liquidity
- Completion of the capital raising initiatives announced to the market on 27 August 2013
- Short term deferral of capital expenditure on expansion projects and deferral of underground mining at the Murchison
- Significant cost reductions though salary and wages cuts, organisational restructures and contract renegotiations with our suppliers
- Optimising the mill feed at the Mount Monger Operations. Mills will be fed a combination of ore from the Daisy Complex, Cock-eyed Bob, Maxwells mines and existing stockpiles, producing 120,000 – 130,000 ounces of gold
- Optimising Murchison mill feed from multiple open pit sources producing 60,000 - 70,000 ounces of gold and
- Reduce exploration expenditure in FY14, focusing on short-term high impact outcomes.

Existing operations are sustainable in a lower gold price environment; however several expansion and development options exist should the gold price experience sustained improvement. These options include:

- Commence production from Wombola Dam with minimal lead time
- Develop the Majestic and Imperial deposits
- Recommence underground development in the Murchison to complement existing open pit operations and

Directors' Report

- Enhance exploration efforts at Lorna Doone, Randalls region iron formations and the Great Southern.

Key risks in being able to deliver on the Group's strategy include:

- Price and demand for gold - It is difficult to accurately predict future demand and gold price movements and such movements may adversely impact on the Group's profit margins, future development and planned future production
- Exchange rates - The majority of the Group's sales will provide for payment in Australian dollars with reference to the US dollar gold price, while the majority of costs will be in Australian dollars. Therefore, revenue will be related to the US dollar gold price and may be affected by the AUD:USD foreign exchange rate
- Reserves and Resources - The Mineral Resources and Ore Reserves for the Group's assets (refer Tables 7 & 8) are estimates only and no assurance can be given that any particular recovery level will in fact be realised
- Operations - The Group's gold mining operations are subject to operating risks that could result in decreased production, increased costs and reduced revenues. Operational difficulties may impact the amount of gold produced, delay deliveries or increase the cost of mining for varying lengths of time.

Directors' Report

Resources

The JORC Gold Resource as at June 2013 totalled 6.4 million ounces inclusive of 1.7 million ounces in ore reserves as detailed below.

2013	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
Mount Monger	629.9	8.4	171.1	4,236.1	6.0	812.8	7,283.8	5.4	1,268.0	12,149.9	5.8	2,251.9
Randalls	155.0	2.1	10.5	7,014.0	2.5	569.3	3,228.0	2.5	257.2	10,397.0	2.5	837.0
Aldiss				6,605.0	2.1	450.9	247.0	2.9	22.8	6,852.0	2.2	473.7
Total Eastern Goldfields	**784.9**	**7.2**	**181.6**	**17,855.1**	**3.2**	**1,833.0**	**10,758.8**	**4.5**	**1,548.0**	**29,398.9**	**3.8**	**3,562.6**
Tuckabianna				5,525.4	2.8	491.2	6,435.4	2.6	530.0	11,960.8	2.7	1,021.2
Comet				3,227.8	3.2	32.9	1,064.0	3.2	108.4	4,291.8	3.2	441.4
Moyagee				1,034.4	2.2	73.8	3,039.2	3.2	309.8	4,073.6	2.9	383.6
Eelya Complex				473.0	1.4	20.9	215.9	1.9	13.4	688.9	1.5	34.3
Total Murchison				**10,260.6**	**2.8**	**918.8**	**10,754.5**	**2.8**	**961.7**	**21,015.2**	**2.8**	**1,880.5**
Kundip				4,390.0	3.4	481.3	4,550.0	2.1	307.	8,940.0	2.7	788.5
Trilogy	310.0	2.4	23.9	5,750.0	0.7	136.4	981.7	1.7	53.4	7,041.7	0.9	213.8
Total Great Southern	**310.0**	**2.4**	**23.9**	**10,140.0**	**1.9**	**617.7**	**5,531.7**	**2.0**	**360.6**	**15,981.7**	**2.0**	**1,002.3**
Total Silver Lake	**1,094.9**	**5.8**	**205.5**	**38,255.8**	**2.7**	**3,369.6**	**27,045.0**	**3.3**	**2,870.3**	**66,395.7**	**3.0**	**6,445.4**

2013	Proved Reserves			Probable Reserves			Total Reserves		
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
Mount Monger	**332.7**	**1.7**	**18.4**	**2,838.9**	**5.0**	**457.1**	**3,171.6**	**4.7**	**475.5**
Randalls	**1,331.9**	**1.3**	**54.1**	**2,680.0**	**2.5**	**217.0**	**4,011.9**	**2.1**	**271.0**
Aldiss				**1,135.0**	**2.4**	**86.5**	**1,135.0**	**2.4**	**86.5**
Tuckabianna	**126.7**	**0.8**	**3.1**	**1,765.6**	**3.3**	**185.0**	**1,892.2**	**3.1**	**188.1**
Comet	**51.4**	**0.8**	**1.3**	**1,691.3**	**3.0**	**162.9**	**1,742.7**	**2.9**	**164.2**
Moyagee				**342.6**	**2.2**	**24.7**	**342.6**	**2.2**	**24.7**
Eelya				**574.0**	**0.8**	**14.0**	**574.0**	**0.8**	**14.0**
Great Southern	**310.0**	**2.2**	**22.0**	**7,130.0**	**1.8**	**420.1**	**7,440.0**	**1.8**	**442.1**
Total	**2,152.7**	**1.4**	**98.9**	**18,157.4**	**2.7**	**1,567.2**	**20,310.1**	**2.6**	**1,666.0**

Table 7

Directors' Report

2013	Measured Resources					Indicated Resources					Inferred Resources					Total Resources				
	Ore tonnes '000s	Grade	Increment	Total '000s	Unit	Ore tonnes '000s	Grade	Increment	Total '000s	Unit	Ore tonnes '000s	Grade	Increment	Total '000s	Unit	Ore tonnes '000s	Grade	Increment	Total '000s	Unit
Kundip Project																				
Silver	-	-	g/t Ag	-	oz	4,390.0	2.5	g/t Ag	353.9	oz	4,550.0	2.1	g/t Ag	314.2	oz	8,940.0	2.3	g/t Ag	668.1	oz
Copper	-	-	% Cu	-	t	4,390.0	0.4	% Cu	15.6	t	4,550.0	0.3	% Cu	14.7	t	8,940.0	0.3	% Cu	30.2	t
Trilogy Project																				
Silver	310.0	41.2	g/t Ag	406.6	oz	5,750.0	48.0	g/t Ag	8,859.6	oz	180.0	12.0	g/t Ag	73.4	oz	6,240.0	47.0	g/t Ag	9,339.7	oz
Copper	310.0	0.3	% Cu	0.9	t	5,750.0	1.1	% Cu	62.3	t	180.0	0.8	% Cu	1.4	t	6,240.0	1.0	% Cu	64.6	t
Hollandaire Project																				
Silver	-	-	-	-	oz	1,926.0	6.2	-	386.4	oz	727.9	4.6	g/t Ag	108.8	oz	2,653.9	5.8	g/t Ag	495.2	oz
Copper	-	-	-	-	t	1,891.3	2.0	-	37.1	t	122.4	1.4	% Cu	1.6		2,013.7	1.9	% Cu	38.7	t
Total Resource																				
Silver	**310.0**	**40.8**	**g/t Ag**	**406.6**	**oz**	**12,066.0**	**24.7**	**g/t Ag**	**9,599.9**	**oz**	**4,730.0**	**2.5**	**g/t Ag**	**386.6**	**oz**	**17,833.9**	**18.3**	**g/t Ag**	**10,502.9**	**oz**
Copper	**310.0**	**0.3**	**% Cu**	**0.9**	**t**	**12,031.3**	**1.0**	**% Cu**	**114.9**	**t**	**4,852.4**	**0.4**	**% Cu**	**17.7**	**t**	**17,193.7**	**0.8**	**% Cu**	**133.5**	**t**

Table 8

Notes to Tables 7 and 8

1. The figures quoted represent the geological resource. No "Modifying Factors" have been applied as per the 2004 edition of the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* ("JORC Code").
2. 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.
3. 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.

Directors' Report

REVIEW OF FINANCIAL CONDITION

The Group recorded an after tax loss for the financial period of $319.288 million (2012: profit of $31.175 million). This loss includes a number of significant items, such as the impairment of non-current assets, that in the opinion of the directors need adjustment to enable shareholders to obtain an understanding of the results from operations. The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding these significant items are outlined in the table below:

Reconciliation of Statutory Profit/Loss after Tax to EBITDA (excluding significant items)	30 June 2013 $'000	30 June 2012 $'000
Statutory (Loss)/profit after tax for the year:	(319,288)	31,175
Adjustments for:		
Income tax	(51,620)	13,422
Net finance costs	4,218	(2,038)
Depreciation and amortisation	47,473	14,427
Impairment of inventories	30,683	-
Other Impairment losses	320,913	-
Gain on dilution of investment	(2,003)	-
Gain on gold put options and forwards	(4,337)	-
Business combination expense	15,448	-
EBITDA (excluding significant items)	**41,487**	**56,986**

At the end of the financial year the Group had $12.673 million in cash (2012: $68.249 million) and $6.518 million in gold bullion (2012: $3.900 million).

Expenditure was principally directed to mining and exploration for gold in Western Australia.

CAPITAL STRUCTURE

As at the report date the Company had 379,048,750 fully paid ordinary shares on issue.

CASH FROM OPERATIONS

Details of the Cash from Operations are outlined in Note 16 to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company up to the date of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the period:

- Silver Lake entered into an agreement with Phillips River Mining Ltd (ASX PRH: "Phillips River") to acquire all the assets of Phillips River. The acquisition was completed on 4 July 2012 with the issuing of 5,229,412 Silver Lake shares. The assets are now collectively known as the Great Southern Gold Project ("Great Southern") and cover 2,500 sqkm of tenements located in the south east of Western Australia.

Directors' Report

- Silver Lake and Integra Mining Limited ("Integra") announced on 6 August 2012 that they had reached agreement to combine the two companies. Important dates in the process were:

Announcement date	:	6 August 2012
Acquisition date	:	21 December 2012
Directors change	:	01 January 2013
Shares issued	:	14 January 2013

  The transaction was completed on 11 January 2013 with 150,108,264 Silver Lake shares being issued to Integra shareholders on 14 January 2013. Further details of the transaction are discussed in Note 7.
- During the period Silver Lake completed construction of the 1.2 million tonnes per annum treatment plant at the Murchison operations. The total construction cost of the mill was $92.9 million with commercial production announced from 1 June 2013.
- On the 12 December 2012 the Company converted a $1.2 million loan to Paringa Resources Limited ("Paringa") into equity, thereby assuming a 33.9% ownership stake in Paringa. Paringa will focus on mineral exploration activities.

Other than noted elsewhere in this report, there were no other significant changes in the state of affairs of the Group that occurred during the year under review.

Likely Developments and Expected Results

As at the date of this report Silver Lake has implemented a number of cost saving initiatives for the year ended 30 June 2014 aimed at reducing cash costs and overheads, and improving operating efficiency. These include:

- the deferral of underground operations in the Murchison;
- the deferral of all expansionary capital;
- Group wide reduction in corporate overheads and cost of sales.

Environmental Regulations and Performance

The Company's operations hold licenses issued by the relevant regulatory authorities. These licenses specify limits and regulate the management associated with the operations of the Company. At the date of this report the Company is not aware of any breach of those environmental requirements.

Share Options

During the financial year, no new options to acquire ordinary shares were issued to employees of the Company.

A total of 3,447,010 ordinary shares were issued on the exercise of options during the financial year.

As at the date of this report, there are no unissued ordinary shares of the Company.

Employees

The consolidated entity had 258 employees as at 30 June 2013 (2012: 94). In addition, Silver Lake also engages contractors and consultants.

Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current Directors and Officers against any liability (other than the Company or related body corporate) that may arise from their position as Directors and Officers of the Company except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company has paid Directors' & Officers' insurance premiums of $92,631 in respect of liability of any current and future Officers, and senior executives of the Company.

Silver Lake has not provided any insurance or indemnity to the auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report there are no leave applications or proceedings brought on behalf of the Group under section 237 of the *Corporations Act 2001*.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behavior and accountability, the Directors of Silver Lake support and have adhered to the principles of good corporate governance. The Company's corporate governance statement is contained in the following section of this financial report and on the Company's website.

AUDITOR'S INDEPENDENCE

Section 307C of the Corporations Act 2001 requires Silver Lake's auditors, KPMG, to provide the Directors of Silver Lake with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2013. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board is satisfied that the provision of non-audit services is compatible with, and did not compromise the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risk and rewards.

Directors' Report

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below:

	2013 $	2012 $
Services other than audit and review of financial statements		
Taxation services	233,970	70,975
Other assurance related services	42,000	108,067
	275,970	**179,042**
Audit and review of financial statements	238,058	107,000
Total paid to KPMG	**514,028**	**286,042**

SUBSEQUENT EVENTS

The following material events have occurred between the reporting date and the date of signing this report:

- The Group announced a fully underwritten capital raising on 27 August 2013. The capital raising is intended to strengthen the Group's capital position and improve the Group's liquidity. The proposed capital raising is structured as a placement of 55.9 million shares to institutional and other sophisticated investors and will raise $47.5 million (before costs), at an issue cost of $0.85 per share. The capital raising is fully underwritten subject to the usual terms and conditions associated with underwriting arrangements.
- The Group also announced the details of a Share Purchase Plan ("SPP") on 27 August 2013. The SPP is expected to raise up to $15 million and provides the opportunity for each shareholder to acquire up to $15,000 worth of additional shares in the Company at an issue price of $0.85 per share.
- The Group also intends to raise up to $1.2 million from Directors of the Company at an issue price of $0.85 per share, the same issue price as offered in the placement and the SPP. This placement to Directors is subject to shareholder approval at a meeting to be called by the Company.
- Net proceeds raised from the placement, SPP and placement to Directors will be used to repay outstanding debt facilities and provide working capital for operations.

Directors' Report

REMUNERATION REPORT - AUDITED

Principles of Remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company and senior executives of the Group.

Silver Lake chooses to remunerate and reward its Directors, Officers and employees in accordance with the Company's Remuneration Policy.

Emoluments of Directors and Officers are set by reference to payments made by other ASX listed companies of similar size, revenue base, employee numbers and profitability. In addition, reference is made to the mining and exploration sectors and to the skills and experience of the Directors and Officers. Details of the nature and amount of emoluments of each Director, Officer and Senior Manager of the Company are disclosed annually in the Company's annual report.

Remuneration Committee

The role of the Remuneration Committee and the Board of Directors of Silver Lake is to assist in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

a) remuneration packages of Executive Directors, Non-Executive Directors and Officers; and

b) employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Non-Executive Director Remuneration

The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable ASX listed companies) for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the Company, however, to align Directors' interests with shareholders' interests, Directors are encouraged to hold shares in the Company. It is ensured that:

a) fees paid to Non-Executive Directors are within the aggregate amount approved by shareholders at the Company's annual general meeting;

b) Non-Executive Directors are remunerated by way of fees (in the form of cash and/or superannuation benefits);

c) Non-Executive Directors are not provided with retirement benefits other than statutory superannuation entitlements; and

d) Non-Executive Directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

The Company's Constitution provides that the Non-Executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum from time to time determined by the Company in a general meeting. Directors' fees payable in aggregate to the Non-Executive Directors of the Company is currently capped at $1,000,000 per annum.

The remuneration of Non-Executive Directors is detailed on page 28 of this report.

Directors' Report

REMUNERATION REPORT - AUDITED

Executive Directors' and Officers' Remuneration

Executive Directors' and Officers' pay and reward consists of a base salary and performance incentives to ensure that:

a) remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;

b) a proportion of remuneration is structured in a manner designed to link reward to corporate and individual performances; and

c) recommendations are made to the Board with respect to the quantum of incentive payments to be paid by the Remuneration Committee.

Executive Directors and Officers are offered a competitive level of base pay at market rates (for comparable ASX listed companies) and are reviewed annually to ensure market competitiveness.

Senior Management

Senior Management's pay and reward consists of a base salary and performance incentives.

Senior Management are offered a competitive level of base pay at market rates (for comparable ASX listed companies) and are reviewed annually to ensure market competitiveness.

Non-Executive Directors' Letters of Engagement

All Non-Executive Directors conduct their duties under the following terms:

- a Non-Executive Director may resign from his position and thus terminate their contract on written notice to the Company;
- the Company may by resolution remove any Director before the expiration of their period of office, and may by resolution appoint another person in their place. Payment is made in lieu of the notice period (based on the fixed component of the Non-Executive Director's remuneration) if termination is initiated by the Company, except where termination is initiated for serious misconduct; and
- the office of Directors shall automatically become vacant without notice if serious misconduct has occurred.

Subsequent to year end, the Directors voluntarily assumed a 10% reduction to their remuneration, effective 1 July 2013. In consideration of the services provided by Messrs Griffiths, Johnston and Kennedy, the Company will now pay each $81,000 per annum plus statutory superannuation (remuneration was previously $90,000 per annum for the second half of the financial year and $85,000 per annum for the first half). In consideration of the Chairman services provided by Mr Chapman, the Company will now pay him $180,000 per annum plus statutory superannuation (remuneration was previously $200,000 per annum for the second half of the financial year and $180,000 per annum for the first half).

Messrs Chapman, Griffiths, Johnston and Kennedy are also entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. They may also be reimbursed for out of pocket expenses incurred as a result of their Directorships.

Directors' Report

REMUNERATION REPORT - AUDITED

Executive Directors' and Officers' Employment Agreements

The Company has entered into service agreements with Mr Les Davis and Mr Chris Banasik (each an "Executive"), and Mr Peter Armstrong (an "Officer") on the following material terms and conditions. Terms defined in this section have the same meaning as contained in their service agreements.

Subsequent to year end, the remuneration of all Executive Directors and Officers was reduced by 10%, effective from 1 July 2013, as a result of broader cost saving initiatives adopted across the Group.

Executives

On 30 September 2012, the Company entered into a new employment agreement with Mr Davis to replace the Existing Agreement ("Mr Davis' Agreement"). Mr Davis' Agreement is effective from 30 September 2012 and will continue until it is terminated in accordance with its terms. If Mr Davis' Agreement is terminated, in certain circumstances, the Company is required to pay to Mr Davis an amount, as a severance payment, equal to twelve months of his total remuneration package.

For the six months ended 31 December 2012, Mr Davis received a base salary of $500,000 per annum (plus superannuation of 12%) which increased to $550,000 from 1 January 2013. Mr Davis' base salary has subsequent to year end been reduced by 10% to $500,000, effective from 1 July 2013. Mr Davis' remuneration is reviewed annually or as agreed in writing between himself and the Board. Mr Davis may also receive an annual performance-based bonus of 50% of his current base salary, the performance criteria, assessment and timing of which will be negotiated annually with the Board. Mr Davis is also entitled to participate in the Group's Long Term Incentive Plan.

No short-term or long-term incentives were awarded to Mr Davis for the year ended 30 June 2013.

On 30 September 2012, the Company entered into a new employment agreement with Mr Banasik to replace the Existing Agreement ("Mr Banasik's Agreement"). Mr Banasik's Agreement is effective from 30 September 2012 and will continue until it is terminated in accordance with its terms. If Mr Banasik's Agreement is terminated, in certain circumstances, the Company is required to pay to Mr Banasik an amount, as a severance payment, equal to twelve months of his total remuneration package.

For the six months ended 31 December 2012 Mr Banasik received a base salary of $370,000 per annum (plus superannuation of 12%) which increased to $385,000 from 1 January 2013. Mr Banasik's base salary has subsequent to year end been reduced by 10% to $346,500, effective from 1 July 2013. Mr Banasik's remuneration is reviewed annually or as agreed in writing between himself and the Board. Mr Banasik may also receive an annual performance-based bonus of up to 30% of his current base salary, the performance, assessment and timing of which will be negotiated annually with the Board. Mr Banasik is also entitled to participate in the Group's Long Term Incentive Plan.

No short-term or long-term incentives were awarded to Mr Banasik for the year ended 30 June 2013.

Directors' Report

REMUNERATION REPORT - AUDITED

Officer

Mr Armstrong was appointed on 16 January 2009 to act as Company Secretary of Silver Lake. For the six months ended 31 December 2012 Mr Armstrong received a base salary of $310,000 per annum (plus superannuation of 12%) which increased to $325,000 from 1 January 2013. Mr Armstrong's base salary has subsequent to year end been reduced by 10% to $292,500, effective from 1 July 2013. Mr Armstrong's remuneration is reviewed annually or as agreed in writing between himself and the Company. Mr Armstrong may also receive an annual performance-based bonus of up to 30% of his current base salary, the performance, assessment and timing of which will be negotiated annually with the Managing Director. Mr Armstrong is also entitled to participate in the Group's Long Term Incentive Plan.

No short-term or long-term incentives were awarded to Mr Armstrong for the year ended 30 June 2013.

The Executives and Officer can, at their sole discretion, elect for part of their remuneration to be paid in the form of benefits other than salary. The Company is required to provide such facilities, equipment, assistance and services as the Executives and Officers reasonably require and reimburse them for any expenses incurred by them in the course of their employment, including home telephone expenses, travel, accommodation and entertainment expenses, upon presentation of an itemised account to the Company.

Senior Manager Employment Agreements

Mr Humphryson was appointed to act as the Chief Operating Officer of the Company from 19 March 2012. Mr Humphryson received an annual base salary of $357,000 per annum plus 9% superannuation for the year ended 30 June 2013. Mr Humphryson's base salary has subsequent to year end been reduced by 7.5% to $330,235, effective from 1 July 2013. Mr Humphryson's remuneration is reviewed annually or as agreed in writing between himself and the Managing Director. Mr Humphryson may also participate in the Group's short-term and long term incentive plans, commencing in the 2013 financial year, the performance, assessment and timing of which will be negotiated annually with the Managing Director.

No short-term or long-term incentives were awarded to Mr Humphryson for the year ended 30 June 2013.

Termination of Executive Directors' Service Agreements

Either the Executive or the Company may terminate the Executive's employment for any reason upon providing six months' notice to the other party in writing. In this case, the Executive is not entitled to any termination payments. The Company retains the right to terminate the Executive's employment immediately, by making a payment equal to six months pay in lieu of the notice period.

If the Executive suffers a change with significant effect, which includes:

a) major changes in composition, operation, size of, or skills required in Silver Lake's work force, where those changes would affect the Executive;

b) reduction or elimination of job or promotion opportunity, or job security relation to the Executive;

c) significant increase or decrease in the Executive's hours of work;

d) requirement for the Executive to be retrained or transfer to another job or location; or

e) restructuring of the Executive's position;

and the Company has notified and discussed these changes with the Executive and makes a decision to make the Executive position redundant, the Company may attempt to offer the Executive alternative employment.

Directors' Report

REMUNERATION REPORT - AUDITED

The Executive's position is made redundant when the need for the Executive's position to be performed by any person at Silver Lake ceases. When the Executive's position is made redundant and his employment is a result of that redundancy terminated, the Company will pay the Executive a severance payment equal to 12 months of the Executive's total remuneration package, provided that he has at least 1 year continuous service with Silver Lake ("Termination Payment").

In these circumstances, the Executive is entitled to be paid the Termination Payment.

In addition, the Company may summarily dismiss the Executive for serious misconduct. In this case, the Company does not need to provide notice to the Executive and the Executive is only entitled to be paid for the time worked up to the time of dismissal. However, no Termination Payment is due to be made to the Executive in this case.

Termination of Officer's and Senior Manager's Service Agreements

The Officer's and Senior Manager's Service Agreements may be terminated by:

a) the Officer, Senior Manager or the Company providing three months notice or any shorter period as the Company may agree in writing;

b) the death of the Officer or Senior Manager;

c) the Company giving a notice of dismissal to the Officer or Senior Manager as a result of their misconduct, willful neglect in the discharge of their duties, serious or persistent breach of the provisions of the Service Agreement, the Officer or Senior Manager being charged with a criminal offence which in the reasonable opinion of the Chairman of the Board brings Silver Lake into disrepute; and

d) the Company or the Officer or Senior Manager giving one month's notice if by reason of the Officer's or Senior Manager's illness or incapacity his absence aggregates 26 weeks in any 52 consecutive weeks or the Officer or Senior Manager becomes permanently incapable of performing the responsibilities and duties of his office.

If a notice is given under paragraph (a) above, then the Company may opt to pay the Officer or Senior Manager the equivalent of any amount payable to the Officer or Senior Manager during the remainder of the notice period and the appointment will terminate on the making of that payment.

If the Company makes a decision that could have a significant effect on the Officer's or Senior Manager's employment, such as major changes in its work force, then the Company must notify and discuss the changes with the Officer or Senior Manager as soon as possible.

Officers and Senior Managers are entitled to a severance payment of a lump sum of between three to six months fixed salary.

Incentive Plans and Benefits Programmes

It is the place of the Remuneration Committee to:

a) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Equity-based plans are provided to Executives who are involved in the day to day operations. Except as otherwise delegated by the Board, the Committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans;

REMUNERATION REPORT - AUDITED

b) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and

c) continually review and if necessary improve any existing benefit programmes established for employees.

Short-term Incentive Payment

Each year the Remuneration Committee sets the key performance indicators (KPIs) for the Executive Directors, who in turn set the KPIs for Senior Management personnel and other staff. The KPIs generally include measures relating to the Group and the individual, and include financial, production, people, safety and risk measures. The measures are chosen as they directly align the individual's rewards to the KPIs of the Group and to its strategy and performance.

The financial performance objective is 'profit after tax' which is compared to budget and previous years' performances. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, risk measures, growing the resource base and achieving production targets. All performance objectives are weighted when calculating the maximum STI.

At the end of the year the Remuneration Committee will assess the actual performance of the Executive Directors and the Managing Director will assess the performance of other Senior Management personnel. The assessment will include the performance of the Group and the individual against the KPIs set at the beginning of the financial year. A percentage of the incentive amount is awarded depending on the results, with no incentive being awarded where the performance falls below the minimum requirement. The incentive is a cash payment. A summary of the maximum STI payable for each level of management is outlined below:

Role Level	Maximum STI %
Managing Director	50% Total Fixed Remuneration
Senior Executives	30% Total Fixed Remuneration
Senior Managers	30% Total Fixed Remuneration

The performance evaluation in respect of the year ended 30 June 2013 has taken place in accordance with this process.

No short-term incentives have been awarded for the year ended 30 June 2013.

Long-term Incentive (LTI) Plan

The Company implemented an LTI Plan effective 1 July 2012 to assist in the attraction and retention of experienced, qualified staff. This plan was approved by shareholders at the 2012 Annual General Meeting. The plan allows the Company to issue rights to acquire shares (to be granted in the form of Performance Rights) to employees of the Company as determined by the Board from time to time.

Each year the Remuneration Committee sets the key performance indicators (KPIs) for the Executive Directors, who in turn set the KPIs for Senior Management personnel and other staff. The KPIs generally include measures relating to shareholder returns and the performance of the Group. The measures are chosen as they directly align the individual's rewards to the KPIs of the Group and to its strategy and performance.

Directors' Report

REMUNERATION REPORT - AUDITED

The Total Shareholder Return objective is compared to peer group companies and previous years' performances. The Group performance objectives include measures such as achieving strategic outcomes, risk measures, growing the resource base and achieving production targets. All performance objectives are weighted when calculating the maximum LTI.

At the end of the year the Remuneration Committee will assess the actual performance of the Executive Directors and the Managing Director will assess the performance of other Senior Management personnel and staff. The assessment will include the performance of the Group and the individual against the KPIs set at the beginning of the financial year. A percentage of the incentive amount is awarded depending on the results, with no incentive being awarded where the performance falls below the minimum requirement.

The incentive is a cash payment. A summary of the maximum LTI payable for each level of management is outlined below:

Role Level	Maximum LTI %
Managing Director	50% Total Fixed Remuneration
Senior Executives	30% Total Fixed Remuneration
Senior Managers	30% Total Fixed Remuneration

The performance evaluation in respect of the year ended 30 June 2013 has taken place in accordance with this process.

No long-term incentives were awarded to employees for the year ended 30 June 2013.

Terms of the LTI Plan

The terms and conditions on which any Performance Rights are granted to employees will be governed by the rules of the LTI Plan and any particular terms set out in an offer or invitation to participate in the LTI Plan made to employees from time to time. The vesting and performance criteria applicable to Performance Rights granted to an employee under the LTI Plan from time to time will be set out in the letter of offer.

a) **Eligible participants:** The LTI Plan is open to full time and part time employees of the Company and Related Bodies Corporate of the Company, other than such persons who have given notice of resignation, or who have been given notice of termination, of his or her employment, or removed from his or her position (Eligible Participants). Performance Rights may not be offered to a Director or his or her Associates except where approval is given by the shareholders of Silver Lake in general meeting in accordance with the requirements of the Listing Rules of ASX.

b) **The objectives:** The objectives of the LTI Plan are to:

   i) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;

   ii) provide an incentive and reward for Eligible Participants for their contributions to the Company; and

   iii) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

c) **Board discretions:** The Board has broad discretions under the LTI Plan, including (without limitation) as to:

   i) identifying persons eligible to participate in the LTI Plan;

ii) the timing of making an offer to participate in the LTI Plan;

iii) the terms of issue of Performance Rights;

iv) any payment for the cancellation of Performance Rights, subject to agreement with the Participant; and

v) the periods during which Performance Rights may vest.

d) **Performance Rights not to be quoted:** Performance Rights granted under the LTI Plan will not be quoted on ASX. However, application will be made to ASX for official quotation of Shares issued on the vesting of a Performance Right provided the Shares are listed on ASX at that time.

e) **Shares issued on vesting of Performance Rights**: Subject to the terms of the Performance Rights, each Performance Right entitles the Performance Right holder to subscribe for and be issued with one Share in Silver Lake. Shares issued pursuant to the vesting of Performance Rights will in all respects rank equally and carry the same rights and entitlements as other Shares on issue in Silver Lake. Holders of Performance Rights will not be eligible to vote at meetings of the Company or receive dividends until shares are allotted on the vesting of the Performance Rights.

f) **Lapse of Performance Rights:** Unless the Directors in their absolute discretion determine otherwise,Performance Rights shall lapse upon:

i) if any Performance Hurdle(s) are not satisfied;

ii) if the Holder ceases to be a Participant by reason of resignation, dismissal or termination of employment, office or services for any reason;

iii) upon the expiry of one year after the Holder ceases to be a Participant by reason of death, retirement, redundancy, total permanent disability rendering the Holder incapable of performing his duties as determined by the Board; or

iv) for any other reason which the Board believes is fair and reasonable to warrant the Holder not maintaining his or her right to the Performance Rights.

g) **Restrictions on disposal of Performance Rights**: A holder of Performance Rights granted under the LTI Plan is not able to sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Performance Rights, or agree to do any of those things, until they vest or expire.

h) **Participation rights of Performance Rights holders: Holders will only be permitted to participate** in a new issue of Shares by Silver Lake if their Performance Rights vest before the record date for the relevant issue.

i) **Adjustment of Performance Rights:** If Silver Lake makes a pro rata bonus issue, and a Performance Righthas not vested before the record date for that bonus issue, then on vesting of the Performance Right, the holder is entitled to receive the number of bonus shares which would have been issued if the Performance Right had vested before the record date. In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of Silver Lake, the number of Performance Rights to which each Performance Right holder is entitled will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Performance Rights which are not conferred on Shareholders.

j) **Takeovers:** In the event of a takeover bid, certain capital reorganisations or transactions occurring that give rise to certain changes of control of the Company, restrictions on the vesting of a Performance Right may lapse so that Performance Right holders are able to participate in the relevant transaction.

Directors' Report

REMUNERATION REPORT - AUDITED

k) **Amending the LTI Plan:** Subject to and in accordance with the Listing Rules (including any waiver issued under the Listings Rules), the Board (without the necessity of obtaining prior or subsequent consent of Shareholders) may from time to time amend all or any provisions of the LTI Plan.

Consequences of Performance on Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee have regard to factors such as growth in the scale of the Group's operations as well as the following indices in respect of the current and previous financial years.

	2013	2012	2011	2010	2009
Gold produced (oz)	151,296	82,531	63,425	60,146	47,334
Net Assets ($m)	$360.661	$193.963	$91.373	$75.545	$45.570
Revenue ($m)	$215.743	$135.338	$89.982	$69.073	$58.069
Profit/(Loss) after tax attributable to shareholders ($m)	($319.288)*	$31.175	$15.790	$11.782	$10.650
Closing share price at 30 June	$0.59	$2.81	$2.00	$1.75	$0.69
Dividend paid	-	-	-	-	-

* Includes impairments of $351.596 million on inventories and other non-current assets, and business combination expenses of $15.448 million

Profit after tax is considered as one of the financial performance targets in setting short-term incentive targets. Profit/(loss) amounts for 2009 to 2013 have been calculated in accordance with Australian Accounting Standards (AASBs).

The overall level of compensation takes into account the performance of the Group over a number of years.

The Group achieved significant profit and share price growth between 2009 and 2012 and remuneration of key management personnel increased accordingly over those years. As a result of the financial performance of the Group in 2013 (driven by the dramatic drop in the gold price), the Directors voluntarily assumed a 10% reduction to their remuneration effective 1 July 2013. Furthermore, no STI's or LTI's were awarded for the year ended 30 June 2013.

Directors' Report

REMUNERATION REPORT - AUDITED

Directors' and executive officers' remuneration - audited

Details of the remuneration of each Director, Officer and Senior Manager of Silver Lake who received the highest remuneration for the year ended 30 June 2013 are set out in the following table:

		Short term			Post- employment	Other Long Term			
		Base Emolument $	STI Cash Payment $ (A)	Total Benefits $	Superannuation benefits $	Options $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Paul Chapman	**2013**	**189,999**	-	**189,999**	**17,100**	**-**	**207,099**	**-**	**-**
Non-Executive Chairman	2012	165,385	-	165,385	14,885	-	180,270	-	-
Les Davis	**2013**	**524,999**	-	**524,999**	**63,000**	**-**	**587,999**	**-**	**-**
Managing Director	2012	492,308	150,000	642,308	77,077	-	719,385	20.9%	-
Chris Banasik	**2013**	**377,500**	-	**377,500**	**45,300**	**-**	**422,800**	**-**	**-**
Executive Director	2012	373,462	92,500	465,962	55,915	-	521,877	17.7%	-
David Griffiths	**2013**	**87,500**	-	**87,500**	**7,875**	**-**	**95,375**	**-**	**-**
Non-Executive Director	2012	82,885	-	82,885	7,460	-	90,345	-	-
Peter Johnston	**2013**	**87,500**	-	**87,500**	**7,875**	**-**	**95,375**	**-**	**-**
Non-Executive Director	2012	82,885	-	82,885	7,460	-	90,345	-	-
Brian Kennedy	**2013**	**87,500**	-	**87,500**	**7,875**	**-**	**95,375**	**-**	**-**
Non-Executive Director	2012	82,885	-	82,885	7,460	-	90,345	-	-
Peter Armstrong	**2013**	**315,713**	-	**315,713**	**37,886**	**-**	**353,599**	**-**	**-**
CFO & Company Secretary	2012	289,615	62,000	351,615	38,155	-	389,770	15.9%	-
Robert Humphryson	**2013**	**357,000**	-	**357,000**	**32,130**	**-**	**389,130**	**-**	**-**
Chief Operating Officer **(B)**	2012	175,962	-	175,962	15,837	-	191,799	-	-
David Crockford	**2013**	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**
Mining Manager Mt Monger (C)	2012	192,846	34,212	227,058	20,435	-	247,493	13.8%	-
Total	**2013**	**2,027,711**	-	**2,027,711**	**219,041**	**-**	**2,246,752**	**-**	**-**
Total	2012	1,938,233	338,712	2,276,945	244,684	-	2,521,629	-	-

Directors' Report

REMUNERATION REPORT - AUDITED

Notes in relation to the table of directors' and executive officers' remuneration

(A) No short-term incentive payments were awarded for the year ended 30 June 2013. Short-term incentive payments are determined based on the criteria defined on page 24.

(B) Mr Humphryson commenced on 19 March 2012. Base remuneration for 2012 included a $75,000 sign-on bonus.

(C) Mr Crockford ceased to be a key management person on 19 March 2012.

Details of performance related remuneration

Details of the proportion of remuneration that is performance related is disclosed on page 28.

Options granted as compensation

No options over ordinary shares in the Company were granted as compensation to any key management person during the reporting period and no options vested during the reporting period.

Signed in accordance with a resolution of the Directors.

L Davis

Les Davis

Managing Director

30 August 2013

Corporate Governance

Corporate Governance Statement

Approach to Corporate Governance

Silver Lake Resources Limited (**Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition (**Principles & Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices.

Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation.

In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

The following governance related documents can be found on the Company's website at www.silverlakeresources.com.au, under the section marked "Corporate", "Corporate Governance":

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

Policies and Procedures

- Selection and Appointment of Directors
- Performance Evaluation
- Code of Conduct
- Compliance Procedures for ASX Listing Rule Disclosure Requirements (summary)
- Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Strategy
- Risk Management Policy (summary)
- Trading in Company Securities
- Diversity Policy

The Company reports below on how it has followed (or otherwise departed from) each of the recommendations during the 2012/2013 financial year (Reporting Period). The information in this statement is current as at the date of this report.

Board of Directors

Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Board's primary role is the protection and enhancement of long-term shareholder value.

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

Corporate Governance

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chairman or the lead independent director, as appropriate.

Skills, experience, expertise and period of office of each Director

(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

The Board considers that the mix of skills and diversity for which it is looking to achieve in membership of the Board is represented by the Board's current composition, as the directors possess the skills and expertise necessary to look at taking on new Company projects, improving the Company's projects and growing the Company. The mix of skills and expertise of the current Board includes expertise in the following areas: mining, geological, commercial, engineering, human resources, native title and public relations.

Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board has a majority of directors who are independent.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.

- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company are Paul Chapman (Chairman), Peter Johnston, Brian Kennedy and David Griffiths. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The non-independent directors of the Company are Les Davis, the Company's Managing Director, and Chris Banasik, the Company's Director Exploration & Geology.

Independent professional advice and access to company information

(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice. A copy of the advice received by the director is made available to all other members of the Board.

Selection and (Re) Appointment of Directors

(Recommendation: 2.6)

Directors are selected by reference to their background and experience which is relevant to the business needs of the Company. New directors are invited to join the Board by the Chairman, who makes the invitation based on recommendations made by the Nomination Committee and approved by the Board.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's policy and procedure for the selection and appointment of directors is disclosed on the Company's website.

Corporate Governance

Board committees

Nomination Committee

(Recommendations: 2.4, 2.6)

The Board has established a Nomination Committee comprising three independent non-executive directors – Mr Brian Kennedy (Chairman of the committee since 28 August 2011), Mr Peter Johnston and Mr David Griffiths.

The Nomination Committee held one meeting during the Reporting Period, which all committee members attended.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has adopted an Audit Committee Charter, approved by the Board, which describes the role, composition, functions and responsibilities of the Audit Committee. All members must be non-executive directors with a majority being independent. The Chairperson may not be the Chairperson of the Board. The committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

During the year the members of the Audit Committee were three independent non-executive directors – David Griffiths (Chairman), Peter Johnston and Paul Chapman.

The Audit Committee is structured in compliance with Recommendation 4.2.

Details of each of the director's qualifications are set out in the Directors' Report. All of the members of the Audit Committee consider themselves to be financially literate and have relevant industry experience. Paul Chapman has a Bachelor of Commerce, a Graduate Diploma in Taxation and is a chartered accountant with over 20 years experience in the resources sector gained in Australia and the United States.

The Audit Committee held three meetings during the Reporting Period. Messrs Griffiths and Chapman attended all three with Mr Johnston attending one.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

The Company's Audit Committee Charter and procedure for the selection, appointment and rotation of external auditor are disclosed on the Company's website.

Corporate Governance

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee comprising three independent non-executive directors, Peter Johnston (Chairman of the Remuneration Committee since 28 August 2011), Brian Kennedy and David Griffiths. The Remuneration Committee is structured in accordance with Recommendation 8.2, and at all times during the Reporting Period comprised solely non-executive directors in compliance with ASX Listing Rule 12.8.

The Remuneration Committee held two meetings during the Reporting Period, which all committee members attended.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Company's policy is to remunerate non-executive directors at market rates (for comparable ASX listed companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company, however, to align Directors' interests with shareholders' interests, Directors are encouraged to hold shares in the Company.

Executive directors and senior executive pay and rewards consist of a base salary and performance incentives to ensure that:

(a) remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;

(b) a proportion of remuneration is structured in a manner designed to link reward to corporate and individual performances; and

(c) recommendations are made to the Board with respect to the quantum of incentive payments to be paid by the Remuneration Committee.

Executive directors and senior executives are offered a competitive level of base pay at market rates (for comparable ASX listed companies) and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Policy for Trading in Company Securities includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter and policy for trading in company securities are disclosed on the Company's website.

Corporate Governance

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. An appraisal form is completed by each senior executive and the Managing Director, and a meeting is then held between the Managing Director and the senior executive to review performance and set personal objectives for the following year.

During the Reporting Period an evaluation of senior executives did not take place, but evaluations are scheduled to occur in the first quart of FY2014 in accordance with the process disclosed.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chairman is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Remuneration Committee and Chairman are responsible for evaluating the performance of the Managing Director.

The Board, its committees and individual directors are subject to ongoing evaluation by the Chairman.

The Managing Director's performance is evaluated as part of his annual remuneration review, at which his performance is reviewed against established objectives.

During the Reporting Period an evaluation of the Board, its committees, individual directors and the Managing Director did not take place, but evaluations are scheduled to occur in the first quart of FY2014 in accordance with the process disclosed.

The Company's process for performance evaluation is disclosed on the Company's website.

Ethical and responsible decision making

Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the Group are set out in Note 34 to the consolidated financial statements.

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company's Code of Conduct is disclosed on the Company's website.

Corporate Governance

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company established a Diversity Policy in April 2012, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board has not set measurable objectives for achieving gender diversity. As a result of the merger with Integra Mining Ltd and a restructure programme being implemented as part of broader cost saving initiatives, the Board has decided that it would be appropriate to wait until the finalisation of these initiatives before it considers establishing measurable objectives for achieving gender diversity.

The Company will however continue to provide equal opportunity in respect to employment and ensure appropriate selection criteria based on diverse skills, experience and perspectives is used when hiring new staff.

The proportion of female employees in the Company is set out in the following table:

	Proportion of females
Board representation	0 out of 6 (0%)
Management representation	6 out of 28 (21%)
Group representation	48 out of 230 (21%)

The Company's Diversity Policy is disclosed on the Company's website.

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's compliance procedures for ASX Listing Rule Disclosure Requirements is disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications strategy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's shareholder communication strategy is disclosed on the Company's website.

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Corporate Governance

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks with the assistance of senior management. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company has established a formal and documented system to manage its material business risks. The Company holds risk review meetings at least annually at Board level, the operational level and exploration level. At these meetings the Company's material business risks are identified and risk management strategies established. These are recorded in a risk register. In addition, the process of management of material business risks is allocated to members of senior management. The Managing Director is responsible for reporting to the Board as to the outcome of the meetings at the operational and exploration levels. Risk is a standing agenda item at Board meetings.

The categories of risk identified by the Company and reported on as part of its systems and processes for managing material business risk include financial, operational, human capital, political, technological, economic cycle, legal and compliance.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the reporting period.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

Directors' Declaration

1. In the opinion of the Directors:

a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001 including:

i) Giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year then ended; and
ii) Complying with Australian Accounting Standards (including Australian Accounting Interpretations) and Corporations Regulations 2001

b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 2;

c) The remuneration disclosures that are contained in the remuneration report in the Directors report comply with Australian Accounting Standards AASB 124 related party disclosures, the Corporations Act 2001 and the Corporations Regulations 2001;

d) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

The declaration is signed in accordance with a resolution of the Board of Directors.

LDavis

Les Davis
Managing Director
30 August 2013

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Silver Lake Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Brent Steedman
Partner

Perth

30 August 2013

KPMG

Independent auditor's report to the members of Silver Lake Resources Limited

Report on the financial report

We have audited the accompanying financial report of Silver Lake Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 39 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 19 to 29 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Silver Lake Resources Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Brent Steedman
Partner

Perth

30 August 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Notes	30 June 2013 $'000	30 June 2012 $'000
Revenue	8	215,743	135,338
Cost of sales	9	(243,622)	(86,407)
Gross (loss)/profit		(27,879)	48,931
Other income		232	-
Gain on dilution of investment		2,003	-
Gain on gold put options and forwards		4,337	-
Business combination expense	7	(15,448)	-
Impairment losses	23	(320,913)	-
Share of losses of equity accounted investments	22	(121)	-
Administrative expenses	10	(8,901)	(6,372)
Results from operating activities		(366,690)	42,559
Finance income		866	2,204
Finance costs		(5,084)	(166)
Net finance (costs)/income	12	(4,218)	2,038
(Loss)/profit before income tax		(370,908)	44,597
Income tax benefit/(expense)	13	51,620	(13,422)
(Loss)/profit for the year		(319,288)	31,175
Total comprehensive income for the year		(319,288)	31,175
(Loss)/Profit attributable to:			
Owners of the Company		(319,288)	31,175
Total comprehensive income attributable to:			
Owners of the Company		(319,288)	31,175
		Cents Per Share	**Cents Per Share**
Earnings/(loss) per share			
Basic earnings/(loss) per share	14	(104.43)	15.29
Diluted earnings/(loss) per share	14	(104.43)	14.54

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	30 June 2013 $'000	30 June 2012 $'000
Current Assets			
Cash and cash equivalents	15	12,673	68,249
Trade and other receivables	17	3,442	2,945
Inventories	18	55,219	24,075
Prepayments		394	78
Total Current Assets		71,728	95,347
Non-Current Assets			
Trade and other receivables	17	-	7,486
Exploration evaluation and development expenditure	19	269,134	120,691
Property, plant and equipment	20	130,932	55,322
Investments	21	838	-
Investments in equity accounted investee	22	2,722	-
Deferred tax assets	13	53,142	-
Goodwill	23	-	-
Total Non-Current Assets		456,768	183,499
Total Assets		528,496	278,846
Current Liabilities			
Trade and other payables	24	62,855	36,925
Income tax payable		-	3,098
Interest bearing liabilities	25	53,235	938
Employee benefits	26	2,497	708
Total Current Liabilities		118,587	41,669
Non-Current Liabilities			
Interest bearing liabilities	25	9,619	10,821
Rehabilitation and restoration provision	28	39,629	7,799
Deferred tax liability	13	-	24,594
Total Non-Current Liabilities		49,248	43,214
Total Liabilities		167,835	84,883
Net Assets		360,661	193,963
Equity			
Share capital	29	613,662	127,676
Reserves	30	-	13
Retained earnings		(253,001)	66,274
Total Equity		360,661	193,963

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Notes	Share Capital $'000	Option Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2011		56,261	150	34,962	91,373
Total comprehensive income for the year					
Profit		-	-	31,175	31,175
Total comprehensive income		-	-	31,175	31,175
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Issue of ordinary shares net of costs and tax	29	65,177	-	-	65,177
Exercise of share options	29	6,238	(137)	137	6,238
Total contributions by and distributions to owners of the Company		71,415	(137)	137	71,415
Balance at 30 June 2012		127,676	13	66,274	193,963

For the year ended 30 June 2013

	Notes	Share Capital $'000	Option Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2012		127,676	13	66,274	193,963
Total comprehensive income for the year					
Loss		-	-	(319,288)	(319,288)
Total comprehensive income		-	-	(319,288)	(319,288)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Issue of ordinary shares net of costs and tax	29	15,113	-	-	15,113
Issue of shares as consideration for acquisition of subsidiary	29	469,839	-	-	469,839
Exercise of share options	29	1,034	(13)	13	1,034
Total contributions by and distributions to owners of the Company		485,986	(13)	13	485,986
Balance at 30 June 2013		613,662	-	(253,001)	360,661

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Notes	30 June 2013 $'000	30 June 2012 $'000
Cash flows from operating activities			
Cash receipts from customers		218,171	135,338
Cash paid to suppliers and employees		(162,222)	(72,469)
Income tax paid		(2,050)	-
Net cash from operating activities	16	53,899	62,869
Cash flow from investing activities			
Interest received		866	2,204
Acquisition of plant and equipment		(101,287)	(33,772)
Proceeds from sale of non-current assets		-	588
Exploration, evaluation and development expenditure		(67,442)	(46,394)
Refund of/(deposit for) environmental bonds		7,486	(5,123)
Proceeds from sale of assets held for sale		-	1,250
Cash acquired on acquisition of subsidiary	7	7,559	-
Acquisition of investment		(659)	-
Acquisition of investment in associate		(1,431)	-
Business combination expenditure		(1,448)	-
Net cash used in investing activities		(156,356)	(81,247)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	70,000
Proceeds from exercise of options		1,034	6,238
Payment of funding facility fee		(382)	-
Payments of transaction costs		-	(4,386)
Proceeds from borrowing		55,000	23
Repayment of borrowing		(3,865)	(367)
Payment for convertible notes		-	(925)
Interest paid		(4,906)	(41)
Net cash from financing activities		46,881	70,542
Net (decrease)/increase in cash and cash equivalents		(55,576)	52,164
Cash and cash equivalents at 1 July		68,249	16,085
Cash and cash equivalents at 30 June	15	12,673	68,249

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

1. Reporting Entity

Silver Lake Resources Limited ("Silver Lake" or "the Company") is a company domiciled in Australia. The address of the Company's registered office is Suite 4, Level 3, South Shore Centre, 85 South Perth Esplanade, South Perth WA 6151. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group Entities") and the Group's interests in associates.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the Board of Directors on 30 August 2013.

(b) Basis of Measurement

The financial statements are presented on the historical cost basis except for the following items in the statement of financial position:

- Investments which have been measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Inventories which have measured at the lower of cost or net realisable value.
- Exploration, evaluation and development assets which have measured at recoverable value.
- Assets and liabilities acquired as a result of a business acquisition which have been measured at fair value.

(c) Functional and Presentation Currency

These consolidated financial statements are prepared in Australian dollars, which is the functional currency of the Company and its subsidiaries.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances. The results of which forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, and have a significant risk of resulting in a material adjustment within the next financial year, are described in the following notes:

- Note 3 (c)(i) Exploration and evaluation expenditure carried forward
- Note 3 (c)(ii) Amortisation of development expenditure
- Note 3 (c)(iii) Reserves and resources
- Note 3 (j) Closure and rehabilitation
- Note 3 (g) Impairment of assets

(e) Financial Position

During the year ended 30 June 2013 the Group recorded a loss after taxation of $319.288 million (2012: profit after tax of $31.175 million). At 30 June 2013 the Group had net assets of $360.661 million (June 2012: $193.963 million) and current liabilities exceeded current assets by $46.859 million (June 2012: net current surplus of $53.678 million). The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors believe that the Group will continue as a going concern and base this view on the following factors:

- The Group announced a fully underwritten capital raising on 27 August 2013. The capital raising is intended to strengthen the Group's capital position and improve the Group's liquidity. The proposed capital raising is structured as a placement of 55.9 million shares to institutional and other sophisticated investors and will raise $47.5 million (before costs), at an issue cost of $0.85 per share. The capital raising is fully underwritten subject to the usual terms and conditions associated with underwriting arrangements.
- The Group also announced the details of a Share Purchase Plan ("SPP") on 27 August 2013. The SPP is expected to raise up to $15 million and provides the opportunity for each shareholder to acquire up to $15,000 worth of additional shares in the Company at an issue price of $0.85 per share.
- The Group also intends to raise up to $1.2 million from Directors of the Company at an issue price of $0.85 per share, the same issue price as offered in the placement and the SPP. This placement to Directors is subject to shareholder approval at a meeting to be called by the Company.
- Current liabilities at 30 June 2013 include a liability to the Group's financier of $52 million. The Group intends to use the proceeds of the capital raisings described above to extinguish all outstanding debt facilities which at the date of this report amount to $45 million.
- On 31 July 2013, the Group announced significant cost saving initiatives across the Group. These included the deferral of underground mining at the Murchison, cost saving and grade enhancement plans at Mt Monger, short-term deferral of all expansionary capital and other cuts to Group overheads, all of which will have a positive impact on the Company's liquidity position in FY2014.
- The Group's operating cash flow forecasts support the Directors' opinion that the Group's working capital position will remain positive in future years.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis for Consolidation

(i) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; less
- The net recognised amount (generally fair value) of the identifiable assets and liabilities assumed.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain future economic benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Investments in Associates and Jointly Controlled Entities (Equity-Accounted Investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.
The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustment to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discounted except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Joint Venture Arrangements

The Group has investments in joint ventures but they are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint ventures are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint venture assets. The joint ventures do not hold any assets and accordingly the Group's share of exploration evaluation and development expenditure is accounted for in accordance with the policy set out in Note 3 (c).

(v) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial Instruments

(i) Non-Derivative Financial Instruments

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated at such on initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transactions costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Financial asset designated at fair value through profit or loss comprise investments in equity securities that otherwise would have been classified as available-for-sale.

Other non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised costs.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

(ii) Derivative Financial Instruments

The Group occasionally uses derivative financial instruments such as gold options and gold forward contracts to manage the risks associated with commodity price.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value. Changes in the fair value of derivatives are recorded in the statement of comprehensive income.

The fair value of derivative financial instruments that are traded on an active market is based on quoted market prices at the statement of financial position date. The fair value of financial instruments not traded on an active market is determined using appropriate valuation techniques.
A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Exploration and Evaluation and Mining Assets

(i) Exploration and Evaluation Expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; and
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or relating to, this area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploration drilling, trenching and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are classified as intangible. As the assets are not yet ready for use, they are not depreciated. Assets that are classified as tangible assets include:

- Piping and pumps;
- Tanks; and
- Exploration vehicles and drilling equipment.

Assets that are classified as intangible assets include:

- Drilling rights;
- Acquired rights to explore;
- Exploration drilling costs; and
- Trenching and sampling costs.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are tested for impairment, and any impairment loss is recognised, prior to being reclassified.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resource and the decision was made to discontinue such activities in the specific area; or
- Sufficient data exists to indicate that, although a development in the specific area of interest is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(g).

(ii) Mine Properties and Mining Assets

Mine properties represents the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

Mine development costs are deferred until commercial production commences. When commercial production is achieved mine development is transferred to mine properties, at which time it is amortised on a unit of production basis based on ounces mined over the total estimated resources related to this area of interest.

Significant factors considered in determining the technical feasibility and commercial viability of the project are the completion of a feasibility study, the existence of sufficient resources to proceed with development and approval by the board of Directors to proceed with development of the project.

Development expenditure is capitalised as either a tangible or intangible asset depending on the nature of the costs incurred.

Development expenditure includes the following:

- Reclassified exploration and evaluation assets;
- Direct costs of construction;
- Pre-production stripping costs; and
- An appropriate allocation of overheads and borrowing costs incurred during the construction phase.

Open pit waste removal costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs, which are subsequently amortised over the life of the open pit resource, once transferred to mine properties.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

Underground development expenditure incurred in respect of a mine development after the commencement of production is carried forward as part of mine development only when substantial future economic benefits are expected. Otherwise, this expenditure is classified as part of production and expensed as incurred.

The Group applies the units of production method for amortisation of its mine properties, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements. These estimates and assumptions are reviewed annually; changes to these estimates and assumptions may impact the amortisation charge in the income statement and asset carrying values which would be adjusted if appropriate on a prospective basis.

The Group uses ounces mined over JORC compliant resources as its basis for depletion of mine properties. In the absence of reserves the Group believes resources in the best measure as evidenced by historical conversion of resources to reserves. The Group applies a discount of 20% to ounces within the inferred resource category and 10% to ounces in the indicated resource category when adopting the units of production method to reflect the risk of conversion from the inferred and indicated categories to reserves.

(iii) Reserves and Resources

Resources are estimates of the amount of gold product that can be economically extracted from the Group's mine properties. In order to calculate resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of resources requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore resources under the Australian Code of Reporting for Mineral Resource and Ore Reserves December 2004, known as the JORC Code. The JORC Code requires the use of reasonable assumptions to calculate resources. Due to the fact that economic assumptions used to estimate resources change from period to period, and geological data is generated during the course of operations, estimates of resources may change from period to period. Changes in reported resources may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimates of future cash flows;
- Amortisation charged in the income statement may change where such charges are calculated using the units of production basis;
- Decommissioning, site restoration and environmental provisions may change due to changes in estimated resources after expectations about the timing or costs of these activities change; and
- Recognition of deferred tax assets, including tax losses.

(d) Deferred Stripping Costs

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs and amortised over the life of the mine on a unit of production basis.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

Stripping costs incurred during the production stage of a mine are deferred. This is the case where there are fluctuations in stripping costs over the life of the mine and the effect is material. The amount of stripping costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of ore tonnes mined. Stripping costs incurred in a period are deferred to the extent that the period's waste to ore ratio exceeds the life of mine waste to ore ratio, by capitalising these costs to mine properties. Deferred stripping costs are then charged against reported profits to the extent that, in subsequent periods, the period's ratio falls below the life of mine waste to ore ratio. The life of mine waste to ore ratio is based on economically recoverable resources of the operation. Changes to the estimated life of mine ratio are accounted for prospectively, from the date of the change.

(e) Plant and Equipment

Items of plant and equipment are stated at their cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss and is calculated on either a reducing balance basis or on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Depreciation of the processing plant is based on the life of the mine.

The estimated useful lives for the current and comparative period are as follows:

	Period
Buildings	10 Years
Plant and equipment	3-10 Years
Office furniture and equipment	3-15 Years
Motor vehicles	3-5 Years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Capital work in progress is not depreciated until it is ready for use.

(f) Inventory

Inventories of broken ore, gold in circuit, gold bullion and work in progress are physically measured or estimated and valued at the lower of cost and net realisable value.

The cost comprises direct materials, labour and transportation expenditure in bringing such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure based on weighted cost incurred during the period in which such inventories were produced.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to perform the sale. Inventories of consumable supplies and spare parts are expected to be used in production are valued at cost. Obsolete or damaged inventories of such items are valued at net realisable value.

Consumables and spare parts are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

(g) Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The impairment losses are recognised in profit and loss. An impairment loss is reversed if the reversal can relate objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit and loss.

(ii) Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, exploration and evaluation expenditure and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying mount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

(h) Employee Benefits

(i) Defined Contribution Superannuation Funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are incurred.

(ii) Other Long-Term Employee Benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

(iii) Short-Term Benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(iv) Share-Based Payment Transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(i) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(j) Closure and Rehabilitation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies.

Provisions for the cost of each closure and rehabilitation program are recognised when the Group has a present obligation and it is probable that rehabilitation/restoration costs will be incurred at a future date, which generally arises at the time that environmental disturbance, occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly.

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Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure, in connection with disturbances, as at the reporting date. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and rehabilitation requirements. Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows.

When provisions for closure and rehabilitation are initially recognised, to the extent that it is probable that future economic benefits associated with the rehabilitation, decommissioning and restoration expenditure will flow in the entity, the corresponding cost is capitalised as an asset. The capitalised cost of closure and rehabilitation activities is recognised in exploration evaluation and mine properties and property, plant and equipment as appropriate and depreciated/amortised accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the undepreciated capitalised cost of the related assets, where it is probable that future economic benefits will flow to the entity, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the income statement. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include:

- revisions to estimated reserves, resources and lives of operations;
- regulatory requirements and environmental management strategies;
- changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates;
- movements in interest rates affecting the discount rate applied; and
- the timing of cash flows.

At each reporting date the rehabilitation and restoration provision is remeasured to reflect any of these changes.

(k) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

(l) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(m) Lease Payments

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

(n) Finance Income and Expenses

Interest income comprises interest income on funds invested and is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognised in profit and loss using the effective interest method in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset that necessarily takes a substantial period to get ready of its intended use or sale. In this case, borrowing costs are capitalised as part of the cost of the qualifying asset.

(o) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated as profit/loss attributable ordinary shareholders of the Company divided by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, including share options granted to employees.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

(q) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realised.

Tax Consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidation group is Silver Lake Resources Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within the group’ approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group. Any differences between these amounts are recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that the future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

(r) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(s) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, corporate expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill, but including exploration evaluation and mining assets.

4. New Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- **AASB 9 *Financial Instruments* (2010), AASB 9 *Financial Instruments* (2009)**

  AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

  AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The Group has not yet determined the potential effect of the standard.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

- **AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities* (2011)**

  AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

  Under AASB 11 the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subquent accounting.

  The Group's interest in a joint operation, which is an arrangement in which the parties have rights to assets and obligations to liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities. The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

  The Group may need to reclassify it joint arrangements which may lead to changes in current accounting for these interests. See note 3 (a).

  AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated strutured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangemnts and associates in comparision with existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

  These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The Group has not yet determined the potential effect of these standards.

- **AASB 13 *Fair Value Measurement* (2011)**

  AASB 13 provides a single source of guidance on how fair value is measured and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements ot disclosures are required or permitted by other AASBs. The Group has not yet made an assessment of the impact of these amendments. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

- **AASB 119 *Employee Benefits* (2011)**

  AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distintion between the two. AASB 119 (2011) is effective for annual periods on or after 1 January 2013 with early adoption permitted. The Group has not yet made an assessment of the impact of these amendments.

- **Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine***

  This interpretation is effective for annual periods beginning on or after 1 January 2013. The Group currently accounts for stripping costs as a separate asset. The stripping costs are deferred using the 'average mining cost approach'. Under this approach the amount of stripping costs deferred is based on the life of mine mining costs divided by life of mine ore tonnes. Stripping costs incurred in the period are deferred to the extent that the current period mining cost per tonne of ore exceeds the life of the mine cost per tonne of ore. Where the opposite occurs stripping costs are expensed. Under this new interpretation, deferred stripping costs will be reclassified as part of an existing asset (either inventories or development costs) and expensed accordingly over the life of that asset. The Group has not yet determined the potential effect of this interpretation.

5. Determination of Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and not-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items in plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Inventories

The fair value of inventories is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

Equity securities

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique.

Derivatives

The fair value of derivative financial instruments that are traded on an active market, recognised as a result of a business combination, are based on quoted market prices at the reporting date. The fair value of financial instruments not traded on an active market is determined using appropriate valuation techniques.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

6. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any operating segments with discrete financial information. The Group does not have any customers, other than the Perth Mint and its bankers, and all the group assets and liabilities are located within Australia. The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

7. Acquisition of Subsidiary

On 21 December 2012 the Group obtained control of Integra Mining Limited ("Integra") by acquiring 100 percent of the shares and voting interests in that company.

In the six months to 30 June 2013 Integra contributed revenue of $56.716 million and loss of $85.743 million to the Group's results. If the acquisition had occurred on 1 July 2012, management estimates that the consolidated revenue would have been $264.829 million, compared to $215.743 million and consolidated loss would have been $331.851 million, compared to $319.288 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2012.

The following summarises the consideration transferred and the fair value of assets and liabilities acquired at the acquisition date:

Consideration Transferred

	$'000
Equity Instruments Issued (150,108,264 fully paid ordinary shares)	469,839

Equity instruments issued

The fair value of the fully paid ordinary shares issued was based on the closing share price of the Company at 21 December 2013 of $3.13 per share, being the date of acquisition of shares.

Identifiable assets acquired and liabilities assumed

	Notes	$'000
Cash and cash equivalents		7,559
Trade and other receivables		3,433
Inventories		70,398
Property plant and equipment	20	55,878
Exploration, evaluation and development expenditure	19	222,954
Available-for-sale investments	21	2,614
Deferred tax asset		27,164
Trade and other payables		(12,260)
Employee provisions		(1,084)
Derivative financial instrument		(4,337)
Rehabilitation provision	28	(12,841)
Total net identifiable assets		359,478

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	$'000
Total consideration transferred	469,839
Fair value of identifiable net assets	(359,478)
Goodwill	110,361

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Integra into the Group's existing mining operations.

See Note 23 for further details on the subsequent impairment of goodwill subsequent to the acquisition date.

Acquisition-related costs

The Group incurred acquisition related costs of $15.448 million as follows:

	30 June 2013 $'000
Stamp duty expense	14,000
Legal and consulting fees	1,448
Total business combination expenses	15,448

The costs have been included in business combination expenses in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income.

8. Revenue

	30 June 2013 $'000	30 June 2012 $'000
Gold sales	215,050	134,929
Silver sales	543	360
Other sales	150	49
Total Sales	215,743	135,338

9. Cost of Sales

	30 June 2013 $'000	30 June 2012 $'000
Mining and processing costs	143,432	58,766
Impairment of carrying value of inventories	30,683	-
Amortisation	32,883	9,014
Depreciation	14,590	5,413
Salaries and on-costs	15,385	8,825
Royalties	6,649	4,389
	243,622	86,407

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

10. Administration Expenses

The following expenses were incurred during the period:

	30 June 2013 $'000	30 June 2012 $'000
Salaries and on-costs	4,894	2,739
Consultants	189	1,117
Professional fees	402	127
Travel and accommodation	316	332
Contractors	1,544	1,006
Rental expense	691	430
Other	865	621
Total	8,901	6,372

11. Personnel Expenses

	30 June 2013 $'000	30 June 2012 $'000
Wages and salaries	24,513	9,727
Other associated personnel expenses	1,165	2,315
Superannuation contributions	2,039	944
Increase in liability for annual leave	1,274	135
Increase in liability for long service leave	515	-
Total	29,506	13,121

Personnel expenses included in cost of sales is $15.385 million (2012: $8.825 million).

12. Finance Income and Expenses

	30 June 2013 $'000	30 June 2012 $'000
Interest income	866	2,204
Finance Income	866	2,204
Impairment of listed investment	(2,435)	-
Impairment of equity accounted listed investment	(591)	-
Impairment of other non-current asset	(200)	-
Borrowing costs	(382)	-
Interest expense on financial liabilities	(1,352)	(41)
Unwind of discount on provision	(124)	(125)
Finance Costs	(5,084)	(166)
Net Finance (Costs)/Income	(4,218)	2,038

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

13. Taxes

(a) Income Tax

	30 June 2013 $'000	30 June 2012 $'000
Current Tax Expense		
Current income tax	(29,733)	3,098
Adjustment for prior years	(1,048)	-
	(30,781)	3,098
Deferred Income Tax Expense		
Origination and reversal of temporary differences	(20,839)	10,324
Income Tax (Benefit)/Expense reported in statement of profit or loss	(51,620)	13,422
Numerical Reconciliation Between Tax Expenses and Pre-Tax Profit		
Profit before tax	(370,908)	44,597
Income tax using the corporation tax rate of 30% (2012: 30%)	(111,272)	13,379
Increase in income tax expense due to non-deductible expenses	34,367	43
Adjustment for prior years	(1,048)	-
Changes in unrecognised temporary differences	26,333	-
Income Tax (Benefit)/Expense on Pre-Tax Net Profit	(51,620)	13,422

(b) Deferred Tax Assets and Liabilities

	30 June 2013 $'000	30 June 2012 $'000
Deferred tax assets and liabilities are attributable to the following:		
Deferred Tax Assets/(Liabilities)		
Receivables	(213)	(122)
Inventories	(1,073)	(465)
Exploration, evaluation and mining assets	3,764	(23,648)
Property, plant and equipment	17,113	(3,740)
Investments	(837)	-
Accrued expenses	4,254	115
Provisions	967	2,552
Share issue costs	3,108	714
Tax losses recognised	26,059	-
Net Deferred Tax Assets/(Liabilities)	53,142	(24,594)

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

(c) Tax Losses

At 30 June 2013 the Company has $174.640 million (2012: nil) tax losses that are available for offset against future taxable profits of the Company of which $86.862 million have been recorded at year end. The Group has not recorded $87.778 million of carry forward tax losses that equate to unrecognised deferred tax assets at 30 June 2013 of $26.333 million (2012: nil).

The potential benefit of carried forward tax losses will only be obtained if taxable profits are derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Group provided that:

i) the provisions of deductibility imposed by law are complied with; and

ii) no change in tax legislation adversely affects the realisation of the benefit from the deductions.

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgments about commodity prices, ore resources, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

14. Earnings Per Share

Basic earnings per share

The earnings per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of $319.288 million (2012: profit of $31,175,000) and the weighted average number of ordinary shares outstanding as at 30 June 2013 of 305,747,413 (2012: 203,907,792).

	30 June 2013 '000	30 June 2012 '000
Weighted Average Number of Ordinary Shares		
Issued ordinary shares at 1 July	220,264	178,883
Issue of shares pursuant to fund raising	5,186	12,409
Issue of shares as consideration for acquisition of subsidiary	78,550	-
Issue of shares on exercise of options	1,747	12,616
Total	305,747	203,908

Diluted earnings per share

The diluted earnings per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of $319.288 million (2012: profit of $31,175,000) and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 305,747,413 (2012: 214,358,237).

	30 June 2013 '000	30 June 2012 '000
Weighted Average Number of Ordinary Shares		
Basic weighted average number of ordinary shares	305,747	203,908
Effect of share options on issue	-	10,450
Total	305,747	214,358

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

15. Cash and Cash Equivalents

	30 June 2013 $'000	30 June 2012 $'000
Cash at bank and on hand – unrestricted	12,673	68,249
Total	12,673	68,249

The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 32.

16. Reconciliation of Cash Flows From Operating Activities

	30 June 2013 $'000	30 June 2012 $'000
Cash Flow From Operating Activities		
(Loss)/Profit after tax	(319,288)	31,175
Adjustments for:		
Depreciation	14,590	5,413
Amortisation	32,883	9,014
Impairment of carrying value of inventories	30,683	-
Gain on dilution of investment	(2,003)	-
Gain on gold put options and forwards	(4,337)	-
Impairment of property, plant and equipment	66,965	-
Impairment of exploration and development expenditure	143,587	-
Impairment of goodwill	110,361	-
Share of equity accounted losses	121	-
Net finance expenses/(income)	4,218	(2,038)
Profit/Loss on sale of asset	-	(44)
Equity-settled share-based payments	-	137
Income tax (benefit)/expense	(51,620)	13,422
Operating profit before changes in working capital and provisions	26,160	57,079
Change in trade and other receivables	2,196	(678)
Change in inventories	8,571	(9,277)
Change in prepayments	(313)	45
Change in trade and other payables	18,630	15,711
Change in provisions	705	135
Interest paid	-	(146)
Income tax paid	(2,050)	-
Total	53,899	62,869

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

17. Trade and Other Receivables

	30 June 2013 $'000	30 June 2012 $'000
Current		
Convertible note receivable	385	925
GST receivable	2,466	1,604
Other receivables	591	416
	3,442	2,945
Non-Current		
Environmental bonds on deposit*	-	7,486
	-	7,486
Total	3,442	10,431

* Relates to security deposits to cover bank guarantees for mining lease bonds.

The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 32.

18. Inventories

	30 June 2013 $'000	30 June 2012 $'000
Materials and supplies – at cost	4,822	1,551
Ore stocks – at cost	11,461	17,966
Ore stocks – at net realisable value*	27,181	-
Gold in circuit and bullion on hand – at cost	4,847	2,086
Gold in circuit and bullion on hand – at net realisable value*	6,908	2,472
Total	55,219	24,075

*At the reporting date the Group carried out an impairment review of inventory and revalued inventory to its net realisable value where applicable.

During the year, as a result of the material decline in the gold price, the Group impaired $30.683 million (2012: nil) of inventory using its policy of valuing at the lower of cost and net realisable value. This impairment has been included within cost of sales.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

19. Exploration, Evaluation and Development Expenditure

During the year ended 30 June 2013 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

Exploration and Evaluation Phase	30 June 2013 $'000	30 June 2012 $'000
Cost brought forward	28,150	37,274
Capitalised during the year	18,934	32,763
Acquired during the year	19,200	-
Increase in rehabilitation provision	10,948	-
Impairment	(7,424)	-
Transferred to development phase	(13,928)	(41,887)
Balance at 30 June	55,880	28,150

The ultimate recoupment of deferred exploration and evaluation expenditure carried forward is dependent upon the successful development and exploitation, or alternatively, sale of the respective areas of interest at an amount greater than or equal to the carrying value.

Development Phase	30 June 2013 $'000	30 June 2012 $'000
Cost brought forward	32,692	-
Transfer from exploration and evaluation phase	13,928	41,887
Expenditure during the year	10,633	-
Acquired during the year	165,043	-
Impairment	(83,747)	-
Transferred to production phase	(57,253)	(9,195)
Balance at 30 June	81,296	32,692
Production Phase		
Cost brought forward	59,849	38,583
Transfer from development phase	57,253	9,195
Expenditure during the year	36,320	17,987
Increase in rehabilitation provision	7,917	3,098
Acquired during the year	55,494	-
Amortisation expense	(32,883)	(9,014)
Impairment	(51,992)	-
Balance at 30 June	131,958	59,849
Total	269,134	120,691

A regular review is undertaken of each area of interest within exploration and evaluation to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine the technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. During the impairment review for the year ended 30 June 2013, the recoverable amount of certain assets was assessed as lower than the carrying amount which resulted in an impairment charge of $7.424 million on exploration and evaluation assets. See Note 23 for further details of the impairment testing of mine development and production assets.

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20. Property, Plant and Equipment

	Note	Land & Building $'000	Plant & Equipment $'000	Haul Roads $'000	Motor Vehicles $'000	Office Furniture & Equipment $'000	Capital Work In Progress $'000	Total $'000
Cost								
Balance 1 July 2011		525	22,289	-	608	496	2,615	26,533
Additions		11,707	-	-	109	317	32,981	45,114
Transfers		1,595	17,600	-	-	9	(19,204)	-
Disposals		-	(540)	-	(74)	-	-	(614)
Balance 30 June/1 July 2012		13,827	39,349	-	643	822	16,392	71,033
Additions		2,513	4,824	-	222	-	93,731	101,290
Acquisitions		2,343	49,044	3,560	931	-	-	55,878
Transfers		1,293	103,018	-	843	112	(105,266)	-
Disposals		-	(3)	-	-	-	-	(3)
Balance 30 June 2013		19,976	196,232	3,560	2,639	934	4,857	228,198
Depreciation								
Balance at 1 July 2011		112	9,656	-	353	247	-	10,368
Depreciation expense		54	5,061	-	162	136	-	5,413
Disposal		-	-	-	(70)	-	-	(70)
Balance 30 June/1 July 2012		166	14,717	-	445	383	-	15,711
Depreciation expense	9	1,917	11,630	356	511	176	-	14,590
Impairment loss		1,240	*65,725	-	-	-	-	66,965
Balance 30 June 2013		3,323	92,072	356	956	559	-	97,266
Carrying Amount								
At 1 July 2011		413	12,633	-	255	249	2,615	16,165
At 30 June 2012		13,661	24,632	-	198	439	16,392	55,322
At 30 June 2013		16,653	104,160	3,204	1,683	375	4,857	130,932

*Refer to Note 23 for further details of the Group's impairment calculations.

21. Investments

	30 June 2013 $'000	30 June 2012 $'000
Investments in listed entities - at fair value	838	-

Movements as follows:

Balance at 1 July	-	-
Investments acquired through acquisition of Integra subsidiary (Southern Gold Ltd; Musgrave Minerals Ltd)	2,614	-
Investment in Auricup Pty Ltd	500	-
Investment in Phillips River Mining Ltd	159	-
Change in fair value	(2,435)	-
Balance at 30 June	838	-

22. Investment in equity accounted investee

During the year Paringa Resources Limited ('Paringa') carried out an initial public offering and was admitted to the official list of the Australian Securities Exchange with official quotation under the code PNL commencing on 20 December 2012. The Group's holding in Paringa reduced from 100% to 33.9% at that time. As a result, the Group has changed its accounting treatment from an investment carried at cost to an associate entity being equity accounted. Details of the Group's current holding at 30 June 2013 is as follows:

	30 June 2013 $'000	30 June 2012 $'000
Investment in Paringa Resources Limited	2,722	-

Summary financial information for the equity accounted investee is as follows:

Paringa Resources Limited	30 June 2013 $'000
Group's share of loss	(121)
Group share of net assets	3,313
Group's impairment charge on the investment	(591)
Group's carrying amount of investment	2,722

23. Goodwill

	30 June 2013 $'000	30 June 2012 $'000
Opening balance	-	-
Acquisition of Integra (refer to note 7)	110,361	-
Impairment charge	(110,361)	-
Balance at 30 June	-	-

Allocation of Goodwill to Cash-Generating Units (CGUs):

Goodwill arose through the acquisition of Integra on 21 December 2012. For the purposes of impairment testing, goodwill has been allocated to the CGU that is expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill. Goodwill has been allocated to the Mt Monger CGU.

Impairment testing for cash-generating units

Management of the Group has identified two CGUs, the Mt Monger operations and the Murchison operations.

Mt Monger CGU

In assessing whether goodwill, mine properties and mine development costs have been impaired, the carrying amount of the CGU is compared with its recoverable amount. In accordance with the Group's accounting policy, recoverable amount is assessed as the higher of fair value less costs to sell and value in use. The Group has adopted value in use in its assessment, using 10 year discounted cash flows.

Due to the material reduction in the gold price during the 2013 financial year, it was determined that the Mt Monger CGU was impaired.

The key assumptions in addition to the life of mine plans used in the discounted cash flow valuation are the gold price, the Australian dollar exchange rate against the US dollar and the discount rate. Gold price and AUD:USD exchange rate assumptions are estimated by management, with reference to external market forecasts, and updated at least annually. For this review, the forecast gold price was estimated at US$1,230–US$1,400/oz. and the forecast exchange rate of US$0.82 to US$0.90 per A$1.00, based on a forward curve over the life of the mines.

A discount rate of 11% was applied to the post tax cash flows expressed in nominal terms. The discount rate was derived from the Group's post tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU.

The impairment testing carried out at 30 June 2013 resulted in a total impairment charge to the CGU of $194.108 million. This impairment charge is reflected as part of the total impairments in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and is summarised below.

	30 June 2013 $'000
Mine development and production assets	83,747
Goodwill	110,361
Total Impairment for Mt Monger CGU	194,108

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Murchison CGU

Due to the material reduction in the gold price during the 2013 financial year, it was determined that the Murchison CGU was impaired.

Using the same methodology and key assumptions described above for the Mt Monger CGU, the Group also carried out impairment testing on the Murchison CGU at 30 June 2013 which resulted in a total impairment charge of $117.717 million. This impairment charge is reflected as part of the total impairments in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and is summarised below.

	30 June 2013 $'000
Mine development and production assets	51,992
Property, plant and equipment	65,725
Total Impairment for Murchison CGU	117,717

24. Trade and Other Payables

	30 June 2013 $'000	30 June 2012 $'000
Trade payables	44,959	36,389
Stamp duty payable	14,000	-
Other payables	3,896	536
Total	62,855	36,925

The Group's exposure to liquidity risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 32.

25. Interest Bearing Liabilities

	30 June 2013 $'000	30 June 2012 $'000
Current Liability		
Finance lease – Cue mining camp*	1,214	898
Equipment loan – Motor Vehicles	22	40
NAB Facility	51,999	-
	53,235	938
Non-Current Liability		
Finance lease – Cue mining camp*	9,618	10,799
Equipment loan – Motor Vehicles	1	22
	9,619	10,821
Total	62,854	11,759

* The Group has entered into arrangements for the hire of a mining camp facility which is considered a finance lease. The recognition of the Cue mining camp finance lease liability is a requirement under accounting standards. The camp is not legally owned or operated by the Company. The recognition of the liability is required due to the transfer of the majority of risks and rewards associated with the asset.

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The Group's exposure to interest rate and liquidity risk arising from these interest bearing liabilities is disclosed in Note 32.

The Group has bank facilities in place for $75 million consisting of performance bond facilities of $20 million and a cash facility of $55 million. As at 30 June 2013 the Group has utilised $10.3 million of the performance bond facilities and $52m of the cash facility. The Group intends to utilise cash proceeds from the capital raisings announced on 27 August 2013 to extinguish all outstanding cash facilities (refer Note 37).

26. Employee Benefits

	30 June 2013 $'000	30 June 2012 $'000
Current		
Liability for annual leave	1,982	708
Liability for long service leave	515	-
Total	2,497	708

27. Share Based Payments

The number of and weighted average exercise prices of share options are as follows:

	Weighted Average Exercise Price 2013	Number of Options 2013	Weighted Average Exercise Price 2012	Number of Options 2012
Outstanding at 1 July	$0.30	3,447,010	$0.30	24,240,000
Forfeited during period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	$0.30	(3,447,010)	$0.30	(20,792,990)
Outstanding at 30 June	-	-	$0.30	3,447,010
Exercisable at 30 June	-	-	$0.30	3,447,010

28. Provisions

	30 June 2013 $'000	30 June 2012 $'000
Closure and Rehabilitation		
Opening balance at 1 July	7,799	4,584
Additional provisions during the year	18,865	3,098
Provision acquired on acquisition of subsidiary	12,841	-
Unwind of discount	124	124
Rehabilitation expense	-	(7)
Closing Balance at 30 June	39,629	7,799

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29. Share Capital

	Number	$'000
Movements in Issued Capital		
Balance as at 1 July 2011	178,882,838	56,261
Shares issued on exercise of options	20,792,990	6,238
Shares issued by capital raising	20,588,236	70,000
Capital transaction costs (net of tax)	-	(4,823)
Balance as at 30 June 2012	220,264,064	127,676
Shares issued on exercise of options	3,447,010	1,034
Shares issued by capital raising net of costs	5,229,412	15,113
Shares issued as consideration for acquisition of subsidiary	150,108,264	469,839
Balance as at 30 June 2013	379,048,750	613,662

155,337,676 shares were issued during the year to fund the Integra and Phillips River acquisitions. All issued shares are fully paid.

Additionally 3,447,010 shares were issued as a result of the exercise of vested options under the share option programme (2012: 240,000). In 2012 additional shares were issued as a result of the exercise of seed capital options (there were nil such issues this financial year). All issued shares are fully paid and the holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

30. Option Reserves

	Number	$'000
Movement in Options Reserve		
Balance as at 1 July 2011	24,240,000	150
Options Exercised	(20,792,990)	(137)
Balance as at 30 June 2012	3,447,010	13
Balance at 1 July 2012	3,447,010	13
Options Exercised	(3,447,010)	(13)
Balance as at 30 June 2013	-	-

The fair value of options vesting during the period and recognised in the statement of profit or loss was nil.

The option reserve is established to show the total value of share options vested.

Notes to the Consolidated Financial Statements
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31. Operating Leases

The Group leases its head office space in South Perth under a non-cancellable operating lease. The lease is for four years from 17 December 2011 at a cost of $486,946 per annum.

The Group rents its communications network which connects its head office to operational sites under a non-cancellable rent agreement. The agreement is for three years from 1 May 2012 at a cost of $62,400 per annum.

The Group also leases office property at 168 Stirling Highway, Perth. This lease was acquired on acquisition of Integra Mining Ltd. The Group has a commitment under this lease of $411,958 per annum until 30 June 2014, however the Group has sub-leased a portion of the property for $187,024 per annum, resulting in a net annual cost to the Group of $224,934.

32. Financial Risk Management

(a) Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not generally use any form of derivatives. The Board does however regularly review the use of derivatives and opportunities for their use within the Group. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Presently, the Group undertakes gold mining, exploration and evaluation activities exclusively in Australia. At the balance sheet date there were no significant concentrations of credit risk.

i) Cash and Cash Equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

ii) Trade and Other Receivables

The Group's trade and other receivables relate mainly to gold sales, environmental bonds on deposit and GST refunds. The Group has determined that its exposure to trade receivable credit risk is low, as customers are considered to be reliable and have short contractual payment terms. Management does not expect any counterparty to fail to meet its obligations. Environmental bonds are cash held on deposit with financial institutions with acceptable credit ratings.

The Group has not established an allowance for impairment.

Notes to the Consolidated Financial Statements
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(c) Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2013 $'000	2012 $'000
Trade and other receivables	3,442	10,431
Cash and cash equivalents	12,673	68,249
Total	16,115	78,680

None of the Group's receivables are past due (2012: nil).

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds generated from operations and by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2013	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	More than 5 years $'000
Finance leases*	10,855	23,092	2,225	2,225	4,431	9,372	4,839
NAB facility	51,999	52,961	44,907	8,054	-	-	-
Trade and other payables	62,855	62,855	62,855	-	-	-	-
Total	125,709	138,908	109,987	10,279	4,431	9,372	4,839

30 June 2012	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	More than 5 years $'000
Finance leases*	11,759	27,487	2,170	2,225	4,450	11,332	7,310
Trade and other payables	40,023	40,023	40,023	-	-	-	-
Total	51,782	67,510	42,193	2,225	4,450	11,332	7,310

*$10.832 million (2012: $11.697 million) relates to the finance lease on the Cue mining camp.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group only has exposure to interest rate risk and equity price risk.

Interest Rate Risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents and its interest bearing liabilities), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group ensures that as far as possible it maintains excess cash and cash equivalents in short-term deposits maturing over 90 day rolling periods.

i) Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	2013 $'000	2012 $'000
Fixed Rate Instruments		
Financial liabilities		
Finance lease	(10,832)	(11,697)
Equipment loans	(23)	(62)
Total	(10,855)	(11,759)
Variable Rate Instruments		
Financial assets		
Cash and cash equivalents	12,673	68,249
Environmental bonds	-	7,486
	12,673	75,735
Financial liabilities		
NAB facility	(51,999)	-
	(51,999)	-
Total	(39,326)	75,735

ii) Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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iii) Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or Loss/Equity	
	100bp Increase $'000	100bp Decrease $'000
30 June 2013		
Variable rate instruments	(275)	275

	Profit or Loss/Equity	
	100bp Increase $'000	100bp Decrease $'000
30 June 2012		
Variable rate instruments	530	(530)

Equity price risk

Equity investments are long-term investments that have been classified as financial assets at fair value through profit or loss. The Group is exposed to insignificant equity price risk arising from its equity investments.

(f) Fair Values

The carrying amounts of financial assets and liabilities for the Group reasonably approximate fair value.

The methods used in determining the fair value of financial instruments is detailed in Note 5.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2013	Level 1 $ '000	Level 2 $ '000	Level 3 $ '000	Total $ '000
Investments	838	2,722	-	3,560
	838	2,722	-	3,560

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the year ended 30 June 2013.

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(g) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business through future exploration and development of its projects.

Borrowings outstanding as at 30 June 2013 included $51.999 million NAB banking facility (2012: $nil), $0.023 million in equipment loans (2012: $0.062 million) and $10.832 million in finance leases for the Cue mining camp (2012: $11.697 million).

The Group announced a fully underwritten capital raising on 27 August 2013. The capital raising is intended to strengthen the Group's capital position and improve the Group's liquidity. The proposed capital raising, which is fully underwritten, is structured as a placement to institutional and sophisticated investors and will raise $47.5 million before costs. The Group also announced the details of a Share Purchase Plan ("SPP") on 27 August 2013. The SPP is expected to raise up to $15 million at an issue price of $0.85 per share, the same issue price as the placement. Subject to shareholder approval, the Company intends to raise a further $1.2 million from the Directors of the Company at an issue price of $0.85 per share, the same issue price as the placement and SPP. Net proceeds raised from the placement, SPP and placement to Directors will be used to repay outstanding debt facilities and provide working capital for operations.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. The Group is not subject to externally imposed capital requirements.

33. Commitments

The Group has commitments of $21.950 million (2012: $3.900 million) in the next financial year relating to non-cancellable commitments on its mining contracts and minimum exploration expenditure required on its various tenements.

34. Related Parties

(a) Key Management Personnel Compensation

The key management personnel compensation included in "personnel expenses" is as follows:

	30 June 2013 $'000	30 June 2012 $'000
Short-term employee benefits	2,028	2,277
Post-employment benefits	219	245
Total	2,247	2,522

(b) Individual Directors and Executives Compensation Disclosures

Information regarding individual Directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Notes to the Consolidated Financial Statements
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(c) Transactions With Key Management Personnel

A number of key management persons hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management persons were no more favorable than those available, or which might be reasonably expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

On 4 July 2012, all directors of Silver Lake became directors of Phillips River Mining Limited, an exploration company in which the Group holds a 19.9% interest.

During the year ended 30 June 2012, $1,000 was paid to Gryphon Management, a company controlled by David Griffiths, a non-executive director. No such transactions took place during the year ended 30 June 2013.

(d) Movement in Options

There was no movement, during the reporting period, in the number of options over ordinary shares in Silver Lake Resources Limited held, directly, indirectly or beneficially by each key management person, including their related parties. The movement for the prior financial year is outlined below:

Key Management Person	Held at 1 July 2011	Granted as Compensation	Options Exercised	Options Sold	Held at 30 June 2012	Vested During The Year	Vested and Exercisable at 30 June 2012
Paul Chapman	4,000,000	-	-	(4,000,000)	-	-	-
Les Davis	4,000,000	-	-	(4,000,000)	-	-	-
Chris Banasik	4,000,000	-	-	(4,000,000)	-	-	-
David Griffiths	4,000,000	-	-	(4,000,000)	-	-	-
Peter Johnston	4,000,000	-	-	(4,000,000)	-	-	-
Brian Kennedy	4,000,000	-	-	(4,000,000)	-	-	-
Peter Armstrong	200,000	-	(200,000)	-	-	-	-
Robert Humphryson*	-	-	-	-	-	-	-
David Crockford**	-	-	-	-	-	-	-
Total	24,200,000	-	(200,000)	(24,000,000)	-	-	-

* Mr Humphryson commenced on 19 March 2012.
** Mr Crockford ceased to be a Key Management Person on 19 March 2012.

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(e) Movement in Shares

The movement during the reporting period in the number of ordinary shares in Silver Lake Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Key Management Person	Held at 1 July 2012	Shares Acquired	Shares Exercised	Other	Shares Sold	Held at 30 June 2013
Paul Chapman	4,746,908	352,092	-	-	-	5,099,000
Les Davis	4,200,000	90,000	-	-	-	4,290,000
Chris Banasik	4,000,000	15,000	-	-	-	4,015,000
David Griffiths	4,158,377	-	-	-	-	4,158,377
Peter Johnston	4,318,253	50,000	-	-	-	4,368,253
Brian Kennedy	4,075,452	480,000	-	-	-	4,555,452
Peter Armstrong	499,959	-	-	-	-	499,959
Robert Humphryson	-	-	-	-	-	-
David Crockford**	165,000	-	-	(165,000)	-	-
Total	26,163,949	987,092	-	(165,000)	-	26,986,041

Key Management Person	Held at 1 July 2011	Shares Acquired	Shares Exercised	Other	Shares Sold	Held at 30 June 2012
Paul Chapman	4,606,908	140,000	-	-	-	4,746,908
Les Davis	4,200,000	-	-	-	-	4,200,000
Chris Banasik	4,000,000	-	-	-	-	4,000,000
David Griffiths	4,158,377	-	-	-	-	4,158,377
Peter Johnston	4,318,253	-	-	-	-	4,318,253
Brian Kennedy	4,075,452	-	-	-	-	4,075,452
Peter Armstrong	449,959	-	200,000	-	(150,000)	499,959
Robert Humphryson*	-	-	-	-	-	-
David Crockford**	177,222	-	-	-	(12,222)	165,000
Total	25,986,171	140,000	200,000	-	(162,222)	26,163,949

* Mr Humphryson commenced on 19 March 2012.

** Mr Crockford ceased to be a Key Management person on 19 March 2012.

Notes to the Consolidated Financial Statements

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35. Group Entities

The Company controlled the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Interest	
		2013	2012
Cue Minerals Pty Ltd	Australia	100%	100%
Paringa Resources Ltd *	Australia	33.9%	100%
Silver Lake (Integra) Pty Ltd	Australia	100%	-

*During the year Paringa Resources Limited ("Paringa") carried out an initial public offering and was admitted to the official list of the Australian Securities Exchange with official quotation under the code PNL commencing on 20 December 2012. The Group's holding in Paringa reduced from 100% to 33.9% at that time. This investment is now treated as an associate for accounting purposes. See Note 22 for further details.

36. Joint Ventures

The Group has the following interests in unincorporated joint ventures through its acquisition of Integra Mining Limited:

Joint Venture	Principal Activities	Joint Venture Parties	Group Interest	
			2013	2012
Cowarna Joint Venture	Exploration	SLR/Alacer Gold	90.0%	-
Glandore Joint Venture	Exploration	SLR/Alacer Gold	*20.0%	-
Newcrest Joint Venture	Exploration	SLR/Newcrest	85.0%	-
Peter's Dam Joint Venture	Exploration	SLR/Rubicon	64.6%	-
Erayinia Joint Venture	Exploration	SLR/Image Resources	81.7%	-
Queen Lapage Joint Venture	Exploration	SLR/Rubicon	56.5%	-

* 20% earning to 90%

The joint ventures are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint ventures are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint venture assets. The joint ventures do not hold any assets and accordingly the Company's share of exploration evaluation and development expenditure is accounted for in accordance with the policy set out in Note 3 (a) (iv).

37. Subsequent Events

The following material events have occurred between the reporting date and the date of signing this report:

- The Group announced a fully underwritten capital raising on 27 August 2013. The capital raising is intended to strengthen the Group's capital position and improve the Group's liquidity. The proposed capital raising is structured as a placement of 55.9 million shares to institutional and other sophisticated investors and will raise $47.5 million (before costs), at an issue cost of $0.85 per share. The capital raising is fully underwritten subject to the usual terms and conditions associated with underwriting arrangements.
- The Group also announced the details of a Share Purchase Plan ("SPP") on 27 August 2013. The SPP is expected to raise up to $15 million and provides the opportunity for each shareholder to acquire up to $15,000 worth of additional shares in the Company at an issue price of $0.85 per share.
- The Group also intends to raise up to $1.2 million from Directors of the Company at an issue price of $0.85 per share, the same issue price as offered in the placement and the SPP. This placement to Directors is subject to shareholder approval at a meeting to be called by the Company.
- Net proceeds raised from the placement, SPP and placement to Directors will be used to repay outstanding debt facilities and provide working capital for operations.

38. Auditor's Remuneration

	2013 $	2012 $
KPMG:		
Audit and review of the Company's financial statements	238,058	107,000
Taxation services	233,970	70,975
Other assurance related services	42,000	108,067
Other Audit and Assurance Firms:		
Other assurance related services	60,672	-
Total	574,700	286,042

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

39. Parent Entity

As at, and throughout the financial year ended 30 June 2013 the parent company of the Group was Silver Lake Resources Limited.

	30 June 2013 $'000	30 June 2012 $'000
Results of the parent entity		
(Loss)/Profit for the year	(344,177)	31,436
Total comprehensive income for the year	(344,177)	31,436
Financial position of parent entity at year end		
Current assets	36,056	95,347
Total assets	519,349	278,585
Current liabilities	108,060	40,770
Total liabilities	183,838	84,883
Total equity of the parent entity comprising of:		
Share capital	613,662	127,676
Option reserve	-	13
(Accumulated losses)/Retained earnings	(278,151)	66,013
Total equity	335,511	193,702

The parent entity has commitments of $17.318 million (2012: $26.752 million) and no other commitments or guarantees.